

The Appropriations Committee

HIGHLIGHTS

1984 Legislative Action on
FY '85 Appropriations, Budget
Reductions and Revenues

Prepared By:

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FY '85 Appropriations - In General

While appropriations to state agencies from the General Revenue Fund for FY '85 operations exceeded those for revised FY '84 (HB 1451), they remained under appropriations for FY '83 and FY '84 (before HB 1451).

<u>Fiscal Year</u>	<u>Total General Revenue Fund Appropriations For Operations</u>	<u>Percentage that FY '85 Appropriation is Over/Under Previous Appropriations</u>
1985	\$1,647,592,256	-----
1984 (HB 1451)	1,548,279,054 *	2.8%*
1984 (Original)	1,696,257,557	(2.9%)
1983 (SB 69)	1,697,657,428	(2.9%)
1983 (Original)	1,786,574,607	(7.8%)

*The actual level of operations FY '84 was higher due to the use of non-recurring cash sources for expenditures normally funded from General Revenue. \$1,602,126,984 is a more accurate representation of FY '84 appropriations for operations which included the following revenue sources:

1,539.2	FY '84 General Revenue
7.0	FY '82 General Revenue
25.0	Turnpike Authority
28.1	Pension System Reserve
2.8	Other Sources

- The increase in appropriations for FY '85 operations over the "actual" operating level for FY '84 totals \$45.5 million or 2.8%.

- Funds for the increase are strictly the by-product of tax hikes passed during the 1984 session. Based on this level of funding, the Legislature will carry-over approximately \$42 million of General Revenue received during FY '85. This assumes that the revenues to be collected will equal the amount certified by the State Equalization Board (\$1,702.8 billion)

- The General Revenue appropriation for FY '85 is virtually equal to that for FY '81 when looking at constant (factored for inflation) dollars. See Table II.

- Nearly half (36) of the agencies which receive appropriated funds experienced further cuts or were kept at a "standstill" level for FY '85.

- Those agencies which did receive an increase were deemed to have critical funding needs or those who could not operate even at a "standstill" level without a small upward adjustment. The bulk of General Revenue funding increases were directed toward the following: (next page)

- Public Schools	\$26.9 million
- Higher Education	6.0 million
- Vocational-Technical Education	2.4 million
- Corrections	6.7 million
- Human Services	2.8 million
- Tax Commission	2.0 million

- Common Adjustments - For the second consecutive year, all agencies were directed to "absorb" additional costs for goods and services. Inflationary increases were included in this directive.

Nearly all agencies were compelled to absorb the estimated \$6.4 million in health insurance increases related to employer contributions for state employees. Only 15 of 75 agencies received any funding assistance to cope with this 14.2% (\$180 per year, per employee) increase.

- Cash-Flow Reserve - SB 400 upped the General Revenue Cash-flow Reserve to 1 1/2% in hopes of preventing allocation shortfalls during FY '85. This action will place approximately \$212.8 million in reserve for FY '85; an amount that is \$14 million above the reserve-in for FY '84.

The reserve will be used for July allocations to agencies and to compensate for any possible monthly allocation shortfalls (\$138.4 million is required each month) similar to those which occurred in the two previous fiscal years.

Like FY '84, the Department of Human Services may tap this reserve should sales tax revenues fall under the monthly allocation requirement (which will be \$36.4 million).

- Salary Increases - No general salary increases were granted for the second consecutive year.

- Revenue Outlook - Experience in the past two years virtually necessitates a word of caution. Based on the potential FY '86 certification of General Revenue, the temporary status of the 1/2 sales tax, and the increased \$45.5 million in operations costs for FY '85, a shortfall of an estimated \$77 - 146 million for FY '86 is possible. (These figures presume a standstill appropriation for FY '86)

Any amount of General Revenue which is collected and is not needed to satisfy monthly allocations (currently projected as a possible \$42 million carry-over) would offset this shortfall.

The Legislature did take steps which could bolster Oklahoma's revenue outlook beyond any anticipated economic recovery in general. The Tax Commission's staff was beefed up by 187 FTE to enable that agency to more aggressively pursue tax collections and to administer new programs. The Commission feels these new personnel could generate \$32 million in revenues during FY '85.

Proposals for a tax amnesty program and state assumption of unclaimed mineral royalties were passed and also have potential for enhancing revenue collections. The former program may generate up to an estimated \$4.3 million for FY '85.

TABLE I

HOW FY '85 GENERAL REVENUE WAS APPROPRIATED

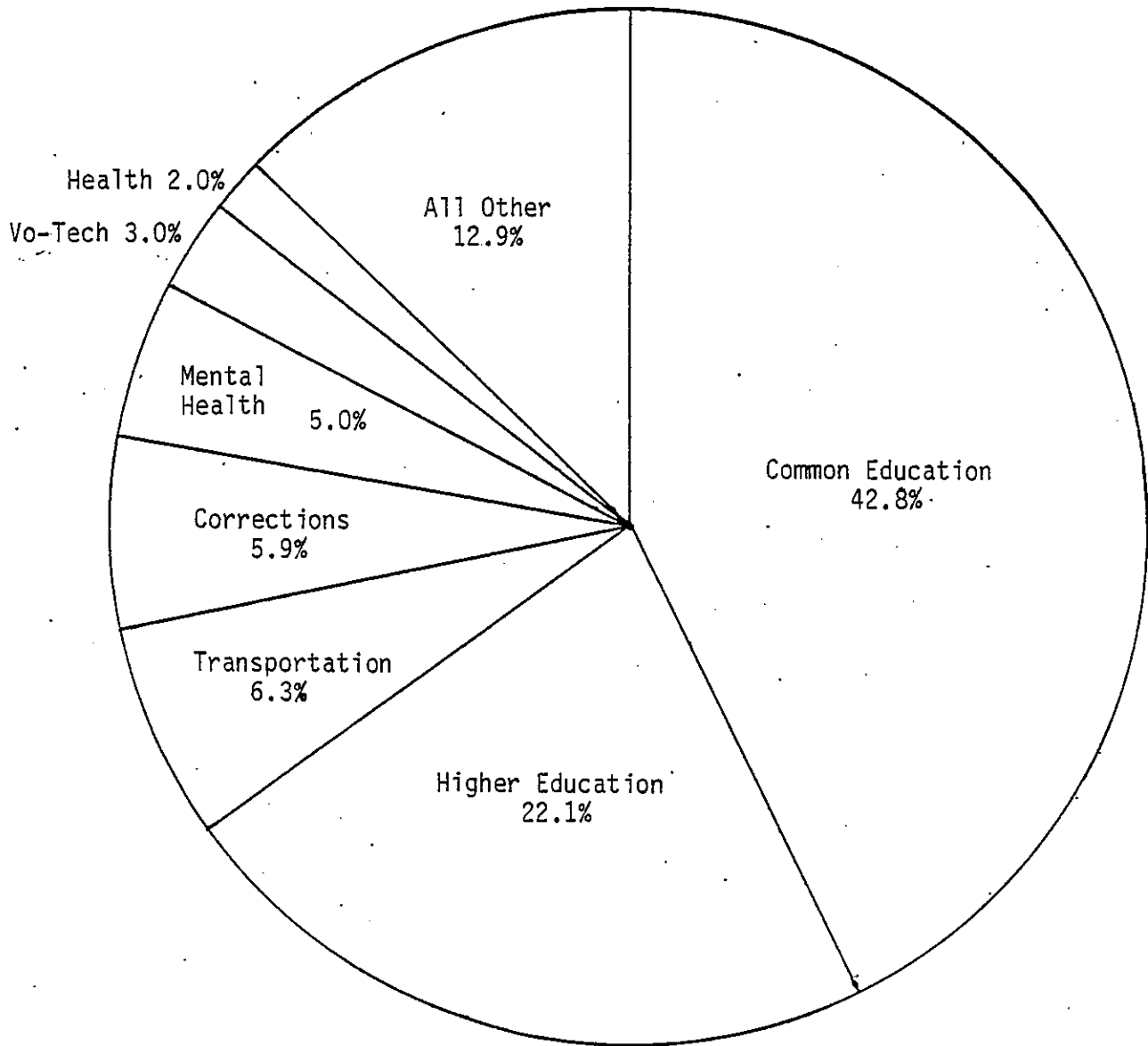
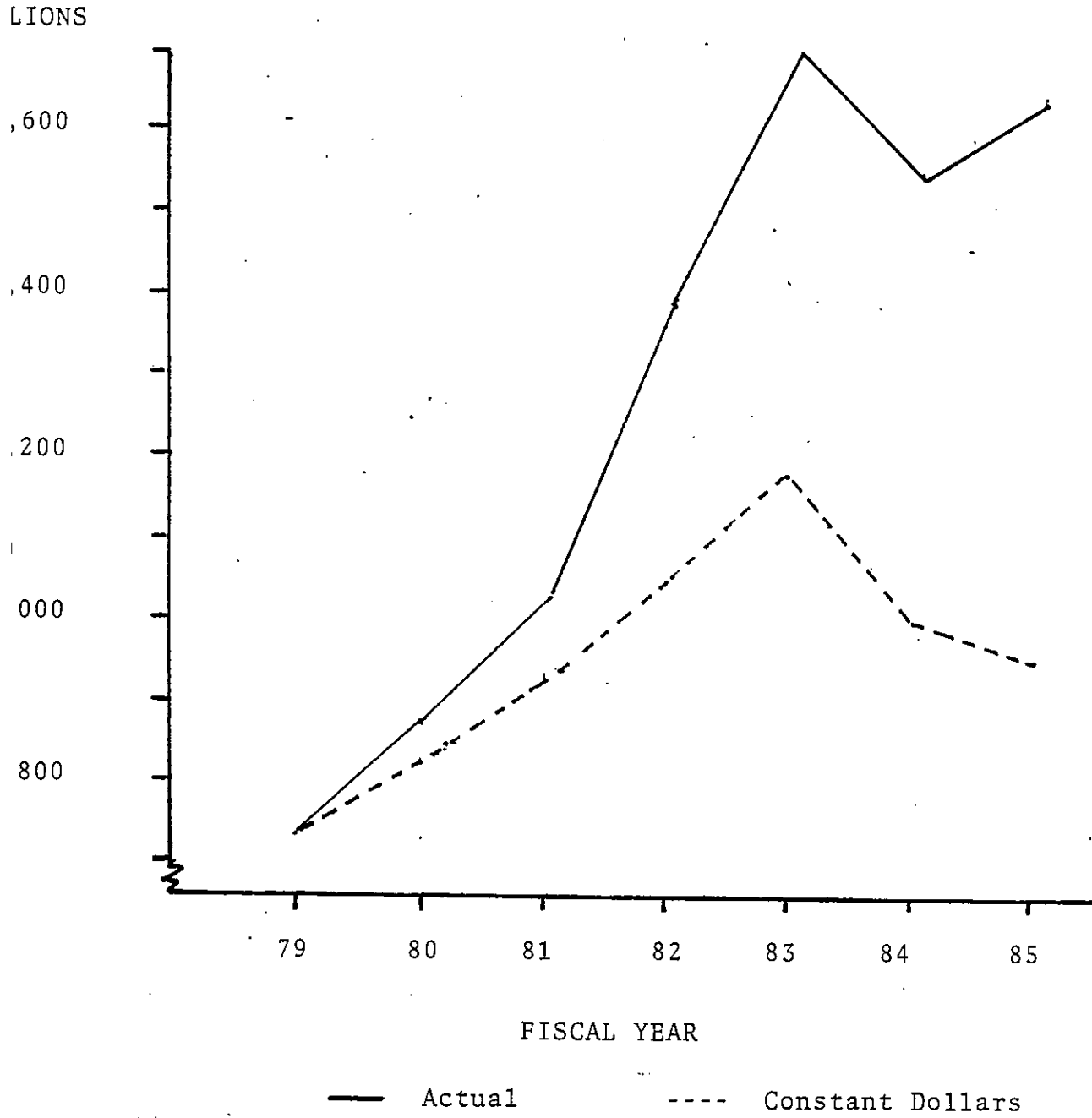


