TITLE: An Action Relating To Budget And Finance Committee; Accepting The Navajo Nation Fiscal Year 2020 General Fund Revenue Projection, Establishing The General Fund Budget Amount And Branch Planning Allocation Amounts, For The Preparation Of The Fiscal Year 2020 Navajo Nation Comprehensive Budget And Other Related Action

Date posted: May 28, 2019 at 5:48 PM

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DATE: May 28, 2019

TITLE OF RESOLUTION: AN ACTION RELATING TO BUDGET AND FINANCE COMMITTEE; ACCEPTING THE NAVAJO NATION FISCAL YEAR 2020 GENERAL FUND REVENUE PROJECTION, ESTABLISHING THE GENERAL FUND BUDGET AMOUNT AND BRANCH PLANNING ALLOCATION AMOUNTS, FOR THE PREPARATION OF THE FISCAL YEAR 2020 NAVAJO NATION COMPREHENSIVE BUDGET AND OTHER RELATED ACTIONS

PURPOSE: The purpose of this legislation is to accept the Navajo Nation fiscal year 2020 General Fund Revenue Projection, establish the General Fund Budget Amount and Branch planning allocation amounts for preparation of the fiscal year 2020 comprehensive budget, approve and adopt the fiscal year 2020 Budget Preparation Calendar, and to approve and adopt the fiscal year 2020 Budget Instructions Manual.

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 STANDING COMMITTEE RESOLUTION

24th NAVAJO NATION COUNCIL – First Year, 2019

INTRODUCED BY

(Primary Sponsor)

TRACKING NO. 0135-19

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE; ACCEPTING THE NAVAJO NATION FISCAL YEAR 2020 GENERAL FUND REVENUE PROJECTION, ESTABLISHING THE GENERAL FUND BUDGET AMOUNT AND BRANCH PLANNING ALLOCATION AMOUNTS, FOR THE PREPARATION OF THE FISCAL YEAR 2020 NAVAJO NATION COMPREHENSIVE BUDGET AND OTHER RELATED ACTIONS

BE IT ENACTED:

Section 1. Authority

A. The Budget and Finance Committee of the Navajo Nation is empowered to review and recommend to the Navajo Nation Council the budgeting and appropriation of all funds. 2 N.N.C. § 301(B)(2).

B. The Navajo Nation Code (the “Code”) provides, “[t]he Controller shall prepare an annual long term revenue projection for use by the Navajo Nation government. This long term revenue projection shall include all sources of funds and revenues available for use by the Navajo Nation government within at least the next three fiscal years. The annual long term revenue projection shall be submitted by the Controller to and be reviewed by the Budget and Finance Committee. The Budget and Finance Committee will present the same to the Branch Chiefs by the end of
the second quarter of each fiscal year. A written narrative describing the
methodology utilized to estimate revenues and a discussion of key variables
affecting the actual revenue, including assumptions made, shall be included in the
report. If deemed necessary by the Controller, the long-term revenue projection
may be changed as economic circumstances require.” 12 N.N.C. § 830(B).

C. The Code provides, “[t]he Controller shall review and recommend an annual
fiscal year revenue projections for all revenue generating sources for all
governmental, proprietary and fiduciary funds of the Navajo Nation. The annual
fiscal year revenue projection shall be submitted for review by the Budget and
Finance Committee of the Navajo Nation Council and will serve as the annual
revenue estimate at the beginning of the annual budget process for the next fiscal
year. The Budget and Finance Committee will present the annual revenue
projections to the Branch Chiefs by the end of the second quarter of each fiscal
year. A written narrative describing the methodology utilized to estimate revenues
and discussion of key variables affecting the actual revenues, including
assumptions made, shall be included in the report. 12 N.N.C. § 830(C).

D. The Code also provides, “[t]he Office of Management and Budget shall prepare an
estimate of all external funding to be received by the Navajo Nation in the
upcoming fiscal year and shall present this information to the Budget and Finance
Committee and the Controller by the end of the second quarter of each fiscal year.
12 N.N.C. § 830(D).

E. The Code further provides, “[t]he Office of Management and Budget shall prepare
budget instructions for each fiscal year which shall be approved by the Budget and
Finance Committee no later than 30 days after the Controller releases the annual
revenue projection as delineated in § 860(C). The budget instructions shall
include fiscal, financial, operational, policy guidelines, budget development
timelines and planning base amounts for each fiscal year for the Executive Branch,
the Judicial Branch, and the Legislative Branch.” 12 N.N.C. § 830 (H).

Section 2. Findings
A. The Office of the Controller presented to the Budget and Finance Committee the Navajo Nation Controller’s Fiscal Year 2020 General Fund Revenue Projection of total gross recurring revenue of $194,871,000 and net total general fund of $143,394,000 which is less the set-asides of the projected revenue for:
   a. 12% or $23,385,000 for the Navajo Nation Permanent Fund;
   b. 2% or $3,897,000 for the Navajo Nation Land Acquisition Trust Fund;
   c. $2,000,000 for the Capital Outlay Match Funding Special Revenue Fund;
   d. $2,000,000 for the Navajo Nation Water Rights Claim Fund;
   e. $12,400,000 for the Diné Higher Education Grant Fund;
   f. 4% or $7,795,000 for the Navajo Veterans Trust Fund.

   The Controller’s memorandum, dated March 31, 2019, is included in **Exhibit A**.

B. The income from the Permanent Trust Fund ("PTF") available for FY 2020 is $19,170,000. The Controller’s PTF memorandum, dated March 31, 2019, is included in **Exhibit A**.

