

RESOLUTION OF THE  
NAVAJO NATION COUNCIL

23<sup>RD</sup> NAVAJO NATION COUNCIL -- Third Year, 2017

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE, NAABIK'ÍYÁTI' COMMITTEE,  
AND NAVAJO NATION COUNCIL; AMENDING CS-53-17, THE NAVAJO NATION  
FISCAL YEAR 2018 COMPREHENSIVE BUDGET

BE IT ENACTED:

**Section One Authority**

- A. The Budget and Finance Committee is authorized to recommend adoption of resolutions related to the expenditure of the Nation's financial resources. 2 N.N.C §§ 300(C)(1)(3)-(4) and 301 (B)(2).
- B. The Naabik'íyáti' Committee of the Navajo Nation Council reviews proposed legislation which requires final action by the Navajo Nation Council. 2 N.N.C § 164(A)(9).
- C. The Naabik'íyáti' Committee has oversight over the Office of Legislative Services. 2 N.N.C § 701(B)(6).
- D. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C § 102(A).

**Section Two. Findings**

- A. On September 14, 2017, the Navajo Nation Council passed Council Resolution CS-53-17, *Approving the Navajo Nation Fiscal Year 2018 Comprehensive Budget; Waiving 12 N.N.C. §§ 820(I) and 860 and Limited Procedural Waiver 12 N.N.C. § 840(B)*.
- B. The Navajo Nation Speaker certified the Council Resolution on September 22, 2017 and forward the Council Resolution to the Navajo Nation President for signature and approval.
- C. On September 30, 2017, the Navajo Nation President signed the resolution and exercised line item veto of certain line items contained therein, see **Exhibit A**, which resulted in \$8,108,965 of unappropriated funds.

- D. The Navajo Nation Fiscal Year 2018 Comprehensive Budget, CS-53-17, requires amendments to distribute the unappropriated funds to provide the continuing service to the Navajo People.
- E. The \$8,108,965 unappropriated funds are available for appropriation and will be allocated as follows:
  - 1. General Funds:
    - a. Division of Community Development, Administration, Business Unit 108001, \$49,000
    - b. Division of Community Development, Administrative Service Center, Business Unit 108125, \$100,000
    - c. Executive Offices, Office of the President & Vice-President, Business Unit 103001, \$100,000
    - d. Executive Office, Office of the President & Vice-President, Business Unit 103001, \$100,000
    - e. Navajo Division of Transportation, Roads Department, Business Unit 121004, \$100,000
    - f. Division of Economic Development, Real Estate Department, Business Unit 110015, \$40,414
    - g. Fixed Cost, Equipment Lease, Business Unit 118025, \$60,000
    - h. Fixed Cost, Facilities Maintenance, Business Unit 118023, \$200,000
    - i. Fixed Cost, Utilities, Business Unit 118005, \$100,000
    - j. Office of the Controller, Property Department, Business Unit 107021, \$16,312
    - k. Navajo Nation Council, Business Unit 101001, \$172,519
    - l. Office of the Speaker, Business Unit 101015, \$155,281
    - m. Office of Legislative Services, Business Unit 101019, \$52,121

- n. Office of Legislative Services, Legislative District Assistants, Business Unit 101034, \$1,498,686
- o. Naabik'iyáti' Committee, Business Unit 101033, \$20,000
- p. Health, Education, and Human Services Committee, Business Unit 101030, \$4,714

2. Permanent Fund

Office of the Controller, Business Unit 407001, \$1,550,000.00

3. Capital Outlay Special Revenue Fund:

Division of Community Development, Capital Projects, Capital Outlay Match Funds, Business Unit 50XXXX, \$3,789,918; on approval of the allocation the Navajo Nation Chapters will submit a complete budget packet, including authorized signatures, to the Division of Community Development, Office of the Controller and Office of Management and Budget.

- F. The Pursuant to 12 N.N.C. § 820(I), the "[d]evelopment of Capital Budget shall be coordinated with development of the Operating Budget. All budget requests for capital improvements shall be in compliance with an adopted Capital Improvements Plan and shall not be approved unless in compliance with the Plan."
- G. Pursuant to 12 N.N.C. § 860 (C)(2) "[t]he appropriation portion of the Capital Improvement Plan is subject to approval of the Navajo Nation Council upon recommendation of the Budget and Finance Committee. Any modification or amendment affecting the approved Capital Improvement Plan is subject to review and concurrence by the Resources and Development Committee prior to consideration by the Navajo Nation Council.
- H. To assure fiscal responsibility of the Navajo Nation appropriations and to provide clarity to CS-53-17 and the subsequent line item veto, Section Two, Paragraph (F)(1)(a), must read (a) Executive Branch: \$2,500.000; due to the line item veto of \$100,000 to the Phoenix Indian Center, \$5,500,000 to Navajo Nation Chapters, and \$764,368.03 to the Naschitti

Chapter and Clarify Executive Branch Carryover at \$8,764,368.03.

- I. The Navajo Nation finds that it is in the best interest of providing services to the Navajo people and communities to amend the Navajo Nation Fiscal Year 2018 Comprehensive Budget, CS-53-17, and approve an appropriation of \$8,108,965.

**Section Three. Waiving 12 N.N.C. §§ 820(I) and 860 (C) Regarding Funding for the Capital Outlay Projects**

The Navajo Nation Council hereby waives 12 N.N.C. §§ 820(I) and 860 (C) with regard to allocation of funds for Capital Outlay Match Funding and cost reimbursement for the States of Arizona, Utah and New Mexico partially funded capital outlay projects.

