

BILL SUMMARY
1st Session of the 53rd Legislature

Bill No.:	SB 176
Version:	Engrossed
Request Number:	N.A.
Author:	Sen. Paddock/Rep. Cox
Date:	3/20/2011
Impact:	\$61,642

Research Analysis

Engrossed SB 176 directs that all royalty monies accruing to the credit of the revolving fund of the Southern Oklahoma Resource Center be used to construct new residential buildings at the facility.

Prepared By: Marcia Goff

Fiscal Analysis

The balance in the Southern Oklahoma Resource Center (SORC) oil and gas account as of 1/31/2011 was \$152,450.51. Income to the account has varied over the past 10 years, from \$2,505.38 in FY 2004 to \$124,427.69 in FY 2002. In fiscal years 2001 to 2010, the average annual income to the account was \$40,022.52. The only expenditures to the account have been \$53,936.17 in 2008 for new sidewalks and a grading project; and \$200,000 that has been moved from the oil and gas account to a capital account to pay for repairs required to maintain compliance with Title XIX standards per Department of Health that are required to continue eligibility for receipt of federal matching funds for operation. Of the \$200,000, \$154,429 has been expended to date, and any remaining balance following completion of necessary repairs will be transferred back into the oil and gas account.

On August 13, 2008 the Center for Medicare and Medicaid Services (CMS) published its final regulation mandating sprinklers in all existing nursing homes regardless of the construction type of the building. The new regulation became effective October 14, 2008 and all nursing homes must be fully updated with sprinkler systems by August 13, 2013. There are no provisions within the regulation to extend the time frame for compliance, grant exceptions or extend waivers. The cost estimate to bring all residential buildings on the SORC campus into compliance with this CMS regulation is \$245,000. The Oklahoma Department of Human Services (OKDHS) would typically use money from the SORC oil and gas account to make such repairs. but if that money is no longer available as specified in SB 176 that the account “be budgeted and expended for the construction of new residential buildings” at SORC. OKDHS would have to make a funding request to the Legislature for such projects. The state share of that cost is \$61,642.

Prepared By: David Ligon

Other Considerations

OKDHS estimates a cost of \$1 million for construction of one 5,500 square foot eight-bed residential unit. The time needed to accumulate enough funding for one new building if only SORC oil and gas revenues were to be used, is about 20 years with the current balance of

\$150,000 and average annual income of \$40,000. The cost estimate takes into account recent OKDHS building projects and accounts for special requirements such as ADA accessible restrooms for each bedroom, accessible kitchens and furnishings, fire sprinkler and alarm systems, accessible doorways etc. The time needed to accumulate enough funding for one new building is about 20 years with the current balance of \$150,000 and average annual income of \$40,000.