

The image shows the cover of a report. It features two flags: the United States flag on the left and the Oklahoma state flag on the right. The background is a dark, solid color. The title is centered in white, bold, sans-serif font. The author and date are at the bottom in a smaller white font.

**OKLAHOMA SENATE**

**OVERVIEW  
OF  
STATE  
ISSUES**

**REPORT BY SENATE STAFF**

**SEPTEMBER 2008**

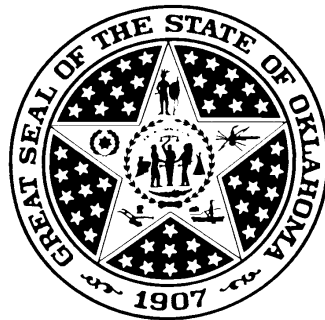
# OKLAHOMA SENATE

## Overview of State Issues

September 2008

State Senate Staff  
State Capitol Building  
Suite 309  
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## INTRODUCTION

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*Oklahoma Senate Overview of State Issues* is designed to provide a convenient summary of budget and taxation issues that face Oklahoma's Legislature. Though full of factual groundwork, this book's goal is also to put issues in context.

Discussion begins with a brief overview of the state's economic conditions and population trends, since these dynamics so often serve as catalysts for change.

The state's tax structure is examined closely, beginning with an analysis of total taxation and how it compares with other states. Each major tax type is then presented in detail – how it is assessed, collected and spent under the law. Regional and national rate analyses are provided for each major tax type.

Overall expenditures are presented in a chapter that details the emergence of broad shifts in spending priorities. Recent bond issues for capital improvements are also highlighted.

Next is a series of chapters, each of which is dedicated to a major policy area that has been the subject of recent legislative deliberation and action. Subjects discussed include the programs and budgets of almost all major state agencies.

Where relevant, descriptions of issues include historical context and state-by-state comparisons. Programs and policies that at first may seem perplexing are more easily understood when viewed in historical context.

The information is by no means comprehensive. More information on a particular topic can be obtained by contacting the Senate staff analysts listed on the dividing page of each chapter.



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# TABLE OF CONTENTS

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<a href="#">Overview</a>	
State Economy and Demographics .....	1
State Budget.....	7
Oklahoma Taxes .....	21
<a href="#">Agriculture</a> .....	53
<a href="#">Education</a>	
Common Education .....	59
Career and Technology Education.....	83
Postsecondary Education .....	91
<a href="#">Energy and Environment</a> .....	107
<a href="#">Health and Social Services</a>	
State Department of Health.....	113
Medicaid .....	121
Mental Health and Substance Abuse Services.....	131
<a href="#">Human Services</a>	
Department of Human Services .....	141
Juvenile Justice .....	169
<a href="#">State Personnel Issues</a> .....	177
<a href="#">Public Safety and Corrections</a> .....	185
<a href="#">Tourism</a> .....	197
<a href="#">Transportation</a> .....	207

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## STATE ECONOMY AND DEMOGRAPHICS

Changes in the state marketplace and population are at the root of much of the Legislature's policy discussions. Shifts in these measures are often the catalyst for efforts to change state policies relating to social services, economic development, taxes and other areas.

### THE OKLAHOMA ECONOMY

Unlike the national economic outlook, Oklahoma economic conditions should stay strong. Oklahoma's economy has diversified in the past decade. In 2007, oil and agriculture – once the backbone of Oklahoma's economy – accounted for 16 percent of the state's total economic output, lower than the 17.5 percent share of the gross state product (GSP) in 1985.

#### Components of the 2007 Oklahoma Economy

	Dollar Amount <u>in Millions</u>	Percent <u>of Total</u>
Services	\$23,198	17.02%
Government	\$21,811	16.01%
Mining	\$19,536	14.34%
F.I.R.E.	\$17,743	13.02%
Trade	\$15,940	11.70%
Manufacturing	\$15,508	11.38%
Trans., Comm., & Util.	\$8,415	6.18%
Information	\$4,705	3.45%
Construction	\$4,450	3.27%
Other	\$2,823	2.07%
Agriculture	<u>\$2,149</u>	<u>1.58%</u>
<b>Total Gross Domestic Product</b>	<b>\$136,275</b>	<b>100.00%</b>

Source: Bureau of Economic Analysis, 2008

Despite the diversification of the economy, however, mining (which includes oil extraction) is more important to Oklahoma's economy than to the average state's economy.

The Finance, Insurance and Real Estate sector (F.I.R.E.), mining sector, and the services sector are the largest components of the Oklahoma economy. Together they comprise 44.4 percent of total state output. Oklahoma's manufacturing growth has frequently outpaced the nation's over the past several years. While the services sector is often perceived as paying low wages, it includes many of the high wage and new economy jobs such as software consulting, management and health professionals.

## **ECONOMIC OUTPUT**

The state economy's production – the gross state product or GSP – is the total amount of goods and services produced by all industries within a state.

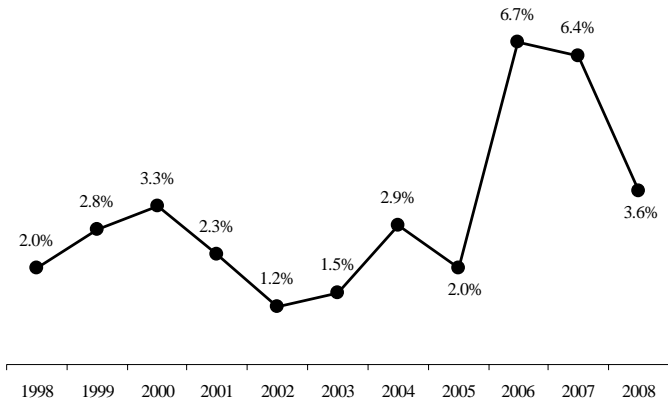
Oklahoma Real Gross State Product  
*2003 Through Projected 2008 (In Billions)*



Source: OSU College of Business Administration, Oklahoma Economic Outlook 2008 Forecast

The Real GSP, which is adjusted for price changes and is considered the most appropriate measure of state output, is forecast to increase by 3.6 percent in the year 2008, following an increase of 6.4 percent in 2007. Industries including health services will be strong and manufacturing will decline slower than the national average, due to a boost from the energy sector.

