

**Testimony before the Senate Committee on Indian Affairs
Field Hearing on “Upholding the Federal Trust Responsibility: Funding & Program Access
for Innovation in the Native Hawaiian Community” (part 1)**

Wednesday, June 1, 2022, 10:30 a.m. (HST)

Aloha mai e Chair Schatz, Vice Chair Murkowski, and members of the Committee:

Mahalo nui for the opportunity to provide this testimony. The Council for Native Hawaiian Advancement (CNHA) is member-based 501(c)3 non-profit organization with a mission to enhance the cultural, economic, political, and community development of Native Hawaiians. Nearly 100 full-time employees work in furtherance of this mission, on behalf of over 400 organizations and individuals who comprise our membership. Although CNHA was founded in 2001, we have recently experienced tremendous growth as we expanded our operations to provide more support for our community during the COVID-19 pandemic.

Over the past two years, we have been able to leverage various sources of funding, and federal funds in particular, to create partnerships and programs to provide services and direct resources to Native Hawaiians and others in Hawai'i. Although we are proud of all our accomplishments, before going into further detail we would like to highlight two ways that we have been able to utilize federal funds during the pandemic.

First, CNHA has successfully utilized a variety of federal funds – and not just federal funds specifically set aside for this nation's Indigenous people – to uplift Native Hawaiians. For example, CNHA was awarded contracts to disburse emergency relief funds (both Emergency Rental Assistance and Homeowner Assistance Funds) allocated for Native Hawaiians through the Department of Hawaiian Home Lands (DHHL). We invested heavily in technology, human and other resources to establish an innovative and integrated system to deploy millions of dollars in federal funds quickly, effectively, and efficiently. Having developed a track record of success, CNHA was able to secure contracts with the City and County of Honolulu (City) to disburse its ERA funds, which are not limited to Native Hawaiians. The success of the City and DHHL in disbursing these federal funds was recognized by the Department of Treasury, which then awarded additional federal emergency relief funds to the State of Hawai'i. Because the data indicates that Native Hawaiians face disproportionate housing security needs, we believe that these additional emergency relief funds will disproportionately be used by Native Hawaiians. Ultimately, CNHA was able to leverage native federal funds to secure additional non-native federal funds, thereby expanding the total pool of federal funds that we know will allow more Native Hawaiians to benefit from critical services.

Second, CNHA has demonstrated that although Native Hawaiians face unique challenges, due in large part to the injustices of the past, we can still rely on ourselves to uplift our own people while also taking the lead in finding answers to issues affecting all Hawai'i residents. The needs of



minority and Indigenous people are often seen as a drain on the rest of society, especially during economic downturns. CNHA sought to turn that sentiment on its head during the pandemic, and we accomplished this through hard work and initiative, investment in technology, networking with our partners, and most importantly, listening to our community. The close relationship that we have with our people, through our members and our community programs, allows us to see immediate and emerging challenges, and take action accordingly. This is how we knew that the cancellation of the Merrie Monarch Festival would devastate Native Hawaiian crafters and artisans. This realization gave rise to Pop-Up Mākeke (described in further detail below), which now supports Native Hawaiian and non-Native Hawaiian small businesses. Innovation is a necessity for native people to survive and thrive in the 21st century; our communities are incubators for solutions that can be scaled up to address larger societal challenges.

CNHA's Services and Programs

Federal Emergency Relief Funds

Over the past 24 months, CNHA has successfully administered and disbursed over \$105 million in federal emergency relief funds on behalf of the State of Hawai'i, City and County of Honolulu and the Department of Hawaiian Homelands, thus playing a crucial role in ensuring that Native Hawaiians and all Hawai'i residents received timely financial assistance that allowed them to remain in their homes. CNHA administered federal rental assistance funds from ERA1 and ERA2 as well as mortgage assistance funds from the Homeowner Assistance Fund allocated to separate State of Hawai'i and DHHL programs. To date, CNHA has cut over 80,000 checks to 14,000 households, and we continue to process new applications and recertifications of benefit as many of our community members continue to suffer from the financial impact of the pandemic. CNHA was a leader of the small hui of community organizations who contributed to the city and DHHL's being named as one of the highest performing governmental entities in the nation in disbursing emergency federal funds by the U.S. Department of Treasury in September 2021. It brings us great honor to say that a small native organization located on what are essentially tribal lands was a nationally-recognized leader in helping all of its state's residents during a catastrophic pandemic.