TABLE II

General Revenue Fund
Operating Budget, 1979-85



Budget Reductions

For the second consecutive year, failing revenues compelled the Legislature to trim agency budgets. For FY '84, the average agency appropriation reduction in HB 1451 totalled 7.4%. By virtue of this action, the Legislature has cut agency spending over the past two fiscal years as follows:

SB 69 (1983)	\$88.9 million
HB 1451 (1984)	*150.0 million
DHS - (1983 sales tax shortages)	**78.1 million
DHS - (HB 1451)	25.0 million
	<hr/>
Total	\$342.0 million

- For agencies funded with General Revenue, the net appropriations cut for operations in FY '83 and FY '84 has amounted to \$213.9 million. Reductions for general government services have been cut most dramatically (9.7%).

- While reductions were unavoidable, cuts for education and law enforcement in FY '83 and FY '84 combined were minimized to the extent possible (5.4% and 4.9% respectively).

- Had no tax increases passed during the 1984 session, a minimum of \$121.4 million in further reductions would have been imperative for FY '85. Essential state services would have been eliminated or reduced significantly.

- Agencies and services which were recipients of larger appropriations tended to receive the greater reductions in HB 1451 as follows:

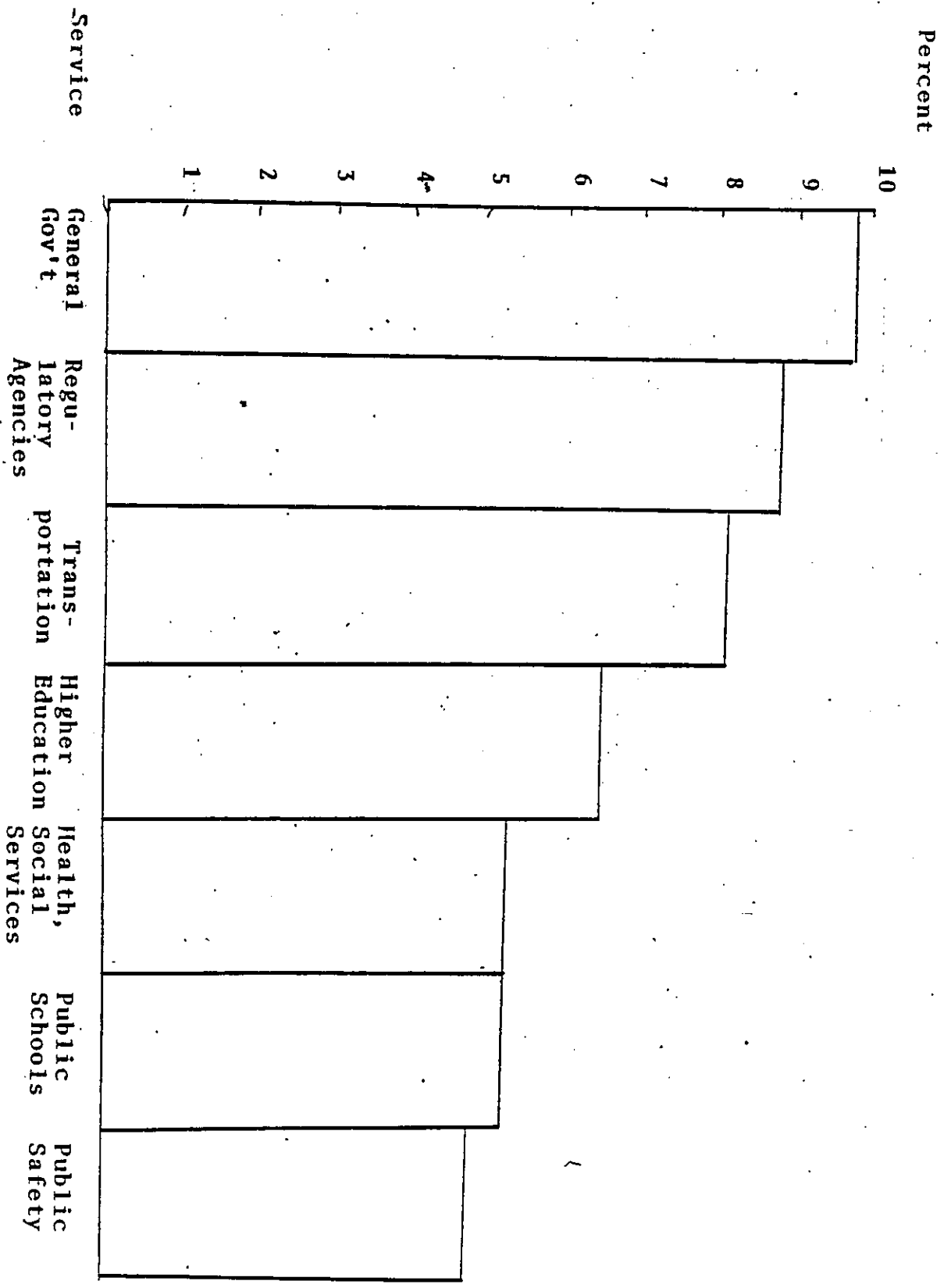
- Common Schools.....	\$49.5 million
- Higher Education.....	27.9 million
- Human Services.....	25.0 million
- Transportation.....	8.8 million
- Corrections.....	6.5 million
- Mental Health.....	6.6 million
- Vocational/Technical Education.....	3.6 million
- Tax Commission.....	3.0 million
- Health.....	2.6 million

* - This total reduction was partially offset by a \$25 million transfer of Turnpike Authority funds to the Department of Transportation.

** - DHS received a \$25.0 million loan of Insurance Commissioner Protest Fund monies which offset failing sales tax revenues which actually exceeded \$100 million.

As a Percent of Combined Appropriations
for the Same Fiscal Years

TABLE III



State Government Reform

1. Oklahoma Financial Information System (OFIS). SB 401 appropriated \$6.25 million to permit the state to modernize, streamline and increase the efficiency of state accounting, budgeting, personnel, payroll and purchasing systems.

First year implementation of OFIS will estimatedly save \$15-17 million in state government operations costs and allow agencies to function in a more business-like manner.

2. State Employees. By virtue of passing HB 1451, funding for approximately 1525 state government positions have been eliminated.
3. Licensing Agency Consolidation. The Joint Committee on Fiscal Operations unanimously recommended consolidating 31 agencies which are responsible for occupational licensure. The consolidation alone may save \$1.5 million annually according to Legislative Fiscal Office estimates.
4. Fund Abolition. Six appropriated funds were abolished thereby easing the operational burdens on the state's accounting system. Five of the six agencies which were to receive these funds in FY '85 would have also required General Revenue Funding in order to operate during FY '85.
5. Fund Consolidation. SB 399 permits the Office of State Finance to merge various internal funds to streamline accounting operations. Approximately 700 funds are still being utilized to monitor state revenues.

Tax Increases

Three major pieces of legislation were passed during the 1984 session to bolster an otherwise dismal revenue situation. Two consecutive years of massive budget reductions, the prospects for at least two more years of reductions guaranteed by the state's unique budget-balancing formula, and slow, if any, economic growth prompted lawmakers to increase revenues to avoid compromising critical state services. Examples of services which might have been jeopardized had no tax increase passed are as follows:

- Because education consumes 68¢ of every General Revenue dollar, funding for higher education, public schools and vocational education would have experienced serious reductions. Certain schools would have closed, university enrollments would have been trimmed and regional training services would have been curtailed.

- By the close of FY '86, over \$230 million in Federal highway funds could not have been matched by the state and might ultimately have been lost.

- Correctional facilities would have been understaffed and potentially threatening conditions would have prevailed.

- The ability of the state to have funds available for emergencies, particularly natural disasters, would have been virtually non-existent.

- providing even "standstill" services would have been impossible.

- The attached charts indicate how much revenue the tax increases will raise annually and/or for the period they are individually in existence.

- The tax increases also helped to alleviate potentially greater revenue shortages due to the fact that a portion of FY '84 operations were funded from non-recurring sources. Revenues from the sale tax increase and sales tax exemption removal measures will replace the following cash sources used in FY '84.

