

SUMMARY OF FY'89 APPROPRIATIONS

The 1988 Legislature appropriated \$2.68 billion dollars from all funds for the 1989 fiscal year. The enactment of the FY'89 budget is the first budget since the initial budget for FY'83 that did not require either revenue increases or budget reductions to meet the amount of revenue available. This has occurred as a result of less reliance on gross production taxes, the settlement of a long standing lawsuit involving the state's insurance premium tax law and a slow yet steady increase in the overall health of the economy. The total FY'89 budget, including capital outlays, is \$319.2 million more than appropriated for FY'88, while the amount appropriated for agency operations is \$259.0 million more than the amount appropriated for FY'88 operations.

TABLE 1

**Comparison of FY'88-FY'89 Appropriations
(by subcommittee)**

<u>Subcommittee</u>	<u>FY'88 Appropriations</u>	<u>FY'89 Appropriations</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Education	\$1,247,420,614	\$1,364,769,388	\$117,348,774	9.4%
General Government & Judiciary	137,895,984	155,792,839	17,896,855	13.0%
Health & Social Services ¹	130,029,707	166,620,549	36,590,842	28.1%
Human Services	449,592,630	510,799,468	61,206,838	13.6%
Natural Resources & Regulatory Servs.	62,437,899	71,017,395	8,579,496	13.7%
Public Safety & Transportation	<u>185,388,808</u>	<u>202,782,707</u>	<u>17,393,899</u>	<u>9.4%</u>
Total Operations	<u>\$2,212,765,642</u>	<u>\$2,471,782,346</u>	<u>\$259,016,704</u>	<u>11.7%</u>
Supplemental Appropriation ²	0	26,490,192	26,490,192	na
Mid-term Adjustment	10,844,815	8,437,000	-2,407,815	-22.2%
Capital Outlay ³	25,685,914	61,823,028 ⁴	36,137,114	140.7%
Total Capital/ One-time	<u>36,530,729</u>	<u>96,750,220</u>	<u>60,219,491</u>	<u>164.8%</u>
GRAND TOTAL	<u>\$2,249,296,371</u>	<u>\$2,568,532,566</u>	<u>\$319,236,195</u>	<u>14.2%</u>

Notes:

¹ The increase in funding for the Health & Social Services subcommittee is overstated due to consolidation of the Mental Health Revolving fund which adds \$16.9 million or 46.2 percent. The

actual increase, discounting the Mental Health fund consolidation, is actually \$19.7 million or 15.2 percent.

- 2 The FY'89 Supplemental includes increased funding from the Depletion, Management and Sales Fund which can only be used for the School Land Commission.
- 3 Funding for FY'88 capital outlays were included in the individual agency appropriation bills. The FY'89 capital outlays were included in one appropriation bill (HB 1581).
- 4 Includes \$9 million from the Constitutional Reserve Fund appropriated during the special session called to deal with prison overcrowding.

When the 1988 Legislature convened in January, revenue available for fiscal year 1989 was estimated to be \$89.6 million more than the amount required to continue the current level of state services. In order to fund statutory requirements, comply with federal mandates and meet the growing needs in Human Services and Corrections, a total of \$61.8 million was required.

Critical to balancing the budget was the enactment of legislation which settled a long standing dispute between foreign insurance companies and the insurance premium tax liability for foreign and domestic companies. The Legislature enacted legislation that equalized the premium taxes for both foreign and domestic companies, thereby gaining over \$6 million in continuing funds for the General Revenue Fund, providing sufficient funding to amortize the unfunded liability for the Police, Firefighters and Law Enforcement Retirement Systems and provide a one-time cash windfall of \$110 million. In addition, due to the constitutional requirement that only 95 percent of an itemized estimate can be appropriated, the Legislature was able to appropriate the 5 percent difference not appropriated in FY'88. A total of \$116 million was available, however the Legislature appropriated only \$69, including \$26 million for a FY'88 supplemental appropriation carrying over almost \$47 million (or 1.8%) for FY'90.

With the additional revenue, the Legislature was able to provide sufficient funding for a 5 percent increase for common education teachers and support personnel, higher ed personnel and state employees (the first in over three years). Funding for Higher Education, Human Services and Corrections were also made to meet growth in services and to increase the quality of state services. A comparison of FY'89 appropriations with the FY'88 budget indicates that appropriations from all funds increased by \$301.3 million or 13.4 percent. Funding increases were concentrated in education, health and human services and corrections.

The Legislature continued its commitment to public schools by providing a 8.5 percent increase. This provided for increased teacher pay; an increase in funding for Common Education operations of almost \$13.0 million for reducing class sizes in grades 1-3 and improving state services; and a one-time stipend of \$400 for all school personnel. The competitiveness of higher education in the state was enhanced by a \$44.5 million or 10.8 percent increase in appropriations over the 1988 level. Much of the increase was to increase faculty salaries to a level competitive with peer institutions and to initiate a merit scholars program and an endowed chairs program with over \$15 million. Vo-Tech Education received a 19 percent increase to meet the growing demand of industry training for new and expanding plant operations in the state, a new truck driver training program as well as a \$400 stipend for Vo-Tech personnel.

Funding for the Department of Human Services was increased by 13.6 percent over the 1988 level in response to court mandates for improvements in the state's developmental disabled division (Hissom case); federal mandates; growth in entitlements and state mandated pay increases. Appropriations for Aid for Families with Dependent Children (AFDC) were increased for anticipated growth in caseload, while payments per recipient were increased by 5 percent or approximately \$15 per month for an average size family. Appropriations for Medicaid were increased to cover both projected increases in the number of Medicaid recipients and estimated increases in the cost of medical care.

The Legislature funded increased prison operations needs during the regular session by \$5.4 million or 11.7 percent which will provide funding for a new supervised parole program, a new community sentencing program and staff to handle the projected prison population. These newly authorized programs are expected to help ease the overcrowding in state prisons. During a special session the legislature also authorized \$17.1 million for prison construction and operations of new prison space. This funding will add 1,145 new prison beds, an increase of almost 14 percent.

A comparison of the fiscal year 1989 budget with the initial 1983 fiscal year budget shows an increase of 5.8 percent. The largest dollar increases over that period have come in education, health and human services, and transportation. The increased spending for education reflects both public school enrollment growth and the enhancements in public schools resulting from the enactment of several reform measures for class size, teacher pay and improved education services. Most of the increased spending in human services is attributable to increased caseloads and the accelerating cost of medical services. However, the addition of programs to serve new client groups and litigation requiring improved services for existing client groups have also contributed to spending growth during this six-year period. The increase in transportation spending results, in large part, from increases in both state and federal user-generated revenue-fuel taxes. The largest percentage increase has come in the corrections and public safety function. This increase reflects the large-scale commitment to incarceration of more offenders and keeping prisoners locked up longer.

TABLE 2

<u>Fiscal Year</u>	<u>Total Appropriations for Operations</u>	<u>Percentage that FY'89 Appropriation is Over/Under Prior Year Appropriation</u>
1989	\$2,471.8	
1988	2,212.8	11.7
1987r (HB 1196)	2,165.9	14.1
1987	2,193.8	12.6
1986	2,461.6	0.4
1985	2,138.6	15.6
1984r (HB 1451)	2,051.7	20.5
1984	2,227.0	10.9
1983r (SB 69)	2,170.2	13.9
1983	2,335.4	5.8

Despite the 5.8 percent actual increase in Fiscal Year 1989 appropriations over the initial Fiscal Year 1983 appropriations, appropriations have not kept pace with inflation. When adjusted for inflation appropriations for Fiscal Year 1989 are less than Fiscal Year 1983 by \$170 million or 7.9 percent, an average decline of 1.1 percent per year.

GOVERNOR'S PROPOSED BUDGET

Revenues Available

Governor Bellmon submitted his FY'89 budget recommendation on Tuesday, January 5, 1988. His proposals were based on the official revenue estimates adopted at the November 25, 1987, State Board of Equalization meeting, plus additional revenue from the settlement of the Insurance Premium tax and certain one-time sources of revenue. The Governor proposed to increase FY'89 appropriations for state government operations by \$125 million or 6.3 percent, even though the FY'89 revenue

certification only gave the Governor an additional \$75 million or 3.3 percent in continuing appropriations authority. The Governor utilized one-time revenues to support his FY'89 budget (\$30.2 million for operations). Within his overall proposal, the Governor specifically recommended increasing total appropriations an average of 9.9 percent or some \$206 million more than FY'88.

Governor's Funding Changes

The Governor proposed a 2.5 percent across-the-board salary increase to all state employees effective July 1, 1988. In addition, the Governor proposed to give 2.5 percent merit increases to 50 percent of state employees and to provide another 2.5 percent bonus to 10 percent of state employees. The across-the-board increase and the merit increases were to be step increases and would have affected only the base level pay for current state employees, the bonus would not.

The Governor also proposed a number of agency and board consolidations, including a proposal to consolidate the Department of Public Safety, Bureau of Narcotics, Bureau of Investigation and the State Fire Marshal into one agency. The Governor estimated that \$100,000 would be saved by placing the duties of the Civil Defense Office under the authority of the Military Department. He also proposed consolidating 27 occupations regulated by 21 separate boards and 15 other occupations (currently regulated by larger agencies) into one centralized department and reducing FTE by 27 in FY'89 and 15 more in FY'90. He also proposed to close the Dental School, transfer most of the programs administered by the Physician Manpower Training Commission to the State Regents, to consolidate the two medical schools located in Tulsa, and to develop a program to share resources with Oral Roberts University College of Medicine.

The Governor proposed a \$35 million increase to the formula for distribution to schools. While not mandating that this funding go for teacher salary increases, he stated that that was his intent. The Governor also proposed that \$20 million be appropriated for "creative demonstration projects". For Higher Education the Governor proposed a minimum \$20 million increase in tuition and fees to be matched with a \$20 million state appropriation. The Governor also proposed the establishment of a program to fund endowed chairs at the four-year universities.

The Governor's Capital Outlay proposal called for a \$65 million appropriation for maintenance of state buildings, endowed chairs, creative demonstration projects for common schools, funding for an Oklahoma '89 Centennial Commission, and a new information center to be located at Miami.

Supplemental funding for the common schools midterm adjustment (\$8 million), the Ethics Commission (\$80,000), Human Services (\$7.1 million), Health Department (\$500,000), Vo-Tech (\$260,000), Tourism and Recreation (\$170,000), and a Constitutional Study Committee (\$250,000) were also recommended by the Governor.

SUPPLEMENTAL FUNDING

The Legislature appropriated slightly over \$26.2 million dollars for agency supplementals to the FY'88 budget. The largest of the supplementals was given to the Department of Human Services (DHS). A total of \$23 million was appropriated to DHS to address a funding shortfall primarily caused by increased utilization of entitlement type programs, uncontrollable expenses related to the Hissom lawsuit and unforeseen federal budget and regulation implications. Funding for supplementals were also given to Vo-Tech, Health, Education and the Department of Labor to comply with federal mandates to identify and develop a plan to remove asbestos from all school facilities.

Other supplementals went to:

- the State Insurance Fund to assist in covering a shortage of revenue to the special indemnity fund that provides payment to second injured workers;

- the Board of Medicolegal Investigations to provide funding for AIDS-related protective supplies and testing equipment;
- the Department of Tourism and Recreation to complete the water filtration system at Hochatown; and
- the Department of Public Safety to satisfy a court award.

REVENUE AND FUND STRUCTURE

In 1988, the Legislature passed and the Governor signed a \$2,559 billion state budget based on the official certification made by the Board of Equalization. (See Table 3)

Total amount of money available was slightly over \$2,607 million dollars. Estimated revenue was based on a forecast of modest economic growth. Income tax collections were estimated to increase over 8 percent due in large part to the continued phasing in of federal tax reform.

Oil prices were expected to firm up in 1988 to \$17 a barrel, however, a 10 percent decline in actual production was expected to contribute to a \$3 million or 1.5 percent decline in oil tax revenue. Gas tax revenues were projected to increase by 6.2 percent due to an increase in production. Revenues accruing to the Teachers Retirement system are still projected to reach only \$105.7 million, substantially below the initial cap of \$125 million. (The cap was subsequently changed during the 1988 session to \$150 million.)

Also available to the Legislature was some \$178 million of cash. Over \$115 of this represented the 5 percent of projected prior year collections, in this case FY'88 collections, that are held as reserves. A total of \$68.9 million of this was appropriated and is a part of the FY'89 budget. In addition to the "5 percent money," another \$63 million of one-time revenues accrued to the credit of the state as a result of a settlement with foreign insurance companies' filing their premium tax payments under protest.

Changes in Revenue Structure - FY'83 to FY'89

There are four major sources of revenue, the income tax, sales and use tax, gross production tax and motor vehicle registration fees, which when added together account for just less than 84 percent of the total revenue available. A myriad of other tax, fee, license sources and investment income will account for the remainder.

Reviewing the chart on the following page reveals that the composition of today's General Revenue Fund is much more diversified than that of just six years ago. For example, in FY'83 gross production tax collections from oil and gas represented approximately 24 percent of total General Revenue Fund collections, while sales and use taxes represented slightly more than 18 percent. In contrast, FY'89s General Revenue Fund will receive only 7.9 percent of its revenue from gross production taxes, whereas the sales and use tax will generate 31.4 percent of the total.

Clearly changes in the underlying economic activity of the state and the change in the tax and fund structure have resulted in a more balanced and fiscally stable General Revenue Fund. Gross production taxes which have proven to be remarkably volatile, have been replaced to a large extent by sales and use tax revenues, a much more stable revenue source.

Table ____ gives a fund by fund comparison of actual FY'89 appropriations to FY'89 appropriations authority. As can be noted, a total of \$48.2 million will be available for FY'89 supplementals or to fund the FY'90 budget.

CONSTITUTIONAL RESERVE FUND

The state made its first ever deposit of \$78 million in the Constitutional Reserve "rainy day" fund in July 1988. The state collected \$2,397.8 million in the General Revenue Fund for FY'88. This was \$78 million or 3.4 percent above the itemized estimate made by the Board of Equalization one year ago.

The deposit was mandated by a constitutional amendment adopted by the people in April 1985. That amendment required that any monies in excess of 100 percent of the estimate for the General Revenue Fund is to be placed in the Constitutional Reserve Fund until the fund equals 10 percent of the previous year's certified revenue estimate. Monies may be removed only under emergency conditions.

Fiscal Year 1988 was the first year in which receipts have exceeded the estimate since the amendment was adopted. General Fund collections were 92.5 percent of the estimate in FY'86 and 95.5 percent in FY'87.

Oklahoma is one of 36 states that have created a "budget stabilization fund" as they are commonly referred. Most financial analysts regard a "budget stabilization fund" as a symbol of prudent fiscal management and an asset to be cited among criteria used by bond firms in evaluating a state's fiscal health and credit worthiness.

The Constitution provides strict guidelines for the withdrawal of these monies. It states that:

- Up to one-half of the balance in the fund at the start of the fiscal year may be expended only to make up the difference if the revenue estimate for a succeeding year is lower than the current year.
- Up to one-half of the fund may be expended upon the declaration of an emergency by the Governor and a two-thirds vote by the House and Senate; or alternatively, upon the joint declaration of an emergency by the Speaker of the House and the President Pro Tempore of the Senate and a three-fourths vote by the House and Senate.

SPECIAL SESSION

The 1988 Legislature tapped the Constitutional Reserve "rainy-day" Fund for the first time in a special session convened in late August to deal with emergency overcrowding conditions in the state prison system.

Governor Bellmon declared an emergency existed "by reason of a threat to the public safety caused by the loss of prison space at the Mack Alford Correctional Center (destroyed by an inmate riot and fire earlier in the year) and protracted operation of the state prison system at inmate populations exceeding legal capacity by approximately 20 percent."

The Legislature appropriated \$17.7 million, of which \$9 million came from the Constitutional Reserve Fund and \$8.7 million from other funds. Slightly more than \$6 million was appropriated for basic operational needs of the correctional system, with another \$11.3 million appropriated for capital improvements. An additional 1,100 beds will be available when the construction is completed.

**COMPARISON OF 1988 APPROPRIATIONS AUTHORITY
VS.
1988 ACTUAL APPROPRIATIONS, BY FUND**

<u>Fund</u>	Appropriations Authority 1988 Session (FY'89)	Actual Appropriations 1988 Session (FY'89)	Authority or Cash Remaining	% Total Auth./Cash Remaining
<u>General Revenue</u>				
FY'89 Certified	\$2,374,846,773 ¹	\$2,374,846,773	- 0 -	0.0%
FY'88 Unappr. Auth.	977,955	977,955	- 0 -	0.0%
FY'88 Cash ²	89,920,041	42,942,920	\$46,977,121	52.2%
FY'87 Cash	261,516	261,516	- 0 -	0.0%
Cash Flow Reserve	<u>26,071,000</u> ³	<u>26,071,000</u>	<u>- 0 -</u>	<u>0.0%</u>
Total General Rev.	\$2,492,077,285	\$2,445,100,164	\$46,977,121	1.9%
<u>Judicial</u>				
FY'89 Certified	\$10,640,000	\$10,640,000	- 0 -	0.0%
FY'88 Cash	<u>2,507,400</u>	<u>2,507,400</u>	<u>- 0 -</u>	<u>0.0%</u>
Total Judicial	\$13,147,400	\$13,147,400	- 0 -	0.0%
<u>Mineral Leasing</u>				
FY'89 Certified	\$1,425,000	\$1,425,000	- 0 -	0.0%
FY'87 Cash	<u>1,351</u>	<u>- 0 -</u>	<u>1,351</u>	<u>N/A</u>
Total Mineral Leasing	\$1,426,351	\$1,425,000	\$1,351	0.0%
<u>Public Building</u>				
FY'89 Certified	\$627,000	\$627,000	- 0 -	0.0%
FY'88 Cash	950,325	950,325	- 0 -	0.0%
FY'87 Cash	<u>657,007</u>	<u>657,007</u>	<u>- 0 -</u>	<u>0.0%</u>
Total Public Building	\$2,234,332	\$2,234,332	- 0 -	0.0%
<u>Workers' Comp. Adm.</u>				
FY'89 Certified	\$3,718,300	\$3,718,300	- 0 -	0.0%
FY'88 Cash	<u>2,472,948</u>	<u>2,472,948</u>	<u>- 0 -</u>	<u>0.0%</u>
Total Workers' Comp.	\$6,191,248	\$6,191,248	- 0 -	0.0%
<u>CLEET</u>				
FY'89 Certified	\$1,641,828	\$1,556,260	\$85,568	5.2%
FY'88 Cash ⁴	491,721	407,176	84,545	17.2%
FY'87 Cash	<u>90,483</u>	<u>90,483</u>	<u>- 0 -</u>	<u>0.0%</u>
Total CLEET	\$2,224,032	\$2,053,919	\$170,113	7.6%

<u>OSHA</u>				
FY'89 Certified	\$894,900	\$894,900	- 0 -	0.0%
FY'88 Cash ⁵	117,648	- 0 -	\$117,648	N/A
FY'87 Cash	<u>30,580</u> ³	<u>30,580</u>	<u>- 0 -</u>	<u>0.0%</u>
Total OSHA	\$1,043,128	\$925,480	\$117,648	11.3%
<u>Special Cash</u>				
Cash	\$65,434,721 ⁶	\$65,401,681	\$33,040	0.0%
<u>Pension System Reserve</u>				
FY'88 Cash	\$3,809	- 0 -	\$3,809	N/A
<u>Depletion Mangmt. & Sales</u>				
Certified	\$3,119,524	\$3,119,524	- 0 -	0.0%
Cash	<u>3,617,734</u>	<u>2,770,236</u>	<u>847,498</u>	<u>23.4%</u>
Total DM&S	\$6,737,258	\$5,889,760	\$847,498	12.6%
<u>Mental Health Fund</u>				
Certified	\$16,909,741	\$16,909,741	- 0 -	0.0%
Cash	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>N/A</u>
Total Mental Health	\$16,909,741	\$16,909,741	- 0 -	0.0%
GRAND TOTAL⁷	<u>\$2,607,429,305</u>	<u>\$2,559,278,725</u>	<u>\$48,150,580</u>	<u>1.8%</u>

- 1 Includes \$2,681,542 appropriation per Third Extraordinary Session, 1988.
- 2 Represents the net collection balance after satisfying FY'88 allocations, the Constitutional Reserve Fund, and the Cash Flow Reserve Fund for FY'89.
- 3 Supplementals.
- 4 Includes \$4,483 in June collections, deposited by the agency in July and a subsequent reduction of \$26,004.47 due to deposit error.
- 5 Includes \$77,800 in June collections deposited by the Tax Commission in July.
- 6 Includes \$104,420 supplemental and \$6,318,453 per Third Extraordinary Session 1988.
- 7 Does not include \$9 million appropriation from Constitutional Reserve Fund made during the special session.

Note: A balance of \$68,994,350 remains the Constitutional Reserve Fund after a \$9,000,000 appropriation was made for emergency prison repairs in the August 29, 1988 special session (Third Extraordinary). For the time period ending June 30, 1989, up to \$29,997,175 may be appropriated upon declaration of an emergency by the Governor and 2/3rds concurrence by the Legislature, or upon joint declaration of emergency by the Speaker of the House and President Pro Tempore of the Senate and 3/4ths concurrence by the Legislature; and, up to \$38,997,175 may be utilized to fill a gap between the forthcoming fiscal year's certification (i.e., 95% level) and that of the current fiscal year.

**REVENUE ADJUSTMENTS PASSED
DURING THE 1988 LEGISLATIVE SESSION
General Revenue Fund**

Category	Description	Bill Number	Revenue Adjustment	Category Total
Adjustment to Taxes				
Gross Production Tax	Reduce late payment penalty & interest (from 17% to 10%)	HB 1689	-133,071	-133,071
Income Tax	Reduce method II maximum rate	SB 626	-314,820	
	Provide elderly personal exemption (certain criteria to be met)	SB 626	-4,009,500	
	Eliminate taxes below federal minimum level	SB 626	-2,079,000	
	Reduce late payment penalty & interest (from 1.5% to 1.25% per month)	HB 1689	-770,220	
	County retirement benefits exemption	HB 1588	-247,500	
	Judiciary retirement benefits exemption	HB 1588	-118,800	
	Oklahoma coal tax credit for utilities of \$1 per ton	SB 468	-297,000	-7,836,840
Insurance Premium Tax	Reduce tax rate from 4% to 2.5% and change apportionment	HB 2013	4,914,837	
	Add title insurance	SB 480	17,000	4,931,837
Pari-Mutuel Tax	Allow simulcasting at Oklahoma race tracks	SB 398	75,000	75,000
Sales Tax	New manufacturing facility exemption	HB 1637	-500,000	
	Coin-operated devices exemption	HB 1839	-2,500,000	
	Reduce late payment penalty & interest (from 1.5% to 1.25% per month)	HB 1689	-448,000	-3,448,000
Tag Agent Remittance	Credit for stolen vehicles	SB 437	-9,294	
	Amend apportionment of motor home tag	HB 1561	125,000	115,706
Other Taxes	Abolish coin device license tax	HB 1839	-939,000	
	Abolish cigarette vending license tax	HB 1839	-61,000	
	Documentary stamp fee foreclosure modification	HB 1834	-2,564,000	
	Rural electric co-op tax credit	SB 468	-3,750	-3,567,750
Subtotal - Tax Adjustments				-9,863,118

**REVENUE ADJUSTMENTS PASSED
DURING THE 1988 LEGISLATIVE SESSION
General Revenue Fund**

Category	Description	Bill Number	Revenue Adjustment	Category Total
Adjustments to Other Sources of Income				
Licenses, Permits & Fees	Annual rental-purchase fee	HB 1251	20,000	
	Rental-purchase examination fee	HB 1251	40,000	
	Sales tax decal fee (\$50)	HB 1839	5,800,000	
	Increased number of LPG inspectors	SB 400	52,508	
	Reduce late payment penalty & interest (from 1.5% to 1.25% per month)	HB 1689	-100,000	
	Increase impounded vehicle fee	HB 1579	257,500	
	Adjust asbestos inspection fee from a \$200 fee to \$50 per day of actual work	HB 1885	-440,150	
	Penalty increase for lack of compulsory insurance	SB 594	45,000	5,674,858
Interest Income	Small business linked deposit program	SB 475	-872,000	
	Earnings from Science and Technology Revolving Fund	HB 1548	1,294,620	
	Treasurer check processing paid by direct fee	HB 1560	2,986,583	
	Additional earnings to GRF (due to first deposit to Constitutional Reserve Fund)	HB 1560	5,200,000	
	Treasurer to use securities lending program	HB 1560	885,417	9,494,620
Subtotal - Other Sources of Income			15,169,478	
Other Adjustments				
One-Time Receipts	Transfer from Insurance Comm. Protest Fund (settlement with foreign ins. cos.)	SB 626	50,837,848	
	Cap Insurance Comm. Revolving Fund	SB 626	981,354	
	Transfer from Mental Health Revolving Fund		1,890,182	
	Cap Unclassified Taxes Account	SB 626	900,000	
	Transfer Ad Valorem Reimbursement Fund	SB 626	2,500,000	
	Tax Comm. authorized to maintain sufficient balance to cover anticipated refunds	SB 626	19,800,000	
	Recovery of social security amounts from federal government	HB 1561	1,005,099	77,914,483

**REVENUE ADJUSTMENTS PASSED
DURING THE 1988 LEGISLATIVE SESSION
General Revenue Fund**

Category	Description	Bill Number	Revenue Adjustment	Category Total
Fund Account Adjustments	DPS cafeteria revenue to Revolving Fund	HB 1579	-29,500	
	Law enforcement telecommunications to DPS Revolving Fund	HB 1579	-333,669	
	Law enforcement turnpike to DPS Revolving Fund	HB 1579	-3,271,964	
	Reduce Securities Commission Revolving Fund cap	SB 402	300,000	
	Directs affidavit request filing fee to GRF	SB 626	1,056,650	
	Creates Central Filing Revolving Fund	HB 1558	-485,000	
	Further limits Central Filing Revolving Fund	SB 395	455,000	
	Creates Nursing Homes Board Revolving Fund	HB 1565	-104,800	
	Fees to Health Planning Commission Revolving Fund to GRF	HB 1563	601,423	
Subtotal - Other Adjustments			<u>-1,811,860</u>	
TOTAL ADJUSTMENTS				<u>76,102,623</u>
				81,408,983

STATE ARTS COUNCIL

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,548,517		\$1,997,756		11.3	12.0
FY'84 Revised	\$1,375,999	(11.1)%	\$2,040,502	2.1%	11.4	12.0
FY'85	\$1,375,999	0.0%	\$2,054,820	0.7%	11.8	12.0
FY'86	\$1,600,962	16.3%	\$2,154,302	4.8%	12.0	12.0
FY'87 Revised ²	\$1,280,358	(20.0)%	\$2,118,636	(1.7)%	12.0	12.0
FY'88 ³	\$1,480,157	15.6%	\$2,198,397	3.8%	14.4	14.5
FY'89	\$2,471,255	67.0%	\$3,149,248	43.3%		15.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$922,738 or 59.6% increase in appropriations; when adjusted for inflation the change is a \$471,858 or 27% increase.
- Since FY'83 the agency's total budget has increased by 57.6%. Compared to FY'88 the agency's total budget is expected to increase by \$950,851 or 43.3%.
- In the five years between FY'83 and FY'88 the agency's FTE has increased by 3 or 25%.
- Of the \$991,098 or 67% increase in appropriations for FY'89, \$29,241 or 3% is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state contribution for agency operations is \$961,857 or a 65% increase compared to FY'88.
- The substantial increase to agency operations will provide considerable augmentation of the agency's support of local programs. The council has distributed the 84% increase for project assistance among the different categories of grants: Leap Frog - \$484,588; Less Than \$2000 - \$10,000; More Than \$2,000 - \$250,000; Folk Arts - \$11,177; Touring - \$40,000; and Teacher Incentive - \$10,000.
- An item vetoed in the special projects bill, "Traditions '89: An Oklahoma Folklife Exposition", was approved by the governor for funding out of the agency's project assistance budget. This project had originated in the agency, and the overall increase for this budget area was sufficient to accommodate it.
- The appropriation will also fund one-third of a Folk Arts Coordinator position. The balance of the funding comes from a grant from the National Endowment for the Arts.
- The balance of the increase was used to fund position upgrades recommended by an OPM study, a salary increase of \$4,543 (13%) for the director, and attendant benefit increases.

STATE BOARD OF EDUCATION

	<u>Appropriation¹</u>	<u>Percent Change</u>	<u>Total² Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$751,633,387		\$861,788,487		576.3	624.0
FY'84 Revised	\$705,215,410	(6.2)%	\$807,620,631	(6.3)%	580.5	623.0
FY'85	\$732,135,609	3.8%	\$833,325,857	3.2%	564.0	623.0
FY'86	\$863,006,689	17.9%	\$970,062,375	16.4%	559.5	623.0
FY'87 Revised	\$775,869,684	(10.1)%	\$895,343,101	(7.7)%	548.0	603.0
FY'88 ³	\$789,327,081	1.7%	\$944,730,082	5.5%	553.2	585.0
FY'89 ⁴	\$840,333,111	6.5%	\$1,002,215,882	6.1%		594.0

¹ Appropriation figures include funds appropriated for each fiscal year and the mid-term monies for the prior year (amount actually appropriated each session).

² Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

³ Does not include carryover.

⁴ Does not include \$16,192,000 appropriated for teachers stipends.

- Since FY'83 the agency has experienced a \$90,888,068 or 12.3% increase in appropriations; when adjusted for inflation the change is a \$68,036,377 or 9% decrease.
- Since FY'83 the agency's total budget has increased by 16.3%. Compared to FY'88 the agency's total budget is expected to increase by \$57,485,800 or 6.1%.
- In the five years between FY'83 and FY'88 the agency's FTE has decreased by 30 or 4.8%.
- Of the \$984,648 or 5.4% increase in appropriations for the state department budget for FY'89, \$568,629 or 58% is related to adjustments for data processing personnel and the state employees' pay plan. As a result, the actual change in the state contribution to agency operations is \$416,019 or a 2.3% increase compared to FY'88.
- In addition to the appropriated amount, \$631,541 in reappropriated funds is included in the 1988-89 budget. However, since the governor vetoed SB 638, the \$185,000 for expanded achievement testing included in the State Department of Education line item will not be needed.

FINANCIAL SUPPORT OF SCHOOLS (FORMULA) APPROPRIATION INCLUDING MIDTERM ADJUSTMENT

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Avg. Daily Attendance</u>
FY'83 Revised	693,748,620		556,115
FY'84 Revised	653,282,573	(5.8)%	553,237
FY'85	671,581,154	2.8%	552,857
FY'86	795,052,910	18.4%	553,365
FY'87 Revised	732,828,370	(7.8)%	550,949
FY'88	738,131,458	0.7%	546,556
FY'89 ¹	789,212,958	6.9%	

¹ Assumes a mid-term adjustment at the FY'88 level.

- Since FY'83, the Financial Support of Schools line item has shown a 12.7% increase in appropriations; when adjusted for inflation, the appropriation represents an 8.8% decrease.
- The increased appropriation for the formula will reduce the number of districts receiving a supplement (formerly known as hold harmless) from 206 to 139.
- House Bill No. 1549 contained the midterm adjustment funding for the 1987-88 school year. The midterm adjustment is a supplementary appropriation made to schools with a 2% or greater growth in enrollment from one year to the next. This supplemental appropriation is normally made in the spring, after fall enrollment figures have been collected.
- The ADA has decreased by 1.7% since FY'83. Since the school population shows a small but steady decrease and the amount of state support has shown increases in the last two years, Oklahoma's rank in "dollars per ADA" might be expected to increase modestly. Oklahoma is now ranked 44th in revenues per ADA (OEA estimate).

APPROPRIATION FOR SUPPORT PROGRAMS (LINE ITEMS) OTHER THAN FINANCIAL SUPPORT OF SCHOOLS

	<u>Appropriation</u>	<u>Percent Change</u>
FY'83 Revised	36,964,157	
FY'84 Revised	35,727,993	(3.3)%
FY'85	33,063,506	(7.5)%
FY'86	48,910,362	47.9%
FY'87 Revised	28,133,390	(42.5)%
FY'88	30,524,620	8.5%
FY'89	32,838,644	7.6%

- Line items receiving an increase in 1988-89 are staff development, early childhood education, alternative and at-risk education, and school/community network for arts-in-education. The staff development increase will fund a new professional development center in Bartlesville. The established centers are in Stillwater, Lawton, Norman and Ardmore. Demand for alternative and at risk programs has grown steadily in recent years.
- The line item for county superintendents increased for 1988-89 because of a court ruling. When the governor vetoed the line item for 1987-88, a compromise allowed the state to contribute to the salary of those superintendents whose counties included 3 or more dependent districts. Those superintendents whose state supplement was eliminated took the issue to court.
- Drivers education funds are included as a line item for 1988-89. Of the \$2.5 million designated for this purpose, \$150,000 is included in the State Department of Education line item for administrative costs, and the balance will be reimbursed to districts.
- Two other new line items this year are health and nutrition grants and adult education matching funds. These programs were formerly part of the budget of the Department of Education.

Senate Bill No. 372	Section 1:	\$775,194,458	Formula (Amended by SB 378, Section 1)
	Section 2:	46,263,953	Line Items (Amended by SB 378, Section 2)
	Section 3:	1,425,000	Line Items
	Section 4:	5,000,000	Cash for textbooks

Senate Bill No. 378	Section 1:	\$779,588,781	Formula
		1,187,177	Formula
	Section 2:	45,132,153	Line Items
	Section 11:	218,500	Reimbursement of audits (Vetoed)
House Bill No. 1549	Section 1:	\$8,437,000	Midterm, 1987-88
	Section 2:	16,192,000	Stipends

**OKLAHOMA CENTER FOR THE ADVANCEMENT
OF SCIENCE AND TECHNOLOGY**

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures¹</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	N/A		N/A		N/A	N/A
FY'84 Revised	N/A	N/A	N/A	N/A	N/A	N/A
FY'85	N/A	N/A	N/A	N/A	N/A	N/A
FY'86	N/A	N/A	N/A	N/A	N/A	N/A
FY'87 Revised	N/A	N/A	N/A	N/A	N/A	N/A
FY'88	\$11,000,000	N/A	\$1,432,708	N/A	5.9	11.0
FY'89	\$12,723,359	15.7%	\$18,026,352	1,158.0%		14.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

- FY'88 was the first year of operations for the Oklahoma Center for the Advancement of Science and Technology. In FY'87 the duties of this agency were administered through the Science and Technology Division of the Department of Commerce. In that year, the Department of Commerce received \$1,000,000 for the Health Research program and \$2,000,000 for the Most Eminent Scholars and Research program. Unspent funds at the end of FY'87 were transferred to the newly created OCAST.
- Funds appropriated to OCAST for the research programs it administers are deposited in Research Support Revolving Fund. Funds given for research projects are often times obligated well before they are actually paid out. This explains the low level of expenditures for FY'88 compared to the appropriation level.
- The agency's FTE authorization was increased by 3 to provide additional staff for the expanded Technology Development Program. New positions include the director of this division, an administrative assistant, and a secretary.
- Of the \$1,723,359 or 15.7% increase in appropriations for FY'89, \$23,359 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$1,700,000 or 15.4% increase compared to FY'88.
- New funding of \$719,546 was provided to pay the administrative costs of the agency. In FY'88, these costs were funded from interest earnings on the research funds. These interest earnings now go to the General Revenue Fund.
- Funding for the Most Eminent Scholars and Research Equipment Program was reduced from the FY'88 level of \$2,900,000 to \$1,000,000. This reduction will remove all funds available for the research portion of the program but will leave intact funding available for the purchase of research equipment. An appropriation of \$15 million to the State Regents of Higher Education for endowed

chairs and professorships, replaces the need for the endowed funds previously used in this program.

