

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0213-26_

SPONSOR: Shawna Ann Claw

TITLE: An Action Relating to an Emergency for the Navajo Nation Council; Transferring the Remaining Navajo Nation Fiscal Recovery Fund “(NNFRF)” Funded Delegate Region Projects to the Revenue Replacement Reserve (“RRR”); Authorizing the Redirection of NNFRF Funds to Eligible Fiscal Recovery Fund Uses; Appropriating \$14,695,801 of the Unreserved Undesignated Fund Balance (“UUFB”) to the RRR

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0213-26

DATE: September 23, 2026

TITLE OF RESOLUTION: AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; TRANSFERRING THE REMAINING NAVAJO NATION FISCAL RECOVERY FUND “(NNFRF”) FUNDED DELEGATE REGION PROJECTS TO THE REVENUE REPLACEMENT RESERVE (“RRR”); AUTHORIZING THE REDIRECTION OF NNFRF FUNDS TO ELIGIBLE FISCAL RECOVERY FUND USES; APPROPRIATING \$14,695,801 OF THE UNRESERVED UNDESIGNATED FUND BALANCE (“UUF”) TO THE RRR

PURPOSE: This resolution, if approved, will fund the transfer of the remaining Fiscal Recovery Fund Delegate Region Project Plans to the Revenue Replacement Reserve.

FINAL AUTHORITY: Navajo Nation Council

VOTE REQUIRED: Simple Majority

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
25th NAVAJO NATION COUNCIL—Fourth Year, 2026

Introduced By:


Shawna Annclaw

Primary Sponsor

Tracking No. 0213-26

AN ACTION

**RELATING TO AN EMERGENCY FOR THE NAVAJO NATION
COUNCIL; TRANSFERRING THE REMAINING NAVAJO NATION
FISCAL RECOVERY FUND “(NNFRF”) FUNDED DELEGATE REGION
PROJECTS TO THE REVENUE REPLACEMENT RESERVE (“RRR”);
AUTHORIZING THE REDIRECTION OF NNFRF FUNDS TO ELIGIBLE
FISCAL RECOVERY FUND USES; APPROPRIATING \$14,695,801 OF
THE UNRESERVED UNDESIGNATED FUND BALANCE (“UUF”) TO
THE RRR**

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Navajo Nation Council is the governing body of the Navajo Nation and may consider legislation regarding an emergency matter. 2 N.N.C. §§ 102(A) and 164(A)(16).
- B. “[M]atters constituting an emergency shall be limited to the cessation of law enforcement services, and disaster relief services, fire protection services or other direct services requires as an entitlement under Navajo Nation or Federal law, or which directly threaten the sovereignty of the Navajo Nation. Such an emergency

1 matter must arise due to the pressing public need for such resolution(s) and must be
2 a matter requiring final action by the Council. 2 N.N.C. § (164)(A)(16).

3 4 **SECTION TWO. FINDINGS**

- 5 A. In 2021, the Navajo Nation was awarded \$2,079,461,464 of federal Fiscal
6 Recovery Funds (“FRF”) under Section 9901 of the American Rescue Plan Act of
7 2021 (“ARPA”). The Nation deposited the FRF-ARPA funds into the Navajo
8 Nation Fiscal Recovery Fund (“NNFRF”) established through Navajo Nation
9 Council Resolution No. CJY-41-21, incorporated herein by reference, wherein the
10 Navajo Nation agreed to comply with U.S. Department of Treasury rules and
11 guidance concerning the use, expenditure, and reporting of FRF-ARPA funds.
- 12 B. Pursuant to ARPA, Section 9901, FRF funds must be obligated, by December 31,
13 2024, and FRF-funded projects (with the exception of Surface Transportation
14 Projects and Title I Projects) must have their FRF funds fully expended by
15 December 31, 2026. Any NNFRF funds not obligated by December 31, 2024 and
16 any NNFRF funds not expended for FRF-ARPA eligible uses by December 31,
17 2026, including unexpended obligated funds provided to contractors, grantees, and
18 sub-recipients, must be returned to the U.S. Treasury. *See* CMY-28-24, Section
19 Two (G).
- 20 C. Through Navajo Nation Council Resolution No. CJN-29-22, incorporated herein by
21 reference, and subsequent legislations, the Navajo Nation allocated the NNFRF
22 funds to assorted projects, including \$211,256,148 for Chapter and Regional
23 Projects Expenditure Plans (“Delegate Region Project Plans”) providing critical
24 government services and infrastructure to the Navajo People and communities.
- 25 D. The NNFRF funds allocated to Delegate Region Project Plans were divided equally
26 among the 24 Delegate Regions in the amount of \$8,802,340 per Delegate Region.
27 Council Delegates then selected FRF-ARPA eligible projects within their Delegate
28 Region to be included in legislatively approved Delegate Region Project Plan(s) not
29 exceeding \$8,802,340.
- 30

