

Budget Brief

A Summary of Budget News and Actions

Commentary on Budget Expectations

Trying to make sense of the predictions for flat budgets, small cuts, huge budget increase requests from agencies and what the bottom line for 2012 will likely hold.

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Despite Growth, Estimate Still Shows Shortfall

The State Board of Equalization met this week and estimated the anticipated revenues for the Legislature and Governor to utilize in preliminary preparation of the Fiscal Year 2012-13 (“FY-13”) budget. The Governor’s Executive Budget will be based on this month’s certification, but the final budget will be based upon the final certifications which will be done in February.

The certification packet shows an appropriation authority of \$6,531,999,625. While this is \$120.3 million more than FY’12, that does not consider the final use of stimulus funds for ongoing expenditures. Upon taking those into consideration, the certification packet reflects only \$22 million more than Oklahoma appropriated last year including now-absent stimulus funds.

However, once funds are replaced from prior year bonding of the Oklahoma Department of Transportation (\$100M) and add in likely additional appropriations for common education flexible benefits (\$34M), the state would be still be in the hole by well more than \$100 million.

One very positive note: the certification packet indicates a deposit to the Rainy Day Fund of approximately \$223 million.

Big 10 – FY12

State Dept. of Education	\$2,278,158,832
Health Care Authority	\$983,085,563
State Regents for Higher Ed	\$945,260,278
DHS	\$537,136,664
Corrections	\$459,831,068
Mental Health	\$187,151,517
Career Tech	\$133,742,618
Transportation	\$106,737,039
Juvenile Affairs	\$96,187,205
Department of Public Safety	\$84,894,790
TOTAL	\$5,812,185,574

SENATE APPROPRIATIONS COMMITTEE

Senator Clark Jolley, Chair
Senator Ron Justice, Vice Chair

Budget Will Require More Efficiency

By Senator Clark Jolley, Chairman

The State's first forecast of anticipated revenues bodes well for those who argue in favor of more efficiency, modernization and greater cost-savings in government. While the Board of Equalization's certified revenue sources were \$120.3 million more than last year, that additional money is swallowed by last year's utilization of one-time revenue sources that attempted to bring about a "soft landing" in the economic downturn. Oklahoma's budget cuts, phased in over a period of three years have resulted in most of Oklahoma agencies having their budgets cut by an average of roughly 24%. Oklahoma's Legislative leaders have successfully cut almost one-tenth of the state budget in three years. That is no small task and proves that state government does have room to tighten its belt.

Despite the smaller shortfall this year compared to prior years, most state agencies should still expect a minor cut in funding or, at best, a stand-still budget. Because of prior cuts, much of the low-hanging fruit of cost-savings has been picked and utilized. But because of this current shortfall, harder work must be done to ensure that agencies are operating as efficiently as possible and that we are being wise stewards of the taxpayer's dollar. There are already conversations going on amongst members of Senate leadership on how we can achieve further savings to the taxpayer. If you have ideas or suggestions, please bring them up to the appropriate subcommittee chair or myself now so we can consider them as part of the budget plan.

I hope you are aware that Legislative and Executive branch leaders have agreed to an additional appropriation to the State Department of Education for approximately \$34 million dollars to cover the cost of Flexible Benefit Allowance costs. This will likely be one of the first items up for discussion in the session. If you have questions on this, please let me know or speak with Senator Jim Halligan, the Education Subcommittee Chair.

Likewise, should the settlement agreement in the DHS litigation be approved by the Contingency Review Board, there is a likelihood of increased appropriations for DHS. This will necessitate us finding other areas from which to appropriate any monies to comply with the settlement. For questions in this area, please feel free to visit with Senator Kim David (the new Health and Human Services Subcommittee Chair) or myself. If you have any questions on the budget or the budgetary process, please let me know. Likewise, our fiscal staff, led by Chief of Staff Randy Dowell, is more than capable and willing to answer any question or research any issue for you.



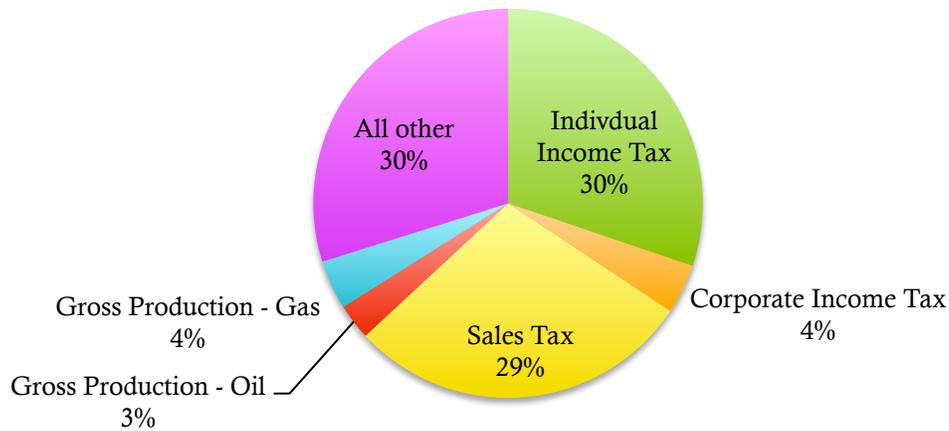
January Hearings: This Time With Less Paper

The Senate Appropriations Subcommittee Chairs will be asked to hold performance hearings and budget hearings during the month of January. All subcommittee members are encouraged to participate fully by attending and preparing beforehand.

In a move to further streamline costs and reduce expenditures, the Chair will be asking all agencies to refrain from printing their traditional color photocopies of their PowerPoint presentations and Annual Reports. All of these materials wished to be referenced will need to be emailed to all subcommittee members one week prior to the hearing in a PDF format.

A Look at the Board of Equalization Certification

Revenue Sources For FY 2013 Budget



General Revenue Fund Breakdown

