

SB 1869

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THE STATE SENATE
Monday, February 25, 2008

Senate Bill No. 1869
As Amended

SENATE BILL NO. 1869 - By: JOHNSON (Mike) of the Senate and MILLER of the House.

[public finance - state budget procedures - Joint
Legislative Committee on Budget and Program Oversight and
Legislative Oversight Committee on State Budget Performance
- effective date -
emergency]

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

SECTION 1. AMENDATORY 62 O.S. 2001, Section 41.7c, is amended to read as follows:

Section 41.7c A. On or before the first day of June in each year, or as soon thereafter as possible, all agencies shall be required to file budget work programs with the Director of the Office of State Finance. Copies of all agency budget work programs shall also be made available electronically to the staff of the ~~Joint Legislative Committee on Budget and Program Oversight~~ committees of the Senate and House to which bills appropriating state funds to that agency are normally assigned.

B. The required instructions, content and format of budget work programs shall be developed by 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 agency for expenditure and

1 setting out allotments requested by the agency by quarter and the
2 entire fiscal year. The work program shall be accompanied by an
3 organizational chart of the agency, a statement of agency mission
4 and program objectives. The work program shall show budgeted
5 spending by major program category at the activity level and may
6 identify budgeted spending by subprogram category at the subactivity
7 level. Major program categories identified in the budget work
8 program shall conform to the major program categories as provided by
9 law. Budget work programs shall be signed by the executive officer
10 of each agency. Such program and allotment requests may be made by
11 the "request officer" who shall be designated by each agency for
12 that purpose. Executive officers of agencies shall cooperate with
13 the Office of State Finance staff and ~~Joint Committee~~ Senate and
14 House staff in developing program budgeting categories. All funds
15 available or expected to be made available to any agency, including
16 nonfiscal appropriations, shall not be available for expenditure
17 until the request officer of the agency has complied with the
18 applicable provisions of Sections 41.1 through 41.41 of this title
19 and has received approval of such request for funds from the
20 Director of State Finance.

21 SECTION 2. AMENDATORY 62 O.S. 2001, Section 41.29, as
22 amended by Section 1, Chapter 301, O.S.L. 2003 (62 O.S. Supp. 2007,
23 Section 41.29), is amended to read as follows:

1 Section 41.29 A. Except as provided for in subsection B of
2 this section, on the first day of October preceding each regular
3 session of the Legislature, each of the several state departments,
4 bureaus, divisions, officers, commissions, and institutions,
5 including those created or established pursuant to constitutional
6 provisions, and other spending agencies shall report to the Director
7 of State Finance and the Chair and Vice Chair of the ~~Legislative~~
8 ~~Oversight Committee on State Budget Performance~~ committees of the
9 Senate and House to which bills appropriating state funds to that
10 entity are normally assigned, on official forms furnished for such
11 purpose an itemized request showing the amount needed for the
12 ensuing fiscal year beginning with the first day of July. The
13 official forms which must be used in making these reports shall be
14 approved and furnished by the Director of State Finance ~~and the~~
15 ~~Legislative Oversight Committee on State Budget Performance~~, shall
16 be uniform, and shall clearly designate the kind of information to
17 be given on the reports. Information provided shall include, but
18 not be limited to:

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

- 1 2. A statement listing any other state, federal or local
2 agencies which administer a similar or cooperating program and an
3 outline of the interaction among such agencies;
- 4 3. A statement of the statutory authority for the missions and
5 quantified objectives of each program;
- 6 4. A description of the groups of people served by each program
7 in the agency;
- 8 5. A quantification of the need for the program;
- 9 6. A description of the tactics which are intended to
10 accomplish each objective;
- 11 7. A list of quantifiable program outcomes which measure the
12 efficiency and effectiveness of each program;
- 13 8. A ranking of these programs by priority;
- 14 9. Actual program expenditures for the current fiscal year and
15 prior fiscal years and the number of personnel required to
16 accomplish each program; and
- 17 10. Revenues expected to be generated by each program, if any.
- 18 Spending agencies shall make an itemized estimate of needs and
19 request for funds for the ensuing fiscal year and an estimate of the
20 revenues from all sources to be received by the agency during the
21 ensuing fiscal year. The Director of State Finance shall submit to
22 the Governor and the ~~Legislative Oversight Committee on State Budget~~
23 ~~Performance~~ Chair and Vice Chair of the committees of the Senate and

1 House to which bills appropriating state funds to that entity are
2 normally assigned, no later than the fifth day of October, a
3 complete list of all spending agencies which fail to submit budgets
4 by October 1, pursuant to the provisions of this section.