- 1 E. CJN-29-22 also established September 30, 2026, as the internal Navajo Nation
2 expenditure deadline for all NNFRF projects, including the Delegate Region
3 Project Plan projects. On September 30, 2026, unexpended NNFRF funds revert to
4 the NNFRF and are to be reallocated by the Controller to NNFRF projects that will
5 meet the federal December 31, 2026, expenditure deadline. *See* CJN-29-22, Section
6 Three (E)(2) and (L)(3).
- 7 F. The Navajo Nation established the Revenue Replacement Reserve (“RRR”)
8 through CMY-28-24 as a committed fund balance within the General Fund to fund
9 certain CJN-29-22 expenditure plans and projects with General Funds that need
10 additional time for obligation and/or full expenditure beyond what is allowed under
11 U.S. Treasury rules, guidance, and deadlines. Expenditure Plans and projects
12 funded through the RRR are not subject to U.S. Treasury’s stringent obligation and
13 expenditure deadlines. *See* CMY-28-24, Section Five (C).
- 14 G. Pursuant to CMY-28-24 and CJA-05-26, the unobligated and unspent portions of
15 Delegate Region Project Plans in the amounts of \$150,075,413 and \$16,683,250
16 respectively (totaling \$166,758,663) were reallocated from the NNFRF to the RRR
17 as a Committed Fund Balance. Those portions of Delegate Region Project Plans
18 (totaling approximately \$44,497,185) that were already obligated and spent were
19 funded through the NNFRF and subject to U.S. Treasury’s December 31, 2026,
20 expenditure deadline, as well as the Nation’s internal September 30, 2026,
21 reversion deadline. *See* CMY-28-24, Section Five (E) and Section Six (A)-(B).
- 22 H. Delegate Region Project Plan projects or portions thereof totaling \$14,95,801
23 remain funded through the NNFRF and are set forth in **Exhibit A**. As the
24 September 30, 2026, internal expenditure deadline and the December 31, 2026,
25 federal expenditure deadline fast approach, the remaining \$14,695,801 of Delegate
26 Region projects, if not completed by those deadlines, will be required to stop;
27 unexpended funds will be recaptured by the Office of the Controller and,
28 ultimately, any unexpended obligated NNFRF funds would be required to be
29 returned to the U.S. Treasury, leaving critical Delegate Region projects incomplete.
30