**Section Four. Amending Budget Resolution CS-53-17 to Appropriate \$8,108,965 from Unappropriated Funds and clarify CS-53-17 regarding Executive Branch Carryover**

- A. The Navajo Nation approves the appropriation of \$8,108,965 of unappropriated funds of the Navajo Nation Fiscal Year 2018 Comprehensive Budget, CS-53-17 as described in Section Two, paragraph E; and on approval each Division/Program/Chapter shall submit a complete budget packet, including authorized signatures, to the Office of the Controller and the Office of Management and Budget based on the appropriation.
- B. The Navajo Nation approves the amendment to CS-53-17 to clarify Section Two, Paragraph (F)(1)(a) to read "Executive Branch: \$2,500,000; and striking \$8,764,368.03.

**Section Five. Directive to the Office of Management and Budget**

The Navajo Nation directs the Office of Management and Budget to immediately recalculate the final monetary totals such that the figures conform to the amendments passed by the Navajo Nation.

**Section Six. Effective Date**

The provisions of this Act shall become effective in accord with 2 N.N.C. § 221(B).

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 18 in favor and 02 opposed, this 31<sup>st</sup> day of October 2017.



Edmund Yazzie, Speaker Pro Tem  
Navajo Nation Council

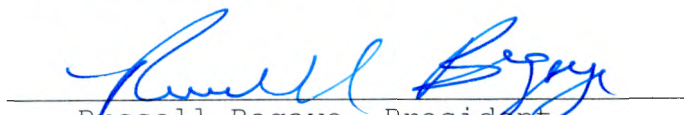
11/02/17  
Date

Motion: Honorable Kee Allen Begay, Jr.  
Second: Honorable Walter Phelps

Speaker Pro Tem Yazzie not voting

**ACTION BY THE NAVAJO NATION PRESIDENT:**

1. I hereby sign into law the foregoing legislation, pursuant to 2 N.N.C. §1005 (c)(10), on this 11<sup>th</sup> day of November 2017.



Russell Begaye, President  
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (c)(11), on this \_\_\_\_\_ day of \_\_\_\_\_ 2017 for reason(s) expressed in the attached letter to the Speaker

\_\_\_\_\_  
Russell Begaye, President  
Navajo Nation

3. I hereby exercise line item veto pursuant to the 2010, certified Initiative, over the supplemental appropriations approved herein by the Navajo Nation Council; on this \_\_\_\_ day of \_\_\_\_\_ 2017.

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Russell Begaye, President  
Navajo Nation




# THE NAVAJO NATION

RUSSELL BEGAYE PRESIDENT  
JONATHAN NEZ VICE PRESIDENT



**TO:** Honorable LoRenzo C. Bates, Speaker  
Navajo Nation Council

**FROM:**   
Russell Begaye, President  
THE NAVAJO NATION

**DATE:** September 30, 2017

**SUBJECT:** Resolution No. CS-53-17: RELATING TO BUDGET AND FINANCE COMMITTEE; NAABIK'IYATI COMMITTEE, AND NAVAJO NATION COUNCIL; FISCAL APPROPRIATION; APPROVING THE NAVAJO NATION FISCAL YEAR 2018 AND COMPREHENSIVE BUDGET; WAIVER OF 12 N.N.C. 840(B)

Pursuant to 2 N.N.C. 1005 (C)(10), action for Resolution No. CS-53-17 is being submitted to the Navajo Nation Council, through the Office of the Speaker within the ten (10) day requirement. Furthermore, the Navajo Nation President has line item veto authority for budget items within the annual Navajo Nation Comprehensive Budget or Supplemental appropriations, which are not subject to override by the Navajo Nation Council. 2 N.N.C. 164(A)(17).

After careful consideration and consultation with the Divisions, I have decided to exercise my line-item veto.

The following budget items are line-item vetoed:

1. Section Two. Adopting Navajo Nation Fiscal Year 2018 Budget; B \$3,789,918 Capital Outlay Match Funds and B(5) \$3,789,918 from the Capital Outlay Match Funding Special Revenue Fund.
2. Section Two. Adopting Navajo Nation Fiscal Year 2018; B(7), the following language: "This carry over shall be for only the twenty-three (23) external cash match grants existing in FY 2017."
3. Section Two. Adopting Navajo Nation Fiscal Year 2018; (D), the following language: "The expenditure of this carryover shall be subject to approval of the appropriate Standing Committees."
4. Section Two. Adopting Navajo Nation Fiscal Year 2018; F(1)(a), the following language: "Phoenix Indian Center shall receive a priority allocation of \$100,000."



5. Section Two. Adopting Navajo Nation Fiscal Year 2018; F(1)(a), the following language: "Navajo Chapters shall receive \$50,000 each for housing renovation projects and Naschitti Chapter receiving additional \$764,368.03 for Assayi Burnout financial assistance, as a priority allocation from the Executive Branch. Waiving 12 N.N.C. 820(O)."
6. Section Two. Adopting Navajo Nation Fiscal Year 2018; F(1)(c), the following language: "Phoenix Indian Center shall receive a priority allocation of \$48,325."
7. Section Two. Adopting Navajo Nation Fiscal Year 2018; (G), the following language only, "However, in the event the identified Division, Department or Program fails to complete the Condition of Appropriation within the time specified, the Controller will place specified funding in unallocated funds. Should the Responsible Entity, with more than one Condition of Appropriation, not complete its Conditions of Appropriation within the stated time period or in the state manner, then the reserved non-personnel operating funds will become unallocated funds at the quarter that last Condition of Appropriation was due to be completed."
8. Exhibit A; Business Unit No. 50xxxx; Capital Projects; Capital Outlay Match Funds 3,789,918; Total 3,789,918.
9. Exhibit F; Business Unit No. 50XXX Capital Outlay Match (NN Chapters) in the amount of 3,789,918.
10. Exhibit H, FUND CARRYOVERS
  - a. No. 6, the following language: "Division of Natural Resources, \$75,000 of the remaining balance is Navajo Land Title Data BU #115037, to Allocation Clearing Account OC #7250 to comply with IRS agreement (\$50,000 for BU #115002, \$14,000 for BU #115005 and \$11,000 for BU #115007). Directive to have NDOJ to analyze the 2011 agreement with IRS and present options to the Speaker within six (6) months."
  - b. No. 7, the following language: "Carryover remaining balances from Division of Natural Resources BU #s 115001, 115002, 115004, 115005, 115007, 115009, 115011, 115012, 115013, 115017, 115018, 115021, 115023, 115024, 115026, 115027, 115034, 115037, 115038; the carried over funds to BU #115002 District Grazing Committees; to BU #115005 Eastern Navajo Land Board and to BU #115007; Any remaining balance will be distributed between the three (3) programs, except for carry overs previously approved."
11. Exhibit I, FY 2018 CONDITIONS OF APPROPRIATION, RESULT for noncompliance with the following Conditions of Appropriations (COA):
  - a. No. 4, the following language: "and the Controller to immediately withhold 10% of the program's non-personnel operating budget".
  - b. No. 5, the following language: "Thereafter, if noncompliance continues, an additional 10% of non-personnel operating budget will be withheld each quarter;"
  - c. CONDITION OF APPROPRIATION NO. 5, the following language, "The Department of Diné Education, Office of Scholarship (BU #109008), shall by the end of the second quarter, develop a scholarship/loan program for difficult positions to be filled at Navajo Nation Divisions and to propose funding from the Sihasin Fund. Loans shall be repaid to the Navajo Nation; however, if the loan recipient becomes employed by the Navajo Nation the loan amount will be waived at a percentage for years of service. The Office of Scholarship (BU #109008), shall present the scholarship/loan program to the Health,



