

ENROLLED SENATE  
BILL NO. 1127

By: Taylor and Haney of the  
Senate

and

Steidley, Davis, Vaughn  
(Ray), Fields, Kouba,  
Apple, Reese, Perry and  
Graves of the House

An Act relating to public finance; amending 62 O.S. 1991, Sections 41.7, 41.12 and 41.29, which relate to budget work programs for state agencies; amending 74 O.S. 1991, Section 450.1, which relates to the Legislative Service Bureau; establishing a program budgeting pilot initiative; requiring certain agencies, boards and commissions to participate; providing exemptions from budget transfer provisions; establishing program transfer limits; establishing the Joint Legislative Committee on Budget and Program Oversight; providing for membership and duties; requiring certain procedures in submitting budget work programs and requests; providing exceptions; repealing 62 O.S. 1991, Section 41.35, which relates to tentative appropriation bills; repealing 74 O.S. 1991, Section 452.3, which relates to the Joint Committee on Fiscal Operations; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 41.44 of Title 62, unless there is created a duplication in numbering, reads as follows:

There is hereby established a pilot initiative for select departments, agencies, boards and commissions, hereinafter referred to as pilot agencies, to prepare, submit and operate their budgetary system in a program format. The program budgeting pilot shall be designed to better prioritize state funding needs, reduce program duplication and enhance budgeting information necessary to improve the efficiency of state operations. The following pilot agencies are directed to participate in the program budgeting pilot:

1. Oklahoma Educational Television Authority;
2. Physician Manpower Training Commission;
3. Department of Vocational and Technical Education;
4. Department of Corrections;
5. Department of Public Safety;
6. Office of Personnel Management;
7. Office of State Finance;
8. Department of Central Services;
9. Water Resources Board;

10. Department of Commerce;
  11. Department of Mental Health and Substance Abuse Services;
- and
12. Commission on Children and Youth.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 41.45 of Title 62, unless there is created a duplication in numbering, reads as follows:

Pilot agencies directed to participate in the program budgeting pilot created in Section 1 of this act are exempt from Sections 41.7 and 41.12 of Title 62 of the Oklahoma Statutes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 41.46 of Title 62, unless there is created a duplication in numbering, reads as follows:

The administrative head of any pilot agency or the request officer as defined in Section 5 of this act, may request that any current item of appropriation, appropriation allotment, program category or work program be transferred to any other program category within the same pilot agency. The administrative head shall make a request for program transfer to the Director of State Finance in writing and file a revised budget work program. Copies of the request for program transfer and budget work program revisions shall also be filed with the Joint Legislative Committee on Budget and Program Oversight as created by Section 4 of this act. The Director of State Finance shall approve the request for transfer unless both the Chairman and Vice Chairman of the Joint Legislative Committee on Budget and Program Oversight provide written notification to the Director of State Finance within twelve (12) calendar days of receipt of transfer request that the transfer subverts the intention and objectives of the Legislature in establishing the original appropriation, or unless the transfer does not meet the requirements of this section or Section 41.9 of this title. Notification of noncompliance with legislative intent shall be transmitted to the Director of State Finance within twelve (12) calendar days of receipt of the transfer request. The Director of State Finance shall give written notice of approval or disapproval of each program transfer to the pilot agency, the Governor and the Chairman and Vice Chairman of the Joint Legislative Committee on Budget and Program Oversight within eighteen (18) calendar days of receiving the request.

Transfers shall be subject to the following limitations:

1. The amount to be transferred, together with all previous transfers, shall not exceed twenty-five percent (25%) of the total appropriation of the least of the items of appropriation, appropriation allotment or work program involved in the transfer; and

2. If the amount to be transferred, and all previous transfers, is greater than twenty-five percent (25%) of the least items of appropriation, appropriation allotment or work program involved in the transfer request, upon written application to the Director of State Finance, and the Chairman and Vice Chairman of the Joint Legislative Committee on Budget and Program Oversight and with written approval by the Contingency Review Board an additional fifteen percent (15%) may be transferred.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 41.47 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby established the Joint Legislative Committee on Budget and Program Oversight. The purposes of this committee shall include oversight of the implementation of a system of program budgeting for state agencies. Where appropriate, the Joint

Committee shall also develop a process to link expenditures for program categories to corresponding program outcome measures.