Certified Native Community Development Financial Institution/ Certified HUD-Housing Counseling Agency

In furtherance of our mission, CNHA also operates as a Certified Native Community Development Financial Institution (CDFI) and a Certified HUD-Housing Counseling Agency. Throughout the pandemic, we have witnessed a sharp increase in the demand for our services and programs. Despite our limited capacity to meet loan demands, with only \$7 million in our revolving fund, CNHA was able to extend much needed financial assistance to individuals and organizations normally shunned by traditional lenders due to poor or non-existent credit history. By maintaining close relationship with our borrowers, including providing financial literacy, business and money management courses, risk counseling, and applying effective portfolio management tools, we



currently maintain rates lower than 2 percent and 1 percent in delinquency and write-offs, respectively.

Pop-Up Mākeke

In April 2020, with assistance from **CARES Act funds**, we launched the Pop-Up Mākeke as a response to the economic hardship caused by the cancellation of events and craft fairs, and the temporary shut-down of local brick-and-mortar stores. Serving as a centralized on-line marketplace, the Pop-Up Mākeke helped over 300 small business owners, artisans, and vendors to reach and sell to tens of thousands of customers. Although we had originally intended for the Pop-Up Mākeke to last for only a couple of months, this endeavor proved to be so successful that it continues today, even after the CARES Act funds have dried up. To date, Pop-Up Mākeke has supported over 400 businesses to sell over 180,000 products and generate roughly \$3 million in sales.

KūHana Business Program

We also launched our KūHana Business Program in 2020. Funded in part through a cooperative agreement with the **U.S. Small Business Administration (SBA)**, KūHana is a business accelerator that promotes the economic development of entrepreneurs and small businesses by providing training, technical assistance, and networking opportunities. Although KūHana was not originally conceived as a response to the pandemic, this program quickly adapted to incorporate best practices relevant to the unique challenges businesses are now presented with. KūHana just began its eighth cohort, and successful graduates will walk away with a completed business plan, a one-year business membership to CNHA, ongoing technical assistance support, access to networking events, and an opportunity to pitch their business plan to community partners and investors. To date, the KūHana business program has helped over 150 businesses to accumulate over \$600,000 of capital to support their collective endeavors.

Hawaiian Trades Academy

In addition to supporting small businesses and entrepreneurs, CNHA also promotes workforce development through the Hawaiian Trades Academy, which launched in 2019 with the goal of raising the household income of families in Hawai'i. Over an eight–14-week period, participants learn and develop skills, gain mentoring, and acquire certifications to enter the trades industries. When the COVID-19 pandemic hit Hawai'i and the unemployment rate shot up to over 20 percent statewide, this program provided a critical service to up-skill and diversify the job opportunities for many in need. The Trades Academy has graduated 13 cohorts, spanning three counties, and consisting of over 300 graduates in trades programs for carpentry, trucking, fire, police, and solar installation. Since its inception, the Hawaiian Trades Academy has received over \$1.3 million in private and state grant funding, and we have recently been awarded grant funding from the U.S. Department of Labor, in accordance with the **Workforce Development Innovation and Opportunity Act**.

CNHA's Requests to the Senate Committee on Indian Affairs

Through over 20 years of advocating to improve the economic and living conditions of Native Hawaiians, our organization has gained invaluable experience, built numerous partnerships, and developed a keen understanding of the needs of our community. By leveraging these assets, CNHA was able to address the challenges presented by the COVID-19 pandemic and successfully administer programs, provide loans, and disburse emergency relief funds to support our community through these challenging times. Nonetheless, the needs of our people remain great, and demand for our services continues to increase. In light of the experience and insights that CNHA has gained, especially over the course of the past two years, we humbly submit to the Committee the following requests that we believe will foster innovation and improved outcomes within our community.

