

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0102-22_

SPONSOR: Jamie Henio

TITLE: An Act Relating to the Budget and Finance Committee; For Fiscal Year 2023, Accepting the Navajo Nation's General Fund Revenue Projection and the Three Branch Chiefs' Recommended Budget Planning Allocations, Approving the Budget Calendar and Budget Instructions Manual, and Other Actions Related to the Navajo Nation's Comprehensive Budget for FY2023

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SUMMARY OF PROPOSED LEGISLATION

TrackingNo. 0102-22

Date: June 15, 2022

**Re: AN ACT RELATING TO THE BUDGET AND FINANCE COMMITTEE;
FOR FISCAL YEAR 2023, ACCEPTING THE NAVAJO NATION'S
GENERAL FUND REVENUE PROJECTION AND THE THREE BRANCH
CHIEFS' RECOMMENDED BUDGET PLANNING ALLOCATIONS,
APPROVING THE BUDGET CALENDAR AND BUDGET
INSTRUCTIONS MANUAL, AND OTHER ACTIONS RELATED TO THE
NAVAJO NATION'S COMPREHENSIVE BUDGET FOR FY2023**

Purpose of this Legislation:

to accept and approve, for FY2023, the General Fund revenue projections, the Three Branch Chiefs' Allocations, the Budget Calendar, the Budget Instructions Manual, and other actions related to the Comprehensive Budget for FY2023.

OLC No. 22-189-1

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**PROPOSED STANDING COMMITTEE RESOLUTION
24th NAVAJO NATION COUNCIL - Fourth Year, 2022**

Introduced by:

(Primary Sponsor)



Tracking No. 0102-22

AN ACT

RELATING TO THE BUDGET AND FINANCE COMMITTEE; FOR FISCAL YEAR 2023, ACCEPTING THE NAVAJO NATION'S GENERAL FUND REVENUE PROJECTION AND THE THREE BRANCH CHIEFS' RECOMMENDED BUDGET PLANNING ALLOCATIONS, APPROVING THE BUDGET CALENDAR AND BUDGET INSTRUCTIONS MANUAL, AND OTHER ACTIONS RELATED TO THE NAVAJO NATION'S COMPREHENSIVE BUDGET FOR FY2023

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Budget and Finance Committee is a standing committee of the Navajo Nation Council, with the authority to make recommendations to the Council regarding the budgeting and appropriation of all funds for the Navajo Nation, including matters related to the Navajo Nation's Comprehensive Budget for each Fiscal Year. 2 N.N.C. §301(B)(2).

B. The provisions of the Navajo Nation Appropriations Act, at 12 N.N.C. §830, state as follows:

* * * *

(B) Long Term Revenue Projections. The 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

1 available for use by the Navajo Nation government within at least the next
2 three fiscal years. The annual long-term revenue projection shall be
3 submitted by the Controller to, and be reviewed by, the Budget and Finance
4 Committee. The Budget and Finance Committee will present the same to the
5 Branch Chiefs by the end of the second quarter of each fiscal year. . . .

6 (C) Annual Revenue Projection. The Controller shall review and recommend an
7 annual fiscal year revenue projection for all revenue generating sources for
8 all governmental, proprietary and fiduciary funds of the Navajo Nation. The
9 annual fiscal year revenue projection shall be submitted for review by the
10 Budget and Finance Committee of the Navajo Nation Council and will serve
11 as the annual revenue estimate at the beginning of the annual budget process
12 for the next fiscal year.

13 (D) The Office of Management and Budget shall prepare an estimate of all
14 external funding to be received by the Navajo Nation in the upcoming fiscal
15 year and shall present this information to the Budget and Finance Committee
16 and the Controller by the end of the second quarter of each fiscal year.

17 (E) Long Term Expense Projection. The Office of Management and Budget shall
18 prepare an annual long-term expense projection which includes all projected
19 expenditures for at least the next three fiscal years for operations, programs,
20 projects and transfer payments to the Navajo people or to outside non-Navajo
21 Nation government entities. Such report shall be presented to the Branch
22 Chiefs and the Budget and Finance Committee by the end of the second
23 quarter of each fiscal year.

24 (F) Approval of Revenue Projections. The Budget and Finance Committee shall
25 review the long-term and the fiscal year revenue projections and may
26 approve them by resolution.

