

ENROLLED HOUSE
BILL NO. 1256

By: Mitchell, Bonny, Adair,
Askins, Bengé, Calvey,
Davis, DeWitt, Graves,
Jones, Liotta, Maddux,
Perry, Peters, Peterson,
Roggow, Smith (Hopper),
Tibbs, Vaughn, Winchester,
Wright and Young of the
House

and

Morgan, Robinson, Pruitt,
Williamson, Reynolds and
Lawler of the Senate

An Act relating to public finance; amending 62 O.S. 2001, Sections 41.29 and 41.47, which relate to the Budget Law of 1947; modifying provisions related to reporting of fiscal information by state agencies; prescribing required content for information reported to the Director of the Office of State Finance and certain other persons; modifying provisions related to Joint Legislative Committee on Budget and Program Oversight; renaming Committee; modifying membership of Committee; modifying duties of Committee; imposing duties and responsibilities upon Appropriations and Budget Committee of the Oklahoma House of Representatives and Appropriations Committee of the State Senate; specifying duties with respect to fiscal information; prescribing procedures; requiring filing of certain information; prohibiting certain action based upon filing of certain evaluation reports; amending 62 O.S. 2001, Sections 45.1 and 45.3, which relate to the Oklahoma Program Performance Budgeting and Accountability Act; modifying statutory references; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S. 2001, 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 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 ~~Chairman~~ Chair and Vice ~~Chairman~~ Chair of the ~~Joint~~ Legislative Oversight Committee on State Budget and Program Oversight Performance, 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~~ and furnished by the Director of State Finance and the ~~Joint~~ Legislative Oversight Committee on State Budget and Program Oversight Performance, shall be uniform, and shall clearly designate the kind of information to be given on the reports. Information provided shall include, but not be limited to:

1. A budget analysis of existing and proposed programs utilizing zero-based budgeting techniques. Such analysis shall be included as a part of the estimate of funds needed;

2. A statement listing any other state, federal or local agencies which administer a similar or cooperating program and an outline of the interaction among such agencies;

3. A statement of the statutory authority for the missions and quantified objectives of each program;

4. A description of the groups of people served by each program in the agency;

5. A quantification of the need for the program;

6. A description of the tactics which are intended to accomplish each objective;

7. A list of quantifiable program outcomes which measure the efficiency and effectiveness of each program;

8. A ranking of these programs by priority;

9. Actual program expenditures for the current fiscal year and prior fiscal years and the number of personnel required to accomplish each program; and

10. Revenues expected to be generated by each program, if any.

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

B. 1. ~~Effective July 1, 1989, the~~ 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 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 41.29-1 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Appropriations and Budget Committee of the Oklahoma House of Representatives and the Appropriations Committee of the State Senate shall:

1. Utilize information collected by the Office of State Finance pursuant to Section 41.29 of Title 62 of the Oklahoma Statutes and any reports issued by the Legislative Oversight Committee on State Budget Performance to evaluate management programs, operations and fiscal needs of state agencies, boards, commissions, departments, divisions, offices, bureaus, institutions and other spending agencies, including those created or established pursuant to constitutional provisions; and

2. File an evaluation report no later than March 1 of each fiscal year with the Chief Clerk of the Oklahoma House of Representatives and the Clerk of the State Senate which shall include, but not be limited to, the following information:

- a. a review of the agency's programs, performance and management,
- b. whether the agency has demonstrated a public need for the services and programs justifying the agency's continued existence, and
- c. whether the agency is the most appropriate provider of the programs and services furnished by the agency.

B. The Appropriations and Budget Committee of the Oklahoma House of Representatives and the Appropriations Committee of the State Senate shall utilize information contained in the evaluation report in determining final appropriations for state agencies and in any future adjustments in funding levels.

C. No action shall be taken on a measure making an appropriation unless the evaluation report described by paragraph 2 of subsection A of this section with respect to the entity to which the appropriation is made has first been filed with the applicable clerk.

SECTION 3. AMENDATORY 62 O.S. 2001, Section 41.47, is amended to read as follows:

Section 41.47 A. There is hereby established the ~~Joint~~ Legislative Oversight Committee on State Budget and Program Oversight Performance. The purposes of this committee shall include oversight of the implementation of a system of program performance-based budgeting for implementation by 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;

5. The development of revenue and expenditure estimates and analyses; ~~and~~

6. ~~Conduct examination and analysis~~ Study of the management, operations, programs and fiscal needs of the agencies and institutions of Oklahoma state government pursuant to the Oklahoma Program Performance Budgeting and Accountability Act;

7. Review of the executive budget, agency strategic plans and the estimate of needs of each state agency and institution. Reports may be issued by the Committee as it deems appropriate; and

8. Implementation of an ongoing evaluation review procedure of existing programs based on zero-base budgeting techniques pursuant to the Oklahoma Program Performance Budgeting and Accountability Act. The committee in cooperation with the Office of State Finance shall establish a schedule to review strategic plans and existing programs for each agency a minimum of once every four (4) years. The committee shall issue an evaluation report for each agency once every four (4) years which will include but not be limited to the following information:

a. a review of the agency's programs, performance and management,

b. whether the agency has demonstrated that there is a need for the services and programs which justifies the agency's continued existence,

c. whether the agency is the most appropriate provider of the programs and services furnished by the agency.

