

State of Oklahoma

Revised October 2, 2000

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Fiscal Year '01



Budget Review

Senator Enoch Kelly Haney
Appropriations Chair

Senator Stratton Taylor
President Pro Tempore

Senator Cal Hobson
Appropriations Vice Chair

OVERALL APPROPRIATION

The budget adopted for Fiscal Year 2001 (FY'01) is \$5.3 billion, 7.9% over the FY'00 budget (calculated without FY'00 supplemental appropriations).

Of the \$393.1 million increase in the state's appropriated budget, approximately \$101 million was derived from proceeds of the Tobacco Settlement.

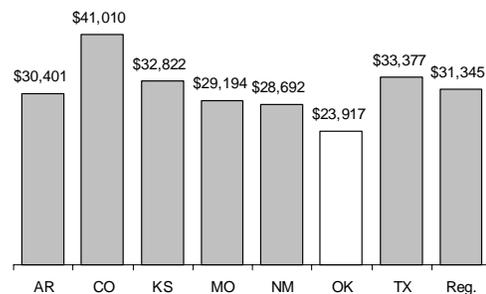
Comparison of Funding for Major Program Areas FY'00-FY'01 (in millions)

	FY'00	FY'01	Change	
	Approp.	Approp.	\$	%
Education	2,715.2	2,957.1	241.9	8.9
Gen. Gov./Trans.	481.9	482.0	0.1	0.0
Health/Soc. Serv.	448.4	489.5	41.1	9.2
Human Serv.	615.7	651.9	36.3	5.9
Natural Resources	112.6	115.5	2.9	2.6
Public Safety	551.0	576.5	25.5	4.6
Tobacco Trust	0.0	50.0	50.0	N/A
REAP	15.5	15.5	0.0	0.0
Deferred Sav.	6.8	0.1	-6.7	-98.6
Emerg. Fund	4.0	1.0	-3.0	-75.0
Welfare-Work	5.7	0.0	-5.7	-100.0
Capital Imp.	0.0	11.6	11.6	N/A
Total	4,957.7	5,350.7	393.1	7.9

STATE EMPLOYEE PAY RAISE

SB 959, a \$39.8 million pay raise package for all state employees, was approved and signed into law in early April. The bill provides each state employee a \$2,000 annual pay increase effective October 1, 2000. Agencies were appropriated funds to pay cost of these raises in HB 2260, the GA bill.

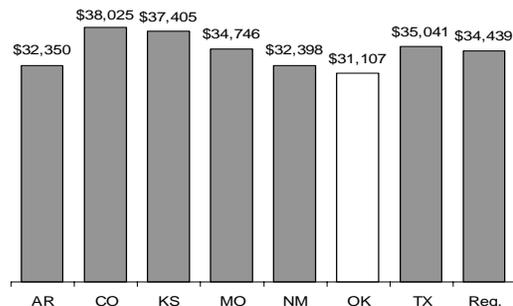
State Employee Pay Oklahoma and Surrounding States (before \$2,000 pay raise)



TEACHER PAY RAISE

The largest part of the 2000 Legislative education initiative was the February passage of a \$3,000 pay raise for all teachers, at a cost of \$164.8 million. This represents the largest single salary increase for teachers in state history.

Average Teacher Salaries (1998-99) Oklahoma and Surrounding States (before \$3,000 pay raise)



GENERAL APPROPRIATIONS BILL

The General Appropriations (GA) Bill (HB 2260) was enacted April 24 and provided \$4.831 billion for base operations of all 79 state agencies supported by appropriations. To arrive at GA Bill funding levels, the Legislature removed all one-time expenditures and one-time funding sources, then added \$38.5 million for the state employee pay increase that had been signed into law April 6 (SB 959).

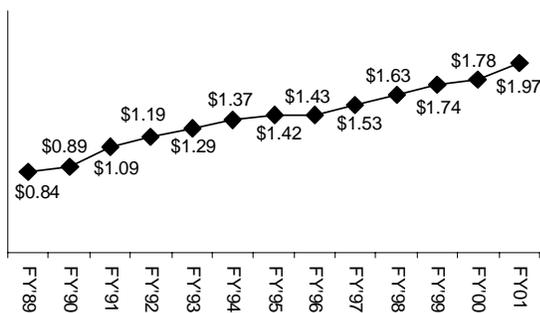
All additional funding decisions were made by the General Conference Committee on Appropriations (GCCA).

Two key appropriation issues, state employee and teacher pay raises, were decided by April of the 2000 session. These two actions consumed nearly two-thirds of the available new revenues

COMMON EDUCATION (K-12)

More than \$203 million, or 51% of all new revenues available, was appropriated to common education. The largest part of the 2000 legislative initiative was passage of a \$3,000 pay raise for all teachers, at a cost of \$158 million for common education. The Legislature also appropriated \$45.3 million in additional funding for common education for FY'01, bringing total state support to \$1.971 billion. Funding included: (SB 900, SB 901, SB 980, SB 984, and SB 965)

K-12 Education Funding History
(in billions)



- ✓ \$17.5 million to replace Rainy Day Funding provided in FY'00;
- ✓ \$13.6 million for the State Aid Funding Formula to help meet operational increases caused by a 1% increase in contributions required for the teachers' retirement system;
- ✓ \$4.0 million to annualize the FY'00 supplemental for the Employee Flexible Health Benefit Allowance;
- ✓ \$6.0 million to increase the flexible benefit allowance for support personnel from \$150/month to \$170/month;
- ✓ \$250,000 in additional funding for the Great Expectations Program, an innovative teacher training program;
- ✓ \$175,000 for the Summer Arts Institute;
- ✓ \$2.7 million for maintenance and enhancement of programs such as Parents as Teachers, Advanced Placement, National Board Certification, Adult Education and School Lunch Programs;
- ✓ \$284,801 for caseload increases for the Early Intervention Program (Sooner Start). This program provides services to children under age 3 who were born with physical or cognitive disabilities; and

- ✓ \$500,000 to implement the VISION project, a state-of-the-art web-based curriculum for math.

COMMON EDUCATION REFORM

The Legislature passed HB 2728, a comprehensive education bill modifying and enhancing education reforms passed in HB 1759 (1999). Highlights of HB 2728:

- ✓ Provides more flexibility in the curriculum while retaining rigorous curriculum standards for the four core subject areas;
- ✓ Allows the State Board of Education to approve certain vocational, technical and agricultural education courses for high school credit if they meet curriculum standards set by the State Board of Education;
- ✓ Repeals the diploma of honor;
- ✓ Clarifies that school dress codes are a local option;
- ✓ Modifies the eligibility requirements of the Oklahoma Tuition Scholarship Program (OTSP). Eligible students must be in the top 15% of their graduating class with a minimum 3.25 GPA and 26 ACT score;
- ✓ Increases family income eligibility for students in the Oklahoma Higher Learning Access Program (OHLAP) from \$32,000 to \$50,000 a year; and
- ✓ Requires the Chancellor for Higher Education, the Superintendent of Public Instruction and the Director of the Department of Vocational and Technical Education to coordinate spring break dates for students.