\$50.1 million	Pension Systems Reserve Funds (for retirement expenditures)
\$39.0 million	FY '82 General Revenue cash (for the cash-flow reserve)
\$7.0 million	FY '82 General Revenue (for agency operations)
\$25.0 million	Turnpike Authority transfer (for highway construction)
\$4.0 million	Various restricted funds (for operations)
<u>\$125.1 million</u>	

TABLE IV

1984 TAX INCREASES

Sales Tax
1¢ Increase

<u>Distribution</u>	<u>Annual Revenue Increase</u>
General Revenue Fund	FY '84.....\$58 Million FY '85.....214 Million *FY '86.....132 Million

* Sales Tax is temporary and is terminated 12-31-85.

Removal of Sales Tax Exemption
Beer, Cigarettes;
25% Increase For Excise Tax - Alcoholic Beverage

<u>Distribution</u>	<u>FY '85</u>	<u>FY '86 and Thereafter</u>
General Revenue	\$10.5 Million	\$7.4 Million
Human Services	15.3 Million	9.0 Million
Cities & Towns	15.0 Million	15.0 Million
Tax Commission	.1 Million	.1 Million
	<hr/>	<hr/>
TOTAL	\$40.9 Million	\$32.5 Million

Motor Fuel and Diesel Fuel Tax
2.42¢ Increase

<u>Distribution</u>		<u>Annual Funding Increase</u>
D.O.T.	(70% of 2¢)	\$26.6 Million
Counties	(22% of 2¢)	8.4 Million
Cities	(5% of 2¢)	1.9 Million
Tax Commission	(3% of 2¢)	1.1 Million
County Bridges	(All of .42¢)	8.0 Million
		<hr/>
TOTAL		\$46.0 Million

Sources: Oklahoma Tax Commission and Senate Fiscal Offices

Fee Increases

- Fee increases will generate an additional \$11.4 million (estimated) during FY '85

- Key increases authorized by the Legislature were for reinstatement of driver licenses, tuition, incorporation and partnership formation, birth certificates, chronic disease screening, brand registration and pharmaceutical dispensing.

- Examples of what these fee increases, which will generate \$16 million less than those fees increased for FY '84, allowed the Legislature to accomplish include:

- offsetting agency needs for General Revenue funding (\$645,156 estimated);

- generating additional revenue for the General Revenue Fund (\$1.2 million annually);

- providing additional funding for higher education (\$7.2 million from tuition increases); and

- bolstering the Victims Compensation Fund (by \$176,000 from civil and criminal offenders).

Supplementals, Emergency Funding, Special and Capital Projects

- \$49.7 million in FY '85 General Revenue, Special Sinking Reserve and Federal Revenue Sharing Funds was appropriated for supplementals, special and capital projects and emergencies.

- This appropriation represents the lowest annual funding to address these particular needs since FY '79.

- 82% of the funding provided was divided among the following priorities:

1. Midterm Funding for Schools.....\$21.1 million
2. Reform and Modernization of State Accounting, Budgeting, Personnel and Payroll Systems.....6.3 million
3. Disaster Relief (Estimated).....3.8 million
4. University Improvements.....6.5 million
5. Capital Improvements to and Equipment for Institutions for the Mentally Retarded, Handicapped, and Individuals Requiring Rehabilitation.....3.1 million

Pensions and Retirement

- \$26.7 million was appropriated to the Police, Firefighters and Law Enforcement Retirement Boards from the Pension Systems Reserve Funds. This appropriation was the same as for FY '84.
- The State Supreme Court ruled in favor of a challenge filed by the President Pro Tempore to an attorney general ruling which deemed unconstitutional a 1983 statute abolishing automatic cost of living increases to retired firefighters and police officers. This ruling will save Oklahomans an estimated \$920 million in retirement expenditures over the next 40 years.
- The cash balance in the Pension Systems Reserve Fund entering FY '85 will be an estimated \$58.9 million. This balance represents a sum nearly double the cash balance available at the outset of FY '84.
- The first \$125,000,000 collected from the gross production tax on gas was allocated, as mandated by statute, to the Teachers Retirement System.
- No Pension System Reserve Funds were used to cover state agency expenditures for employee retirement contributions. In FY '84, \$50 million of these funds were appropriated for this purpose

SUBCOMMITTEE ON EDUCATION

Common Education

FY '85	\$711,047,203
FY '84 Revised (HB 1451)	\$684,147,203
FY '83 Revised (SB 69)	\$736,961,243
FY '83 Original	\$768,039,625

1. The FY '85 appropriation represents a \$26,900,000 increase or a 4% increase over revised FY '84, but 7% under the original FY '83 level of funding. The majority of this increase went directly to financial support of public schools and will be distributed to individual school districts.
2. The Hold Harmless is set at the 1983-84 level of funding. This will place 353 districts on Hold Harmless and 261 other districts will receive increases based in growth factors.
3. The FY '85 appropriation does not contain a critical needs line item and therefore, funding for library resources, community education, early childhood education, alternative education and career education shall be made available on a statewide application basis.
4. Special programs which were funded include the Jane Brooks School for the Deaf, Oklahoma Science and Engineering Fair, Project Helping Up Through Training, Muskogee Language Development Program and Eastern Oklahoma Schools Advisory Council.
5. An extended day schedule program for up to four districts will be piloted in FY '85.
6. A special committee was created to review public trusts and trust financing with a report due by January 1, 1986.
7. A special legislative committee was created to review the state education program and make reform recommendations by January 15, 1986.
8. Funds collected by the Oklahoma Congress Parent Teachers organization are exempted from deposits in schools activity funds.
9. SB 368 has \$258,244 appropriated to education for the replacement of buildings destroyed by fire, flood or tornado.
10. The state continued to support the purchase of textbooks, supplementary texts and materials and the operations of transportation, psychometric services, staff development, school lunch, homebound students, library resources, community education, alternative education, arts in education, career education, school/community for arts in education, special programs, instructional and administrative computer services, county Superintendent salaries and the State Department of Education. This support makes up 7% of the total appropriations for Common Education. The remaining 93% goes to the local school districts for support of schools and teacher and support personnel salaries.

Common Education (Cont.)

11. School lunch costs were increased by \$608,758 because of the cost of commodity distribution to individual schools maintaining a local school lunch program.

Regents for Higher Education

FY '85	\$367,616,027
FY '84 Revised (HB 1451)	\$361,239,898
FY '83 Revised (SB 69)	\$389,936,129
FY '83 Original	\$406,485,700

1. The FY '85 appropriation represents 1.8% increase over FY '84, a level of funding that is a (10%) decrease under the original FY '83 level of funding.
2. The tuition and fees for college and university students were increased and should provide an additional \$7,200,000 to the institutions. The distribution is based on the enrollment at each institution as they retain those funds for program expenses. The tuition fee increase places the cost per student at a level where the student is paying 22% of his course costs and the State the remainder.
3. \$376,129 of the appropriated amount goes to the Fire Protection Standards and Education program at Oklahoma State University. The program was completely transferred to the Regents for Higher education because the F.P.P.S.E. was abolished.
4. SB 368 contains \$6,500,000 to underwrite the costs of approved capital improvement projects contained in campus master plans of institutions. \$2,000,000 of this amount is intended for the capital construction match program at Oklahoma State University and the University of Oklahoma.
5. SB 368 contains \$100,000 for scholarships for high school graduates who are interested in becoming teachers and meet the criteria for teacher entry as established by the Board of Regents.
6. An amendment to existing statutes will allow the lease/purchase of buildings or equipment financed through the issuance of bonds by public trust.

Vocational-Technical Board of Education

FY '85	\$49,195,331
FY '84 Revised (HB 1451)	\$46,797,331
FY '83 Revised (SB 69)	\$49,550,869
FY '83 Original	\$51,653,847

1. The FY '85 appropriation represents a 4.9% increase over FY '84, but 5% under the original FY '83 level of funding.
2. \$437,000 of the appropriated funds will open the new High Plains Vo-tech in Woodward with sixteen programs.
3. \$862,000 of the appropriated funds will go toward the expansion and support training for new and existing industries and business, high-tech, Opportunities Industrialization Center, and 29 other programs.
4. \$570,000 of the appropriated funds will be used to replace previously reduced funds for the High School Incentive Assistance for high schools. This would return 1200 programs to the 1983 funding level.
5. \$529,000 of the appropriated funds will go toward replacing funds lost to A.V.T.S. and previously reduced programs, such as displaced homemaker programs, curriculum development, short term programs, skills and inmate center programs.
6. In SB 368, the agency was authorized \$1,500,000 for equipment replacement for present programs.
7. The operation of the Stringtown Correctional Center Vocational training program continues as in 1984.

Oklahoma Department of Libraries

FY '85	\$3,582,418
FY '84 Revised (HB 1451)	\$3,582,418
FY '83 Revised (SB 69)	\$3,946,117
FY '83 Original	\$4,807,347

1. The FY '85 appropriation represents the same level of funding as in FY '84 revised, but is 25% under FY '83 original funding level.
2. \$33,000 of the appropriation is directed to be used to make up reductions to libraries which received budget reductions in FY '84.
3. SB 368 provides \$100,000 to remodel entrances to local libraries to facilitate use by handicapped individuals. The funds will remodel an estimated three libraries.

Historical Society

FY '85	\$2,973,681
FY '84 Revised (HB 1451)	\$2,835,681
FY '83 Revised (SB 69)	\$3,193,663
FY '83 Original	\$3,372,508

1. The FY '85 appropriation represents a 4.9% increase over the FY '84 revised, but (12%) under the original FY '83 funding level.
2. The agency is authorized to sell Honey Springs Battlefield Park property and use the funds to further develop that site.
3. The agency was directed not to use funds for the maintenance of unstaffed sites and cemeteries.
4. \$250,000 was appropriated to the agency for historic site improvement. Some of the site developments to be considered are: Ft. Gibson Stockade Renovation; Fort Towson Sutler's Store - interior finish; State Capital Publishing Museum - renovation; Douglas Johnston Home - exterior restoration; Carnegie Library - interior repair; Greer McCurtain Home - interior restoration; Frank Phillips Home - boiler replacement; Old Central - interior restoration; Indian Baptist University - exterior restoration; Fort Washita - restore wooden stables; Jim Thorpe Memorial - exterior restoration; and others under review.