- The Health Research Program was provided an additional \$670,724. This brings the total annual funding level to \$2,670,724. This program funds health related research projects selected through a competitive peer-review process.
- Funding for the Applied Research Program was increased from the previous level of \$1 million to \$1.1 million. The program provides funds for individual researchers that perform applied research in either higher education or business. All funds must be matched dollar for dollar from outside sources.
- An additional \$2 million was granted for the Centers of Excellence Program. This increase brought the total FY'89 level to \$7 million. These funds, along with \$5 million appropriated for FY'88, will be given out this year to establish Centers of Excellence in the state.

HB 1548 - Sections 1 - 5

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,734,107		\$3,156,462		69.0	66.0
FY'84 Revised	\$1,611,286	(7.1)%	\$2,849,867	(9.7)%	61.9	66.0
FY'85	\$1,655,706	2.8%	\$2,879,361	1.0%	63.7	66.0
FY'86	\$1,933,841	16.8%	\$2,892,633	0.4%	60.5	66.0
FY'87 Revised ²	\$1,558,482	(19.4)%	\$2,093,329	(27.6)%	61.0	66.0
FY'88	\$1,697,756	8.9%	\$2,250,557	7.5%	58.3	66.0
FY'89	\$3,223,820	89.9%	\$3,437,121	52.7%		70.0

- ¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.
² Does not include carryover.

- Since FY'83 the agency has experienced a \$1,489,713 or 85.9% increase in appropriations; when adjusted for inflation, the change is a \$874,162 or 50.4% increase.
- Since FY'83 the agency's total budget has increased by 8.9%. Compared to FY'88 the agency's total budget is expected to increase by \$1,186,564 or 52.7%.
- In the six years between FY'83 and FY'88 the agency's FTE has decreased by 10.7 or 15.5%.
- Of the \$1,526,064 or 89.8% increase in appropriations for FY'89, \$139,585 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$1,386,479 or a 81.7% increase compared to FY'88.
- The \$139,585 appropriation increase related to the adjustments for the OPERS contribution and the state employees' pay plan includes a salary increase of \$5,000 (11.1%) for the agency's director, and attendant additional benefits.
- The substantial increase to agency appropriations will allow a reduced reliance on private foundation monies, and additional funding for needed equipment, personnel and maintenance. The agency will distribute the 81.7% net increase for: (1) reimbursement of private foundation funds - \$553,000; (2) mobile unit equipment - \$477,000; (3) field bureau equipment - \$160,000; (4) roving field bureau personnel - \$111,000; and equipment maintenance - \$85,000.
- Although the entire agency's appropriation bill was vetoed, the successful legislative override of the veto restored an adequate appropriation level in relation to prior year budget reductions.

OKLAHOMA HISTORICAL SOCIETY

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,864,663		\$3,631,934		107.5	113.0
FY'84 Revised	\$2,288,443	(20.1)%	\$3,573,334	(1.6)%	104.5	114.5
FY'85	\$2,973,681	30.0%	\$3,824,230	7.0%	108.5	114.5
FY'86	\$3,613,207	21.5%	\$3,820,393	(0.1)%	108.1	114.5
FY'87 Revised ²	\$2,938,448	(18.7)%	\$3,955,268	3.5%	100.0	113.5
FY'88	\$3,292,485	12.0%	\$3,901,964	(1.3)%	100.5	113.0
FY'89	\$3,235,070	(1.7)%	\$4,109,809	5.3%		115.5

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$370,407 or 12.9% increase in appropriations; when adjusted for inflation the change is a \$247,293 or 8.6% decrease.
- Since FY'83 the agency's total budget has increased by 13%. Compared to FY'88 the agency's total budget is expected to increase by \$207,845 or 5.3%.
- In the five years between FY'83 and FY'88 the agency's FTE has increased by 2.5 or 8.7%.
- Of the \$57,415 or 1.7% decrease in appropriations for FY'89, \$230,537 or is related to adjustments for the OPERS contribution and the state employees' pay plan. The agency's appropriation total also reflects a budget reduction of \$337,500 in one-time historical preservation projects. Funding for similar projects included in the capital projects bill was vetoed. As a result, the actual change in the state contribution to agency operations is \$49,548 or a 1.7% increase compared to FY'88.
- The agency's appropriation includes funding for 2 new FTE -- a curator II at the State Capitol Publishing Museum in Guthrie and a site attendant at the Sequoyah Memorial Museum near Sallisaw.
- The director's salary was increased to \$48,000 from \$35,050 in order to attract a pool of more highly qualified applicants for the position.

OKLAHOMA DEPARTMENT OF LIBRARIES

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$3,946,117		\$5,272,109		81.3	86.0
FY'84 Revised	\$3,582,418	(9.2)%	\$4,958,592	(5.9)%	78.3	85.0
FY'85	\$3,582,418	0.0%	\$5,271,457	6.3%	77.5	80.0
FY'86	\$3,782,665	5.6%	\$5,063,322	(3.9)%	79.2	80.0
FY'87 Revised ²	\$3,404,398	(10.0)%	\$5,452,628	7.7%	71.0	80.0
FY'88	\$3,398,886	(0.2)%	\$6,271,495	15.0%	73.2	76.0
FY'89	\$4,730,534	39.2%	\$7,670,534	22.3%		86.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$784,417 or 19.9% increase in appropriations; when adjusted for inflation the change is a \$118,824 or 3% decrease.
- Since FY'83 the agency's total budget has increased by 45.5%. Compared to FY'88 the agency's total budget is expected to increase by \$1,399,039 or 22.3%.
- In the five years between FY'83 and FY'88 the agency's FTE authorization has been reduced as funding declined. The 10 FTE authorized by the 1988 Legislature will bring the agency back to the FY'83 level.
- Of the \$1,331,648 or 39.2% increase in appropriations for FY'89, \$191,936 or 5.6% is related to adjustments for the OPERS contribution, the data processing upgrade and the state employees' pay plan. As a result, the actual change in the state contribution to agency operations is \$1,139,712 or a 33.5% increase compared to FY'88.
- The FY'89 appropriation enables the department once again to operate at a level comparable the FY'83. The materials and law library budget had been reduced 40% since that time, and the amount of \$212,135 will restore that cut. "Development and Expansion" of local libraries was increased by \$656,354. The increase will raise per capita state support by 10 cents to 51 cents and raise Oklahoma's rank from 30 to 27.
- Ten FTE lost since FY'83 have been reauthorized. They are mostly entry-level clerical and aides and will relieve professional library staff of nonprofessional work loads imposed by the budget cuts.
- The director's salary was increased from \$40,000 to \$47,500 (18.8%), and seven other positions were upgraded by an OPM study at a cost of \$21,301.
- The bill was vetoed by the Governor. The vote to override was 90 ayes - 3 nays in the House and 42 ayes - 5 excused in the Senate.

SUBSTANTIVE CHANGES:

House Bill No. 1669 - postpones the libraries' responsibilities for publishing the Oklahoma Administrative Code under the Administrative Procedures Act by one year to July 1, 1991.

- The bill requires all libraries that receive more than \$3,000 in state aid to acquire a computer possessing telecommunications capability compatible with the American Standard Code for Information Interchange (ASCII) by June 30, 1989.

Senate Bill No. 374

PHYSICIAN MANPOWER TRAINING COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$5,942,796		\$5,826,624		5.0	5.5
FY'84 Revised	\$6,110,438	2.8%	\$6,276,229	7.7%	5.0	5.0
FY'85	\$5,911,148	(3.3)%	\$5,702,036	(9.1)%	4.0	5.0
FY'86	\$6,519,948	10.3%	\$6,429,482	12.6%	5.0	5.5
FY'87 Revised ²	\$5,214,959	(20.0)%	\$5,620,897	(12.6)%	5.0	5.5
FY'88	\$5,453,652	4.6%	\$5,673,650	0.9%	5.1	5.5
FY'89	\$5,222,380	(4.2)%	\$6,018,708	6.1%		6.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$720,416 or 12.1% decrease in appropriations; when adjusted for inflation, the change is a \$1,717,569 or 28.9% decrease.
- Since FY'83 the agency's total budget has increased by 3.3%. Compared to FY'88 the agency's total budget is expected to increase by \$345,058 or 6.1%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 0.1 or 2.0%.
- Of the \$231,272 or 4.2% decrease in appropriations for FY'89, \$11,475 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state contribution for agency operations is a \$242,747 or 4.5% decrease compared to FY'88.
- The \$11,475 appropriation increase related to the adjustments for the OPERS contribution and the state employees' pay plan includes a salary increase of \$2,300 (6.1%) for the agency's director, and attendant additional benefits.
- The decrease to agency appropriations was brought about by a line-item veto of \$205,622 for administration and \$175,920 for the physician and health professional placement services for a total reduction of \$381,542. Without the veto, the FY'89 appropriation would have allowed a \$150,270 or 2.8% increase over FY'88 appropriations. The needed cost of administration is to be funded through existing revolving fund cash, and the remaining lost appropriations shall be absorbed through reduced placement services.

J.M. DAVIS MEMORIAL COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$213,002		\$314,319		10.1	11.0
FY'84 Revised	\$196,528	(7.7)%	\$237,737	(24.4)%	9.5	11.0
FY'85	\$196,528	0.0%	\$244,451	2.8%	9.7	11.0
FY'86	\$215,906	10.0%	\$252,508	3.3%	9.0	11.0
FY'87 Revised ²	\$200,684	(7.1)%	\$252,790	0.1%	9.0	11.0
FY'88	\$208,314	3.8%	\$277,993	10.0%	9.4	10.0
FY'89	\$323,926	55.5%	\$397,089	42.8%		10.5

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$110,924 or 52% increase in appropriations; when adjusted for inflation the change is a \$49,074 or 23% increase.
- Since FY'83 the agency's total budget has increased by 26.3%. Compared to FY'88 the agency's total budget is expected to increase by \$119,096 or 42.8%.
- In the five years between FY'83 and FY'88 the agency's FTE has decreased by .5 or 4.5%.
- Of the \$115,612 or 55.5% increase in appropriations for FY'89, \$15,612 or 13.5% is related to adjustments for the OPERS contribution and the state employees' pay plan and \$72,393 or 62.6% was reserved for a long-needed roof repair. As a result, the actual change in the state contribution to agency operations is \$27,607 or a 13.3% increase compared to FY'88.
- An OPM study recommended an upgrade for every position in the agency. The \$27,607 is necessary to fund these ongoing increased personnel costs.

COMMISSIONERS OF THE LAND OFFICE

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,819,851		\$2,276,444		59.2	66.0
FY'84 Revised	\$2,748,227	51.0%	\$2,561,470	12.5%	60.1	66.0
FY'85	\$3,197,424	16.3%	\$2,868,798	12.0%	62.0	66.0
FY'86	\$3,443,437	7.7%	\$3,123,101	8.9%	66.0	68.0
FY'87 Revised ²	\$3,139,726	(8.8)%	\$3,690,495	18.2%	68.0	68.0
FY'88 ³	\$3,894,192	24.0%	\$5,146,083	39.4%	76.4	90.0
FY'89	\$5,889,760	51.2%	\$6,139,760	19.3%		92.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

³ Includes supplemental appropriation in House Bill No. 2017.

- Since FY'83 the agency has experienced a \$4,069,909 or 224% increase in appropriations; when adjusted for inflation the change is a \$2,945,327 or 162% increase.
- Since FY'83 the agency's total budget has increased by 170%. Compared to FY'88 the agency's total budget is expected to increase by \$993,677 or 19.3%.
- In the five years between FY'83 and FY'88 the agency's FTE has increased by 26 or 39.3%.
- Of the \$1,995,568 or 51.2% increase in appropriations for FY'89, \$178,575 or 8.9% is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state contribution to agency operations is \$1,816,993 or a 46.6% increase compared to FY'88.
- The appropriation level for FY'88 is distorted because prior year collections in the Depletion, Management and Sale Fund transferred to the revolving fund augmented the \$3.6 million certified as FY'88 revenue. The 1988 Legislature approved a change in the certification procedures for the Depletion, Management and Sale Fund, so that prior year revenues may be certified for appropriation, thus reflecting the funding needs of the agency.
- The increase in operations will enable the agency to devote more attention to revenue compliance, primarily in the area of royalties. The agency also needs to improve further its data processing activities and will earmark \$100,000 of the increase for attorney fees related to the Old Dominion court case and to the collection of royalty payments.

OKLAHOMA BOARD OF PRIVATE SCHOOLS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$88,766		\$80,203		2.6	3.0
FY'84 Revised	\$90,751	3.4%	\$86,966	8.4%	2.8	3.0
FY'85	\$90,751	0.0%	\$86,036	(1.1)%	3.0	3.0
FY'86	\$96,521	6.4%	\$91,868	9.1%	3.0	3.0
FY'87 Revised ²	\$94,591	(2.0)%	\$87,366	(4.9)%	3.0	3.0
FY'88	\$101,391	6.7%	\$100,634	15.2%	3.0	3.0
FY'89	\$109,670	8.2%	\$109,670	(2.2)%		3.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.
² Does not include carryover.

- Since FY'83 the agency has experienced a \$20,904 or 23.5% increase in appropriations; when adjusted for inflation, the change is a \$36 or 0.04% decrease.
- Since FY'83 the agency's total budget has increased by 36.7%. Compared to FY'88 the agency's total budget is expected to increase by \$9,036 or 9.0%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 0.4 or 15.3%.
- Of the \$8,279 or 8.2% increase in appropriations for FY'89, \$3,209 is related to adjustments for the state employees' pay plan. As a result, the actual change in the state appropriations for agency operations is a \$5,070 or 5.0% increase compared to FY'88. Because the agency participates in the Teachers' Retirement System, the OPERS adjustment was not necessary.
- The increase to agency appropriations will allow additional funding for needed equipment, and personnel. The agency will distribute the 5.0% net increase for one seasonal clerical employee to assist during the agency's relicensing period (\$2,000); and additional office equipment (\$3,070).
- The FY'88 equipment expenditure limit was raised from \$7,500 to \$10,000 in order to allow the expenditure of an additional \$2,500 for needed computer equipment. The previously approved FY'88 total expenditure limit for operations of \$116,391 accommodates this additional expenditure without further appropriation.

OKLAHOMA SCHOOL OF SCIENCE AND MATHEMATICS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	N/A		N/A		N/A	N/A
FY'84 Revised	N/A	N/A	N/A	N/A	N/A	N/A
FY'85	N/A	N/A	N/A	N/A	N/A	N/A
FY'86	\$25,000	N/A	- 0 -	N/A	N/A	N/A
FY'87 Revised	\$25,000	0.0%	\$5,371	N/A	N/A	0.0
FY'88	\$50,000	100.0%	\$13,821	157.3%	0.0	0.0
FY'89	\$300,000	500.0%	\$300,000	2,070.6%		4.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

- Funding provided to the Oklahoma School of Science and Mathematics for FY'89 will be used to prepare for the operations of the new school. The school is anticipating opening in the fall of 1990. Funds used in previous years were appropriated to the State Department of Education for use by the Trustees for site selection and other preliminary work.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$389,936,129		\$536,685,667		N/A	N/A
FY'84 Revised	\$361,239,898	(7.4)%	\$512,833,752	(4.4)%	N/A	N/A
FY'85	\$367,616,027	1.8%	\$534,881,976	4.3%	N/A	N/A
FY'86	\$425,877,293	15.9%	\$600,946,059	12.4%	N/A	N/A
FY'87 Revised ²	\$383,689,564	(9.9)%	\$577,053,674	(4.0)%	N/A	N/A
FY'88	\$386,265,906	0.7%	\$596,216,007	3.3%	N/A	N/A
FY'89 ³	\$415,191,321	7.5%	\$651,924,835	9.3%	N/A	N/A

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. FY'89 figure also includes research funding from private sources in the amount of \$9,384,455.

² Does not include carryover.

³ Excludes endowed chairs and capital funds and includes \$935,000 in special project appropriations.

- Since FY'83 the system has experienced a \$25,255,192 or 6.5% increase in appropriations; when adjusted for inflation the change is a \$54,020,821 or 13.9% decrease.
- Since FY'83 the system's total budget has increased by 21.4%. Compared to FY'88 the system's total budget is expected to increase by \$55,708,828 or 9.3%.
- Of the \$28,925,399 or 7.5% increase in appropriations for FY'89, \$19.2 million or 66% is related to a 5% salary increase for higher education personnel. As a result, the actual change in the state contribution to agency operations is \$9,725,399 or a 2.5% increase compared to FY'88.
- The FY'89 funding increase represents a certain resolve by the legislature to redress Oklahoma's low ranking in both appropriated funding and student contribution.
- The State Regents, in their statement of budget needs to the legislature, announced a multi-year goal of attaining a level of funding competitive with the average of that of the institutions' peer group. The peer group, subject to further refinement, is currently comprised of comparable institutions in Big 8 and Big 10 states.
- The regents requested a \$75 million increase the first year -- \$20 million from fees and tuition and \$55 million from appropriated funds. Of that request, the legislature authorized the tuition increase, but cut back the appropriation increase by almost half.
- Preliminary enrollment data suggest that each institution will show an increase in enrollment except the University of Oklahoma. Fears that the fee and tuition budgeted amounts would not be realized are thus, at least initially, not borne out.
- Because of program funding mandates by the legislature, the increased funding for institutions is approximately \$20 million. The regents have also established a discretionary fund to be used for worthy programs apart from the funding formula. The initial allocation from the fund was \$350,000 to two-year institutions for more remedial or zero-level courses. Demand for these

\$350,000 to two-year institutions for more remedial or zero-level courses. Demand for these courses has increased this year due to higher admission requirements in the state system. Some public high schools have not offered the necessary courses, and students have not taken the required courses.

- Assessments of the institutions to fund the coordinating board (the State Regents) were eliminated. The coordinating board now receives a separate appropriation. The amount for 1988-89 is \$3,081,487.
- Although the governor left intact the appropriations for the endowment and for capital improvements in HB 1581, he vetoed SB 638, which included language setting up the endowment. The establishment of this program of endowed chairs and faculty development programs is somewhat uncertain, pending an Attorney General opinion. The governor also vetoed the intent sections of HB 1581 that directed expenditure of the capital funds. The regents have requested a prioritized list of capital needs from the institutions by September 1, 1988, and expect to begin to allocate capital funds after studying the lists of needs.
- In addition to the appropriated capital funds, Section 13 and New College funds are expected to be approximately \$11.8 million.

House Bill No. 1544	Section 1:	\$401,747,867	operations and special programs
	Section 2:	3,081,487	Regents' Office
	Section 3:	10,111,967	OTAG
	Section 4:	250,000	Willis Scholarship Fund
House Bill No. 1581	Section 7:	\$10,000,000	Endowment
	Section 8:	5,000,000	Endowment
	Section 9:	\$11,992,000	Capital Improvements

STATE BOARD OF VOCATIONAL AND TECHNICAL EDUCATION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$49,550,869		\$63,679,556		393.6	411.5
FY'84 Revised	\$46,797,331	(5.5)%	\$62,711,488	(1.5)%	390.1	404.0
FY'85	\$49,195,331	5.1%	\$64,887,933	3.5%	396.9	408.0
FY'86	\$56,675,493	15.2%	\$71,923,871	10.8%	402.0	410.0
FY'87 Revised ²	\$52,942,944	(6.6)%	\$71,789,938	(0.2)%	409.0	405.0
FY'88 ³	\$54,559,444	3.0%	\$80,860,444	12.6%	394.9	413.0
FY'89	\$62,013,045	13.7%	\$95,950,000	18.7%		438.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

² Does not include carryover.

³ Does not include 1987-88 capital.

- Since FY'83 the agency has experienced a \$12,462,176 or 25.2% increase in appropriations; when adjusted for inflation the change is a \$621,498 or 1.3% increase.
- Since FY'83 the agency's total budget has increased by 51%. Compared to FY'88 the agency's total budget is expected to increase by \$15,089,556 or 18.7%.
- In the five years between FY'83 and FY'88 the agency's FTE has increased by 26.5 or 6.4%.
- Of the \$7,453,601 or 13.7% increase in appropriations for FY'89, \$2,545,365 or 4.7% is related to adjustments for the state employees' pay plan and \$873,816 is one-time program enhancement supplements. As a result, the actual change in the state contribution to agency operations is \$4,034,430 or a 7.4% increase compared to FY'88.
- Programs that received funding increases in FY'89 are business and industry training at \$1,240,000 (32.6% increase), new campus start-up costs at \$775,000, technology education at \$217,170 (48% increase), and bid assistance centers at \$400,000 (119% increase).
- A new program in state-of-the-art truck driver training was instituted at Drumright for \$1.4 million.
- The director's salary was increased to \$60,000 from \$55,000.
- Of the 25 new FTE, 20 are to replace data processing personnel under contract with OSU. Three curriculum specialists were authorized and 2 program coordinators.
- In a break with tradition, the votech board bill contained line items, rather than a lump-sum appropriation.

Senate Bill No. 375	Section 1:	\$62,013,045	
House Bill No. 1549	Section 4:	357,600	Staff development stipends
House Bill No. 1581	Section 26:	9,675,000	Capital

WILL ROGERS MEMORIAL COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$313,466		\$419,034		13.0	15.0
FY'84 Revised	\$292,640	(6.6)%	\$389,595	(7.0)%	12.7	16.0
FY'85	\$292,640	0.0%	\$418,651	7.5%	13.0	16.0
FY'86	\$320,165	9.4%	\$405,084	(3.2)%	13.0	16.0
FY'87 Revised ²	\$296,643	(7.3)%	\$437,745	8.1%	14.0	16.0
FY'88	\$328,964	10.9%	\$458,963	4.8%	13.0	14.0
FY'89	\$452,537	37.6%	\$588,537	28.2%		14.5

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations.

2 Does not include carryover.

- Since FY'83 the agency has experienced a \$139,071 or 44.4% increase in appropriations; when adjusted for inflation the change is a \$52,664 or 16.8% increase.
- Since FY'83 the agency's total budget has increased by 40.5%. Compared to FY'88 the agency's total budget is expected to increase by \$129,574 or 28.2%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has not changed.
- Of the \$123,573 or 37.6% increase in appropriations for FY'89, \$23,573 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$100,000 or 30.4% increase compared to FY'88.
- The substantial increase to agency appropriations will allow funding for additional activities by distributing the \$100,000 or 30.4% net increase for the upcoming NCSL conference and Memorial Anniversary celebration.

GENERAL GOVERNMENT AND JUDICIARY HIGHLIGHTS

Historical Overview

In the seven years since FY'83, the appropriation level for this subcommittee has increased significantly. In actual dollars, the FY'89 appropriation level is over \$53 million or nearly 50% higher than the FY'83 level. When adjusted for inflation, the increase is still almost 21%. The reasons for the increase in appropriations over this period are numerous. For one, the state took over all funding responsibilities for District Attorney personnel during the last half of FY'83. Consequently, the cost to the state increased over \$6.5 million in one year's time. Another factor was the transfer of the State Data Center from the Department of Transportation to the Office of State Finance. This move added \$5 million in appropriated dollars to the subcommittee. In addition, the Treasurer's office was previously funded completely from a revolving fund and was not placed in the appropriation process until FY'88. The FY'89 appropriation to the Treasurer totalled \$4.3 million. New and expanded programs such as the asbestos abatement program in the Office of Public Affairs and enhanced collection efforts in the Tax Commission also added to the cost. The increase also included capital appropriations for the state's telecommunication system, the state's central computer system, and to automate the Tax Commission's revenue processing functions. Finally, the across-the-board salary increases for state employees in FY'86 and FY'89 were major elements in the subcommittee's appropriation increase since many of the agencies are personnel intensive.

The number of authorized FTE for the subcommittee during the same period increased by 775.5 or 27.1%. Most of these additional FTE were concentrated in a few agencies which were assigned new responsibilities. These agencies included the Auditor and Inspector, the Office of State Finance, the Office of Public Affairs, and the Tax Commission. In addition, the Treasurer's office did not become subject to an authorized FTE limit until FY'87.

The FY'89 appropriation for the subcommittee was a \$21.5 million or 15.4% increase over the FY'88 appropriated level. Over nine million dollars of this increase were due to the across-the-board salary increase for state employees and the increase in the state's contribution to the Oklahoma Public Employees Retirement System. Another \$4.8 million was appropriated for two capital projects, the Integrated Central Systems Project (state's central computer system) and revenue processing equipment for the Tax Commission. The remaining amount of the increase was dispersed among the twenty-two agencies in the subcommittee as detailed in the individual agency highlights.

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Inflation Adjusted Figure</u>	<u>Actual¹ FTE</u>	<u>Authorized FTE</u>
1983 Revised	\$107,935,576	\$107,935,576	2,679.2	2,862.0
1984 Revised	108,272,037	105,118,483	2,736.2	3,000.0
1985	114,992,842	106,771,441	3,074.7	3,348.0
1986	138,492,151	124,992,916	3,288.1	3,510.0
1987 Revised	121,502,712	107,334,551	3,275.9	3,505.0
1988	139,785,984	118,764,642	3,309.0	3,594.0
1989	161,292,954	130,495,917		3,637.5

¹ For purposes of comparison, the "Actual" and "Authorized" FTE figures do not include those agencies which are not subject to an authorized FTE limit. These include the State Election Board, Governor's office, House of Representatives, Senate, Legislative Service Bureau, Lt. Governor's office since FY'88 and the Treasurer's office only through FY'87. In addition, some employees of the District Attorneys and a few in the Auditor and Inspector's office are exempt from FTE limits.

The number of exempted FTE totalled 613.7 in FY'83, 597.9 in FY'84, 579.9 in FY'85, 621.6 in FY'86, 646.3 in FY'87, and 639.4 in FY'88.

1988 Session

Supplemental Appropriations

Only one of the agencies in this subcommittee, the Auditor and Inspector, received a supplemental appropriation for FY'88. By January 1988, the agency was encountering budget difficulties due to insufficient collections for reimbursable audits. The agency cited several reasons for the shortfall, including nonpayment of reimbursements for some special audits and investigative audits of schools, inadequate reimbursement for normal county audits, and insufficient reimbursement for some state agency audits. A total of \$285,000 was appropriated in HB 2017 to offset the shortfall for the remainder of FY'88.

In an unrelated matter the FTE limit for the Auditor and Inspector was increased from 120.0 to 126.0 in order to hire auditors to conduct field audits for the School Land Commission. The Commission received a supplemental appropriation of \$104,000 to reimburse the Auditor's office for the field audits.

Major Policy and Program Issues

Courts and Judiciary

The Legislature provided additional funding at each level of the State's court system to meet at least part of the needs expressed by the courts. At the District Court level the Legislature funded two Special Judges and six court reporters for districts with the most rapidly increasing caseloads. One of the judges will serve District 26 which includes only Canadian County. The other will serve Cherokee and Wagoner Counties which are part of District 15. The court reporters will be assigned to various districts by the Supreme Court.

The Legislature also moved to raise judicial salaries closer to the regional average. Comparative data indicated that the salaries of District Court judges and appellate level judges were generally within 5% of the regional average. However, the salaries of Associate District Court judges and Special Judges were as much as 18% below the regional average. The Supreme Court conveyed its concern that low salaries made it difficult to recruit and retain qualified judges. Therefore, while District Court and appellate level judges received 5% salary increases like all other state employees, Associate District Judges and Special Judges were granted a 10% increase. This additional 5% for Associate and Special Judges cost \$325,907.

The Supreme Court received funding for four additional judicial assistants and new operating software for the Court Information System. Last year, the Legislature funded five of the nine judicial assistants request by the Court. This year, the Legislature was able to provide funding for the remaining four judicial assistants. This will allow each of the Justices to have two assistants instead of one, which had been the norm since statehood. The new operating software for the Court Information System will permit the Court to continue expanding the services of the System into the counties without the purchase of additional computer hardware.

The Legislature also approved funding for the Court of Criminal Appeals to implement HB 1150, which was passed in 1987 and provided for the expansion of the Court from three to five judges. The law calls for the new judges to be seated in January 1989. Each new judge will have a staff of two judicial

assistants and one secretary. The additional funding will pay for a half-year of personnel costs, equipment and furniture, and additional operating expenses. The Legislature also appropriated \$114,258 to the Court to upgrade its computer system in order to accommodate the two new judges.

The Legislature acted to meet several needs of the Workers' Compensation Court. Two additional FTE were funded; one will coordinate the Court's information and research needs and the other will assist in reviewing medical bills against the medical fee schedule which became effective in March 1987. The Court also received funds to rotate judges from Oklahoma City to Tulsa more often since the waiting period for cases in Tulsa has become twice as long as the waiting period in Oklahoma City. And, finally, the Legislature provided \$21,600 for a physicians panel which will meet monthly with the Court. The panel will be used to interpret medical bills, help develop the next medical fee schedule, and meet informally with the judges to answer any medical questions.

Legal Services/Law Enforcement

The Legislature also strengthened those agencies that provide legal services for the state, namely the Attorney General's office, the District Attorneys and the Appellate Public Defender.

The Attorney General received funding for several important programs. A Multicounty Grand Jury program will be implemented this year in which the Attorney General's office will work closely with the Bureau of Narcotics and Dangerous Drugs to prosecute illegal drug operations that extend across county lines or even statewide. The Legislature provided \$87,749 as matching funds for a \$263,000 federal grant to fund the program in FY'89. The Attorney General also received funding to initiate a collection program to address the problem of \$50 million in delinquent student loans. The program will operate through a contractual relationship with the Higher Education Regents' Guaranteed Student Loan Program and should eventually become self-sufficient. And, in an effort to protect one of the state's scenic rivers, the Legislature appropriated \$163,000 to the Attorney General to have an analysis conducted of the sources of pollution into the Illinois River. This information will then be available for any litigation or negotiations that might arise over the issue in the future.

The Legislature also acted to ensure that services for victims and witnesses of crime remained available for all Oklahoma residents. Through FY'88, victim-witness coordinators in nine of the twenty-seven District Attorney districts, which encompass twenty-four counties, were supported with federal grants. These grants were not renewed for FY'89. Therefore, the Legislature appropriated \$260,000 in state funds to replace the lost federal funds and maintain the services.

The Legislature also addressed needs of the Appellate Public Defender program, the entity responsible for providing adequate representation for indigent criminal defendants at the appellate court level. Prior to this year, the program was housed within the Center for Criminal Justice at the University of Oklahoma Law School, an agency originally intended for legal research and other projects. However, in the past few years, the Appellate Public Defender Program expanded from ten to twenty-five FTE and became burdensome for the uncompensated director of the Center. In addition, the membership of the Center for Criminal Justice Board included legislators and the Presiding Judge of the Court of Criminal Appeals. This posed potential conflicts of interest for legislators who appropriated funds for the agency and for the Judge who rendered decisions upon cases of clients represented by the agency. In response, the Legislature set up a new board, the Oklahoma Appellate Public Defender System Board, which will oversee the program.

Ethics Legislation

The Legislature also made substantial changes in election campaign laws and increased funding for the agency that enforces those laws. SB 393, the "Oklahoma Campaign Compliance and Ethical Standards Act," changed the name of the Oklahoma Ethics Commission to the Oklahoma Council on Campaign

Compliance and Ethical Standards. In addition, the bill made numerous changes in the election laws. The Council will now be responsible for only state and county elections, not municipal, school district or other local elections. The complaint procedure was also modified whereby a moratorium was placed on all complaints during the election cycle. Furthermore, the Council was permitted to enter into confidential conciliation agreements with respondents (the accused in a complaint) to resolve complaints. Other changes clarified the definition of a "contribution" and specifically defined conflicts of interest for public officials. And finally, the bill doubled the agency's appropriation from FY'88 and increase the authorized FTE limit from two to five.

Capital Projects

The Legislature also approved funding for two major capital projects in the subcommittee. The projects should enhance the efficiency and accountability of two primary functions of state government--the tracking of state expenditures and the processing of tax revenue.

A total of \$2.5 million was appropriated to the Office of State Finance to begin the actual implementation of the Integrated Central Systems Project (ICS), a central computer network for the state that will replace the current system, parts of which are over twenty years old. The project began in 1982 as the Oklahoma Financial Information System. However, the original plan was later scaled back and the project renamed. Under the current scheme, the Office of State Finance will be able to compare data from Central Purchasing with actual expenditures by agencies, and also compare agency expenditures with the agency's planned budget. In addition, the Office of Personnel Management will be able to compare personnel data with actual payroll expenditures. A portion of the payroll system will be operational by October 1988, but the rest of the project is not expected to be installed until the end of 1989.

Since 1982, approximately \$6.5 million has been spent on research and design of the ICS project. The \$2.5 million provided for FY'89 will permit the Office of State Finance to bid out the necessary computer hardware, which will be lease-purchased over five years at a cost of \$4.5 million. The FY'89 appropriation will also cover the cost of ICS personnel, computer consultants and maintenance contracts for the new equipment. The total projected cost to complete the project over the next four years is \$6.7 million

The other capital project will allow automation of revenue processing functions at the Tax Commission. Currently, each of the five million documents the Tax Commission receives annually is removed from its envelope and sorted manually in "assembly line" fashion. Then the document and any accompanying check is manually fed through microfilming machines to make permanent records. The data on each individual return is also keyed into the agency's computer by data entry operators. The new equipment will allow the Commission to print envelopes that can be automatically presorted according to tax type. Remittance processors will give each return and its accompanying check the same identification number, sort the checks by major bank, prepare a deposit slip, and microfilm the check in one pass through the machine. Scanning equipment will then read the return documents and transfer the data automatically to the main computer, bypassing manual data entry. The Commission will also use part of the capital appropriation to provide on-line computer links to an additional thirty to forty tag agents. The project will cost \$2.3 million in both FY'89 and FY'90.

Other New Programs

The Legislature also funded several new programs in the Office of Public Affairs and the State Treasurer's office. In the Office of Public Affairs, two new programs were created as the result of legislation passed in 1987. HB 1444, the "Oklahoma Economic Development Act of 1987," created the position of State Bond Advisor which would be within the Office of Public Affairs. After months of searching, the Executive and Legislative Bond Oversight Commissions filled the position in early FY'89.

Though appropriated funds will support the State Bond Advisor and one staff person in FY89, the program should eventually be funded from fees collected by the Bond Oversight Commissions.

The "Oklahoma Minority Business Enterprise Assistance Act," which provides bid preferences to minority vendors, will also be implemented in FY89. A staff of four in the Office of Public Affairs will be responsible for promoting and administering the program, including verifying minority ownership of eligible businesses.

Several important changes were also made in the State Treasurer's office. For one, the Treasurer will now compensate banks for check processing services through direct payment of service fees. In the past, the Treasurer has used non-interest-earning compensating balances to pay for these services. The Treasurer estimates the cost of direct charges at approximately \$1.4 million but projects over \$2 million in interest earnings on the funds formerly used for compensating balances. The Treasurer also received additional funding and FTE to staff the Agricultural and Small Business Linked-Deposit Programs and to implement a securities lending program. The securities lending program, which allows the Treasurer to loan state securities on a short-term basis, is estimated to produce an additional \$500,000 to \$800,000 in interest earnings for the state.

APPELLATE PUBLIC DEFENDER*

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$263,786		\$290,369		9.0	10.0
FY'84 Revised	\$245,993	(6.7)%	\$238,417	(17.9)%	9.1	11.0
FY'85	\$274,757	11.7%	\$286,464	20.2%	10.1	11.0
FY'86	\$434,815	58.3%	\$417,601	45.8%	13.1	15.0
FY'87 Revised	\$442,244 ²	1.7%	\$432,458	3.6%	13.6	15.0
FY'88	\$794,640	79.7%	\$753,771	74.3%	19.7	25.0
FY'89	\$947,551	19.2%	\$1,349,246	79.0%		38.0

* Until this year, the Appellate Public Defender program was part of the Center for Criminal Justice. The program is now an independent agency under its own board.