- Education and Human Services Committee for approval by the appropriate standing committee and/or Navajo Nation Council.”
- d. **CONDITION OF APPROPRIATION NO. 6, the following language only, “The Department of Health, Navajo Area Agency on Aging (BU #113010) shall fill all vacant agency staff positions by the end of the second quarter. If the Condition of Appropriation is not completed by the second quarter the above state result shall apply. Responsible Entity jn: Navajo Area Agency on Aging”**
  - e. **CONDITION OF APPROPRIATION NO. 7, the following language only, “The Division of Economic Development – Administration (BU #110001) to hire an Appraiser by the end of 1<sup>st</sup> Quarter to allow Real Estate Department to carry out its plan of operation.”**
- 12. **Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, Business Unit 115009 DWR – WATER RES. MGMT. 6830 Other Technical Services in the amount of 60,000.**
  - 13. **Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, AGR – DIST. GRAZING COMM. 115002.3610 Meetings in the amount of 750,000.**
  - 14. **Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, AGR – EASTERN NAD/JL BOARDS 115005.3610 Meetings in the amount of 350,000.**
  - 15. **Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, AGR – MAJOR IRRGTN FARM B 115007.3810 Meetings in the amount of 150,000.**
  - 16. **Exhibit K, Fiscal Year 2018 Budget Detail. DEPARTMENT OF DINE EDUCATION, Business Unit 109006 NAVAJO NATION LIBRARY 6520 Consulting in the amount of 49,000.**
  - 17. **Exhibit K, Fiscal Year 2018 Budget Detail. DEPARTMENT OF DINE EDUCATION, Business Unit 109XXX DINE SCHOOL ACCOUNTABILITY PLAN in the amount of 900,000.**
  - 18. **Exhibit K, Fiscal Year 2018 Budget Detail, DIVISION OF ECONOMIC DEVELOPMENT, Business Unit 110015.1003 Senior Appraiser in the amount of 40,414.**
  - 19. **Exhibit K, Fiscal Year 2018 Budget Detail, EXECUTIVE OFFICES, OFC OF NAVAJO PUBLIC DEFENDER, Business Unit 104003.1123 Unclassified Title in the amount of 16,312.**
  - 20. **Exhibit K, Fiscal Year 2018 Budget Line Item Detail, EXECUTIVE OFFICES, NAVAJO-HOPI LAND COMMISSION OFFICE, 103003.6500 in the amount of 100,000.**
  - 21. **Exhibit K, Fiscal Year 2018 Budget Detail, Line Item Detail, NAVAJO NATION COUNCIL, Business Unit 101001.6910 Other Contractual Services in the amount of 50,188**
  - 22. **Exhibit K, Fiscal Year 2018 Budget Line Item Detail, OFFICE OF THE SPEAKER, Business Unit 101015**
    - a. **6200 External Contractors in the amount of 6,700**
    - b. **6520 Consulting in amount of 141,581**
    - c. **6910 Other Contractual Services in the amount of 7,000**
  - 23. **Exhibit K, Fiscal Year 2018 Budget Line Item Detail, OFFICE OF LEGISLATIVE SERVICES, Business Unit 101019.6520 Consulting in the amount of 52,121.**
  - 24. **Exhibit K, Fiscal Year 2018 Budget Line Item Detail, HEALTH, EDUCATION AND HUMAN SERVICES, Business Unit 101030.6520 Consulting in the amount of 4,714.**

- 25. Exhibit K, Fiscal Year 2018 Budget Line Item Detail, NAA'BIK'I'YA'TI COMMITTEE Business Unit 101033**
- a. 6520 Consulting in the amount of 18,000**
  - b. 6910 Other Contractual Services in the amount of 2,000**
- 26. Exhibit K, Fiscal Year 2018 Budget Line Item Detail, OLS/LEGISLATIVE DISTRICT ASSISTANTS Business Unit 101034 in the amount of 1,621,017.**
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The justification for use of the President's line-item veto is set forth below.

As stated by this Administration, the Divisions have been implementing a strategic plan to carry out the priorities of the Navajo Nation. As part of this strategy, each Division developed a budget that follows their strategy and monies were allocated in line with such strategy. We have stated since day one of our Administration that in order for our Government to be effective and be able to carry out our priorities we must develop a budget that is strategic. As such, we will maintain that position and preserve the budget that was submitted by our Executive Branch as it is the budget needed and advocated by our Division Directors to carry out the priorities of the Navajo Nation Government and the needs of our People.