Physician Manpower Training Commission

FY '85	\$5,911,148
FY '85 (HB 1451)	\$6,110,438
FY '83 (SB 69)	\$5,942,796
FY '83 (original)	\$6,392,911

1. The FY '85 appropriation represents a (3.7%) reduction from FY '84 and a (8%) reduction from the original FY '83 funding level.
2. Reappropriated funds of \$198,000 for perinatal services will leave that program funded at \$370,000 for FY '84, (7.5%) under revised FY '84.
3. An undergraduate preceptorship program under the Board of Chiropractic Examiners will be inaugurated in FY '85.
4. The Oklahoma Rural Medical Education Loan & Scholarship Fund will provide support for 44 medical students who are committed to practice in Oklahoma communities with a population of 7,500 or less. 103 individuals have graduated through this program.
5. The Oklahoma Community Physician Education Loan and Scholarship Fund will provide matching funds to communities and provide 30 medical students to those communities. 76 individuals have previously graduated from this program.

Physicians Manpower Training Commission (Cont.)

6. The Nursing Student Assistance program has awarded 93 loans to nursing students pursuing LPN, ADN, BSN & MSU degrees and practicing nursing in Oklahoma communities.
7. The Intern-Resident cost sharing program will provide 303 primary medical care residency and internship positions to Oklahoma communities (the same number as for FY '84). The FY '85 program will provide 139 residency positions to the Family Practice Program. OU will have 53 positions, OU-Tulsa, 46 positions and 65 positions will be set aside for osteopathic internships.
8. The Perinatal program will provide for seven faculty positions and 2 residency positions for support at the Oklahoma Teaching Hospital and St. Anthony Hospital

Oklahoma Educational Television Authority

FY '85	\$1,655,706
FY '84 Revised (HB 1451)	\$1,611,286
FY '83 Revised (SB 69)	\$1,734,107
FY '83 Original	\$1,812,043

1. The FY '85 appropriation represents a 2.8% increase over revised FY '84, but 9% under the original FY '83 level of funding.
2. The increase was recommended so that the operation of the Tulsa studio (Channel 11) would be maintained. If the increase had not been authorized, the station would have had to cut broadcasting hours or closed for some period of time.
3. The agency also received \$100,000 to establish a central supply depot for electronics parts. This will enable the agency to make repairs to equipment in much less time. Presently, parts have to be delivered from the East before repairs can be made to transmission equipment. The Central Supply depot will make the parts immediately available to maintenance personnel.

Commissioners of the Land Office

FY '85	\$3,197,424
FY '84 Revised (HB 1451)	\$2,748,227
FY '83 Revised (SB 69)	\$1,819,851
FY '83 Original	\$1,948,330

1. The FY '85 appropriation represents a 16% increase over revised FY '84 and a 64% increase over the original FY '83 funding level.

Commissioners of the Land Office (Cont.)

2. The agency received an increase in their Soil Conservation Program of \$449,197. These funds are used to improve the presently unleased property to a point where they become more valuable and ready for leasing.
3. The newly installed rental and lease procedure by the commission has met with positive success. The lease rental collection in FY '82 was \$5,585,504 while collections in FY '83 came to \$7,014,404. Estimates place FY '84 collections in excess of \$9,000,000 or a 37% increase in three years.

State Arts Council of Oklahoma

FY '85	\$1,375,999
FY '84 Revised (HB 1451)	\$1,375,999
FY '83 Revised (SB 69)	\$1,548,517
FY '83 Original	\$1,689,567

1. The FY '85 appropriation remained at the revised FY '84 (HB 1451) appropriation level, but is 19% under the original FY '83 level.
2. The agency has maintained an effective program while taking a 19% funding reduction. Since FY '83 the number of programs have been reduced but the major areas of Tourism, Community Support Programs and Artists-in-Residence are still being maintained.
3. The agency may receive an increase in federal funds which would help make up for some of the funding loss.

Will Rogers Commission

FY '85	\$292,640
FY '84 Revised (HB 1451)	\$292,640
FY '83 Revised (SB 69)	\$313,466
FY '83 Original	\$333,474

1. The FY '85 appropriation is at the same level as the FY '84 revised level, but (12%) under the original FY '83 level of funding.
2. The agency will increase revolving funds usage to make up previous appropriation losses.

J.M. Davis Commission

FY '85	\$196,528
FY '84 Revised (HB 1451)	\$196,528
FY '83 Revised (SB 69)	\$213,002
FY '83 Original	\$226,598

1. FY '85 appropriation is the same as in revised FY '84, but is (13%) under the original FY '83 level of funding.
2. The agency intends to increase revolving fund usage in order to make up for previous appropriated fund losses.

Oklahoma Board of Private Schools

FY '85	\$90,751
FY '84 Revised (HB 1451)	\$90,751
FY '83 Revised (SB 69)	\$88,766
FY '83 Original	\$92,466

1. The FY '85 appropriation represents the same funding level as FY '84.
2. SB 399 abolished the Private School Fund. The agency will receive all funding from General Revenue during FY '85.

Fire Protection Personnel Standards

FY '85	-0-
FY '84 Revised (HB 1451)	\$376,129
FY '83 Revised (SB 69)	\$313,588
FY '83 Original	\$333,604

1. The Agency and Commission were repealed and responsibilities and funds transferred to the Regents for Higher Education. The program and funds will be passed through to Oklahoma State University to maintain the program at its present level. O.S.U. contracted with the Fire Protection Personnel Standards and Education Board and provided the programs in the past. The transfer only makes a change in the funds going through the Regents to O.S.U. instead of through the F.P.P.S.E. Board to O.S.U.
2. The program will continue to provide the highest level of training for the state's firefighters. The program will continue to offer an estimated 380 - 400 classes for 10,500 to 11,000 firefighters representing 275 to 300 cities and organizations.

SUBCOMMITTEE ON GENERAL GOVERNMENT AND JUDICIARY

Oklahoma Tax Commission

FY '85	\$40,998,259
FY '84 Revised	35,577,218
FY '83 Revised	40,569,552
FY '83 Original	37,475,562

1. The FY '85 appropriation represents a 15.2% increase over FY '84 and a 9.4% increase over the original FY '83 level of funding. (FY '83 figures do not include special projects of \$5,450,000).
2. Several programs (costing a total of \$2,498,760) mandated as the result of other bills received authorization. They are:
 - A) Unclaimed Mineral interests; a program to escrow unclaimed royalties and invest them while holding for the owners. The State will collect the interest, estimated eventually at \$50 million a year.
 - B) Tax Amnesty; a 6 month program allowing individuals and corporations to pay overdue taxes without penalty. Estimated revenue: \$5 million.
 - C) Income Tax Refund Snag; a program set to hold tax refunds in payment of debts to the state. Estimated revenue: \$6 million.
 - D) Horse Racing Audits; a program to audit parimutuel track receipts. Estimated revenue: \$1,116,000.
 - E) Central Title Issue; a program to issue all vehicle titles centrally instead of from various tag agents statewide. Greater security of titles is the major purpose of this program, which also increases fees and, which will result in an estimated revenue of \$750,000.
3. An increase of 187 FTE was authorized. 56 FTE will carry out the above programs. 113 will be for revenue enhancement.
4. The amount of \$100,000 was appropriated for payment to O.S.U. for national revenue information which the Tax Commission uses to improve accuracy in making financial predictions for the State.
5. The Tax Commission is authorized by this bill to pay up to \$190,000 to the Office of The State Auditor and Inspector for audits of the Tax Commission and motor license (tag) agents.
6. A \$3,742,439 revenue enhancement program was authorized by this bill. The agency plans to use the funding to collect \$33,075,790 which is currently owed the state.
7. Increased appropriated funding in the bill includes \$2,343,511 from General Revenue and \$3,077,530 from the O.T.C. Fund.

8. HB 1767 authorizes the application of additional homestead exemptions (geared to help low income homeowners). It will cost the state an estimated one to six million dollars a year.

Office of Public Affairs

FY '85	\$6,700,218
FY '84 Revised	6,434,322
FY '83 Revised	5,745,740
FY '83 Original	6,114,404

1. The FY '85 appropriation represents a 4.1% increase over FY '84.
2. A risk management program was established and \$252,500 was appropriated to study and begin implementation of steps to insure the state against tort claims. Four FTE were added for this function.
3. The survey of state lands and the proposed new construction and properties division of OPA were functions not funded in this bill. This necessitated delaying until FY '86 the implementation of last years' SB 305 which had authorized those activities.
4. Security and maintenance costs at the former Whitaker State Childrens Home were reduced from \$200,000 to \$40,000 and three FTE were removed from that activity. Continuing state negotiations may result in the facility being eventually used as a National Guard military installation.
5. The amount of \$298,396 was appropriated for office space rental for University Center in Tulsa.
6. The \$1.3 million maintenance cost of the Sequoyah and Will Rogers Buildings was transferred from the Capital Improvement Authority to OPA.
7. The funding of \$200,000 allocated for moving costs for state agencies relocating due to the Agriculture Building's occupancy was discontinued.

Ethics and Merit Commission

FY '85	\$265,963
FY '84 Revised	264,879
FY '83 Revised	256,826
FY '83 Original	306,826

1. The FY '85 appropriation represents an increase of 0.4% over FY '84, but 13.32% under the original FY '83 level of funding.

Supreme Court and Court of Appeals

FY '85	\$4,452,951
FY '84 Revised	4,779,828
FY '83 Revised	4,259,972
FY '83 Original	4,457,972

1. The FY '85 appropriation represents a decrease of 6.8% under FY '84.
2. This appropriation funds, in addition to the Supreme Court, the Oklahoma Court of Appeals, the Judicial Nominating Committee, the Court on the Judiciary, and the statewide Court of Information System.
3. Of the total FY '85 funding in this bill, \$3,000,000 is appropriated from the Workers' Compensation Administration Fund.

Court of Criminal Appeals

FY '85	\$678,607
FY '84 Revised	628,003
FY '83 Revised	674,014
FY '83 Original	703,948

1. The FY '85 appropriation represents an increase of 8% over FY '84, but 3.6% under the original FY '83 level of funding.
2. This agency balanced their FY '84 budget with funding left from temporarily vacant positions (now filled). The amount of \$48,076 was added for FY '85 to allow the agency to maintain a zero growth budget.