C. The Navajo Nation Branch Chiefs met on May 28, 2019, to discuss recommendations to the Budget and Finance Committee for the FY 2020 base planning amounts. The total projected revenue and the PTF income available for FY 2020 is $__________. See Branch Chief Agreement to be attached as **Exhibit B**.

D. The Office of Management and Budget presented to the Budget and Finance Committee the Fiscal Year 2020 Annual Budget Calendar to guide the budget process, attached as **Exhibit C**, and provided the Budget Instruction Manual ("BIM") for Fiscal Year 2020, attached as **Exhibit D**.

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**Section 3. Approvals and Directives**

A. The Budget and Finance Committee hereby accepts the Navajo Nation Controller’s Fiscal Year 2020 General Fund Revenue Projection of total gross recurring revenue of $194,871,000 and net total general fund of $143,394,000 which is less the set-asides of the projected revenue for:
   a. 12% or $23,385,000 for the Navajo Nation Permanent Fund;
b. 2% or $3,897,000 for the Navajo Nation Land Acquisition Trust Fund;

c. $2,000,000 for the Capital Outlay Match Funding Special Revenue Fund;

d. $2,000,000 for the Navajo Nation Water Rights Claim Fund;

e. $12,400,000 for the Diné Higher Education Grant Fund;

f. 4% or $7,795,000 for the Navajo Veterans Trust Fund.

The Controller’s memorandum, dated March 31, 2019, is included in Exhibit A.

B. The Budget and Finance Committee hereby accepts the Navajo Nation Controller’s Fiscal Year 2020 Permanent Trust Fund (“PTF”) Income report stating the available balance for FY 2020 is $19,170,000, as attached in Exhibit A.

C. The Budget and Finance Committee accepts the FY 2020 base planning amounts recommendation as set forth in the Branch Chief Agreement, to be attached as Exhibit B.

D. The Budget and Finance Committee further sets the General Fund Branch Planning Allocations, as follows:

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>FY 2020 Base Planning Amts.</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Costs</td>
<td>$___________________________</td>
<td>%</td>
</tr>
<tr>
<td>Executive Branch</td>
<td>$___________________________</td>
<td>%</td>
</tr>
<tr>
<td>Legislative Branch</td>
<td>$___________________________</td>
<td>%</td>
</tr>
<tr>
<td>Judicial Branch</td>
<td>$___________________________</td>
<td>%</td>
</tr>
<tr>
<td>Chapters – Non Admin</td>
<td>$___________________________</td>
<td>%</td>
</tr>
<tr>
<td>Ext. Funds Cash Match</td>
<td>$___________________________</td>
<td>%</td>
</tr>
<tr>
<td>Total</td>
<td>$___________________________</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

E. The Chapters will be allocated $________________________ from the Capital Match Special Revenue Fund for Chapter Capital Expenses, replacing the use of General Funds.

F. The Budget and Finance Committee recommends the budget amounts be set in accordance with the table as stated in “Approvals and Directives, paragraph D.”

G. The Budget and Finance Committee directs that indirect cost funding be distributed to eligible branches, divisions, departments, offices, programs and
entities of the Navajo Nation, in accord with the currently approved indirect cost proposal.

H. The Budget and Finance Committee recommends that the IDC Recovery Revenue Projection will be set at $22,500,000 which is subject to revision when IDC plans are up to date.

I. The Budget and Finance Committee approves and adopts the Navajo Nation Fiscal Year 2020 Budget Instructions Manual, attached as Exhibit D, for use by all Navajo Nation programs and entities for the preparation of the Navajo Nation Fiscal Year 2020 Comprehensive Budget, as well as for preparation of any subsequent carryover and supplemental budgets for the Navajo Nation Fiscal Year 2020.

J. The Budget and Finance Committee directs that until such time as a comprehensive budget policy manual is adopted, Navajo Nation programs and entities shall be guided by existing budget policies as set forth in Navajo Nation statutes, and duly adopted resolutions. The last fiscal year in which comprehensive budget policies existed was in Fiscal Year 2014.

K. The Budget and Finance Committee requests that Branch Chiefs direct Navajo Nation programs and entities to comply with the Navajo Nation Fiscal Year 2020 Budget Instructions Manual in preparation of Fiscal Year 2020 budget and other funding proposals.

L. The Budget and Finance Committee further directs and authorizes the Office of Management and Budget to take all actions authorized under its enabling legislation and plan of operations to recommend any amendments that it deems necessary to the Navajo Nation Fiscal Year 2020 Budget Instructions Manual for consideration by the Budget and Finance Committee.

M. The Budget and Finance Committee requests the Branch Chiefs direct all Navajo Nation programs and entities, which operate with external funds, to provide all financial and funding information to be included in the Fiscal Year 2020 budget to the Office of Management and Budget, as required by the Navajo Nation 2020 Budget Instructions Manual.
N. The Budget and Finance Committee approves and adopts the Navajo Nation Fiscal Year 2020 Annual Budget Calendar, attached as Exhibit C, and directs the Office of Management and Budget to monitor the scheduled timelines set forth within the Navajo Nation Fiscal Year 2020 Annual Budget Calendar, to assure that the timelines are being met and, if necessary, to recommend revisions of the timelines to the Budget and Finance Committee.

O. The Budget and Finance Committee of the Navajo Nation Council requests the Branch Chiefs and the Standing Committees of the Navajo Nation Council follow the timelines established in the Navajo Nation Fiscal Year 2020 Annual Budget Calendar to ensure that they are being met.