- 1. Section Two. Adopting Navajo Nation Fiscal Year 2018 Budget; B \$3,789,918 Capital Outlay Match Funds and B(5) \$3,789,918 from the Capital Outlay Match Funding Special Revenue Fund.**

This allocation failed to require that the use of the Capital Outlay Match Funds shall be consistent with the statutory purposes and administration requirements set forth in 12 N.N.C. 2001 et. seq. The statute states the purpose of the fund is to provide match, supplemental funding and cost reimbursement for the States of Arizona, Utah and New Mexico and Federal grants that partially fund capital improvement and local government projects. In addition, Division of Community Development shall follow established policies including the Budget Instructions Manual ("BIM") and capital improvement project policies and procedures.

In reviewing Resolution No. CS-53-17, there is no indication that the funds will be spent in accordance with the statutory requirements and that Division of Community Development has approved the projects and that the projects are in compliance with the BIM and Objective Criteria. Without documentation the use of the \$3,789,918 for Chapters Capital/Infrastructure costs can potentially be inconsistent with the statutory purposes and administration requirements in 12 N.N.C. 2001 et. seq.

Therefore I must line-item veto as these valuable resources must go to viable project that will benefit our Navajo People.

- 2. Section Two. Adopting Navajo Nation Fiscal Year 2018; B(7), the following language: "This carry over shall be for only the twenty-three (23) external cash match grants existing in FY 2017."**

A reconciliation must be completed before we know the carry-over amount. In other words, monies are being allocated without knowing the amount available.

Therefore, I exercise my line item veto authority.

- 3. Section Two. Adopting Navajo Nation Fiscal Year 2018; (D), the following language: “The expenditure of this carryover shall be subject to approval of the appropriate Standing Committees.”**

There are budget policies in place that allow for this to be done administratively. We often speak of streamlining the processes. It can be very time-consuming to create legislation, have the 5-day public comment period then wait for the next Committee meeting or meetings. This can be very lengthy.

Therefore, I exercise my line-item veto.

- 4. Section Two. Adopting Navajo Nation Fiscal Year 2018; F(1)(a), the following language: “Phoenix Indian Center shall receive a priority allocation of \$100,000.”**

We fully support this initiative and our Urban Navajos. As such, we will support these funds being taken from Undesignated, Unreserved Fund Balance (“UUFB”). The reason for this line-item veto is the reconciliation must be completed before we know the carry-over amount. In other words, monies are being allocated without knowing the amount available. The Phoenix Indian Center is also encouraged to seek funds from the former Phoenix Indian School. In addition, there is the Urban Navajo Trust Fund that was created by the Budget and Finance Committee of the Navajo Nation Council. We also encourage the Phoenix Indian Center to actively fundraise during the year.

Therefore I exercise my line-item veto.

- 5. Section Two. Adopting Navajo Nation Fiscal Year 2018; F(1)(a), the following language: “Navajo Chapters shall receive \$50,000 each for housing renovation projects and Naschitti Chapter receiving additional \$764,368.03 for Assayi Burnout financial assistance, as a priority allocation from the Executive Branch. Waiving 12 N.N.C. 820(O).”**

The Resolution No. CS-53-17 does not provide a priority list or a plan for housing renovations. The Office of the President and Vice President in coordination with the Division of Community Development are conducting renovation projects based on priority and with Community Development Block Grant dollars. This should continue to be the process.

In communication with Emergency Management, some of the structures at Assayi are no longer being utilized. As we have been advised, most of the structures are used seasonally mainly only for the summer. The Office of the President and Vice President will need time to conduct its own assessment and conclusion based on existing facts for these homes.

Therefore, I must exercise my line-item veto authority. Every dollar spent on behalf of our People must be accounted for and spent wisely.

- 6. Section Two. Adopting Navajo Nation Fiscal Year 2018; F(1)(c), the following language: “Phoenix Indian Center shall receive a priority allocation of \$48,325.”**

Same rationale as No. 4 above.

7. **Section Two. Adopting Navajo Nation Fiscal Year 2018; (G), the following language:**  
“However, in the event the identified Division, Department or Program fails to complete the Condition of Appropriation within the time specified, the Controller will place specified funding in unallocated funds. Should the Responsible Entity, with more than one Condition of Appropriation, not complete its Conditions of Appropriation within the stated time period or in the state manner, then the reserved non-personnel operating funds will become unallocated funds at the quarter that last Condition of Appropriation was due to be completed.”

The Condition of Appropriations (“COA”) are important and supported by this Administration. However, this Administration does not support the proposed withholding of the program’s non-personnel operating budget as a penalty for noncompliance. The reason is this would also impact the direct services provided to our Navajo people.

Our people should not be penalized for managerial and/or personnel shortcomings by those employees that are not adequately carrying out their duties. As President of the Navajo Nation and Branch Chief to the Executive Branch, I will continue to work with the Division Directors to hold our employees within the executive branch accountable for their work performances.

As such, I exercise my line-item veto authority

8. **Exhibit A; Business Unit No. 50xxxx; Capital Projects; Capital Outlay Match Funds in the amount of 3,789,918.**

Same rationale as No. 1 above.

9. **Exhibit F; Business Unit No. 50XXX Capital Outlay Match (NN Chapters) in the amount of 3,789,918.**

Same rationale as No. 1 above.

**10. Exhibit H, FUND CARRYOVERS**

- a. **No. 6, the following language: “Division of Natural Resources, \$75,000 of the remaining balance is Navajo Land Title Data BU #115037, to Allocation Clearing Account OC #7250 to comply with IRS agreement (\$50,000 for BU #115002, \$14,000 for BU #115005 and \$11,000 for BU #115007). Directive to have NDOJ to analyze the 2011 agreement with IRS and present options to the Speaker within six (6) months.”**

This is Amendment No. 1 of the Navajo Nation Council. The Office of the President and Vice President with the Division of Natural Resources will prioritize the use of the carryover funds.

Therefore I exercise my line-item veto.