District Courts

FY '85	\$13,870,754
FY '84 Revised	13,855,184
FY '83 Revised	14,119,599
FY '83 Original	14,019,599

1. The FY '85 appropriation represents an increase of 0.1% over FY '84, but 1.0% under the original FY '83 level of funding.
2. \$50,000 was appropriated to carry out an educational program for judges on the new Oklahoma Pleading Code (SB 417).
3. \$60,000 was added for a Judicial personnel study to review current utilization of all current judicial support staff.

Oklahoma Center for Criminal Justice

FY '85	\$274,757
FY '84 Revised	245,993
FY '83 Revised	263,786
FY '83 Original	274,778

1. The FY '85 appropriation represents an increase of 11.7% over FY '84, and is virtually the same as the original FY '83 level of funding.
2. For FY '85 this agency was authorized one additional FTE; an attorney funded for \$27,500 (includes benefits). The new position was granted to make some inroads into a case/time backlog which is expected to reach one year in length by the end of FY '84.

District Attorneys and D.A.T.C.C.

FY '85	\$18,919,334
FY '84 Revised	17,825,644
FY '83 Revised	11,202,753
FY '83 Original	11,617,451

1. The FY '85 appropriation represents an increase of 6.1% over FY '84.
2. Funding for the Crime Victims Compensation Board was decreased from \$53,002 to \$39,202 or 26%. The agency was authorized to spend more from the Crime Victims Compensation revolving fund. One FTE to be funded from the revolving fund was added to the agency total of 553.
3. To pay for an estimated 800 exam requests, the Sexual Assault Examination Fund was appropriated \$100,000 this year, up from \$48,375 in FY '84. A ceiling of \$125 was placed on the amount of medical charges for the exam. To pay for a backlog of claims, a supplemental of \$37,875 was appropriated during FY '84 in HB 1483.
4. By statute, the 27 District Attorneys in the state moved from annual salaries of either \$42,000 or \$48,000 to \$50,000. Funding for this change totalled \$109,191.
5. The thirty-seven assistant district attorneys at the lowest end of the pay scale formula received statutory mandated increases that totaled (with benefits) \$171,880.
6. The 19.5 vacant assistant district attorney positions were funded at a total of \$682,500 (without benefits). Filling vacant positions will help eliminate county backlogs.

Attorney General

FY '85	\$2,314,763
FY '84 Revised	2,304,288
FY '83 Revised	2,469,429
FY '83 Original	2,627,052

1. The FY '85 appropriation represents an increase of 0.4% over FY '84, but 11.8% under the original FY '83 level of funding.

Office of the Secretary of State

FY '85	\$383,085
FY '84 Revised	586,778
FY '83 Revised	549,085
FY '83 Original	583,495

1. The FY '85 appropriation represents a 34.7% decrease in General Revenue appropriated to this agency.
2. Increases were authorized for all the flat fees and minimum fees charged by the Secretary of State (except those increased by HB 1451). The increases will produce an estimated \$1,000,000 per year for the General Revenue Fund and \$25,000 per year for the Secretary of State's Revolving Fund.

The principal sources of additional revenue are increased fees for the filing and amendment of articles of incorporation and for the formation of limited partnerships.

House of Representatives

FY '85	\$5,502,482
FY '84 Revised	5,614,778
FY '83 Revised	6,139,055
FY '83 Original	6,530,910

1. The FY '85 appropriation represents a 2% decrease under FY '84, and a 15.7% decrease from the original FY '83 level of funding.
2. The amount of \$35,000 from the Special Sinking Reserve Fund was appropriated via SB 368 for the operation of a Citizen's Joint Task Force on Crime and Law Enforcement.
3. \$250,000 from the Special Sinking Reserve Fund was appropriated via SB 368 to be used to purchase Oklahoma Statutes, Supplements and Session Laws.

Oklahoma State Senate

FY '85	\$4,245,782
FY '84 Revised	4,332,431
FY '83 Revised	4,733,191
FY '83 Original	5,035,310

1. The FY '85 appropriation represents a 2% decrease under FY '84 and a 15.7% decrease from the original FY '83 level of funding.

Office of the Director of State Finance

FY '85	\$2,176,043
FY '84 Revised	1,898,003
FY '83 Revised	2,043,324
FY '83 Original	2,213,749

1. The FY '85 appropriation represents a 14.6% increase over FY '84, but 1.7% under the original FY '83 level of funding.
2. Funding of \$262,040 was added for General Operations to make up a shortage created during the last fiscal year when the agency managed to balance its budget by using carryover funds and funds from staff vacancies.
3. SB 401 appropriated \$6,250,000 and 5 FTE to develop and implement a statewide data processing and financial information system. Included are new state systems for accounting, budgeting, payroll, personnel, and purchasing.
4. SB 401 also transfers 122 FTE plus records, equipment, and supplies from the Department of Transportation to the Office of State Finance for a revamped data processing planning system.

Office of the Auditor and Inspector

FY '85	\$2,698,321
FY '84 Revised	2,651,348
FY '83 Revised	2,770,459
FY '83 Original	2,820,459

1. The FY '85 appropriation represents a 1.8% increase over FY '84, but 4.3% under the original FY '83 level of funding.
2. Overall general operations for the agency were reduced 2% but new programs were added. The net increase to the agency is \$46,973.
3. The amount of \$50,000 was added for federal compliance audit start-up money. This program will be funded from user (federal) fees.

Office of the Auditor and Inspector (Cont.)

4. The amount of \$50,000 and 15 FTE were added for start-up money to audit various local and state agencies which will reimburse this agency for the audit service.
5. The State Auditor and Inspector Fund was abolished in SB 399 and the \$484,321 appropriated to the agency in FY '84 from this fund was appropriated for FY '85 from General Revenue.

State Election Board

FY '85	\$2,725,794
FY '84 Revised	2,758,371
FY '83 Revised	2,541,394
FY '83 Original	2,585,331

1. The FY '85 appropriation represents a 1.2% decrease from FY '84.
2. Funding of \$1,129,500 for statewide elections was appropriated from the Special Sinking Reserve Fund. This funding will permit the Board to conduct general and special elections.

Office of Personnel Management

FY '85	\$3,439,725	
FY '84 Revised	3,439,725	
FY '83 Revised	3,772,568	490,886 appropriated
FY '83 Original	3,862,568	580,886 appropriated

1. The FY '85 appropriation represents no change from FY '84, but is a level of funding which is 10.9% under the FY '83 original appropriation.
2. The agency received authorization to purchase liability insurance to indemnify the administrator and staff.

Office of Lieutenant Governor

FY '85	\$163,952
FY '84 Revised	167,298
FY '83 Revised	180,241
FY '83 Original	193,808

1. The FY '85 appropriation represents a 2% decrease from FY '84, and a 15.4% decrease under the original FY '83 level of funding.

Legislative Fiscal Office

FY '85	\$675,197
FY '84 Revised	688,977
FY '83 Revised	778,387
FY '83 Original	828,071

1. The FY '85 appropriation represents a 2% decrease under FY '84 and an 18.5% decrease under the original FY '83 level of funding.

Joint Bill Processing

FY '85	\$664,600
FY '84 Revised	550,612
FY '83 Revised	581,115
FY '83 Original	618,208

1. The FY '85 appropriation represents a 20.7% increase over FY '84.
2. To avoid paying \$200,000 in annual use costs to the D.H.S. data processing system, \$125,000 (net increase in bill \$113,988) was appropriated for a word processing system that will internally produce legislative bills in future sessions.

Governor

FY '85	\$1,630,799
FY '84 Revised (HB 1451)	\$1,555,799
FY '83 Revised (SB 69)	\$1,732,996
FY '83 Original	\$1,843,613

1. The FY '85 appropriation represents a 4.8% increase over FY '84, but is 11.5% under the original FY '83 level of funding.
2. \$75,000 was appropriated for research on and development of an international market industry plan. This plan will be established in conjunction with the Southern Growth Policies Board.

Workers' Compensation Court

FY '85	\$2,197,487
FY '84 Revised (HB 1451)	\$1,905,255
FY '83 Revised (SB 69)	\$1,930,703
FY '83 Original	\$1,930,703

1. The FY '85 appropriation, all of which is from the Workers' Compensation Administration Fund, represents a 15.3% increase over FY '84.
2. The amount of \$248,800 for data processing was added to the budget which allows doubling the Court's data processing capabilities which is needed to eliminate backlog and meet current data processing demands.
3. Senate Resolution 70 authorized the construction of the proposed Workers' Compensation Court Building. The necessary funding of \$8.5 million is already available. The Building will house, in addition to the Workers' Comp. Court, the Oklahoma Court of Appeals, The Office of the Administrator of the Courts, and the Statewide Data Processing system for the courts.

SUBCOMMITTEE ON HEALTH AND SOCIAL SERVICES

Department of Human Services

FY '85	\$439,500,000
FY '84 (HB 1451)	427,101,147
FY '83 (SB 69)*	413,694,725
FY '83 (Original)	490,981,530

* DHS was not included in SB 69; however, the shortfall amounted to \$77,285,805

1. The FY '85 appropriation represents a \$12,398,853 or a 2.9% increase over revised FY '84, but 10.5% under the original FY '83 level of funding. The majority of this increase went directly to financing the Medicaid program.
2. The FY '85 appropriation moves the "payback" of \$50 million that was borrowed from the Insurance Commissioner's Protest Fund to FY '86.
3. The FY '85 appropriation amends six statutes; however, none have a significant impact on programs or funding.
4. One significant section in the appropriation bill allows DHS to draw funds from the General Revenue Reserve Fund if the sales tax does not meet the appropriation level. Some feel this could amount to over \$25 million in FY '85.
5. To provide a sufficient certified amount for the Legislature to appropriate to DHS, the reserve requirement was changed from 10% to a fixed amount (\$27,038,091). DHS will need at least \$35 million to begin FY '86; therefore, a shortfall of at least \$8 million will occur.
6. The special projects bill appropriated \$1,150,000 to DHS for mentally retarded schools and vocational rehabilitation institutions.

Mental Health

FY '85	\$82,593,737
FY '84 (HB 1451)	82,593,737
FY '83 (SB 69)	89,339,329
FY '83 (Original)	95,040,775

1. The FY '85 appropriation is the same as FY '84 revised and 13% below the original FY '83 appropriation.
 2. By virtue of the passage of HB 1034, Mental Health will be responsible for handling individuals convicted of DUI offenses. SB 368 (special
- Mental Health (Cont.)

projects bill) provided \$290,000 for this program which the Department

estimated will annually cost \$1.2 million to operate. The remainder of FY '85 costs will be borne from the base appropriation.