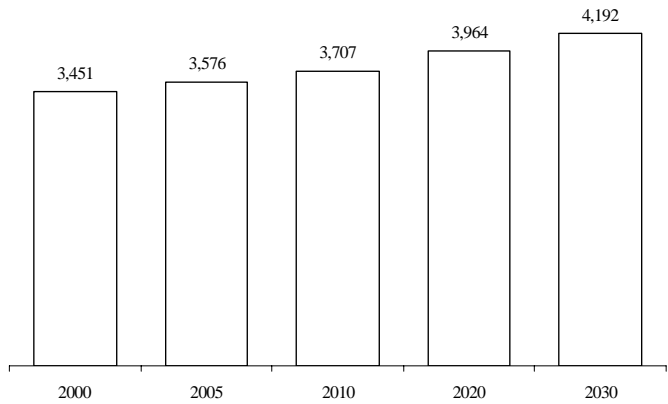
### Oklahoma Real Gross State Product Growth Rate 1998 Through 2008



Source: OSU College of Business Administration, Oklahoma Economic Outlook 2008 Forecast

## POPULATION

### Oklahoma Population Trend and Projections 2000 Through 2030 (In Thousands)



Source: Oklahoma Department of Commerce

Census projections for the year 2005 place Oklahoma as the 28th most populous state in the nation. This compares to 1995, when Oklahoma's 3.27 million residents made it the 27th most populous state. The decline in ranking between

1995 and 2005 is not due to a loss of population, because the state gained over 277,000 residents over the past ten years. Instead, the ranking drop is due to the fact that states that were smaller than Oklahoma are growing faster.

### **Projected Growth in Population**

The U.S. Census Bureau projects that Oklahoma's population will increase by 462,597 people or 13.4 percent between 2000 and 2030. This projected increase ranks 29th among states. Internal migration (from other states) comprises about 52.9 percent, natural increases (births minus deaths) account for 25.7 percent, and international migration is 11.8 percent of this growth projection.

Oklahoma's year 2006 population makes up about 1.2 percent of the nation's total population.

### **Working-Age Population**

The percentage of Oklahoma's population that is in the prime working ages – between 18 and 64 years of age – is expected to decrease from 60.9 percent in 2000 to 58.3 percent in 2020. Oklahoma has a larger percentage of young and elderly compared to the nation.

The primary reason for Oklahoma's projected decrease in the working-age proportion is the growth rate of elderly residents. Oklahoma's elderly population is projected to increase at a faster rate than the nation. By 2010, it is projected that Oklahoma will have the nation's 20th highest proportion of elderly in its population. However, by 2030 Oklahoma's proportion should be lower than the national level. If projections hold true, this trend is likely to have a profound impact on long-term tax revenues and social-service demands within the state.

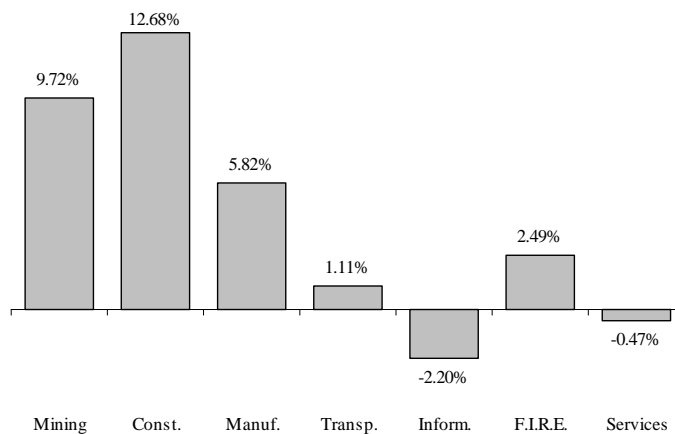
## **EMPLOYMENT AND INCOME TRENDS**

Oklahoma's average wage per job in 2007 was \$33,720 or 83 percent of the national average. This wage represents a 7.2 percent growth in wages from the 2005 average wage.

The per capita personal income (PCPI) in 2007 for Oklahoma was \$34,153 which is 88.5 percent of the national average. Per capita personal income is a broad measure of economic well-being that includes wages and salaries, proprietor income, dividends and rents, and government transfer payments. PCPI grew by 13.4 percent between 2005 and 2007 in Oklahoma; the U.S. PCPI grew at a rate of 11.09 percent. Lower wages, in addition to Oklahoma's relatively high proportion of senior citizens and children explains much of the PCPI difference.

## Oklahoma Private Sector Employment Growth Rate, by Sector

June 2008 (Percentage Difference from U.S. Average)



Source: Bureau of Labor Statistics, 2008

Oklahoma's overall employment growth rate from 2006 to 2008 was 3.25 percent, much higher than the national rate of 0.86 percent.

Oklahoma's unemployment rate of 3.9 percent in June of 2008 was below the national rate of 5.5 percent.



## STATE BUDGET

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### Appropriation Checks and Balances

In Oklahoma, projected revenues are certified by the Board of Equalization. This Board is comprised of the Governor, Lt. Governor, State Auditor and Inspector, Treasurer, Attorney General, Superintendent of Instruction and President of the State Board of Agriculture.

The Oklahoma Constitution, Article X, Sec. 23, requires a balanced budget. Appropriations are limited to 95 percent of projected revenues and can not exceed 12 percent in growth.

