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LEGISLATIVE SUMMARY SHEET
Tracking No. 0257-19

DATE: August 23, 2019

TITLE OF RESOLUTION: AN ACTION RELATING TO BUDGET AND FINANCE COMMITTEE, NAABIK'ÍYÁTI' COMMITTEE, AND NAVAJO NATION COUNCIL; APPROVING THE NAVAJO NATION FISCAL YEAR 2020 COMPREHENSIVE BUDGET; WAIVING 12 N.N.C. §§ 820(I) AND 860, COUNCIL RESOLUTION CF-07-11, AND 12 N.N.C. §§ 2001 et seq.

PURPOSE: The purpose of this resolution is to approve the Navajo Nation Fiscal Year 2020 comprehensive budget.

NOTE: As a result of the waivers, the vote requirement is 2/3 of the full Navajo Nation Council.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.
PROPOSED NAVAJO NATION COUNCIL RESOLUTION

24th NAVAJO NATION COUNCIL – First Year, 2019

INTRODUCED BY

[Signature]
(Primary Sponsor)

TRACKING NO. 0257-19

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE, NAABIK’ÍYÁTI’ COMMITTEE, AND NAVAJO NATION COUNCIL; APPROVING THE NAVAJO NATION FISCAL YEAR 2020 COMPREHENSIVE BUDGET; WAIVING 12 N.N.C. §§ 820(I) AND 860, COUNCIL RESOLUTION CF-07-11, AND 12 N.N.C. §§ 2001 et seq.

BE IT ENACTED:

Section One. Authority

A. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. §102(A).

B. The Naabik’íyáti’ Committee is assigned proposed resolutions that require final action by the Navajo Nation Council. 2 N.N.C. §164(A)(9).

C. The Budget and Finance Committee shall make recommendations concerning the budget and submit it to the Navajo Nation Council for deliberation and approval. 12 N.N.C. §840(A).

Section Two. Adopting Navajo Nation Fiscal Year 2019 Budget

The Navajo Nation hereby adopts the Navajo Nation Fiscal Year 2020 Comprehensive Budget as follows:
A. The Navajo Nation approves the appropriation of 12% of the Fiscal Year 2020 revenue in the amount of $23,385,000 to the Navajo Nation Permanent Fund; 4% of Fiscal Year 2020 revenue in the amount of $7,795,000 to the Navajo Veterans Trust Fund; 2% of Fiscal Year 2020 revenue in the amount of $3,897,000 to the Navajo Nation Land Acquisition Trust Fund; $2,000,000 of Fiscal Year 2020 revenue to the Capital Outlay Match Funding Special Revenue Fund; $2,000,000 of Fiscal Year 2020 revenue to the Water Rights Claim Fund; and $12,400,000 of Fiscal Year 2020 revenue to the Dine Higher Education Grant Fund.

B. The Navajo Nation hereby approves the appropriation of $1,253,069,202 as the Navajo Nation Fiscal Year 2020 Operating Budget, as set forth in the attached Exhibit A, which constitutes $163,200,000 of General Funds, $22,500,000 Indirect Cost Credit; $12,400,000 in Higher Education set aside funds; $6,948,207 Personnel Savings; $84,505,383 Proprietary Fund; $78,905,642 Fiduciary Funds; $43,767,992 Special Revenue Internal Funds; $3,800,000 External Cash Match Funds (General Funds); $3,000,000 Capital Outlay Match Funds; and $834,041,978 Special Revenue External Funds, summarized as follows:

1. Legislative Branch: $16,586,333 as the Navajo Nation Fiscal Year 2020 Operating Budget, as set forth in the attached Exhibit B, which includes $14,892,739 General Fund Revenue; $1,291,833 Indirect Cost Credit; $2,500 Proprietary Funds; $399,261 Personnel Savings Fund; $0 Fiduciary Funds; $0 Special Revenue Internal Funds; $0 Special Revenue External Funds, for the Navajo Nation Council, various Standing Committees, boards, commissions, offices, programs, and activities within the Legislative Branch.