- b. No. 7, the following language: “Carryover remaining balances from Division of Natural Resources BU #s 115001, 115002, 115004, 115005, 115007, 115009, 115011, 115012, 115013, 115017, 115018, 115021, 115023, 115024, 115026, 115027, 115034, 115037, 115038; the carried over funds to BU #115002 District Grazing Committees; to BU #115005 Eastern Navajo Land Board and to BU #115007; Any remaining balance will be distributed between the three (3) programs, except for carry overs previously approved.”

This is Amendment No. 2 of the Navajo Nation Council. As stated above the reconciliation must be completed before we know the carry-over amount. In other words, monies are being allocated without knowing the amount available. We will support legislation drawing from the Undesignated, Unreserved Fund Balance (UUFB).

Therefore I exercise my line-item veto authority.

**11. Exhibit I, FY 2018 CONDITIONS OF APPROPRIATION, RESULT for noncompliance with the following Conditions of Appropriations (COA): No. 4 and No. 5:**

As stated above COA's are important and supported by this Administration. However, this Administration does not support the proposed withholding 10% of the program's non-personnel operating budget as a penalty for noncompliance. The reason is this would also impact the direct services provided to our Navajo people.

While we understand the need to have enforcement for the conditions of appropriations, it should be in a form to discipline the employees not carrying out their duties, but not harm the people that are being served. By withholding 10% of the program's non-personnel operating budget, this practice can adversely impact the direct services to our People. Again as stated above, as President of the Navajo Nation and Branch Chief to the Executive Branch, I will continue to work with the Division Directors to hold our employees within the executive branch accountable for their work performances.

As such, I exercise my line-item veto authority.

**CONDITION OF APPROPRIATION NO. 5, the following language, “The Department of Diné Education, Office of Scholarship (BU #109008), shall be the end of the second quarter, develop a scholarship/loan program for difficult positions to be filled at Navajo Nation Divisions and to propose funding from the Sihasin Fund. Loans shall be repaid to the Navajo Nation; however, if the loan recipient becomes employed by the Navajo Nation the loan amount will be waived at a percentage for years of service. The Office of Scholarship (BU #109008), shall present the scholarship/loan program to the Health, Education and Human Services Committee for approval by the appropriate standing committee and/or Navajo Nation Council.”**

First, there is no existing program. This must be developed first and appropriate funding identified by the Department of Diné Education and the Health, Education and Human Services Committee. Second, to access funds from the Sishasin an expenditure plan must be developed. Inasmuch, this COA is circumventing funds from the Sishasin Fund.

Therefore I exercise my line-item veto authority.

**CONDITION OF APPROPRIATION NO. 6, the following language only, “The Department of Health, Navajo Area Agency on Aging (BU #113010) shall fill all vacant agency staff positions by the end of the second quarter. If the Condition of Appropriation is not completed by the second quarter the above stated result shall apply. Responsible Entity jn: Navajo Area Agency on Aging”**

This COA is not feasible. One of the most critical position for this Program are Commercial Driver’s License (“CDL”) bus drivers. There is a Nation wide shortage for CDLs. The Program needs to develop an agreement with one of our higher institutions to develop a CDL program. Without the CDL Program it will consistently fail to adhere to this COA. I recommend a partnership with the Health, Education, Human Services Committee and one of our higher institutions to develop this Program.

Therefore I exercise my line-item veto authority.

**CONDITION OF APPROPRIATION NO. 7, the following language only, “The Division of Economic Development – Administration (BU #110001) to hire an Appraiser by the end of 1<sup>st</sup> Quarter to allow Real Estate Department to carry out its plan of operation.”**

The position was line-item vetoed so this COA would no longer apply nor make sense. Therefore I exercise my line-item veto.

**12. Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, Business Unit 115009 DWR – WATER RES. MGMT. 6830 Other Technical Services in the amount of 60,000.**

This is Amendment No. 4 of the Navajo Nation Council. In consultation with the Division of Natural Resources this allocation was not requested nor part of their budget strategy. As stated above, it is important to ensure these budgets are based on strategy.

Therefore I exercise my line-item veto authority.

**13. Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, AGR – DIST. GRAZING COMM. 115002.3610 Meetings in the amount of 750,000.**

This is Amendment No. 7 from the Navajo Nation Council. These funds were moved from the Permanent Trust Fund to General Funds. The Permanent Fund account within the Office of the Controller is used to account for expenses related to administering numerous fiduciary funds including the Permanent fund and the multiple Navajo Nation Trust Funds. As fiduciary funds, the Nation holds these funds as a trustee and when expending funds from these sources we are required to adhere to the statutory authorizations. The Navajo Nation Council’s actions of shifting funds from a fiduciary account to General Funds potentially violates multiple statutes.

This Administration will support a UUFB request. Therefore I exercise my line-item veto authority.

**14. Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, AGR  
– EASTERN NAD/JL BOARDS 115005.3610 Meetings in the amount of 350,000.**

This is in relation to Amendment No. 7. See rationale above in No. 13. This Administration will support a UUFB request.

Therefore I exercise my line-item veto authority.

**15. Exhibit K, Fiscal Year 2018 Budget Detail. DIVISION OF NATURAL RESOURCES, AGR  
– MAJOR IRRGTN FARM B 115007.3810 Meetings in the amount of 150,000.**

This is in relation to Amendment No. 7. See rationale above in No. 13. This Administration will support a UUFB request.

Therefore I exercise my line-item veto authority.

**16. Exhibit K, Fiscal Year 2018 Budget Detail. DEPARTMENT OF DINE EDUCATION,  
Business Unit 109006 NAVAJO NATION LIBRARY 6520 Consulting in the amount of  
49,000.**

This is Amendment No. 5 from the Navajo Nation Council. This allocation was taken from the Division of Community Development direct operations and supplies that are needed to adequately carry out its responsibilities. Again, the Executive Branch budget is based on strategy to most effectively carry out their duties to our Navajo People.

Therefore I exercise my line-item veto authority.