Any revenue collected that exceeds the certified estimate is deposited into the Constitutional Reserve (Rainy Day) Fund until it reaches a Constitutional cap of 10 percent of the prior year's General Revenue Fund. The Rainy Day Fund can be used under the following conditions:

- 3/8 of the fund can be used if General Revenue fails to meet the estimate in the current fiscal year;
- 3/8 of the fund can be used if General Revenue is projected to decline from one year to the next;
- 1/4 of the fund can be used if there is an emergency declaration by the Governor and a 2/3 vote in both the Senate and House of Representatives, or this same 1/4 can be used without the Governor's declaration if there is a 3/4 vote by Senate and House of Representatives.

The Governor has line item veto authority over all appropriation bills. Vetoes can be overridden by a super-majority vote by both the Senate and House of Representatives.

### State Budget Cycle

The state fiscal year begins on July 1 and ends on June 30 of the following year. The following is a breakdown of the budget cycle throughout that year.

- **July 1** - The new fiscal year begins.

- **July through October** – Agencies formulate their budget work program. Budget limits are set by the Legislature in the preceding legislative session. Agencies begin formulating the budget request they will present for the next legislative session. This is a good time for advocacy groups to begin talking with state agencies about funding issues.
- **October 1** – Agencies submit their budget request to the Governor and Legislature for the upcoming fiscal year.
- **November** – Appropriation Subcommittees begin analysis of agency program performance measures and begin filing related reports. No appropriations can be made to an agency until these reports have been filed.
- **December** – The Board of Equalization meets for initial certification of revenues. This is the estimate the Governor uses for his budget. This is the best time for advocacy groups to contact the Governor about programs.
- **February** – The Governor submits his budget recommendations to the Legislature on the first day of Session. The Board of Equalization meets for certification of revenues. This is the estimate the Legislature is bound by constitutionally unless it passes a bill to increase or decrease revenue and that bill is signed by the Governor.
- **February through April** – Supplemental appropriations are considered for the current fiscal year. Subcommittees hold budget hearings for the upcoming fiscal year and move substantive bills with fiscal impacts through the process. This is the best time to talk to the Legislature about budget issues.
- **Late April to May** – The Subcommittees get their budget allocation and convene GCCA. By this time, the Senate and House Appropriation Subcommittees have decided most of what they want to fund, and it is time to work out their differences.
- **May** – The Legislature begins filing appropriation bills. During Session, the Governor has 5 days to sign or veto a bill or it becomes law without his signature. If the bill is passed during the last week of Session, the Governor has 15 days to sign it or it becomes a pocket veto. Session ends on the last Friday in May.
- **June** – The Board of Equalization meets to certify any changes to certification as a result of legislation that was signed into law and to certify that the Legislature did not exceed its appropriation authority.
- **June 30** – The current fiscal year ends. Agencies submit Budget Work Programs to the Office of State Finance and the process starts over.

## State Revenues

For the fiscal year ending June 30, 2008, the total amount of funds processed by the state of Oklahoma was nearly \$26.5 billion. Not all of these funds are under the control of the Legislature. In fact, legislative appropriations only account for about 25 percent of this total, having just recently surpassed the \$7 billion mark. In general, money processed by the state comes from four basic sources:

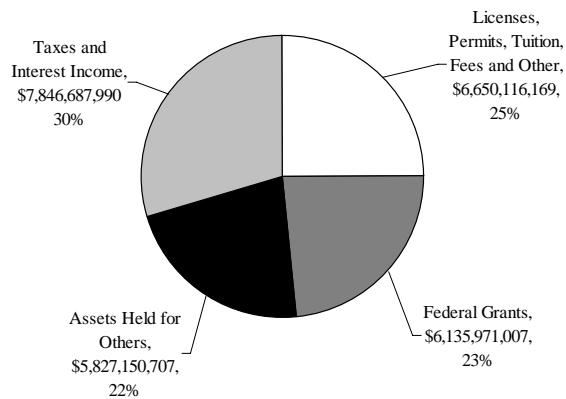
**State Taxes:** This is the primary category from which the Legislature appropriates funds to state agencies. State taxes include things such as personal and corporate income taxes, sales and use taxes, oil and natural gas gross production taxes, motor vehicle and gasoline taxes, etc. More detailed descriptions of these revenue sources can be found in the section of this book titled “Oklahoma Taxes.”

**Licenses, Permits, Tuition, Fees and Other:** These revenue sources are often deposited directly into agency revolving funds. The major component of this funding source is the tuition and fees collected by colleges and universities. Occupational license fees are included here, as are things such as driver license fees and hunting and fishing license fees.

**Federal Grants:** State agencies administer funds from federal agencies such as the U.S. Department of Education, U.S. Department of Health and Human Services, and U.S. Department of Transportation. Some examples of the programs they administer include Medicaid, Food Stamps and WIC.

**Assets Held for Others:** These are funds which are processed on behalf of other governmental entities and employees. They consist of local sales tax revenues collected by the state and disbursed back to cities and towns as well as funds for state employee retirement systems and employee benefit systems.

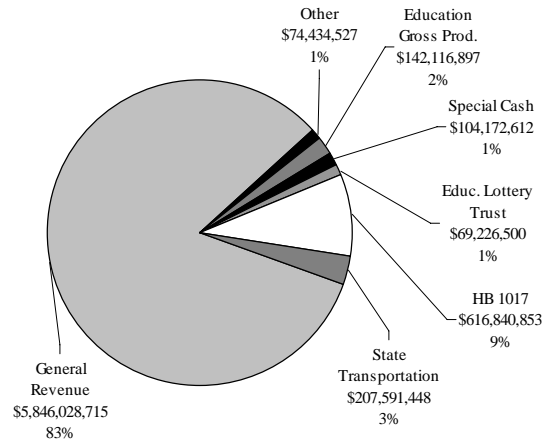
Total Funds Processed  
Fiscal Year Ending June 30, 2008



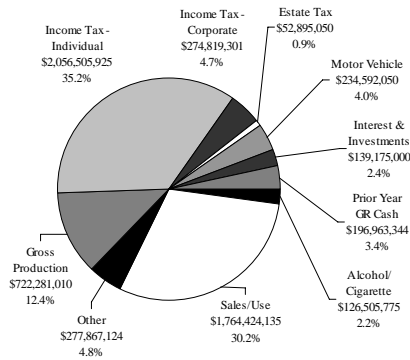
## Legislative Appropriation Authority

The Board of Equalization certifies funds for the Legislature to appropriate and also provides estimates for some of the major agency revolving funds such as the Common Education 1017 Fund. It does not provide estimates for every revolving fund that the Legislature uses for appropriation. Revenues that were included in the Board's FY'09 certification packet totaled just over \$7 billion. Summaries of the major revenue categories are detailed below.