2. Judicial Branch: $19,857,398 as the Navajo Nation Fiscal Year 2020 Operating Budget, as set forth in the attached Exhibit C, which includes $14,924,653 of General Funds; $150,104 Indirect Cost Credit; $0 Proprietary Funds; $0 Fiduciary Funds; $0 Special Revenue Internal Funds and $4,782,641 Special Revenue External Funds, for the Navajo Nation Supreme Court, district courts, family courts, various offices, programs and activities within the Judicial Branch.
3. Executive Branch: $1,190,717,730 as the Navajo Nation Fiscal Year 2020 Operating Budget, as set forth in the attached Exhibit D, which includes $117,567,464 of General Funds; $14,465,466 Indirect Cost Credit; $12,400,000 Higher Education Set Aside Funds; $6,048,946 Personnel Savings Fund; $84,502,883 Proprietary Funds; $78,904,642 Fiduciary Funds; $3,800,000 External Fund Cash Match; $43,767,992 Special Revenue Internal Funds; and, $829,259,337 Special Revenue External Funds; for the various divisions, departments, programs and offices within the Executive Branch.

4. Fixed Costs: $22,907,741 which includes $15,815,144 General Funds, $6,592,597 Indirect Cost Credit; and $500,000 Personnel Savings Fund as set forth in the attached Exhibit F.

5. Capital Improvement Funds which includes $3,000,000 Capital Outlay Match, to be used at the Chapter’s discretion, with the exception that these funds are not to be used for recurring expenses, as set forth in the attached Exhibit F.

6. Chapter Non-Administrative Costs: $11,998,969 for non-administrative costs. This does not include chapter official’s stipends, permanent personnel costs, and travel expenses of chapter officials and chapter staff.

7. External Funds Cash Match: $3,800,000 for external funds cash match obligations for grant agreements and contracts.

The FY 2019 External Fund Cash Match, BU# 118024, unexpended fund balance shall be carried over to FY 2020 to maintain a fund balance for cash match needs during the 2020 Fiscal Year.

C. The Navajo Nation Resolution, CF-07-11. Establishing and Designating the Personnel Accounts Savings as Restricted Carryover Funds to be Used for Administering and Maintaining the Classification and Pay Plans by the Department of Personnel Management and Further, Implementing a Moratorium on Any Future Proposed Budget Revisions and/or Re-Allocations From the General Fund Personnel Accounts Savings, established a moratorium on any future proposed Budget Revisions and/or Reallocations from the General Funds Personnel Accounts Savings and required those Savings go to an annual General Wage Adjustment, step increase and
other salary adjustments to the Pay Plan; in addition, that any excess or surplus funds shall be deposited to the Unreserved, Undesignated Fund Balance (UUFB).

The Navajo Nation Controller projects the Personnel Lapse amount is $9,141,903. The Navajo Nation adopts a General Wage Adjustment, **Exhibit G**, and waives the requirement of excess and surplus funds deposit to the UUFB and hereby approves funding from the Fiscal Year 2020 Personnel Savings Fund as follows:

1. General Wage Adjustment – 2% (Exhibit G) $2,193,696

2. Chapter Official Stipends $2,000,000

3. Legislative District Assistants, BU #101034 $199,261
   a. For personnel

4. Office of the Speaker, BU #101015 $200,000
   a. To hire an energy policy consultant

5. Office of the Navajo Tax Commission, BU #106001 $85,000
   a. Travel, Space Rental, Office Supplies

6. Retirement Plan Account, BU #118018 $500,000

7. Navajo Energy Office, BU #115039 $663,988
   a. For personnel

8. Veterans Administration, BU #103015 $1,153,245
   a. For new central office building

9. Resource Enforcement, BU #115027 $500,025

10. Office of the Controller, Purchasing, BU #107020 $1,000,000
    a. For personnel overtime

11. Navajo Department of Transportation, BU #121004 $631,869
    a. Dept. of Roads -- for gravel pit site development

12. DALTCS, BU #s 113010-15 $1,000,000
    a. To be distributed as follows:
       i. Administration, $75,000
       ii. DALTCS Chinle, $185,000
       iii. DALTCS Fort Defiance, $185,000
       iv. DALTCS Crownpoint, $185,000
v. DALTC's Shiprock, $185,000
vi. DALTC's Tuba City, $185,000

D. The Navajo Nation hereby approves the carryover of excess Indirect Cost Credit, if any, from Navajo Nation Fiscal Year 2019 into Fiscal Year 2020.

E. The Navajo Nation hereby approves the carryover of unexpended Capital Improvement Project Funds from Fiscal Year 2019 to Fiscal Year 2020.

F. The Navajo Nation hereby approves any carryover of General Fund unexpended balances from Navajo Nation Fiscal Year 2019 into Fiscal Year 2020:
   1. $4,500,000 for the Government Branches (Executive, Legislative, Judicial) from their respective unexpended balances, if available, as follows:
      a) Executive: $2,500,000
      b) Legislative: $1,500,000
      c) Judicial: $500,000
   2. Other unexpended operating fund balances for Divisions, Departments and Programs listed in Exhibit H.

