

**TESTIMONY OF
NAVAJO NATION ECONOMIC DEVELOPMENT AND NAVAJO ENTERPRISES
ON
“BUY NATIVE AMERICAN: FEDERAL SUPPORT FOR NATIVE BUSINESS
CAPACITY BUILDING AND SUCCESS.”**

**BEFORE THE
COMMITTEE ON INDIAN AFFAIRS
U.S. SENATE**

WEDNESDAY, MARCH 16, 2022

Chairman Schatz, Vice-Chairman Murowski, and Members of the Committee. On behalf of the Navajo Nation and our Navajo Business Community, I thank you for the opportunity to speak with you regarding support for Native Business Capacity Building and Success and the Buy Native American initiative. My name is JT Willie and I am the Executive Director for the Navajo Nation Division of Economic Development (DED) located in St. Michaels, Arizona within the great Navajo Nation.

The DED is one of fourteen divisions within the Executive Branch of the Navajo Nation Government. The DED is the primary entity of the Navajo Nation to advance the economic development initiatives of the Navajo Nation.¹

The division’s objective is to promote, support and encourage economic development in the commercial, small business, tourism, industrial and other sectors of the Navajo Nation economy to improve the overall quality of life for the Navajo people.

The division consists of the following Departments:

- Administration
- Business Regulatory Department
- Project Development Department
- Tourism Department
- Real Estate Department
- Support Services Department
- Small Business Development Department/Regional Business Development Offices

In 2021 the Navajo Nation became the largest federally recognized tribe in the United States with a total population of approximately 399,494 members.² The Navajo Nation has a land base of approximately 17 million acres of land, which covers over 27,000 square miles within the states of Arizona, New Mexico and Utah. The Navajo Nation consists of 5 agencies and 110-chapter communities. The Navajo Nation was established as a sovereign nation in the Treaty of 1868 between the Navajo Nation and the United States. The Navajo Nation is governed by a three -

¹ NNDED and Fourth World Design Group. (April 2018). Navajo Nation Comprehensive Economic Development Strategy 2018. P. 3. Retrieved from <https://www.coconino.az.gov/DocumentCenter/View/27915/Navajo-Nation-Comprehensive-Economic-Development-Strategy?bidId=>

² Indian Country Today. (May 2021). Cherokee no longer largest tribe. Retrieved from: <https://indiancountrytoday.com/news/cherokee-no-longer-largest-tribe-navajo-wins>

branch government system, similar to the U.S. Federal Government structure. This consists of the Legislative Branch, Executive Branch, and Judicial Branch. There are 110 chapter communities within 5 agencies throughout the Navajo Nation each with unique characteristics, qualities, and challenges.

The Navajo Nation is facing extraordinary challenges, including health and social disparity, poverty, as well as language and cultural pressures. Yet, as the Navajo Nation evolves the Navajo people continue to balance culture, tradition, language and modernism.³

The Navajo Nation is continuing to seek and consider opportunities to boost the economic growth for future generations. The Tribe continues to move forward on projects that are profitable, viable, increase employment, improve infrastructure for development, target untapped resources, provide assistance and support for small businesses, improve existing enterprises, and capitalize on new economic prospects using innovation and ingenuity.

The Navajo Nation, like the rest of the globe faced historical challenge that has forever impacted our path forward. March 2020 the World Health Organization declared the COVID-19 outbreak as a pandemic. Globally, economies stammered to a crawl and many businesses struggled to meet their basic needs. The Navajo Nation was hit particularly hard having faced challenges never experienced before.

Unimaginable socioeconomic challenges and scarce access to basic infrastructure resources was and remains the reality for many tribal members. This is especially true for the business community that strives to sustain their way of life. Things that that most Americans take for granted like access to clean running water, electric, gas, broadband, groceries, and basic services were limited prior to the arrival of COVID-19.

