



Navajo Nation Council approves 2022-2026 Permanent Fund 5-year income plan to directly address projected shortfalls

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WINDOW ROCK, Ariz. — Members of the 24th Navajo Nation Council voted to approve a Permanent Trust Fund (PTF) 5-year plan for the years 2022-2026 during the 2021 Spring Session Apr. 20. The legislation was sponsored by Council Delegate Jamie Henio (Alamo, Ramah, Tóhajiilee), chair of the Budget and Finance Committee (BFC), in anticipation of the fiscal year 2022 comprehensive budget planning process.

“The intent of this permanent fund back when it was first created was that, somewhere down the line, if any of our resource income that we depend on or natural resources revenues go down, then this is where investing this money would come back to help support the Navajo Nation general fund as it provides direct support to the Navajo People through the Navajo Nation Government,” said Henio.

Due to the closure of the nearby Navajo Generating Station, the Navajo Nation Office of the Controller projected a decline in revenues from natural resources.

With planning activities for the Navajo Nation government’s fiscal year 2022 budget gearing up, the 5-year plan approved by the Council provides an immediate avenue for addressing shortfalls in the projected revenues for the Nation.

The former Navajo Tribal Council established the Permanent Fund in 1985 through Resolution No. CJY-53-85. The Council disallowed any expenditures from the fund for at least 20 years, after which the first required 5-year plan was approved in 2016.

Martin Ashley, executive director of the Office of the Navajo Tax Commission presented the original Permanent Fund resolution wording to the Council and indicated: “McKinley Mine, Black Mesa Mine and, recently, Kayenta Mine all closed. We’re at that point now where the purpose and intent of this Permanent Fund to replace the revenue stream from natural resources is before us right now.”

Under Navajo law, an approved plan covering at least five years of expenditures is required before the interest income from the PTF may be utilized.

In the previous 5-year plan, the Navajo Nation funded major water projects and other related community infrastructure plans.

The Navajo Nation also later established a local governance trust fund and devoted half of the PTF’s annual income to that fund to create an incentive for local Navajo Nation chapter governments to attain Title 26 local governance certification.

Under the new 5-year plan legislation approved by the Council, automatic diversions of PTF income into the local governance trust fund will be temporarily halted so that the PTF income used for the general fund budget will be more likely to reach an annual target of \$40 million.

The Council also approved new provisions to allow for a priority reimbursement to the PTF from federal funding sources related to pandemic recovery for allowable costs. While the Navajo Nation awaits information from the US Treasury regarding American Rescue Plan Act (ARPA) funding for Tribal Nations, the provision will allow for a reimbursement mechanism like the one under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The BFC also determined the projects approved under the first 5-year plan resolution will not be affected under the new 5-year plan. However, committee members noted many projects under the first plan have not been able to see any progress, including projects from 2016.

Henio told BFC during their discussion on the legislation that similar PTF 5-year plan legislation was introduced last year but was withdrawn in order to gain the input from the Controller's Office.

The approved legislation will allow the Council to consider both general fund revenue replacement and new projects on an annual basis using the PTF interest income. Also included are provisions to allow project funds to remain in the PTF to maximize interest earning as projects meet their milestones.

Henio was joined by co-sponsors Council Delegates Edison J. Wauneka (Oaksprings, St. Michaels) and Jimmy Yellowhair (Hard Rock, Forest Lake, Pinon, Black Mesa, Whippoorwill) for the legislation.

Legislation No. 0045-21 was approved by the Navajo Nation Council with a vote of 20 in favor and 2 opposed.

The resolution will be sent to the Office of the President and Vice President for enactment or veto.

If enacted, PTF income planning amounts will be included in the coming 2022 fiscal year planning process and will be combined with the \$20 million set aside in 2020 for budget planning purposes.

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MEDIA CONTACTS

Byron C. Shorty, Communications Director, bcshorty@navajo-nsn.gov, (928) 287-2085

Timothy E. Benally, Public Information Officer, timothybenally@navajo-nsn.gov, (928) 380-6121