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$683,765 or 259.2% increase in appropriations; when adjusted for inflation, the change is a \$502,841 or 190.6% increase. Most of this increase came in FY'86 when additional attorneys were funded and in FY'88 when the new post conviction relief program was implemented.
- Since FY'83 the agency's total budget has increased by 364.7%. Compared to FY'88 the agency's total budget is expected to increase by \$595,795 or 79.0%. Almost all of the budgeted increase for FY'89 is due to a federal grant totalling \$589,000 which the agency may receive to expand its postconviction relief program.
- In the six years between FY'83 and FY'88, the agency's actual FTE has increased by 10.7 or 118.9%. The increases were due to additional attorneys funded in FY'86 and the new post conviction relief program implemented in FY'88. For FY'89 the agency is authorized an additional thirteen FTE. Twelve FTE will be funded by the federal grant for the postconviction program. The other single FTE is for an office manager.
- Of the \$152,911 or 19.2% increase in appropriations for FY'89, \$64,843 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is a \$88,068 or 11.0% increase compared to FY'88.
- The appropriation bill contained language creating a new Oklahoma Public Defender System Board. The Appellate Public Defender Program was removed from the Center for Criminal Justice and placed under the new board. The change was made due to several reasons, including: (1) possible conflict of interest problems due to Legislators and the presiding judge of the Court of Criminal Appeals sitting on the Center for Criminal Justice Board; (2) the workload for the appellate public defender program had grown substantially in the past few years requiring more time of the uncompensated Director of the Center. As part of this structural change, \$21,680 was provided to

hire an office manager/finance officer so that the Appellate Public Defender could continue to produce legal briefs and not become a full-time agency administrator. This \$21,680 will be combined with \$8,320 built into the budget for temporary accountant services so that a total of \$30,000 will be available to fill the new position.

- The major portion of the additional appropriations, \$115,023, will be used to provide full year funding for the postconviction relief program that was implemented in November 1987. This increase was partially offset by the removal of \$35,000 for one-time expenses of the program in FY88.

SB 379

ATTORNEY GENERAL

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,469,429		\$2,270,285		55.8	65.0
FY'84 Revised	\$2,304,288	(6.7)%	\$2,305,505	1.6%	57.6	62.0
FY'85	\$2,314,763	0.5%	\$2,250,000	(2.4)%	59.3	62.0
FY'86	\$2,719,907 ²	17.5%	\$2,489,775	10.7%	59.5	67.0
FY'87 Revised	\$2,242,605 ³	(17.5)%	\$2,357,065	(5.5)%	58.8	65.0
FY'88	\$2,657,286 ⁴	18.5%	\$2,462,580	4.5%	59.1	65.0
FY'89	\$3,078,827 ⁵	15.9%	\$3,453,827	40.3%		74.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include a special appropriation of \$276,000 to the Attorney General's Evidence Fund.

³ Does not include FY'86 General Revenue carryover.

⁴ Does not include special appropriations of \$100,000 for the Attorney General's Evidence Fund and \$31,942 to pay a federal court assessment against the state involving the anonymous campaign literature law.

⁵ Does not include special appropriations of \$150,000 for the Evidence Fund, \$163,000 for a pollution study of the Illinois River, and \$20,000 to involve the state in insurance anti-trust litigation.

- Since FY'83 the agency has experienced a \$609,398 or 24.7% increase in appropriations; when adjusted for inflation, the change is a \$21,531 or 0.9% increase.
- Since FY'83 the agency's total budget has increased by 52.1%. Compared to FY'88 the agency's total budget is expected to increase by \$991,247 or 40.3%
- In the six years between FY'83 and FY'88, the agency's actual number of FTE has increased by 3.3 or 5.9%. For FY'89, the agency was authorized nine additional FTE. Of these, six will be used for the new multicounty grand jury program, two for student loan collections, and one for an assistant finance officer.
- Of the \$421,541 or 15.9% increase in appropriations for FY'89, \$202,864 or is related to adjustments for the OPERS contribution and the state employees pay plan. As a result, the actual change in the state appropriation for agency operations is a \$218,677 or a 8.2% increase compared to FY'88.
- The agency received \$87,749 to use as matching funds for a \$263,000 federal grant to implement a multicounty grand jury program. The legislation authorizing the program was passed by the 1987 Legislature (HB 1177). The program will allow the Attorney General to address organized criminal activity that extends into several counties or even statewide. The program will work closely with the Bureau of Narcotics and Dangerous Drugs to prosecute extensive drug operations.

- The agency also received \$83,648 to start a program for collecting delinquent student loans. Though only half the amount requested by the agency, this funding should get the program running in FY'89. The program is designed to eventually become self-supporting.
- To meet the current demands of the agency's normal operations, the legislature appropriated \$19,680 for an Assistant Finance Officer and \$27,600 to buy computers for attorneys. The computers should reduce the need for additional secretaries.
- The agency also received funding for two litigation matters. A total of \$163,000 was provided to conduct a thorough analysis of the sources of pollution into the Illinois River. This information will be available for use in any litigation that might arise over the issue. The agency also received \$20,000 in order to involve the state in litigation that has been initiated in other states against major insurance companies. The suits allege illegal antitrust behavior on the part of certain insurance companies.
- The appropriation to the Attorney General's Evidence Fund was increased from \$100,000 to \$150,000.

SB 377

AUDITOR AND INSPECTOR

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,770,459		\$2,872,794		75.5	81.0
FY'84 Revised	\$2,651,348	(4.3)%	\$3,901,865	35.8%	88.7	103.0
FY'85	\$2,698,321	1.8%	\$3,979,491	2.0%	106.1	118.0
FY'86	\$3,065,698	13.6%	\$4,756,983	19.5%	118.7	120.0
FY'87 Revised	\$2,799,034 ²	(8.7)%	\$4,829,987	1.5%	117.6	120.0
FY'88	\$3,057,306 ³	9.2%	\$5,448,750	12.8%	121.5 ⁴	126.0 ⁵
FY'89	\$3,280,532	7.3%	\$7,255,744	33.2%		141.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Includes supplemental appropriation of \$285,000 (HB 2017).

⁴ Beginning in FY88 those employees conducting reimbursable investigative audits of education entities were exempted from the FTE limit. The exempted FTE totalled approximately 6 FTE in FY'88.

⁵ The agency began FY88 with an FTE authorization of 120.0. A supplemental appropriation bill (SB 426) authorized 6 additional FTE in March 1988, to conduct reimbursable audits of the School Land Commission.

- Since FY'83 the agency has experienced a \$510,073 or 18.4% increase in appropriations; when adjusted for inflation, the change is a \$116,307 or 4.2% decrease.
- Since FY'83 the agency's total budget has increased by 152.6%, primarily because of the growth in reimbursable audits. Between FY'83 and FY'87, the amount collected by the agency from reimbursable audits grew from approximately \$600,000 to over \$1,700,000. Compared to FY'88 the agency's total budget is expected to increase by \$1,806,944 or 33.2%
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 46.0 or 60.9%. Most of the additional FTE have been used for reimbursable audits. For FY'89, the agency has been authorized fifteen additional FTE. Eight FTE will be used for reimbursable audits, five for normal state agency audits, and two for computer audits.
- In HB 2017, the agency received a supplemental appropriation of \$285,000 to offset a shortfall in the agency's revolving fund. Part of the problem was the refusal of some education entities to reimburse the Auditor's office for the cost of investigative audits. Most schools, however, eventually paid for the audits. The supplemental appropriation was not built into the agency's appropriation base during consideration of the FY89 appropriation.
- Of the \$223,226 or 7.3% increase in appropriations for FY'89, \$218,392 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is \$4,834 or a 0.2% increase compared FY'88.

- The agency received a total of \$267,614 in additional funding for general operations. The funding will support two computer auditors, five regular auditors, and provide additional funds for other operating expenses. Eight unfunded FTE were also authorized to be used for reimbursable audits. The agency is under a federal requirement to produce an single statewide audit.
- The Governor vetoed an appropriation of \$218,500 in SB 378 to refund educational entities the costs of the reimbursable investigative audits conducted by the Auditor and Inspector in FY88. The audits, performed upon direction by the Legislature, were met with objections from many school administrators because of the additional financial burden.
- An additional \$22,220 was appropriated to the Commission on County Government Personnel Education and Training to provide computer expertise and assistance to the counties.

SB 426, Sections 14 and 15

HB 2017, Section 8

HB 1551

SB 378, Section 11 (vetoed).

COUNCIL ON CAMPAIGN COMPLIANCE AND ETHICAL STANDARDS*

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	N/A		N/A		N/A	N/A
FY'84 Revised	N/A		N/A		N/A	N/A
FY'85	N/A		N/A		N/A	N/A
FY'86	N/A		N/A		N/A	N/A
FY'87 Revised	110,000 ²		\$93,513		1.7	2.0
FY'88	\$98,375	(10.6)%	\$114,071	22.0%	2.0	2.0
FY'89	\$205,920	109.3%	\$207,920	82.3%		5.0

* The name of the agency was changed this year from the Oklahoma Ethics Commission to The Oklahoma Council on Campaign Compliance and Ethical Standards.

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

- Since FY'87, the first year of operation, the agency has experienced a \$95,920 or 87.2% increase in appropriations; when adjusted for inflation, the change is a \$78,571 or 71.4% increase.
- Since FY'87 the agency's total budget has increased by 122.3%. Compared to FY'88 the agency's total budget is expected to increase by \$93,849 or 82.3%
- Of the \$107,545 or 109.3% increase in appropriations for FY'89, \$7,545 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result the actual change in the state appropriation for the agency's operations is a \$100,000 or 101.6% increase compared to FY'88.
- The \$100,000 in additional funding will be used for three additional FTE and to purchase necessary computer equipment. The three new positions will consist of one computer programmer/analyst and two data entry operators.
- The bill contained extensive substantive language which changed the name of the agency, placed a moratorium on campaign-related complaints during an election cycle, and modified the complaint procedure. The bill also specified the types of forms candidates are required to file.

COURT OF CRIMINAL APPEALS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$674,014		\$672,177		19.8	22.0
FY'84 Revised	\$628,003	(6.8)%	\$626,997	(6.7)%	17.7	19.0
FY'85	\$678,607	8.1%	\$678,166	8.2%	16.0	19.0
FY'86	\$766,966	13.0%	\$748,365	10.4%	17.0	19.0
FY'87 Revised	\$834,966 ²	8.9%	\$712,852	(4.8)%	16.2	19.0
FY'88	\$777,521	(6.9)%	\$993,607	39.4%	19.5	19.0
FY'89	\$1,271,865	63.6%	\$1,271,865	28.0%		29.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$597,851 or 88.7% increase in appropriations; when adjusted for inflation, the change is a \$355,003 or 52.7% increase. The largest factor in this increase is the expansion of the court from three to five judges which is being funded in FY89.
- Since FY'83 the agency's total budget has increased by 89.2%. Compared to FY'88 the agency's total budget is expected to increase by \$278,258 or 28.0%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has not changed significantly. For FY'89, the agency is authorized an additional ten FTE for necessary staff as the Court is expanded from three to five judges.
- Of the \$494,344 or 63.6% increase in appropriations for FY'89, \$54,232 is related to adjustments for the OPERS contribution and the state employees pay plan. As a result, the actual change in the state appropriation for the agency's operations is \$440,112 or a 56.6% increase compared to FY'88.
- Much of the increase in funding for the Court was due to the implementation of HB 1150, passed by the 1987 Legislature, which expanded the Court of Criminal Appeals from three to five judges. The new personnel are scheduled to be in office by January 1989. A total of \$298,918 was provided for the expansion. Of that amount \$193,918 will provide half year funding for eight new FTE (two judges, four judicial assistants and two legal secretaries), \$25,000 for additional operating expenses, \$75,000 for one-time equipment and furniture expenditures, and \$5,000 for any renovation expenses. In addition, two unfunded FTE for student researchers were authorized which the Court may utilize if there are savings in other areas of the budget.
- The Court also received funding to lease-purchase a new computer over the next five years. The expansion of the court will require more capacity than the current computer can provide. The annual lease-purchase cost will be \$68,858. In addition, there are related one-time costs of \$5,400 for shipping and handling and \$40,000 for a computer consultant.

- Several years ago, the salary of judicial assistants of the Supreme Court were increased while those of the Court of Criminal Appeals were overlooked. It had been customary to keep the salaries of these positions equal. This year the legislature provided the Court of Criminal Appeals an extra \$26,936 to return the salaries of their judicial assistants to a level comparable to those of the Supreme Court.
- As a matter of policy, the Legislature decided to set the salary of the Presiding Judge of the Court at \$2,500 above the salaries of the other judges. Previously, this difference was not uniform and widened with each across-the-board salary increase.

SB 380

DISTRICT ATTORNEYS AND DISTRICT ATTORNEYS COUNCIL

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual² FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$11,202,753		\$17,571,667		541.0	536.0
FY'84 Revised	\$17,825,644	59.1%	\$21,559,665	22.7%	486.0	553.0
FY'85	\$18,919,334	6.1%	\$22,209,093	3.0%	514.0	554.0
FY'86	\$21,427,191	13.3%	\$24,836,646	11.8%	531.0	557.0
FY'87 Revised	\$19,962,616 ³	(6.8)%	\$26,079,952	5.0%	537.0	566.0
FY'88	\$20,395,920	2.2%	\$28,241,847	8.3%	528.6	567.0
FY'89	\$22,220,247	8.9%	\$35,460,166	25.6%		567.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Personnel employed in the Child Support Enforcement Program, Bogus Check Restitution Program, and other nonappropriated programs are exempted from the agency's FTE limit, and are therefore not included in the "Actual FTE" figures. The number of exempted employees totalled 150 in FY'83 and FY'84, 125 in FY'85, 142 in FY'86, 188 in FY'87, and 184 in FY'88.

³ Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced an \$11,017,494 or 98.3% increase in appropriations; when adjusted for inflation, the change is a \$6,774,793 or 60.5% increase. However, the state did not assume full funding of the District Attorneys until the last half of FY'83. Prior to that time the counties provided most of the funding. Compared to FY'84, the first full year of state funding, the inflation-adjusted FY'89 appropriation shows only a \$679,046 or 3.8% increase.
- Since FY'83 the agency's total budget has increased by 101.8%. Compared to FY'88 the agency's total budget is expected to increase by \$7,218,319 or 25.6%
- The agency's number of actual FTE has not changed significantly since FY'83. The number of authorized FTE for FY'89 is the same as FY'88
- Of the \$1,824,327 or 8.9% increase in appropriations for FY'89, \$1,593,436 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is a \$230,891 or 1.1% increase compared to FY'88.
- The FY'89 appropriation is basically a standstill budget for the agency. The only increase, besides the OPERS adjustment and pay raises for employees and District Attorneys (statutory), is an appropriation of \$260,000 to replace federal grant funding of nine victim-witness coordinators. The federal grant was not renewed for FY'89.
- The bill contained several statutory amendments which included: (1) removing the 60,000 population requirement on districts which are allowed to employ victim-witness coordinators; (2) allowing Assistant DA's to live outside the district at the discretion of the District Attorney; (3)

requiring DA's to submit an annual report to the District Attorney's Council on the Bogus Check Restitution Program; (4) requiring all DA personnel to be carried on the payroll administered by the District Attorney's Council; (5) making the salary caps of DA support personnel a percentage of the DA's salary, at either 55% or 60%.

SB 381

DISTRICT COURTS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$14,119,599		\$13,753,055		366.3	376.0
FY'84 Revised	\$13,855,184	(1.9)%	\$13,819,990	0.5%	362.6	373.0
FY'85	\$13,870,754	0.1%	\$14,017,036	1.4%	362.0	373.0
FY'86	\$17,100,000	23.3%	\$16,059,327	14.6%	368.6	377.0
FY'87 Revised	\$15,515,646 ²	(9.3)%	\$16,132,190	0.5%	369.1	377.0
FY'88	\$16,374,776	5.5%	\$16,240,586	0.7%	373.5	377.0
FY'89	\$18,072,296	10.4%	\$18,072,296	11.3%		385.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$3,952,697 or 28.0% increase in appropriations; when adjusted for inflation, the change is a \$502,000 or 3.6% increase.
- Since FY'83 the agency's total budget has increased by 31.4%. Compared to FY'88 the agency's total budget is expected to increase by \$1,831,710 or 11.3%
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 7.2 or 2.0%. For FY'89 the agency is authorized eight additional FTE which consist of two special judges and six court reporters.
- Of the \$1,697,520 or 10.4% increase in appropriations for FY'89, \$1,017,799 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result the actual change in the state appropriation for the agency's operations is a \$679,721 or 4.2% increase compared to FY'88.
- To meet increasing District Court caseloads, the Legislature funded two new Special Judges at a cost of \$97,334 and six new court reporters at \$212,880. One judge will serve in Canadian County (District 26) and the other in Wagoner and Cherokee counties (part of District 15). The court reporters will be assigned to specific districts by the Supreme Court.
- The Legislature also moved judicial salaries closer to the regional average. Salaries of District Court judges and appellate level judges were generally within 5% of the regional averages. However, the salaries of Associate District Judges and Special Judges were as much as 18% below the regional averages. Therefore, the Associate and Special Judges received 10% salary increases while the other judges received a 5% increase like all other state employees. The cost of the extra 5% for Associate and Special Judges was \$325,907.

- A total of \$43,600 was added to meet the increased cost of the unique longevity program for court reporters. Court reporters receive annually \$300 per year of service up to a maximum of \$2,400.
- Amendatory language included in the bill now allows mileage reimbursement for temporary court reporters who are required to travel outside their county of residence.

SB 382

ELECTION BOARD

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,541,394		\$3,578,054		15.5	N/A
FY'84 Revised	\$2,758,371	8.5%	\$1,804,367	(49.6)%	14.4	N/A
FY'85	\$2,725,794	(1.2)%	\$4,425,768	145.3%	12.9	N/A
FY'86	\$3,096,404	13.6%	\$1,944,675	(56.1)%	15.0	N/A
FY'87 Revised	\$2,949,105 ²	(4.8)%	\$4,223,905	117.2%	16.0	N/A
FY'88	\$3,628,804	23.0%	\$2,987,829	(29.3)%	16.2	N/A
FY'89	\$4,158,226	14.6%	\$5,326,828	78.3%		N/A

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$1,616,932 or 63.6% increase in appropriations; when adjusted for inflation, the change is a \$822,867 or 32.4% increase.
- Since FY'83 the agency's total budget has increased by 48.9%. Compared to FY'88 the agency's total budget is expected to increase by \$2,338,999 or 78.3%. As indicated in the "Total Budget Expenditures" column, the agency's expenditures are much higher in election years than nonelection years. In order to maintain a fairly consistent appropriation level, one-half of the election year expenses are funded during the preceeding year.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has not changed significantly.
- Of the \$529,422 or 14.6% increase in appropriations for FY'89, \$43,359 is related to adjustments for the OPERS contribution and the state employees pay plan. As a result the actual change in the state appropriation for the agency's operations is \$486,063 or a 13.4% increase compared to FY'88.
- The primary reason for the additional appropriated amount was to insure full funding of the election season that begins in August 1988 and runs through November. A total of \$437,568 in additional election funding was provided to make up for expenses of unanticipated special elections in FY'88 and to meet increased election costs.
- A total of \$600,000 was removed from the agency's budget due to one-time expenditures for the presidential primary in FY'88. However, this reduction was almost entirely offset by \$575,000 in funding needed for the special election scheduled for March 1989 (state question on ad valorem).
- Funds totaling \$66,386 were added to give county election board secretaries a 5% salary increase. Their salaries are set in statute and the state reimburses the counties for the secretaries' salaries and benefits.

- The salary of the Secretary of the State Election Board was raised from \$52,500 to \$61,000, an increase of \$8,500 or 16.2%.

HB 1552

OFFICE OF STATE FINANCE

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,043,324		\$1,955,404		57.4	70.0
FY'84 Revised	\$1,898,003	(7.1)%	\$2,014,240	3.0%	58.5	65.0
FY'85	\$2,176,043	14.6%	\$2,578,987	28.0%	73.5	192.0
FY'86	\$8,549,354	292.9%	\$12,603,645	388.7%	143.0	179.0
FY'87 Revised	\$6,764,001 ²	(20.9)%	\$10,911,404	(13.4)%	152.6	165.0
FY'88	\$7,360,294 ³	8.8%	\$10,540,419	(3.4)%	147.4	167.0
FY'89	\$10,428,490 ⁴	41.7%	\$16,717,078	58.6%		167.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover or special appropriations of \$1,000,000 for a telecommunications project and \$40,000 for transitional expenses of the new Governor and Lt. Governor.

3 Does not include a special appropriation of \$1,500,000 for telecommunications projects.

4 Includes \$2,508,810 for the Integrated Central Systems Project.

- Since FY'83 the agency has experienced a \$8,385,166 or 410.4% increase in appropriations; when adjusted for inflation, the change is a \$6,393,966 or 312.9% increase.
- Since FY'83 the agency's total budget has increased by 754.9%. Compared to FY'88 the agency's total budget is expected to increase by \$6,176,659 or 58.6%
- The large increase in the agency's appropriation and total budget occurred mostly in FY'86. During that year the agency assumed responsibility for operating the state's central data services center (\$4.9 million) and the central phone system (Centrex, \$4.6 million). The data services center is funded from appropriations, while the Centrex system is funded from a revolving fund.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 90.0 or 156.8%. Most of the additional FTE were associated with the data services center and Centrex operation.
- Of the \$3,068,196 or 41.7% increase in appropriations for FY'89, \$509,712 is related to adjustments for the OPERS contribution and the state employees' pay plan, including \$117,901 for implementation of the data processing reclassification study. As a result, the actual change in the state appropriation for the agency's operations is a \$2,558,484 or 34.7% increase compared to FY'88.
- The largest portion of the increase in funding went to the Integrated Central Systems Project, the state's central computer system. A total of \$2,508,810 in new funds was appropriated for the project. In addition, \$770,000 from two earlier appropriations to the Office of State Finance were reappropriated and redesignated for the project. Of this amount, \$520,000 had been appropriated for the project under its former name, the Oklahoma Financial Information System. The remaining

\$190,000 had been appropriated for the agency's normal operations. According to current projections, the project should be complete by January 1990. Under the present funding scheme, the necessary computer hardware will be lease-purchased over five years at an annual cost of approximately \$1,300,000 (including maintenance contracts).

- Additional funds totaling \$49,674 were appropriated for increased dues to various intergovernmental organizations such as the National Conference of State Legislatures, National Governor's Association, Southern Growth Policy Board, Southern Regional Education Board and others.

HB 1553

HB 1581, Section 29

GOVERNOR

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,732,996		\$1,543,737		39.9	N/A
FY'84 Revised	\$1,555,799	(10.2)%	\$1,647,842	6.7%	36.7	N/A
FY'85	\$1,630,799	4.8%	\$1,579,389	(4.2)%	38.9	N/A
FY'86	\$1,641,622	0.7%	\$1,686,931	6.8%	38.9	N/A
FY'87 Revised	\$1,278,703 ²	(22.1)%	\$1,581,367	(6.3)%	32.7	N/A
FY'88	\$1,556,762	21.7%	\$1,814,837	14.8%	37.4	N/A
FY'89	\$1,697,151	9.0%	\$2,158,113	18.9%		N/A

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$35,845 or 2.1% decrease in appropriations; when adjusted for inflation, the change is a \$359,896 or 20.8% reduction.
- Since FY'83 the agency's total budget has increased by 39.8%. Compared to FY'88 the agency's total budget is expected to increase by \$343,276 or 18.9%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has decreased by 2.5 or 6.3%.
- All of the \$140,389 or 9.0% increase in appropriations for FY'89 is related to adjustments for the OPERS contribution and the state employees pay plan. As a result, there is no change in the actual appropriation for the agency's operations compared to FY'88.

HB 1554

HOUSE OF REPRESENTATIVES

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$6,139,055		\$5,760,505		183.7	N/A
FY'84 Revised	\$5,614,778	(8.5)%	\$6,011,116	4.4%	187.0	N/A
FY'85	\$5,502,482	(2.0)%	\$6,204,187	3.2%	197.3	N/A
FY'86	\$7,120,798	29.4%	\$7,112,725	14.6%	213.1	N/A
FY'87 Revised	\$6,137,745 ²	(13.8)%	\$6,714,930	(5.6)%	209.9	N/A
FY'88	\$8,192,652	33.5%	\$7,652,254	14.0%	216.6	N/A
FY'89	\$9,578,107	16.9%	\$9,578,107	25.2%		N/A

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$3,439,052 or 56.0% increase in appropriations; when adjusted for inflation, the change is a \$1,610,223 or 26.2% increase.
- Since FY'83 the agency's total budget has increased 66.3%. Compared to FY'88 the agency's total budget is expected to increase by \$1,925,853 or 25.2%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 32.9 or 17.9%.
- Of the \$1,385,455 or 16.9% increase in appropriations for FY'89, \$313,544 is related to adjustments for the OPERS contribution and the state employees pay plan. As a result, the actual change in the state appropriation for the agency's operations is \$1,071,911 or a 13.1% increase compared to FY'88.

HB 1559

LEGISLATIVE SERVICE BUREAU

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	N/A		N/A		N/A	N/A
FY'84 Revised	N/A		N/A		N/A	N/A
FY'85	N/A		N/A		N/A	N/A
FY'86	\$957,410		\$1,317,825		33.8	N/A
FY'87 Revised	\$1,318,873 ²	37.8%	\$2,047,542	55.4%	23.4	N/A
FY'88	\$2,139,418	62.2%	\$1,795,382	(12.3)%	24.5	N/A
FY'89	\$3,134,530	46.5%	\$3,134,530	74.6%		N/A

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'86 the agency's total budget has increased by 137.9%. Compared to FY'88 the agency's total budget is expected to increase by \$1,339,148 or 74.6%. The Legislative Service Bureau was formed in FY'86 from the consolidation of the Legislative Fiscal Office and Joint Bill Processing.
- In the three years between FY'86 and FY'88, the agency's number of actual FTE has decreased by 9.3 or 27.5%.
- Of the \$995,112 or 46.5% increase in appropriations for FY'89, \$67,112 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is a \$928,000 or 43.4% increase compared to FY'88.
- Of the additional funding \$500,000 will be used for the 1989 annual meeting of the National Conference of State Legislatures that will be held in Tulsa. Another \$50,000 is specified for the Task Force on Langston University and an additional \$100,000 is included for legislative studies.

SB 384

HB 1581, Section 28

LIEUTENANT GOVERNOR

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$180,241		\$168,897		4.4	5.0
FY'84 Revised	\$167,298	(7.2)%	\$170,664	1.0%	4.8	5.0
FY'85	\$163,952	(2.0)%	\$169,869	(0.5)%	5.0	5.0
FY'86	\$313,123	91.0%	\$280,441	65.1%	5.0	5.0
FY'87 Revised	\$247,239 ²	(21.0)%	\$293,947	4.8%	5.6	5.0
FY'88	\$386,485	56.3%	\$367,941	25.2%	9.0	N/A ³
FY'89	\$421,167	9.0%	\$421,167	14.5%		N/A

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

3 The FTE limit for the agency was removed in FY'88.

- Since FY'83 the agency has experienced a \$240,926 or 133.7% increase in appropriations; when adjusted for inflation, the change is a \$160,509 or 89.1% increase. Much of this increase came in FY86 when the agency received additional funds to initiate an international economic development program.
- Since FY'83 the agency's total budget has increased by 149.4%. Compared to FY'88 the agency's total budget is expected to increase by \$53,266 or 14.5%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 4.6 or 104.5%.
- Of the \$34,682 or 9.0% increase in appropriations for FY'89, \$24,682 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result the actual change in the state appropriation for the agency's operations is a \$10,000 or 2.6% increase compared to FY'88.
- The only funding increase for the agency above the OPERS adjustment and the pay increase was \$10,000 for office renovation. The renovation will be part of a construction project to open the stairwell that is located behind the snack bar on the first floor of Capitol Building.

MERIT PROTECTION COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$256,796		\$240,356		4.5	5.0
FY'84 Revised	\$264,879	3.1%	\$244,521	1.7%	4.6	6.0
FY'85	\$265,963	0.4%	\$268,847	9.9%	5.7	6.0
FY'86	\$438,412	64.8%	\$402,144	49.6%	9.1	10.0
FY'87 Revised	\$382,422 ²	(12.8)%	\$448,046	11.4%	10.0	10.0
FY'88	\$405,201	6.0%	\$372,067	(17.0)%	8.1	10.0
FY'89	\$483,138	19.2%	\$493,138	32.5%		10.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$226,342 or 88.1% increase in appropriations; when adjusted for inflation, the change is a \$134,092 or 52.5% increase. Most of this increase occurred in FY'86 when the agency received funding for four additional FTE to address its growing caseload.
- Since FY'83 the agency's total budget has increased by 105.2%. Compared to FY'88 the agency's total budget is expected to increase by \$121,071 or 32.5%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 3.6 or 80.0%.
- Of the \$77,937 or 19.2% increase in appropriations for FY'89, \$23,545 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state contribution for the agency's operations is a \$54,392 or a 13.4% increase compared FY'88.
- The agency received an additional \$33,732 to replace two positions that were eliminated through a reduction-in-force early in FY'88.
- The agency also was appropriated an additional \$20,660 for hiring hearing examiners. The additional funds will be used in part to raise the hourly rate paid to hearing examiners from \$50 to \$60. In FY'88 the agency spent \$43,306 for hearing examiners.

OFFICE OF PERSONNEL MANAGEMENT

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$3,772,568		\$3,341,466		93.1	103.0
FY'84 Revised	\$3,439,725	(8.8)%	\$3,152,880	(5.6)%	91.6	99.0
FY'85	\$3,439,725	0.0%	\$3,181,482	0.9%	89.9	99.0
FY'86	\$3,978,299	15.7%	\$3,475,111	9.2%	94.0	110.0
FY'87 Revised	\$2,961,844 ²	(25.5)%	\$3,317,360	(4.5)%	92.6	102.0
FY'88	\$3,541,920	19.6%	\$3,225,307	(2.8)%	92.2	102.0
FY'89	\$3,973,270	12.2%	\$4,068,758	26.2%		109.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$200,702 or 5.3% increase in appropriations; when adjusted for inflation, the change is a \$557,948 or 14.8% reduction.
- Since FY'83 the agency's total budget has increased by 21.8%. Compared to FY'88 the agency's total budget is expected to increase by \$843,451 or 26.2 %
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has remained virtually unchanged. For FY'89, the agency received authorization for seven additional FTE, four to staff a new payroll system, two for a position control program, and one to administer a new internship program.
- Of the \$431,350 or 12.2% increase in appropriations for FY'89, \$250,084 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is a \$181,266 or 5.1% increase compared to FY'88.
- The agency received \$131,369 for four FTE in order to assume certain payroll responsibilities associated with the Integrated Central Systems Project. These FTE will administer an automated payroll system which will be transferred from the Office of State Finance to the Office of Personnel Management in October 1988. Because of this change, the statutes were also amended to transfer payroll deduction responsibilities from the Office of State Finance to the Office of Personnel Management.
- The agency also received an additional \$46,872 for two clerical FTE that will be used to work on a statewide position control program that has been under development. The program will allow more thorough monitoring of compliance with state personnel laws and rules.

- A revolving fund for the Certified Public Manager Program was established to allow the Office of Personnel Management to charge state agencies who have employees participating in the new program. The fees collected will be used to offset the cost of the program.

HB 1557

HB 1581, Section 30

HB 1996, Section 8.

OFFICE OF PUBLIC AFFAIRS*

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$6,270,323		\$12,685,024		253.6	257.0
FY'84 Revised	\$6,641,625	5.9%	\$15,295,070	20.6%	344.2	413.0
FY'85	\$6,714,187	1.1%	\$18,051,644	18.0%	412.9	424.0
FY'86	\$8,178,927	21.8%	\$17,252,257	(4.4)%	431.2	477.0
FY'87 Revised	\$7,780,229 ²	(4.9)%	\$17,321,888	0.4%	440.8	484.0
FY'88	\$9,743,829	25.2%	\$18,095,239	4.5%	430.1	488.0
FY'89	\$10,816,636	11.0%	\$23,962,184	32.4%		445.0 ³

- * Also includes the appropriation for the Oklahoma Capitol Improvement Authority.
- ¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.
- ² Does not include FY'86 General Revenue carryover.
- ³ Beginning in FY'89, personnel employed in the asbestos abatement program are exempt from the agency's FTE limit.

- Since FY'83 the agency has experienced a \$4,546,313 or 72.5% increase in appropriations; when adjusted for inflation, the change is a \$2,481,000 or 39.6% increase.
- Since FY'83 the agency's total budget has increased by 88.9%. Compared to FY'88 the agency's total budget is expected to increase by \$5,866,945 or 32.4%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 176.5 or 69.6%. Most of this increase came in FY'84 when approximately 120 building maintenance personnel were transferred from the Oklahoma Capitol Improvement Authority to the Office of Public Affairs. Also, in FY'86, three new programs (asbestos abatement, risk management, and fleet management) were added to the agency. For FY'89, the agency's authorized FTE limit is 43.0 FTE lower than FY'88. This is due to the privatization of the capitol cafeterias (-30.0 FTE) and the exemption of the asbestos program from the FTE limit (-37.0 FTE). These reductions were partially offset by the authorization of twenty-four new FTE which will be assigned to programs described below.
- Of the \$1,072,807 or 11.0% increase in appropriations for FY'89, \$550,066 is related to adjustments for the OPERS contribution and the state employees pay plan. As a result the actual change in the state appropriation for the agency's operations is a \$522,741 or 5.4% increase compared to FY'88.
- Funding was provided for two programs recently authorized by the Legislature. A total of \$271,741 was provided to implement the "Oklahoma Minority Business Enterprise Assistance Act," which was passed by the Legislature in 1987. This program, which allows bid preferences for minority-owned vendors, will have a staff of four. In addition, the State Bond Advisor, as authorized in HB 1444 of the 1987 Session, will be housed in the Office of Public Affairs. Funding

of \$220,000 was provided for the Advisor, one staff person and necessary operating expenses in FY'89. This program is designed to become self-funding from fees collected by the Executive and Legislative Bond Oversight Commissions.

- Funding was also provided for two projects in state buildings. The stairwell behind the snack bar on the first floor of the Capitol Building will be reopened and restored to its original condition at a cost of approximately \$85,000. Necessary renovation and maintenance of the state building in Ada will cost about \$51,000.
- Eighteen additional FTE were authorized for programs that are funded from nonappropriated sources: seven will be assigned to the Motor Pool to establish a new automobile body shop, two will be used in the Risk Management Division, two in the print shop and seven for maintenance of the new Library for the Blind.
- Special authorization was included to allow the Risk Management Division to pay a claim of \$345,000 from the Tort Claims Liability Fund. The claim arose from the case of Vanderpool vs. the Oklahoma Historical Society which was instrumental in the state's loss of sovereign immunity. The claim occurred before passage of the Tort Claims Act and therefore special authorization was necessary to allow payment from the Tort Claims Liability Fund.