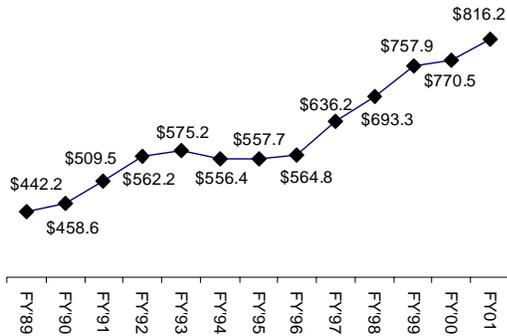
HIGHER EDUCATION

For FY'01 the State Regents for Higher Education received \$816.2 million, a \$44 million increase over the FY'00 base funding amount. The increases in funds are as follows: (HB 2249, SB 980, SB 984, and SB 965)

- ✓ \$20.8 million for operational priorities of the higher education institutions;
- ✓ \$22 million to fund 3% salary increases for faculty and staff within the higher education system;
- ✓ \$385,704 to fund the Oklahoma Climatological Survey/Mesonet Program; and

- ✓ \$425,416 to fund the \$2,000 salary increase for employees of the State Regents Administrative Offices.

State Appropriations to Higher Education
(in millions)



The Governor vetoed Section 18 of SB 965 which had the effect of appropriating an additional \$2.8 million. The additional funds will be used for general operating budgets of higher education institutions.

VO-TECH EDUCATION

The State Board of Vocational and Technical Education received \$124.8 million, an \$8.5 million increase over the FY'00 base appropriation. The increase in funding was for the following: (SB 900)

- ✓ \$6.8 million for the \$3,000 teacher salary increase;
- ✓ \$1.5 million for Area Technology Centers;
- ✓ \$100,000 for the “High Schools That Work” program; and
- ✓ \$595,802 for the \$2,000 salary increase for Department of Vocational and Technical Education employees.

TOBACCO SETTLEMENT TRUST FUND

The 2000 Legislature had at its disposal \$101.4 million in payments received (or scheduled to be received during FY'01) from the tobacco industry to settle liability claims made by Oklahoma and other states. Of the total, lawmakers voted to spend \$51 million on the following state government initiatives:

- ✓ \$36 million for the 2001 Health Care Initiative (see “2001 Health Care Initiative”);

- ✓ \$3.9 million for Oklahoma Health Care Authority operations;
- ✓ \$4.1 million to Department of Human Services for child welfare and senior nutrition programs;
- ✓ \$1.3 million for Department of Mental Health and Substance Abuse Services operations; and
- ✓ \$5.9 million to the University Hospitals Authority for indigent health care costs and medical education programs.

\$50 million of the \$101.4 million was directed to a proposed Tobacco Settlement Endowment Trust Fund. (SB 3X)

Most future tobacco settlement funds, estimated to total more than \$500 million through 2007, will also be dedicated to the Tobacco Settlement Endowment Trust Fund, if voters approve an amendment to the Oklahoma Constitution proposed in HB 2022. The constitutional question proposes to deposit into the trust fund 50% of tobacco funds received during FY'02, 55% received in FY'03, 60% in FY'04, 65% in FY'05, 70% in FY'06, and 75% in FY'07 and thereafter. The trust funds would be invested, with earnings eligible for the following expenditures:

- ✓ Health care;
- ✓ Research and treatment for cancer and other smoking-related diseases;
- ✓ Tobacco prevention and cessation programs;
- ✓ Children’s programs;
- ✓ Substance abuse treatment and prevention programs;
- ✓ Senior citizen programs; and
- ✓ Authorized administrative expenses.

MOTOR VEHICLE TAXATION REFORM

The Legislature passed a significant reform in motor vehicle taxation during the 2000 legislative session. HB 2663 containing those changes was vetoed by the Governor. However, the Legislature subsequently passed HB 2189 containing the same tax cut provisions. This measure refers the question to the people for a vote. The legislation would reduce motor vehicle tax collections by \$22 million. Major provisions of HB 2663 and HB 2189 included:

- ✓ Changing the basis for calculation of the tax for new vehicles from the factory delivered price to the actual purchase price;

- ✓ Leaving the excise tax at the current 3.25% for new vehicles;
- ✓ Changing the basis for calculation of the tax for used vehicles to \$20 for the first \$1,000 of the actual purchase price plus 3.25% of the remaining value (The \$1,000 base increased to \$1,250 in FY'02 and \$1,500 in FY'03);
- ✓ Changing the schedule for annual tag fees to the following:

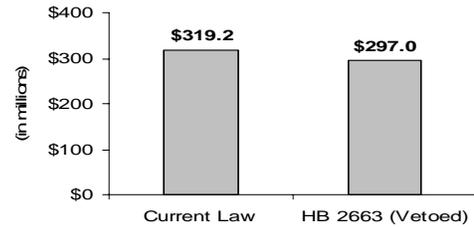
HB 2663 Proposed Tag Schedule

Age of Vehicle	Amount
Years 1-4	\$85
Years 5-8	\$75
Years 9-12	\$55
Years 13-16	\$35
Years 17+	\$15

The following are examples of how the reform would have worked in specific new and used car purchases:

Scenario 1:		
New Vehicle		
Sticker Price: \$25,000		
Actual Sales Price: \$22,500		
	<u>Current Law</u>	<u>HB 2663</u>
Tax & Tag (Year 1)	\$1,134	\$816
Tag (Year 2)	291	85
Tag (Year 5)	216	75
TOTAL (Years 1-6)	\$2,338	\$1,221
Scenario 2:		
Used Vehicle, Two-Years Old		
Original Sticker Price: \$35,000		
Actual Sales Price: \$19,000		
	<u>Current Law</u>	<u>HB 2663</u>
Tax & Tag (Year 1)	\$820	\$690
Tag (Year 2)	307	85
Tag (Year 5)	228	75
TOTAL (Years 1-6)	\$2,089	\$1,075
Scenario 3:		
Used Vehicle, 10-Years Old		
Original Sticker Price: \$10,000		
Actual Sales Price: \$1,500		
	<u>Current Law</u>	<u>HB 2663</u>
Tax & Tag (Year 1)	\$67	\$91
Tag (Year 2)	55	55
Tag (Year 3)	55	35
TOTAL (Years 1-6)	\$342	\$286

**Tax Cut From HB 2663 (Tag Bill)
Projected Motor Vehicle Tax Collections**



CHILDREN'S SERVICES

\$4 million was appropriated to the Department of Human Services (DHS) to fund increased needs in the adoption subsidy program and therapeutic foster care. (HB 2245)

The Legislature provided \$184,017 to finish building the Children's Coordinated Data System through the Oklahoma Commission on Children and Youth. The system will provide a one-stop source for all children's services provided and available to a client, as well as providing a comprehensive data base for statistics and analysis. The cooperative effort involves 10 state agencies: (HB 2240)

- ✓ Oklahoma Commission on Children and Youth
- ✓ Oklahoma Department of Commerce
- ✓ Department of Human Services
- ✓ Department of Health
- ✓ Department of Education
- ✓ Department of Mental Health and Substance Abuse Services
- ✓ Office of Juvenile Affairs
- ✓ Office of State Finance
- ✓ Department of Rehabilitation Services
- ✓ Oklahoma Health Care Authority

\$200,000 was appropriated to the Oklahoma Military Department to match federal funding for youth programs at the Thunderbird Youth Academy in Pryor. These innovative programs allow at-risk youth to learn discipline and life skills from National Guard members. (HB 2226)

HB 2007 provides up to \$3.8 million in funding for child abuse multidisciplinary teams from increased court civil filing fees and charges. Multidisciplinary teams allow for more effective and thorough

investigations of alleged instances of child abuse by bringing together legal, health, social service and police officials at a single center.