**17. Exhibit K, Fiscal Year 2018 Budget Detail. DEPARTMENT OF DINE EDUCATION,  
Business Unit 109XXX DINE SCHOOL ACCOUNTABILITY PLAN in the amount of  
900,000.**

This is Amendment No. 10 from the Navajo Nation Council. As stated above, these funds were moved from the Permanent Trust Fund to General Funds. The Permanent Fund account within the Office of the Controller is used to account for expenses related to administering numerous fiduciary funds including the Permanent fund and the multiple Navajo Nation Trust Funds. As fiduciary funds, the Nation holds these funds as a trustee and when expending funds from these funds must adhere to the statutory authorizations. The Navajo Nation Council's actions of shifting funds from a fiduciary account to General Funds potentially violates multiple statutes.

Therefore I must exercise my line-item veto authority.



**18. Exhibit K, Fiscal Year 2018 Budget Detail, DIVISION OF ECONOMIC DEVELOPMENT, Business Unit 110015.1003 Senior Appraiser in the amount of 40,414.**

This is Amendment No. 17 from the Navajo Nation Council. As I continue to mention, the Executive Branch was based on strategy. In consultation with the Division of Economic Development, this is not part of their strategy. It is more cost-effective to contract these responsibilities.

Therefore I exercise my line-item veto authority.

**19. Exhibit K, Fiscal Year 2018 Budget Detail, EXECUTIVE OFFICES, OFC OF NAVAJO PUBLIC DEFENDER, Business Unit 104003.1123 Unclassified Title in the amount of 16,312.**

This represents an amendment by the Budget and Finance Committee. This represents an amendment made by the Budget and Finance Committee. However, in consultation with Office of Management and Budget, it is unclear the uses of the funds. There is no clear plan or priority for this allocation and this budget must be based on strategy.

Therefore I must exercise my line-item veto authority.

**20. Exhibit K, Fiscal Year 2018 Budget Line Item Detail, EXECUTIVE OFFICES, NAVAJO-HOPI LAND COMMISSION OFFICE, 103003.6500 in the amount of 100,000.**

This is an amendment made by the Budget and Finance Committee. However, in consultation with Navajo-Hopi Land Commission Office, this is not based on the Office's budget strategy.

Therefore I must line-item veto authority.

**26. Exhibit K, Fiscal Year 2018 Budget Line Item Detail, OLS/LEGISLATIVE DISTRICT ASSISTANTS Business Unit 101034 in the amount of 1,621,017.**

It was the intent of the Navajo People's referendum was to cut costs in the administration of government services. This is an unfulfilled mandate of the Navajo Nation Council that remains since the inception of the twenty-four member Council. We strongly recommend that the Legislative Branch revisit its own Branch and restructure and reorganize as the Executive is currently doing. This will cut costs and become more effective in serving our Navajo People.

Therefore, I exercise my line-item veto authority.

I hereby direct the Office of Management and Budget to make the adjustments as necessary for the line-item vetoes. I hereby direct the Office of the Controller and Office of the Management and Budget to adjust the budget and act accordingly to ensure the budget will be implemented properly. In addition, I request for a one-on-one meeting with the Navajo Nation Council to re-visit the priorities of the Navajo Nation to effectively serve the Navajo People.

RESOLUTION OF THE  
NAVAJO NATION COUNCIL

23<sup>RD</sup> NAVAJO NATION COUNCIL - THIRD YEAR, 2017

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE, NAABIK'ÍYÁTI' COMMITTEE,  
AND NAVAJO NATION COUNCIL; FISCAL APPROPRIATION; APPROVING THE  
NAVAJO NATION FISCAL YEAR 2018 COMPREHENSIVE BUDGET; WAIVING 12  
N.N.C. §§ 820(I) AND 860 AND LIMITED PROCEDURAL WAIVER OF 12 N.N.C.  
§ 840(B)

BE IT ENACTED:

**Section One. Authority**

- A. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. §102(A).
- B. The Naabik'íyáti' Committee is assigned proposed resolutions that require final action by the Navajo Nation Council. 2 N.N.C. §164(A)(9).
- C. The Budget and Finance Committee shall make recommendations concerning the budget and submits it to the Navajo Nation Council for deliberation and approval. 12 N.N.C. §840(A).
- D. It is in the best interest of the Navajo Nation to approve the Navajo Nation Fiscal Year 2018 Comprehensive Budget.

**Section Two. Adopting Navajo Nation Fiscal Year 2018 Budget**

The Navajo Nation hereby adopts the Navajo Nation Fiscal Year 2018 Comprehensive Budget as follows:

- A. The Navajo Nation approves the appropriation of 12% of the Fiscal Year 2018 revenue in the amount of \$24,002,000 to the Navajo Nation Permanent Fund; 4% of Fiscal Year 2018 revenue in the amount of \$8,001,000 to the Navajo Veterans Trust Fund; 2% of Fiscal Year 2018 revenue in the amount of \$4,000,000 to the Navajo Nation Land Acquisition Trust Fund; \$2,000,000 of Fiscal Year 2018 revenue to the Capital Outlay Match Funding Special Revenue Fund; \$2,000,000 of Fiscal Year 2018 revenue to the Water Rights Claim Fund; and \$11,200,000 of Fiscal Year 2018 revenue to the Diné Higher Education Grant Fund.
- B. The Navajo Nation hereby approves the appropriation of \$636,634,949 as the Navajo Nation Fiscal Year 2018 Operating Budget, as set forth in the attached **Exhibit A**, which constitutes \$162,453,622 of General Funds, \$19,000,000 Indirect Cost Credit; \$11,200,000 in Higher Education set

aside funds; \$2,231,795 Personnel Savings; \$60,854,277 Proprietary Fund; \$62,817,601 Fiduciary Funds; \$38,966,279 Special Revenue Internal Funds; \$4,283,378 External Funds Cash Match Funds; \$3,789,918 Capital Outlay Match Funds and \$271,038,079 Special Revenue External Funds, summarized as follows:

