



STATE OF THE NAVAJO NATION ADDRESS

VICE PRESIDENT BEN SHELLY

PRESENTED TO THE
21ST NAVAJO NATION COUNCIL
JULY 20, 2009

Mr. Speaker, Chief Justice, Navajo Nation Council Delegates, relatives and guests, *Ya'at'eeh!*

Ladies and gentlemen of the Council, early Saturday morning President Shirley underwent an emergency operation to remove his appendix. I am pleased to report the surgery went very well. He is in full recovery. I have been in contact with the President and assure you that the Office of the President and Vice President is fully functioning. While the President has been making decisions and conducting official business, he's also been ordered, by his doctors, to get rest.

On behalf of President Shirley, it is a privilege to report the State of the Navajo Nation and to share our accomplishments for this third quarter, and present our challenges and our vision for the future of the Navajo Nation.

President Shirley and I are upholding your decision on banning uranium mining and development on Navajo. Yet energy interests are continuing to seek uranium development on Navajoland. Applications were made for exploratory mining permits on our sacred mountain, *Tso Dzil*, and on nearby mesas. *Tso Dzil* is the home of the sacred jewel, *Doot'izhii*, which is the precious stone of the south. For the *Diné*, our



sacred mountains are honored, and this is where we make our prayers for a good life for our children, our elders, and our Nation.

Uranium development has harmed many of our people. Just last Thursday, 30 years have passed since the collapse of an earth dam at the United Nuclear Corporation at Churchrock. Some 1,100 tons of radioactive tailings and 94 million gallons of toxic wastewater were released into the Puerco River. It was the largest release of radioactive waste in the United States, and second in the world only to the Russian nuclear reactor accident in 1986. We have taken control of our land, put a stop to uranium mining, and are working hard to clean up the remaining 119 mines.

To protect our cultural resources, we sought an emergency nomination to list our sacred mountain as a Traditional Cultural Property on the State of New Mexico's register of historic places. I'm pleased to say that on June 5, 2009, the New Mexico State Cultural Properties Review Committee voted unanimously to permanently classify *Tso Dzil* as a Traditional Cultural Property. Our office, in coordination with the Historic Preservation Department and the Navajo Nation Department of Justice, worked to develop a cooperative agreement among several tribes. It focused on efforts to collect data to reflect the full scope of *Tso Dzil's* importance to our culture and was necessary for the permanent classification. Our Navajo Land Department served a critical function in this effort by developing maps and land descriptions for all of the nominating tribes. We commend our staff for their important work on behalf of the Navajo Nation.

Members of the Council, the forecast for the national economy for the coming year is not good. Recent surveys among economists anticipate the national unemployment rate to rise to 10 percent, and not fall back to 9.5 percent until the end of 2010. Of course, unemployment is much worse on Navajoland. But through the American Recovery and Reinvestment Act of 2009, things are becoming better. Our



administration has worked hard to submit applications for competitive grants totaling \$285 million. In public safety alone, proposals include \$142 million for correctional facilities construction, \$53.6 million for law enforcement, \$39 million for emergency medical services and \$4.6 million for Information Technology. We commend our program managers and Division Directors for working to improve our Nation's infrastructure.

In addition, the Navajo Nation was awarded \$34.4 million in NAHASDA Block Grant funding, \$47.2 million for Indian Reservation Roads, \$9 million for the Weatherization Program, \$35.8 million for BIA Road Maintenance and \$2.8 million for BIA Bridge Maintenance. We were awarded \$143 million for BIA School Improvement and Repairs, and \$6.9 million for the Workforce Development and Dislocated Workers Program. The Nation was also awarded critical safe drinking water and wastewater project funds through the Indian Health Service and the U.S. Environmental Protection Agency totaling \$31.3 million.

We are all fully aware that these funds must be expended in a timely manner. Grant awards and expenditures must be transparent, and, unless previously authorized, no funds will carry over. We believe that in order to take full advantage of the stimulus funding opportunities, we, as a Nation, must expand our financial capability. We will need to allocate additional resources to the Office of the Controller, Office of Management and Budget, and the Department of Personnel Management. We are considering the establishment of a Navajo Nation Recovery and Reinvestment Act Office. We want to staff the new office with a qualified team of personnel to properly oversee and monitor all stimulus funding activities.