27 * * * *

28 (H) Budget Instructions and Planning Base Amounts. The Office of Management
29 and Budget shall prepare budget instructions for each fiscal year which shall
30 be approved by the Budget and Finance Committee no later than 30 days

1 after the Controller releases the annual revenue projection as delineated in §
2 830(C). The budget instructions shall include fiscal, financial, operational,
3 policy guidelines, budget development timelines and planning base amounts
4 for each fiscal year for the Executive Branch, the Judicial Branch, and the
5 Legislative Branch.

6 (I) Preparation of the Budget. . . . [E]ach branch, division, department, and
7 program of the Navajo Nation government shall prepare a budget request,
8 which shall be submitted to the Office of Management and Budget pursuant
9 to the time lines established in the annual Budget Instruction Manual. . . .

10
11 **SECTION TWO. FINDINGS**

12 A. In accordance with 12 N.N.C. §830(B), the Navajo Nation Controller has provided a long-
13 term revenue projection, attached hereto as **EXHIBIT A**, showing estimated revenues for
14 the Navajo Nation projected out to 9/30/2025.

15 B. In accordance with 12 N.N.C. §830(C), the Navajo Nation Controller has provided a
16 memorandum dated March 31, 2022, attached hereto as **EXHIBIT A-1**, explaining the Fiscal
17 Year 2023 General Fund Revenue Projections. This memorandum shows, for FY2023, a total
18 gross recurring revenue of \$213,803,000 and a net total general fund amount of
19 \$158,918,000, which amounts do not include the following statutory set-asides:

- 20 1. \$25,656,000 (12 %) for the Navajo Nation Permanent Fund;
- 21 2. \$4,276,000 (2%) for the Navajo Nation Land Acquisition Trust Fund;
- 22 3. \$12,400,000 for the Diné Higher Education Grant Fund;
- 23 4. \$2,000,000 for the Capital Outlay Match Funding Special Revenue Fund;
- 24 5. \$2,000,000 for the Navajo Nation Water Rights Claim Fund;
- 25 6. \$8,552,000 (4%) for the Navajo Veterans Trust Fund.

26 C. The Controller has determined that the income available from the Permanent Trust Fund for
27 FY2023 is \$40,000,000. The Controller's memorandum dated April 19, 2022 is attached
28 hereto as **EXHIBIT B**.

29 D. Based upon the information provided by the Controller, the Three Branch Chiefs of the
30 Navajo Nation have agreed upon their recommendations for the FY2023 base planning

1 amounts, funding sources, and other budget-related matters, for the Navajo Nation’s three
2 branches. The Three Branch Chiefs’ recommendations are set forth in the Three Branch
3 Chiefs’ Agreement, attached hereto as **EXHIBIT C**.

4 E. According to the Controller, the total projected revenue available for FY2023, consisting of
5 General Fund Revenues added to the interest income from the Permanent Trust Fund, totals
6 \$198,918,000, broken down as follows:

7 General Fund Revenues projected: \$158,918,000 (per **EXHIBIT A-1**)

8 Permanent Trust Fund interest income: \$40,000,000 (per **EXHIBIT B**)

9 F. In their Three Branch Chiefs’ Agreement, the Three Branch Chiefs are recommending to the
10 Budget and Finance Committee their General Fund Planning Allocations for the Navajo
11 Nation’s Three Branches, and certain other allocations, as follows:

Budget Category	FY2023 Base Planning Amounts	Percentage
1. Fixed Costs	\$23,311,908	11.72%
2. External Funds Cash Match	\$5,000,000	2.51%
3. Chapter Officials Stipends	\$4,158,000	2.09%
4. Executive Branch	\$118,092,986	59.36%
5. Legislative Branch	\$17,221,488	8.66%
6. Judicial Branch	\$17,258,393	8.68%
7. Chapters – Non-Administrative	\$13,875,225	6.98%
TOTAL:	\$ 198,918,000	100.00%

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22 G. Regarding the Undesignated, Unreserved Fund Balance (“UUF B”), the Office of
23 Management and Budget (“OMB”) has recommended that \$20,000,000 be set aside for the
24 Navajo Nation’s FY2023 Comprehensive Budget, which amount is consistent with the
25 UUF B set-aside mandated in Navajo Nation Council Resolution No. CN-88-20.