SB 385

HB 1572, Section 21 (vetoed)

SECRETARY OF STATE

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$549,085		\$697,252		23.7	24.0
FY'84 Revised	\$586,778	6.9%	\$754,985	8.3%	23.3	24.0
FY'85	\$383,085	(34.7)%	\$788,728	4.5%	23.2	24.0
FY'86	\$363,673	(5.1)%	\$812,365	3.0%	23.0	24.0
FY'87 Revised	\$263,740 ²	(27.5)%	\$737,608	(9.2)%	22.4	23.0
FY'88	\$719,977	173.0%	\$778,929	5.6%	22.1	26.0
FY'89	\$629,194	(12.6)%	\$1,428,911	84.7%		28.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$80,109 or 14.6% increase in appropriations; when adjusted for inflation, the change is a reduction of \$40,028 or 7.3%.
- Since FY'83 the agency's total budget has increased by 106.4%. Compared to FY'88 the agency's total budget is expected to increase by \$649,982 or 83.4%. The large increase over the FY'88 budget is due primarily to the reappropriation of funds to implement the Agricultural Lien Central Filing System.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has remained relatively unchanged. For FY'89, the agency received authorization for two additional FTE to be assigned to the Agricultural Lien Central Filing System.
- The agency's FY'89 appropriation decreased from the FY'88 appropriation due to the removal of \$150,000 in one-time funds being used to implement the Central Filing System. This reduction was partially offset by the additional funding of \$56,105 for the OPERS adjustment and the state employee pay raise.
- During FY'88 the agency encountered unexpected difficulties in implementing the Agricultural Lien Central Filing System. Most of the funds appropriated for operations and capital remained unspent. These funds ~~were~~ reappropriated in FY'89. In addition, \$305,000 in new funding for operations was appropriated. After FY'89, the program should become self-sufficient through fees collected from users.

HB 1558

SB 395, Sections 10 and 11

SENATE

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$4,733,191		\$4,915,298		159.7	N/A
FY'84 Revised	\$4,332,431	(8.5)%	\$4,475,360	(9.0)%	146.0	N/A
FY'85	\$4,245,782	(2.0)%	\$4,594,098	2.7%	145.4	N/A
FY'86	\$5,291,861	24.6%	\$5,247,367	14.2%	149.0	N/A
FY'87 Revised	\$4,563,701 ²	(13.8)%	\$5,020,593	(4.3)%	142.3	N/A
FY'88	\$5,121,557	12.2%	\$5,106,532	1.7%	146.0	N/A
FY'89	\$6,091,361	18.9%	\$6,091,361	19.3%		N/A

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$1,358,170 or 28.7% increase in appropriations; when adjusted for inflation, the change is a \$195,095 or 4.1 % increase.
- Since FY'83 the agency's total budget has increased by 23.9%. Compared to FY'88 the agency's total budget is expected to increase by \$984,829 or 19.3%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has decreased by 13.7 or 8.6%.
- Of the \$969,804 or 18.9% increase in appropriations for FY'89, \$289,607 is related to adjustments for the OPERS contribution and the state employees pay plan. As a result, the actual change in the state appropriation for the agency's operations is a \$680,197 or 13.3% increase compared to FY'88.

SUPREME COURT

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$4,259,972		\$4,160,346		87.0	108.0
FY'84 Revised	\$4,779,828	12.2%	\$4,470,739	7.5%	89.4	98.0
FY'85	\$4,452,951	(6.8)%	\$4,769,141	6.7%	95.5	105.0
FY'86	\$5,380,469	20.8%	\$5,515,778	15.7%	103.9	110.0
FY'87 Revised	\$5,183,427 ²	(3.7)%	\$5,701,102	3.4%	105.7	110.0
FY'88	\$5,730,290	10.6%	\$5,968,789	4.7%	109.7	121.0
FY'89	\$6,443,962	12.5%	\$7,332,212	22.8%		127.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$2,183,990 or 51.3% increase in appropriations; when adjusted for inflation, the change is a \$953,589 or 22.4% increase. A large portion of this increase came in FY'86 when personnel and equipment were added for the Court Information System and judges received a 15% salary increase.
- Since FY'83 the agency's total budget has increased by 76.2%. Compared to FY'88 the agency's total budget is expected to increase by \$1,363,423 or 22.8%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 22.7 or 26.1%. Most of the new personnel were assigned to the Court Information System or were additional judicial assistants for the Justices.
- Of the \$713,672 or 12.5% increase in appropriations for FY'89, \$358,398 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is \$355,274 or a 6.2% increase compared to FY'88.
- The Court received an additional \$210,312 to add four judicial assistants. This will now provide each of the nine Supreme Court justices with two judicial assistants. Last year, the Court requested funding for nine assistants but received enough for only five.
- The Supreme Court also received a one-time appropriation of \$231,510 to purchase new operating software for the Court Information System. The new software will expand the operating capacity of the present hardware and allow the Court to continue extending its docketing system into the counties.

TAX COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$40,569,552		\$42,497,750		1032.9	1143.0
FY'84 Revised	\$35,577,218	(12.3)%	\$38,249,122	(10.0)%	1043.8	1110.0
FY'85	\$40,998,259	15.2%	\$43,809,572	14.5%	1244.9	1297.0
FY'86	\$45,249,431	10.4%	\$51,198,183	16.9%	1305.2	1372.0
FY'87 Revised	\$36,496,242 ²	(19.3)%	\$48,885,291	(4.5)%	1263.5	1372.0
FY'88	\$40,230,121	10.2%	\$49,245,914	0.7%	1257.2	1372.0
FY'89	\$44,547,736 ³	10.7%	\$59,672,015	21.2%		1372.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

³ Does not include a capital appropriation of \$2,300,000 for revenue processing equipment and data processing equipment.

- Since FY'83 the agency has experienced a \$3,978,184 or 9.8% increase in appropriations; when adjusted for inflation, the change is a \$4,527,694 or 11.2% reduction.
- Since FY'83 the agency's total budget has increased by 40.4%. Compared to FY'88 the agency's total budget is expected to increase by \$10,426,101 or 21.2%. Almost \$6,000,000 of this budgeted increase is "pass through" funding to reimburse counties for certain property tax exemptions. Another \$3,000,000 is due to the state employee pay increase and the OPERS adjustment.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 224.3 or 21.7%. Most of these additional FTE were revenue processors, auditors, and attorneys which were funded in FY'85 in response to a Coopers and Lybrand study.
- Of the \$4,317,615 or 10.7% increase in appropriations for FY'89, \$3,310,874 is related to adjustments for the OPERS contribution and the state employees pay plan, including \$134,105 for implementation of the data processing reclassification study. As a result, the actual change in the state appropriation for the agency's operations is a \$1,006,741 or 2.5% increase compared to FY'88.
- The Tax Commission's top funding request was for capital funds to automate its revenue processing functions. The legislature appropriated \$2,300,000 for the first year of a two year funding obligation which will allow the Commission to implement its automation plans over the next two to three years. The automated process should replace 30 to 40 FTE currently used in the manual process of sorting, handling, and microfilming tax returns and for entering data from individual tax return documents.

- The Commission also received an additional \$706,741 to be used primarily for replacing an estimated \$528,904 in one-time monies spent from carryover in the agency's revolving fund. The remainder will be used by the Commission to offset increased costs of new automobile tags and higher postage expenses.
- A special one-time project to recover overpayments of FICA tax was funded at \$300,000. The FICA overpayments were made during the years 1979-1981. The project could raise as much as \$1,000,000 for the General Revenue Fund and possibly return \$2,000,000 to individual state employees.
- The Governor vetoed an appropriation of an additional \$1,200,000 intended to provide full reimbursement to counties for the double homestead exemption on property tax allowed low income homeowners. The \$647,543 already built into the agency's budget for this purpose will allow a reimbursement rate of less than 50%. The additional amount would have provided 100% reimbursement for FY'88.

HB 1561

HB 1581, Section 31

SB 378, Section 10 (vetoed).

TREASURER

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$96,834		\$1,123,578		32.1	N/A
FY'84 Revised	\$-0-	(100.0)%	\$1,093,202	(2.7)%	31.6	N/A
FY'85	\$-0-	0.0%	\$1,043,178	(4.6)%	29.8	N/A
FY'86	\$-0-	0.0%	\$1,056,964	1.3%	29.8	N/A
FY'87 Revised	\$-0-	0.0%	\$1,281,372	21.2%	34.0	N/A
FY'88	\$2,658,089	N/A	\$3,000,647	134.2%	48.3	53.0 ²
FY'89	\$4,327,620	62.8%	\$4,574,575	52.5%		64.5

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 The agency began FY88 with an FTE limit of 50.0. Two FTE were added by the Contingency Review Board board and one FTE by SB 426 in March 1987.

- FY88 was the first year since FY'83 that the Treasurer's office received any appropriated funds. Prior to FY'88 the agency operated off a revolving fund which received income from state investments in certificates of deposit.
- Since FY'83 the agency's total budget has increased by 307.1%. Compared to FY'88 the agency's total budget is expected to increase by \$1,573,928 or 52.5%. The large budget increases in FY'88 and FY'89 were used to add additional FTE, purchase necessary computer equipment, and switch from compensating balances to direct bank service charges.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 16.2 or 50.5%. For FY89, the agency was authorized 11.5 additional FTE. Two FTE will be used for the linked deposit programs, two for data processing, four for a securities lending program and 4.5 FTE for normal operations.
- Of the \$1,669,531 or 62.8% increase in appropriations for FY'89, \$130,901 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for the agency's operations is \$1,538,630 or a 57.9% increase compared to FY'88.
- The largest portion of the additional funding for the Treasurer will be used to change the way the state pays for its bank account services. In the past, the state has used compensating balances to pay for these services. In FY'88 the Treasurer will have \$1,336,407 to pay for bank service fees. The Treasurer estimates that approximately \$2,100,000 can be earned by investing deposits currently used for compensating balances.
- A new securities lending program was funded at \$113,520. The program, administered by four FTE, is expected to earn approximately \$800,000 in additional interest by loaning state securities on a short-term basis. The securities utilized in the program will be subject to the same collateralization requirements as all other state deposits.

- The Treasurer also received an additional \$242,503 for 8.5 new FTE in other areas. Two positions will be used to administer the Agricultural and Small Business Linked Deposit programs. Another two FTE will be added to the data processing division. The remaining positions include two Collateral Clerks, one Assistant Cash Manager, one Operations Clerk, and one part-time Warrant Processing Specialist.

SB 426, Section 16 (supplemental)

HB 1560

HB 1572 (vetoed travel language)

WORKERS' COMPENSATION COURT

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,930,703		\$2,020,045		55.2	57.0
FY'84 Revised	\$1,905,255	(1.3)%	\$1,829,279	(9.4)%	54.3	59.0
FY'85	\$2,197,487	15.3%	\$2,161,069	18.1%	56.6	59.0
FY'86	\$2,417,791	10.0%	\$2,286,422	5.8%	65.8	68.0
FY'87 Revised	\$2,228,330 ²	(7.8)%	\$2,521,976	10.3%	68.7	70.0
FY'88	\$2,582,819	15.9%	\$2,473,641	(1.9)%	70.0	74.0
FY'89	\$2,852,128	10.4%	\$2,880,128	16.4%		76.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$921,425 or 47.7% increase in appropriations; when adjusted for inflation, the change is a \$376,844 or 19.5% increase.
- Since FY'83 the agency's total budget has increased by 42.6%. Compared to FY'88 the agency's total budget is expected to increase by \$406,487 or 16.4%.
- In the six years between FY'83 and FY'88, the agency's number of actual FTE has increased by 14.8 or 26.8%. In FY'86 a new judge and necessary staff were added and since then, new staff have been funded to administer the medical fee schedule and meet increased docketing needs.
- Of the \$269,309 or 10.4% increase in appropriations for FY'89, \$171,109 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result the actual change in the state appropriation for the agency's operations is \$98,200 or a 3.8% increase compared to FY'88.
- Two new FTE were funded at a cost of \$57,000. One will assist in the administration of the medical fee schedule and the other will coordinate the Court's research and information needs.
- An additional \$19,600 for travel was provided so Judges could be rotated from Oklahoma City to Tulsa more often. Over the past year the lag time for setting cases in the Tulsa court has grown to unacceptable levels while the lag period in Oklahoma City is the shortest it has ever been.
- Funding of \$21,600 for a physicians panel was also approved. The panel will act in an advisory capacity and meet with the court once a month. The panel can be used to interpret medical bills and medical cost management, assist in developing the next medical fee schedule (due in late 1988 or early 1989), and meet informally with the judges to answer any medical questions.

HEALTH AND SOCIAL SERVICES HIGHLIGHTS

Historical Overview

Actual appropriations to the Health and Social Services Subcommittee have increased by \$118 million or 21.1% during the seven years since fiscal year 1983. The peaks in fiscal year 1986 and 1989 are largely related to across-the-board pay increases for state employees - 8% in FY'86 and 5% in FY'89.

Table I.
Health and Social Services Subcommittee

<u>Fiscal Year</u>	<u>Appropriations</u>	<u>Inflation Adjusted Figure</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
1983 Revised	560,320,934	560,320,934	18,711.6	19,969.8
1984 Revised	560,960,927	544,622,259	18,042.3	19,457.5
1985	573,247,019	532,262,785	17,823.5	18,373.5
1986	626,531,561	565,461,698	17,436.8	18,212.5
1987 Revised	577,857,584	510,474,898	16,339.4	17,027.0
1988	604,514,228	513,605,971	16,716.5	17,398.5
1989	679,355,017	548,814,739		18,453.5

If, however, the figures for the Department of Human Services are broken out from the rest of the Subcommittee's agencies (Table II below), they show that the bulk of the increase since fiscal year 1983 is related to DHS - a total of \$95.5 million or 23.0% increase. Most of this increase is attributable to entitlement program growth, changes in federal regulations and court mandates.

Table II.
Department of Human Services

<u>Fiscal Year</u>	<u>Appropriations</u>	<u>Inflation Adjusted Figure</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
1983 Revised	415,694,815	415,694,815	13,696.3	14,600.0
1984 Revised	427,101,147	414,661,956	13,137.2	14,000.0
1985	439,500,000	408,077,994	12,534.7	13,000.0
1986	476,121,333	429,712,394	12,507.6	12,800.0
1987 Revised	448,726,485	396,401,489	11,632.8	11,850.0
1988	473,152,021	401,998,319	12,010.4	12,265.0
1989	511,169,468	413,567,531		12,806.0

When examining all other health and social service agencies (Table III on the next page), appropriations have increased by \$22.5 million or 15.6% during the period FY'83 - FY'89. However, through fiscal year 1988 these agencies had actually sustained a \$13.24 million or 9.15% reduction in appropriations. This reduction had been accommodated through improved efficiencies and increased utilization of revolving funds, the latter often involving increased third party collection efforts or fees. In fiscal year 1989 the \$35.8 million or 27.3% increase in appropriations is deceiving because \$17.4 million of this increase is due to changes in funding mechanisms, which caused an increase of this amount in certified revenue newly available for appropriation.

Table III.
Other Health and Social Service Agencies

<u>Fiscal Year</u>	<u>Appropriations</u>	<u>Inflation Adjusted Figure</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
1983 Revised	144,626,119	144,626,119	5,015.3	5,369.8
1984 Revised	133,856,780	129,958,039	4,905.1	5,457.5
1985	133,747,019	124,184,790	5,288.8	5,373.5
1986	150,410,228	135,749,303	4,929.2	5,412.5
1987 Revised	129,131,099	114,073,409	4,706.6	5,177.0
1988	131,362,207	111,607,653	4,706.1	5,133.5
1989	167,165,549	135,247,208		5,647.5

In inflation-adjusted dollars, the appropriation level for the whole Subcommittee (Table I) generally decreased up until fiscal year 1989, when it increased by 6.9% over the fiscal year 1988 inflation-adjusted level. However, the fiscal year 1989 appropriation still provides \$11.5 million or 2.0% less "buying power" than the fiscal year 1983 appropriation. When DHS and other health and social service agencies are analyzed separately, the percent decline in "buying power" dollars available is -0.5% for DHS and -6.5% for all other agencies in the Subcommittee.

Of the \$73.8 million or 12.2% increase in appropriations for the whole Subcommittee for fiscal year 1989, \$34.6 million is related to adjustments for the OPERS contribution and the state employees' pay plan, including higher adjustments for the salaries of certain data processing employees and agency directors. In addition, a total of \$17.4 million is related to adjustments, which increased certified revenue for appropriation (due to changes in the funding mechanisms for three agencies - the Department of Mental Health, the Health Planning Commission, and the State Board of Nursing Homes.) As a result, the actual change in state appropriations for agency operations in fiscal year 1989 is a \$21.8 million or 3.6% increase. When DHS and other health and social service agencies are analyzed separately, the change in dollars available for operating expenses in FY'89 compared to the prior year is a \$14.7 million or 3.1% increase for DHS and a \$7.08 million or 5.4% increase for all other agencies in the Subcommittee.

The actual FTE for the whole Subcommittee declined by 10.7% between fiscal years 1983 and 1988. Over 90% of the decline in actual FTE between FY'83 and FY'87 was due to a deliberate FTE reduction effort at the Department of Human Services. During that period DHS cut 1587 FTE or 11.6% of its labor force, over 952 FTE at the Oklahoma Medical Center (formerly Oklahoma Teaching Hospitals) alone. The remainder of the Subcommittee's actual FTE decline between FY'83 and FY'87 was due to a 10% or 281 FTE reduction within the Department of Mental Health due to decreased patient census at state hospitals and a shift toward community care as provided by private organizations under contract. This reduction was offset slightly by increases at the J. D. McCarty Center, due to Medicaid certification requirements, and within the Department of Veterans Affairs, due to the opening of 61 new nursing beds at their Ardmore Center in fiscal year 1985.

The six-year FTE reduction was steady until fiscal year 1988 when FTE levels rose by 2.3% or 377.1 FTE over the prior year. The Department of Human Services was responsible for this increase; despite a reduction in Central Office personnel, a large number of new staff were placed in the Developmental Disabilities Division to address the mandates of the Homeward Bound vs. Hissom court order. Among the other health and social service agencies, there were minor changes during fiscal year 1988: a continued decline of 40 FTE within the Department of Mental Health, an increase of 20 FTE within the Health Department due to the manner in which its county millage funds are allocated, and an increase of 10 FTE within Veterans Affairs in preparation for the opening of new facilities.

During fiscal year 1989 the Subcommittee's agencies were authorized to hire up to 900 new FTE with a combination of state, federal and private funds. A total of 623 new FTE were authorized for DHS alone: 200 related to Homeward Bound court order, 100 for new dually diagnosed MR/MI (mentally retarded/mentally ill) facility, 213 primarily in field personnel to maintain current services, 65 for the Child Support Enforcement Program to avoid federal sanctions, and 45 funded with non-state revenue. The final FTE authorization for the agency increased by only 541, due to the reduction of 82 FTE in the Central Office, which had not been factored into the previous year's FTE authorization level.

A number of other health and social service agencies were authorized to add a total of 227 new FTE in fiscal year 1989 as follows:

Health Department	76 FTE, primarily for perinatal, AIDS prevention and environmental programs - only 34 to be supported by state funds
Veterans Affairs	190 FTE for new veterans center operations at Talihina and Claremore
Medicolegal Investigations	4 FTE to alleviate investigative and autopsy workload burden
J. D. McCarty Center	3 FTE for increased direct care and maintenance staff - all to be supported by generated revenue
Human Rights	2 FTE for investigative staff
Commission on Children and Youth	1 FTE for budget officer
Nursing Homes Board	1 FTE for investigative officer-to be supported by fee revenue

1988 Supplementals

Department of Human Services

\$23,000,000

Following the preliminary word of Judge Ellison's court order regarding the Homeward Bound vs. Hissom lawsuit, the Commission for Human Services first approved a supplemental request in September 1987 for \$5.5 million (later submitted to the Governor at \$7.1 million), based primarily on court mandated services, both for the Homeward Bound and Terry D. suits, which had not been anticipated during the 1987 Session. By October the agency brought to the Commission's attention a list of \$17.7 million in FY'88 "unmet needs", and in December 1987 the supplemental request was amended to \$27.1 million, the \$20 million increase based on entitlement growth patterns and federal revenue shortfalls, both of which were primarily related to overly optimistic agency projections. The agency ultimately scaled back its budget in the Developmental Disabilities area to accommodate the \$23 million supplemental. This supplemental specifically funded:

\$3.7 million	Developmental Disabilities Division - for Homeward Bound related expenses and for capital expenses (\$700,000 in repairs) at the state schools. Included 156 new FTE.
\$2.1 million	Rehabilitative Services - new federal "maintenance of effort" requirement
\$5.2 million	Medicaid - unanticipated expenditure growth due to increased caseload and cost of program enhancements authorized by 1987 Legislature
\$3.2 million	Expenditure overruns in the AFDC, Day Care and AFDC Emergency Programs
\$1.1 million	Unbudgeted caseload growth in the Foster Care and Adoption Subsidy Programs
\$1.0 million	Unbudgeted retirement costs caused by HB 1473 (1987)
\$5.6 million	Federal revenue shortfalls, \$3.8 million of which was related to an over-optimistic estimate of revenue to be gained from a new Medicaid "case management" option.
\$0.7 million	Increased operating budgets
\$0.4 million	Terry D. suit costs and \$200,000 in other uncontrollable expenses in children's services
<hr/> \$23 million	TOTAL SUPPLEMENTAL

The supplemental was initially included in SB 426, passed and signed on March 17, 1988. However, the Governor vetoed substantive language in the bill, including the authorization to tap the Cashflow Reserve Fund, thus preventing DHS access to the supplemental funding. A lack of carryover funds, the absence of any FY'88 cash appropriation and unexpectedly high Medicaid expenditures combined to present the agency with serious cashflow problems about this time. This situation necessitated various actions, including a hiring and purchases freeze, short-term borrowing from the Oklahoma Teaching Hospitals Disbursing Fund to allow assistance checks to be issued, and suspended payments to medical providers in early April. It was not until HB 2017 was passed and signed on April 7, 1988 that the funding crisis was remedied.

Department of Health

\$550,000

In order to offset a portion of the agency's FY'88 appropriation cuts, several environmental fees were instituted at the beginning of the fiscal year. Anticipated revenue from one such fee - for homeowner sewer inspections - was grossly overestimated. The agency's budget allowed for collections of \$600,000, but mid-year estimates revealed that annual collections would not exceed \$50,000. Based on a two-year declining balance in the agency's revolving fund, a supplemental of \$550,000 was granted in order to ensure continuation of current services in the Local Health Division and adequate cash flow in the agency's main revolving fund.

Board of Medicolegal Investigations

\$46,000

A \$46,000 supplemental was provided to cover eight months worth of agency expenditures necessary to protect employees from possible exposure to the AIDS virus. Guidelines from the National Center for Disease Control (CDC) and directives from the agency's board - both issued after the start of the fiscal year - caused a fourfold increase in FY'88 expenditures for AIDS-related protective supplies and testing compared to budget.

Major Policy and Program Issues

Changes in Funding Mechanisms

Significant funding and financial management changes were implemented for three of the Subcommittee's agencies beginning in fiscal year 1989 - the Department of Mental Health, the Health Planning Commission and the State Board of Nursing Homes. Each change was deliberately undertaken by the Legislature in light of the state's interest to ensure continuation of current services with reliable funding sources, to utilize available funds to their maximum extent, and to be as responsive as possible in providing services and programs of benefit to Oklahoma's citizens.

Legislative action was taken during the 1988 Session (SB 626) to discontinue use of two revolving or continuing funds under the control of the Department of Mental Health:

The Department of Mental Health Revolving Fund (also known as the "210" Fund) was primarily composed of third party collections and used for general operations. It had been conservatively managed in recent years, carrying very high cash balances - as high as \$10 million. Even when obligations and encumbrances were removed, the agency routinely had \$6-8 million in available cash at its disposal. The "210" Fund's balance revealed a sharp spenddown trend during FY'88, partially in response to cuts made in last year's appropriation and partially as a result of \$5 million in increased capital and operations spending compared to FY'87. Despite this, it was decided that the fund should be converted into an appropriated fund, subject to the revenue certification process.

The motivation for such a change included: increased availability of funds for state appropriation, including one-time, unobligated cash reserves; alleviation of burden on the agency for assuring adequate cash flow; provision of a reliable source of monthly revenue allocations; and establishment of a higher appropriation base (funding "floor") in a time of declining revenue from certain third party sources. The use of the appropriated fund also provided for a minimal loss of the revenue collection incentive because the funds are earmarked only for Department use, and increased collection efforts are logically linked to funding enhancement in the following year. This conversion caused a \$18,705,414 increase in appropriations to the Department of Mental Health - \$16,909,741 from the increase in certified revenue in the new appropriated fund and \$1,795,673 from the cash carryover in the old revolving fund - which was used for the funding of current programs previously supported by revolving fund income and reserves.

The Alcohol and Drug Revolving Fund (also known as the "215" Fund) was composed only of appropriated funds which were used for the purchase of private alcohol and drug services under contract. In recent years the fund had carried an unutilized, unencumbered balance of \$500,000. Elimination of the fund, combined with use of a line item appropriation for these services, was implemented in order to ensure the full utilization of these state funds annually, but still provide assurance that these funds would be spent for their intended purpose. This conversion had no real effect on the agency's appropriation level nor on the revenue certification process for the General Revenue Fund.

These two revolving fund conversions within the Department of Mental Health, combined with legislatively mandated budgeting, transfer authority and expenditure limit changes, also provide for increased agency accountability and greater legislative oversight in the area of their financial management systems.

It became clear during mid-fiscal year that the Health Planning Commission faced a serious revenue shortfall in FY'89 due to FY'88 fee collections unexpectedly dropping below estimates and revised FY'89 projections which were equally pessimistic. Fee revenue from Certificate of Need and HMO licensure applications accounted for 80% of the agency's funding base in FY'88. Without a generous increase in appropriations or in their fee schedule, the agency faced a minimum 15% curtailment in operations. The appropriation bill made statutory changes to divert fee revenue to the General Revenue Fund, so that the agency budget would be fully dependent upon state appropriations. Provision of revenue stability and reliable allocations were the central reasons for this revolving fund conversion, but the action also provided for an "arms length" distance between the primary source of the agency's revenue and the industries being regulated by the agency.

After two years of deliberation, the decision was made to change the funding mechanism for the State Board of Nursing Homes by reactivating the revolving fund and depositing all fee income in this fund, as opposed to deposit in the General Revenue Fund, as was the practice from fiscal year 1984 through fiscal year 1988. This change allows the agency to be completely removed from the appropriation process by fiscal year 1990 and be "self-supporting" through fee income from licensing, voluntary classification surveys and educational or training events. It was decided that the agency's mission is basically one of peer review and support and very similar to other non-appropriated commissions and boards, which are directly supported by professional fees. As such, it was felt that they should not be subsidized by state appropriations and should be allowed the increased management flexibility which is provided to non-appropriated agencies.

Expansion of Services to Infirm Veterans

With the opening of the new 250-bed Claremore Veterans Center in June 1988 and the new 51-bed wing at the Talihina Veterans Center in August 1988, the state expanded its capacity of long-term health

care facilities for Oklahoma's veterans by 34% to a total of 1,185 beds - the most significant single expansion since 1975 when the TB sanatorium in Talihina was converted into a 162-bed veterans center. Other recent bed capacity expansions include the 1979 conversion of 194 mental hospital beds into psychiatric veterans center beds in Norman and the 1985 opening of a new 41-bed wing in Ardmore.

During fiscal year 1988 the agency operated 884 beds, of which 788 or 89% were nursing care beds and 96 or 11% were domiciliary beds, the latter available at only the Ardmore, Clinton and Sulphur Centers. The agency has been phasing out and converting domiciliary beds to nursing beds as the Oklahoma Veterans' population grows older. As a result of the Talihina and Claremore expansions, the agency's nursing care bed capacity will increase by 301 beds. All nursing care beds are licensed as specialized hospital beds for chronic and convalescent care, and the patient mix at any given time in those beds is approximately 25% intermediate nursing care patients, 50% skilled nursing care patients and 25% extended hospital care patients.

The new beds at the Claremore Center were funded to allow for 40 new patients per quarter, so that the facility's census would approach 68% of capacity by year end. The new Talihina beds were funded to allow for an average 75% occupancy level, but as high as 100% occupancy by year end. Due to a diminished waiting list at the beginning of fiscal year 1989, aggressive recruitment efforts may be needed to fill the beds according to schedule. These two expansions, when fully funded, will provide for 3 beds per 1,000 state veteran population. This level is 20% above the normal federal limit for construction and operation of such beds, but permissible under waiver authority Oklahoma received when the projects were initiated in 1986.

For fiscal year 1989 the Oklahoma Department of Veterans Affairs has a \$31 million budget, 93% of which is devoted to the operation of its six veterans centers. Their revenue is derived from the following sources: 41% state, 26% federal and 33% patient collections.

Prevention Initiatives

Despite fiscal restraints, the state initiated a renewed commitment to services and programs aimed at preventing more serious and expensive intervention services. Among the highlights:

- services to pregnant women and infants benefitted by over \$1 million in new state and private funding;
- demonstration efforts aimed at teen pregnancy prevention received \$150,000 in state appropriations;
- the AIDS prevention budget increased 400% over the prior year; and
- prevention and early intervention support services to "at risk" youth received a 15.6% boost in state support.

Perinatal Care:

National studies have widely documented the cost effectiveness of early and continuing prenatal care in preventing low birth weight and in minimizing infant morbidity and mortality. The National Institute of Medicine in a 1985 study demonstrated that an investment in prenatal care for high risk clients would produce a 3 to 1 return on investment within the first year of life. It has been estimated that in Oklahoma 27,000 women are medically indigent and in need of publicly supported maternity care. It is also estimated that 9.9% of the mothers in the state receive inadequate prenatal care, ranking Oklahoma 44th in the nation by this measure.

The Medicaid enhancements funded in fiscal year 1988, which included coverage of pregnant women and children under age two up to the poverty level, is helping to eliminate the financial barriers to care. However, many low-income women are unaware of their Medicaid eligibility or have incomes above the federal poverty level, but are still medically indigent. At the beginning of fiscal year 1989 the Health Department operated 48 maternity clinics, serving 42 out of the state's 77 counties.

A total of \$750,000 in new state funds was appropriated to the Health Department to enhance services the public maternity care system - the first state funding increase for these services since the 1984 Session when an increase of \$500,000 in new funds was earmarked in the Department's budget after a major statewide effort on the part of health care professionals and advocates. As a result of that effort and increased public awareness, FY'85 client service statistics surged 50% above prior year levels. Of the \$750,000, a total of \$120,000 was earmarked for the Perinatal Continuing Education Program, to ensure continuation and expand coverage of professional education efforts, especially in rural areas. From the remaining \$630,000 additional nurses, nurse practitioners and outreach workers will be hired for start-up and expansion of maternity clinics in 11-13 counties; \$96,000 will be used to fund lab, physician and ultrasound fees; and \$55,000 will be used to replicate a model program providing comprehensive and preventative perinatal services in local communities. The agency also received a two-year, \$609,000 private grant from the Robert Wood Johnson Foundation to initiate a "Healthy Futures" program. The grant emphasizes outreach, interagency coordination, and public information and education efforts as methods of channeling women into early prenatal care.

After years of negotiations the Department of Health is now also certified to receive Medicaid reimbursement for the provision of prenatal medical services at its public health clinics. Although they will be obligated to pay the state share of the Medicaid revenue they generate (34.62% in FY'89), they will also be able to expand their prenatal services by leveraging new federal funds.

Teen Pregnancy:

Various national and state reports on teen pregnancy have revealed numerous startling statistics. In 1985 Oklahoma was ranked 6th nationally at 68.96 teen births per 1,000 teens. Although the teen birth rate has generally been declining, both in Oklahoma and nationwide, for Oklahoma girls under the age of fifteen there has been no change since 1970. Almost half of all teenage mothers in the state fail to obtain early prenatal care and also give birth to a high percentage of low birth weight babies. The Oklahoma Medical Research Foundation states that each teen birth costs the public treasury an average of \$18,000 per year for 20 years.

Funding for demonstration efforts, aimed at preventing what is often an early entry into poverty and the welfare system, grew out of the 1987 Joint Committee on Teen Pregnancy and proposed 1988 legislation aimed at teen pregnancy prevention. A total of \$150,000 was appropriated this year to fund pilot efforts in local communities which would tackle the issue, utilizing a community development approach and drawing upon local resources from the church, school and youth communities.

Eldercare:

The Eldercare Program within the Department of Health is now a \$4.5 million, state funded program with the expressed mission of enabling Oklahoma's elderly population to live independently in the community and avoid institutionalization as long as possible. In fiscal year 1989 funding to the program was increased by \$217,500 or 5.1% to provide new or enhanced services in six counties. This will enable the Eldercare Program to provide case management services to over 3,200 frail elderly in 39 out of the state's 77 counties.

AIDS Prevention:

As of June 30, 1988 a total of 276 Oklahoma AIDS cases had been reported (135 of whom were reported during the prior twelve months), and 167 of those cases had already died. The cost of treatment is expensive - \$50,000 to \$150,000 per case for hospitalization expenses alone. It has been projected that the number of AIDS cases in Oklahoma could reach 1,140 by 1991, costing \$40-100 million in health care expenses. Increasingly this burden is being shouldered by the public treasury through Medicaid. Since the disease is 100% fatal and no cure is within sight, prevention efforts are critical to stem the tide of AIDS contraction. The AIDS Prevention and Education Program within the Health Department was provided with \$200,000 in new state funding and, when combined with a \$1 million annualized grant increase from the National Center for Disease Control, provides for a 400% total budget increase compared to fiscal year 1988. Increased program efforts will focus on community education, testing, counseling and surveillance.

Services to High Risk Youth:

Services to children and youth have been the focus of much legislative deliberation during the past two years. A joint legislative study, mandated by House Joint Resolution 1021, was conducted under contract with Price Waterhouse during the 1988 Session, and their early research and activities highlighted the lack of adequate funding for youth programs aimed at preventing high risk behaviors. As a result, the Legislature provided \$1.17 million in designated funding for youth service agencies to enhance services aimed at preventing juvenile delinquency, child abuse, family break-up and drug use. This 15.6% increase brought the total annual contract level for member agencies in the Oklahoma Association of Youth Services to \$8.68 million. Included in this amount was \$370,000 in emergency funding for addressing critical juvenile shelter needs in Washington County and Del City in Oklahoma County. This funding had originally been included in the capital and special projects bill (HB 1581) during regular session, but was vetoed by the Governor, then later included in the Governor's call for the Third Extraordinary Session (SB 2).

Maintenance of Assistance Programs to the Poor

The Legislature funded a 5% benefit increase for 34,000 participant families in the Aid to Families and Dependent Children Program, effective August 1988, at a state cost of \$1.7 million (\$1.84 million annualized). This translates to approximately \$.50/day household income gain, raising the maximum monthly payment for an AFDC family of three (with shelter allowance) from \$310 to \$325. The new rate is equivalent to 40.3% of the federal poverty level for an average family of this size. It represents the first benefit increase since October 1985 when 3.5% was granted.

The Legislature also funded a 12.5% rate increase for day care providers, effective September 1988, at a state cost of \$3 million (\$3.6 million annualized). The rates were increased from \$4 to \$5 for part-time and \$8 to \$9 for full-time, restoring the rates to FY'86 levels. This change will cause DHS rates to approach 78% of current private rates and help ensure day care availability for low-income families throughout the state.

Expenditures for "direct client" payments or services represent 68% or \$345 million of the state budget for the Department of Human Services in fiscal year 1989. This includes the six major assistance programs - Medicaid, AFDC-related programs, Day Care, Aid to Aged, Blind and Disabled (AABD), Foster Care, and Home Maintenance. (Food Stamps is not included here because the food coupons are 100% federally funded.). For the most part, these programs are considered to be entitlement programs, dependent upon the utilization levels of the eligible population. As a result, expenditures are uncontrollable unless a deliberate change is made to affect eligibility, payment levels or scope of services.

These programs have accounted for a major portion of the DHS budget escalation in recent years. Combined they have incurred a \$36 million or 11.6% growth in state expenditures (however, a full 33% growth in total expenditures) over the past four years, as led by the Medicaid program. The state's poor economy, escalating health care costs and changing federal regulations have been among the major contributing factors to this growth. In addition, the FY'88 Medicaid expansions have contributed significantly to caseload growth, adding 12,000 new cases within 12 months, nearly equivalent to the total caseload increase during the prior five-year period.