1. Legislative Branch: \$15,730,543 as the Navajo Nation Fiscal Year 2018 Operating Budget, as set forth in the attached **Exhibit B**, which includes \$14,561,988 General Fund Revenue; \$1,123,555 Indirect Cost Credit; \$45,000 Proprietary Funds; \$0 Fiduciary Funds, \$0 Special Revenue Internal Funds; \$0 Special Revenue External Funds, for the Navajo Nation Council, various Standing Committees, boards, commissions, offices, programs, and activities within the Legislative Branch.
2. Judicial Branch: \$14,870,198 as the Navajo Nation Fiscal Year 2018 Operating Budget, as set forth in the attached **Exhibit C**, which includes \$13,300,000 General Funds; \$133,897 Indirect Cost Credit; \$0 Proprietary Funds; \$0 Fiduciary Funds; \$0 Special Revenue Internal Funds and \$1,436,301 Special Revenue External Funds, for the Navajo Nation Supreme Court, district courts, family courts, various offices, programs and activities within the Judicial Branch.
3. Executive Branch: \$578,736,319 as the Navajo Nation Fiscal Year 2018 Operating Budget, as set forth in the attached **Exhibit D**, which includes \$115,324,330 General Funds; \$14,733,676 Indirect Cost Credit; \$11,200,000 Higher Education Set Aside Funds; \$1,000,000 Personnel Savings; \$60,809,277 Proprietary Funds; \$62,817,601 Fiduciary Funds; \$38,966,279 Special Revenue Internal Funds; \$4,283,378 External Funds Cash Match, and, \$269,601,778 Special Revenue External Funds; for the various divisions, departments, programs and offices within the Executive Branch.
4. Fixed Costs: \$23,507,971 which includes \$19,267,304 General Funds, \$3,008,872 Indirect Cost Credit; and \$1,231,795 Personnel Savings as set forth in the attached **Exhibit E**.
5. \$3,789,918 for Chapters Capital/Infrastructure costs will be allocated from the Capital Outlay Match Funding Special Revenue Fund, not the General Fund, as set forth in the attached **Exhibit F**.

6. Chapter Non-Administrative Costs: \$11,413,541 for non-administrative costs. This does not include chapter official's stipends, permanent personnel costs, and travel expenses of chapter officials and chapter staff.
7. External Funds Cash Match: \$4,283,378 for external funds cash match obligations for grant agreements and contracts.

The FY 2017 External Fund Cash Match (BU# 118024) unexpended fund balance shall be carried over to FY 2018 to maintain a fund balance for cash match needs during the 2018 Fiscal Year. This carry over shall be for only the twenty-three (23) external cash match grants existing in FY 2017.

- C. The Navajo Nation Resolution, CF-07-11, *Establishing and Designating the Personnel Accounts Savings as Restricted Carryover Funds to be Used for Administering and Maintaining the Classification and Pay Plans by the Department of Personnel Management and Further, Implementing a Moratorium on Any Future Proposed Budget Revisions and/or Re-Allocations From the General Fund Personnel Accounts Saving*, established a moratorium on any future proposed Budget Revisions and/or Reallocations from the General Funds Personnel Accounts Savings and for those Savings to go to an annual General Wage Adjustment, step increase and other salary adjustments to the Pay Plan, and that any excess or surplus funds shall be deposited to the Unreserved, Undesignated Fund Balance (UUFB).

The Navajo Nation adopts a General Wage Adjustment, **see Exhibit G**, and waives the requirement of excess and surplus funds deposit to the UUFB and hereby approves funding from the Fiscal Year 2017 Personnel Savings Fund as follows:

1. General Wage Adjustment at 2.5%  
and 1.5% : \$2,035,650
2. Retirement Plan Account, BU #118018: \$1,231,795
3. ISD - Group Health Benefit Fund,  
BU # NEW : \$1,000,000

- D. The Navajo Nation hereby approves the carryover of unexpended Indirect Cost Credit, if any, from Navajo Nation Fiscal Year 2017 into Fiscal Year 2018. The expenditure of this carryover shall be subject to approval of the appropriate Standing Committees.



- E. The Navajo Nation hereby approves the carryover of unexpended Capital Improvement Project Funds from Fiscal Year 2017 to Fiscal Year 2018.
- F. The Navajo Nation hereby approves any carryover of General Fund unexpended balances from Navajo Nation Fiscal Year 2017 into Fiscal Year 2018:
1. For the Government Branches (Executive, Legislative, Judicial) from their respective unexpended balances, if available, as follows:
    - a) Executive: \$8,764,368.03
      - Phoenix Indian Center shall receive a priority allocation of \$100,000.
      - Navajo Chapters shall receive \$50,000 each for housing renovation projects and Naschitti Chapter receiving additional \$764,368.03 for Assayi Burnout financial assistance, as a priority allocation from the Executive Branch. Waiving 12 N.N.C. §820(0)
      - Navajo Tax Commission shall receive a priority allocation of \$300,000
    - b) Legislative: \$1,500,000
      - Phoenix Indian Center shall receive a priority allocation of \$48,325.
    - c) Judicial: the remaining balance
  2. Other unexpended operating fund balances for Divisions, Departments and Programs listed in **Exhibit H**.
- G. The Navajo Nation Council and its standing committees, through its oversight authorities, are responsible to the Navajo Nation to ensure that the Navajo Nation Divisions, Departments and Programs provide timely, professional, updated, appropriate services to the Navajo People. One very pragmatic, effective method to assure quality services is to prompt the Divisions, Departments and Programs through the use of Conditions of Appropriations.

Pursuant to 12 N.N.C. § 810(I), Condition of Appropriation means a specific contingency placed on an appropriation by the Navajo Nation Council at the time the appropriation is made creating legal conditions precedent to the expenditure of funds. Appropriated funds or any other funds received by

the Navajo Nation on which a condition of appropriation or expenditure is placed may not be lawfully expended until the condition of appropriation or expenditure is met. It is the responsibility of the Controller to ensure that funds are expended in accordance with the conditions placed on the appropriation or expenditure.