Economic development and job creation is a top priority and the cornerstone of our administration. We are pleased to report that we are moving forward with future gaming development plans for the Pinta Road site at Nahata Dziil, the Twin



Arrows site at the Leupp Chapter, and the Upper Fruitland Chapter site near Farmington. We also have Class II developments planned for the Chinle and *Tse Daa Ka'an* Chapters.

As everyone here knows, the Fire Rock Casino has been extremely successful. We commend Mr. Bob Winter, CEO of the Navajo Nation Gaming Enterprise, and the Board of Directors for their assertive development plans and for coordinating all development efforts with our local communities.

Upon approval of gaming by the Navajo people in 2004, we have made gaming a reality for the Navajo Nation. We set out early on to make it a purely-Navajo controlled operation by *not* entering into any agreement with a management company. That would have cost us 30 percent of our profits, and an additional 18 percent in interest rates. By establishing our own gaming enterprise, and by hiring our own CEO, we have ensured a return of 100 percent of the revenues for our gaming operations and for our Navajo people. No other tribe in the country has used their own tribal financing exclusively nor its own tribal staff and expertise as we have here on Navajo.

It is our hope that we can replicate the financing approach used for the Fire Rock Casino by using our own Navajo Nation resources to invest in future gaming developments. This will require the support of the Investment Committee, the Resources Committee, and the Budget and Finance Committee. Consider these successes as you approve a profitable financing approach for the benefit of our people.

As you know, the Navajo Nation is continuing to develop the cleanest coal power plant in the United States. We will use our coal, employ our workers, and fulfill the promise of the largest economic development project in the history of the Navajo Nation. There is still a lot of work to make the Desert Rock Energy Project a reality.



On June 10, President Shirley met with Ms. Lisa Jackson, President Obama's new administrator for the U.S. Environmental Protection Agency. We began a new round of discussions to lead to even greater environmental benefits from Desert Rock. The project is making significant progress toward greenhouse gas reductions, and together with the Diné Power Authority, Sithe Global, and Desert Rock Energy Company LLC, we want to make Desert Rock the first commercial-scale power plant of its kind to capture and sequester significant carbon emissions. It is our hope that Desert Rock will become a model for the world, and something Navajos will be truly proud of for generations to come.

Ladies and gentlemen of the Council, the Navajo Nation is highly vulnerable to a funding shortfall. Oil prices are unpredictable. The price per barrel has remained far below projections. This raises serious concerns and will force us to cut spending.

According to the Office of the Controller, the budget shortfall for fiscal year 2009 is \$12.8 million. This could likely increase to \$13.5 million because of low oil prices. This could also impact next year's budget with a \$15.4 million shortfall. Recently, the Council received the 2008 audit which reported that the Undesignated, Unreserved Fund Balance is in the negative by \$18 million. By law, we are to maintain at least \$15 million. As such, \$33 million is now required for the Undesignated, Unreserved Fund to be in compliance. Finally, the Nation's Retirement Fund needs approximately \$8.5 million.

During this difficult time, we are doing everything possible to continue to provide direct services to our Navajo people. By failing to address our government's current and future budget shortfall with prudence, we risk an interruption in service delivery, which, most unfortunately, include possible employee layoffs.

The Personnel Lapse Fund has been used for purposes other than originally intended. The fund, as established by the Navajo Nation Council, is to provide a



source of money for Navajo Nation employees to meet cost of living expenses through an annual General Wage Adjustment and to provide step increases. However, the fund is no longer being used this way. As such, we are calling for its abolishment. Let's instead direct future personnel saving back to programs. Let's use methods that work to increase our delivery of service.

To reduce spending, we have already implemented a freeze on all travel and expenditures in our own office in February. Additionally, our office is closely reviewing other possible spending restrictions within the Executive Branch.

As we prepare for the fiscal year 2010 budget, all Divisions and programs are required to absorb expenses that are normally part of fixed costs. The Budget and Finance Committee has approved approximately \$161 million as the planning base for the branches for fiscal year 2010. This is approximately \$15 million more than actual projected revenues. I urge the Council to work with us to identify savings in the Fiscal Year 2009 budget to cover the current and future budget shortfall. In this way, we can ensure continued services.