Businesses also face additional barriers. The environment for businesses on tribal lands can be severely limiting due to federal policies and laws. Many of these regulations were drafted and agreed upon in a dramatically different context and space. Additionally, centuries long discrimination and mistreatment have resulted in heightened socioeconomic disparities, decreased sociopolitical abilities, educational and health inequalities, language/linguistical barriers, limited financial literacy, inadequate and reduced financial opportunities, insurmountable economic competition outside tribal borders, barriers toward basic logistical infrastructure, and minimal space for advancement. Navajo-owned businesses are often unable to attain federal assistance due to issues with credit, struggles to provide documentation, and oppressive applications.⁴ The added burdens of the pandemic further exacerbated issues, therefore putting more weight onto a nation that was already struggling to modernize and adapt to a globalized world.

The CARES Act was passed by Congress on March 25, 2020 and signed into law on March 27, 2020. The Navajo Nation received its allocation of \$714M on June 26, 2020 with Navajo Nation Council Resolution No. CMY-44-20, known as the Navajo Nation CARES Fund Act in place funding was available provided a link to resources at an unprecedented scope and scale.⁵ The

³ NNDED and Fourth World Design Group.(15)

⁴ Krist, Rima. *“Struggling. Almost in ruins’: Limited access to COVID-19 relief, PPE leaves Businesses,”* Navajo Times, October 23, 2020, <https://navajotimes.com/biz/almost-in-ruins-limited-access-to-covid-19-relief-ppe-leaves-businesses-struggling/>

⁵ 24th Navajo Nation Council, Office of the Speaker. (2020, June 29). *Navajo Nation Receives \$714 million in federal CARES Act funding.* [Press Release]. Retrieved from: <https://www.navajonationcouncil.org/wp->

Navajo Nation Council allocated \$60M for economic development purposes and was assigned to the Navajo Nation Division of Economic Development.

This provided an opportunity to assist tribal members, most especially the business community with financial resources. The DED established the Navajo CARES Act Artisan and Small Business Economic Relief Grant to provide financial support to Navajo entrepreneurs and business owners. Artists that include, but not limited to; performers, silversmiths, rug weavers, jewelry makers, potters, leatherworkers, crafters, dancers, cultural performers, comedians, storytellers, and more were able to apply and receive up to \$5,000 in artisan grant funds. Small business, equally diverse, that included entities such as; shepherders, traveling vendors, roadside food stand vendors, rodeo professionals, farriers, consultants, restaurants, bed and breakfasts, tour companies, and more were able to apply and receive up to \$60,000 in small business grant funds. These funds were to be used for payroll, business loan interest payments, rent and utilities, new or expanded technology, mitigate COVID-19, and marketing costs.

Due to the time constraints written into the federal legislation, the grant program was only open for 72 calendar days. The program launched on Labor Day, September 7, 2020 and closed November 20, 2020. Treasury guidelines required that funds needed to be expended by December 21, 2020. This created additional timing challenges along with constraints to acquire resources for outreach and communication, safety measures, recruit personnel, lack of office space, and internal tribal barriers. Additionally, the division worked to simplify the processes as best possible. However, it still provided some challenges for applicants. The two-step process included business registration and a grant application. The division was able to disburse approximately \$28 million in direct grant funding to support to 4,302 business owners. The remaining \$32 million was returned to general Navajo CARES Act funds for distribution to the Navajo Hardship Assistance program.

Prior to March 2020 the Navajo Nation Business Regulatory Department (BRD) had a source list of 195 businesses that were Navajo majority owned at 51% or greater and registered with the tribe. Professional services made up a majority of the businesses with 57% and the rest following; general contractors - 38%, special trades/subcontractors -16%, and suppliers 7%. At the conclusion of the program all data was gathered for review and analysis then published in a report to Navajo Nation Council titled; “NNDDED CARES Act: Artisan and Small Business Grant Report.”⁶ Following these internal reports and analysis, the division reported 6,346 entities to be included with the 195 businesses previously registered within BRD’s source list.