The Navajo Nation Council has approved Conditions of Appropriation in the 2018 Comprehensive Budget. These Conditions of Appropriations are attached as **Exhibit I**. When the identified Division, Department or Program ("Responsible Entity") completes the Condition of Appropriation within the time specified, the Controller will not withhold the funding to the Division, Department or Program. However, in the event the identified Division, Department or Program fails to complete the Condition of Appropriation within the time specified, the Controller will place specified funding in unallocated funds. Should the Responsible Entity, with more than one Condition of Appropriation, not complete its Conditions of Appropriation within the stated time period or in the stated manner, then the reserved non-personnel operating funds will become unallocated funds at the quarter the last Condition of Appropriation was due to be completed.

- H. The Navajo Nation hereby approves the Legislative Concerns for Navajo Nation Fiscal Year 2018, as set forth in the attached **Exhibit J**.
- I. The Navajo Nation hereby acknowledges that all federal, state, and local government funds addressed in the Navajo Nation Fiscal Year 2018 Comprehensive Budget are provided primarily for information purposes, as directed in the Budget Instructions Manual, and should not be deemed to limit the expenditure authority for any program, provided additional funds are accepted pursuant to 2 N.N.C. §164(B), 2 N.N.C. §301(B)(15), and 2 N.N.C. §701(A)(10).
- J. The Navajo Nation hereby authorizes monthly drawdowns of all funds deposited into BIA Account, PL7341701, Navajo Tribe, Arizona/New Mexico, which are considered Navajo Nation General Funds as part of the overall revenue projection for support of the operations of the Navajo Nation Government.
- K. The Navajo Nation hereby authorizes the Office of Management and Budget to carry-over available budget amounts to cover any prior year open contracts carried into Fiscal Year 2018 by the Office of the Controller. Further, the Office of the Controller shall ensure that the budgeted funds carried over are used specifically, and only for, those open encumbrances.

The Office of the Controller shall also inform the Office of Management and Budget, in writing, of any cancelled or reduced prior year open encumbrances so that the Office of Management and Budget can make the appropriate budget adjustments.

- L. The Navajo Nation hereby directs the Branch Chiefs of the Executive, Legislative and Judicial Branches to prioritize the unmet needs of their respective branches and to prepare appropriate budgets for such prioritized needs for potential consideration of supplemental appropriations in Fiscal Year 2018, in accordance with 12 N.N.C. § 820(L). The Judicial Branch unmet need is attached as **Exhibit L**.
- M. The Navajo Nation hereby waives 12 N.N.C. §§ 820(I) and 860 for the purpose of passing a comprehensive budget because the Capital Improvement Plan is not available.
- N. The Navajo Nation approves a limited procedural waiver of the Appropriations Act, 12 N.N.C. § 840(B), requiring the adoption of the Comprehensive Budget no less than twenty (20) days prior to the expiration of each fiscal year, due to the circumstances surrounding the uncertainty of the Navajo Generating Station's future that delayed the necessary revenue projections for the Navajo Nation budget planning.
- O. The Navajo Nation hereby approves the Fiscal Year 2018 Budget Detail, included as **Exhibit K**.

### **Section Three. Directive to the Office of Management and Budget**

- A. The Navajo Nation directs the Office of Management and Budget to recalculate the final monetary totals such that the figures conform to the amendments passed by the Navajo Nation.
- B. The Navajo Nation directs the Office of Management and Budget to make any other changes to the exhibits such that they conform to the amendments passed by the Navajo Nation Council.

### **Section Four. Effective Date**

The Navajo Nation Fiscal Year 2018 Comprehensive Budget enacted herein, notwithstanding 12 N.N.C. § 840(B), shall be effective pursuant to 2 N.N.C. §§ 164(A)(17) and 221(B).



**Section Four. Effective Date**

The Navajo Nation Fiscal Year 2018 Comprehensive Budget enacted herein, notwithstanding 12 N.N.C. § 840(B), shall be effective pursuant to 2 N.N.C. §§ 164(A)(17) and 221(B).

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 19 in favor and 02 opposed, this 14<sup>th</sup> day of September, 2017.



LoRenzo C. Bates, Speaker  
Navajo Nation Council

9-22-17

Date

Motion: Honorable Kee Allen Begay, Jr.  
Second: Honorable Herman M. Daniels

ACTION BY THE NAVAJO NATION PRESIDENT

1. I hereby sign into law the foregoing legislation, pursuant to 2.N.N.C. §1005 (c)(10), on this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

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Russell Begaye, President  
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (c)(11), on this \_\_\_\_\_ day of \_\_\_\_\_ 2017 for reason(s) expressed in the attached letter to the Speaker.

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Russell Begaye, President  
Navajo Nation

3. I hereby exercise line item veto pursuant to the 2010, certified Initiative, over the supplemental appropriations approved herein by the Navajo Nation Council; on this 30th day of September 2017.



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Russell Begaye, President  
Navajo Nation

**NAVAJO NATION**

RCS# 877

Special Session

10/31/2017

02:54:35 PM

Amd# to Amd#

Legis.No. 0430-17 (as amended)

PASSED

MOT Begay, K

Amending CS-53-17, The Navajo

SEC Phelps

Nation Fiscal Year 2018

Comprehensive Budget

**Yea : 18**

**Nay : 2**

**Not Voting : 3**

**Yea : 18**

Bates  
Begay, K  
Begay, NM  
Begay, S  
BeGaye, N

Bennett  
Brown  
Chee  
Damon  
Daniels

Filfred  
Jack  
Perry  
Pete

Phelps  
Smith  
Tso  
Witherspoon

**Nay : 2**

Tsosie

Hale

**Not Voting : 3**

Crotty

Yazzie

Slim

Shepherd