

April 15, 2014

Dear Agency Director:

I write to advise that the possibility of a revenue failure declaration for Fiscal Year 2014 has resurfaced following unusually weak General Revenue Fund (GRF) collections in February and March. This communication provides agencies advance notice of the possibility so necessary preparations can be made.

No declaration has been made at this time because cash flows remain sufficient to make full monthly allocations to agencies. However, if April GRF collections do not exceed the official estimate, a revenue failure declaration will likely be necessary for FY 14. Such a declaration would result in reduced monthly General Revenue allocations to agencies.

As you are aware, state GRF collections have been running below the official estimate throughout FY 14 due to a variety of noneconomic factors. February and March GRF collections missed the estimate by 8.1 percent and 9.1 percent, respectively, leaving year-to-date GRF collections 5.2 percent below the official estimate upon which the appropriated FY 14 state budget is based.

Title 62, Section 34.49 requires the Office of Management and Enterprise Services (OMES) to declare revenue failure if revenues are not sufficient to make monthly General Revenue allocations to agencies in full. If a revenue failure declaration is necessary this fiscal year, monthly General Revenue allocation reductions to agencies would likely be less than 1.5 percent. Under a revenue failure declaration, agencies would be required to submit a revised FY 14 budget that reflects the reduced amount of General Revenue available to each agency.

Please keep in mind that this situation is fluid and could change. We are monitoring developments daily.

If you have further questions, please contact Brandy Manek, OMES Budget and Policy Division director, [\(405\) 521-3786](tel:(405)521-3786), brandy.manek@omes.ok.gov<<mailto:brandy.manek@omes.ok.gov>>, or your agency's assigned budget analyst at OMES.

Thank you for your attention to this matter.

Respectfully,

Preston L. Doerflinger
Director and Secretary of Finance, Administration and Information Technology