

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0100-21_

SPONSOR: Seth Damon

TITLE: An Action Relating to the Budget and Finance Committee; Accepting the Navajo Nation Fiscal Year 2022 General Fund Revenue Projection, Establishing the General Fund Budget Amount and Three Branch Planning Allocation Amounts for the Preparation of the Fiscal Year 2022 Navajo Nation Comprehensive Budget; and Other Related Actions

Date posted: June 18, 2021 at 5:36PM

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0100-21

DATE: June 18, 2021

TITLE OF RESOLUTION: AN ACTION RELATING TO THE BUDGET AND FINANCE COMMITTEE; ACCEPTING THE NAVAJO NATION FISCAL YEAR 2022 GENERAL FUND REVENUE PROJECTION, ESTABLISHING THE GENERAL FUND BUDGET AMOUNT AND THREE BRANCH PLANNING ALLOCATION AMOUNTS FOR THE PREPARATION OF THE FISCAL YEAR 2022 NAVAJO NATION COMPREHENSIVE BUDGET; AND OTHER RELATED ACTIONS

PURPOSE: The purpose of this legislation is for the Budget and Finance Committee to approve the Navajo Nation FY 2022 General Fund Revenue Projections provided by the Controller, to establish the FY 2022 General Fund Budget Amount, to accept the Three Branch Planning Allocation amounts for preparation of the FY 2022 Comprehensive Budget, and to accept the FY 2022 Budget Instructions Manual prepared by the Office of Management and Budget.

5-DAY BILL HOLD PERIOD:
Website Posting Time/Date:
Posting End Date: 06-23-21
Eligible for Action: 06-24-21

1 PROPOSED STANDING COMMITTEE RESOLUTION
2 24th NAVAJO NATION COUNCIL – Third Year, 2021

3
4 INTRODUCED BY

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6
7 (Primary Sponsor) Amber Kanazba Drotty
8

9 TRACKING NO. 0100-21

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11 AN ACTION
12 RELATING TO THE BUDGET AND FINANCE COMMITTEE; ACCEPTING
13 THE NAVAJO NATION FISCAL YEAR 2022 GENERAL FUND REVENUE
14 PROJECTION, ESTABLISHING THE GENERAL FUND BUDGET AMOUNT
15 AND THREE BRANCH PLANNING ALLOCATION AMOUNTS FOR THE
16 PREPARATION OF THE FISCAL YEAR 2022 NAVAJO NATION
17 COMPREHENSIVE BUDGET; AND OTHER RELATED ACTIONS

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19 BE IT ENACTED:

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21 SECTION ONE. AUTHORITY

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

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

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

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

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

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28 **SECTION TWO. FINDINGS**

29 A. The Navajo Nation Controller has provided the Fiscal Year 2022 General Fund Revenue
30 Projections, showing a total gross recurring revenue of \$187,323,000 and a net total

1 general fund amount of \$137,205,000 which is less the set-asides for projected revenue,
2 as follows:

- 3 1. \$22,479,000 (12 %) for the Navajo Nation Permanent Fund;
- 4 2. \$3,746,000 (2%) for the Navajo Nation Land Acquisition Trust Fund;
- 5 3. \$12,400,000 for the Diné Higher Education Grant Fund;
- 6 4. \$2,000,000 for the Capital Outlay Match Funding Special Revenue Fund;
- 7 5. \$2,000,000 for the Navajo Nation Water Rights Claim Fund;
- 8 6. \$7,493,000 (4%) for the Navajo Veterans Trust Fund.

9 The Controller's memorandum, dated March 31, 2021 is included as **Exhibit A**.

10 B. The Navajo Nation Three Branch Chiefs met and agreed upon their recommendations for
11 the FY2022 base planning amounts, funding sources, and other financial matters, to be
12 presented to the Budget and Finance Committee. The Three Branch Chiefs' Agreement
13 ("Agreement") is attached hereto as **Exhibit B**.

14 C. According to the Agreement, the total projected revenue, consisting of General Fund
15 Revenues and interest income from the Permanent Trust Fund ("PTF"), that is available
16 for FY2022 is \$177,205,000. **Exhibit B**.

17 D. As shown in the Agreement, the funding sources for the \$177,205,000 are as follows:

18 General Fund Revenue Projection - \$137,205,000

19 Permanent Fund Interest - \$40,000,000.

20 E. In their Agreement, the Three Branch Chiefs also recommend to the Budget and Finance
21 Committee their General Fund Branch Planning Allocations, as follows:

Budget Category	FY2022 Base Planning Amt.	Percentage
24 1. Fixed Costs	\$ 18,013,778	10.17%
25 2. External Funds Cash Match	\$ 3,500,000	1.98%
26 3. Executive Branch	\$ 111,518,160	62.92%
27 4. Legislative Branch	\$ 15,732,069	8.88%
28 5. Judicial Branch	\$ 15,765,782	8.90%
29 6. Chapters – Non-Administrative	\$ 12,675,211	7.15%
30 TOTAL:	\$ 177,205,000	100.00%