The Legislature's commitment to maintain all assistance programs intact required \$11.6 million or 50% of the 1988 DHS supplemental appropriation and \$21.7 million of the FY'89 appropriation increase. The latter figure of \$21.7 million allows for FY'89 expenditure growth due to caseload and utilization factors of 10.4% for Medicaid, 4.8% for AFDC, 3.8% for Day Care, and 3.1% for Non-AFDC Foster Care. A total of \$10.36 million in approved Medicaid rate increases for hospitals (4%) and long-term care facilities (12.1% or \$4/patient day for intermediate care nursing facilities) was also provided for in this figure.

The growth in utilization of both AFDC and Day Care services is expected to slacken compared to FY'88, but Medicaid expenses continue to climb. During the fall of 1988 DHS officials forecast a significant shortfall in the state Medicaid budget due to rising utilization trends. The revised projections are based on a growth allowance of 15-18% due to: the annualization effect of the FY'88 program enhancements, a large number of pending hospital rate appeals, the expansion of Medically needy eligibles resulting from this year's AFDC rate increase, continuing growth of inpatient psychiatric expenditures and other factors.

Also related to the maintenance of current programs was the \$3.5 million in new state funding and 178 new FTE (302 positions). A total of 108 of these FTE were granted to the Family Support Division in order to handle the increased AFDC and Medicaid caseload and to reduce error rates. DHS is currently liable for federal financial penalties totaling \$34 million, due to inadequate quality control in the AFDC, Food Stamps and Medicaid programs. All disallowances are being appealed.

Fortunately, the state share of expenditure growth for Medicaid and AFDC was offset by the gain in new federal revenues resulting from an increase in the federal matching rate (known as "FFP" or "medical match") for these programs. Effective October 1, 1988 it will be 66.06%, an increase of 2.73 points over the previous year, producing \$20,475,000 more in federal funds than was received in fiscal year 1988. The FFP is based on a variety of factors, including the state's prior year per capita income. This is the third consecutive year that the state has benefited from an increase in the matching rate. Another rise is anticipated in federal fiscal year 1990.

Impact of Corrections on the State's Mental Health System

The Oklahoma prison population grew by 4,868 inmates between FY'81 and FY'88. In FY'87 new inmate receptions incarcerated for DUI totaled more than 600 and constituted about 14% of the DOC prison population. Prisons in Oklahoma currently house more than 95% of capacity, have required double-celling at all prisons and have forced both Governors Nigh and Bellmon to invoke the Prison Overcrowding Emergency Powers Act ("CAP" law). Between May 1984 and June 1988 a total of 3,528 felons have been released under the "CAP" law.

Simultaneously, deinstitutionalization of the mentally ill, spurred largely as a result of court rulings, has led to a considerable downsizing at the Department of Mental Health's three regional state hospitals. Average census at the three adult state hospitals peaked at over 3,000 patients, and as recently as FY'84 average census stood at 1,237. In FY'88 census averaged 715, distributed as follows: 264 at Eastern State Hospital, 347 at Central State Hospital, and 104 at Western State Hospital. As a result, there has developed close to 600 available, but unutilized and unstaffed, beds at the hospitals, the largest number being at Eastern State Hospital.

As the hospital census has dropped and indirect costs have been spread over a smaller patient base, per diem patient costs have increased: \$155 for Eastern State, \$196 for Central State and \$170 for Western State according to FY'87 reports. This has led some to question the need for three state hospitals, especially for Western State with an average census of slightly over 100, half of whom are from other regions of the state.

Some pressure on rising per diem costs due to declining census has been alleviated as the Department of Mental Health has assumed responsibility, and subsequently received increased state appropriations, for the operation of various residential programs for Corrections inmates and other forensic patients, among them: a 175-bed Treatment Alternatives to Drinking Drivers (TADD) program for DUI felons, a 50-bed Trusty Program (funded through DOC); a 24-bed Medical-Surgical Unit (an average 60% of which is utilized for DOC), and a 110-bed forensic program, which includes those "not guilty by reason of insanity" and other court holds. During FY'88 approximately 10% of the Department's state

expenditures and 33.6% of its state hospital beds were utilized for DOC and other forensic patients distributed as follows:

Eastern State Hospital*	51.1% of total beds
Central State Hospital*	4.5% of total beds
Western State Hospital*	39.9% of total beds

*Each facility also includes a distinctly named and administered alcohol and drug treatment facility on its grounds.

Numerous proposals were offered during both the 1987 and 1988 regular legislative sessions for the Department of Mental Health to provide up to 450 new minimum security beds and a treatment program for substance abusing inmates at any one or several of the state hospital facilities. However, no action was taken to alleviate prison overcrowding during regular session due to the Governor's opposition to the use of emergency (or "rainy day") funds for this purpose.

By the time the Governor called a special session in August for the purpose of relieving state prison overcrowding, the Mental Health proposals had been discarded, primarily due to excessive cost. Estimates had approached three times the cost of regular DOC incarceration. However, the Governor did propose \$1.9 million in start-up funding for a 350-bed minimum security prison on the site of a portion of the Western State Hospital campus, and The Department of Corrections was ultimately provided funding for this proposal, as part of a \$17 million prison space expansion package (SB 2).

No mental patients are to be displaced from Western State Hospital as a result of the proposal, because all residential care is provided in a single building segregated from the portion of the campus designated for the new DOC prison. Only certain support services require relocation to other available areas. However, it is anticipated that within a short period of time 1) the Department of Mental Health will propose relocation of its inpatient, outpatient and regional administrative support services into the community and that 2) the Department of Corrections will want to ultimately expand into the added bed space and assume full operational control of the Western State facility. Such a change will have a significant, long term effect on the configuration of institutional and community services for the mentally ill in the western region and around the state.

Court Mandates and the State's Response

Homeward Bound vs. Hissom:

A preliminary order in the *Homeward Bound vs. Hissom* Memorial Center (DHS operated, state school for the mentally retarded) was filed on July 24, 1987. It directed major corrective actions both on a short-term basis at the state school and in providing alternative community placements and supports for all members of the "class focus" - a total of 550 mildly, moderately and severely mentally handicapped individuals. Further, the judge directed the closing of Hissom within a four-year period. Following an impasse in negotiations for a settlement, the judge issued his final order on October 21, 1987.

The Department of Human Services immediately began work on appealing the court's decision on the basis of the order being of unprecedented breadth. At the beginning of fiscal year 1989 the case was awaiting a ruling by the 10th Federal Circuit Court in Denver. In spite of DHS's appeal activities, the Department has had to move ahead with its implementation plans, although they have appeared to lack clear direction in interpreting the court order.

Although \$1.9 million had been provided in FY'88 for state funding of group homes in accordance with the State's Multi-year Plan for the Mentally Retarded, DHS was not financially nor administratively prepared for the rigorous community placement schedule and other sweeping mandates of Judge Ellison's final order. As a result, the Department requested \$6.85 million in a supplemental and received \$3.7 million and 156 FTE for this purpose. However, by June 30, 1988 only \$1.7 million of

this funding had been spent (and 85 FTE hired) for Homeward Bound related services, and only 10 clients had been placed in the community. The agency lost three members of its Developmental Disabilities Division top management team in April 1988 and was without a permanent Division administrator until early September. In May 1988 the court appointed a Court Monitor, David Powell, to help ensure the state's compliance with the order and to serve as a "gatekeeper" in approving every proposed community placement plan.

By October 21, 1988 - one full year after the filing of the order - just 17 individuals had been placed, compared to the court's target of 75. Despite this, the agency had spent \$5 million in federal and state funds as ordered through the court beginning in September 1986, when the court filed its preliminary order. Further, it is anticipated that by the end of FY'89 the cost of running the state schools will have climbed over 40% within a four-year period. Effective July 1, 1988, the Medicaid reimbursement rate for public ICF-MRs (state schools for the mentally retarded) was increased to \$185/day compared to the private ICF-MR (private nursing homes for the mentally retarded) of \$46/day.

For fiscal year 1989 the Legislature appropriated \$8.7 million in new state funds, to be matched by \$9 million in federal funds, for the Developmental Disabilities Division. Of this amount \$2.3 million and 100 FTE were intended for start-up of the new dually diagnosed MR/MI (mentally retarded/mentally ill) facility on the grounds of the Enid State School. The remaining \$6.4 million and up to 200 FTE was provided to allow for new and expanded services related to the Homeward Bound court order and implementation of the state's multi-year plan. This funding level was intended to allow, at minimum, for first year implementation of the court's directives and some limited increase in community services in other areas of the state. It did not allow for any contingency in the event of unanticipated court-related costs. This appropriation provides for state and total spending in the Division (excluding the the MR/MI budget) which is 20% above prior year spending levels.

Terry D. vs. L.E. Rader:

The Terry D. litigation was a civil rights suit brought against the Department of Human Services in 1977, which challenged numerous agency practices regarding the operation of its juvenile institutions. Although a consent decree was negotiated in 1984, there has not been final agreement on an implementation plan, and negotiations continued throughout 1988, necessitating a \$200,000 supplemental appropriation for expenses related to a needs assessment, legal services and oversight activities which had not been included in the FY'88 appropriation. Key mandates of the Terry D. consent decree involve greater emphasis on community-based residential alternatives for juveniles in an effort to provide care "in the least restrictive setting". Development of such programs has been slow, and during FY'88 DHS produced multiple plans for services, but actually spent only \$300,000 of \$1.3 million in new state funds which had been provided for this purpose. The Legislature did appropriate an additional \$680,000 for FY'89 which, when combined with the \$1 million in carryover, provides for annualized funding of the new programs. The Legislature also urged the Department to pursue expeditious implementation of the new community programs, and defer training school bed expansion until the effect of new community and staff training programs has been evaluated.

**HEALTH AND SOCIAL SERVICES AGENCIES
ACTUAL AND AUTHORIZED FTE**

ACTUAL FTE

	FY'83	FY'84	FY'85	FY'86	FY'87	FY'88	FY'89
Commission on Children & Youth	3.0	7.0	8.5	7.8	11.0	12.0	
Office of Handicapped Concern	7.0	7.0	8.5	8.6	7.9	7.8	
Department of Health	1225.6	1162.6	1266.0	1203.3	1131.1	1150.7	
Health Planning Commission	23.2	20.6	22.1	23.1	23.2	24.7	
Human Rights Commission	19.6	20.4	20.8	20.5	19.9	21.1	
Indian Affairs Commission	5.1	6.6	10.5	7.9	3.1	3.5	
J. D. McCarty Center for Handicapped Children	55.1	60.4	74.8	83.7	82.6	84.3	
Board of Medicolegal Investigations	41.0	41.1	42.2	43.0	42.4	45.7	
Department of Mental Health	2845.4	2802.1	3041.3	2699.3	2564.4	2524.3	
Oklahoma State Board of Nursing Homes	3.1	2.9	2.8	2.7	2.2	3.0	
Department of Veterans Affairs	787.2	774.4	791.3	829.3	818.8	829.0	
Subtotal Appropriations	5015.3	4905.1	5288.8	4929.2	4706.6	4706.1	
Department of Human Services	13696.3	13137.2	12534.7	12507.6	11632.8	12010.4	
Total Actual FTE	18711.6	18042.3	17823.5	17436.8	16339.4	16716.5	

AUTHORIZED FTE

	FY'83	FY'84	FY'85	FY'86	FY'87	FY'88	FY'89
Commission on Children & Youth	6.0	7.0	8.5	8.5	12.0	13.0	14.0
Office of Handicapped Concern	7.0	7.0	11.0	10.5	9.0	9.0	9.0
Department of Health	1308.5	1341.0	1266.0	1302.0	1302.0	1273.0	1586.0
Health Planning Commission	24.0	24.0	24.0	24.0	26.0	25.0	25.0
Human Rights Commission	24.0	21.0	22.0	24.0	23.0	25.0	27.0
Indian Affairs Commission	5.0	13.0	13.0	13.0	5.0	5.0	5.0
J. D. McCarty Center for Handicapped Children	56.5	65.5	84.5	85.5	85.5	88.5	91.5
Board of Medicolegal Investigations	41.5	43.0	43.0	43.5	43.5	46.0	50.0
Department of Mental Health	3069.0	3107.0	3036.5	3036.5	2806.0	2750.0	2750.0
Oklahoma State Board of Nursing Homes	2.3	3.0	3.0	3.0	3.0	3.0	4.0
Department of Veterans Affairs	826.0	826.0	862.0	862.0	862.0	896.0	1086.0
Subtotal Budget Expenditures	5369.8	5457.5	5373.5	5412.5	5177.0	5133.5	5647.5
Department of Human Services	14600.0	14000.0	13000.0	12800.0	11850.0	12265.0	12806.0
Total FTE	19969.8	19457.5	18373.5	18212.5	17027.0	17398.5	18453.5

COMMISSION ON CHILDREN AND YOUTH

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$326,857		\$317,338		3.0	6.0
FY'84 Revised	\$661,693	102.4%	\$634,448	99.9%	7.0	7.0
FY'85	\$661,693	0.0%	\$660,313	4.1%	8.5	8.5
FY'86	\$683,697	3.3%	\$644,805	(2.3)%	7.8	8.5
FY'87 Revised	\$566,590 ²	(17.1)%	\$1,559,635	141.9%	11.0	12.0
FY'88	\$664,522	17.3%	\$1,224,211	(21.5)%	12.0	13.0
FY'89	\$776,425	16.8%	\$1,850,425	51.1%		14.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'84, the first full year of operations, the agency has experienced a \$114,732 or 17.3% increase in appropriations, 65% of which represents pass-through contract funding; when adjusted for inflation, the change is a \$15,211 or 2.3% reduction.
- Since FY'84 the agency's total budget has increased by 191.7%. Compared to FY'88 the agency's total budget is expected to increase by \$626,214 or 51.1%. Approximately 90% of this increase is due the receipt of federal grants and pass-through funding.
- In the five years between FY'84 and FY'88 the agency's actual FTE has increased by 5.0 or 71.4%. Four of these positions have been federally funded. In FY'89 the agency is expected to add one new position.
- The Contingency Review Board made mid-year adjustments increasing the agency's FTE limit from 12.0 to 13.0 and increasing various other expenditure limits to accommodate the receipt of federal funds through a subcontract with the Oklahoma Department of Education. The Commission was designated by Executive Order in June 1987 to serve as the contract agency for planning, coordination and oversight activities associated with P.L. 99-457, Education for the Handicapped Act, also known as the "Coordinate for Kids" Program.
- Of the \$111,903 or 16.8% increase in appropriations for FY'89, \$37,313 is related to adjustments for the OPERS contribution and the state employees' pay plan, including a higher adjustment for the Director's salary. As a result, the actual change in the state appropriation for agency operations is a \$74,590 or 11.2% increase compared to FY'88.
- The agency was provided \$28,706 to hire a budget officer, based on the May 1987 recommendation of the State Auditor and Inspector and on the increasing workload demands placed on the Director in handling the financial reporting associated with approximately \$1 million in federal grants administered by the agency.

- An OPM audit recommended a change in the merit classification of the agency's Oversight Specialists from grade 56 to grade 60, increasing their individual annual salaries by \$2,542 or 10%, at a total cost of \$11,053.
- Contractual funding of \$20,000 was provided for the development and execution of a training curriculum for Court Appointed Special Advocates (CASA). The CASA Program, which is in its early development stages in Oklahoma, utilizes volunteers as the "eyes and ears" for an abused or neglected child in court to help ensure that decisions are made in the child's best interests.
- A total of \$14,831 was also provided to replace the use of one-time General Revenue carryover used for FY'88 operations.
- Line item appropriations were made for two pass-through funding contracts: \$162,128 for the OU Juvenile Personnel Training Program and \$75,000 for the OASIS Program. Both of these programs are continuing efforts, and the funding levels reflect no change from FY'88.
- The salary of the director was raised from \$37,700 to \$42,500, a 12.7% increase.
- Intent language was included in the bill defining the responsibilities of the Oklahoma Area-Wide Service Information System (OASIS) Program and giving the Commission authority over the program's budget and over any changes in the scope of its services.
- The agency anticipates a FY'89 contract with the Department of Human Services for approximately \$75,000 to provide oversight of the Terry D. Consent Decree implementation plan, as stipulated in the consent decree itself. However, neither FTE nor expenditure limits were adjusted for this contingency.

SB 389

OFFICE OF HANDICAPPED CONCERNS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total1 Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$226,979		\$222,554		7.0	7.0
FY'84 Revised	\$216,148	(4.8)%	\$223,456	0.4%	7.0	7.0
FY'85	\$219,812	1.7%	\$300,324	13.4%	8.5	11.0
FY'86	\$227,184	3.6%	\$327,355	9.0%	8.6	10.5
FY'87 Revised	\$209,699 2	(7.7)%	\$299,563	(8.5)%	7.9	9.0
FY'88	\$210,847	0.5%	\$276,707	(7.6)%	7.8	9.0
FY'89	\$226,023	7.2%	\$336,023	21.4%		9.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$956 or 0.4% decrease in appropriations; when adjusted for inflation, the change is a \$44,113 or 19.4% reduction.
- Since FY'83 the agency's total budget has increased by 51.0%. This increase is wholly attributable to an increase in federal funding, specifically for the Client Assistance Program. Compared to FY'88 the agency's total budget is expected to increase by \$59,316 or 21.4%, primarily due to state employee benefit adjustments.
- In the six years between FY'83 and FY'88 the agency's FTE has increased by 0.8 or 11.4%. In FY'89 the FTE level is not expected to change.
- The \$15,176 or 7.2% increase in appropriations for FY'89 is fully related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, there is no change in the actual state appropriation for agency operations compared to FY'88.

SB 426 - Section 5
SB 390

DEPARTMENT OF HEALTH

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual² FTE</u>	<u>Authorized² FTE</u>
FY'83 Revised	\$37,378,174		\$64,697,210		1225.6	1308.5
FY'84 Revised	\$34,641,271	(7.3)%	\$69,913,850	8.1%	1162.6	1341.0
FY'85	\$33,948,446	(2.0)%	\$70,715,668	1.1%	1266.0	1266.0
FY'86	\$38,246,090	12.7%	\$78,348,847	10.8%	1203.3	1302.0
FY'87 Revised	\$30,354,986 ³	(26.0)%	\$77,273,202	(1.4)%	1131.1	1302.0
FY'88	\$33,739,663 ⁴	11.2%	\$73,965,224	(4.3)%	1150.7	1273.0
FY'89	\$38,637,775	14.5%	\$92,587,130	25.2%		1586.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. In FY'89 this figure represents an estimate of anticipated expenditures and is often overestimated. Budget figures exclude intraagency payments made for internal cost allocation purposes.

² These figures do not include FTE supported by county millage funds, which was an average of 450.9 FTE in FY'88. Figures for FY'83 through FY'88 also do not include FTE supported by locally generated or WIC (federal) funds, which represented an average 186.7 FTE in FY'88.

³ Does not include FY'86 General Revenue carryover.

⁴ Includes supplemental appropriation of \$550,000.

- Since FY'83 the agency has experienced a \$1,259,601 or 3.4% increase in appropriations; when adjusted for inflation, the change is a \$6,117,838 or 16.4% reduction.
- Since FY'83 the agency's total budget has increased by 46.8%. Of this amount \$29 million or 96% is due to increases in non-state revenue. Between FY'83 and FY'87 federal receipts for the Superfund environmental clean-up program and the WIC Program increased by \$9.3 million. Compared to FY'88 the agency's total budget is expected to increase by \$18,621,906 or 25.2%. Of the non-state portion of this increase \$8.3 million is related to anticipated increases in federal revenue, primarily from increased WIC, Superfund, block grant, AHERA and Center for Disease Control (AIDS) funds, and \$5.4 million is related to increases in revolving fund revenue, primarily due to the use of carryover, new foundation funds and increased fee collections. Because the agency has budgeted all FY'88 carryover funds and all of its FY'89 federal allocations, the total budget is likely to be overstated by as much as \$5 million.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 74.9 or 6.1%. However, this number can be highly variable and misleading due to various exemptions made in the way the Department's FTE are counted, especially in terms of the number of FTE supported by county millage funds. When no exemptions are factored, the agency's actual FTE has in fact increased by 25 or 1.4% since FY'83. In FY'89 the agency has been authorized to hire up to 76 new FTE, only 34 of which will actually be supported by new state funds, the remainder to be supported by federal or revolving funds.
- The agency was provided a \$550,000 supplemental appropriation (HB 2017) due to a revenue shortfall in the agency's main revolving fund. A major miscalculation in the FY'89 revenue forecast for collections from a new environmental fee caused the shortfall. This funding was added to the agency's appropriation base for FY'89.

- Of the \$4,898,112 or 14.5% increase in appropriations for FY'89, \$3,468,558 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$1,429,554 or 4.2% increase compared to FY'88. Included in the \$3.47 million adjustments figure is \$467,456 to provide a 5% pay increase to state employees directly paid with county millage funds; because these FTE are exempt from the limit, this provision will have the effect of adding 20.0 to the actual FTE count in FY'89.
- The dramatic rise in the FTE Limit (a total of 313.0 or 24.6%) is primarily attributable to the inclusion of 217 current Health Department employees who were previously omitted from the limit by law. They are staff who are supported by locally generated Child Guidance and environmental fees or by WIC (federal) funds. The exemption provision was eliminated because these funding sources have stabilized since their origination. Language was inserted, however, which ties the WIC-related FTE to the provision of the federal WIC funds.
- This year's appropriation allows the agency to expand prevention and early intervention activities by a total of \$2.8 million, using \$1.3 million in new state funding, matched with \$1.5 million in new private and federal funds.
- A total of \$900,000 was provided for an enhancement of perinatal services, including \$150,000 to initiate demonstration efforts in the area of teen pregnancy prevention. The bulk of this new state funding will compliment private funding of the "Healthy Futures" Program, an interagency effort aimed at increasing accessibility of prenatal care to high-risk populations and at reducing infant mortality. This collaborative effort is newly funded with a two-year \$609,000 Robert Wood Johnson Foundation grant. Included in this initiative was \$120,000 for professional education efforts, especially in rural areas, through the Perinatal Continuing Education Program. A total of 32.0 new FTE were authorized for program enhancement in this area. In addition, the Health Department will become eligible for Medicaid reimbursement for its clinic services to pregnant women in FY'89, allowing the agency to stretch its resources for prenatal services even further.
- The AIDS Prevention and Education Program was provided \$200,000 in new state funding, a 67% increase over FY'88. State and federal funds combined allow for a \$1.74 million annual program budget, which is almost a 400% total increase compared to FY'88. A total of 31.0 new FTE were authorized, most of whom are to be supported with federal funds.
- Eldercare funding was increased by \$217,500 or 5.1% over FY'88 to provide new or enhanced services in six counties. In FY'89 the Eldercare Program will be providing case management services to the frail elderly in 39 out of the state's 77 counties, representing coverage of 90% of the state's "at risk" senior population.
- Funding for Child Abuse Prevention grants was held at a standstill FY'88 level of \$872,786. A small amount of state funding was provided to replace lost federal grant funds. It is expected that 35 different projects will be supported in FY'89.
- An average 17% increase in state support for contractual services of several private community health centers was also included in the bill. The Mary Mahoney, Morton and Southeast Health Centers will each received a \$25,000 increase over FY'88 for use in providing indigent care.
- Pass-through funding for a contract with the Oklahoma Rural Water Association was increased by \$25,000 in an effort to restore the contract to its 1984 state funding level. The funds will be used to help support additional field staff in assisting rural water districts' compliance with state and federal safe drinking water regulations.

- In accordance with the state's AHERA (Asbestos Hazard Emergency Response Act) plan, the agency was mandated to use both existing funds, fee revenue and a limited amount of new state funding (\$161,033) in order to provide the necessary staff to conduct plan review for school districts and to establish a transmission electron microscopy (TEM) laboratory to provide post-abatement asbestos sample testing for Oklahoma school districts. A total of 12.0 new FTE was authorized for these purposes.
- A total of \$75,000 was provided to the Radioactive Waste Compact Commission for compensation to host state Nebraska in seeking new waste disposal sites. Annual payment from member states, until a new disposal site is selected (3-4 years), was mandated by the Nebraska Legislature during its 1988 Session.
- Though not specifically funded by the Legislature, a recent appellate court decision requiring formal hearings on solid waste permits, has prompted the agency to use its own funds to add a hearing officer to the Solid Waste Division.
- The "Oklahoma Water Development and Wastewater Treatment Program" Act (HB 1914), passed during the 1988 Session, converts a federally funded grant program, currently operated by the Health Department, to a loan program, using state matching funds and involving the Water Resources Board. Although it causes no immediate fiscal impact on this agency, provision for designation of administrative funds allocation between the two agencies will be required in their FY'90 and subsequent appropriation bills.
- A total of \$100,000, provided for one-time capital improvements, will be removed from the agency's FY'89 appropriation base.

HB 2017-Section 9
SB 391

HEALTH PLANNING COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$450,910		\$865,947		23.2	24.0
FY'84 Revised	\$303,885	(32.6)%	\$744,705	(14.0)%	20.6	24.0
FY'85	\$238,085	(21.7)%	\$770,722	3.5%	22.1	24.0
FY'86	\$263,040	10.5%	\$862,334	11.9%	23.1	24.0
FY'87 Revised	\$120,824 ²	(54.1)%	\$833,355	(3.4)%	23.2	26.0
FY'88	\$165,987	37.4%	\$857,886	2.9%	24.7	25.0
FY'89	\$919,970	454.2%	\$1,046,837	22.0%		25.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$469,060 or 104.0% increase in appropriations; when adjusted for inflation, the change is a \$293,402 or 65.1% increase.
- Since FY'83 the agency's total budget has increased by 20.9%. Compared to FY'88 the agency's total budget is expected to increase by \$212,224 or 25.4%. Up until FY'89, however, their total budget expenditures changed very little, regardless of the mix of federal, revolving fund and state revenue sources. The FY'89 figure includes a contingency allowance of \$100,000 to be used for an indigent health care study. When this amount is removed, their projected FY'89 operations budget is \$88,951 or 10.4% above FY'88 expenditures, most of which is due to state employee benefit adjustments.
- In the six years between FY'83 and FY'88 the agency's FTE has increased by 1.5 or 6.4%. During FY'89 the FTE level is not expected to change.
- Of the \$753,983 or 454.2% increase in appropriations for FY'89, \$69,883 is related to adjustments for the OPERS contribution and the state employees' pay plan and \$571,352 is related to the increase in certified General Revenue resulting from the diversion of this agency's revolving fund income to the GR Fund. As a result, the actual change in the state appropriation for agency operations is a \$112,748 or 15.0% increase compared to FY'88. Anticipation of an FY'89 revenue shortfall necessitated this increase in order to maintain current operations.
- Language was included in the bill to channel fee revenue to the GR Fund, rather than to the agency's revolving fund, as had been the practice. This revenue is derived primarily from Certificate of Need and HMO licensure applications. Declining and erratic revolving fund collections prompted the action. In FY'88 collections fell short of disbursements by \$80,927 and necessitated the use of one-time reserves no longer available to the agency. Additionally, the revolving fund conversion provides for an "arm's length" distance between the source of 80% of the agency's revenue and the industries they regulate.

- This year's appropriation basically provides for standstill program operations. A FY'88 reduction of \$36,153 or 4.1% in the agency's operational expenditures is sustained in their FY'89 budget with no significantly harmful effect. This figure includes an unanticipated \$9,115 shortfall in the FY'89 revolving fund carryover.
- The agency will be utilizing \$26,867 in one-time revolving fund carryover in their FY'89 operations budget which will require replacement in FY'90 if a standstill budget is to be maintained.

HB 1563

HUMAN RIGHTS COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$473,993		\$585,648		19.6	24.0
FY'84 Revised	\$468,448	(1.2)%	\$664,337	13.4%	20.4	21.0
FY'85	\$477,241	1.9%	\$632,797	(4.7)%	20.8	22.0
FY'86	\$563,890	18.1%	\$673,264	6.4%	20.5	24.0
FY'87 Revised	\$509,368 ²	(9.7)%	\$653,150	(3.0)%	19.9	23.0
FY'88	\$521,835	2.4%	\$721,671	10.5%	21.1	25.0
FY'89	\$619,683	18.8%	\$904,000	25.3%		27.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$145,690 or 30.7% increase in appropriations, in part due to the addition of new responsibilities; when adjusted for inflation, the change is a \$27,369 or 5.8% increase.
- Since FY'83 the agency's total budget has increased by 54.4%. Federal funding, through both capacity building and case contracts with HUD and EEOC, has increased more than 150% during this period. Compared to FY'88 the agency's total budget is expected to increase by \$182,329 or 25.3%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 1.5 or 7.7%. In FY'89 the actual FTE level is expected to increase by 2.0 due to the addition of two investigators.
- The agency's FTE Limit was increased mid-fiscal year by the Contingency Review Board to accommodate the hiring of two federally funded survey coordinators under the provisions of a short-term HUD grant. Such FTE will be terminated when the grant is terminated.
- Of the \$97,848 or 18.8% increase in appropriations for FY'89, \$45,326 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$52,522 or 10.1% increase compared to FY'88.
- Two new Human Rights Representatives were provided to assist the agency in reducing their backlog of employment discrimination cases and in better demonstrating their capacity to investigate housing discrimination cases, which in turn will increase their chances of raising their federal contract levels. This will provide for a 20% increase in the agency's investigative capability.

DEPARTMENT OF HUMAN SERVICES

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE²</u>	<u>Authorized FTE²</u>
FY'83 Revised	\$415,694,815		\$1,041,578,361		13,696.3	14,600.0
FY'84 Revised	\$427,101,147	2.7%	\$1,029,085,129	(1.2)%	13,137.2	14,000.0
FY'85	\$439,500,000	2.9%	\$1,052,488,027	2.3%	12,534.7	13,000.0
FY'86	\$476,121,333 ³	8.3%	\$1,144,169,007	8.7%	12,507.6 ⁴	12,800.0
FY'87 Revised	\$448,726,485 ⁵	(5.8)%	\$1,181,360,276	3.3%	11,632.8 ⁴	11,850.0
FY'88 ⁶	\$473,152,021 ⁷	5.4%	\$1,264,106,679	7.0%	12,010.5	12,265.0
FY'89	\$511,169,468 ⁸	8.0%	\$1,462,344,875	15.7%		12,806.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Represents average FTE.

³ Includes \$30 million Human Services Fund carryover.

⁴ Furlough effect artificially lowers FTE figures during these years. Actual FTE figures for FY'86 and FY'87 with the furlough removed are 12,578.6 and 11,923.3, respectively.

⁵ Does not include FY'86 General Revenue carryover.

⁶ Includes supplemental appropriation of \$23,000,000 and 156.0 additional authorized FTE.

⁷ Includes \$900,000 for capital improvements in FY'88 - \$200,000 for juvenile detention facilities and \$700,000 for emergency repairs at the state schools, the latter funded in the supplemental.

⁸ Does not include \$1,020,000 funded for capital improvements in FY'89 for juvenile detention facilities.

- Since FY'83 the agency has experienced a \$95,474,653 or 23.0% increase in appropriations; when adjusted for inflation, the change is a \$1,302,042 or 0.3% reduction.
- Since FY'83 the agency's total budget has increased by 40.4%. Compared to FY'88 the agency's total budget is expected to increase by \$198,238,196 or 15.7%, although this estimate may be as much as \$50 million high. It is expected, however, that the FY'89 appropriation increase of \$38 million will allow for a minimum \$89 million or 14.4% expansion in federal funding for the agency.
- In the six years between FY'83 and FY'88 the agency's actual FTE level has decreased by 1685.9 or 12.3%. In FY'89 the agency is authorized to add an average of 541.0 new FTE as follows: 200 for annualization of the Developmental Disabilities FTE initially funded by the supplemental appropriation in FY'88, 100 for the new dually diagnosed, MR/MI (mentally retarded/mentally ill) facility, 213 primarily in field personnel to maintain current services, 65 for the Child Support Enforcement Program and 45 funded with non-state revenue. These additional FTE are offset by the annualization effect (82 FTE) of the mandated reduction in Central Office staff during FY'88. This increase in FTE actually represents 752 positions, requiring the addition of 211 FTE for annualization in FY'90.
- In FY'88 the agency was provided a \$23 million supplemental appropriation (HB 2017) to address a funding shortfall primarily caused by increased utilization of entitlement type programs, uncontrollable expenses related to the Hissom lawsuit and unforeseen federal budget and regulation implications. As part of the supplemental appropriation, SB 426 authorized an additional 156.0

FTE, increasing the FTE Limit from 12,109 to 12,265 in order for the Developmental Disabilities Division to hire case managers and APAT (assessment team) personnel as required by the Hissom court order.

- Of the \$38,017,447 or 8.0% increase in appropriations for FY'89, \$23,306,838 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$14,710,609 or 3.1% increase compared to FY'88.
- The appropriation funds the agency's full budget request regarding growth estimates for all entitlement areas which, with the exception of Medicaid, are in line with FY'88 and projected FY'89 expenditure trend patterns. This year's budget allows expenditure growth for several major assistance programs: 12.1% Medicaid, 10% AFDC, and 17.4% Day Care - each of which includes rate increases authorized for FY'89, an average 7% for Medicaid services, 5% for AFDC recipients and 12.5% for Day Care providers.
- A total of \$10,357,070 was provided for Medicaid rate increases, as cited above. The bulk of the rate increases related to: a \$4/day or 12.1% rate increase for private nursing homes, costing \$7.27 million in state funds; and a 4% rate increase for inpatient hospital services, costing \$2.7 million in state funds.
- Because of the increase in the federal matching rate for AFDC and Medicaid - 66.06% as of October 1, 1989 - the agency will receive a "windfall" of approximately \$20,475,000 more in federal funds than was received in FY'88. The FFP (matching rate) is based on a variety of factors, including the state's prior year per capita income.
- A total of \$6.4 million and an allowance for up to 200 new FTE were provided to allow for new and expanded services related to the implementation of the Homeward Bound v. Hissom court order and the state's Multi-Year Plan for Services to the Mentally Retarded. This funding increase allows for additional state spending of \$10.85 million, over 20% above FY'88 expenditure levels. The \$10.85 million includes \$2.65 million and 156 FTE carried into FY'89 from the supplemental and \$1.8 million in budgeted carryover funds, the latter made available because of FY'88 delays in implementing the court order.
- The construction of a new 48-bed residential treatment facility, aimed at serving dually diagnosed mentally retarded and mentally ill (MR/MI) clients, is scheduled for completion during the fall of 1988. The facility is located on the grounds of the Enid State School and was financed by a local trust authority. New funding of \$2.3 million was provided, including \$1 million allowed for 10 months of debt service and \$1.3 million for operations. It is expected that prompt Medicaid certification will provide up to \$700,000 in federal revenue in FY'89, depending upon occupancy levels. In addition, 100 new FTE were provided to staff the new facility.
- During FY'88 the Legislature appropriated \$1.3 million for community program enhancements aimed at juvenile delinquents and related to provisions of the Terry D. consent decree. Repeated delays in implementing the new residential programs caused a \$1 million carryover. This carryover combined with \$0.68 million in new funding and 35 new FTE will provide for annualization of various community-based programs. The bill also included intent language aimed at prohibiting the expenditure of state funds for new training school beds, a proposal considered, but later tabled, by the Commission for Human Services in the midst of the appropriations process.
- Juvenile detention operations were provided with \$0.84 million in new state funds and directed to use an estimated \$0.33 million in carryover funds for annualized funding of the statewide juvenile detention system. In addition, a capital appropriation of \$1.02 million was provided (HB 1581 and SB 2 of the Third Extraordinary Session) to allow for construction of juvenile detention facilities in Muskogee and Enid, both of which represented planned facility sites, but which had previously not

been provided with any financing support for construction. Operation of the two sites will begin in FY'90.

