



THE NAVAJO NATION

OFFICE OF THE PRESIDENT & VICE PRESIDENT

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CONTACT: GEORGE HARDEEN
COMMUNICATIONS DIRECTOR
OFFICE – 928-871-7917
CELL – 928-309-8532
pressoffice@opvp.org

Navajo President Joe Shirley, Jr., vetoes \$10 million spending bill citing lack of accountability, prudence, real fiscal responsibility

WINDOW ROCK, Ariz. – Citing a \$12.8 million budget shortfall and the need for accountability in tenuous economic times, Navajo Nation President Joe Shirley, Jr., today vetoed the \$10 million supplemental appropriations package approved by the Navajo Nation Council on June 26.

“Real and true political leadership emerges only in a crisis, and we can only hope and wait to see if the steps President Obama has taken leads the country back to prosperity,” President Shirley said in his veto message to Navajo Nation Council Speaker Lawrence T. Morgan. “But as leaders of the Navajo Nation, we do not have to hope and wait. We can act with reason and foresight. It is our duty to expend the People’s money in a prudent and fiscally responsible way.”

The President said that because the Personnel Lapse Fund, which would have funded the legislation, is not being used as intended, he recommends abolishing it and returning personnel saving back to their programs for employees.

“It is our programs, through our employees, that provide direct services to the Nation,” he said.

President Shirley said approval of the legislation, Resolution No. CJN-18-09, was contrary to basic principles of prudence and fiscal responsibility, cannot be construed to be a true emergency, and by-passed all processes established to ensure accountability. Appropriating funds from money the Navajo Nation does not yet have, he said, creates budgetary uncertainty and will directly impact governmental operations.

“With this legislation, none of the appropriations could *remotely* be considered actual emergencies,” he said.

“None went through the prescribed review processes established to ensure accountability. In some cases, funding is designated to be used by offices clearly not established for those purposes. In others, there are carry-over funds available which make supplemental funding unnecessary.”

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– Navajo Nation President Joe Shirley, Jr..

He said the Division of Community Development reports an unexpended fund balance for the Nation’s 110 chapters is \$52.8 million, which raise questions about the true need for the legislation.

Meanwhile, the Controller’s office reports that the \$12.8 million shortfall could likely increase to \$13.5 million The projected shortfall for Fiscal Year 2010 is \$15.4 million, he said. President Shirley attributed the shortfall to the lower price per barrel of oil continues that funds much of Navajo Nation operations.

A 2008 audit reported that the Undesignated, Unreserved Fund Balance is down by \$18 million when it should have at least \$15 million in reserve. That means \$33 million is required to bring fund balance into compliance with the law.

He said the Nation's Retirement Fund is approximately \$8.5 million less than what is required to ensure proper management and availability of funds for its intended purpose.

"If we fail to address our government's current and future budget shortfall in a rational and reasonable way, we risk an interruption in service delivery, which include possible employee layoffs," he said.

The President said the money the council intends to use for Resolution No. CJN-18-09 would come from personnel savings that normally would be calculated at the end of the fiscal year and applied to the Personnel Lapse Fund. The original intent of the Personnel Lapse Fund, he said, is to provide a source of funding for

Navajo Nation employees to meet cost of living demands through an annual General Wage Adjustment and to provide step increases for well-deserving employees.

"The ability to pay step increases for both Fiscal Year 2009 and Fiscal Year 2010, as well as to provide a General Wage Adjustment in Fiscal Year 2010, has been completely eliminated by previous Council action, as well as by approval of CJN-18-09," he said. "The Personnel Lapse Fund is no longer being used as intended. As such, I believe the fund should be abolished and any future personnel saving should revert directly back to the programs because it is our programs, through our employees, that provide direct services to the Nation."

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