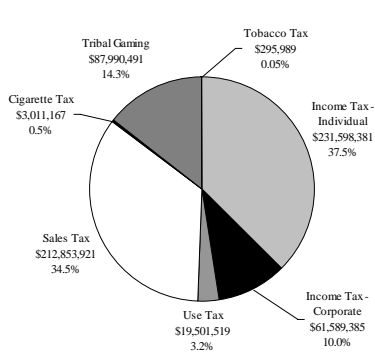
### State Revenues by Major Category, FY'09



### General Revenue Fund by Major Category, FY'09



### HB 1017 Fund by Major Category, FY'09

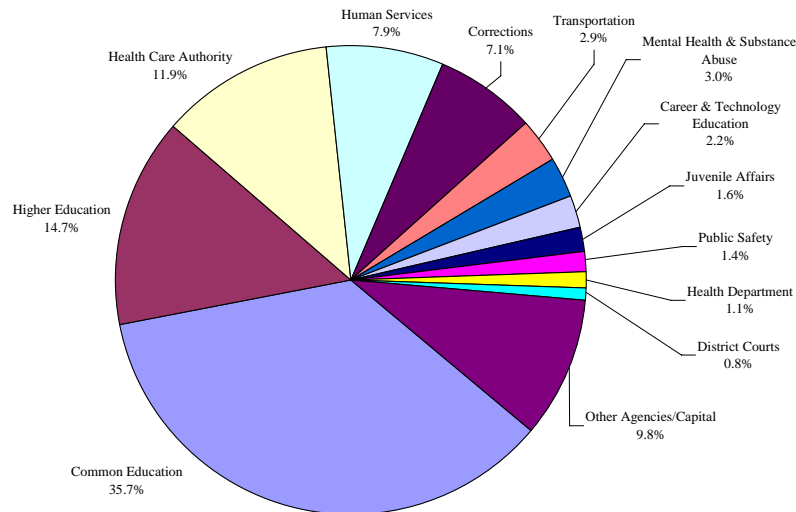


## State Expenditures

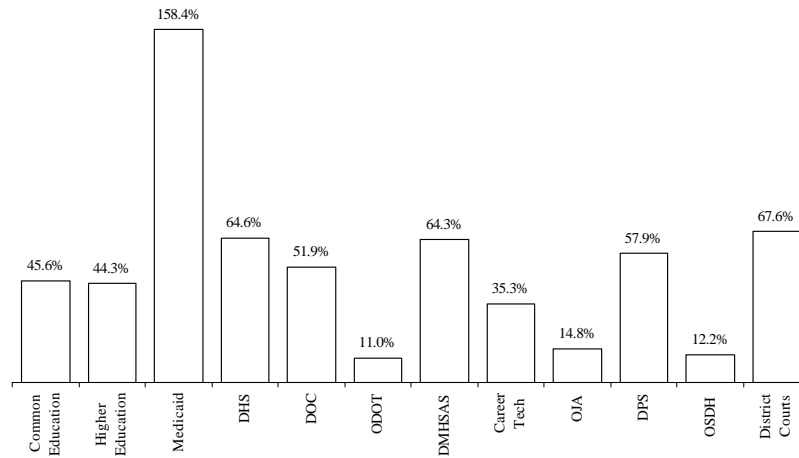
State appropriations should reflect the priorities of taxpayers. In Oklahoma, those priorities have consistently included education, health care, public safety and transportation. Seventy-eight state agencies received appropriated dollars in FY'09 totaling \$7,089,139,923. Approximately 90.4 percent of state appropriations were allocated to ten state agencies. This left 9.6 percent of the budget to split among the remaining 68 state agencies.

	FY'99	FY'09	Dollar	Percent
	<u>Appropriation</u>	<u>Appropriation</u>	<u>Change</u>	<u>Change</u>
Common Education	\$1,738,531,635	\$2,531,702,553	\$793,170,918	45.6%
Higher Education	\$757,862,120	\$1,039,886,280	\$282,024,160	37.2%
Health Care Authority	\$325,846,050	\$842,122,261	\$516,276,211	158.4%
Human Services	\$339,685,593	\$559,107,190	\$219,421,597	64.6%
Corrections	\$331,165,993	\$503,000,000	\$171,834,007	51.9%
Transportation	\$331,375,377	\$207,691,448	-\$123,683,929	-37.3%
Mental Health & Substance Abuse	\$127,593,452	\$209,579,129	\$81,985,677	64.3%
Career & Technology Education	\$116,939,996	\$158,269,736	\$41,329,740	35.3%
Juvenile Affairs	\$97,824,095	\$112,254,258	\$14,430,163	14.8%
Public Safety	\$61,544,635	\$97,170,391	\$35,625,756	57.9%
Health Department	\$66,858,510	\$75,028,113	\$8,169,603	12.2%
District Courts	\$34,647,308	\$58,067,785	\$23,420,477	67.6%
<b>FY'09 Subtotal (90.4% of Total)</b>	<b>\$4,329,874,764</b>	<b>\$6,393,879,144</b>	<b>\$2,064,004,380</b>	<b>47.7%</b>
Other Agencies/Capital	\$547,359,543	\$695,260,779	\$147,901,236	27.0%
<b>Total Appropriations</b>	<b>\$4,877,234,307</b>	<b>\$7,089,139,923</b>	<b>\$2,211,905,616</b>	<b>45.4%</b>

## Share of All FY'09 Appropriations by Agency



## Top Ten Agency Appropriations Percent Change FY'99 to FY'09



The largest budget increase in the last decade has been at the Oklahoma Health Care Authority, which administers the Medicaid Program. The 158% increase reflected here can be split into almost equal thirds between federal matching fund reductions, provider rate increases and growth in enrollment and utilization.

