

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0161-20__

SPONSOR: Jimmy Yellowhair

TITLE: An Action Relating to Budget and Finance Committee; Accepting the Navajo Nation Fiscal Year 2021 General Fund Revenue Projection, Establishing the General Fund Budget Amount and Branch Planning Allocation Amounts for the Preparation of the Fiscal Year 2021 Navajo Nation Comprehensive Budget and Other Related Action

Date posted: July 17, 2020 at 6:14PM

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0161-20

DATE: July 17, 2020

TITLE OF RESOLUTION: AN ACTION RELATING TO BUDGET AND FINANCE COMMITTEE; ACCEPTING THE NAVAJO NATION FISCAL YEAR 2021 GENERAL FUND REVENUE PROJECTION, ESTABLISHING THE GENERAL FUND BUDGET AMOUNT AND BRANCH PLANNING ALLOCATION AMOUNTS FOR THE PREPARATION OF THE FISCAL YEAR 2021 NAVAJO NATION COMPREHENSIVE BUDGET AND OTHER RELATED ACTIONS

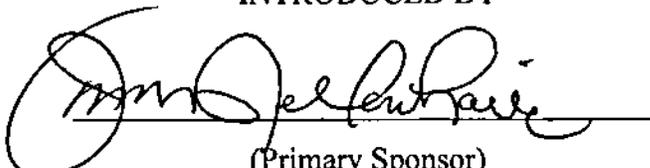
PURPOSE: The purpose of this resolution is to accept the fiscal year 2021 general revenue projection and the budget base planning amounts as set forth in the three branch chiefs memo, as well as to approve the Budget Instruction Manual for fiscal year 2021.

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.

5-DAY BILL HOLD PERIOD: Johnson
Website Posting Time/Date: _____
Posting End Date: 07-22-20
Eligible for Action: 07-23-20

1 PROPOSED STANDING COMMITTEE RESOLUTION
2 24th NAVAJO NATION COUNCIL – Second Year, 2020

3
4 INTRODUCED BY

5 
6 _____
7 (Primary Sponsor)



8
9 TRACKING NO. 0161-20

10
11 AN ACTION

12 RELATING TO BUDGET AND FINANCE COMMITTEE; ACCEPTING THE NAVAJO
13 NATION FISCAL YEAR 2021 GENERAL FUND REVENUE PROJECTION,
14 ESTABLISHING THE GENERAL FUND BUDGET AMOUNT AND BRANCH
15 PLANNING ALLOCATION AMOUNTS FOR THE PREPARATION OF THE FISCAL
16 YEAR 2021 NAVAJO NATION COMPREHENSIVE BUDGET AND OTHER RELATED
17 ACTIONS

18
19 BE IT ENACTED:

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21 SECTION 1. AUTHORITY

- 22 A. The Budget and Finance Committee of the Navajo Nation is empowered to review
23 and recommend to the Navajo Nation Council the budgeting and appropriation of
24 all funds. 2 N.N.C. § 301(B)(2).
- 25 B. The Navajo Nation Code (the “Code”) provides, “[t]he Controller shall prepare an
26 annual long term revenue projection for use by the Navajo Nation government.
27 This long term revenue projection shall include all sources of funds and revenues
28 available for use by the Navajo Nation government within at least the next three
29 fiscal years. The annual long term revenue projection shall be submitted by the
30 Controller to and be reviewed by the Budget and Finance Committee. The Budget

1 and Finance Committee will present the same to the Branch Chiefs by the end of
2 the second quarter of each fiscal year. A written narrative describing the
3 methodology utilized to estimate revenues and a discussion of key variables
4 affecting the actual revenue, including assumptions made, shall be included in the
5 report. If deemed necessary by the Controller, the long-term revenue projection
6 may be changed as economic circumstances require." 12 N.N.C. § 830(B).

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

18 D. The Code provides, "[t]he Office of Management and Budget shall prepare an
19 estimate of all external funding to be received by the Navajo Nation in the
20 upcoming fiscal year and shall present this information to the Budget and Finance
21 Committee and the Controller by the end of the second quarter of each fiscal year.
22 12 N.N.C. § 830(D).

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

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1 **SECTION 2. FINDINGS**

2 A. The Navajo Nation Controller has provided the Fiscal Year 2021 General Fund
3 Revenue Projection of total gross recurring revenue of \$158,423,000 and net total
4 general fund of \$113,507,000 which is less the set-asides of the projected revenue,
5 as follows:

- 6 a. \$19,011,000 (12 %) for the Navajo Nation Permanent Fund;
- 7 b. \$3,168,000 (2%) for the Navajo Nation Land Acquisition Trust Fund;
- 8 c. \$2,000,000 for the Capital Outlay Match Funding Special Revenue Fund;
- 9 d. \$2,000,000 for the Navajo Nation Water Rights Claim Fund;
- 10 e. \$12,400,000 for the Diné Higher Education Grant Fund;
- 11 f. \$6,337,000 (4%) for the Navajo Veterans Trust Fund.