5 B. 1. The reports required by this section shall include an
6 itemized listing of outstanding capital lease debt and estimated
7 capital lease needs for the ensuing fiscal year, and shall be
8 provided on official forms furnished by the Director of State
9 Finance for this purpose.

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

18 SECTION 3. AMENDATORY Section 2, Chapter 301, O.S.L.
19 2003 (62 O.S. Supp. 2007, Section 41.29-1), is amended to read as
20 follows:

21 Section 41.29-1 ~~A.~~ The Appropriations and Budget Committee of
22 the Oklahoma House of Representatives and the Appropriations
23 Committee of the State Senate shall+

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

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

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

15 ~~b. whether the agency has demonstrated a public need for~~
16 ~~the services and programs justifying the agency's~~
17 ~~continued existence, and~~

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

20 ~~B. The Appropriations and Budget Committee of the Oklahoma~~
21 ~~House of Representatives and the Appropriations Committee of the~~
22 ~~State Senate shall utilize information contained in the evaluation~~

1 ~~report in determining final appropriations for state agencies and in~~
2 ~~any future adjustments in funding levels.~~

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

8 SECTION 4. AMENDATORY 62 O.S. 2001, Section 41.46, is
9 amended to read as follows:

10 Section 41.46 The administrative head of any agency or the
11 request officer as defined in Section 41.7c of this title, may
12 request that any current item of appropriation, appropriation
13 allotment, program category or work program be transferred to any
14 other program category within the same agency. The administrative
15 head shall make a request for program transfer to the Director of
16 State Finance in writing and file a revised budget work program.
17 Copies of the request for program transfer and budget work program
18 revisions shall also be filed with the ~~Joint Legislative Committee~~
19 ~~on Budget and Program Oversight as created by Section 41.47 of this~~
20 ~~title~~ Chair and Vice Chair and the staff of the committees of the
21 Senate and House to which bills appropriating state funds to that
22 entity are normally assigned. The Director of State Finance shall
23 approve the request for transfer unless both the Chair and Vice

1 Chair of the ~~Joint Legislative Committee on Budget and Program~~
2 ~~Oversight~~ committees of the Senate and House to which bills
3 appropriating state funds to that entity are normally assigned
4 provide written notification to the Director of State Finance within
5 twelve (12) calendar days of receipt of transfer request that the
6 transfer subverts the intention and objectives of the Legislature in
7 establishing the original appropriation, or unless the transfer does
8 not meet the requirements of this section or Section 41.9 of this
9 title. Notification of noncompliance with legislative intent shall
10 be transmitted to the Director of State Finance within twelve (12)
11 calendar days of receipt of the transfer request. The Director of
12 State Finance shall give written notice of approval or disapproval
13 of each program transfer to the agency, the Governor and the Chair
14 and Vice Chair of the ~~Joint Legislative Committee on Budget and~~
15 ~~Program Oversight~~ committees of the Senate and House to which bills
16 appropriating state funds to that entity are normally assigned
17 within eighteen (18) calendar days of receiving the request.

18 Transfers shall be subject to the following limitations:

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

1 2. If the amount to be transferred, and all previous transfers,
2 is greater than twenty-five percent (25%) of the least items of
3 appropriation, appropriation allotment or work program involved in
4 the transfer request, upon written application to the Director of
5 State Finance, and the Chair and Vice Chair of the ~~Joint Legislative~~
6 ~~Committee on Budget and Program Oversight~~ committees of the Senate
7 and House to which bills appropriating state funds to that entity
8 are normally assigned and with written approval by the Contingency
9 Review Board an additional fifteen percent (15%) may be transferred.