- Funding was provided to address the effect of HB 1473 (1988), which produced the unanticipated early retirement of 89 DHS employees. Such retirements facilitated the planned Central Office staff reduction schedule, but the bill also caused an estimated \$600,000 in one-time costs due to the terminal and sick leave buy-in provisions and approximately \$800,000 in new annual costs due to the employee contribution for the OPERS ceiling being raised from \$25,000 to \$40,000.
- A total of \$400,000 in new funding, coupled with an allowance for 65 FTE, was provided for the Child Support Enforcement Unit to help address performance weaknesses as identified by a July 1987 federal audit. This funding, which will leverage an additional \$850,000 in federal funds, is sufficient to support only two-thirds of the staffing request. The agency has the option to utilize other funds - either from increased "profit" in the program's generated revenue or from other DHS programs - in order to support the unfunded FTE.
- Two new geriatric day care programs were initiated during FY'88, and \$50,000 in annualized funding was provided for FY'89.
- A total of \$150,000 was provided to cover three months debt service for the new Library for the Blind, construction of which was authorized by SJR 5 (1987).
- The subsidy for the Oklahoma Medical Center (formerly the Oklahoma Teaching Hospitals) is \$28.9 million in FY'89, down significantly since FY'82 when \$63.5 million was provided. The subsidy was cut this year by \$2 million, following a \$5 million cut during FY'87 and a \$9 million reduction in FY'88, the latter as part of last year's Medicaid enhancement plan, which intended to fully convert the \$9 million state funds reduction into the equivalent in new Medicaid funds for OMC. Within three fiscal years the basic hospitals' subsidy has been cut 41%. The main factors which served as the basis for the reduction in FY'89 included: a comfortable FY'88 ending cash balance, the expectation of increased benefit in FY'89 from the FY'88 Medicaid enhancements, and the fact that they accommodated an unbudgeted \$1.5 million lawsuit judgment during FY'88. Their FY'88 cash balance of over \$4 million was partially a reflection of aggressive collection efforts to "clean up" old claims.
- Three significant program enhancements, focusing on the needs of children and youth served by DHS, were included in the bill at a cost of \$5.87 million.

Effective September 1988, a 12.5% rate increase was funded for day care providers, raising the part-time daily rate from \$4 to \$5 and the full-time daily rate from \$8 to \$9. This action restores the rates to the FY'86 levels. The change will cause DHS rates to approach 78% of current private rates and will help ensure day care availability for low-income families throughout the state.

Effective August 1988, a 5% AFDC benefit increase was granted to 34,000 participant families. This translates to approximately \$0.50/day income gain, raising the maximum monthly payment (with shelter allowance) for a family of three from \$310 to \$325. The new rate is equivalent to 40.3% of the federal poverty level.

Also provided was \$1,170,000 for Oklahoma youth service agencies. This 15.6% increase brings their total annual contract level to \$8.68 million. Emergency funding of \$370,000, which is included in this amount, was provided during Special Session (SB 2) to address critical youth services and juvenile shelter needs not funded during the regular session.

- In calculating the appropriation, efforts were made to capture every state dollar in carryover funds which were made available due to delayed implementation of programs, in FY'88 or to agency overestimates of need - a total of \$1.29 million. In addition, \$1.2 million in one-time federal funds, resulting from the retroactive federal certification of the DHS Medicaid Management Information System (MMIS) was budgeted and will require replacement. The agency, however, built its FY'89 budget based on the assumption of an additional \$3.7 million in carryover being available.
- Based on the recommended funding of various new or enhanced programs it is anticipated that annualization costs will require a minimum of \$4.3 million in new state funds in FY'90.
- Substantive language was included in the bill exempting DHS from certain provisions of the Administrative Procedures (rule making) Act; the primary intention of the change was to simplify the process and minimize the risk of financial penalty when rule modifications are necessitated by changes in federal law or rules. Other substantive law sections in the bill allowed the Oklahoma Medical Center to keep confidential market research and marketing plans, created the Oklahoma Child Abuse Study Commission, and authorized the George Nigh Rehabilitation Center to utilize its FY'88 carryover funds, approximately \$182,900, for capital improvements.
- The agency was given \$25 million of its appropriation in cash in order to address cash flow problems. A lack of adequate carryover funds in FY'89 (as was the case in FY'88) created this need.
- In July 1988 the agency alerted the Commission for Human Services to an anticipated funding shortfall in FY'89 due largely to unforeseen circumstances. Program reductions are to be implemented unless sufficient supplemental funding is forthcoming.

SB 426, Sections 35-37

HB 2017, Section 13

HB 1567

HB 1581 - Section 37

SB 2 - Sections 14-16 (Third Extraordinary Session)

INDIAN AFFAIRS COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$185,452		\$232,079		5.1	5.0
FY'84 Revised	\$179,245	(3.3)%	\$310,169	33.6%	6.6	13.0
FY'85	\$175,660	(2.0)%	\$256,225	(17.4)%	10.5	13.0
FY'86	\$177,302	0.9%	\$222,112	(13.3)%	7.9	13.0
FY'87 Revised	\$103,911 ²	(41.4)%	\$134,510	(39.4)%	3.1	5.0
FY'88	\$60,231	(42.0)%	\$141,549	5.2%	3.5	5.0
FY'89	\$166,573	176.5%	\$185,090	30.8%		5.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$18,879 or 10.2% decrease in appropriations; when adjusted for inflation, the change is a \$50,684 or 27.3% reduction.
- Since FY'83 the agency's total budget has decreased by 20.2%. Compared to FY'88 the agency's total budget is expected to increase by \$43,541 or 30.8%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 1.6 or 31.4% due to delays in filling positions, primarily that of Executive Director, which has been vacant since December 1986. Recent appointments to the agency's board will enable them to hire a permanent Executive Director in FY'89.
- Of the \$106,342 or 176.5% increase in appropriations for FY'89, \$9,526 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$96,816 or 160.1% increase compared to FY'88. This increase is provided to restore the amount of one-time revolving and federal funds budgeted for operations in FY'88.
- This year's appropriation represents a standstill operating budget.
- The agency plans to spend approximately \$18,000 in revolving fund carryover on one-time expenditures with the intention of "spending out" this dormant fund.

J.D. MCCARTY CENTER FOR HANDICAPPED CHILDREN

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,177,824		\$1,367,276		55.1	56.5
FY'84 Revised	\$1,292,008	(9.7)%	\$1,498,209	9.6%	60.4	65.5
FY'85	\$1,634,140	(26.5)%	\$1,860,275	24.2%	74.8	84.5
FY'86	\$1,831,592	12.1%	\$2,270,340	22.0%	83.7	85.5
FY'87 Revised	\$1,450,707 ²	(20.8)%	\$2,316,716	2.0%	82.6	85.5
FY'88	\$1,219,518	(15.9)%	\$2,332,121	0.7%	84.3	88.5
FY'89	\$1,397,964	14.6%	\$2,710,583	16.2%		91.5

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$220,137 or 18.7% increase in appropriations; when adjusted for inflation, the change is a \$46,785 or 4.0% reduction.
- Since FY'83 the agency's total budget has increased by 98.2%. Compared to FY'88 the agency's total budget is expected to increase by \$378,462 or 16.2%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 29.2 or 53.0% due to the staffing requirements associated with JCAH accreditation and certification standards for Medicaid reimbursement. The agency first became eligible for Medicaid funds in January 1985. In FY'89 the agency plans to add three FTE - two direct care staff and one maintenance staff person.
- The \$178,446 or 14.6% increase in appropriations for FY'89 is fully related to adjustments for the OPERS contribution and the state employees' pay plan, including a higher adjustment for the Director's salary. As a result, there is no change in the actual state appropriation for agency operations compared to FY'88.
- The agency expects to continue the increase in its third party collections, especially from Medicaid and the Crippled Children's Program funds, over the next two years. In FY'85, just prior to an increased state investment by the Legislature in upgrading the Center, appropriations represented 87.1% of the agency's total budget; in FY'89 appropriations will represent 51.6% of their total budget.
- A generous carryover balance in their revolving fund, combined with increased collections, will allow the agency to enhance its basic operations budget by \$160,670 and three new staff: two new Mental Health Aides, in order to implement a special behavioral program for an increasing proportion of their patients with behavioral disorders, and a Senior Maintenance Repair Technician. Also included in this budget enhancement are provisions for up to \$80,000 in new personnel costs associated with agency reorganization-related salary adjustments, seasonal staffing needs, temporary employees, overtime costs, contracted services, and approximately \$23,000 in increased operating costs.

- The salary of the director was raised from \$37,700 to \$42,500, a 12.7% increase.
- This year's appropriation level provides the agency with a \$100,000 operating "cushion" which they have been authorized to spend on needed capital improvements.
- Amendatory language in the bill provided for limitations on capital expenditures out of the agency's revolving fund and requires that they obtain an annual fiscal audit, a mandate that was started in FY'88.

SB 393

BOARD OF MEDICOLEGAL INVESTIGATIONS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,733,046		\$1,731,098		41.0	41.5
FY'84 Revised	\$1,655,886	(4.5)%	\$1,752,413	1.2%	41.1	43.0
FY'85	\$1,663,669	(0.5)%	\$1,739,824	(0.7)%	42.2	43.0
FY'86	\$1,712,463	2.9%	\$1,904,917	9.5%	43.0	43.5
FY'87 Revised	\$1,783,181 ²	4.1%	\$1,848,190	(3.0)%	42.4	43.5
FY'88	\$1,925,038 ³	5.4%	\$1,925,255	4.2%	45.7	46.0
FY'89	\$2,211,083 ⁴	14.9%	\$2,186,387	13.6%		50.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include FY'86 General Revenue carryover.

³ Includes supplemental appropriation of \$46,000.

⁴ Includes \$54,696 in appropriated funds for capital improvements.

- Since FY'83 the agency has experienced a \$555,197 or 33.5% increase in appropriations; when adjusted for inflation, the change is a \$55,856 or 3.2% increase. Approximately \$200,000 or 36% of this increase is due to the Legislature's mid-fiscal year 1987 decision to divert fee collections from the agency's revolving fund to the General Revenue Fund.
- Since FY'83 the agency's total budget has increased by 24.8%, primarily due to increased state support. The agency receives only very limited funding from federal sources. Compared to FY'88 the agency's total budget is expected to increase by \$261,132 or 13.6%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 4.7 or 11.4%. In FY'89 the actual FTE level is expected to increase by 4.0 due to the addition of two Medicolegal Investigators and two Pathology Physician Assistants, one each for the Oklahoma City and Tulsa morgues.
- The agency was provided a \$46,000 supplemental appropriation (HB 2017) to cover the cost of AIDS-related protective supplies and testing in accordance with new guidelines issued by the Center for Disease Control.
- Of the \$286,045 or 14.9% increase in appropriations for FY'89, \$122,757 is related to adjustments for the OPERS contribution and the state employees' pay plan and \$54,696 is related to capital expenditures. As a result, the actual change in the state appropriation for agency operations is a \$108,592 or 5.6% increase compared to FY'88.
- This year's appropriation provides for a 25% increase in the physician assistant coverage of each morgue autopsy room and a 20% increase in the agency's investigative capability, as well as \$20,400 for the annualization costs associated with AIDS-related expenses. The additional four positions will significantly alleviate the burden of scheduling the 7-day, 24-hour assignments and will create more efficiency in processing autopsies and investigative reports.

- A total of \$54,696 for capital improvements was provided in the bill for window, roof, ceiling and overhead door repairs and to purchase closed circuit televisions for the Tulsa and Oklahoma City facilities.

SB 426 - Section 22
HB 2017 - Section 10
HB 1566

DEPARTMENT OF MENTAL HEALTH

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$89,339,329		\$114,064,315		2845.4	3069.0
FY'84 Revised	\$82,593,737	(7.5)%	\$111,416,975	(2.3)%	2802.1	3107.0
FY'85	\$82,883,737	0.4%	\$110,951,726	(0.4)%	3041.3	3036.5
FY'86	\$93,365,259	12.6%	\$116,791,124	5.3%	2699.3	3036.5
FY'87 Revised	\$83,679,942 ²	(10.4)%	\$110,404,171	(5.5)%	2564.4	2806.0
FY'88	\$82,496,338	(1.4)%	\$114,162,062	3.4%	2524.3	2750.0
FY'89	\$109,354,417	32.6%	\$121,964,571	6.8%		2750.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated. Budget figures exclude Intraagency payments made for Internal cost allocation purposes.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$20,015,088 or 22.4% increase in appropriations; when adjusted for inflation, the change is a \$864,882 or 0.9% reduction. However, the bulk of this increase - a total of \$16.9 million - is related to the conversion of the agency's revolving fund into an appropriated fund in SB 626 during the 1988 Session. When these new certified funds are removed and the figure is again adjusted for inflation, the change since FY'83 is a \$14,545,902 or 16.3% reduction.
- Since FY'83 the agency's total budget has increased by 6.9%. Compared to FY'88 the agency's total budget is expected to increase by \$7,802,509 or 6.8%. However, a financial accounting change, related to the way the agency accounts for both revenues and expenditures for Medicaid, causes the FY'88 and FY'89 total budget figures to be "artificially" lower than FY'87 and prior years' figures. For comparison purposes approximately \$2 million would need to be added to each of the two recent year's figures, thus the increase in total budget since FY'83 is approximately 8.7%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 321.1 or 11.3%, primarily due to the downsizing of the state hospitals and the shifting of the mental health workforce to community programs.
- Of the \$26,858,079 or 32.6% increase in appropriations for FY'89, \$5,730,665 is related to adjustments for the OPERS contribution and the state employees' pay plan, and \$16,909,741 is related to the increase in certified revenue resulting from the conversion of this agency's revolving fund income into an appropriated fund (SB 626). As a result, the actual change in the state appropriation for agency operations is a \$4,217,673 increase compared to FY'88. The majority of this increased state funding is provided to fund current services which were funded by carryover in the agency's revolving fund in FY'88.
- The effect of this year's appropriation is to essentially allow for a standstill state operations budget and a \$1.16 million enhancement of targeted community programs. However, the agency does have \$2.18 million less in available funding compared to FY'88 because an estimated \$2 million in capital and one-time expenditures were removed from their expenditure "base" and because

projected FY'89 cost savings of up to \$300,000, anticipated from the mid-year transfer of dually diagnosed MR/MI clients to DHS, was factored into the appropriation decision. This \$2.18 million reduction is being fully absorbed by state facilities, as directed by the bill, although the Department determined the precise manner in which the spending reductions should be allocated among the major budget areas as follows: \$1.68 million to state hospitals and the Oklahoma Youth Center, \$.25 million to TADD programs, and \$.25 million to state CMHCs. The agency has indicated that such reductions will not force a reduction-in-force or furlough plan.

- The budget is predicated on the agency's ability to continue to reduce expenditures at the state hospitals, to maximize personnel vacancy savings, and to hold the need for one-time expenses in check. Aging facilities and environmental hazards will make this increasingly difficult. In June 1988 the agency identified \$1.16 million in critical repairs and other needed facility improvements, an allowance for which is not provided in this year's funding level.
- An optimistic estimate of \$17,799,727 in collections to the agency's new appropriated fund served as the basis for the revenue certification estimate. This represents a 13.3% or \$2,084,426 increase over actual FY'88 collections. Collections have not significantly increased in the past several years. However, if they can maintain it, the pace of receipts in the first two months of FY'89 will permit the agency to meet this projection. Otherwise, a revenue shortfall in their appropriated fund would necessitate budget reductions or supplemental funding.
- This year's appropriation allows for a state-controlled budget (general fund and agency collections) which is 9.1% or approximately \$9.3 million above the comparable FY'87 budget. Approximately 60% of this increase is a result of specific program expansions which were endorsed and funded by the Legislature in FY'88 and FY'89; the remaining 40% or \$3.6 million is the result of new crisis and other community program initiatives which the agency implemented in FY'88 using one-time revolving funds.
- Although the revolving fund earmarked for alcohol and drug programming was eliminated in mid-session legislation (SB 626), the funding level for this activity is line itemized in the bill. Targeted funding for this activity, set at \$5.4 million, has increased 10% over FY'87 levels, with most of the increase occurring in the latter part of FY'88 based on utilization of agency carryover funds. Sufficient state funding to sustain this higher utilization level, combined with some enhancement, was provided in FY'89.
- An increase of \$500,000 was allocated to underfunded private community mental health centers (CMHCs) for funding formula adjustments on the basis of per capita and CMI (chronically mentally ill) population. In FY'88 the Department cut state funding to private CMHCs by \$1.07 million, due to state cuts made to the agency's operations budget and based on the premise that expanded mental health funding options under Medicaid would fully offset the reduction. Unfortunately, improved Medicaid collections offset only 65% of the cut for these private centers. As a result, this increase was provided to fully restore funding for private CMHCs to their FY'87 level. Language was also included to protect individual centers against funding reductions for a one year period, although the other aspects of their state contract may be renegotiated. A comprehensive study is planned for FY'89 to include recommendations for an equitable funding system for private CMHCs.
- A 12.8% or \$200,000 rate increase was provided for the 32 room and board homes under state contract.
- A total of \$100,000, representing an 8% increase in state funding, was provided to improve domestic violence services in underserved areas.
- A total of \$285,000 was provided for new community-based mental health services. The budget also allows for some enhancement in the area of community residential care based on savings that will be available from the phase-out of one-time FY'88 contracts.

- Language was included to delineate legislative intent regarding the allocation of state funds among major program areas. The agency has the flexibility to transfer funds (up to 10%) among the categories, but the amounts for private CMHCs, private alcohol and drug programs, and domestic violence programs serve as a "floor" funding level and cannot be reduced through transfers. In addition, the agency was directed to budget according to more discrete program categories.
- Intent language was included in the bill to continue the funding of certain education and training programs and to require submission of certain cost reports regarding inmate programs.
- Two reappropriations and a redesignation were included in the bill to allow the Department to clean up outstanding accounts related to past capital appropriations.
- A portion of the agency's appropriation from the GR fund was based on the transfer to GR of \$1,890,182, representing the anticipated year end unobligated cash balance from the abolished revolving fund. (Actual transfer was \$1,597,669.) This one-time cash was used for continuing budget obligations and will necessitate that the GR Fund cover this need in FY'90.
- It was not until early September 1988 that the agency's budget work program was accepted by the Office of State Finance because they had difficulty setting forth a plan which would operate the agency within the parameters of available resources. At that time the agency asserted that it could be shortfunded by as much as \$6.1 million - \$2.3 million due to removal of FY'88 capital spending from their base, \$1 million for increased workers' compensation premiums (representing a 114% rate increase) and \$2.83 million related to cost increases systemwide. The agency attributes some of the cost increases to a rise in the census at Eastern State Hospital since April 1988 and in the number of "difficult to treat" patients systemwide.

SB 626, Sections 3, 4, and 6-8
HB 1564
HB 1581, Section 40

OKLAHOMA STATE BOARD OF NURSING HOMES

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	- 0 -		\$129,960		3.1	2.3
FY'84 Revised	\$146,148	N/A	\$134,846	3.8%	2.9	3.0
FY'85	\$143,225	(2.0)%	\$124,930	7.4%	2.8	3.0
FY'86	\$149,372	4.3%	\$118,321	5.3%	2.7	3.0
FY'87 Revised	\$87,958 ²	(41.1)%	\$104,904	11.3%	2.2	3.0
FY'88	\$119,944	36.4%	\$122,068	16.4%	3.0	3.0
FY'89	\$50,000	(58.3%)	\$167,220	37.0%		4.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- The variable appropriation levels since FY'83 are due to changes in this agency's funding mechanism. In FY'83 the agency was self-supporting from fee revenue collections. From FY'84 through FY'88 fee revenue was directed to the GR Fund, and their budget was fully funded by appropriations. In FY'89 the agency will receive a \$50,000 cash appropriation for "start-up" purposes to allow for a change back to the prior funding system based on their fee revenue being deposited in a revolving fund.
- Since FY'83 the agency's total budget has increased by 28.7%. Compared to FY'88 the agency's total budget is expected to increase by \$45,152 or 37.0% due to the anticipation of increased fee revenue.
- In the six years between FY'83 and FY'88 the agency's actual FTE has not substantially changed. During FY'89, the agency is expected to add one new FTE for the purpose of investigating complaints made against nursing home administrators.
- The \$69,944 or 58.3% decrease in appropriations for FY'89 includes a \$7,698 increase related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$77,642 or 64.7% decrease compared to FY'88.
- Amendatory language was included in the bill to clarify the agency's fee levying abilities, providing explicit authority to allow imposition of fees for voluntary participation in the nursing home classification survey and for training and education programs conducted or approved by the agency.
- Authority was provided to the Board in setting the annual license fee for nursing home administrators at an amount up to \$200. In July 1988, the agency raised the annual fee from the current \$100 to \$150, a 50% increase, which will generate over \$40,000 in new revenue this year.

- This year's appropriation decisions provide both increased revenue and management flexibility to the agency. As a result, the agency plans to offer new services both through investigations into complaints made against nursing home administrators and through the sponsorship of enhanced professional education opportunities.
- As a non-appropriated agency, 10% of the agency's annual collections, the certified total estimated at \$152,000 this year, will be deposited in the GR Fund in FY'89 and annually thereafter to cover the cost of central government services. In FY'90 only an FTE limit will be set in the appropriations process, as is the case with all other non-appropriated agencies.
- The \$50,000 cash "loan" is to be repaid to the GR Fund within a four-year period.

HB 1565

DEPARTMENT OF VETERANS AFFAIRS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$13,333,555		\$21,641,118		787.2	826.0
FY'84 Revised	\$11,701,311	(12.2)%	\$20,001,385	(3.0)%	774.4	826.0
FY'85	\$11,701,311	0.0%	\$20,741,279	3.7%	791.3	862.0
FY'86	\$13,190,339	12.7%	\$23,205,964	11.9%	829.3	862.0
FY'87 Revised	\$10,263,933 ²	(22.2)%	\$22,832,365	(1.6)%	818.8	862.0
FY'88	\$10,238,284	(0.2)%	\$22,832,502	0.0%	829.0	896.0
FY'89	\$12,805,636	25.1%	\$31,027,000	35.9%		1086.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$527,919 or 4.0% decrease in appropriations; when adjusted for inflation, the change is a \$2,973,008 or 22.3% reduction. The agency has accommodated this decline in state support through implementation of systemwide cost efficiencies and by increased utilization of non-state revenue.
- Since FY'83 the agency's total budget has increased by 43.4%, the bulk of this increase being associated with FY'89 expansions. Compared to FY'88 the agency's total budget is expected to increase by \$8,194,498 or 35.8%. Of this growth, increased federal revenue accounts for 47.5%, and increased patient collections account for 21.2%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 41.8 or 5.3%. By the end of FY'89 the agency is expected to hire up to 190.0 new FTE for their new operations, 159.0 at Claremore and 31.0 at Talihina. The agency's full FTE request, a 21.2% increase, was granted to allow them flexibility in hiring additional personnel based upon their census levels and budget capability.
- Of the \$2,567,352 or 25.1% increase in appropriations for FY'89, \$1,625,352 is related to adjustments for the OPERS contribution and the state employees' pay plan, including a higher adjustment for the Director's salary. As a result, the actual change in the state appropriation for agency operations is a \$942,000 or 9.2% increase compared to FY'88, this amount corresponding to increased operational costs for new and expanded facilities.
- This year's appropriation provides for the cost of a planned phase-in of operations at the new 250-bed Claremore Veterans Center, based on an admissions rate of 40 patients per quarter, and for the cost of operations for the new 51-bed wing at the Talihina Veterans Center, based upon an average 75% occupancy level of the additional beds during FY'89.
- The opening of the new Talihina and Claremore beds will ultimately bring to 1,185 the total number of nursing and domiciliary beds operated by the agency, a 34% increase over FY'88 capacity and a 46.3% increase over FY'83 capacity. However, the agency is budgeted to operate an average 980 beds in FY'89, a 19.5% increase over their FY'88 average operating level of 820 beds.

- The increased funding needs of the agency for FY'89 were significantly offset by new federal revenue, an estimated \$1.3 million, resulting from Congressional action in June 1988 to increase the VA per diem reimbursement rate from \$17.05 to \$20.35 for nursing care and from \$7.00 to \$8.70 for domiciliary care.
- The salary of the director was raised from \$40,350 to \$45,000, an 11.5% increase.
- Revolving funds, combined with \$488,000 in agency trust fund reserves, provide for the needed \$1.02 million annual debt service on the remaining 12-year term Claremore construction bonds. Depending upon federal interpretations of allowable costs, the agency may receive additional federal construction grant funds, which could be applied to bond retirement through early call provisions and reduce the agency's lease payments in future years. The Talihina bonds were fully retired in January 1988 when the agency refinanced the Claremore and Talihina bond package.
- The use of \$609,000 in one-time funds for FY'89 operations will require replacement in FY'90. In addition, there will be up to \$300,000 in annualization costs associated with the new facilities, the exact amount being dependent upon census levels and non-state revenue collections.

SB 394

NATURAL RESOURCES AND REGULATORY SERVICES HIGHLIGHTS

Historical Overview

The appropriation level for FY'89 represents an increase in operations funding for the Natural Resources and Regulatory Services Subcommittee of \$6,337,054 or 9.9% from the FY'88 amount. The FY'89 amount is an increase of approximately \$12 million or 21% from the revised FY'83 level. After adjusting for inflation however, this change is a 2.1% reduction.

Of the increase in funding for this subcommittee since FY'83, nearly \$7 million is associated with the pay increases granted state employees for FY'86 and FY'89. Other areas of significant funding increases between FY'83 and FY'89 include: the Horse Racing Commission (\$1.9 million); the Banking Department (\$880,000); the Department of Commerce (\$4.6 million over the amounts given to the Department of Economic Development and the Department of Economic and Community Affairs); the Corporation Commission (\$1.4 million); and the Labor Department (\$2 million).

The \$1.9 million appropriation made this session to the Horse Racing Commission compares to no funding provided for this activity in FY'83. The first year funding was provided to the Commission was in FY'84. For the \$1.9 million appropriated for FY'89, the state expects to receive over \$8 million in direct revenues from horse racing in the state.

Additional funding has been granted to the Banking Department because of the reduced role of the federal government in examining banks and problems in the Oklahoma banking industry. These two factors have brought about the need for additional and more frequent bank examinations.

Increased funding for the Department of Commerce has allowed Oklahoma to move beyond recruiting out-of-state businesses and to provide many services to new or expanding businesses in the state. Services include financing assistance, the inventors' assistance program, capital generation programs, an incubator program, and increased effort on finding markets for Oklahoma products.

The large appropriation increase for the Corporation Commission contrasts with moderate growth in the agency's overall budget. As revenues to the Oil and Gas Conservation Fund (funded from the oil and gas excise tax) and the agency's revolving fund have declined, the Legislature has given more appropriated funds to the agency.

The increases granted to the Labor Department have gone primarily for boiler inspection, asbestos abatement inspection, amusement ride inspection and the new Job Safety Program. Public safety concerns (brought about in part by the Star Spencer disaster) prompted the Legislature to increase funding for the inspection programs. Federal mandates regarding asbestos have increased abatement activity by more than 15 times since FY'85. The burden for inspecting this removal lies with the state. The Job Safety Program is an effort to protect Oklahoma workers on the job and to lower Workers' Compensation Insurance rates.

The \$6.3 million increase in subcommittee appropriations from FY'88 to FY'89 includes the following adjustments:

-1.1 million	removal of one-time expenditures from FY'88
-2.1 million	other reductions associated with funding cuts or reappropriations
2.4 million	restoring the state's contribution to the retirement system to 14%
2.6 million	funding for the state pay plan
5.3 million	funding for new or expanded programs.

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Inflation Adjusted Figure</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
1983 Revised	\$58,007,314	\$58,007,314	2457.0	2632.0
1984 Revised	53,127,294	51,630,023	2292.9	2453.0
1985	53,161,420	50,523,713	2272.8	2480.5
1986	61,869,246	56,398,583	2363.5	2558.0
1987 Revised	58,171,191	52,078,058	2308.1	2446.5
1988	63,857,373	54,254,353	2310.5	2483.0
1989	70,194,427	56,791,608		2541.0

Supplemental Appropriations

Four agencies in this subcommittee received supplemental appropriations during the 1988 session.

Department of Labor - the Department of Labor received \$135,000 to begin the asbestos consultation program. This program will provide technical assistance to schools in writing asbestos management plans required by the Federal Asbestos Hazard Emergency Response Act. The Department was also given \$540,000 to carry out this program in FY'89. An additional 10 FTE were authorized for the program.

Liquefied Petroleum Gas Board - a supplemental of \$9,423 was provided for the purchase of a personal computer and for the payment of unexpected operating expenses.

Department of Tourism and Recreation - to complete the funding needed for the water filtration system at the Beaver Bend/Hochatown State Park, a \$150,000 supplemental appropriation was granted. Total funds for the project are in excess of \$800,000.

Water Resources Board - \$15,000 was provided to pay the cost associated with the special master hearing the lawsuit filed by Oklahoma and Texas against New Mexico.

Asbestos Abatement Inspections

The Legislature again increased funding to the Department of Labor for the inspection of asbestos abatement activity. Inspections have increased from the FY'85 level of 247 annual inspections to an anticipated level in FY'89 of 5,328. The Department is projecting that approximately 12,000 inspections will be necessary for FY'90. This increase is due primarily to federal requirements on the inspection and possible abatement of all public buildings. Federal legislation under consideration by the Congress (the Stafford Bill) would expand this to all buildings with public access.

Using current projections (not including consideration of the Stafford Bill) the Department is anticipating falling behind in inspections during FY'89. As a result the Department may request a supplemental appropriation.

A fee was passed by the Legislature last session to provide revenue to fund a significant portion of this program. The fee was modified this session lowering the revenue generated. Under the current fee structure (applicable only to private projects) approximately 25% of the costs of operating the private sector portion of the program are covered by the revenue. All public sector projects are exempt from the fee.

Tourism Promotion

The Legislature, recognizing the importance of tourism to the state's economy, provided additional funding for two tourism promotion programs. The first is increased funding for the marketing activities of the Department of Tourism and Recreation as was recommended by the study "Proposed Master Plan for Travel Marketing and Development for the State of Oklahoma" prepared by Price Waterhouse. The plan calls for the development and further promotion of state tourism attractions and events. Funding of \$185,244 and six new FTE were granted to implement the recommendations.

The second program provides a new 24 hour telephone marketing system for the state. The system will provide toll-free access across the U.S. for information on Oklahoma tourist attractions. A new brochure will be printed that will be sent to those who inquire about Oklahoma travel. Funding for this program includes \$125,000 for the telephone service and \$50,000 for the brochure.

Revolving Loan Fund

HB 1914 established a new program to help localities finance the construction of wastewater treatment facilities. The 1987 federal Clean Water Act provides for the phase out of federal monies for construction grants that have been used to fund these projects. To replace this program, the state is establishing a revolving loan fund that is to provide a funding source for sewage plants in perpetuity. A portion of the remaining federal funds and the required 20% state match will be used to capitalize this fund. Loans will be provided to communities at or below market rates with repayments made to the fund.

The state match requirement for FY'89 is \$1,855,000. Rather than using appropriated funds to pay this match, the Legislature authorized the payment of the match from monies in the Statewide Water Development Revolving Fund. This action lowers the unencumbered balance in this fund to approximately \$5 million. The match requirement will be the same for next year, with a total match required between now and 1994 of approximately \$13 million.

DEPARTMENT OF AGRICULTURE

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures¹</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$13,146,790		\$19,483,287		543.6	556.0
FY'84 Revised	\$12,234,909	(6.9)%	\$17,807,603	(8.6)%	525.4	523.0
FY'85	\$12,258,129	0.2%	\$18,789,774	5.6%	528.5	536.5
FY'86	\$12,562,451	2.5%	\$19,613,659	4.3%	548.2	551.5
FY'87 Revised	\$10,518,360 ²	(16.3)%	\$17,621,075	(10.2)%	520.1	551.5
FY'88	\$11,661,850	10.9%	\$18,763,324	6.5%	517.6	544.0
FY'89	\$12,763,813	9.4%	\$20,207,288	7.7%		555.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$382,977 or 3.0% decrease in appropriations; when adjusted for inflation, the change is a \$2,820,081 or 21.5% reduction.
- Since FY'83 the agency's total budget has increased by 3.7%. Compared to FY'88 the agency's total budget is expected to increase by \$1,443,964 or 7.7%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 26.0 or 4.8%. The 11 new FTE authorized for FY'89 include four positions associated with the expanded fire protection at the McGee Creek recreation area, five positions in the Brucellosis program, and an additional FTE in the Animal Damage Control and Poultry programs.
- The \$1,101,963 or 2.7% increase in appropriations for FY'89 includes \$1,111,042 in adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a nominal increase compared to FY'88. The agency will also have available \$485,712 of appropriated funds carried over from FY'88 for use in FY'89.
- Funding provided last year for one-time equipment expenditures (\$186,000) has been removed.
- Funding for the agriculture shows (\$117,353) was vetoed by the Governor (HB 1581, Section 42). This funding would have provided continued support for 16 shows or promotional activities across the state.
- The amount of \$512,712 was removed from the appropriation level as the agency was allowed to carry forward unspent monies from FY'88. The agency will have \$485,712 of FY'88 appropriated funds available for use in FY'89. These monies will have to be replaced if the agency is to maintain a standstill budget for FY'90. The remaining amount of this adjustment is a reduction in the Brucellosis Depopulation Program.
- Additional funding of \$290,889 and 4 FTE are added for the expansion of the fire protection program at the McGee Creek Recreation Area. Last session funding was provided for half of this area.

- \$50,000 in new funds will go for increased emphasis on market development programs. The agency requested over \$270,000 for expanded activities in this area.
- Additional funds of \$184,440 and 5 FTE are added to replace the federal resources that are being withdrawn from the Brucellosis program. The number of federally supported livestock inspectors has been reduced from 22 last year to the current level of 13. These remaining inspectors will be removed from this program between now and 1990-91. The Department will be requesting additional inspectors next year for FY'90.
- An increase of \$28,835 will fund an additional lab technician for the screening of poultry samples.
- \$82,827 in new funds will support an additional FTE in the Animal Damage Control Program and provide for additional aerial hunting.
- New funding of \$50,000 will go for the Agribusiness Leadership Program which provides courses and activities for leaders in the agriculture community. The program is offered through Oklahoma State University.
- Funds will support the agriculture mediation program and the AG/LINK Hotline, which provide mediation and counseling assistance to farmers and ranchers (\$120,000).
- An additional appropriation of \$485,712 will need to be added to the agency next fiscal year to allow for a standstill appropriation level. This is to compensate for reappropriated funds used this year.

SB 395 - Sections 1 and 9
HB 1581 - Section 45

Banking Department

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,304,529		\$1,370,935		36.6	41.0
FY'84 Revised	\$1,331,992	2.1%	\$1,343,218	(2.0)%	35.3	35.0
FY'85	\$1,392,136	4.5%	\$1,387,786	3.3%	33.5	37.0
FY'86	\$1,768,411	27.0%	\$1,718,753	23.8%	42.9	55.0
FY'87 Revised	\$2,003,461 ²	13.3%	\$1,871,234	8.9%	47.3	55.0
FY'88	\$2,045,959	2.1%	\$1,907,428	1.9%	48.6	52.0
FY'89	\$2,184,365	6.8%	\$2,235,365	17.2%		52.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$879,836 or 67.4% increase in appropriations; when adjusted for inflation, the change is a \$462,756 or 35.5% increase.
- Since FY'83 the agency's total budget has increased by 63.0%. Compared to FY'88 the agency's total budget is expected to increase by \$327,937 or 17.2%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 12.0 or 32.8%. These positions have been additional inspectors granted in response to problems in the banking industry and the reduced federal involvement in banking regulation.
- Of the \$138,406 or 6.8% increase in appropriations for FY'89, \$149,600 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$11,194 or 0.5% decrease compared to FY'88. Unprogrammed funds were removed from the agency's budget.
- The agency requested additional funds to upgrade and expand its phone system. It was felt that the agency could accomplish this within its existing resources.