3. The Department will establish a new community treatment center in Tahlequah.
4. Five revolving funds were consolidated into one to facilitate agency accounting procedures.
5. The Department was appropriated \$750,000 in the special projects bill for systemwide improvements.
6. State statutes were amended to prohibit the refusal of care and treatment due to inability to pay. This change was triggered by an after-the-fact cost determination system which will be restructured.

Department of Health

FY '85	\$33,948,446
FY '84 (HB 1451)	34,641,271
FY '83 (SB 69)	34,677,225
FY '83 (Original)	37,063,065

1. The FY '85 appropriation is 2% under FY '84 revised and 8.4% under the original FY '83 appropriation.
2. The agency was permitted to increase fees for birth certificates (from \$2 to \$5) and for health screening, chronic disease and immunizations. These increases will raise an estimated \$1.4 to \$1.7 million annually.
3. \$420,000 was provided in SB 368 to replace audiology equipment at various locations and \$500,000 was provided for community living skills programs available contractually through DHS.
4. Regional guidance services, eldercare and child guidance services received funding increases for FY '85.
5. \$500,000 was authorized for expanded services for pregnant women and newborns.
6. \$30,000 was authorized for contract services to be provided through the Sickle Cell Research Foundation.

J.D. McCarty Center

FY '85	\$1,634,140
FY '84 (HB 1451)	1,292,008
FY '83 (SB 69)	1,777,824
FY '83 (Original)	1,777,824

1. The FY '85 appropriation represents a \$342,132 (26.5%) increase over FY '84 revised. This increase will enable the Center to hire 19 FTE to correct some deficiencies which have resulted in a declaration of ineligibility for medicaid funds.
2. The Center will receive \$192,400 for capital improvements aimed at further correcting structural deficiencies which have, in part, been responsible for loss of Title XIX (medicaid) funds.

Veterans Affairs

FY '85	\$11,701,311
FY '84 (HB 1451)	11,701,311
FY '84 (SB 69)	13,133,555
FY '83 (Original)	14,313,850

1. The FY '85 appropriation is the same as FY '84 revised and 18.3% under the original FY '83 appropriation.
2. Aid for destitute minor dependents of war veterans remains at \$13 per capita, per day.
3. In SB 368, the agency was authorized \$500,000 for systemwide capital improvements.
4. Individuals having excessive resources or estate exclusive of income will, beginning July 1, 1984, be assessed a care and maintenance charge equal to three times the V.A. allowance for the type of care provided.

Health Planning Commission

FY '85	\$238,085
FY '84 (HB 1451)	303,885
FY '83 (SB 69)	450,910
FY '83 (Original)	484,910

1. The FY '85 appropriation represents a 16.7% decrease from FY '84 revised. Fee increases will more than compensate for this reduction.
2. Fees of up to \$7,500 for certificate of need review related to acquisitions of long-term care facilities were authorized. \$3,700 was the prior maximum fee limit.

Health Planning Commission (Cont.)

3. Health care facilities will also include substance abuse treatment centers beginning July 1, 1984.
4. Facilities, whether purchased, leased, donated or transferred by corporate merger, shall be subject to certificate-of-need review commencing with FY '85.

Human Rights Commission

FY '85	\$477,241
FY '84 (HB 1451)	468,448
FY '83 (SB 69)	473,993
FY '83 (Original)	518,431

1. The Commission received a 2% increase for FY '85 operations, but remains nearly 8% under the original FY '83 appropriation.
2. The increase will be used to pay costs for hearing examiners, witnesses and court clerks needed in hearings involving handicapped individuals. The Commission has been mandated to handle employment discrimination cases and funds to cover these expenses have never been provided previously.

Indian Affairs Commission

FY '85	\$175,660
FY '84 (HB 1451)	179,245
FY '83 (SB 69)	185,452
FY '83 (Original)	191,862

1. The \$3,585 (2%) reduction for FY '85 operations represents the third consecutive appropriation reduction realized by the Commission.
2. Deposits from donations and sale of Indian arts and crafts will be allowed to be made into the Commission's Revolving Fund. These funds plus significant increases in Federal Funds for family planning services will leave the agency with over \$100,000 more in total funding than in FY '84 revised.

Office of Handicapped Concerns

FY '85	\$219,812
FY '84 (HB 1451)	216,148
FY '83 (SB 69)	226,979
FY '83 (Original)	236,437

1. The FY '85 appropriation represents a 1.7% increase over FY '84 revised, but is 7% under the original FY '83 appropriation.

Board of Medicolegal Investigations

FY '85	\$1,663,669
FY '84 (HB 1451)	1,655,886
FY '83 (SB 69)	1,733,046
FY '83 (Original)	1,786,646

1. The Board received a half percent (.5%) appropriation increase for FY '85, but remains nearly 7% under the original FY '83 appropriation.

Board of Nursing Homes

FY '85	\$143,225
FY '84 (HB 1451)	146,148
FY '83 (SB 69)	129,960
FY '83 (Original)	129,960

1. The Board's FY '85 appropriation is 2% below FY '84 revised and 10% below the operating level originally established for FY '83.
2. The Nursing Home Fund was abolished in SB 399 and this agency will operate solely on General Revenue Funding in FY '85.
3. Annual fees for nursing home administrators were raised from \$50 to \$100.

Commission on Children and Youth

FY '85	\$661,693
FY '84 (HB 1451)	661,693
FY '83 (SB 69)	326,857
FY '83 (Original)	474,665

1. The FY '85 appropriation represents a standstill level of funding compared to FY '84 revised.
2. One additional employee will be hired to handle oversight of juvenile institutions.
3. \$32,183 is appropriated for research grant programs pertaining to prevention of child abuse. This amount will be added to \$70,000 in reappropriated funds for similar purposes.

SUBCOMMITTEE ON NATURAL RESOURCES & REGULATORY AGENCIES

Natural Resources

Department of Agriculture

FY '85	\$12,258,129
FY '84 (HB 1451)	12,258,129
FY '83 (SB 69)	13,240,790
FY '83 (Original)	14,085,947

1. The FY '85 appropriation is at the same level as FY '84 revised, but 12.9% under the original FY '83 level of funding.
2. \$110,000 was included in the appropriation for the Forestry Division to bring the Oklahoma Economic Development Association into the surplus property program and to raise all other substate planning districts to a \$40,000 annual funding level.
3. The Forestry Division will be funded 6.4% above FY '84 revised which insures control of the industry, adequate firefighting protection and continued operation of the forest tree nursery.
4. \$100,000 was included in the Plant Industry Division to initiate a satellite pest survey program for Oklahoma's Agricultural lands. This survey will allow detection of disease at much earlier stages and possibly save numerous acres from exposure.
5. Funding for the fruit and vegetable marketing program promotion was discontinued as planned in FY '84.
6. 11 agricultural promotion shows were funded at a level of \$97,621.

Broiler Show - Muskogee	\$2,386
Dairy & Beef Show - Stillwater & Tulsa	31,156
Food and Fiber Show - Tulsa	7,955
Forestry Show - Broken Bow	12,694
Lamb Show - Lawton	796
Pecan Show - Okmulgee	1,591
Poultry Show - Shawnee	6,364
National Harvest Festival - Walters	11,932
Junior Sheep Breeder's Show - Stillwater	1,591
Oklahoma 4-H and FFA Junior Livestock Show - OKC	21,156
7. Research and demonstration programs on ticks, wheat root rot/nematode complex, and peanut pod rot were continued at the FY '84 revised level.
8. 13 1/2 FTE were added to the agency. The basic positions were firefighters in the forestry division, meat inspectors and agricultural marketing specialists. The positions will allow adequate fire protection in Southeastern Oklahoma, more consistent inspection of slaughter and packing facilities and improved marketing capabilities.

Water Resources Board

FY '85	\$2,650,047
FY '84 (HB 1451)	2,676,815
FY '83 (SB 69)	2,814,810
FY '83 (Original)	2,994,478

1. The FY '85 appropriation is \$26,768 under the HB 1451 level of funding and represents the third consecutive year of budget reductions.
2. 2 FTE were added to the agency to handle the numerous grant applications which have been submitted since an Attorney General's opinion freed up interest funds from the \$25 million appropriated in 1982 for water development. Through May, forty-six grants have been approved totaling \$2,572,746.
3. The Legislature passed a proposed constitutional amendment, subject to voter approval, that will allow the state to provide financial assistance to municipalities and other qualifying state entities for water resources and sewer treatment facilities.

Tourism and Recreation

FY '85	\$19,577,417
FY '84 (HB 1451)	19,577,417
FY '83 (SB 69)	21,416,342
FY '83 (Original)	23,028,324

1. The FY '85 appropriation is at the same level as FY '84 revised, but 14.9% under the original FY '83 level of funding.
2. Although the same total amount as FY '84 revised was appropriated to the agency, the divisional distribution of funds was altered to meet current needs.
3. Tsa La Gi and the Oklahoma Summer Arts Institute at Quartz Mountain were returned to their original FY '84 appropriation of \$45,000. Current operations can be continued at this level of funding.
4. All Information Centers will be open at a reduced permanent staff level. Full staffing will now be made up by volunteers.
5. The Parks division received an increased appropriation so that all parks and recreation areas will be open during the regular season.
6. The appropriation to the Scenic Rivers Commission was reduced for the third consecutive year. The reduction will be offset by a statutorily expanded use of fees generated on the river.

Tourism and Recreation (Cont.)

7. \$42,998 was included in the agency's appropriation to support the operation of Crowder Lake. The project was finished this year and is now ready to open to the public.
8. The FTE level was reduced by 13 below revised FY '84. The reduction was due to the cutback in permanent full-time staff at the information centers.
9. \$850,000 was appropriated to the agency for statewide improvements to parks and lodges.

Conservation Commission

FY '85	\$3,007,326
FY '84 (HB 1451)	3,007,326
FY '83 (SB 69)	3,258,347
FY '83 (Original)	3,468,347

1. FY '85 appropriation is at the same level as FY '84 revised, but 13.2% below the original FY '83 level of funding.
2. All conservation districts will receive similar funding at FY '84 revised levels and will continue present operations.