\$800,000 additional funding was appropriated to the Health Department for family home visitation programs to be divided between Children First and Oklahoma Child Abuse Prevention. Both programs provide intensive home-based assistance to pregnant women and new families to improve parenting skills, promote infant health and develop family resources. (SB 913)

With additional funding from the Medicaid graduate medical education program appropriated to the University Hospitals Authority, the Legislature increased support for the Child Study Center at the University of Oklahoma Health Sciences Center. The Child Study Center mobilizes a range of health and social service specialists to serve special needs children and their families. (SB 913)

2001 HEALTH CARE INITIATIVE

Using part of the revenue from the state's tobacco lawsuit settlement, the Legislature enacted a sweeping initiative aimed at raising reimbursement levels for health care providers and improving medical care for low-income Oklahomans. The \$250-million program, funded by \$36 million in FY'01 state appropriations and a \$4/bed fee assessed on nursing homes, features a wide range of components: (HB 2019, HB 2245, SB 913)

- ✓ Substantial rate increases for historically underfunded Medicaid providers, including hospitals, nursing homes, physicians, dentists, ambulance workers and providers of home- and community-based services to the elderly and disabled;
- ✓ Rate increases for senior nutrition center programs;
- ✓ Higher Medicaid reimbursement for designated critical access rural hospitals;
- ✓ Prescription drug coverage and other Medicaid services for seniors and the disabled with income levels below the poverty line;
- ✓ Coverage of additional services for existing Medicaid recipients, including 24 inpatient hospital days annually and the purchase of durable medical equipment;
- ✓ Increased staffing ratios and minimum wage increases for direct care staff in nursing homes;

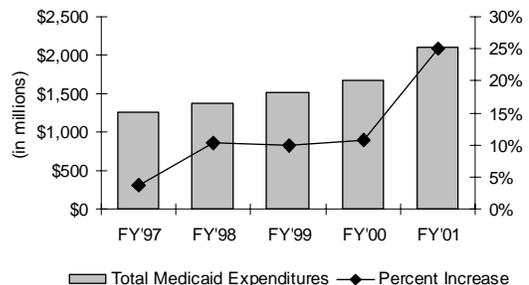
- ✓ Additional staff for the Health Department and DHS to bolster nursing home inspection and to serve as client advocates;
- ✓ An increase in the monthly personal needs allowance of nursing home residents on Medicaid, from \$30 to \$50, plus coverage of eyeglasses and dentures and non-emergency transportation services for these residents;
- ✓ Additional funding to provide home- and community-based services to people with developmental disabilities who have been placed on a waiting list due to a lack of funding;
- ✓ Funds to provide home- and community-based services to disabled adults who were previously ineligible due to a lack of cognitive impairment; and
- ✓ \$2.0 million to initiate a statewide tobacco control and prevention program.

HEALTH CARE AUTHORITY

The Health Care Authority received a supplemental appropriation of \$9.3 million in February 2000. The funding was provided to cover:

- ✓ The medically needy program (\$1.4 million);
- ✓ Increased program enrollment (\$5.2 million);
- ✓ Higher-than-expected pharmaceutical costs in the managed care program (\$1.0 million);
- ✓ Restored service levels for outpatient behavioral health clients (\$500,000);
- ✓ Shortfall in the behavioral health and vendor drug programs (\$1.4 million);

Total Medicaid Budget & Percent Increase



At the same time, the Legislature imposed a \$200,000 cut on the agency's FY'00 administrative budget. (SB 142)

The Health Care Authority received \$9.6 million for FY'01 to annualize the FY'00 supplemental. (SB 913)

New funding of \$12.1 million was approved for the SoonerCare program to cover increased capitation rates and expanded enrollment in the program. SoonerCare is the managed care program for Medicaid clients. 145,000 additional children have gained health insurance through the SoonerCare program since the expansion of Medicaid eligibility for children to 185% of the poverty level in December 1997. (SB 913).

Increases in cost and utilization of prescription drugs resulted in appropriation of an additional \$3.5 million for the Medicaid vendor drug program. (SB 913)

As part of the 2001 Healthcare Initiative, funding was provided for provider rate increases in the fee-for-service program (\$14.2 million), annual coverage of 24 inpatient hospital days (\$2.9 million) and enhanced reimbursement for designated critical access hospitals in rural areas (\$458,000). (SB 913)

The Legislature provided \$400,000 to cover a rate increase for the Children Center of Bethany, a hospital for children with severe developmental disabilities. (SB 913)

\$460,000 was appropriated to cover the Medicaid program's share of increased Medicare premiums, deductibles and co-pays for low-income seniors and disabled persons. (SB 913)

PUBLIC HEALTH

As part of the 2001 Health Care Initiative, \$1,833,333 was appropriated to the Health Department to initiate a comprehensive tobacco prevention and cessation program. The program's cornerstones will include community-based initiatives, classroom programs in public schools, cessation assistance and public education media campaigns. (SB 913 and HB 2019)

The State Department of Health received \$75,000 to enhance programs addressing chronic diseases, including: (SB 913 and SB 965)

- ✓ \$50,000 for end state renal disease;
- ✓ \$10,000 for Alzheimer's outreach;
- ✓ \$7,500 for sickle cell anemia; and
- ✓ \$7,500 for diabetes.

The Department received new funding for dental services for the elderly disabled (\$15,000) and to

screen for dysplasia, a condition that can serve as an early warning of cervical cancer (\$65,000). (SB 913 and SB 965)

The state's Health Care Information System, operated by the Health Department, was appropriated an additional \$90,000. The system collects and disseminates admission and treatment data from hospitals and ambulatory surgery centers.

\$65,000 was appropriated to DHS to expand services for children afflicted with the Prader-Willi Syndrome, a life-threatening birth defect. Characteristics of the syndrome include insatiable appetite and varying degrees of mental retardation. (HB 2245)

MENTAL HEALTH

The 2000 Legislature continued the phase-out of institutionalization of persons suffering chronic mental illness. During the 1999 Session, the Legislature approved landmark legislation to downsize Eastern State Hospital (ESH) in Vinita and transfer responsibility for those clients to the seven area Community Mental Health Centers (CMHCs). In January 2000, four of the seven CMHCs began delivering community-based services to clients who would have previously gone to ESH.

The Legislature appropriated \$2.7 million for the three remaining CMHCs to begin serving clients who previously would have gone to ESH. (SB 913)

\$4.4 million in additional funding was provided for newer generation medications. Newer generation medications replace older atypical medications that were more likely to produce side effects that caused clients to discontinue use. Research shows that newer generation medications allow patients higher levels of functioning and result in fewer crisis and hospitalization incidents. (SB 913)

\$440,000 was provided to begin a Program for Assertive Community Treatment (PACT) team in the ESH area. PACT teams provide intensive services to severely mentally-ill individuals that involve visiting the client several times daily to ensure that medications are being taken, basic needs are being met, and clients are functioning in society. (SB 913)

The residential care facility reimbursement rate was raised from \$7.36 per resident per day to \$7.66 per resident per day. These funds are used to provide socialization activities for the clients in residential care homes. (SB 913)

\$350,000 was added to the Drug Court Program, which offers subsidized treatment for low-risk, drug-dependent offenders. Through DMHSAS, the total \$850,000 appropriated provides operating costs to

13 existing drug courts. Eleven more counties may have drug courts come on-line during FY'01. There are two existing courts that do not receive state funds and six more in the planning stages that do not expect to need state appropriations in FY'01. (SB 965)

REHABILITATIVE SERVICES

\$290,010 was appropriated to the Department of Rehabilitative Services for the teachers at the Oklahoma School for the Blind (Muskogee) and the Oklahoma School for the Deaf (Ardmore) for the \$3,000 teacher pay increase that all public school teachers received. (HB 2653)

TRANSPORTATION

Nearly \$132 million was appropriated to the Department of Transportation to fund the fourth year of phase one of the Capital Improvement Program (CIP). This included \$70.6 million from the Rainy Day Fund. The plan, initiated in HB 1629 (1997), will increase road spending by \$1 billion over a five-year period. (HB 2260, HB 2258 and SB 960) HB 2259 identifies the road projects that will be funded once the second phase of the CIP is implemented.