DEPARTMENT OF COMMERCE*

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	N/A		N/A		N/A	N/A
FY'84 Revised	N/A	N/A	N/A	N/A	N/A	N/A
FY'85	N/A	N/A	N/A	N/A	N/A	N/A
FY'86	N/A	N/A	N/A	N/A	N/A	N/A
FY'87 Revised	\$11,377,422 ²	N/A	\$71,498,789	N/A	138.6	156.0
FY'88	\$10,639,143 ³	(6.5)%	\$80,645,506	12.8%	165.7	200.0
FY'89	\$11,482,621 ³	7.9%	\$102,301,466	26.8%		210.0

* The Department of Commerce was created in FY'87 with the combining of the Departments of Economic Development and Economic and Community Affairs.

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Does not include capital or project funds.

- Since FY'87 the agency has experienced a \$105,199 or 0.1% increase in appropriations.
- Since FY'87 the agency's total budget has increased by 43.1%. Compared to FY'88 the agency's total budget is expected to increase by \$21,655,960 or 26.8%. This increase is due primarily to new federal funds and federal funds that are budgeted, but probably won't be spent.
- Between FY'87 and FY'88 the agency's actual FTE has increased by 27.1 or 19.5%.
- For FY'88 the Department received a \$843,478 or 7.9% increase in appropriations; this total adjustment includes a \$315,394 increase related to adjustments for the OPERS contribution and the state employees' pay plan.
- The agency ~~was~~ allowed to use some unspent FY'88 funds in FY'89 and the FY'89 appropriation level was reduced by the amount of this reappropriation (\$700,000).
- FY'89 appropriation increases will allow the agency to fully carry out the many new programs started in FY'88 and will allow more services to be offered to Oklahomans seeking business related assistance from the state.
- \$75,000 in operating funds were removed from the agency's appropriation level.

- Many programs started in FY'88 were provided with only partial year funding. Full year funding and an additional three FTE were provided for the following:

Capital Resources	\$120,000
Business Development	157,000
Inventors Assistance	59,000
Certified Cities	39,411
International Trade Development	35,948
Infrastructure	28,000
Incubator Program	19,992
Reappropriation Adjustment	<u>62,500</u>
	\$521,851

- Additional funding of \$60,000 was awarded for the preparation of the annual update to the Five-Year State Economic Development Plan. Funds will be used to hire a Strategic Planner and possibly a secretary.
- Monies were appropriated to fund the operations of the World Trade Commission (\$23,838). This Commission was to be restructured in HB 2004. This bill failed the last day of session, leaving the Commission inoperative. The money is being held by the Department pending action by the Legislature next session.
- New funding of \$179,442 was provided for the start-up administrative costs of an Export Insurance Program. The program utilizes federal insurance to provide guarantees to Oklahoma exporters. Funds provided for this program are to be paid back to the General Fund and the ongoing operations of the program will be self-supporting. Funding was to go to a revolving fund created for this program, but the language creating the fund was vetoed. The funding cannot be spent until the Legislature addresses the problem with the revolving fund.
- Start-up monies for the operations of the Capital Investment Board were appropriated for FY'89 (\$100,000). The Board works to put together financing for start-up companies through the use of tax credits to provide insurance against loss for investors.
- New funding of \$40,000 was provided to increase the budget of the Film Office. Funding will go for promotional activities and specific site photographs.
- New funding of \$120,000 will provide full year funding for the Small Business Development Centers at Enid and Muskogee as well as partial funding for the Center at Poteau and the new subcenter at Lawton. An additional \$250,000, now appropriated to the Department of Commerce for this program, is a transfer of funds previously appropriated to the Regents for Higher Education.
- An increase of \$7,963 restores funding for the Youth Restitution Program to \$35,000. This statewide program operating out of the Little Dixie Community Action Agency works with youth needing to make restitution to crime victims.
- HB 1581 appropriated \$2,279,295 for community development projects. While the money is intact, the intent section on how these funds were to be used was vetoed.
- Funds were reappropriated for the Inventors Assistance Program allowing the agency to provide more services in this area.

- The agency will require an increased appropriation of \$700,000 in FY'90 to maintain a standstill appropriation level. This is to replace reappropriated funds used this session.

HB 1572 - Sections 1, 3, 4, 5, 6, 7, 8, 9, 11 and 12

HB 1581 - Section 47

CONSERVATION COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$3,258,347		\$3,539,423		9.3	10.0
FY'84 Revised	\$3,007,326	(7.7)%	\$4,271,379	20.7%	9.0	10.0
FY'85	\$3,007,326	0.0%	\$5,709,556	33.7%	9.5	10.0
FY'86	\$3,146,630	4.6%	\$5,755,692	0.8%	9.3	12.0
FY'87 Revised	\$2,931,633 ²	(6.8)%	\$5,193,421	(9.8)%	10.7	12.0
FY'88	\$3,387,550 ³	15.6%	\$5,474,706	5.4%	9.8	12.0
FY'89	\$3,874,383	14.4%	\$7,268,235	32.8%		18.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Does not include special project funds.

- Since FY'83 the agency has experienced a \$616,036 or 18.9% increase in appropriations; when adjusted for inflation, the change is a \$123,733 or 3.8% reduction.
- Since FY'83 the agency's total budget has increased by 105.4%. Compared to FY'88 the agency's total budget is expected to increase by \$1,793,529 or 32.8%. This large increase is attributable primarily to increases in federal funding and budgeted federal funds that probably won't be spent in FY'89.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 0.5 or 5.4%. The six new FTE granted for FY'89 are for existing federally funded employees that have not previously been counted against the FTE limit.
- Of the \$486,833 or 14.4% increase in appropriations for FY'89, \$165,333 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$321,500 or 9.5% increase compared to FY'88.
- The FY'89 appropriation increase provided benefits for the employees of the conservation districts. This includes the .5.0% pay increase, funding for these employees to join the state retirement system (\$335,000), and increased costs for the health insurance program begun last year (\$15,000). ~~These~~ employees have previously been without any state benefits as they have been partially federal employees. The agency is working on making these people all state employees, with partial funding continuing from the federal government.
- For the agency to maintain a standstill appropriation level for FY'90, an additional appropriation of \$28,500 will need to be made to replace reappropriated funds used in FY'89.

CONSUMER CREDIT COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$456,990		\$559,955		15.5	16.0
FY'84 Revised	\$426,708	(6.6)%	\$545,345	(2.6)%	16.0	16.0
FY'85	\$418,174	(2.0)%	\$549,981	0.8%	15.9	16.0
FY'86	\$232,361	(44.4)%	\$592,212	7.7%	16.0	16.0
FY'87 Revised	\$506,880 ²	118.1%	\$498,260	(15.9)%	13.8	16.0
FY'88	\$525,459	3.7%	\$492,460	(1.2)%	14.2	16.0
FY'89	\$627,569	19.4%	\$663,294	34.7%		19.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$170,579 or 37.3% increase in appropriations; when adjusted for inflation, the change is a \$50,752 or 11.1% increase. The large increase in FY'87 came as the agency's revolving fund was abolished.
- Since FY'83 the agency's total budget has increased by 18.4%. Compared to FY'88 the agency's total budget is expected to increase by \$170,834 or 34.7%. Included in the FY'89 budget is \$10,000 to be expended from a revolving fund established this session for the administration of the Health Spa Act.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 1.3 or 8.4%. Three additional FTE have been authorized for FY'89.
- Of the \$102,110 or 19.4% increase in appropriations for FY'89, \$38,960 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$63,150 or 38.2% increase compared to FY'88.
- Additional funding of \$44,653 and 3 FTE were added to allow the agency to carry out the provisions of HB 1251, the Oklahoma Rental-Purchase Act. This new law requires the examination and licensing of rental-purchase lessors by the Consumer Credit Department. New positions will include two examiners and a clerical employee. The act contained provisions for fees that will be deposited to the General Revenue Fund that will more than offset the costs of the program.
- Additional funding of \$26,797 will allow the agency to move to a new location. Some of the one-time moving expenses were paid through a reappropriation of \$5,725.

CORPORATION COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$3,478,000		\$15,994,933		393.8	433.0
FY'84 Revised	\$3,143,196	(9.6)%	\$15,594,682	(2.5)%	386.4	414.0
FY'85	\$3,276,636	4.2%	\$15,574,997	(0.1)%	401.9	419.0
FY'86	\$3,991,523	21.8%	\$17,372,802	11.5%	417.5	429.0
FY'87 Revised	\$3,146,550 ²	(21.2)%	\$15,794,440	(8.1)%	407.8	429.0
FY'88	\$4,533,645	44.1%	\$13,870,431	87.8%	384.9	412.0
FY'89	\$4,842,717	6.8%	\$16,734,583	20.6%		412.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$1,367,717 or 39.2% increase in appropriations; when adjusted for inflation, the change is a \$440,056 or 12.6% increase.
- Since FY'83 the agency's total budget has increased by 4.6%. Compared to FY'88 the agency's total budget is expected to increase by \$2,864,152 or 20.6%. Much of this increase is related to budgeted funds that won't be realized as actual expenditures.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 8.9 or 2.3%.
- The \$309,072 or 6.8% increase in appropriations for FY'89 includes a \$1,009,072 increase related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$700,000 or 15.4% decrease compared to FY'88. These funds were removed as the agency will use additional revolving fund expenditures in FY'89. This action will allow the agency to fund its operations at a standstill level and its top priority expanded needs.

HORSE RACING COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	N/A		N/A		N/A	N/A
FY'84 Revised	\$257,952	N/A	\$301,599	N/A	5.5	9.0
FY'85	\$0	N/A	\$1,047,973	247.5%	8.4	9.0
FY'86	\$0	N/A	\$1,360,703	29.8%	8.9	9.0
FY'87 Revised	\$945,342 ²	N/A	\$1,436,911	5.6%	8.5	9.0
FY'88	\$1,119,805	18.4%	\$1,640,788	14.2%	9.8	10.0
FY'89	\$1,903,534	70.0%	\$4,659,250	184.0%		16.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures and is often overestimated (Includes \$2,750,000 in expenditures from the Breeder Development Fund).

² Does not include FY'86 General Revenue carryover.

- Since FY'84 the agency has experienced a \$1,645,582 or 638.0% increase in appropriations; when adjusted for inflation, the change is a \$1,370,413 or 531.3% increase. In FY'85 and FY'86 the agency operated solely from revolving fund income.
- Since FY'85 the agency's total budget has increased by 344.6%. Compared to FY'88 the agency's total budget is expected to increase by \$3,018,462 or 184.0%. Much of the increase is due to money budgeted for the Oklahoma Bred Program from the Breeders Development Fund. None of these funds can go for agency operations.
- In the five years between FY'84 and FY'88 the agency's actual FTE has increased by 4.3 or 48.2%.
- Of the \$783,729 or 70.0% increase in appropriations for FY'89, \$27,092 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$756,637 or 67.6% increase compared to FY'88.
- An additional \$70,772 in funding for general operations will fund three new employees. These positions are an account clerk, a clerk typist, and a legal secretary. The need for these new employees is based on the demands that will be placed on the agency related to increased racing activity.
- Funding of \$426,770 will pay the costs associated with operating additional race days. The Racing Commission is required to pay many of the up front expenses for race days. This includes the costs of the racing officials that supervise race meets. This is done to maintain more control over the meets and provide an additional safeguard against corrupt racing practices. Approximately 65% of the costs for race day expenses are reimbursed to the state's general fund. The increase granted here is for the expenses associated with an expected 196 additional race days in FY'89, an increase of 66%. The increase would also provide for additional urine samples, increased National Association of State Racing Commissioners dues, and additional equipment and supplies.

- Added is funding for two new investigators and a clerk/typist for the Law Enforcement Division (\$269,095). For FY'88 the agency had only two people in this division. The additional funds would also provide for two vehicles (leased from the motor pool) and for additional fingerprinting.
- A reappropriation of \$20,000 was used to pay one-time expenses. Of the FY'89 appropriated funds, \$7,600 will be used for one-time expenses.

SB 398 - Sections 1 and 4

INSURANCE COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,114,353		\$2,352,062		64.4	67.0
FY'84 Revised	\$1,880,751	(11.0)%	\$2,327,498	(1.1)%	62.4	62.0
FY'85	\$1,806,824	(3.9)%	\$2,429,111	4.4%	65.8	67.0
FY'86	\$1,966,141	8.8%	\$3,199,024	31.7%	66.4	71.0
FY'87 Revised	\$1,974,319 ²	0.4%	\$3,060,874	(4.3)%	78.1	84.0
FY'88	\$2,199,095	11.4%	\$3,173,305	3.7%	85.7	98.0
FY'89	\$2,437,150	10.8%	\$4,118,658	29.8%		98.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$322,797 or 15.3% increase in appropriations; when adjusted for inflation, the change is a \$142,549 or 6.7% reduction.
- Since FY'83 the agency's total budget has increased by 75.1%. Compared to FY'88 the agency's total budget is expected to increase by \$945,353 or 29.8%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 21.3 or 33.1%.
- The \$238,055 or 10.8% increase in appropriations for FY'89 is all related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, there is no change in actual state appropriation for agency operations compared to FY'88.
- A cap was placed on the agency's revolving fund requiring any balance above \$500,000 at the close of each fiscal year to be deposited in the General Revenue Fund.

DEPARTMENT OF LABOR

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$1,124,576		\$1,560,655		50.7	58.5
FY'84 Revised	\$1,091,301	(3.0)%	\$1,647,419	5.6%	51.5	55.5
FY'85	\$1,249,398	14.5%	\$1,769,867	7.4%	57.4	59.0
FY'86	\$1,976,115	58.2%	\$2,552,020	44.2%	71.0	79.0
FY'87 Revised	\$1,919,105 ²	(2.9)%	\$2,817,463	10.4%	82.4	89.0
FY'88 ³	\$2,408,125	18.4%	\$2,981,414	5.8%	89.3	103.0
FY'89	\$3,197,351	32.8%	\$4,393,020	47.3%		110.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Includes \$135,000 and 10 FTE granted as a supplemental appropriation.

- Since FY'83 the agency has experienced a \$2,072,775 or 184.3% increase in appropriations; when adjusted for inflation, the change is a \$1,462,277 or 130.0% increase.
- Since FY'83 the agency's total budget has increased by 181.5%. Compared to FY'88 the agency's total budget is expected to increase by \$1,411,606 or 47.3%. The large increase in the last several years is mostly attributable to increases in boiler inspections, amusement ride inspections, the job safety program and asbestos related activities.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 38.6 or 76.1%.
- Of the \$789,226 or 32.8% increase in appropriations for FY'89, \$136,226 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$653,000 or 27.1% increase compared to FY'88.
- Additional funding of \$540,000 will go for a consultation program to assist schools in developing management plans as required by the federal Asbestos Hazard Emergency Response Act (AHERA). A supplemental appropriation of \$135,000 and 10 FTE were given in SB 426 to begin this program. All school districts are required to develop management plans by October 12, 1989.
- New funding was provided for the asbestos inspection program (\$248,000). This program has seen dramatic increases in workload since FY'83 with projections showing continued growth.

HB 1569 - Sections 1, 2, 3 and 4

SB 426 - Sections 24, 25 and 26

LIQUEFIED PETROLEUM GAS BOARD

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$232,953		\$239,646		8.5	9.0
FY'84 Revised	\$261,203	12.1%	\$241,392	0.7%	7.5	9.0
FY'85	\$255,979	(2.0)%	\$243,630	0.9%	9.0	9.0
FY'86	\$274,298	7.2%	\$261,815	7.5%	8.9	9.0
FY'87 Revised	\$229,039 ²	(16.5)%	\$234,336	(11.5)%	7.4	9.0
FY'88	\$251,901 ³	10.0%	\$251,733	7.4%	8.0	9.0
FY'89	\$326,144	29.5%	\$326,144	29.6%		11.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Includes \$9,423 granted as a supplemental appropriation.

- Since FY'83 the agency has experienced a \$93,191 or 40.0% increase in appropriations; when adjusted for inflation, the change is a \$30,918 or 13.3% increase.
- Since FY'83 the agency's total budget has increased by 36.1%. Compared to FY'88 the agency's total budget is expected to increase by \$74,411 or 29.6%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 0.5 or 5.9%. Two additional FTE have been authorized for FY'89 to allow the agency to increase its inspection staff.
- Of the \$74,243 or 29.5% increase in appropriations for FY'89, \$23,270 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state contribution to agency operations is a \$50,923 or 20.2% increase compared to FY'88.
- The FY'88 appropriation includes \$9,423 provided as a supplemental appropriation. These funds will go for the purchase of a personal computer and operating expenses.
- The salary of the director was raised from \$24,300 to \$30,000. This is a 23.5% increase.
- Additional funding of \$57,996 will allow the agency to increase its inspection staff from four to six. The number of inspectors has been reduced by two due to budget cuts in the last two years. The two new inspectors would be assigned primarily to the Oklahoma City and Tulsa areas. This would help relieve the workload demands now placed on existing inspectors. In addition, \$2,400 was appropriated to buy new uniforms for the inspectors.

DEPARTMENT OF MINES

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$414,914		\$1,210,970		28.4	31.0
FY'84 Revised	\$459,721	10.8%	\$1,206,072	(0.4)%	29.8	36.0
FY'85	\$675,946	47.0%	\$1,831,235	51.8%	43.9	46.5
FY'86	\$978,922	44.8%	\$2,322,845	26.8%	53.6	57.5
FY'87 Revised	\$817,400 ²	(16.5)%	\$2,215,716	(4.6)%	54.6	57.5
FY'88	\$845,700	3.5%	\$2,157,629	(2.8)%	56.8	57.5
FY'89	\$989,758	17.0%	\$2,628,776	21.8%		57.5

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$574,844 or 138.3% increase in appropriations; when adjusted for inflation the change is a \$385,861 or 93.0% increase. Much of the new funding added to this agency was a response to the federal takeover of mining regulation in Oklahoma.
- Since FY'83 the agency's total budget has increased by 117.1%. Compared to FY'88 the agency's total budget is expected to increase by \$471,147 or 21.8%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 28.4 or 100.0%.
- Of the \$144,058 or 17.0% increase in appropriations for FY'89, \$79,058 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$65,000 or 7.7% increase compared to FY'88.
- The only funding adjustment, other than the retirement change and the pay plan, is an additional \$65,000 associated with the transfer of the Miner Training Institute. These monies will replace revenue that in the past has gone to the Department, but will now go to the Institute. It will also be used to replace equipment that was previously shared. The Institute will move from its present location in Krebs to become part of Eastern Oklahoma State College in Wilburton.
- The agency's revolving fund limit was raised by \$120,000 to allow for certain equipment expenditures, the replacement of vehicles, and additional legal assistance.

DEPARTMENT OF POLLUTION CONTROL

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$179,971		\$1,495,299		8.9	9.0
FY'84 Revised	\$168,141	(6.6)%	\$1,453,299	2.8%	7.9	8.0
FY'85	\$163,141	(3.0)%	\$1,057,134	(27.3)%	6.9	8.0
FY'86	\$187,788	15.1%	\$1,113,424	5.3%	7.5	8.0
FY'87 Revised	\$148,497 ²	(21.0)%	\$970,186	(12.9)%	6.8	8.0
FY'88	\$160,237	7.9%	\$1,066,462	9.9%	6.4	8.0
FY'89	\$179,132	11.8%	\$3,181,132	198.3%		8.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$839 or 0.5% decrease in appropriations; when adjusted for inflation, the change is a \$35,042 or 19.5% reduction.
- Since FY'83 the agency's total budget has increased by 112.7%. Compared to FY'88 the agency's total budget is expected to increase by \$2,114,670 or 198.3%. The reason for the large increase in FY'89 is the anticipated receipt of federal funds associated with the Underground Storage Tank Program.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 2.5 or 28.1%.
- Of the \$18,895 or 11.8% increase in appropriations for FY'89, \$10,883 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$8,012 or 5.0% increase compared to FY'88. These funds are for a personal computer which will allow the agency to tie into a national network that monitors pollution spills.

SECURITIES COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$815,165		\$1,069,361		28.3	35.0
FY'84 Revised	\$756,972	(7.1)%	\$1,036,599	(3.1)%	27.8	29.5
FY'85	\$656,972	(13.2)%	\$1,144,939	10.4%	29.2	30.0
FY'86	\$765,113	16.5%	\$1,290,738	12.8%	32.1	34.0
FY'87 Revised	\$629,200 ²	(17.8)%	\$1,239,253	(4.0)%	30.8	34.0
FY'88	\$661,029	5.1%	\$1,230,991	(0.7)%	30.5	34.0
FY'89	\$764,412	15.6%	\$1,630,180	32.4%		37.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

- Since FY'83 the agency has experienced a \$50,753 or 6.2% decrease in appropriations; when adjusted for inflation, the change is a \$196,709 or 24.1% reduction.
- Since FY'83 the agency's total budget has increased by 52.4%. Compared to FY'88 the agency's total budget is expected to increase by \$399,189 or 32.4%. Most of the new programs and responsibilities added to the Department have been funded through the agency's revolving fund.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 2.2 or 7.8%.
- The \$103,383 or 15.6% increase in appropriations for FY'89 is all related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, there is no change in the actual state appropriation for agency operations compared to FY'88
- The agency's revolving fund limit was raised by \$150,768 to fund three new FTE. The new positions were granted to help the agency deal with increased workload requirements, primarily in registrations.
- A cap on the agency's revolving fund was lowered from \$650,000 to \$350,000. This cap allows for funds in excess of this amount to be transferred to the General Fund at the close of each fiscal year. Changing this allowed for the appropriation of an additional \$300,000 in FY'89.

DEPARTMENT OF TOURISM AND RECREATION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$21,423,841		\$35,719,561		1028.1	1098.0
FY'84 Revised	\$18,877,417	(11.9)%	\$33,587,069	(6.0)%	901.8	1006.0
FY'85	\$19,577,417	3.7%	\$34,890,668	3.9%	837.5	993.0
FY'86	\$21,944,919	12.1%	\$34,669,323	(0.6)%	845.4	975.0
FY'87 Revised	\$18,420,604 ²	(16.1)%	\$33,200,808	(4.2)%	818.1	839.5
FY'88	\$20,546,818 ³	11.5%	\$36,465,388	9.8%	802.0	839.5
FY'89	\$21,361,305 ³	4.0%	\$38,448,393	5.4%		849.5

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Excludes capital and project funds.

- Since FY'83 the agency has experienced a \$814,487 or 0.3% increase in appropriations; when adjusted for inflation, the change is a \$4,141,232 or 19.3% reduction.
- Since FY'83 the agency's total budget has increased by 7.6%. Compared to FY'88 the agency's total budget is expected to increase by \$1,983,005 or 5.4%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 226.1 or 22.0%. The decline in FTE is due to agency cutbacks, the return of Arrowhead and Fountainhead lodges to the federal government, and the increased use of seasonal help.
- Of the \$814,487 or 4.0% increase in appropriations for FY'89, \$1,517,457 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$702,970 or 0.5% decrease compared to FY'88.
- To arrive at the FY'89 funding level, the following one-time funding items were removed:

Advertising Funds	\$875,000
Parks Operations One-time Expenditures	<u>79,669</u>
	\$954,669

- A one-time appropriation of \$600,000 will be used to purchase park lands that the state is required to replace. When the Arrowhead and Fountainhead lodges were returned to the federal government, surrounding park lands and their improvements were also transferred. Improvements on these lands were financed through National Park Service Land and Water Conservation grants. One of the requirements of these grants is that the items funded remain in the public domain. With the sale of these lodges to the private sector groups, these lands and improvements are no longer part of the public domain. As a result, the National Park Service is withholding further state grants until lodge lands and improvements are replaced.

- An additional appropriation of \$185,244 will be used to implement a master plan for tourism marketing and development recently developed by Price Waterhouse. This plan calls for increased development and promotion of state tourism attractions and events. The plan also calls for market research and improved coordination between public and private entities involved with tourism. This will fund six new FTE (\$145,244) and provide them with supplies, furniture, travel, etc. (\$40,000).
- Funding for multi-county promotion is increased by \$100,000 to a total funding level of \$515,471. These funds are matched dollar for dollar by the state's multi-county organizations. The money is used for promotional materials and activities.
- \$175,000 will be used to develop a 24-hour telemarketing service and to produce a new promotional brochure for the state.
- A feasibility study on developing a state park at the Dripping Springs area was funded (\$25,000).
- Capital funding of \$200,000 will be used for the first stages of construction on a new tourism information center in Oklahoma City. The total project will cost \$600,000.
- Expanded funding of \$156,618 will go to the Scenic Rivers Commission. Monies will be used for capital improvements along the Illinois River and for additional summer help.
- Capital funds will be used to match federal funds for the construction of a new Tourism and Water Information Center on Lake Eufala (\$388,000).
- Four additional FTE are added to staff the new recreation area at McGee Creek. Funding for this purpose was added last session.
- Four reappropriations were included in the appropriation bill to continue funding for certain capital projects.
- A supplemental appropriation of \$150,000 will provide capital funds for the water filtration system at Beavers Bend State Park.

HB 1573 - Section 1

HB 1581 - Sections 53 and 54

HB 2017 - Section 11

WATER RESOURCES BOARD

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total Budget Expenditures</u> ¹	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$2,814,810		\$3,816,908		79.1	84.0
FY'84 Revised	\$2,676,815	(4.9)%	\$4,017,043	5.2%	80.7	81.0
FY'85	\$2,650,047	(1.0)%	\$4,268,137	6.2%	80.5	83.0
FY'86	\$3,004,121	13.4%	\$5,181,266	21.4%	88.0	88.0
FY'87 Revised	\$2,603,379 ²	(13.3)%	\$5,843,505	12.8%	83.6	88.0
FY'88	\$2,871,057 ³	10.3%	\$4,376,759	(25.1)%	81.2	88.0
FY'89	\$3,260,173	(13.5)%	\$5,104,689	16.6%		88.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of total expenditures and is often overestimated.

² Does not include FY'86 General Revenue carryover.

³ Includes a \$15,000 supplemental appropriation and excludes funding for water projects.

- Since FY'83 the agency has experienced a \$445,363 or 15.8% increase in appropriations; when adjusted for inflation the change is a \$177,130 or 6.3% reduction.
- Since FY'83 the agency's total budget has increased by 33.7%. Compared to FY'88 the agency's total budget is expected to increase by \$727,930 or 16.6%. The decrease since FY'87 is associated with the completion of the Tar Creek Project.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 2.1 or 2.6%.
- The \$389,116 or 13.5% overall increase in appropriations for FY'89 includes a \$228,405 increase related to adjustments for the OPERS contribution and the state employees' pay plan. Excluding this increase, the state appropriation for the agency is a \$160,711 or 5.6% increase compared to FY'88.
- The FY'88 appropriation includes a \$15,000 one-time supplemental appropriation to pay the costs of a special master in a lawsuit against New Mexico.
- The salary of the director was raised from \$45,000 to \$55,000, a 22.2% increase.
- An additional \$17,003 in state monies will match \$153,025 in federal monies for an artificial recharge project on the Blain Gypsum Aquifer.
- An additional \$7,854 in state funds will match \$18,326 in federal funds for Clean Lakes studies at Grand Lake and Lake Ellsworth. The projects should bring in \$130,000 in additional federal and local funds over the next three years.
- Funding was provided for the printing of a revised edition of the Oklahoma Water Atlas. The last edition was printed in 1981 (\$25,854).

- New funds will be used to defray expenses related to the lawsuit Oklahoma and Texas are currently involved in with New Mexico over water rights (\$25,000).
- An additional appropriation of \$100,000 will help the agency make up for cuts in past years and to fill positions that have been held vacant. Monies will also be used to replace some worn equipment and vehicles.

HB 1571- Sections 1 and 2

PUBLIC SAFETY AND TRANSPORTATION SUBCOMMITTEE HIGHLIGHTS

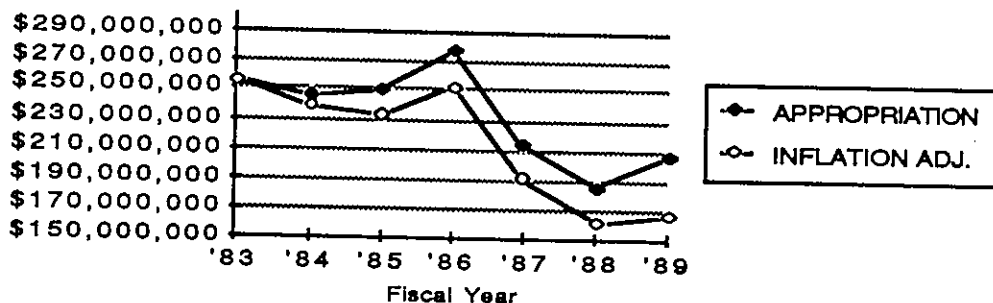
Historical Overview

The FY'89 appropriation level for the Public Safety and Transportation Subcommittee represents a \$49,273,980 or 19.3% decrease from the FY'83 funding level. However, the appropriation level for FY'89 is \$20,630,649 or 11.1% higher than the FY'88 appropriation level. Allowing for inflation, the FY'89 level is \$88,706,498 or 34.7% below the Inflation Adjusted Level for FY'83. This drop can be attributed to the across the board funding cuts made in previous years, and the decision to dedicate certain tax dollars to the Department of Transportation and reduce DOT's appropriations. The inflation adjusted figure for FY'89 is \$5,584,934 or 3.5% higher than FY'88.

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Inflation Adjusted Figure</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
1983 Revised	\$255,793,437	\$255,793,437	7739.7	8260.5
1984 Revised	245,037,957	238,132,125	7847.1	8362.5
1985	250,190,406	233,386,573	8123.8	8523.5
1986	277,806,821	253,242,316	8311.6	8660.5
1987 Revised	213,008,110	190,696,606	8228.2	8548.5
1988*	185,888,808	161,502,005	8459.8	8782.5
1989	206,519,457	167,086,939		9408.5

*Includes supplemental appropriations

SUBCOMMITTEE APPROPRIATIONS



1988 SUPPLEMENTALS

The Department of Public Safety (DPS) was the only Public Safety and Transportation agency to receive a supplemental for fiscal year 1988. DPS received \$205,000 for reimbursement of expenses incurred in the settlement of a lawsuit.

MAJOR POLICY AND PROGRAM ISSUES

Increased Law Enforcement Efforts

Committed to the idea that increased enforcement capabilities will not only ease the overwhelming burden being experienced by the law enforcement agencies, but will assist in decreasing criminal activity, the Oklahoma Legislature authorized pay adjustments for employees of two of the state's public safety agencies. The Alcoholic Beverage Laws Enforcement Commission restructured the job classes for agents to allow for progression through the ranks. This should assist the agency in retaining agents over the long run. The Department of Public Safety was authorized to implement a separate pay plan for the state troopers. Under this plan, the troopers will remain merit system employees, yet have their own salary schedule. The net cost of the program is \$384,950 more than the 5% pay raise given to state employees.

Additionally, the legislature authorized ABLE to the purchase of computer software and five personal computers to assist ABLE personnel in case tracking and handling of permits, applications, etc. The Department of Public Safety also received funding (\$300,000) for the retrofitting of a surplus computer from the Office of State Finance. This additional system will greatly enhance the computer storage capacity of the DPS, allowing for faster response for state troopers and other law enforcement inquiries.

In the state's war against drugs, the Legislature committed new funds, an increase of 14%, to the Bureau of Narcotics and Dangerous Drugs (BNDD), and a 3.9% increase to the Oklahoma State Bureau of Investigation (OSBI). These increases are in addition to the funds authorized for pay increases. The OSBI was authorized to be the state agency charged with coordinating the destruction of outdated and abandoned drugs. This authorization is partially the result of a federal grant approved for this purpose. Currently, when such drugs are destroyed, a local law enforcement officer, BNDD agent, OSBI agent or a DEA agent from Dallas must be present to witness the destruction. The authorization and grant will allow for a single point of contact for persons to notify when disposal is necessary.

Expansion of the OSBI drug identification laboratory equipment and case management system was approved with \$132,659 in matching funds. The federal government will fund \$325,044 of the cost required to purchase the new equipment. This should allow the agency to identify drugs much quicker and allow for case interaction between regional offices.

The BNDD received new funding for previously vacant unfunded FTE. The agency also received funding for new agent positions to help strengthen the war on drugs. Three previously unfunded positions and four new positions are included in this approval. Five new unfunded agent positions were also authorized. Funding was also approved to cover a portion of the cost of helicopter leases used to search for marijuana fields.

Existing Programs - Funding and Expansion

In an effort to maintain existing programs and expand other successful programs (with available funding), the Legislature approved funding in the amount of \$156,000 for the OSBI Revolving Fund. These funds are to replace one-time revenues generated by the consolidation of the Evidence Fund.

Appropriations to the Department of Public Safety were greatly reduced as a result of placing several revenue generating activities back under the Department of Public Safety Revolving Fund. Activities included in this are Turnpike Authority reimbursement payments, OLETS (Oklahoma Law Enforcement Tracking System) payments and Training Center cafeteria meal receipts.

To maintain the current level of programs offered by the Council on Law Enforcement, Education and Training, approval and \$154,798 in funding was given for clerical support, instructors and a regional Coordinator. Additionally, \$51,046 was approved to continue funding for the Private Investigator Act. A pilot program dealing with emergency vehicle operations training at Burns Flat was also approved.

CLEET was also authorized to purchase a FATS Shooting Decision system and other training supplies. The FATS system will enable the agency to offer firearms training with a shooting gallery type scenario where students will have to make realistic decisions on whether or not it is advisable to shoot.

Funding for the Department of Transportation

The Department of Transportation was appropriated approximately \$500,000 less than in FY'88. This is due to the removal of funds for one-time expenditures authorized for FY'88. Overall the agency received \$8,827,184 in appropriated funds, plus \$4,073,592 was transferred from the Turnpike Authority. The amount from the Turnpike Authority is \$1,073,592 more than was estimated in June 1988.

In response to DOT's requests regarding expansion of programs and assistance to counties and municipalities, the department was authorized to establish a Construction Technical Training School at a cost of \$280,000, provide funds necessary for the state's share of the OSU Center for Local Government Technology, and \$20,000 was approved for support of the Trucking Industry Self-regulated Research and Development (TISRAD) map.

Inmate Overcrowding

In May 1988, a prison riot at the Mack Alford Correctional Center in Stringtown caused extensive damage and forced the Department of Corrections to transfer inmates to other already overcrowded prisons within the state. The Department of Corrections and the Pardon and Parole Board received substantial increases in their appropriated funds over FY'88.

The Pardon and Parole Board received \$64,103 for two new investigator positions to assist in processing receptions and reviewing clients prior to parole hearings. These positions are to be located at the Lexington Assessment and Reception Center and at the expanded facility at Western State Hospital. Approval and funding was given for the purchase of a \$15,600 micro-film system to handle the files of all inmates and clients being tracked by the board. The following chart shows the number of cases handled by the Pardon and Parole Board from January 1984 to December 1987.