B. The Joint Committee's duties shall also include:

1. Development of agency budget request forms and instructions in conjunction with the Office of State Finance;
2. Directing studies to aid in the development of legislative and procedural changes to further improve the budgetary, financial, accounting, reporting, personnel, and purchasing processes and systems of the state;
3. Direction of program evaluation and management studies;
4. Oversight and reporting on executive branch compliance with the legislative intent of appropriation measures. Such oversight and reporting duties may include:
  - a. agency reorganization actions,
  - b. executive orders calling for reduction of full-time-equivalents or hiring freezes, and
  - c. transfer of funds by the executive branch; and
5. The development of revenue and expenditure estimates and analyses.

C. Any reference in the Oklahoma Statutes to the Joint Committee on Fiscal Operations shall be a reference to the Joint Legislative Committee on Budget and Program Oversight.

D. The Joint Committee shall be composed of the following members:

1. Seven (7) members of the Senate as appointed by the President Pro Tempore of the Senate; and
2. Seven (7) members of the House of Representatives as appointed by the Speaker of the House of Representatives.

Members of the Joint Committee shall be appointed for each Legislature at the time the Legislature convenes by the respective presiding officers of the two houses of the Legislature and shall serve for two (2) years. The chairmanship and vice-chairmanship of the Joint Committee shall rotate every two (2) years between the Senate and the House of Representatives beginning with a Senate member serving as chairman in 1995. The Joint Committee shall meet at least four (4) times per year and at other times as called by the Chairman. The Joint Legislative Committee on Budget and Program Oversight shall function as a committee of the Legislature when the Legislature is in session and is not in session. Each member of the Joint Committee shall serve until a successor is appointed.

D. The Joint Committee shall be staffed jointly by the staff of the fiscal divisions of the Senate and the House of Representatives.

E. The Joint Committee may make use of all available teleconferencing technology to facilitate meetings of the Joint Committee when the Legislature is not in session. The Committee shall take any appropriate action to make such teleconferenced meetings comply with the provisions of the Oklahoma Open Meeting Act, Section 301 et seq. of Title 25 of the Oklahoma Statutes.

F. The Joint Committee shall periodically meet in different geographical regions of the state to enhance the Joint Committee's understanding of local conditions and to help educate the public as to the fiscal condition of the state.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 41.7c of Title 62, unless there is a created duplication in numbering, reads as follows:

A. On or before the first day of June in each year, or as soon thereafter as possible, the pilot agencies shall be required to file budget work programs with the Director of the Office of State Finance. Copies of all pilot agency budget work programs shall also

be made available electronically to the staff of the Joint Legislative Committee on Budget and Program Oversight.

B. The required instructions, content and format of budget work programs shall be developed cooperatively by the staff of the Joint Legislative Committee on Budget and Program Oversight and the staff of the Budget Division of the Office of State Finance. The work programs shall include a description of all funds available to the pilot agency for expenditure and setting out allotments requested by the pilot agency by quarter and the entire fiscal year. The work program shall be accompanied by an organizational chart of the pilot agency, a statement of agency mission and program objectives. The work program shall show budgeted spending by major program category at the activity level and may identify budgeted spending by subprogram category at the subactivity level. Major program categories identified in the budget work program shall conform to the major program categories set out in the pilot agency's appropriation bill. Budget work programs shall be signed by the executive officer of each pilot agency. Such program and allotment requests may be made by the "request officer" who shall be designated by each pilot agency for that purpose. Executive officers of pilot agencies shall cooperate with the Office of State Finance staff and Joint Committee staff in developing program budgeting categories. All funds available or expected to be made available to any pilot agency, including nonfiscal appropriations, shall not be available for expenditure until the request officer of the pilot agency has complied with the applicable provisions of Sections 41.1 through 41.41 of Title 62 of the Oklahoma Statutes and has received approval of such request for funds from the Director of State Finance.

SECTION 6. AMENDATORY 62 O.S. 1991, Section 41.7, is amended to read as follows:

Section 41.7 On or before the first day of June in each year, or as soon thereafter as possible, each state department, board, commission, institution or agency including those created or established pursuant to constitutional provisions, hereinafter referred to collectively as "spending agencies", except as provided by Section 2 of this act, shall file with the Director of State Finance and the Legislative Service Bureau, on forms provided by the Director of State Finance, a work program for the ensuing fiscal year, such program to include all funds made available to the spending agency and setting out allotments requested by such spending agency, by quarters, for the entire fiscal year. Such work program shall also ~~include a flow chart or other schematic description of the~~ be accompanied by an organization of such agency. Such work program shall also be made available electronically to the staff of the Joint Legislative Committee on Budget and Program Oversight. Such program and allotment requests shall be signed by the executive officer of the spending agency and may be ~~made~~ signed by the officer hereinafter called "request officer", who shall be designated by each spending agency for that purpose. All funds available or expected to be made available to any spending agency, including nonfiscal appropriations, shall not be available for expenditure until the request officer of such spending agencies has complied with the provisions of Sections 41.1 through 41.41 of this title relative to allotting appropriations and has received an approval of such request from the Director of State Finance.