A display of Navajo Nation license plates is close to becoming a reality. We are pleased to report that the Navajo Nation Motor Vehicle Authority will be executing a contract soon to begin the implementation of the Navajo Nation Motor Vehicle registration and driver's license program. On November 6, 2006, the Navajo Nation Council reauthorized the establishment of the Motor Vehicle Authority. The State of New Mexico alone collects \$17 million in fees from vehicle owners on the Navajo Nation. Once fully implemented, the Authority will oversee the licensing and registration of all vehicles within the Navajo Nation. There are approximately 20,000 vehicles owned by people who reside within the jurisdiction of the Navajo Nation. Fees that are paid to states will instead come to the Nation.



This project will require cooperation with the States of New Mexico, Arizona and Utah. We've already received support from New Mexico Governor Bill Richardson and expect similar support from Arizona Governor Jan Brewer and Utah's incoming Governor Gary Herbert. This initiative has tremendous revenue-generating potential and I thank you for your support and patience to allow the time needed to address all outstanding related issues.

The 20th Navajo Nation Council authorized the establishment of the Navajo Nation Fuel Excise Tax. The Nation is now reaping the benefits of the Council's foresight. Fuel Excise Tax revenues collected from 2003 to the present total approximately \$67.8 million. With the support and approval of the Transportation and Community Development Committee, a number of road projects are now complete. They include the school bus route for the Baca/Prewitt Chapter, N20 in the Coppermine Chapter, County Road 417 in the Aneth Chapter, and N124 in the Oak Springs Chapter. We have purchased new road equipment to maintain these projects.

The TCDC authorized \$9.2 million from the Road Fund for the purchase of road maintenance equipment, including 12 motor graders. The Transportation Department now has a full fleet of 21 motor graders, four Front End loaders, and three Peterbilt 388 Transport trucks. The Department purchased four snowplows, a rock crusher, an asphalt paver, and an 8,000-gallon water tank.

Highway safety and proper road maintenance is a priority for our administration. I am pleased to report that our Navajo tax dollars are working for our people's safety. A number of important partnerships have been established between the Navajo Nation and Apache, Coconino and Navajo counties within the State of Arizona, McKinley, Sandoval and San Juan Counties within the State of New Mexico and San Juan County within the State of Utah. The Department also sought an MOU



with the Bureau of Indian Affairs which would allow the Navajo Nation to perform surface maintenance on BIA dirt roads.

Let us commend the Division of Community Development Division Director Arbin Mitchell and the Navajo Department of Transportation Director Tom Platero and his transportation staff for their work and dedication.

Ladies and gentlemen, in an effort to secure federal funding, the Navajo Nation Washington Office has worked three budget cycles in advance with the U.S. Office of Management and Budget. Our Divisions and Departments are submitting budget figures and project justifications for the fiscal year 2012 budget year. Our Washington Office is to be commended for providing the foresight and coordination with our Divisions and legislative oversight committees.

Last October, President Obama told Native Americans that his Native American policy would create a bond with tribes across the country. He has appointed Ms. Kimberly Teehee as Senior White House Policy Advisor for Native American Affairs. Ms. Teehee, Cherokee, will advise the President on issues impacting tribes and Native people as a member of the Domestic Policy Council.

Among other Native Americans that President Obama has appointed to high posts in his administration are two Navajos: Ms. Clara Pratte, national director for the U.S. Small Business Administration Office of Native American Affairs, and Ms. Hilary Tompkins, the first Native American selected to serve as solicitor for the Department of the Interior. Ms. Pratte, as many know, was formerly with our Washington office, and Ms. Tompkins was Governor Bill Richardson chief counsel.

Other prominent appointments are Larry EchoHawk as Assistant Secretary for the Bureau of Indian Affairs and Yvette Roubideaux as director of the Indian Health Service. I am confident that with this team in place, Native people will at last see



unprecedented progress at the highest levels of government, as we have long prayed for.

Ladies and gentlemen of the Council, I thank you and hope that you have a successful and productive Summer Session.