10 SECTION 5. AMENDATORY 62 O.S. 2001, Section 45.3, as
11 amended by Section 5, Chapter 301, O.S.L. 2003 (62 O.S. Supp. 2007,
12 Section 45.3), is amended to read as follows:

13 Section 45.3 A. Each state agency shall make a strategic plan
14 for its operations. The ~~first~~ strategic plans will be due October
15 ~~1, 2001, and in of~~ each subsequent even-numbered year. Each state
16 agency plan shall cover five (5) fiscal years beginning with the
17 next odd-numbered fiscal year.

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

23 1. A statement of the mission and goals of the state agency;

1 2. A description of the indicators developed under ~~this act~~ the
2 Oklahoma Program Performance Budgeting and Accountability Act and
3 used to measure the output and outcome of the agency and its
4 programs;

5 3. Identification of the groups of people served by the agency,
6 including those having service priorities, or other service measures
7 established by law, and estimates of changes in those groups
8 expected during the term of the plan;

9 4. An analysis of the use of the agency's resources to meet the
10 agency's mission, including future needs, and an estimate of
11 additional resources that may be necessary to achieve said mission;

12 5. An analysis of expected changes in the services provided by
13 the agency because of changes in state or federal law;

14 6. A description of the means and strategies, including cost-
15 containment strategies and efficiency proposals, for meeting the
16 agency's needs, including future needs, and achieving the goals for
17 each area of state government for which the agency provides
18 services;

19 7. A summary of the capital improvement needs of the agency
20 which were provided to the Long-Range Capital Planning Commission as
21 required by Section 901 of this title; and

22 8. Other information that may be required.

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

4 D. Each state agency's plan shall be submitted at the same time
5 as the estimate of funds needed developed pursuant to Section 41.29
6 of this title.

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

- 8 1. The Governor;
- 9 2. The President Pro Tempore of the State Senate;
- 10 3. The Speaker of the House of Representatives;
- 11 4. ~~The Legislative Oversight Committee on State Budget~~
12 Performance Chair and Vice Chair of the committees of the Senate and
13 House to which bills appropriating state funds to that entity are
14 normally assigned;
- 15 5. The Chair and Vice Chair of the Joint Committee on
16 Accountability in Government;
- 17 6. The Director of the Office of State Finance; and
- 18 7. The State Auditor and Inspector.

19 F. In this section, "capital improvement" means any building or
20 infrastructure project that will be owned by the state and built
21 with direct appropriations or with the proceeds of state-issued
22 bonds or paid from revenue sources other than general revenue at a

1 cost of at least Twenty-five Thousand Dollars (\$25,000.00) and ~~has~~
2 with a useful life of at least five (5) years.

3 SECTION 6. AMENDATORY 62 O.S. 2001, Section 45.5, is
4 amended to read as follows:

5 Section 45.5 A. The Office of State Finance ~~and the Joint~~
6 ~~Legislative Committee on Budget and Program Oversight~~ shall work
7 with each state agency to determine acceptable measures of output,
8 outcome, unit cost, and cost-effectiveness for use in the agency's
9 plan.

10 B. The Office of Personnel Management is authorized to provide
11 training or other services to state agencies pursuant to ~~this act~~
12 the Oklahoma Program Performance Budgeting and Accountability Act.

13 SECTION 7. AMENDATORY 62 O.S. 2001, Section 45.6, is
14 amended to read as follows:

15 Section 45.6 The Office of State Finance or the ~~Joint~~
16 ~~Legislative Committee on Budget and Program Oversight~~ committees of
17 the Senate and House to which bills appropriating state funds to
18 that entity are normally assigned, jointly or separately, may hold
19 hearings on any matter required by the Oklahoma Program Performance
20 Budgeting and Accountability Act.

21 SECTION 8. REPEALER 62 O.S. 2001, Section 41.47, as
22 amended by Section 3, Chapter 301, O.S.L. 2003 (62 O.S. Supp. 2007,
23 Section 41.47), is hereby repealed.

1 SECTION 9. This act shall become effective July 1, 2008.

2 SECTION 10. It being immediately necessary for the preservation
3 of the public peace, health and safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

6 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-20-08 - DO
7 PASS, As Amended and Coauthored.