12 This memorandum, dated May 1, 2020 is included in **Exhibit A**.

13 B. The income from the Permanent Trust Fund (“PTF”) available for FY 2021 is
14 \$25,477,000, as indicated in the Three Branch Chiefs Agreement, attached as
15 **Exhibit B** and the memorandum from the Controller attached as **Exhibit A**.

16 C. The Navajo Nation Branch Chiefs discussed recommendations to the Budget and
17 Finance Committee for the FY 2021 base planning amounts. The total projected
18 revenue, combined with the PTF interest income, Permanent Fund Contingency
19 amount, and amounts designated from the Undesignated, Unreserved Fund Balance
20 available for FY 2021 is \$167, 000,000 as indicated in **Exhibit B**.

21 D. Additional Funds from the Undesignated, Unreserved Fund Balance in the amount
22 of \$3,942,583, as approved in Council Resolution CS-30-19 and Budget and Finance
23 Committee Resolution BFJN-08-19, are allocated as follows:

- 24 1. \$1,800,000 to the Executive Branch for chapter official stipends,
- 25 2. \$442,583 to the Legislative Branch for election costs, and
- 26 3. \$1,700,000 to the Judicial Branch for operating costs.

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

Budget Category	FY 2021 Base Planning Amts.	Percentage
Fixed Costs	\$ 15,815,144	9.47%
Executive Branch	\$ 105,568,495	63.20%
Legislative Branch	\$ 14,892,739	8.92%
Judicial Branch	\$ 14,924,653	8.94%
Chapters – Non Admin	\$ 11,998,969	7.19%
Ext. Funds Cash Match	\$ 3,800,000	2.28%
Total	\$167,000,000	100.00%

- F. The Chapters will be allocated \$3,000,000 from the Capital Match Special Revenue Fund for Chapter Capital Expenses, replacing the use of General Funds.
- G. The Budget and Finance Committee recommends the budget amounts be set in accordance with the table in paragraph E, above.
- H. The Fiscal Year 2021 Annual Budget Calendar to guide the budget process is attached as **Exhibit C**.
- I. The Budget Instruction Manual (“BIM”) for Fiscal Year 2020, is attached as **Exhibit D**. A redlined version of the Fiscal Year 2021 BIM is included for reference as **Exhibit D-1**.

SECTION 3. APPROVALS AND DIRECTIVES

- A. The Budget and Finance Committee accepts and approves the budget base planning amounts presented by the Controller, as indicated in Section 2, paragraph A of this legislation and in **Exhibit A**.
- B. The Budget and Finance Committee accepts base planning amounts and General Fund Branch Planning Allocations, as set forth in Section 2, Paragraphs C through E, above and **Exhibit B**.
- C. 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.

- 1 D. The Budget and Finance Committee recommends that the IDC Recovery Revenue
2 Projection will be set at \$22,500,000, which is subject to revision when IDC plans are
3 up to date.
- 4 E. The Budget and Finance Committee approves the Fiscal Year 2021 Annual Budget
5 Calendar as indicated in **Exhibit C**.
- 6 F. The Budget and Finance Committee adopts the Navajo Nation Fiscal Year 2021
7 BIM, as set forth in **Exhibit D**, for use by all Navajo Nation programs and entities
8 for the preparation of the Navajo Nation Fiscal Year 2021 Comprehensive Budget,
9 as well as for preparation of any subsequent carryover and supplemental budgets for
10 the Navajo Nation Fiscal Year 2021.
- 11 G. The Budget and Finance Committee directs that until such time as a comprehensive
12 budget policy manual is adopted, Navajo Nation programs and entities shall be
13 guided by existing budget policies as set forth in Navajo Nation statutes, and duly
14 adopted resolutions. The last fiscal year in which comprehensive budget policies
15 existed was the BIM was Fiscal Year 2014.
- 16 H. The Budget and Finance Committee further directs and authorizes the Office of
17 Management and Budget to take all actions authorized under its enabling legislation
18 and plan of operations to recommend any amendments that it deems necessary to
19 the Navajo Nation Fiscal Year 2021 Budget Instructions Manual for consideration
20 by the Budget and Finance Committee.
- 21 I. The Budget and Finance Committee requests the Branch Chiefs direct all Navajo
22 Nation programs and entities, which operate with external funds, to provide all
23 financial and funding information to be included in the Fiscal Year 2021 budget to
24 the Office of Management and Budget, as required by the Navajo Nation 2021
25 Budget Instructions Manual.
- 26 J. The Budget and Finance Committee directs the Office of Management and Budget
27 to monitor the scheduled timelines set forth within the Navajo Nation Fiscal Year
28 2021 Annual Budget Calendar to ensure that the timelines are being met and, if
29 necessary, to recommend revisions of the timelines to the Budget and Finance
30 Committee.

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K. 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 2021 Annual Budget Calendar to ensure that they are being met.