Many of the expenditure increases at DHS and ODMHSAS were actually implemented to save money in other areas. A significant investment in Drug Courts, PACT Teams, Systems of Care and other outcome based programs at ODMHSAS are expected to save money at DOC, DHS, OJA, Common Education and ODMHSAS itself. DHS has made a significant investment in the Advantage Waiver Program, which reduces nursing home costs in the budget for OHCA.

Common Education and Higher Education budgets have increased about 45% each over the last decade. The figures for Higher Education include OHLAP Scholarship funds which are apportioned by the Board of Equalization.

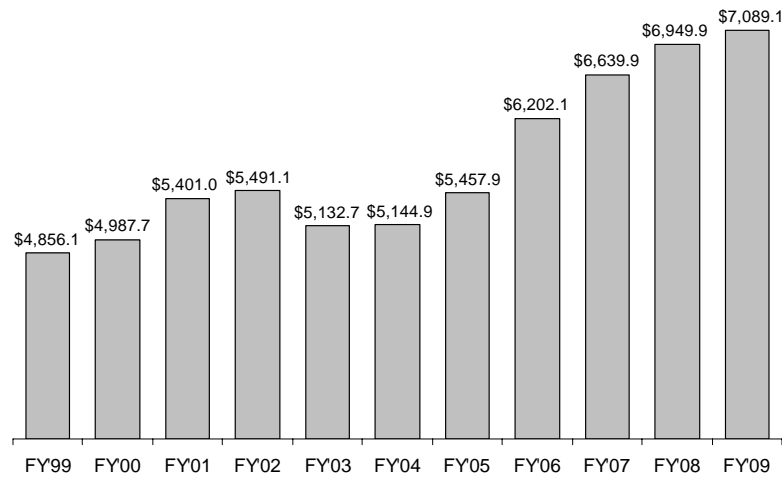
Significant investments have been made in the area of public safety with substantial increases at DOC, DPS and the District Courts.

Recent legislation will greatly increase funding for Oklahoma's transportation infrastructure. ODOT will receive \$30 million annually until the ROADS Fund reaches a balance of \$360 million. This means that State funding for ODOT will more than double over the next decade.

## Appropriation History FY'99 to FY'09

State expenditures were relatively constant in the early half of the decade. Revenues were affected in FY'03 and FY'04 by the terrorist attacks of 2001. They began to rebound in 2004, and significant gains were made in FY'05 and FY'06. The implementation of major tax reductions beginning in FY'07 and a slow down in the national economy in FY'08 and FY'09 have contributed to more moderate expenditure growth in recent years.

### 10-Year Appropriation History



### FY'09 Appropriation Overview

The General Appropriation (GA) Bill for the 2008 legislative session was HB 2276. That bill, in conjunction with several single agency appropriation bills passed in the final week of the session, appropriated a total amount of \$7,089,139,923. There are several ways to calculate the difference in this appropriation from the amount appropriated for FY'08. For the purposes of this document, the FY'08 figure used will be \$6,949,972,276. This is the amount appropriated in FY'08 including \$30.6 million in supplemental appropriations. Another \$73 million in supplemental appropriations were provided to Common Education. Those funds are not included in this total because they did not increase the total budget of the agency. They simply made up for revenue failures in the HB 1017 Fund. Approximately \$152.5 million of items considered to be "one-times" have also been removed from this FY'08 total. The resulting comparison reflects the actual differences in the operating budgets of the agencies for FY'08 versus FY'09. As the charts that follow indicate, agencies will have \$139,167,647 more state dollars to spend for general operations in FY'09 than in FY'08. This is a 2.0 percent increase.

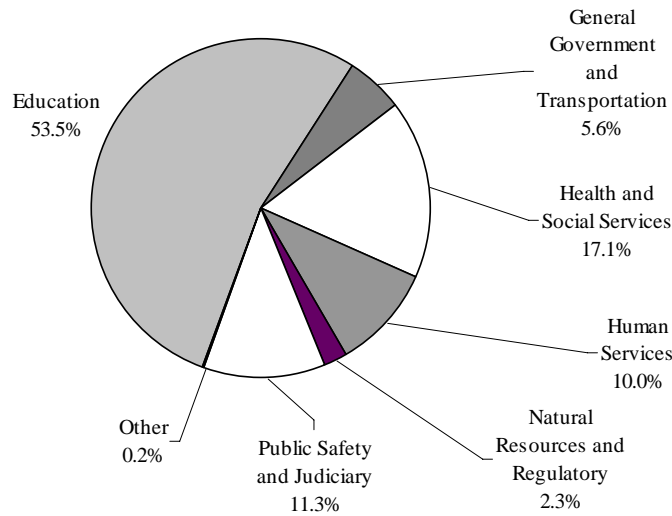
### FY'09 Appropriation by Major Program Area

Of all money appropriated by the Legislature in FY'09, 53.5 cents of each dollar went to education agencies such as common education, higher education and career technology. The rest of the pie is split in varying shares to the other major state government areas, each of which is supervised by a corresponding appropriation subcommittee.