The Legislature authorized \$2 million in continued expenditures for public transportation in FY'01. (HB 2258)

HB 2258 also provides \$150,000 to be transferred to the newly activated Oklahoma Space Industry Development Authority. The authority will plan spaceport systems and scientific projects in the state. In addition, the authority will promote research and development involving space and space-related industry.

SB 965 provides \$500,000 to the Oklahoma Aeronautics and Space Commission for repairs, construction, and extension of airport runways. The funds will be used to match federal dollars.

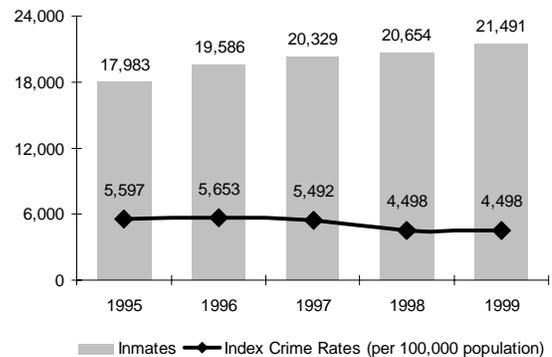
CORRECTIONS

The Legislature appropriated \$5.0 million for increased operations of Community Sentencing programs statewide. Through local planning councils, the program provides funding for supervision, treatment, education and other services designed to rehabilitate offenders. Pilot programs began operating in 25 counties as early as March 1, 2000. The new funding brings the total community sentencing program budget to \$6.6 million, which

will support operations in all counties whose plans meet DOC approval. (SB 951 and SB 965)

\$1,478,751 was provided to annualize salary costs of prison health-care providers hired to address critical staffing problems at prison medical facilities. The increase will be funded by \$1 million from revenues generated by inmate telephone calls and \$478,751 from appropriations. (SB 951)

**Oklahoma Total Index Crime Rates
And Department of Corrections Inmates**



Supplemental appropriations totaling \$9.45 million were provided to help cover a deficit in DOC's FY'00 private prison budget. The department anticipates spending \$103.6 million in FY'00 for contracts with private prisons, county jails and halfway houses that house Oklahoma inmates. (SB 946, SB 951)

\$2,031,469 was provided to pay cost of more contracted prison beds in FY '01. (SB 951)

Community Sentencing Phase-In	
<u>Pilot Group One</u> (Started 3-1-00)	<u>Pilot Group Two</u> (Started 5-1-00)
Cherokee	Dewey
Grady	Woodward
Tulsa	Garfield
Wagoner	Blaine
Hughes	Kingfisher
Pontotoc	Grant
Seminole	Garvin
Craig	McClain
Mayes	Logan
Rogers	Payne
	Pottawatomie
	Lincoln
	Pittsburg
	Oklahoma
	Creek
<u>Group Three</u> (Starting 7-1-00) All Other Counties	

\$815,407 was appropriated to DOC for costs of a 1999 bond issue that provided \$10 million for capital improvements at state prisons. (SB 951)

School teachers employed by DOC were provided salary increases to achieve parity with public school teachers. Most of the 90 teachers at prison-based schools failed to receive pay increases commensurate with those provided to public school teachers by HB 1017 in 1990. DOC will absorb the estimated \$300,000 cost of the new salary plan. (HB 1253)

Pardon and Parole Board members were authorized a pay increase from \$800 to \$1,400 per month. The board's workload increases with the prison population, which has nearly doubled since 1989. The five-member board had a turnover rate of 60% over the past few years. \$36,000 was appropriated to fund this increase. In addition, \$50,000 was appropriated to fund increased operating costs of the agency. (SB 951)

\$700,000 was appropriated to develop architectural plans that would establish a DOC health-care facility at the former O'Donoghue Rehabilitation Clinic at the OU Health Sciences Center campus. The facility is designed to provide inmate clinical care in a more cost-effective manner while isolating inmates from civilians at the University Hospitals. (SB 952)

LAW ENFORCEMENT

The Oklahoma State Bureau of Investigation (OSBI) was provided \$528,972 and 10 FTE for increased costs of laboratory operations. Lab analysis required for criminal drug cases has increased 39% over the past five years. The personnel are expected to dismantle and process more than 900 clandestine methamphetamine labs in FY'01. More than 5,000 criminal cases are backlogged awaiting OSBI analysis of evidence. (SB 944)

\$74,338 and 2 FTE were provided to the Bureau of Narcotics and Dangerous Drugs for criminal analysts to assist in building cases against drug traffickers. (SB 944)

A \$500,000 supplemental appropriation was enacted April 3rd so OSBI could continue contracting for clean-up of hazardous meth labs after federal funds for clean-ups were exhausted. (SB 946)

Agents of the Alcoholic Beverage Laws Enforcement (ABLE) Commission will receive a 5% pay increase in FY'01. The Legislature appropriated \$36,000 for that purpose, and the agency will absorb the balance of the estimated \$100,000 cost. (SB 944)

\$75,000 was provided to ABLE for training alcohol servers on preventing DUI and preventing sales to minors. (SB 965)

The Council for Law Enforcement Education and Training (CLEET) was appropriated \$15,200 for increased training expenses. (SB 944)

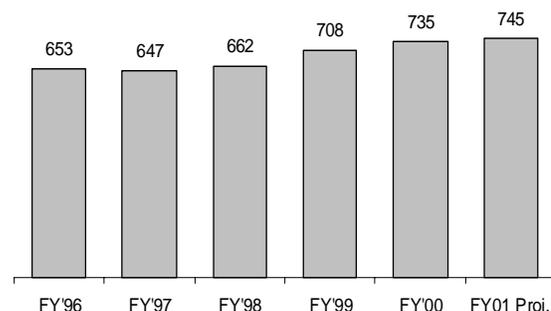
The Department of Public Safety was appropriated \$1.6 million for the following increased operating costs: (SB 944)

- ✓ \$676,143 to pay salaries of up to 65 patrol academy cadets set to graduate in the fall of 2000;
- ✓ \$200,000 for increased gasoline prices and fuel consumption due to increased numbers of troopers;
- ✓ \$72,000 for two new drivers' license examiners;
- ✓ \$330,000 to integrate Capitol Patrol officers into the Oklahoma Highway Patrol.