Department of Economic and Community Affairs

FY '85	\$4,368,967
FY '84 (HB 1451)	4,228,967
FY '83 (SB 69)	4,728,179
FY '83 (Original)	5,084,063

1. The FY '85 appropriation \$140,000 over the FY '84 revised amount, but 14% below original FY '83.
2. General Operations, which received a 14.7% reduction in HB 1451, was increased 4.9%. This will allow the agency to maintain current operations.
3. \$100,000 was provided to supply continued support for the Small Business Development Center located at Southeast Oklahoma State University.
4. \$40,000 was included to support a new job corps program in conjunction with the Oklahoma Municipal League.

Department of Economic Development

FY '85	\$2,029,277
FY '84 (HB 1451)	1,841,218
FY '83 (SB 69)	2,130,775
FY '83 (Original)	2,367,002

1. The FY '85 appropriation is 10.2% above FY '84 revised, but 14.2% below the original FY '83 appropriation.
2. Funding was provided for a study of Oklahoma's business development. The funds will be used in conjunction with funding from various Oklahoma Chambers of Commerce.
3. The Oklahoma High-Tech Council was funded for FY '85 at \$155,000. The Council will produce its initial findings on the economic climate of the State in the near future.
4. Funding and 2 FTE were included to fill vacant area director positions in Southeast and Northwest Oklahoma. Area directors are responsible for direct contact with communities concerning possible economic development opportunities. There will now be a total of 4 area directors covering the entire state in quadrants.

Regulatory Services

Department of Labor

FY '85	\$1,249,398
FY '84 (HB 1451)	1,091,301
FY '83 (SB 69)	1,124,576
FY '83 (Original)	1,209,222

1. The FY '85 appropriation is 14.4% above FY '84, an increase due to the addition of new classes of boilers annually coming under the jurisdiction of the department in accordance with the Boiler Safety Act.
2. Funds were added to implement an amendment concerning prevailing wage. The amendment requires each contractor or subcontractor on a public project to keep a record showing work related information including type of work and actual wages. These records are to be forwarded to the Commissioner of Labor upon completion of the project. The Commissioner will verify the information supplied by the contractor by sending a copy of the records to each workman. The workman will notify the Commissioner, in writing, of any inaccuracy in the records. Those contractors in violation of the act will be fined until compliance is in effect and will not be eligible for an award of any contract by a public body until reinstatement by the Commissioner.

Department of Labor (Cont.)

3. A new section of law was added in which the prevailing wage act applies only to those contracts with a public entity whose combined total is \$10,000 or more. The previous contract threshold was \$750.
4. Funds were appropriated to the Department of Labor to contract with the University of Oklahoma Department of Economic Research to conduct a state-wide wage survey, to be completed in FY '85
5. Two FTE were added to allow boiler inspectors to return to the field. The inspectors had been moved to the central office to process boiler inspection records due to clerical staff reductions made in HB 1451.
6. The following fees were increased generating approximately \$48,000 to be deposited to the General Revenue Fund:

	<u>Current</u>	<u>Proposed</u>
Welders's License Fee	\$10	\$25
Welding Inspector License Fee	New Fee	\$100
Welding Test Facility License Fee	\$50	\$250

Corporation Commission

FY '85	\$3,276,636
FY '84 (HB 1451)	3,143,196
FY '83 (SB 69)	3,478,000
FY '83 (Original)	3,700,000

1. The FY '85 appropriation is a 4.2% increase over FY '84 revised, but 11.4% below the original FY '83 appropriation.
2. \$81,249 and 2 FTE were added in order to accommodate the Commission's duties relative to the implementation of SB 299 passed last session. SB 299 concerns the Mineral Interest Owners Fund and the collection of royalties for unknown or unlocated owners of properties under a pooling order.
3. One FTE was added to the Pipeline Safety Division to implement the provisions of HB 1201 which relate to hazardous waste disposal. Funding will be provided by pipeline assessments already in place.
4. Seven revolving funds were consolidated into one revolving fund. The consolidation was done for efficiency purposes in order to simplify bookkeeping procedures.
5. An Enforcement and Investigation Division was created. The Division will consolidate all enforcement activities of motor carrier officers and oil and gas field inspectors into one division. The consolidation is designed to increase the efficiency and effectiveness of the Commissioner's

Corporation Commission (Cont.)

response to various problems such as illegal disposal of hazardous waste from oil fields and overweight motor carriers.

6. One FTE, an enforcement officer, was added to implement HB 1846 dealing with overweight vehicles.
7. Funding and one FTE were added to upgrade fuel inspector positions statewide.

Chief Mine Inspector's Office

FY '85	\$675,946.
FY '84 (HB 1451)	459,721
FY '83 (SB 69)	414,914
FY '83 (Original)	588,557

1. FY '85 appropriation is 47.9% above FY '84 revised and 15.2% above original FY '83.
2. The increased appropriation is due to an attempt by the State to overcome the Federal takeover of enforcement and inspection duties of the Department.
3. Fourteen and one-half FTE were added to strengthen the Department's ability to regulate the coal industry. The new employees will be trained to assume enforcement and inspection responsibilities for the Department once the Federal Government has left.
4. Two amendments were included to bring state law into conformity with Federal law. The first lessens the frequency of inspections of active and inactive mine sites. State law violates Federal law because it is currently more stringent than the Federal provisions. The second amendment authorizes alternative reclamation practices as approved by the Department of the Interior for certain mined lands.
5. A third amendment was added authorizing the Department to conduct fewer inspections during Federal takeovers. The amendment is designed to protect the agency against possible lawsuits resulting from the current takeover.

Banking Department

FY '85	\$1,392,136
FY '84 (HB 1451)	1,331,992
FY '83 (SB 69)	1,399,529
FY '83 (Original)	1,378,188

1. The FY '85 appropriation is 4.5% above FY '84 revised and 1% above FY '83 original.
2. Two bank examiners were added because the number of problem banks in Oklahoma has recently increased. The legislature deems that banks require more oversight by the Banking Department in order to ensure a secure banking system.
3. In order to more adequately support banking regulation, the Legislature established a minimum annual fee of 14 ¢ to be assessed on each 1000 dollars of resources. In the past there was no minimum and a maximum of 20¢. The fee is expected to raise approximately \$118,000 to be deposited to the General Revenue Fund.

Horse Racing Commission

FY '85	\$0
FY '84 (HB 1451)	\$257,952
FY '83 (SB 69)	0
FY '83 (Original)	0

1. The Commission will receive no General Revenue Appropriation for FY '85, but will be solely supported from revolving funds.
2. The payback of the original General Revenue start-up money will be delayed for one year. The rate of payback will be changed from 25% of all funds received to 10% of all funds received.
3. Less stringent bond requirements were established for licenses to conduct nonpari-mutuel horse races. The current requirement is \$200,000 and the amended requirement is \$10,000.

Insurance Commissioner's Office

FY '85	\$1,806,824
FY '84 (HB 1451)	1,880,751
FY '83 (SB 69)	2,114,352
FY '83 (Original)	2,202,451

1. The FY '85 appropriation is 3.9% below FY '84 revised and 17.9% below original FY '83 representing a third consecutive year of budget reductions.
2. Fee increases in two substantive bills passed this session concerning bailbondsmen and prepaid funeral benefits allowed the addition of five FTE to the agency.
3. Six revolving funds were consolidated into one fund for efficiency reasons to ease bookkeeping duties.

Securities Commission

FY '85	\$656,972
FY '84 (HB 1451)	756,972
FY '83 (SB 69)	815,165
FY '83 (Original)	867,197

1. The FY '85 appropriation is 13.2% below the FY '84 revised level, thus making the third consecutive year of budget reductions.
2. The purpose for which the agency uses its special cash funds was expanded to include general administrative functions in order to allow them to use the growing cash balance. The additional use of these funds allows the agency to offset the General Revenue reduction.

Commission on Consumer Credit

FY '85	\$418,174
FY '84 (HB 1451)	426,708
FY '83 (SB 69)	456,990
FY '83 (Original)	507,767

1. The FY '85 appropriation is 2% below FY '84 revised and represents the third consecutive year of reduced appropriations.
2. A notification filing fee increase from \$10 to \$20 will offset the general revenue decrease.

Property and Casualty Rates Board

FY '85	\$399,422
FY '84 (HB 1451)	382,705
FY '83 (SB 69)	388,833
FY '83 (Original)	432,037

1. The FY '85 appropriation is 4.3% above FY '84 revised, but 7.5% below original FY '83.
2. The increased appropriation is to support the addition of one FTE, a rate analyst, which will allow more prompt processing of claims and rate scheduling.

Liquefied Petroleum Gas Board

FY '85	\$255,979
FY '84 (HB 1451)	261,203
FY '83 (SB 69)	232,953
FY '83 (Original)	242,659

1. The FY '85 appropriation is 2% below the FY '84 revised level of funding.
2. The Liquefied Petroleum Gas Fund was abolished in SB 399 and the agency will now be totally funded from the General Revenue Fund.

Department of Pollution Control

FY '85	\$163,141
FY '84 (HB 1451)	168,141
FY '83 (SB 69)	179,971
FY '83 (Original)	191,458

1. The FY '85 appropriation is \$5,000 or 3% below revised FY '84 and represents the third consecutive year of budget reductions.

SUBCOMMITTEE ON PUBLIC SAFETY AND TRANSPORTATION

Department of Corrections

FY '85	\$98,602,553
FY '84 (HB 1451)	92,127,213
FY '83 (SB 69)	84,637,576
FY '83 Original	81,420,692

1. Appropriations to the Department of Corrections have climbed steadily as growth in prison population has continued. Since the original FY '83 funding level, the appropriation for the Department has increased a total of \$17,181,861 or 21.1%.
2. Prison population growth during FY '85 is projected to be approximately 640 inmates (53.3/month). Growth funding is provided for 240 additional inmates at-facility (\$807,371, 146 FTE) and 400 inmates on house arrest (\$165,381, 20 FTE).