### Comparison of Funding by Subcommittee FY'08 and FY'09 (In Millions)

	FY'08 Approp.	FY'09 Approp.	Change	
			Dollar	Percent
Education	\$3,756.0	\$3,793.6	\$37.6	1.0%
General Government & Transportation	\$377.4	\$396.9	\$19.5	5.2%
Health and Social Services	\$1,139.5	\$1,214.7	\$75.2	6.6%
Human Services	\$702.4	\$705.4	\$3.0	0.4%
Natural Resources and Regulatory Services	\$157.0	\$160.0	\$3.0	1.9%
Public Safety and Judiciary	\$802.1	\$803.0	\$0.9	0.1%
REAP	\$15.5	\$15.5	\$0.0	0.0%
<b>Total</b>	<b>\$6,949.9</b>	<b>\$7,089.1</b>	<b>\$139.2</b>	<b>2.0%</b>

### Share of All FY'09 Appropriations by Subcommittee



## **FY'09 Budget Issues**

The sections that follow are a very brief synopsis of the budget issues that faced the 2008 Legislature. A more detailed breakdown of the budget is provided in a separate publication, the **FY'09 APPROPRIATIONS REPORT**.

### **Common Education**

Common Education was appropriated a total of \$2,531,702,553. This is an increase of \$21,289,991 (0.8 percent) over the FY'08 appropriation of \$2,510,412,567. Funding changes are as follows:

- \$130,590 in obsolete funding for the Small School Incentive Grant Program was removed from the agency's budget;
- \$1,073,604 in one-time funding for the Science and Mathematics Advanced Recruiting Technique Program was removed from the agency's budget;
- \$968,328 was removed from the agency's budget in order to account for the certified adjustment of the lottery revenue allocation for the School Consolidation Assistance Fund;
- \$968,328 was removed from the agency's budget in order to account for the certified adjustment of the lottery revenue allocation for the Teachers' Retirement System Dedicated Revenue Revolving Fund;
- \$16,811,125 in additional funding was appropriated to the agency in order to fund employer contribution rate increases for Teachers' Retirement;
- \$1,850,000 in additional funding was provided for National Certification Bonuses for school psychologists, speech-language pathologists, and audiologists;
- \$128,866 was provided for the Federal School Lunch Program Match;
- \$3,000,000 in additional funding was provided for required remediation for students who do not score at least at the satisfactory level on the eighth-grade criterion-referenced tests in reading and mathematics beginning with the 2007-08 school year;
- \$450,000 in additional funding was provided for the Rural Infant Stimulation Environment (RISE) Program; and
- \$200,000 in additional funding was provided for legal services for a district that meets certain requirements.

### **Postsecondary Education**

Higher Education was appropriated a total of \$1,039,886,280. This is an increase of \$13,420,611 (1.3 percent) from the FY'08 appropriation of \$1,026,465,669. Funding Changes are as follows:

- \$48,105,000 in OHLAP (Oklahoma's Promise) funding was removed from the agency's budget, as OHLAP will now be funded through dedicated revenue from the General Revenue Fund pursuant to SB 820 from the 2007 Legislative Session (\$54 million was apportioned for this purpose);

- \$1,000,000 in one-time funding for capital improvements at the University of Oklahoma was removed from the agency's budget;
- \$1,200,000 in one-time funding for capital improvements at Oklahoma State University in Tulsa was removed from the agency's budget;
- \$16,500,000 in one-time funding for capital improvements at higher education institutions was removed from the agency's budget;
- \$4,000,000 in one-time funding for a Forensics Center at the University of Central Oklahoma was removed from the agency's budget;
- \$300,000 in one-time funding for Langston University was removed from the agency's budget;
- The agency received an additional amount of \$5,796,146 in order to fund employer contribution rate increases for Teachers' Retirement;
- \$4,899,465 in additional funding was provided to the agency for debt service on the bond authorized in SB 1373 for the Endowed Chairs Program; and
- The agency received \$725,000 for the NWOSU Woodward Campus as well as \$500,000 for the Redlands Community College.

### **Career and Technology Education**

CareerTech was appropriated a total of \$158,269,736. This is an increase of \$2,720,294 (1.7 percent) over the FY'08 appropriation of \$155,549,442. Funding changes are as follows:

- \$1,200,000 in one-time funding for Metro Tech was removed from the agency's budget;
- \$692,543 was removed from the agency's budget in order to adjust for the lottery revenue certification amount for FY'09;
- The agency received an additional amount of \$1,350,294 in order to fund employer contribution rate increases for Teachers' Retirement;
- \$250,000 in additional funding was provided for the ProStart and Lodging Management Programs;
- \$70,000 in additional funding was provided for the Oklahoma Horizon Program;
- The agency received an additional amount of \$300,000 for Oilfield Training Programs;
- \$150,000 in additional funding was provided for the Great Plains Regional Public Safety Facility;
- The agency received an additional amount of \$500,000 for operational expenditures at the Inmate Skill Centers; and
- \$100,000 in additional funding was provided for the Pontotoc County Career Tech.

### **Dept of Transportation**

The Department of Transportation received an FY'09 appropriation in the amount of \$207,691,488. In addition to its appropriation, ODOT was authorized to sell

\$300 million in bonds. The legislature removed the three percent trigger that currently governs deposits to the ROADS fund and set the yearly apportionment increase at \$30 million. The cap on the ROADS fund was increased from \$270 million to \$370 million. By FY'16 ODOT will have received a total of \$2.3 billion in appropriations to the fund.

## Health Care Authority

The Oklahoma Health Care Authority (OHCA), charged with administering the state's Medicaid program, received \$842,122,261. This is a 9.1 percent increase over the agency's FY'08 appropriation. This budget assumes the Health Care Authority using \$20 million in carryover for FY'09. Major funding items include:

- \$31,000,000 for FMAP decrease. These funds will be used to replace lost Medicaid revenue due to the downward shift in the federal match Oklahoma will receive in FY'09;
- \$35,000,000 to replace FY'07 carryover that was used for operations during FY'08;
- \$13,900,000 for growth in enrollment/utilization. The agency historically trends a 9 percent to 10 percent annual growth/utilization rate. This budget includes money for a growth/utilization rate of 1.5 percent;
- \$6,900,000 for Medicare Part D;
- \$2,100,000 for Federal FY'09 Medicare A & B premiums; and
- \$1,300,000 for an annualization of the FY'08 anesthesiologist rate increase.