SECTION 7. AMENDATORY 62 O.S. 1991, Section 41.12, is amended to read as follows:

Section 41.12 ~~(a)~~ A. The administrative head of any department, institution or agency, or the ~~designated member or~~

~~employee of any board or commission request officer of the agency as defined by Section 41.7 of this title, except as provided by Section 2 of this act,~~ who has been authorized by said board or commission to make such requests, may request that any item of the current appropriation, or appropriation allotment, work program, or work program allotment regardless of fund for said department, institution, board, commission or agency be transferred to any other item within the same department, institution, board, commission or agency. Said administrative head shall at the time the request is made file a revised work program and written application with the Director of State Finance and the Legislative Service Bureau explaining the request. The Director of State Finance may approve or reject requests for transfer. The Director of State Finance shall ~~determine whether or not the transfer tends to effectuate or subvert the intention and objectives of the Legislature or other appropriating agency in establishing the appropriation, appropriation allotment or program of spending, regardless of fund~~ approve the request for transfer unless both the Chairman and Vice Chairman of the Joint Legislative Committee on Budget and Program Oversight notify the Director that the transfer subverts the intention and objectives of the Legislature in establishing the original appropriation, or unless the transfer does not meet the requirements of this section or Section 41.9 of this title.

B. No transfer of an item shall be approved without the consent of the Director of State Finance. The Director of State Finance shall give written notice of such decision to the administrative head requesting the transfer and the Legislative Service Bureau, the Speaker of the House of Representatives or a designee and the President Pro Tempore of the Senate or a designee within fourteen (14) calendar days of receiving the revised work program. The request for transfer of an item shall be subject to the following conditions:

C. No requested transfer shall be made:

~~(i)~~ 1. If the amount to be transferred and the total of all previous transfers exceed ten percent (10%) of the total appropriation, appropriation allotment, work program or work program allotment regardless of fund for the department, institution, board, commission or agency requesting the transfer; or

~~(ii)~~ 2. If the amount to be transferred and all other transfers from the particular item of appropriation, appropriation allotment or work program of spending exceeds ten percent (10%) of the item of the appropriation, appropriation allotment or work program of spending from which the transfer is to be made.

~~(b)~~ D. If the amount to be transferred and all other transfers from the particular item of appropriation, appropriation allotment or work program exceeds ten percent (10%) of the item of the appropriation, appropriation allotment or work program of spending to which the transfer is to be made, upon written application to the Director of State Finance, the Director of the Legislative Service Bureau, the Speaker of the House of Representatives or a designee, and the President Pro Tempore of the Senate or a designee for transmittal to, and written approval of the Contingency Review Board, an additional amount may be transferred not to exceed fifteen percent (15%) of the item of the appropriation, appropriation allotment or work program of spending to which the transfer is to be made. The Contingency Review Board may approve the transfer if a majority of the members thereof determine the transfer to be essential and not in conflict with the intention of the Legislature or the appropriating agency in making such appropriation, or appropriation allotment, or establishing the item of the work

program of spending. The Contingency Review Board may allow or disallow the transfer, or reduce the amount to be transferred in its discretion.

~~(e)~~ E. On or before the convening of each session of the Legislature the Director of the ~~Legislative Service Bureau~~ Office of State Finance shall make a complete and thorough report of all requests for transfers received pursuant to this section and Section 3 of this act and the official action taken thereon for the last complete fiscal year ending before such convening of the Legislature, which report shall include a statement of each request for transfer received and the official action of the Contingency Review Board with respect thereto. The report shall be made to the Governor and the Chairman and Vice Chairman of the Joint Legislative Committee on Budget and Program Oversight.

~~(d)~~ F. The Department of Human Services shall be subject to all provisions of Sections 41.1 through 41.41 of this title.

~~(e)~~ G. A transfer may be made by the Department of Transportation without the approval of the Director of State Finance only if said transfer is an intra-fund transfer for construction contracts not exceeding eleven and one-half percent (11.5%) of the individual contract amount.

H. Notice of such transfer shall be given to the Director of State Finance, the Director of the Legislative Service Bureau, the Speaker of the House of Representatives or a designee, and the President Pro Tempore of the Senate or a designee. Said intra-fund construction transfers shall not be subject to the percentage limitations set forth in subsection ~~(a)~~ A or ~~(b)~~ B of this section.