- 1 F. Regarding the Personnel Lapse/Savings Fund, the Three Branch Chiefs recommend that
2 \$3,019,319 be allocated to cover the FY2021 General Wage Adjustment for the three
3 Branches, and that \$3,000,000 be allocated to the Navajo Nation Retirement Plan (BU#
4 118018) to cover increasing costs. **Exhibit B.**
- 5 G. Regarding the Undesignated, Unreserved Fund Balance (“UUFB”), the Agreement
6 recommends that \$20,000,000 be set aside for the FY2023 budget, which amount is
7 consistent with the UUFB set-aside established in Navajo Nation Council Resolution No.
8 CN-88-20. **Exhibit B.**
- 9 H. The Budget and Finance Committee agrees with the budget amounts set by the Three
10 Branch Chiefs, as shown in boxes 1-6 in the table in paragraph D on page 3 of this
11 legislation.
- 12 I. The FY2022 Annual Budget Calendar used to guide the Navajo Nation’s budget process,
13 prepared by the Office of Management and Budget, is attached as **Exhibit C.**
- 14 J. A strike-through/underlined version of the Budget Instructions Manual (“BIM”) for
15 FY2022, provided by the Office of Management and Budget, is attached hereto as
16 **Exhibit D.** This strike-through/underlined version shows the changes to the FY2021
17 version of the BIM.
- 18 K. The Office of Management and Budget has determined that the IDC Recovery Revenue
19 Projection for FY2022 is \$25,000,000. A copy of OMB’s memo is attached as **Exhibit E.**
- 20

21 **SECTION THREE. APPROVALS AND DIRECTIVES**

- 22 A. The Budget and Finance Committee accepts and approves the FY2020 budget base
23 planning amounts presented by the Controller, as indicated in Section Two paragraph A
24 of this legislation and in **Exhibit A.**
- 25 B. The Budget and Finance Committee accepts and approves the Three Branch Chiefs’
26 recommended FY2022 base planning amounts and General Fund Branch Planning
27 Allocations, as set forth in Section Two paragraphs C through F of this legislation and in
28 **Exhibit B.**
- 29 C. The Budget and Finance Committee accepts and approves the FY2022 Annual Budget
30 Calendar attached as **Exhibit C.**

- 1 D. The Budget and Finance Committee accepts and adopts the FY2022 BIM, attached as
2 **Exhibit D**, for use by all Navajo Nation programs and entities for the preparation of the
3 Navajo Nation FY2022 Comprehensive Budget, as well as for the preparation of any
4 subsequent carryover and supplemental budgets for Navajo Nation FY2022.
- 5 E. The Budget and Finance Committee directs that indirect cost funding be distributed to
6 eligible branches, divisions, departments, offices, programs and entities of the Navajo
7 Nation, consistent with the currently approved indirect cost proposal.
- 8 F. In accordance with the memo from the Office of Management and Budget, the Budget
9 and Finance Committee recommends that the IDC Recovery Revenue Projection be set
10 at \$25,000,000, which is subject to revision when IDC plans are up-to-date. A copy of
11 the OMB memo is attached as **Exhibit E**.
- 12 G. The Budget and Finance Committee directs that until such time as a comprehensive
13 budget policy manual is adopted, Navajo Nation programs and entities shall be guided
14 by the existing budget policies set forth in Navajo Nation statutes and duly adopted
15 resolutions. The last fiscal year in which comprehensive budget policies were established
16 was when the BIM was adopted in Fiscal Year 2014.
- 17 H. The Budget and Finance Committee further directs and authorizes the Office of
18 Management and Budget, the Department of Justice, and the Office of Legislative
19 Counsel to take all actions authorized under their respective enabling legislations and
20 Plans of Operation to recommend any amendments to the Navajo Nation FY2022 BIM,
21 for consideration by the Budget and Finance Committee.
- 22 I. The Budget and Finance Committee requests that the Three Branch Chiefs direct all
23 Navajo Nation Programs and entities operating with external funds to provide all
24 financial and funding information to be included in the FY2022 budget to the Office of
25 Management and Budget, as required by the Navajo Nation FY2022 BIM.
- 26 J. The Budget and Finance Committee of the Navajo Nation Council requests the Branch
27 Chiefs and the Standing Committees of the Navajo Nation Council follow the timelines
28 established in the Navajo Nation FY2022 Annual Budget Calendar to ensure that all
29 deadlines are met.
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K. The Budget and Finance Committee directs the Office of Management and Budget to monitor the scheduled timelines established in the Navajo Nation FY2022 Annual Budget Calendar to ensure that all deadlines are met and, if necessary, to recommend revisions of the timelines to the Budget and Finance Committee.

L. In accordance with Navajo Nation Council Resolution No. CF-07-11, incorporated herein by reference, the Budget and Finance Committee directs that all Navajo Nation Branches, Programs and entities shall expend funds from the Personnel Lapse/Savings Fund only for the purpose of administering and maintaining the classification and pay plans established by the Department of Personnel Management.