## Public Health

The appropriation for the Department of Health will be \$75,028,113. This is 1.7 percent more than the agency received in FY'08. The Department's budget includes \$806,970 to be used for matching funds (5 percent) for a federal Pandemic Preparedness Grant. The Department also received \$125,000 to increase the number of dentists in the Dental Loan Repayment Program. These new funds will allow another five dentists to join the program. Finally, the Department received \$310,000 for newborn hearing screening machines.

## Department of Human Services

The Department of Human Services (DHS) was appropriated \$559,107,190 for FY'09. This amount represents a \$2 million increase from the FY'08 appropriation. These funds were added for DDS and AdVantage Waiver Services.

## Office of Juvenile Affairs

The Office of Juvenile Affairs (OJA) was appropriated \$112,254,258 for FY'09, a 0.2 percent increase from the FY'08 appropriation. The agency received an additional \$2,068,446 for the L.E. Rader Center, as well as operational expenses.

## **Commerce**

HB 2276 appropriates \$28,328,894 to the Department of Commerce and SB 1292 appropriates \$1.5 million. This amounts to a \$3,079,878 increase over the agency's FY'08 appropriation. Changes of appropriation are due to cutting one-time funds associated with the 2<sup>nd</sup> Century Entrepreneurship bill and transferring the Capitol Dome Debt service of \$474,000 from the Centennial Commission to Commerce. The \$1.5 million appropriation will be used for the Bio-Diesel Fuel Center. Also, SB 1289 appropriates \$1,105,872 to the agency to be used as debt service payment for the \$25 million bond issued for the Native American Cultural Center. Finally, SB 1288 transferred \$10 million to the agency from Unclaimed Property Fund. This money will be used for various needs across the state such as the GM plant and purchasing a hangar to be used as classroom for a technology center. Funds from SB 1288 are not included in the total appropriation figures.

## **Corrections**

For FY'09, the Department of Corrections (DOC) received \$503,000,000 in state appropriations. The appropriation included annualization of the FY'08 supplemental, as well as funding for bed expansion at several facilities.

## **Law Enforcement**

The Legislature appropriated to the District Attorneys' Council an additional \$2.9 million, for operations.

The Attorney General received additional funding for the expiring federal VINE (Victim Information Notification Everyday) Grant, in the amount of \$550,000. This Grant funded the establishment of a computer system which tracks criminal offenders state-wide in compliance with the Oklahoma Victims Bill of Rights and the funding represents the annual cost to maintain the system. The Office also received \$100,000 additional for the Domestic Violence Unit.

The Oklahoma Indigent Defense System received an additional \$330,000 in state appropriations to cover the cost to increase private attorney contracts in FY'08 and FY'09 and \$100,000 to open a new office in Guymon.

The Council on Law Enforcement Education and Training was appropriated an additional \$204,000, which represents the 2<sup>nd</sup> year costs to implement SB 920. This bill, among other things, increased the number of hours required to complete the basic academy training for police officers.

## Summary of Appropriations FY'08 – FY'09

Agency	FY'08 Appropriation	FY'09 Appropriation	Dollar Change	Percent Change
<b>Subcommittee on Education</b>				
Arts Council	\$5,150,967	\$5,150,967	\$0	0.0%
Career and Technology Education	\$155,549,442	\$158,269,736	\$2,720,294	1.7%
Education, State Department of	\$2,510,412,562	\$2,531,702,553	\$21,289,991	0.8%
Educational Television Authority	\$8,394,383	\$8,394,383	\$0	0.0%
Higher Education, Regents for	\$1,026,465,669	\$1,039,886,280	\$13,420,611	1.3%
Land Office, Commissioners of	\$4,864,881	\$4,864,881	\$0	0.0%
Libraries, Department of	\$7,294,856	\$7,294,856	\$0	0.0%
Physician Manpower Training Commission	\$5,523,502	\$5,523,502	\$0	0.0%
Private Vocational Schools, Board of	\$193,304	\$0	(\$193,304)	-100.0%
Science & Math, School of	\$7,597,512	\$7,985,737	\$388,225	5.1%
Science & Technology, Center for	\$22,456,507	\$22,456,507	\$0	0.0%
Teacher Preparation, Commission on	\$2,059,982	\$2,059,982	\$0	0.0%
<b>Subtotal</b>	<b>\$3,755,963,567</b>	<b>\$3,793,589,384</b>	<b>\$37,625,817</b>	<b>1.0%</b>
<b>Subcommittee on General Government and Transportation</b>				
Auditor and Inspector	\$6,315,269	\$6,315,269	\$0	0.0%
Bond Advisor	\$186,419	\$186,419	\$0	0.0%
Central Services, Department of	\$17,457,297	\$18,713,175	\$1,255,878	7.2%
Election Board	\$6,805,988	\$6,805,988	\$0	0.0%
Emergency Management Department	\$806,604	\$1,156,604	\$350,000	43.4%
Ethics Commission	\$517,960	\$667,960	\$150,000	29.0%
Finance, Office of State	\$23,081,434	\$23,081,434	\$0	0.0%
Governor	\$2,661,981	\$17,661,981	\$15,000,000	563.5%
House of Representatives	\$19,176,434	\$19,176,434	\$0	0.0%
Legislative Service Bureau	\$4,887,349	\$5,537,349	\$650,000	13.3%
Lt. Governor	\$659,597	\$659,597	\$0	0.0%
Merit Protection Commission	\$613,684	\$613,684	\$0	0.0%
Military, Department of	\$13,132,301	\$13,132,301	\$0	0.0%
Personnel Management	\$4,891,745	\$4,891,745	\$0	0.0%
Secretary of State	\$530,517	\$530,517	\$0	0.0%
Senate	\$14,699,125	\$14,699,125	\$0	0.0%
Space Industry Development Authority	\$530,340	\$530,340	\$0	0.0%
Tax Commission	\$48,201,340	\$50,201,340	\$2,000,000	4.1%
Transportation, Department of	\$207,591,448	\$207,691,448	\$100,000	0.0%
Treasurer	\$4,668,763	\$4,668,763	\$0	0.0%
<b>Subtotal</b>	<b>\$377,415,595</b>	<b>\$396,921,473</b>	<b>\$19,505,878</b>	<b>5.2%</b>
<b>Subcommittee on Health and Social Services</b>				
Health, Department of	\$73,786,143	\$75,028,113	\$1,241,970	1.7%
Health Care Authority	\$771,709,298	\$842,122,261	\$70,412,963	9.1%
J.D. McCarty Center	\$4,452,961	\$4,452,961	\$0	0.0%
Mental Health & Substance Abuse Services	\$207,429,129	\$209,579,129	\$2,150,000	1.0%
University Hospitals Authority	\$41,865,342	\$43,250,342	\$1,385,000	3.3%
Veterans Affairs, Department of	\$40,282,600	\$40,282,600	\$0	0.0%
<b>Subtotal</b>	<b>\$1,139,525,473</b>	<b>\$1,214,715,406</b>	<b>\$75,189,933</b>	<b>6.6%</b>