\$350,000 was appropriated to DPS to complete a \$1 million replacement of the Bryan County troop headquarters building. (SB 965)

The Legislature voted to more than double funding for the Highway Patrol to replace aging vehicles. Increased fines for speeding, reckless driving and DUI are expected to generate more than \$3.0 million for the Highway Patrol vehicles budget, enough to purchase some 180 new vehicles. The patrol has more than 330 vehicles that have logged over 100,000 miles. (HB 1920)

Oklahoma Highway Patrol Troopers



HB 2100 authorizes the transition to digital drivers' licenses. Over several years, the Department of Public Safety (DPS) is planning to replace its outdated film-based system with digital drivers licenses, which will help combat fraud and under-age drinking.

The Legislature authorized a DPS patrol academy for FY'01 using non-appropriated revenues. New troopers may be hired under a contract with the Oklahoma Turnpike Authority, and existing Capitol Patrol officers may elect to participate in the training. (SB 965)

The Oklahoma Criminal Justice Resource Center (OCJRC) received \$34,000 for Project Exile. The project is a joint effort of the Oklahoma City Police Department; the Bureau of Alcohol, Tobacco & Firearms; the Oklahoma County District Attorney's Office; and the U.S. Attorney's Office for the Western District of Oklahoma. OCJRC will assist in the project by analyzing reported gun crimes and other data to identify trends concerning gun violence and gun offenders. (SB 909)

COURTS

Salaries for the state's 264 judges and justices were increased to the regional average by SB 959. The \$2.8 million cost was addressed by reducing the courts' employer share of judicial retirement.

The District Courts were appropriated \$203,651 to add six secretary-bailiffs and five court reporters throughout the state, and \$205,000 to address an operational shortfall. (SB 934 and SB 965)

\$100,000 was appropriated to the Supreme Court for increased operating costs. (SB 934)

The Supreme Court was appropriated \$230,000 to provide a 38% increase in state funding for legal aid services for indigent Oklahomans. The federal government has been reducing its support of such programs. (SB 934)

\$30,000 was provided to the Supreme Court for the annual Tribal Sovereignty Symposium. (SB 965)

The Court of Criminal Appeals was appropriated \$73,941 for increased operating expenses. (SB 934)

The Workers' Compensation Court will receive \$91,250 to improve storage of archived files.

LEGAL SERVICES

\$1,032,214 was appropriated to the District Attorney's Council to pay costs of the \$2,000 state employee pay increase for DA employees. (SB 965 and HB 2260)

\$250,000 was appropriated for a statewide management information system used by District Attorneys. The Oklahoma District Attorneys Wide Area Network will allow the 27 prosecutorial districts

to exchange criminal justice information electronically among themselves, with the courts and with the Oklahoma State Bureau of Investigation's criminal background database.

The District Attorney's Council received \$50,000 to pay for evidence analysis used by prosecutors. The new funding triples the amount allocated for that purpose in FY'00. (SB 940)

The Legislature passed a \$383,358 pay parity plan for the Oklahoma Indigent Defense System (OIDS), whose staff attorneys have been paid between 7% and 16% less than assistant district attorneys with comparable experience. \$160,000 in appropriations will be coupled with internal agency savings to support the pay raise. (SB 940 and SB 965)

SB 1381 allows OIDS to conduct DNA testing on prisoners whose criminal convictions hinged on outdated scientific evidence. An appropriation of \$250,000 will be used to hire staff to review cases and to pay for DNA tests. (SB 940)

The Attorney General's Office was appropriated \$134,902 for expanded operations: (SB 940)

- ✓ \$76,500 for an additional death penalty appeals attorney. The current staff of four attorneys has been litigating the appeals of 145 death row murderers.
- ✓ \$29,652 for an additional staff person to support operations of multi-county grand juries.

VICTIMS SERVICES

SB 1434 adds hit-and-runs to the list of crimes whose victims may seek cash assistance from the Crime Victims Compensation Revolving Fund. The bill also expands from four months to two years the period during which victims may seek reimbursement for crisis counseling costs.

GENERAL GOVERNMENT

The State Auditor and Inspector's office received a \$1.2 million supplemental appropriation to improve its information systems technology. The computer upgrades will help ensure continued federal funding of programs through compliance with the Single Audit Act, as well as aid in more efficient and effective oversight of government. (SB 142)

Funding was provided to the Oklahoma Quality Award Foundation which provides course work to familiarize businesses, schools, health care facilities and local governments with the latest methods in productivity improvement. (SB 965)

PUBLIC EMPLOYEES

SB 959, a \$39.8 million pay raise package for all state employees, was approved and signed into law April 6, 2000. The bill provides each state employee a \$2,000 annual pay increase effective October 1, 2000. Agencies were appropriated funds to pay cost of the raises in the HB 2260, the GA bill.

SB 994 addresses retirement benefits in a number of state retirement systems:

- ✓ Provides a 4.7% Cost of Living Adjustment (COLA) for members of the Firefighters and Police Pension Systems.
- ✓ Provides a 3% COLA for members of the Law Enforcement Retirement System (OLERS).
- ✓ Provides a 3% COLA for members of the Justices and Judges Retirement System.
- ✓ Provides a Final Average Salary adjustment COLA that averages 1.8% increase for members of the Teachers Retirement System (OTRS).
- ✓ Provides a Final Average Salary adjustment COLA that averages 5% for members of the Public Employee Retirement System (OPERS).
- ✓ Increases the monthly medical supplement for applicable members of OPERS, OTRS, OLERS and the judicial system from \$75 to \$105.

AGRICULTURE

The Legislature provided \$100,000 new funding to the Department of Agriculture for the Agriculture Enhancement and Diversification Program. The addition brings to \$250,000 the amount budgeted for grants and loans to individuals, cooperatives and other agricultural interest groups. The program will focus on new, expanded or value-added uses of agricultural products. (SB 924)

The Legislature funded the International Livestock Development Program with a \$60,000 appropriation. The program helps livestock producers market their livestock to foreign countries. Current efforts target sales to Mexico and South America. (SB 924)

CONSERVATION COMMISSION

With a redirection of funds, the Legislature provided \$1.5 million for the Cost-Share Program to aid farmers and landowners in implementing best management practices. The funds were further

directed to match federal Clean Water Act non-point source pollution funding. (HB 2227)

Funds were dedicated to replace federal budget cuts in the Conservation District offices. The funds will be used to pay for the salaries of district office support personnel. (HB 2272)

The Legislature funded the third and final year of the Geographic Information System (GIS) digital orthophotography program. The state-federal initiative involves the digitization and analysis of aerial photographs of Oklahoma. The resulting data will be used for industrial, economic, environmental, conservation, educational, and community planning and development. (HB 2260)

ENVIRONMENT

The Legislature dedicated \$1 million to the implementation of the third year of the Beneficial Use Monitoring Program (BUMP) administered by the Oklahoma Water Resources Board (OWRB), designed to protect the quality of the state's water resources. (HB 2272)

A \$225,000 supplemental appropriation was approved April 3, 2000 for FY'00 costs of the OWRB's BUMP activities

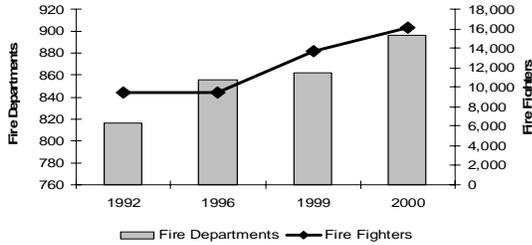
\$2.1 million was dedicated for the Drinking Water State Revolving Fund (DWSRF). The DWSRF will match in excess of \$10.7 million in federal funds for communities and rural water districts to secure low-interest loans for construction and maintenance of drinking water facilities, sewage treatment plants and water storage and distribution systems. This program is administered by the OWRB and the Department of Environmental Quality (DEQ). (HB 2272)

The Legislature authorized the Department of Environmental Quality to use 8 FTE throughout the state to improve the service that waste tire collectors provide to tire dealers. The employees will work as liaisons with tire dealers and engage in other solid waste clean-up activities. (HB 2235)

RURAL FIRE

Over the past five years, federal matching funds for rural fire protection and training have diminished. The state continues to replace these funds to protect private and public land and structures from fire damage, to train volunteer firefighters, and to provide sufficient equipment to the 900 fire departments in the state.