- 1 I. In order to ensure that these critical Delegate Region projects are completed for the
2 benefit of the Navajo People, and to ensure that the Navajo Nation takes full
3 advantage of its Fiscal Recovery Funds rather than returning them to the U.S.
4 Treasury, the Navajo Nation determines it is necessary to (1) deobligate the
5 \$14,695,801 of NNFRF funds currently allocated to the remaining Delegate Region
6 Project Plan projects so that those federal funds may be administratively redirected
7 by the Office of the Controller to other eligible Fiscal Recovery Fund uses capable
8 of being expended within the applicable deadlines; (2) transfer those Delegate
9 Region Projects and their approved expenditure plans to RRR funding so that the
10 projects may continue to completion and no longer be subject to the internal
11 September 30, 2026 expenditure deadline or U.S. Treasury's December 31, 2026,
12 expenditure deadlines; and (3) appropriate \$14,695,801 of UUFB funding to the
13 RRR to ensure that the Delegate Region Projects transferred to the RRR are fully
14 funded through completion.
- 15 J. Pursuant to CJA-05-26, Section Three (O), the RRR Committed Fund Balance is
16 currently housed and invested with the General Fund; and RRR realized investment
17 earnings are deposited in the General Fund (where the UUFB is housed).
- 18 K. The deobligation and administrative redirection of the NNFRF funds is consistent
19 with the Navajo Nation's obligation, as a recipient of Fiscal Recovery Funds, to
20 comply with U.S. Treasury rules and guidance concerning the use, expenditure, and
21 reporting of Fiscal Recovery Funds.
- 22 L. CMY-28-24, Section Six (B), currently provides that portions of Delegate Region
23 Project Plans that are currently obligated shall continue to be funded through the
24 NNFRF and are subject to U.S. Treasury rules and guidance. To implement the
25 conversion authorized by this Action, CMY-28-24, Section Six (B), must be
26 amended to permit the deobligation of such previously obligated portions and their
27 conversion to RRR funding.
- 28 M. This matter satisfies the requirements for emergency legislation as the fast-
29 approaching Navajo Nation and federal deadlines for expenditure of NNFRF put
30 Navajo Nation chapters at risk of losing funding for infrastructure necessary to

1 support direct services needed by community members. As evidenced by the
2 immense efforts that chapters have devoted to implementing the NNFRF Delegate
3 Region Project Plans, there is strong public support for continuing to fund the
4 Delegate Region Project Plans.

5
6 **SECTION THREE. TRANSFER OF NNFRF FUNDED DELEGATE REGION**
7 **PROJECT PLANS TO REVENUE REPLACEMENT RESERVE FUNDING**

- 8 A. The Navajo Nation hereby transfers the NNFRF funded Delegate Region Project
9 Plans or portions thereof set forth in **Exhibit A**, including their legislatively
10 approved expenditure plans and budgets, to the RRR. Upon transfer, the Delegate
11 Region Project Plans or portion thereof set forth in **Exhibit A** shall be funded
12 through the RRR and shall no longer be funded through the NNFRF and no longer
13 subject to U.S. Treasury rules and guidance.
- 14 B. The Delegate Region Project Plans, including their respective expenditure plans
15 and budgets, transferred herein shall be kept intact. The transfer shall not change
16 the purpose, intent, or scope of any legislatively approved Delegate Region Project
17 Plan.
- 18 C. Delegate Region Project Plans funded through the RRR, including those projects
19 listed in **Exhibit A** and transferred herein, shall be subject to all RRR requirements
20 and provision set forth in CMY-28-24 and CJA-05-26, but shall not be subject to
21 U.S. Treasury's obligation and expenditure deadlines. CMY-28-24, Section Five
22 (C) and Section Six (A),
- 23 D. The Delegate Region Project Plans transferred herein shall remain subject to the
24 eligible purposes and limitations set forth in CMY-28-24, Section Six (E), and shall
25 be amended only as provided in CMY-28-24, Section Six (F), and Section Nine.
- 26 E. The transfer of the Delegate Region projects listed in **Exhibit A** to the RRR shall
27 not increase the total amount of \$8,802,340 allocated to each Delegate Region
28 through CJN-29-22.
- 29 F. The Office of the Controller, with the assistance of the NNFRF Office and the
30 Office of Management and Budget, shall administratively implement the transfer of

1 the Delegate Region Project Plans set forth in **Exhibit A** from NNFRF funding to
2 RRR funding and shall have the authority to adjust dollar amounts to ensure
3 accuracy of accounting and to utilize temporary holding accounts to ensure that the
4 transfer comports with legislative intent and protects Navajo Nation assets.

- 5 G. The Department of Justice, with the assistance of the Division of Community
6 Development, shall work with the affected chapters to revise any Subrecipient
7 Agreements (“SRA”), if necessary, to reflect the change from NNFRF to RRR
8 funding, including the use of grant agreements. Revisions to the SRAs shall not
9 result in chapters losing any funding for legislatively approved Delegate Region
10 Projects.