The artisan grant awarded the majority share of the amount disbursed, totaling \$15.7 million and small businesses received \$12.8 million. Of the total, 74.6% went to artisans and 25.4% to small business grants.

Other key findings and observations:

- The majority of applications were businesses located/operated outside of the Navajo Nation. Immediate access of infrastructure, especially broadband, allowed for an easier application process.
- More applicants from chapters with greater access to infrastructure, in particular chapters

[content/uploads/2020/09/Navajo_Nation_receives_total_714189631_dollars_in_federal_CARES_Act_funding_PR.pdf](#)

⁶ Navajo Nation Division of Economic Development

where Navajo Tribal Utility Authority offices are located or other government entity offering free use of WIFI located in Window Rock, Tuba City, Chinle, Crownpoint and Shiprock.

- Remote and rural communities had fewer applicants. This could be due to government travel restrictions, limited to no financial means for travel, lack of internet service and technology, artists not considering themselves as business owners/entrepreneurs, concern of financial ramifications, concern of government oversight.
- 15% of total applications were denied or returned to applicant due to insufficient documentation and/or information.
- There are a total of 6,346 newly identified businesses in some capacity that are owned by an enrolled member of the Navajo Nation.

Despite the many challenges, hardships, and tribulations the pandemic created, it also offered opportunities. The Navajo Nation has always been unique in culture, language, and now in the function of economics. However, a very crucial component of economics is research and data. There is a critical need for proper data representation for all Native American communities. Often data statistics as seen in many census reports is inconclusive or lacks enough substantial representation to be significant. The division has been fortunate in receiving data through the grant program.

The Navajo Nation received nearly \$2 billion in federal funding through the American Rescue Plan Act. The \$32 million that was returned for the Navajo Hardship Assistance Program in 2020 will be returned to the division for distribution to Navajo artists and small businesses that were not able to receive grant funds from the original Navajo CARES Act grant program. It is our mission to see that the full \$32 million be awarded and disbursed to help further support our Navajo business community and ultimately help the Navajo Economy find its footing.

The division was given the green light to submit an application for funds from the U.S. Treasury's State Small Business Credit Initiative (SSBCI). This program provides federal funding to Tribes to distribute in a variety of programs that support the credit and capital needs of Navajo-owned small businesses and entrepreneurs.

With the assistance of the Navajo Nation Department of Justice Economic Development Unit, the division has initiated drafting the SSBCI application due to U.S. Treasury, May 11, 2022. The first phase will be planning and development of Navajo SSBCI programs. To assist, three Navajo business partners have been invited to collaborate; Change Labs of Tuba City, Dineh Chamber of Commerce and Navajo CDFI both of Window Rock. Their expertise, knowledge, and relationships within the business community were the basis of the decision to invite the trio to spearhead our development and implementation of the SSBCI programs. They also collectively have demonstrated experience in small business loans, startup capital, and knowledge of investment opportunities to support Navajo business owners and entrepreneurs.

However, the ability for Navajo businesses, especially on tribal lands, is made a challenge. There are several issues that generate hurdles and impossible to navigate pathways to attain capital and credit.

Some barriers include, but are not limited to:

- Banks/financial institutions hesitancy due to rigid policies as a result of federal tribal laws.

- Borrower's credit history.
- Lack of collateral.
 - Land status, home ownership.
- Lack of experience with the financial world.
- Lender and investors not understanding tribal government issues.
- Historic distrust of banks and tribes.
- Discrimination.

Programs like SSBCI will allow the Navajo Nation to fill in the gap that financial institutions cannot fill. Restrictive policies and practices have inhibited the economic growth that is seen just outside our borders. The economy of the Navajo Nation depends on the willingness of the U.S. Federal Government to allow greater flexibility or see that innovative ideas turn into substantial and impactful policies that foster greater autonomy for our economic decisions. It is widely understood that Small Businesses are the foundation of the economy. We ask for greater flexibility to support our Navajo Small Businesses and ultimately contribute to the greater American economy.