The Legislature's investment in the Rural Firefighter program has yielded annual insurance ratepayer savings in excess of \$30 million due to reduced risk ratings on Oklahomans' property.



The Legislature provided funding for various rural fire initiatives:

- ✓ Workers' Compensation Coverage: Funds were dedicated to assist volunteer fire departments across the state comply with workers' compensation coverage laws. (SB 924)
- ✓ Rural Fire Training Centers: Funds were used in conjunction with capital bond allocations for the construction of rural fire training centers throughout the state. (SB 924 & HB 2260)
- ✓ Rural Fire Surplus Property Program: The \$100,000 program through the Oklahoma Department of Agriculture (ODA) will allow the state to purchase surplus federal property for statewide use. Funds will purchase 20 vehicles. (SB 924)
- ✓ Rural Fire Defense Equipment Fund: The \$50,000 program allows the State Department of Agriculture to purchase surplus property for the state's fire departments. Funds will allow for equipment to be purchased for about 30 departments per year. (SB 924)

TOURISM

The Legislature appropriated \$250,000 to address the costs associated with operation of welcome centers throughout the state. The state operates 12 welcome centers, with new centers scheduled to open this year in Catoosa and Colbert. (SB 930)

\$300,000 was provided to support the opening of the Quartz Mountain Arts and Conference Center. The funds will pay the management contract and defray losses associated with the delayed opening of the facility. (SB 930)

A \$400,000 supplemental appropriation to the Tourism Department was approved April 3, 2000 for water and sewer projects at five state parks during FY'00.

A \$300,000 supplemental appropriation to the Tourism Department was approved April 3, 2000 for a management contract at the Quartz Mountain facility.

The Legislature appropriated \$100,000 to the Oklahoma Tourism and Recreation Department for reproduction of the Oklahoma Today Magazine Oklahoma City Bombing Memorial Issue. The issue will be available for purchase at the new Center for Anti-Terrorism to be located in the Journal Record Building. (SB 930)

The Will Rogers Memorial Commission was appropriated \$200,000 to begin construction of a welcome and visitor education center in Vinita along the Will Rogers Turnpike. In addition to housing exhibits honoring the life and contribution of Will Rogers, the facility will promote Oklahoma tourism. (HB 2213)

ECONOMIC DEVELOPMENT

The Legislature passed a number of pieces of legislation designed to stimulate the economic growth of the state. SB 1326 modified the successful Quality Jobs Program by providing:

- ✓ Additional incentives for businesses that locate in Opportunity Zones, counties with per capita income below 80% of the state average, with slow population growth or high unemployment;

Sector	3 Year Jobs Estimate	Avg. Est. 3rd Year Salary
All Manufacturing	28,470	\$26,152
Services Sectors	27,664	\$31,243
Back Off./Admin. Ops.	9,909	\$26,294
Total	66,043	\$28,306

- ✓ A net benefit rate of 5% of payroll for qualified companies;
- ✓ A new salary threshold of \$22,500 in 2001 and \$26,000 in 2002 and thereafter for metropolitan, high employment counties to qualify for Quality Jobs Payments.

HB 2010 creates a variety of new economic development programs and incentives:

- ✓ A new Rural Venture Capital Formation Incentive that provides tax credits for investment in small rural businesses;

- ✓ State level incentives to match sales tax exemptions granted by local governments for construction or expansion of facilities;
- ✓ An income tax credit equal to property tax abatement received by local business enterprise constructing or expanding a facility within an Enterprise Zone;
- ✓ Allows leased payroll to qualify toward payroll threshold for ad valorem exemptions.

SB 1324 Modifies the Small Business Capital Formation Incentive Act to allow lending institutions to claim tax credits for investment in businesses in which they are a partner.

HISTORICAL SOCIETY

The Legislature approved a supplemental appropriation of \$2.3 million on April 19 to complete construction of the Oklahoma City Bombing Memorial and Center for Anti-Terrorism. The action coincided with the dedication ceremony of the Murrah Bombing Memorial. (HB 2021)

The Legislature appropriated \$100,000 for personnel and development of exhibits for the State History Center. The museum and research center is scheduled for completion in 2002. (HB 2213)

In anticipation of the state's 2007 centennial celebration, funds were appropriated to write and produce an encyclopedia of Oklahoma History and Culture. The Oklahoma Historical Society will also seek private and federal funds for the project. (HB 2213)

FY'00 SUPPLEMENTAL APPROPRIATIONS

SB 142, enacted February 21, appropriated supplemental FY '00 funding as follows:

- ✓ \$1.2 million to the Office of the State Auditor and Inspector to improve its information systems technology.
- ✓ \$5.6 million for State Department of Education for the flexible benefit allowance of support and certified personnel.
- ✓ \$1 million for Department of Central Services capital improvements.
- ✓ \$9.3 million for the Oklahoma Health Care Authority for the medically needy program, prescription drugs, behavioral health services, and increased Medicaid enrollment.

SB 946, enacted April 3, provided FY'00 supplemental appropriations as follows:

- ✓ \$8.2 million to the Department of Corrections for shortfalls in its budget for contract prison beds, inmate health care, and bond payments.
- ✓ \$500,000 to OSBI to clean up clandestine methamphetamine laboratories.
- ✓ \$225,000 to the Oklahoma Water Resources Board for the Beneficial Use Monitoring Program (statewide water quality monitoring program).
- ✓ \$300,000 to the Oklahoma Tourism and Recreation Department for payment of an operations management contract at the Quartz Mountain Arts and Conference Center.
- ✓ \$400,000 to the Oklahoma Tourism and Recreation Department for water and sewer projects at five state parks.

HB 2021, enacted April 19, provided a supplemental appropriation of \$2.3 million to complete construction of the Oklahoma City Bombing Memorial and Center for Anti-Terrorism. The action coincided with the dedication ceremony of the Murrah Bombing Memorial.

SB 951, passed by the Legislature May 25, appropriates \$1.25 million to the Department of Corrections for shortfalls in its FY'00 budget for contract prisons and inmate health care.

