



## THE NAVAJO NATION

OFFICE OF THE PRESIDENT & VICE PRESIDENT

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# Navajo President Joe Shirley, Jr., vetoes \$11 million appropriation to give \$100,000 to every chapter

***Legislation would abandon rule of law, is fiscally irresponsible, President says***

**WINDOW ROCK, Ariz.** – Hoping to preserve scarce tribal money for emergencies while sending a message to legislators to adhere to tribal law, Navajo Nation President Joe Shirley, Jr., vetoed legislation that would have distributed \$11.6 million from the Undesignated, Unreserved Fund to Navajo chapters.

He said that the legislation “abandons the idea of the rule of law.”

“We are simply not a lawless nation by which a majority of the Council can waive all of the Navajo Nation laws,” President Shirley said in his July 31 veto message to Navajo Nation Council Speaker Lawrence T. Morgan. “I urge the Navajo Nation Council to uphold and respect the laws that the Council has enacted and not simply abandon and discard them.”

During its summer session last month, the Navajo Nation Council passed legislation to give each of the 110 Navajo chapters \$100,000, regardless of size, population, need or any request for the money. To do so, it waived the Navajo Appropriations Act that is designed to ensure funding is appropriated with rational planning and sound principles.

The President said the waiver of law abandons fiduciary responsibility to account for public funds, the purpose of managing funds wisely, the purpose of planning for adequate funding of services, rational planning, and the

idea of sound principles to guide important fiscal decisions.

“The Navajo Nation government is governed by the rule of law, and the law is that we should have a little over \$12 million in our Undesignated Reserve,” President Shirley said.

*“We are simply not a lawless nation by which a majority of the Council can waive all of the Navajo Nation laws.”*

– President Shirley

“If you’re going to spend over \$11 million to give \$100,000 to each chapter for whatever, that would only leave \$183,000 in the Undesignated Reserve, and that is not according to law.”

The Undesignated, Unreserved Fund Balance held \$11.8 million when the Council began its summer session on July 17, according to the Navajo Controller’s Office. By tribal law, it is supposed to be maintained at 10 percent of the prior year General Fund budget. That means it should be kept at \$12.3 million.

If the appropriation was signed by the President, or is overridden in a special session of the Council, the Undesignated Reserve Fund would be nearly \$12.2 million below what the law requires, and leave only \$182,388 for emergencies and critical needs.

However, the reserve “has historically been used to fund a variety of purposes with little regard for priorities or the most pressing Navajo needs,” says a memorandum from the Navajo Office of Management and Budget.

“The Navajo Nation Council practice of adding floor amendments or “riders,” without budgets or documented justification contributes to insufficient planning and unwise allocation of limited funds.”

“There is no plan behind the \$100,000 to be given to the

*“Continued expenditure of these funds for non-emergencies will compromise the Navajo Nation’s ability to adequately address true emergencies.”*

– President Shirley

chapters,” President Shirley said. “We need to have plans in place. There’s a formula for giving money to chapters. There are big chapters and there are small chapters. There’s a formula inherent in the law in distributing whatever monies to chapters, and that was not adhered to, either.

In the past, the Council has passed several appropriation laws to provide guidance to the spending of tribal funds. Among them:

- The Minimum Fund Balance shall be maintained at not less than 10 percent of the General Operating Budget for the prior fiscal year.
- The Minimum Fund Balance can be amended only by a two-thirds vote of the full Council.
- The Undesignated Reserve shall not be used to fund government operations.
- Supplemental appropriations are permitted if and when additional sources of revenues are above and beyond current revenue projections.
- The Budget & Finance Committee may convene budget hearings to consider supplemental appropriation requests.

- All requests are to be submitted to the Navajo OMB for budget impact analysis.

- And, distribution to chapters must be allocated based on the 50/50 formula; 50 percent equal distribution and 50 percent based on voter registration percentages.

Most importantly, the Undesignated Reserve is well below what is required by the law, the President said.

“I am extremely concerned that our continued expenditure of these funds for non-emergency supplemental appropriations will compromise the Navajo Nation’s ability to adequately address true emergencies should they arise,” President Shirley said. “This is unacceptable in that this resolution abandons all sense of fiscal responsibility and planning.”

The President’s action also vetoed a \$650,000 appropriation for architectural design and planning of a new Legislative Branch Complex. He noted that no proposal had been submitted to the Division of Community Development Capital Improvement Office as required by the appropriations act.

“There has been no review, assessment, nor evaluation by the appropriate and responsible offices,” he said. “Currently, there are many other proposals which have been fully processed, are construction ready but wait appropriate funding.”

Like giving money to the chapters without plans or review, he said this appropriation would also abandon the concept of rational planning and fiduciary responsibility.

“We need to do right by our people,” the President said. “It’s their money. We need, to the best of our abilities, as leaders, be mindful of the laws that we make, and that’s the reason why, as President, I vetoed that legislation.”

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