Projected end of FY '84 at-facility population	7,261
Projected end of FY '85 at-facility population	7,501
3. Funding and FTE authorizations provided for inmate growth at-facility are based on a staffing ratio of 80 inmate/17 FTE (4.7:1) and inmate costs of \$190 per inmate per month. The formulae are the same as those used during the 1982 and 1983 legislative sessions.
4. Funding and FTE authorizations provided for inmates on House arrest are based on a ratio of 30 inmates/1 probation and parole officer.
5. 330 FTE have been added for FY '85 making the total FTE count, 3,496. These employees are primarily correctional officers required for security and others necessary to handle an expanding population.
6. 37 new medical personnel are added to address medical staff shortages systemwide.
7. 51 additional probation and parole officers are provided to implement expanded probation and parole programs, primarily for SB 127 ("Shock Probation") and HB 1395 (Non-Violent Youth Offender Act).
8. Oklahoma State Industries Agricultural division has been provided 35 FTE to supervise inmates working in the expanded agricultural program. This expanded program will help combat the idleness problem.
9. The Emergency Powers Act (SB 445), which calls for early release of non-violent prisoners when the state's prisons reach 95% of capacity, has already alleviated overcrowding slightly by the release of 61 prisoners in mid-May 1984. The act can be invoked every 60 days if the Department requests it, and the Governor declares an emergency.

10. Capital improvement funding is provided in the amount of \$3.5 million for the following three projects:

James Crabtree Correctional Center in Helena will be upgraded from minimum to medium security	\$1,106,000
Fire Code deficiencies systemwide	1,628,000
Upgrade sewage lagoons systemwide	934,380

Department of Transportation

FY '85	\$105,712,781
FY '84 (HB 1451)	107,884,205*
FY '83 (SB 69)	125,991,567**
FY '83 Original	157,000,000

*Includes \$25 million cash transfer from the Turnpike Authority.
 **An additional \$19.6 million was appropriated for one time projects.

1. The FY '85 appropriation is 2% below the HB 1451 level. Although appropriated funds have decreased, earmarked funds have increased due to the 2.42% hike in the gas tax. The following funds will be available during FY '85:

	FY '85 Recommendation	FY '84 Revised (HB 1451)
Appropriated Funds	\$105,712,781	\$82,724,205
Earmarked Funds	113,181,817	82,655,067
Federal Funds	168,000,000 (est)	155,000,000 (est)
Transferred Funds	4,000,000	25,000,000
	<u>\$390,894,598</u>	<u>\$345,379,272</u>

This represents a \$45,515,326 or 13.2% increase over major funding available in FY '84.

- It is estimated that an additional \$26.6 million will be available for state highway construction due to the motor fuel tax increase.
- An estimated \$8 million of the motor fuel tax increase will be added to funding for the County Bridge program.
- \$9.5 million is appropriated for the County Equipment Revolving Fund bringing the total appropriation for this fund to \$20 million.
- \$686,686 is appropriated for municipal airport repairs.
- The Department of Transportation will now annually receive excess funds in the Turnpike Authority Trust Fund. The estimated transfer amount for FY '85 is \$4,000,000.

Department of Transportation (Cont.)

7. Of the amount transferred from the Turnpike Authority, \$432,410 is earmarked for airport repairs at Arrowhead state park.
8. The amounts (\$6.3 million) allocated for access road projects represent allocation minimums. The total available for park, lake, industrial and airport access road construction and improvements is 9.1% above the HB 1451 level.
9. Since more funds are available for highway construction and maintainance, 44 FTE were added. These FTE will primarily be engineers needed for expanded work on Federal projects and will bring the FTE count to the pre HB 1451 level of 3,253.

Civil Defense

FY '85	\$407,323	
FY '84 Revised (HB 1451)	\$351,349	
FY '83 Revised (SB 69)	\$376,393	
FY '83 Original	\$433,710	(operations only)

1. Funding for FY '85 represents an increase of \$55,974 or 15.9% over HB 1451. It remains 6.5% under original FY '83.
2. Three natural disasters have occurred in FY '84 for which the legislature has appropriated approximately \$3.5 million in state funds, and for which the Federal government has provided approximately \$12 million.

Flooding in October, 1983, made 15 counties eligible for \$5.3 million in Federal disaster relief monies: Caddo, Cleveland, Comanche, Cotton, Grady, Jackson, Jefferson, Kiowa, Lincoln, McClain, Okfuskee, Oklahoma, Pottawatomie, Stephens, and Tillman.

Tornado damage in April, 1984, made \$1.5 million in Federal funds available to 6 counties: Creek, Okmulgee, Osage, Pawnee, Wagoner, and Tulsa.

On Memorial Day weekend, 1984, severe flooding occurred in Tulsa, Wagoner, and Rogers counties. Estimates are that Federal relief funds could go as high as \$6 million.

3. One totally State-funded FTE, a secretary, was added to provide additional personnel for the paperwork involved with disaster relief administration.
4. The Department of Transportation (DOT) is now mandated to provide state match funds for disaster damage to roads and bridges and for debris removal from public buildings. Since the legislature is not always in session when disasters occur, DOT provides an available source of funds allowing repairs to begin immediately.

Bureau of Narcotics and Dangerous Drugs Control

FY '85	\$3,157,553
FY '84 Revised (HB 1451)	\$3,221,992
FY '83 Revised (SB 69)	\$3,556,601
FY '83 Original	\$3,227,649

1. The FY '85 appropriation is \$64,440 or 2% below the HB 1451 level. A practitioners fee increase will completely offset the cut and generate an additional \$10-15,000 over the HB 1451 level.
2. Registration fees for practitioners who dispense, prescribe or administer controlled substances (i.e. pharmacists, physicians, dentists) are increased from \$25 to \$35.
3. \$200,000 is provided for the agency's evidence fund. Money from this fund is used in undercover investigations to make drug buys to obtain evidence for trials.
4. The agency has recovered from mismanagement problems that surfaced in late 1982. All delinquent bills have been paid
5. Federal funding in FY '84 provided \$41,000 for a marijuana eradication program. It will be continued in FY '85 in the amount of \$65,000. The program was responsible for the seizure of over 179 tons of marijuana in calendar 1983.

Oklahoma State Bureau of Investigation

FY '85	\$7,103,320
FY '84 Revised (HB 1451)	\$7,103,320
FY '83 Revised (SB 69)	\$7,653,133
FY '83 Original	\$8,281,827

1. The FY '85 appropriation is the same as for FY '84 revised and 14.2% below the original FY '83 funding level.
2. \$127,898 is appropriated for the agency's evidence fund. Funding for the agency Reward Fund was discontinued due to a large cash balance in the fund and distribution of very few rewards.
3. The agency is provided funding to continue operation of a Motor Vehicle Theft Unit for the third year.
4. \$125,000 is provided from the Special Sinking Reserve Fund to construct a building to store drugs confiscated during investigations and to purchase an incinerator to destroy confiscated drugs.
5. HB 1500 authorizes the OSBI to investigate immediately the disappearance of any child 16 years of age or younger, and report the disappearance to the National Crime Information Center.

Oklahoma Military Department

FY '85	\$3,479,741
FY '84 Revised (HB 1451)	\$3,362,741
FY '83 Revised (SB 69)	\$3,775,323
FY '83 Original	\$4,116,916

1. The FY '85 appropriation is a 3.5% increase over FY '84, but 15.5% below the original FY '83 funding level.
2. \$150,000 is provided for recruiting incentives and National Guard scholarships. 80 ROTC Scholarship grants will be awarded in the fifth year of this program. In the third year of the enlistment scholarship and programs, 178 scholarships will be awarded.
3. An estimated \$71,000 in unencumbered capital funding was reappropriated and redesignated for contract repairs and maintenance systemwide.
4. In HB 1483 \$50,000 was reappropriated to provide active duty pay for National Guardsmen called out during the Conner riot and October 1983 floods.
5. The FTE level is 146.5, six over the FY '84 level. These six positions are federally funded and will be employed at Camp Gruber, 5 in maintenance and 1 clerk typist.
6. The Military Department was appropriated \$400,000 from the Special Sinking Reserve Fund for systemwide construction, maintenance, or improvements.

Department of Public Safety

FY '85	\$27,332,760
FY '84 (HB 1451)	27,785,789
FY '83 (SB 69)	33,012,297
FY '83 Original	34,536,132

1. The FY '85 appropriation represents a 1.6% (\$453,029) decrease below the HB 1451 level. Fee increases will offset the General Revenue fund decrease. The FY '85 funding level is 20.9% below the original FY '83 level, however, fee increases during the past two sessions have actually permitted the agency to increase expenditures.
2. Irregular shift differential, amounting to \$40,000 per month for uniformed personnel, will be permanently funded from drivers license reinstatement fees. Fees for non-DUI offenses were raised from \$35 - 100 and for DUI offenses from \$80 - 100. Shift differential will cost approximately \$480,000 in FY '85.

Department of Public Safety (Cont.)

3. \$75,000 was authorized to complete construction of Troop "J" headquarters in Enid.
4. Funding for the Board of Chemical Tests is \$245,000, 2% below the FY '84 level.
5. \$600,000 is provided to fund a Highway Patrol academy class of 50-60 troopers.
6. Funding is provided to return trooper miles per shift from 75 miles per shift (HB 1451) to 125 miles per shift. The agency feels this will reduce speeding violations and save lives.
7. Wrecker license fees were increased from \$25 - 100, and wrecker license renewal fees were increased from \$10 - 50.

Council on Law Enforcement Education and Training

FY '85	\$940,210
FY '84 Revised (HB 1451)	\$833,285
FY '83 Revised (SB 69)	\$894,875
FY '83 Original	\$954,025

1. The FY '85 appropriation represents a 12.8% increase over the HB 1451 level, but is 1.4% under the original FY '83 level of funding.
2. The Law Enforcement Officers Training Fund was abolished in SB 399. All revenue generated for this fund will be deposited to the credit of the General Revenue Fund starting July 1, 1984.
3. Tulsa, Oklahoma City, and Norman provide their own training academies for rookie police officers and will be provided with a partial reimbursement by C.L.E.E.T. at the rate of \$1 per training hour for each officer. In Tulsa the reimbursement will represent \$600 per officer. Oklahoma City will be reimbursed \$720 per officer and Norman will receive \$667 per officer. The reimbursement level was \$250 per rookie officer in FY '84. Even with a higher reimbursement level, C.L.E.E.T. saves training costs by having these 3 cities train their own officers.