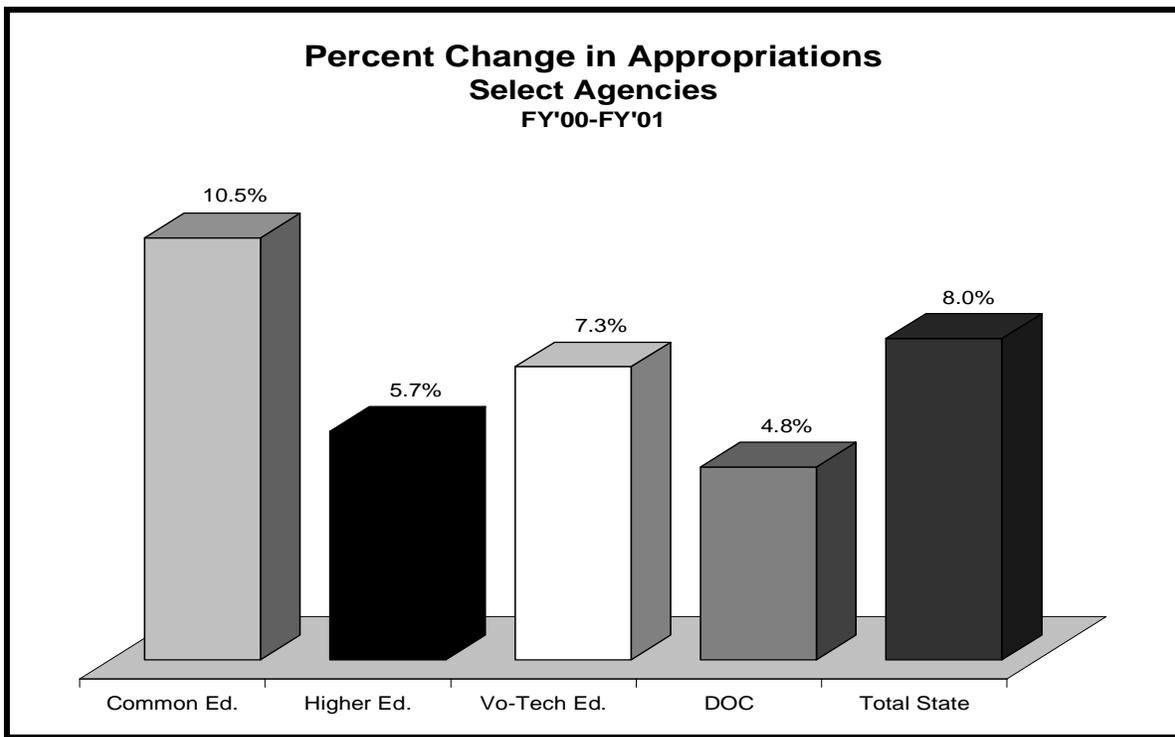
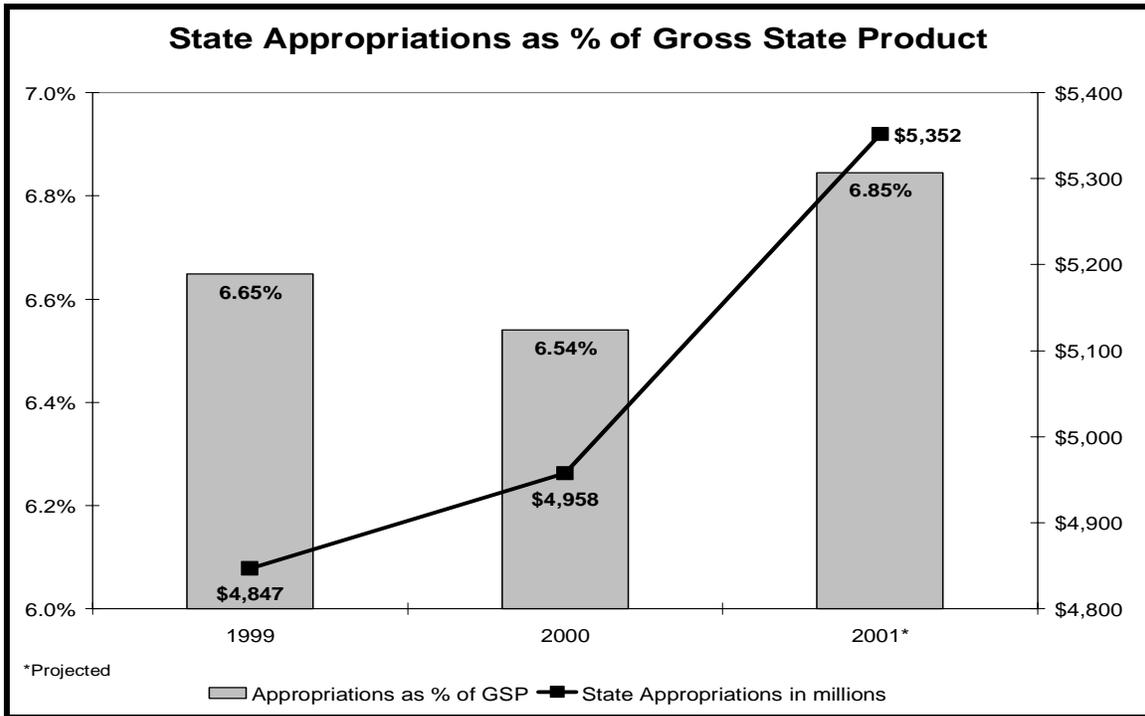
STATE BOND ISSUE

SB 973 authorizes expenditure of \$157.5 million in bond proceeds for Phase II of the original \$315 million state bond program initiated in 1998. Phase II projects encompass capital needs in several state agencies.

RAINY DAY FUND

Governor Frank Keating declared an emergency pursuant to Section 23 of Article 10 of the Oklahoma Constitution to trigger expenditures of \$72.6 million from the Rainy Day Fund as follows (SB 960):

- ✓ \$70,643,612 to the Department of Transportation for the fourth year of the Capital Improvement Program;
- ✓ \$1 million to the State Emergency Fund; and
- ✓ \$1 million to the Oklahoma Water Resources Board for weather modification.