11
12 **SECTION FOUR. TRANSFER AND ADMINISTRATIVE REDIRECTION OF**
13 **NNFRF FUNDS**

- 14 A. The Navajo Nation hereby authorizes and directs the Office of the Controller to
15 transfer and revert the NNFRF funds currently allocated to the Delegate Region
16 Project Plans set forth in **Exhibit A** back to the NNFRF.
- 17 B. The reverted NNFRF funds transferred herein shall remain as NNFRF and be
18 administratively redirected by the Office of the Controller to other eligible ARPA-
19 FRF uses that are capable of being expended by U.S. Treasury’s December 31,
20 2026, deadline.
- 21 C. The transfer and administrative redirection authorized herein shall be carried out in
22 compliance with U.S. Treasury rules and guidance and the requirements of CMY-
23 28-24, and shall be properly documented, closed out, and reported pursuant to U.S.
24 Treasury rules and guidance so that the transferred funds are put to an eligible use
25 and not returned to the U.S. Treasury.
- 26 D. The Office of the Controller and the NNFRF Office shall ensure that no gap in
27 project funding occurs as a result of the transfer to the RRR and are authorized to
28 use the interim mechanisms set forth in CMY-28-24, Section Six (F), as necessary
29 to temporarily fund immediate encumbrances during the transition.
- 30

1 **SECTION FIVE. UUFB APPROPRIATION TO THE RRR**

- 2 A. The Navajo Nation hereby authorizes and approves an appropriation of
3 \$14,695,801 (\$9,549,460 + \$5,146,340) from the UUFB to the RRR's Committed
4 Fund Balance for the Delegate Region Projects, and portions thereof, set forth in
5 **Exhibit A**.
- 6 B. The expenditure plans and budgets for the Delegate Region Projects set forth in
7 **Exhibit A** were previously approved by legislative action, are incorporated herein,
8 and shall stay intact when projects are transferred to the RRR.
- 9 C. As required by Section 13 of the Fiscal Year 2026 Budget Instruction Manual,
10 Appendix J and the budgets totaling \$14,695,801 are attached as **Exhibit B**.
- 11 D. As required by 12 N.N.C. §§ 820 (F) and (L), the Office of the Controller has
12 issued a memorandum, attached as **Exhibit C**, certifying that this appropriation of
13 UUFB funds to the RRR is non-recurring and the UUFB has sufficient funds to
14 effectuate the transfer.
- 15 E. As required by 12 N.N.C. §820(M), the Office of Management & Budget ("OMB")
16 has provided a budget impact analysis, attached as **Exhibit D**, regarding the impact
17 to the Navajo Nation's overall budget that will result if the appropriation request is
18 approved.
- 19 F. To ensure accuracy of accounting and conservation of Navajo Nation funds, the
20 Office of the Controller, with the assistance of the NNFRF Office and OMB, shall
21 have the authority to administratively reduce the UUFB amount for any dispersed
22 funds actually expended by the chapters by December 31, 2026.
- 23 G. As the funds being appropriated are a transfer between fund balances within the
24 General Fund, 12 N.N.C. § 820 (N)(2) does not apply to Delegate Region Projects
25 transferred herein.

26
27 **SECTION SIX. DIRECTIVES**

- 28 A. The Office of the Controller, the NNFRF Office, the Office of Management and
29 Budget, and the Navajo Nation Department of Justice shall take all necessary and
30 appropriate administrative actions to implement this Action.

1 B. The Office of the Controller shall report to the Budget and Finance Committee on
2 the status of the administrative redirection of the NNFRF at the end of each Fiscal
3 Year quarter until implementation is complete.

4 C. The Department of Justice shall work with the Division of Community
5 Development and affected Navajo Nation Chapters to effectuate the transfer or
6 amendment of existing SRAs to the RRR.

7
8 **SECTION SEVEN. EFFECTIVE DATE**

9 This Action shall become effective in accordance with 2 N.N.C. §§ 164(A)(17), 221(A),
10 (B), and 1005(C)(10)-(11).

11
12 **SECTION EIGHT. SAVING CLAUSE**

13 If any provision of this Action is determined invalid by the Supreme Court of the Navajo
14 Nation, or by a Navajo Nation District Court without appeal to the Navajo Nation
15 Supreme Court, the remainder of this Action shall remain the law of the Navajo Nation.