26 H. Pursuant to 12 N.N.C. §830(H), OMB has prepared budget instructions and a budget timeline
27 for the Navajo Nation’s Comprehensive Budget for FY2023. The Budget Instructions
28 Manual is attached as **EXHIBIT D** and the Budget Calendar is attached as **EXHIBIT E**.

29 I. The Office of Management and Budget has determined that the IDC Recovery Revenue
30 Projection for FY2023 is \$23,000,000. OMB’s IDC listing is attached as **EXHIBIT F**.

1 **SECTION THREE. APPROVALS AND DIRECTIVES**

2 A. In accordance with 12 N.N.C. §830(F), the Budget and Finance Committee hereby accepts
3 and approves the Controller’s long-term revenue projection, as shown in **EXHIBIT A**, and
4 the Controller’s FY2023 General Fund Revenue Projection, as shown in **EXHIBIT A-1**.

5 B. The Budget and Finance Committee hereby accepts the FY2023 Permanent Fund Income
6 determination provided by the Controller, as shown in **EXHIBIT B**.

7 C. The Budget and Finance Committee hereby accepts and adopts the Three Branch Chiefs’
8 recommended FY2023 base planning amounts and General Fund Branch Planning
9 Allocations, as shown in the table in Section Two, Paragraph F, and in **EXHIBIT C**.

10 D. The Budget and Finance Committee hereby accepts and adopts the FY2023 Budget
11 Instructions Manual provided by OMB, attached as **EXHIBIT D**. All Navajo Nation
12 government entities shall use the FY2023 Budget Instructions Manual (“BIM”) for the
13 preparation of the Navajo Nation FY2023 Comprehensive Budget, as well as for the
14 preparation of any subsequent carryover and supplemental budgets for FY2023.

15 E. The Budget and Finance Committee hereby accepts and adopts the FY2023 Budget Calendar
16 provided by OMB, attached as **EXHIBIT E**. The Committee requests the Three Branch
17 Chiefs and the Standing Committees of the Navajo Nation Council to follow the timelines
18 established in the FY2023 Budget Calendar, to ensure that all deadlines are met.

19 F. In compliance with 12 N.N.C. §830(I), each branch, division, department, and program of
20 the Navajo Nation government shall prepare a budget request and submit it to OMB by the
21 deadlines set forth in the BIM.

22 G. The Budget and Finance Committee hereby directs OMB to monitor the deadlines set forth
23 in the FY2023 Budget Calendar, to ensure that all deadlines are met and, if necessary, to
24 recommend any revisions to the established deadlines.

25 H. The Budget and Finance Committee hereby accepts the FY2023 IDC Recovery Revenue
26 Projection provided by OMB, which amount is \$23,000,000 as shown in **EXHIBIT F**.
27 Further, the Budget and Finance Committee directs that indirect cost funding be distributed
28 to all eligible entities of the Navajo Nation, according to the current Indirect Cost Negotiation
29 Agreement between the Navajo Nation and the U.S. Department of the Interior, that was
30 approved by the Naabik’íyáti’ Committee in Resolution No. NABIN-51-21.

1 I. The Budget and Finance Committee requests that the Three Branch Chiefs direct all Navajo
2 Nation government entities operating with external funds to provide to OMB all financial
3 and funding information that shall be included in the Navajo Nation' FY2023
4 Comprehensive Budget.

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

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10 **SECTION FOUR. WAIVERS OF APPROPRIATIONS ACT SECTIONS**

11 A. The Budget and Finance Committee hereby waives the following provisions and sections of
12 the Appropriations Act:

- 13 1. 12 N.N.C. §830(D) regarding the required FY2023 external funding estimate to be
14 provided by OMB; and
- 15 2. 12 N.N.C. §830(E) regarding the required long-term expense projection to be provided by
16 OMB.

17 B. A waiver of these sections of Title 12 is needed because the required reports referenced in
18 those sections have not yet been provided by OMB.

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20 **SECTION FIVE. EFFECTIVE DATE**

21 This Act shall become effective in accordance with 2 N.N.C. §221(B) and 2 N.N.C.
22 §164(A)(17).

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24 **SECTION SIX. SAVING CLAUSE**

25 If any portion of this Act is determined invalid by the Navajo Nation Supreme Court, or by a
26 District Court of the Navajo Nation without appeal to the Navajo Nation Supreme Court, the
27 remainder of this Act shall be the law of the Navajo Nation.