SUMMARY OF APPROPRIATIONS

<u>Agency</u>	<u>FY'00 Appropriation</u>	<u>FY'01 Appropriation</u>	<u>\$ Change from FY'00</u>	<u>% Change from FY'00</u>
Subcommittee on Education				
Arts Council	\$4,083,091	\$4,255,497	\$172,406	4.2%
Education, State Department of	\$1,784,826,959	\$1,971,371,430	\$186,544,471	10.5%
Educational Television Authority	\$3,441,158	\$3,685,817	\$244,659	7.1%
Higher Education, Regents for	\$772,165,329	\$816,172,157	\$44,006,828	5.7%
Land Office, Commissioners of	\$4,135,788	\$4,233,763	\$97,975	2.4%
Libraries, Department of	\$6,602,568	\$6,960,586	\$358,018	5.4%
Physician Manpower Training Commission	\$5,438,784	\$5,449,660	\$10,876	0.2%
Private Vocational Schools, Board of	\$163,601	\$169,117	\$5,516	3.4%
Science & Technology, Center for	\$11,624,513	\$12,158,041	\$533,528	4.6%
Science & Math, School of	\$4,618,734	\$5,304,070	\$685,336	14.8%
Teacher Preparation, Commission on	\$1,589,601	\$2,330,425	\$740,824	46.6%
Vocational Technical Education, Department	\$116,516,707	\$125,023,744	\$8,507,037	7.3%
Subtotal	\$2,715,206,833	\$2,957,114,307	\$241,907,474	8.9%
Subcommittee on General Government and Transportation				
Aeronautics & Space Commission	\$0	\$500,000	\$500,000	N/A
Auditor and Inspector	\$5,871,807	\$6,075,964	\$204,157	3.5%
Central Services, Department of	\$13,224,437	\$13,528,930	\$304,493	2.3%
Civil Emergency Management Administration	\$740,561	\$762,369	\$21,808	2.9%
Commerce, Department of	\$22,934,902	\$25,653,941	\$2,719,039	11.9%
Election Board	\$7,384,036	\$7,545,503	\$161,467	2.2%
Ethics Commission	\$446,511	\$508,730	\$62,219	13.9%
Finance, Office of State	\$8,850,901	\$9,075,805	\$224,904	2.5%
Governor	\$2,704,712	\$2,772,408	\$67,696	2.5%
House of Representatives	\$18,009,339	\$18,556,604	\$547,265	3.0%
Legislative Service Bureau	\$2,138,400	\$2,261,478	\$123,078	5.8%
Lt. Governor	\$508,829	\$521,101	\$12,272	2.4%
Merit Protection Commission	\$574,180	\$595,046	\$20,866	3.6%
Military, Department of	\$6,945,322	\$7,666,836	\$721,514	10.4%
Personnel Management	\$5,454,225	\$5,617,759	\$163,534	3.0%
Secretary of State	\$455,582	\$514,267	\$58,685	12.9%
Senate	\$12,665,972	\$13,017,287	\$351,315	2.8%
Spaceport Authority	\$0	\$150,000	\$150,000	N/A
Tax Commission	\$47,587,292	\$50,680,269	\$3,092,977	6.5%
Transportation, Department of	\$320,316,334	\$310,537,259	(\$9,779,075)	-3.1%
Treasurer	\$5,083,878	\$5,482,722	\$398,844	7.8%
Subtotal	\$481,897,220	\$482,024,278	\$127,058	0.0%
Subcommittee on Health and Social Services				
Health Care Authority	\$333,797,217	\$362,804,698	\$29,007,481	8.7%
Health, Department of	\$65,788,803	\$69,300,271	\$3,511,468	5.3%
J.D. McCarty Center	\$1,881,252	\$2,070,083	\$188,831	10.0%
University Hospitals Authority	\$26,576,556	\$32,497,970	\$5,921,414	22.3%
Veterans Affairs, Department of	\$20,316,847	\$22,791,233	\$2,474,386	12.2%
Subtotal	\$448,360,675	\$489,464,255	\$41,103,580	9.2%
Subcommittee on Human Services				
Children and Youth, Commission on	\$1,649,688	\$1,940,308	\$290,620	17.6%
Handicapped Concerns, Office of	\$372,968	\$402,233	\$29,265	7.8%
Human Rights Commission	\$797,678	\$816,753	\$19,075	2.4%
Human Services, Department of	\$362,713,658	\$386,227,781	\$23,514,123	6.5%
Indian Affairs, Commission of	\$250,161	\$287,843	\$37,682	15.1%
Juvenile Affairs	\$98,610,847	\$100,442,925	\$1,832,078	1.9%
Mental Health & Substance Abuse Services	\$127,852,286	\$137,561,733	\$9,709,447	7.6%
Rehabilitation Services, Department of	\$23,403,864	\$24,283,206	\$879,342	3.8%
Subtotal	\$615,651,150	\$651,962,782	\$36,311,632	5.9%

<u>Agency</u>	<u>FY'00 Appropriation</u>	<u>FY'01 Appropriation</u>	<u>\$ Change from FY'00</u>	<u>% Change from FY'00</u>
Subcommittee on Natural Resources and Regulatory Services				
Agriculture, Department of	\$26,194,047	\$26,908,940	\$714,893	2.7%
Banking, Department of	\$2,746,546	\$3,118,816	\$372,270	13.6%
Centennial Commission	\$0	\$340,000	\$340,000	N/A
Conservation Commission	\$7,246,731	\$7,522,104	\$275,373	3.8%
Consumer Credit, Department of	\$747,090	\$774,670	\$27,580	3.7%
Corporation Commission	\$9,222,199	\$9,773,537	\$551,338	6.0%
Environmental Quality, Department of	\$6,756,370	\$7,651,276	\$894,906	13.2%
Historical Society	\$7,504,120	\$7,597,030	\$92,910	1.2%
Horse Racing Commission	\$2,192,000	\$2,258,390	\$66,390	3.0%
Insurance Commissioner	\$2,877,952	\$2,965,978	\$88,026	3.1%
J.M. Davis Memorial Commission	\$377,308	\$392,397	\$15,089	4.0%
Labor, Department of	\$3,725,830	\$3,882,940	\$157,110	4.2%
Liquefied Petroleum Gas Board	\$424,937	\$458,777	\$33,840	8.0%
Mining Board	\$862,011	\$942,282	\$80,271	9.3%
Securities Commission	\$649,298	\$704,525	\$55,227	8.5%
Tourism and Recreation, Department of	\$31,621,425	\$29,862,485	(\$1,758,940)	-5.6%
Water Resources Board	\$8,761,689	\$9,418,598	\$656,909	7.5%
Will Rogers Memorial Commission	\$683,640	\$904,323	\$220,683	32.3%
Subtotal	\$112,593,193	\$115,477,068	\$2,883,875	2.6%
Subcommittee on Public Safety and Judiciary				
Alcoholic Beverage Laws Enforcement	\$3,852,862	\$4,084,576	\$231,714	6.0%
Attorney General	\$6,335,764	\$6,869,686	\$533,922	8.4%
Corrections, Department of	\$346,829,779	\$364,253,162	\$17,423,383	5.0%
Court of Criminal Appeals	\$2,571,828	\$2,720,270	\$148,442	5.8%
District Attorneys and DAC	\$29,880,853	\$31,013,067	\$1,132,214	3.8%
District Courts	\$37,257,237	\$38,853,817	\$1,596,580	4.3%
Fire Marshal	\$1,705,235	\$1,815,364	\$110,129	6.5%
Indigent Defense System	\$13,986,560	\$14,648,539	\$661,979	4.7%
Investigation, State Bureau of	\$9,930,247	\$10,950,072	\$1,019,825	10.3%
Judicial Complaints, Council on	\$293,904	\$300,504	\$6,600	N/A
Law Enforcement Education and Training	\$2,771,522	\$2,858,635	\$87,113	3.1%
Medicolegal Investigations, Board of	\$3,764,338	\$3,438,913	(\$325,425)	-8.6%
Narcotics and Dangerous Drugs, Bureau of	\$5,404,809	\$5,665,596	\$260,787	4.8%
Pardon and Parole Board	\$1,887,950	\$2,052,545	\$164,595	8.7%
Public Safety, Department of	\$67,915,246	\$69,992,993	\$2,077,747	3.1%
Supreme Court	\$12,624,659	\$12,757,207	\$132,548	1.0%
Workers' Compensation Court	\$3,974,430	\$4,238,754	\$264,324	6.7%
Subtotal	\$550,987,223	\$576,513,700	\$25,526,477	4.6%
Rural Economic Action Plan	\$15,500,000	\$15,500,000	\$0	0.0%
Tobacco Settlement Trust Fund	\$0	\$50,000,000	\$50,000,000	N/A
Capital Improvement Fund	\$0	\$11,600,000	\$11,600,000	N/A
Charter Schools Incentive Fund	\$1,000,000	\$0	(\$1,000,000)	-100.0%
Governor's Emergency Fund	\$4,000,000	\$1,000,000	(\$3,000,000)	-75.0%
OESC Welfare to Work	\$5,665,410	\$0	(\$5,665,410)	-100.0%
Deferred Savings Plan (OPERS)	\$6,800,000	\$93,000	(\$6,707,000)	-98.6%
FY'00 Supplementals	\$30,033,712			
GRAND TOTAL	\$4,987,695,416	\$5,350,749,390	\$363,053,974	7.3%