G. The Navajo Nation hereby approves that the remaining amount of non-recurring funds as determined by the office of the Controller, that is $10,958,583 be placed in the Permanent Fund Contingency, BU# 107032, for use during FY2021 budgeting.

H. The Navajo Nation approves that $21,000,000 of the FY 2019 Undesignated, Unreserved Fund Balance be set aside for use in the FY 2021 budget process due to impending projected revenue reductions.

I. The Navajo Nation Council and its standing committees, through its oversight authorities, are responsible to the Navajo Nation to ensure that the Navajo Nation Divisions, Departments and Programs provide timely, professional, updated, appropriate services to the Navajo People. One very pragmatic, effective method to assure quality services is to prompt the Divisions, Departments and Programs through the use of Conditions of Appropriations. Condition of Appropriation means a condition placed on an appropriation or expenditure by the Navajo Nation Council at the time the appropriation or expenditure is made, which requires performance of a specific task by a program within a specific time period within the fiscal year. The
condition requires the performance of specific tasks within the time period set out by
the Navajo Nation Council. Failure to perform within the specified time period may
result in restrictions on future expenditure of the funds until the condition is met. 12
N.N.C. §810(1), amended by CS-52-17.

The Navajo Nation Council has included Conditions of Appropriation in the 2020
Comprehensive Budget. These Conditions of Appropriations are attached as Exhibit
I. The Navajo Nation Council hereby adopts the Conditions of Appropriation
identified in Exhibit I.

J. The Navajo Nation hereby approves the Legislative Concerns for Navajo Nation
Fiscal Year 2020, as set forth in the attached Exhibit J.

K. The Navajo Nation hereby acknowledges that all federal, state, and local government
funds addressed in the Navajo Nation Fiscal Year 2020 Comprehensive Budget are
provided primarily for information purposes, as directed in the Budget Instructions
Manual, and should not be deemed to limit the expenditure authority for any program.
provided additional funds are accepted pursuant to 2 N.N.C. §164(B), 2 N.N.C.
§301(B)(15), and 2 N.N.C. §701(A)(10).

L. The Navajo Nation hereby authorizes monthly drawdowns of all funds deposited into
BIA Account, PL7341701, Navajo Tribe, Arizona/New Mexico, which are considered
Navajo Nation General Funds as part of the overall revenue projection for support of
the operations of the Navajo Nation Government.

M. The Navajo Nation hereby authorizes the Office of Management and Budget to carry-
over available budget amounts to cover any prior year open contracts carried into
Fiscal Year 2020 by the Office of the Controller. Further, the Office of the Controller
shall ensure that the budgeted funds carried over are used specifically, and only for,
those open encumbrances. The Office of the Controller shall also inform the Office of
Management and Budget, in writing, of any cancelled or reduced prior year open
encumbrances so that the Office of Management and Budget can make the appropriate
budget adjustments.

N. The Navajo Nation hereby directs the Branch Chiefs of the Executive, Legislative and
Judicial Branches to prioritize the unmet needs of their respective branches and to
prepare appropriate budgets for such prioritized needs for consideration by the appropriate Standing Committee with oversight for potential supplemental appropriations in Fiscal Year 2020, in accordance with 12 N.N.C. § 820(1).

O. The Navajo Nation hereby waives 12 N.N.C. §§ 820(1) and 860 for the purpose of passing a comprehensive budget because the Capital Improvement Plan is not available.

P. The Navajo Nation hereby waives 12 N.N.C. §§ 2001 et seq. in order to allow chapters to use Capital Outlay Match Funds as described in paragraph B.5, above.

Q. The Navajo Nation hereby approves the Fiscal Year 2020 Budget Detail, included as Exhibit K.

Section Three. Directive to the Office of Management and Budget

A. The Navajo Nation directs the Office of Management and Budget to recalculate the final monetary totals such that the figures conform to the amendments passed by the Navajo Nation.

B. The Navajo Nation directs the Office of Management and Budget to make any other changes to the exhibits such that they conform to the amendments passed by the Navajo Nation Council.

Section Four. Effective Date

The Navajo Nation Fiscal Year 2020 Comprehensive Budget enacted herein shall be effective pursuant to 2 N.N.C. §§ 164(A)(17) and 221(B).