~~(f)~~ I. No transfer shall be approved by the Director of State Finance or the Contingency Review Board after June 10 of the fiscal year to which the transfer relates.

~~(g)~~ J. For the purposes of the limitation on the transfer of funds between accounts, the Legislature may exempt any item of appropriation, appropriation allotment, work program, or work program allotment from the requirements and provisions of this section.

SECTION 8. AMENDATORY 62 O.S. 1991, Section 41.29, is amended to read as follows:

Section 41.29 A. Except as provided for in subsection B of this section, on the first day of ~~September~~ October preceding each regular session of the Legislature, each of the several state departments, bureaus, divisions, officers, commissions, and institutions, including those created or established pursuant to constitutional provisions, and other spending agencies shall report to the Director of State Finance and the ~~Director of the Legislative Service Bureau~~ Chairman and Vice Chairman of the Joint Legislative Committee on Budget and Program Oversight, on official forms furnished for such purpose an itemized request showing the amount needed for the ensuing fiscal year beginning with the first day of July. The official forms which must be used in making these reports shall be approved or furnished by the Director of State Finance and the Joint Legislative Committee on Budget and Program Oversight, shall be uniform, and shall clearly designate the kind of information to be given on the reports. ~~The Director of State Finance shall include, with the approval of the Governor, items requested by the President Pro Tempore of the Senate and the Speaker of the House of Representatives on the official forms.~~ Spending agencies shall make an itemized estimate of needs and request for funds for the ensuing fiscal year and an estimate of the revenues from all sources to be received by the agency during the ensuing fiscal year. The Director of State Finance shall submit to the

Governor and the ~~Legislative Service Bureau~~ Joint Legislative Committee on Budget and Program Oversight no later than the ~~first fifth~~ day of October a complete list of all spending agencies which fail to submit budgets by ~~September~~ October 1, pursuant to the provisions of this section.

~~B. The State Board of Education shall submit the itemized request and estimates required by this section no later than the first day of October each year. The Director of State Finance shall notify the Governor and the Legislative Service Bureau no later than the fifteenth day of October if the Board fails to submit its budget by October 15.~~

~~C.~~ 1. Effective July 1, 1989, the reports required by this section shall include an itemized listing of outstanding capital lease debt and estimated capital lease needs for the ensuing fiscal year, and shall be provided on official forms furnished by the Director of State Finance for this purpose.

2. For the purposes of this section "capital lease" means a lease-purchase agreement which provides an option for the State of Oklahoma or its agencies to purchase property, including personal and real property, which is the subject thereof and/or a lease agreement that provides an option for the State of Oklahoma or its agencies to lease such property, which is the subject thereof, at a nominal annual amount, after a period in which leased property is rented at fair market value.

SECTION 9. AMENDATORY 74 O.S. 1991, Section 450.1, is amended to read as follows:

Section 450.1 A. The Legislative Fiscal Office and Joint Bill Processing Department are hereby abolished.

B. There is hereby created the Legislative Service Bureau which shall serve both the House of Representatives and the Senate. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall employ a Director of the Legislative Service Bureau, who shall employ such personnel as necessary to implement the responsibilities imposed upon the Bureau by ~~law~~ the Legislature by concurrent resolution.

~~C.~~ 1. The Legislative Service Bureau shall be responsible for ~~1. post audits;~~

~~2.~~ other fiscal services as directed by the Speaker of the House of Representatives and the President Pro Tempore of the Senate; and

~~3.~~ any area of production of proposed legislation as directed by the Speaker of the House of Representatives and President Pro Tempore of the Senate.

2. The Legislative Service Bureau shall be a clearinghouse for the Legislature for all budgetary forms, research reports and information.

~~D. All powers, duties, responsibilities, property, assets and liabilities of the Legislative Fiscal Office and Joint Bill Processing Department shall be transferred to the Legislative Service Bureau.~~

~~E.~~ 3. Any reference in the Oklahoma Statutes to the Legislative Fiscal Office or the Joint Bill Processing Department shall be a reference to the Legislative Service Bureau.

SECTION 10. REPEALER 62 O.S. 1991, Section 41.35, is hereby repealed.

SECTION 11. REPEALER 74 O.S. 1991, Section 452.3, is hereby repealed.

SECTION 12. Sections 1, 2, 3, 5, 6, 7, 8, 9, 10 and 11 of this act shall become effective July 1, 1994.

SECTION 13. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 19th day of May, 1994.

President of the Senate

Passed the House of Representatives the 20th day of May, 1994.

Speaker of the House of Representatives