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

Oversight shall be a reference to the ~~Joint~~ Legislative Oversight Committee on State Budget and Program Oversight Performance.

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. ~~Thirteen (13) members of the House of Representatives as appointed by the Speaker of the House of Representatives. A majority vote of the members appointed by each appointing authority shall be required for any action.~~

~~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~~ three members appointed by the President Pro Tempore of the Senate, three members appointed by the Speaker of the House of Representatives, two members by the minority leader of the Senate and two members appointed by the minority leader of the House of Representatives. The Chair and Vice Chair 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 Chair in ~~1995~~ 2003. The ~~Joint~~ Committee shall meet at least four (4) times per year and at other times as called by the Chair. The ~~Joint~~ Legislative Oversight Committee on State Budget and Program Oversight Performance 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.

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

F. 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.

G. 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 4. AMENDATORY 62 O.S. 2001, Section 45.1, is amended to read as follows:

Section 45.1 ~~Sections 45.1 through 45.10 of the act~~ this title shall be known and may be cited as the "Oklahoma Program Performance Budgeting and Accountability Act". All state agencies are to prepare and submit their budgetary systems in a program format. In addition, all state agencies are to collect and identify data to measure performance of their programs.

Implementation of this act shall be designed to better prioritize state funding needs, reduce program duplication, enhance

budgeting information necessary to improve the efficiency of state operations and improve state services to the public.

SECTION 5. AMENDATORY 62 O.S. 2001, Section 45.3, is amended to read as follows:

Section 45.3 A. Each state agency shall make a strategic plan for its operations. The first strategic plans will be due October 1, 2001, and in each subsequent even-numbered year. Each state agency plan shall cover five (5) fiscal years beginning with the next odd-numbered fiscal year.

B. The Office of State Finance shall determine the elements required to be included in each agency's strategic plan. Unless modified by the Office of State Finance, and except as provided by subsection C of this section, a plan must include, but is not limited to, the following items:

1. A statement of the mission and goals of the state agency;
2. A description of the indicators developed under this act and used to measure the output and outcome of the agency and its programs;
3. Identification of the groups of people served by the agency, including those having service priorities, or other service measures established by law, and estimates of changes in those groups expected during the term of the plan;
4. An analysis of the use of the agency's resources to meet the agency's needs mission, including future needs, and an estimate of additional resources that may be necessary to ~~meet future needs~~ achieve said mission;
5. An analysis of expected changes in the services provided by the agency because of changes in state or federal law;
6. A description of the means and strategies, including cost-containment strategies and efficiency proposals, for meeting the agency's needs, including future needs, and achieving the goals for each area of state government for which the agency provides services;
7. A summary of the capital improvement needs of the agency which were provided to the Long-Range Capital Planning Commission as required by Section 901 of ~~Title 62 of the Oklahoma Statutes~~ this title; and
8. Other information that may be required.

C. A state agency's plan that does not include an item described by subsection B of this section must include the reason the item does not apply to the agency.

D. Each state agency's plan shall be submitted at the same time as the estimate of funds needed developed pursuant to Section 41.29 of ~~Title 62 of the Oklahoma Statutes~~ this title.

E. A state agency shall send one copy of the plan each to:

1. The Governor;
2. The President Pro Tempore of the State Senate;
3. The Speaker of the House of Representatives;
4. ~~The Chair and Vice Chair of the Joint Legislative Oversight Committee on State Budget and Program Oversight Performance;~~
5. The Chair and Vice Chair of the Joint Committee on Accountability in Government;
6. The Director of the Office of State Finance; and
7. The State Auditor and Inspector.

F. In this section, "capital improvement" means any building or infrastructure project that will be owned by the state and built with direct appropriations or with the proceeds of state-issued bonds or paid from revenue sources other than general revenue at a cost of at least Twenty-five Thousand Dollars (\$25,000.00) and has a useful life of at least five (5) years.

SECTION 6. This act shall become effective July 1, 2003.

SECTION 7. 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 House of Representatives the 19th day of May, 2003.

Presiding Officer of the House of
Representatives

Passed the Senate the 22nd day of May, 2003.

Presiding Officer of the Senate