CASES HANDLED BY THE PARDON AND PAROLE BOARD 1984 - 1987								
<u>Year</u>	<u>Cons. for Parole</u>	<u>Recom. for Parole</u>	<u>% Recom.</u>	<u>Governor Approved Recom.</u>	<u>% of Recom. Approved</u>	<u>Commutations Signed</u>	<u>Pardons Signed</u>	<u>Parole Revocations</u>
1984	4,307	1,420	33.0%	738	52.0%	397	44	157
1985	3,469	1,270	36.6%	598	47.1%	515	54	136
1986	3,247	1,370	42.2%	731	53.4%	322	47	14
1987	2,948	1,032	35.0%	716	69.4%	815	38	113

While the new positions and micro-film system will speed up the process of moving inmates through the system, other measures have been taken which should directly effect the inmate population. Approval of Senate Bill 466, Community Service Sentencing Program, and the inception of the Preparole

Conditional Supervision Program are projected to help stem the overwhelming influx of new inmates each year.

The Pardon and Parole Board was authorized to spend \$110,000 and hire three FTE for the board's part of the preparole program. This includes reviewing eligible inmates prior to the date twelve months before anticipated release or parole. The board will then recommend favorable inmates to the Department of Corrections for placement in the program. If at any time, an inmate violates the conditions of the program, he/she will be returned to a secure facility and chances for parole are greatly diminished.

The Legislature approved a \$13,081,055 increase during the regular session for the Department of Corrections for FY'89. This did not, however, cover reconstruction costs at Mack Alford Correctional Center, funds for expansion of the prison system or funds for major repairs and improvements for existing facilities. The DOC received \$555,000 for the Preparole Conditional Supervision Program and \$165,845 for the Community Service Sentencing Program (CSSP).

The CSSP is intended to keep non-violent, low risk offenders out of the state correctional system. Judges will sentence the offender to community service in the local community and will require the offender to sleep in the county jail at night or on weekends. The Department of Corrections will reimburse the counties \$20.00 per night and provide technical assistance to the counties in administering the program.

The DOC received \$4,556,973 in the regular session for increased payroll costs. These costs are the result of legislative approval in FY'88 for the hiring of additional Correctional Officers and Parole Officers. Only partial funding was given for FY'88 and a large portion of the \$4.5 million covers the remaining unfunded amount. The rest of the payroll funding is to cover normal payroll costs associated with the agency.

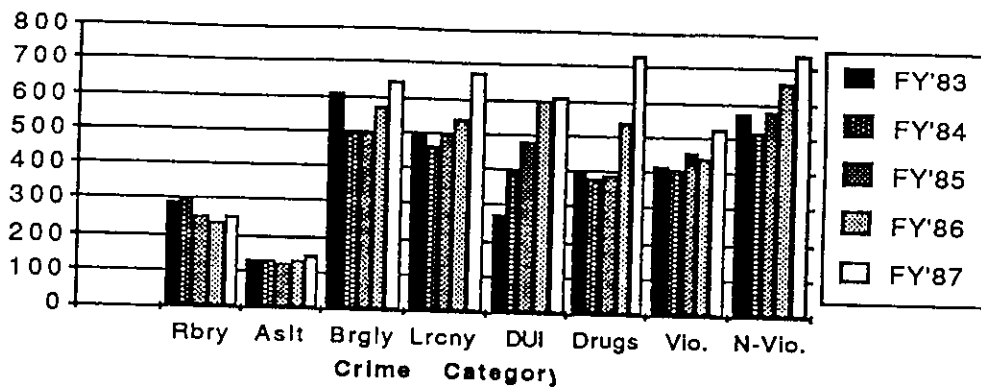
During past years, DOC has managed with payroll funding at approximately 85% of the annual calculated payroll. This was possible due to an employee turnover rate averaging 27.5% annually. The low turnover rate experienced by other agencies in FY'86 and FY'87 is just now being felt by the Department of Corrections. The rate dropped to 15.1% for FY'88. Since there is less turnover, there are fewer positions vacant during the year thereby diminishing the savings.

During fiscal years '79 to FY'87, the number of inmates entering the system has increased at a somewhat alarming rate. A slight regression in FY'84 brought no significant relief and in FY'86 and '87 strong increases hampered efforts by the agency and the legislature to ease the overcrowding problem. The following chart and graph display the inmate receptions for FY'83 through FY'87 by crime category.

**DEPARTMENT OF CORRECTIONS
NEW RECEPTIONS BY CRIME CATEGORY
FY'83 THROUGH FY'87**

<u>CATEGORY</u>	<u>FY'83</u>	<u>FY'84</u>	<u>FY'85</u>	<u>FY'86</u>	<u>FY'87</u>
ROBBERY	294	305	262	240	255
ASSAULT	135	136	127	134	150
BURGLARY	614	494	497	578	644
LARCENY	501	467	495	544	680
DUI	279	396	483	604	613
DRUG OFFENSES	397	383	392	540	739
OTHER VIOLENT	425	415	454	444	531
<u>OTHER NON-VIOLENT</u>	<u>573</u>	<u>522</u>	<u>579</u>	<u>662</u>	<u>748</u>
TOTAL	3,218	3,118	3,289	3,746	4,360

Number of New Receptions by Crime Type



The most significant facts presented in these displays are the extremely large increases in DUI and Drug Offense receptions. An interesting finding is the reduction of Robbery category receptions and relatively stable receptions of offenders for assault convictions. To stem the rise in prison population, action to not only adequately house the prison population but to also deter crime will be necessary.

During the special session of the legislature, additional funds and FTE were authorized for the DOC. The concern of the legislature in dealing with the increasing number of inmates entering the system, brought about cautious expansion and much needed capital funding to repair existing facilities. A full range of programs and projects were authorized at a total cost of \$17,298,610. The legislature authorized an additional 313 FTE for various programs.

Of the \$11,287,000 in capital funds appropriated, \$7.7 million is to be used to reconstruct Mack Alford Correctional Center. The east cell block at the Oklahoma State Reformatory (OSR) is to be renovated and 120 beds will be added at a cost of \$900,000. When the renovation at OSR is complete, an additional \$900,000 in operating funds will be necessary.

Authorization to convert the Training Academy facilities at Taft into a minimum security prison for women will free up approximately 200 beds at Jess Dunn Correctional Center to be for male inmates. Another 60 beds could be made available at Mabel Bassett Correctional Center.

By adding an additional 200 beds at Western State Hospital in FY'89 and another 150 in FY'90, the DOC will be able to transfer the Regimented Inmate Discipline Program from Lexington Assessment and Reception Center (LARC) to Fort Supply. This will open 150 medium security beds at LARC.

Of the funds appropriated during the special session, \$2 million are to be spent on repairs to existing facilities and another \$1 million is to be used for inmate work programs. Approximately 650 inmates will be placed in new or expanded work programs deterring inmate idleness. In an effort to increase the effectiveness of the Community Service Sentencing Program (CSSP), another \$262,810 was appropriated for this program.

It is anticipated that the funds appropriated during the special session will enable DOC to reduce their inmate overcrowding to a level that is manageable. Projections show that the inmate level will allow for some breathing room for two to three years if nothing else is done to slow down inmate growth or expand the system. If the CSSP is embraced by a large number of counties, the inmate reception rate should drop during the next several years.

Additional operating funds will be necessary in FY'90 considering the action taken by the Legislature during the special session. Of the \$5,808,000 that will be needed in FY'90, \$3,078,000 are estimated for additional operating expenses at Western State Hospital where another 150 beds are scheduled to be added. \$900,000 will be needed for Oklahoma State Reformatory's renovated East Cell Block. Full funding of the new women's facility at Taft, formerly the Training Academy campus, will require \$1,830,000 in additional funds.

SUBCOMMITTEE ON PUBLIC SAFETY AND TRANSPORTATION
FY'89 Appropriation Decisions

<u>Agencies</u>	<u>FY'88</u> <u>Appropriation</u>	<u>FY'89</u> <u>Appropriation</u>	<u>Amount Change</u> <u>From FY'88</u> <u>Appropriation</u>	<u>Percent Change</u> <u>From FY'88</u> <u>Appropriation</u>
ABLE	\$2,314,097	\$2,556,375	\$242,278	10.47%
BNDD	2,905,502	3,441,342	535,840	18.44%
Civil Defense	386,789	442,665	55,876	14.45%
CLEET	1,503,499	1,881,556	378,057	25.15%
Department of Corrections	112,278,056	131,370,721	19,092,665	17.00%
State Fire Marshal	601,766	662,248	60,482	10.05%
Military Department	3,377,993	3,700,299	322,306	9.54%
OSBI	6,677,058	7,271,783	594,725	8.91%
Pardon and Parole Board	764,200	1,045,365	281,165	36.79%
Department of Public Safety	43,917,839	43,113,520	(804,319)	-1.83%
Department of Transportation	9,315,309	8,827,184	(488,125)	-5.24%
TOTAL	\$184,042,108	\$204,313,058	\$20,270,950	11.01%

ABLE COMMISSION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$303,847		\$988,706		31.1	33.0
FY'84 Revised	\$88,203	(71.0)%	\$1,015,096	(2.7)%	30.0	32.0
FY'85	\$1,021,875	1058.5%	\$1,099,804	8.3%	29.6	32.0
FY'86	\$2,801,445	174.1%	\$2,901,445	163.8%	70.0	72.0
FY'87 Revised	\$2,213,489 ²	(21.0)%	\$2,448,489	(15.6)%	67.0	72.0
FY'88	\$2,314,097	4.5%	\$2,434,295	(0.6)%	67.1	72.0
FY'89	\$2,556,375	10.5%	\$2,666,375	9.5%		73.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$2,252,528 or 741.3% increase in appropriations; when adjusted for inflation, the change is a \$1,764,418 or 580.7% increase. This unusually large increase is due to passage of liquor by the drink.
- Since FY'83 the agency's total budget has increased by 146.2%. Compared to FY'88 the agency's total budget is expected to increase by \$232,080 or 9.5%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 36.0 or 115.8%. In FY'89 the agency's FTE is expected to be 73.0, an increase of 5.9 or 8.8%. This increase is a result of hiring for vacant positions and authorization for a data processing position.
- Of the \$242,278 or 10.5% increase in appropriations for FY'89, \$111,901 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$130,377 or 5.6% increase compared to FY'88.
- The FY'89 appropriation will enable the agency to maintain current programs and increase certain data processing functions.
- The agency ~~was~~ appropriated an additional \$51,236 for data processing functions. Of this amount, \$22,819 is for computer terminals and software, and \$28,417 is funding for a programmer analyst position.
- As a result of a study conducted by the Office of Personnel Management, \$119,141 in additional funds were appropriated to the agency for the implementation of a new classification plan for ABLE agents.
- The FY'90 appropriation should reflect the one-time expenditure of \$22,819 for computer terminals and software appropriated for FY'89.

BUREAU OF NARCOTICS AND DANGEROUS DRUGS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$3,556,601		\$3,751,601		79.0	79.0
FY'84 Revised	\$3,221,992	(9.4)%	\$3,476,352	(7.3)%	72.6	74.0
FY'85	\$3,157,552	(2.0)%	\$3,571,002	2.7%	70.2	74.0
FY'86	\$3,492,785	10.6%	\$3,914,835	9.6%	73.5	77.0
FY'87 Revised	\$2,518,082 ²	(27.9)%	\$3,792,982	(3.1)%	75.0	77.0
FY'88	\$2,905,502	15.4%	\$3,282,973	(13.4)%	70.2	83.0 ³
FY'89	\$3,441,342	18.4%	\$4,633,280	41.1%		92.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

³ CRB authorized additional 6.0 FTE for use of federal funds received mid-year.

- Since FY'83 the agency has experienced a \$115,259 or 3.2% decrease in appropriations; when adjusted for inflation, the change is a \$772,344 or 21.7% decrease.
- Since FY'83 the agency's total budget has decreased by 12.5%. Compared to FY'88 the agency's total budget is expected to increase by \$1,350,307 or 41.1%. This increase is largely due to the increase of federal funds and seizure monies anticipated for FY'89.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 8.8 or 11.1%. In FY'89 the agency's FTE level is expected to reach 92.0, an increase of 21.8, or 31.1%. This increase is the result of hiring for six previously unfunded vacant positions, funding for nine new FTE and continued replacement of employees as they terminate employment with the agency.
- The CRB authorized 6.0 additional FTE and increased expenditure of federal funds limitations, enabling the agency to utilize federal monies received mid-year.
- Of the \$535,840 or 18.4% increase in appropriations for FY'89, \$130,375 or 24.3% is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$405,465 or 14.0% increase compared to FY'88.
- The agency has been appropriated additional funds and authorized additional FTE in an effort to meet the needs of drug enforcement. Additional agents will be added in FY'89 and the state will pay some of the cost of helicopter leases for marijuana eradication.
- Reduced federal funding for helicopter leases prompted an additional \$22,000 in appropriations. The two helicopters are flown daily during the marijuana harvesting season.

- The agency was appropriated \$162,174 to fill three vacant positions. One Narcotic Agent I will be added to the staffs at Tulsa, Ardmore and Enid.
- The agency was appropriated \$221,291 and authorized 9.0 new FTE for new agent positions. Two agents will be added to the staff at Ardmore, one agent will be added at Enid, one agent will be added at Lawton, two agents will be added at McAlester, one at Tulsa and two at Oklahoma City. The new FTE authorized cover the immediate needs of the agency. However, they do not include all agent positions the agency would like to have for full coverage of the state.

HB 1580

CIVIL DEFENSE

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$376,393		\$1,811,337		29.0	29.0
FY'84 Revised	\$351,349	(6.7)%	\$1,454,655	(19.7)%	25.7	28.0
FY'85	\$407,323	15.9%	\$1,697,452	16.7%	29.0	29.0
FY'86	\$429,458	5.4%	\$1,760,357	3.7%	29.0	29.0
FY'87 Revised	\$338,770 ²	(21.1)%	\$1,776,370	(0.9)%	25.0	29.0
FY'88	\$386,789	14.2%	\$12,111,266 ³	581.8%	28.0	30.0 ⁴
FY'89	\$442,665	14.4%	\$2,039,030	(83.2)%		29.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

³ Includes federal funds and supplemental state funds paid out for flood claims on October '86 and April '87 floods.

⁴ CRB authorized one additional FTE for federally funded position.

- Since FY'83 the agency has experienced a \$66,272 or 17.6% increase in appropriations; when adjusted for inflation, the change is a \$18,250 or 4.8% decrease.
- From FY'83 to FY'87 the agency's total budget decreased by 1.9%. Compared to FY'87 the agency's total budget is expected to increase by \$262,660 or 14.8%. FY'88 is not used as a comparison due to the large number of flood claims processed during the fiscal year.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 1.0 or 3.4%. In FY'89 the agency's FTE is expected to reach 29.0, an increase of 1.0 or 3.4%. This increase is the result of filling the director's position vacant during much of FY'88.
- The agency received supplemental appropriations totaling \$1,821,700 during the 1987 session. These monies were used for federal match to assist with flood claims from all over the state.
- The CRB authorized an increase of one FTE to be used for a 100% federally funded position. This FTE was removed for FY'89 since funds are no longer available.
- Of the \$30,876 or 7.5% increase in appropriations for FY'89, \$27,326 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$3,550 or 0.9% increase compared to FY'88.
- The appropriation received for FY'89 will allow the agency to continue all programs at their current level.
- The agency was appropriated \$28,550 for converting one federally funded position to 100% state funded for compliance with federal regulations and for converting another federally funded position to 100% state funded to be used for a 100% state funded data processing position.

COUNCIL ON LAW ENFORCEMENT EDUCATION AND TRAINING

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$894,875		\$894,875		16.0	16.0
FY'84 Revised	\$833,285	(6.9)%	\$833,285	(6.9)%	16.0	16.0
FY'85	\$940,210	12.8%	\$940,210	12.8%	16.0	16.0
FY'86	\$1,175,085	25.0%	\$1,175,085	25.0%	18.0	19.0
FY'87 Revised	\$1,025,450 ²	(12.7)%	\$1,144,850	(2.6)%	18.3	19.0
FY'88	\$1,503,499	46.6%	\$1,370,027	19.7%	24.5	25.0
FY'89	\$1,881,556	25.1%	\$1,881,556	37.3%		30.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$986,681 or 110.3% increase in appropriations; when adjusted for inflation, the change is a \$627,420 or 70.1% increase. The increase is the result of full year funding for the private investigator program, additional staff and a pilot program.
- Since FY'83 the agency's total budget has increased by 53.1%. Compared to FY'88 the agency's total budget is expected to increase by \$511,528 or 37.3%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 8.5 or 53.1%. In FY'89 the agency's FTE is expected to reach 30.0, an increase of 5.5 or 22.4%. This is a result of the agency receiving authorization for 5 new FTE for clerical and training positions.
- Of the \$378,057 or 25.2% increase in appropriations for FY'89, \$65,845 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$312,212 or a 20.8% increase compared to FY'88.
- The agency received \$166,916 in appropriated funds for increased personnel costs and funding for 5 new FTE to be used as instructors, clerical help and a regional coordinator to handle the current workload created by new courses offered over the past several years.
- The agency was appropriated \$70,000 for new training equipment and increased operating costs (telephone, lodging, printing costs, & postage).
- The agency was appropriated \$50,000 for a pilot program dealing with emergency vehicle operation training.

DEPARTMENT OF CORRECTIONS

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$78,698,823		\$87,703,274		2768.2	2177.0
FY'84 Revised	\$92,602,503	17.7%	\$102,196,501	16.5%	2934.9	3346.0
FY'85	\$98,602,533	6.5%	\$110,960,533	8.6%	3203.0	3496.0
FY'86	\$114,146,829	15.8%	\$125,733,000	13.3%	3262.8	3496.0
FY'87 Revised	\$101,418,886 ²	(11.2)%	\$121,865,000	(3.1)%	3229.1	3384.0
FY'88	\$112,278,056	10.7%	\$125,015,799	2.6%	3402.1	3559.0
FY'89	\$131,370,721 ³	17.0%	\$147,020,721	17.6%		4004.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

³ Does not include \$11,287,000 in capital funding approved in Special Session or \$77,718 water well drilling at Lexington Assessment & Reception Center.

- Since FY'83 the agency has experienced a \$52,671,898 or 66.9% increase in appropriations; when adjusted for inflation, the change is a \$27,588,168 or 35.1% increase. This amount does not include capital monies appropriated. The expansion of the prison system due to large increases in at-facility populations has caused this increase in funding.
- Since FY'83 the agency's total budget has increased by 42.5%. Compared to FY'88 the agency's total budget is expected to increase by \$22,004,922 or 17.6%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 633.9 or 22.9%. In FY'89 the agency is expected to increase FTE by 601.9 or 17.7% due to the continued hiring of correctional officers and parole officers authorized in FY'88, the hiring of 23 new FTE for expansion of DOT work crews (unfunded), the hiring of 27 FTE for Oklahoma State Industries programs (unfunded), authorization for 14 new FTE for technical support in the Community Sentencing Program, expanded work and education programs, new and expanded facilities, and the authorization of 48 FTE for the Preparole Conditional Supervision Program.
- Of the \$19,092,665 or 17.0% increase in appropriations for FY'89, \$7,725,519 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$11,367,146 or a 10.1% increase compared to FY'88.
- It is anticipated that the Preparole Conditional Supervision Program (PPCS) and the pilot Community Sentencing Program (CSSP) will reduce inmate levels enough to help offset the projected inmate growth during FY'89. The PPCS will be used to place inmates in the community, under strict supervision, 12 months prior to their release dates. This program will drop the at-facility population below emergency levels and do away with the need for activating the CAP law. The CSSP is designed to assist counties in sentencing offenders to restitution and community

service sentences, keeping them in the community. The DOC will provide technical assistance and reimburse counties twenty dollars per night for sentences served in the county jail.

- The agency received \$4,556,973 for funding of payroll costs associated with the authorization of 175 correctional officers and parole officers during FY'88, and increased payroll costs due to a reduced employee turnover rate during recent months.
- The agency received \$555,000 for implementation of the Preparole Conditional Supervision Program. The agency also received authorization for an additional 48 FTE (24 unfunded).
- The agency received \$165,845 for a pilot Community Sentencing Program and authorization for 14 additional FTE associated with the program. These funds will be used for personnel costs of employees providing technical assistance to the counties participating in the program.
- Included in capital appropriations totaling \$11,364,718, the agency received \$77,718 for partial funding of water well drilling and equipping at the Lexington Assessment and Reception Center;
 - \$192,000 for expansion of Jess Dunn Correctional Center (Taft) by 150 beds;
 - \$900,000 for renovation of the East Cell Block at the Oklahoma State Reformatory (Granite) to enable the use of 120 beds;
 - \$95,000 for conversion of the Training Academy (Taft) to a 260 bed women's facility (this frees up bed space at Jess Dunn to be used by male inmates and medium/maximum security beds at Mabel Bassett Women's Correctional Center);
 - \$7.7 million for reconstruction of the Mack Alford Correctional Center;
 - \$400,000 for renovation at Western State Hospital to allow for the addition of 200 beds in FY'89 and 150 beds in FY'90; and
 - \$2 million for capital improvements at existing facilities.

SB 403

STATE FIRE MARSHAL

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$761,213		\$761,213		17.8	22.0
FY'84 Revised	\$643,213	(15.5)%	\$643,213	(15.5)%	18.0	18.0
FY'85	\$675,513	5.0%	\$675,513	5.0%	18.0	19.0
FY'86	\$715,377	5.9%	\$715,377	5.9%	19.0	19.0
FY'87 Revised	\$596,827 ²	(16.6)%	\$632,300	(11.6)%	18.0	18.0
FY'88	\$601,766	(0.8)%	\$597,246	(5.5)%	16.4	17.0
FY'89	\$662,248	10.1%	\$662,248	10.9%		17.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$98,965 or 13.0% decrease in appropriations; when adjusted for inflation, the change is a \$225,414 or 29.6% decrease.
- Since FY'83 the agency's total budget has decreased by 13.0%. Compared to FY'88 the agency's total budget is expected to increase by \$65,002 or 10.9%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 1.4 or 7.9%. In FY'89 the agency's FTE is expected to remain at the current level.
- Of the \$60,482 or 10.1% increase in appropriations for FY'89, \$33,482 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$27,000 or 4.5% increase compared to FY'88.
- The appropriation for FY'89 should allow the agency to maintain services at the same level as in FY'88. Additional funding for the agency will pay travel expenses statewide for investigators and the agency will be able to purchase a current edition of the National Fire Safety Code.

MILITARY DEPARTMENT

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$3,300,323		\$4,800,323		128.5	128.5
FY'84 Revised	\$3,412,741	3.4%	\$5,212,741	8.6%	140.5	140.5
FY'85	\$3,566,619	4.5%	\$5,499,011	5.5%	145.8	147.5
FY'86	\$4,101,361	15.0%	\$6,670,360	21.3%	154.6	169.5
FY'87 Revised	\$3,408,789 ²	(16.9)%	\$6,705,000	0.5%	157.3	170.5
FY'88	\$3,377,993	(0.9)%	\$7,592,102	13.2%	179.3	192.5 ³
FY'89	\$3,700,299	9.5%	\$9,314,899	22.7%		216.5

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

³ The CRB authorized 10 additional FTE during FY'88, changing the FTE limit from the 182.5 authorized in HB 1133.

- Since FY'83 the agency has experienced a \$399,976 or 12.1% increase in appropriations; when adjusted for inflation, the change is a \$306,554 or 9.3% decrease.
- Since FY'83 the agency's total budget has increased by 58.2.0%. Compared to FY'88 the agency's total budget is expected to increase by \$1,722,797 or 22.7%. The continued funding of armory construction and the Army Aviation Support Facility are the primary recipients of the increase in federal funds.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 50.8 or 39.5%. The FTE involved in this increase are support personnel and administrative staff at new and expanded armories.
- The CRB authorized an increase of 10.0 additional FTE and \$113,000 or 2.2% increase in the expenditure limit for federal funds during FY'88.
- Of the \$322,306 or 9.5% increase in appropriations for FY'89, \$201,706 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$120,600 or 3.6% increase compared to FY'88.
- An \$81,168 increase in personnel funding will allow the agency to hire 24 new FTE at various locations throughout the state. Of these 24, seven are 100% federally funded, 13 are 75% federally funded and four are 100% state funded positions.
- The agency received \$85,432 in additional funds for increased utility and maintenance supply costs due to new and renovated armories.

- The agency was given authorization to purchase two four-wheel-drive vehicles for Camp Gruber.
- Capital funds appropriated in FY'85 for armory construction was redesignated. \$404,300 was redesignated for construction of the Army Aviation Support Facility at Tulsa and \$315,590 was redesignated for system-wide maintenance.

SB 406

OKLAHOMA STATE BUREAU OF INVESTIGATION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$7,667,079		\$7,766,079		185.3	200.0
FY'84 Revised	\$7,103,320	(7.4)%	\$7,128,320	(8.2)%	172.0	175.0
FY'85	\$7,103,320	0.0%	\$7,207,320	1.1%	170.0	175.0
FY'86	\$7,917,856	11.5%	\$8,123,106	12.7%	181.0	187.0
FY'87 Revised	\$6,491,500 ²	(18.0)%	\$7,208,000	(11.3)%	181.0	187.0
FY'88	\$6,677,058	2.9%	\$7,108,270	(1.4)%	175.1	187.0
FY'89	\$7,271,783	8.9%	\$8,343,554	17.4%		187.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$395,296 or 5.2% decrease in appropriations; when adjusted for inflation, the change is a \$1,783,759 or 23.3% decrease.
- Since FY'83 the agency's total budget has decreased by 8.5%. Compared to FY'88 the agency's total budget is expected to increase by \$1,235,284 or 17.4%.
- In the six years between FY'83 and FY'88 the agency's FTE has decreased by 10.2 or 5.5%. In FY'89 the agency's FTE is expected to remain at the current level.
- Of the \$594,725 or 8.9% increase in appropriations for FY'89, \$332,066 is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$262,659 or 3.9% increase compared to FY'88.
- The agency received \$132,659 for the state's share of federal matching funds to allow for the purchase of laboratory equipment to reduce the time necessary for drug identification. These funds also provide for the purchase of computer equipment and software for interaction of field offices in case management.
- Due to the consolidation of the Evidence Fund into the Revolving Fund, the OSBI Revolving Fund was appropriated \$158,000 to replace the anticipated decrease of monies available for FY'89. This is due to one-time monies which were involved with the Evidence Fund.
- Section 10 of Senate Bill 391 authorizes the agency to act as the primary agent for collection and destroying of outdated and abandoned drugs in the state. The agency has received federal funds to assist in this program. It is anticipated that the agency will use approximately \$20,000 in state monies in the administration of this program.

HB 1578
SB 391, Section 10

PARDON AND PAROLE BOARD

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$571,092		\$571,092		18.0	19.0
FY'84 Revised	\$590,934	3.5%	\$590,934	3.5%	18.0	19.0
FY'85	\$656,968	11.2%	\$656,968	11.2%	21.0	21.0
FY'86	\$749,191	14.0%	\$749,191	14.0%	22.0	22.0
FY'87 Revised	\$697,500 ²	(6.9)%	\$709,500	(5.3)%	21.0	22.0
FY'88	\$764,200	9.6%	\$755,644	6.5%	23.9	24.0
FY'89	\$1,045,365	36.8%	\$1,045,365	38.3%		29.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$474,273 or 83.0% increase in appropriations; when adjusted for inflation, the change is a \$274,673 or 48.1% increase. This increase is due to the large increase in cases handled by the agency, equipment and personnel needed for increased workload.
- Since FY'83 the agency's total budget has increased by 32.3%. Compared to FY'88 the agency's total budget is expected to increase by \$289,721 or 38.3%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 5.9 or 32.8%. In FY'89 the agency's FTE is expected to reach 29.0, an increase of 5.1 or 21.3%. This is the result of authorization for three new FTE for implementation of the Preparole Conditional Supervision Program and one new FTE for an investigator at Lexington Assessment and Reception Center to help handle the increased workload.
- Of the \$281,165 or 36.8% increase in appropriations for FY'89, \$69,237 or 21% is related to adjustments for the OPERS contribution and the state employees' pay plan. As a result, the actual change in the state appropriation for agency operations is a \$211,928 or 27.7% increase compared to FY'88.
- The additional funds appropriated for FY'89 will enable the agency to assist the Department of Corrections with the implementation of the Preparole Conditional Supervision Program, as well as enhance the parolee tracking system and hire two additional investigators.
- Additional funding of \$110,000 was appropriated for implementation of the Preparole Conditional Supervision Program. This program will place inmates under strict supervision in the community 12 months prior to release. Any violations of the program will result in the return to a secure facility and denial of parole and loss of earned credits.

- Increased operating expenses (travel, office supplies, FICA, longevity, telephone charges, staff development, temporary help and publishing costs) prompted additional appropriated funds in the amount of \$22,135.
- Funding in the amount of \$33,752 and one FTE was appropriated for an investigator position at the Lexington Assessment and Reception Center to help process the increased number of new receptions since DOC has added a third shift to the reception area.
- Funding in the amount of \$30,351 and one FTE was appropriated for a new investigator position at the new facility at Western State Hospital. This position will investigate inmates backgrounds at Western State and other DOC facilities prior to parole and Preparole Supervision hearings.
- The agency was appropriated \$15,600 for the purchase of a microfilm system to coordinate and maintain parole records.

SB 407

DEPARTMENT OF PUBLIC SAFETY

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$33,012,297		\$43,022,223		1304.0	1304.0
FY'84 Revised	\$29,767,875	(9.8)%	\$44,013,020	2.3%	1305.0	1305.0
FY'85	\$29,552,647	(0.7)%	\$46,185,255	4.9%	1285.6	1305.0
FY'86	\$33,614,126	13.7%	\$50,474,126	9.3%	1303.9	1317.0
FY'87 Revised	\$34,000,000 ²	1.1%	\$45,245,662	(10.4)%	1261.0	1317.0
FY'88	\$43,917,839	29.2%	\$46,218,667	2.2%	1280.5	1317.0
FY'89	\$43,113,520 ³	(1.8)%	\$47,900,000	3.6%		1319.0

1 Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

2 Does not include carryover.

3 Includes \$1.5 million appropriated in HB 1581 for motor vehicles.

- Since FY'83 the agency has experienced a \$10,101,223 or 30.6% increase in appropriations; when adjusted for inflation, the change is a \$1,869,192 or 5.7% increase. This increase in funds is the result of the legislature's authorization of the trooper pay plan and the computer upgrade for faster response time in the field.
- Since FY'83 the agency's total budget has increased by 7.4%. Compared to FY'88 the agency's total budget is expected to increase by \$1,681,333 or 3.6%.
- In the six years between FY'83 and FY'88 the agency's actual FTE has decreased by 23.5 or 1.8%. In FY'89 the agency's FTE should approach 1319. This is the result of vacant positions being filled and 2 new FTE added for the security verification tracking program developed under SB 594.
- The \$804,319 or 1.8% net decrease in appropriations for FY'89, was effected significantly by a \$1,960,081 increase related to adjustments for the OPERS contribution and the state employees' pay plan. Additionally, \$1,500,000 appropriated for the purchase of pursuit vehicles helped offset the decrease in appropriated dollars. The main reason for the decrease can be attributed to the redirection of funds into the Department of Public Safety Revolving Fund.
- The agency will be able to maintain services at current level for all programs now being operated. The data processing capabilities will be expanded and one new program involving security verification will be started.
- A new pay plan was authorized for the highway patrol division of the agency. This plan places troopers on a five step salary schedule separate and apart from the schedule maintained by the Office of Personnel Management. The troopers will remain merit system employees. The cost for converting to this schedule was \$384,950 more than the 5% pay plan for all state employees. The pay raises for troopers will range from 2.9% to nearly 14% depending on rank and years of service.

- The agency was appropriated \$60,000 for its portion of the Share the Road Program; a joint venture between the DPS, Department of Transportation and the Trucking Industry, to promote goodwill between the general public and the truckers using the highway system.
- The agency was appropriated \$300,000 for the computer upgrade, allowing an IBM mainframe from the Office of State Finance to be retrofitted for use by DPS. The new system will allow for faster response time for inquiries from troopers in the field, as well as additional storage capacity for motor vehicle and suspect information.
- Funding was provided for two new FTE to be used for security verification form tracking in accordance with SB 594. The positions will be used to randomly select recipients of traffic violations for validating security verification information provided to the issuing trooper. The insurance companies will be contacted to verify that is still in effect for the individuals targeted.
- The agency was appropriated \$497,659 in CLEET funds for the funding of the trooper academy.
- Additional areas were added to the DPS Revolving Fund allowing for a reduction in funding of \$3,554,350. This includes payments from the Oklahoma Turnpike Authority (\$3,178,000), payments by users of the Oklahoma Law Enforcement Tracking System (OLETS) (\$341,350), and receipts from the training center cafeteria (\$35,000).
- The agency received \$1,500,000 in Section 59 of HB 1581 for the purchase of motor vehicles. This is a normal replacement purchase of pursuit vehicles to turnover troopers' cars after 70,000 miles. However, due to cutbacks in past years, this will replace only about 130 vehicles over 100,000 miles.

HB 1579
HB 1581, Section 59

DEPARTMENT OF TRANSPORTATION

	<u>Appropriation</u>	<u>Percent Change</u>	<u>Total¹ Budget Expenditures</u>	<u>Percent Change</u>	<u>Actual FTE</u>	<u>Authorized FTE</u>
FY'83 Revised	\$123,401,567		\$300,200,000		3162.8	3253.0
FY'84 Revised	\$107,884,205	(12.6)%	\$319,100,000	6.3%	3114.4	3209.0
FY'85	\$105,712,781	(2.0)%	\$372,300,333	16.7%	3135.6	3209.0
FY'86	\$106,610,208	0.8%	\$439,100,000	17.9%	3177.8	3253.0
FY'87 Revised	\$60,853,825 ²	(42.9)%	\$366,895,000	(16.4)%	3175.2	3253.0
FY'88	\$9,315,309	(84.7)%	\$478,274,190	30.4%	3192.7	3293.0
FY'89	\$8,827,184	(5.2)%	\$681,034,150	42.4%		3413.0

¹ Total of all appropriated, dedicated, federal and revolving fund expenditures for agency operations. The FY'89 figure is an estimate of anticipated expenditures.

² Does not include carryover.

- Since FY'83 the agency has experienced a \$114,574,383 or 92.8% decrease in appropriations; when adjusted for inflation, the change is a \$116,259,832 or 94.2% decrease. The reduction is the result of providing the Department with a dedicated tax and motor fuel tax, thereby relieving them of the necessity for Legislative Appropriations.
- Since FY'83 the agency's total budget has increased by 59.3%. Compared to FY'88 the agency's total budget is expected to increase by \$202,759,960 or 42.4%, due to an increase in federal funds for interstate and other primary feeder system construction.
- In the six years between FY'83 and FY'88 the agency's actual FTE has increased by 29.9 or .9%. In FY'89 the agency's FTE is expected to reach 3413.0, an increase of 220.3 or 6.9%. This is the result of authorization for an additional 120 FTE to be utilized in the highway construction area. There is no new funding for these positions.
- The Rural Technical Assistance Program will be eligible for up to \$150,000 from the County Road Improvement Revolving Fund for match of federal funds for the operation of this program. This ongoing program allows the department to send personnel out to help counties with road projects, using the newest techniques on the roads under construction and not in a classroom setting.
- The agency has been authorized to spend \$280,000 on a Construction Technical Training School. \$240,000 is for equipment and \$40,000 for training material from the Highway Construction and Maintenance Fund. This school will enable the agency to teach county and private company engineers the latest techniques available for road and bridge construction.
- The agency has been authorized to reward highway work crews with safety awards for exceptional safety records.

- The funding process for the County Road Improvement Revolving Fund has been changed to allow counties to borrow up to 90% of their anticipated four-year-earnings in the account. Counties are required to repay the loan with future earnings in the account and no further funding may occur until the amount has been repaid.

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