Agency	FY'08 Appropriation	FY'09 Appropriation	Dollar Change	Percent Change
<b>Subcommittee on Human Services</b>				
Children and Youth, Commission on	\$2,334,473	\$2,608,473	\$274,000	11.7%
Disability Concerns, Office of	\$412,769	\$412,769	\$0	0.0%
Human Rights Commission	\$710,226	\$710,226	\$0	0.0%
Human Services, Department of	\$557,107,190	\$559,107,190	\$2,000,000	0.4%
Indian Affairs, Commission of	\$258,466	\$258,466	\$0	0.0%
Juvenile Affairs	\$112,060,812	\$112,254,258	\$193,446	0.2%
Rehabilitation Services, Department of	\$29,539,374	\$30,053,770	\$514,396	1.7%
<b>Subtotal</b>	<b>\$702,423,310</b>	<b>\$705,405,152</b>	<b>\$2,981,842</b>	<b>0.4%</b>
<b>Subcommittee on Natural Resources and Regulatory Services</b>				
Agriculture, Food and Forestry, Dept. of	\$33,435,185	\$34,540,185	\$1,105,000	3.3%
Centennial Commission	\$0	\$0	\$0	0.0%
Commerce, Department of	\$27,854,894	\$30,934,772	\$3,079,878	11.1%
Conservation Commission	\$9,187,084	\$10,292,962	\$1,105,878	12.0%
Consumer Credit, Department of	\$669,042	\$669,042	\$0	0.0%
Corporation Commission	\$15,310,417	\$12,415,417	(\$2,895,000)	-18.9%
Environmental Quality, Department of	\$9,728,096	\$9,728,096	\$0	0.0%
Historical Society	\$14,587,451	\$14,967,451	\$380,000	2.6%
Horse Racing Commission	\$2,669,568	\$2,669,568	\$0	0.0%
Insurance Commissioner	\$2,515,943	\$2,515,943	\$0	0.0%
J.M. Davis Memorial Commission	\$385,403	\$385,403	\$0	0.0%
Labor, Department of	\$3,760,284	\$3,760,284	\$0	0.0%
Mines, Department of	\$1,013,586	\$1,013,586	\$0	0.0%
Scenic Rivers Commission	\$345,322	\$345,322	\$0	0.0%
Tourism and Recreation, Department of	\$27,821,991	\$28,041,991	\$220,000	0.8%
Water Resources Board	\$6,801,524	\$6,801,524	\$0	0.0%
Will Rogers Memorial Commission	\$933,702	\$933,702	\$0	0.0%
<b>Subtotal</b>	<b>\$157,019,492</b>	<b>\$160,015,248</b>	<b>\$2,995,756</b>	<b>1.9%</b>
<b>Subcommittee on Public Safety and Judiciary</b>				
Alcoholic Beverage Laws Enforcement	\$3,925,266	\$3,925,266	\$0	0.0%
Attorney General	\$13,924,449	\$14,631,704	\$707,255	5.1%
Corrections, Department of	\$506,619,998	\$503,000,000	(\$3,619,998)	-0.7%
Court of Criminal Appeals	\$3,464,631	\$3,474,527	\$9,896	0.3%
District Attorneys and DAC	\$39,920,210	\$42,820,210	\$2,900,000	7.3%
District Courts	\$57,674,778	\$58,067,785	\$393,007	0.7%
Fire Marshal	\$2,270,855	\$2,270,855	\$0	0.0%
Indigent Defense System	\$16,304,008	\$16,734,008	\$430,000	2.6%
Investigation, State Bureau of	\$17,316,450	\$17,316,450	\$0	0.0%
Judicial Complaints, Council on	\$283,729	\$283,729	\$0	0.0%
Law Enforcement Education and Training	\$4,410,370	\$4,614,370	\$204,000	4.6%
Medicolegal Investigations, Board of	\$4,825,625	\$4,825,625	\$0	0.0%
Narcotics and Dangerous Drugs, Bureau of	\$6,773,895	\$6,773,895	\$0	0.0%
Pardon and Parole Board	\$2,577,581	\$2,577,581	\$0	0.0%
Public Safety, Department of	\$97,170,391	\$97,170,391	\$0	0.0%
Supreme Court	\$19,420,570	\$19,247,063	(\$173,507)	-0.9%
Workers' Compensation Court	\$5,242,033	\$5,259,801	\$17,768	0.3%
<b>Subtotal</b>	<b>\$802,124,839</b>	<b>\$802,993,260</b>	<b>\$868,421</b>	<b>0.1%</b>
<b>Rural Economic Action Plan</b>	<b>\$15,500,000</b>	<b>\$15,500,000</b>	<b>\$0</b>	<b>0.0%</b>
<b>GRAND TOTAL</b>	<b>\$6,949,972,276</b>	<b>\$7,089,139,923</b>	<b>\$139,167,647</b>	<b>2.0%</b>