1. **ERA2 Housing Stability Funds** – ERA2 funds have had an incredible impact on keeping our families in their homes and off the streets during the pandemic. As these programs begin to conclude due to the spend down in funding, providers are now focusing on finding ways to bridge these programs with long-term housing stability initiatives for Hawai'i residents. Recent surges in applications suggest that the demand for these services is increasing. CNHA has been working with the City and County of Honolulu to use ERA2 Housing Stability Funds to cover workforce development and cultural programming such as ho'oponopono, which can be roughly understood as "family counseling" within this context. Experience tells us that these interventions are successful at meeting the unique needs of the NHIPI community – a community that disproportionately faces housing instability. Moreover, our research indicates that other states are using Housing Stability Funds similarly. Unfortunately, we have been informed by Catholic Charities Hawai'i that the Department of Treasury has rejected our Housing Stability Funds proposal. While the ERA2 funds are not specifically reserved for native peoples, we still believe that the federal government should carefully consider native concerns and requests for the use of all federal funds, especially when they will disproportionately impact our people. Increased flexibility in the use of these funds reflects the understanding that native peoples know what works best for our own communities.
2. **Additional Federal Emergency Funds for Native Hawaiians to be Administered by CNHA** – As previously mentioned, our data suggests that the need for emergency rental assistance is growing in Hawai'i. Buoyed by our successes with the administration and disbursements of ERA1 and ERA2 in the past 24 months, CNHA believes that we have demonstrated that we are clearly the best entity to disburse large scale federal emergency financial assistance most effectively and efficiently to the Native Hawaiian community. We have in place sophisticated infrastructure, processes, and procedures capable of handling tremendous amounts of data, transactions and communications. Equally important is our dedicated and talented staff of over 100, both permanent and temporary, who have

endured a fast-phased work environment like no other. Moreover, after collecting socio-economic and demographic data on Native Hawaiians for the last two years, no other entity has a more complete and current information than CNHA on the economic well-being of Native Hawaiians.

We are asking that CNHA be a preferred entity in the State of Hawai'i to manage and execute all federal emergency funds, including additional emergency rental or mortgage assistance funds, established specifically for Native Hawaiians.

3. **Native Hawaiian-Owned Bank** – Considering CNHA's successes during the pandemic and the recognition it has received from the community as a trusted partner and a community resource, CNHA hopes to leverage our accomplishments to further deliver on our mission. CNHA's management is currently planning to establish the very first Native Hawaiian-owned, Native Hawaiian-serving bank. This entity will be a conduit for capital formation, investment, lending and borrowing for Native Hawaiian individuals, businesses and organizations located within Hawai'i. This Native Hawaiian bank would be unique in many ways, but especially by the fact that it would be serving a subset of Hawai'i's population that is persistently poor and underserved by traditional lenders. Through this bank, Native Hawaiians will have the opportunity to establish consumer credits, learn financial literacy, and assume loans for education, housing and other personal aspirations.

CNHA asks that the federal government invest in CNHA for at least the initial minimum cash outlay needed to establish a bank, while providing training, education, mentorship and other technical assistance.

4. **CDFI Funding to Native Hawaiians** – We request that a separate CDFI program be established specifically for Native Hawaiians. Currently, Native Hawaiian CDFIs are forced to compete with Native Americans for the Native American CDFI Assistance Program (NACA), and our applications are often unsuccessful. Dedicated funding for Native Hawaiian CDFIs would allow our CDFIs to grow and develop so that additional resources could then be acquired and distributed into our communities.

In closing, we mahalo the Senate Committee on Indian Affairs for traveling to Hawai'i to hear from Native Hawaiians directly and in person. We thank Chair Schatz, Vice Chair Murkowski, and all the members of the Committee for the opportunity to share our mana'o today, and for their support of native issues over the years.

Me ka ha'aha'a,

J. Kūhiō Lewis, CEO
Council for Native Hawaiian Advancement