

FY '12 BUDGET HIGHLIGHTS

With the economy recovering, revenues are rising but are projected to remain well below pre-downturn levels at least through FY '12.

- FY '10 General Revenue collections were 22.7 percent below pre-downturn levels (FY '08);
- FY '11 GR is projected to be 7.8 percent up from FY '10 — but remain 16.7 percent down from FY '08;
- Next year's GR is projected to grow an additional 5.0 percent from this year but to remain 12.2 percent below pre-downturn peaks;
- Revenue growth partly curtailed by cut to the top income tax rate that takes effect Jan. 2012.

Total appropriations for FY '12 are \$6.511 billion.

- Decrease of \$254.8 million, or 3.8 percent, from final FY '11 budget;
- Decrease of \$613.5 million, or 8.6 percent, from FY '09 budget;
- FY '12 state budget will be 3.7 percent less than the budget in FY '07.

To minimize the severity of cuts in the FY '12 budget, the Legislature appropriated some \$440 million of non-recurring revenue, including:

- \$100 million from the Rainy Day Fund (transferred to cash in FY '11);
- \$120 million from the Cash Flow Reserve Fund;
- \$99 million in federal stimulus funds for enhanced Medicaid match;
- \$48 million in assorted transfers from revolving funds and tax compliance measures;
- A \$70 million bond issue for the Department of Transportation.

FY '12 funding decisions prioritized key health, human safety and public safety agencies—but almost all agencies will absorb deeper cuts and none have been funded to cover rising operating and employee benefit costs.

- Only five agencies will receive more appropriations in FY '12 than in FY '09 (Health Care Authority, Commission of Land Office, Election Board, Rehabilitation Services and District Courts);
- Some 40 state agencies — more than half of all appropriated agencies— will have absorbed funding cuts of greater than 20 percent compared to FY '09;
- Agencies have reduced staffing, eliminated or cut back programs, closed offices and facilities, cut rates to private contractors, raised user charges, and adopted other measures to address budget cuts;
- However, in some cases, appropriations cuts have been partly offset by fee increases, use of revolving funds, or other revenues. The Legislature has also approved measures to fund voluntary buy-outs, promote savings and efficiencies, and give agencies and schools greater spending flexibility.

Budget cuts and funding shortfalls will continue to cause harm to Oklahoma students, teachers, families, public employees, non-profit organizations and private sector businesses.

FIG. 1: State Appropriations History, FY '00 - FY 12

(in \$millions; FY '00-FY'11 includes supplementals, excludes one-times from Rainy Day Spillover Funds)

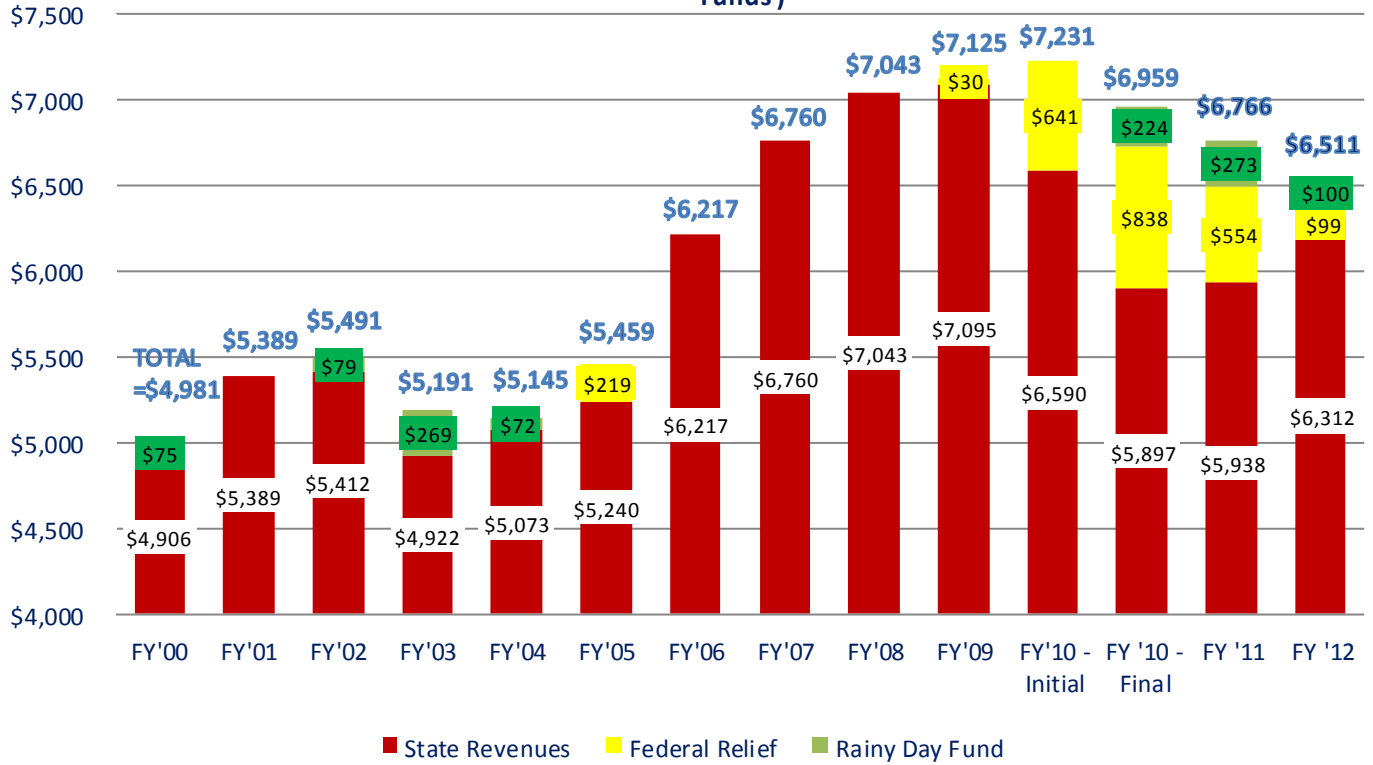
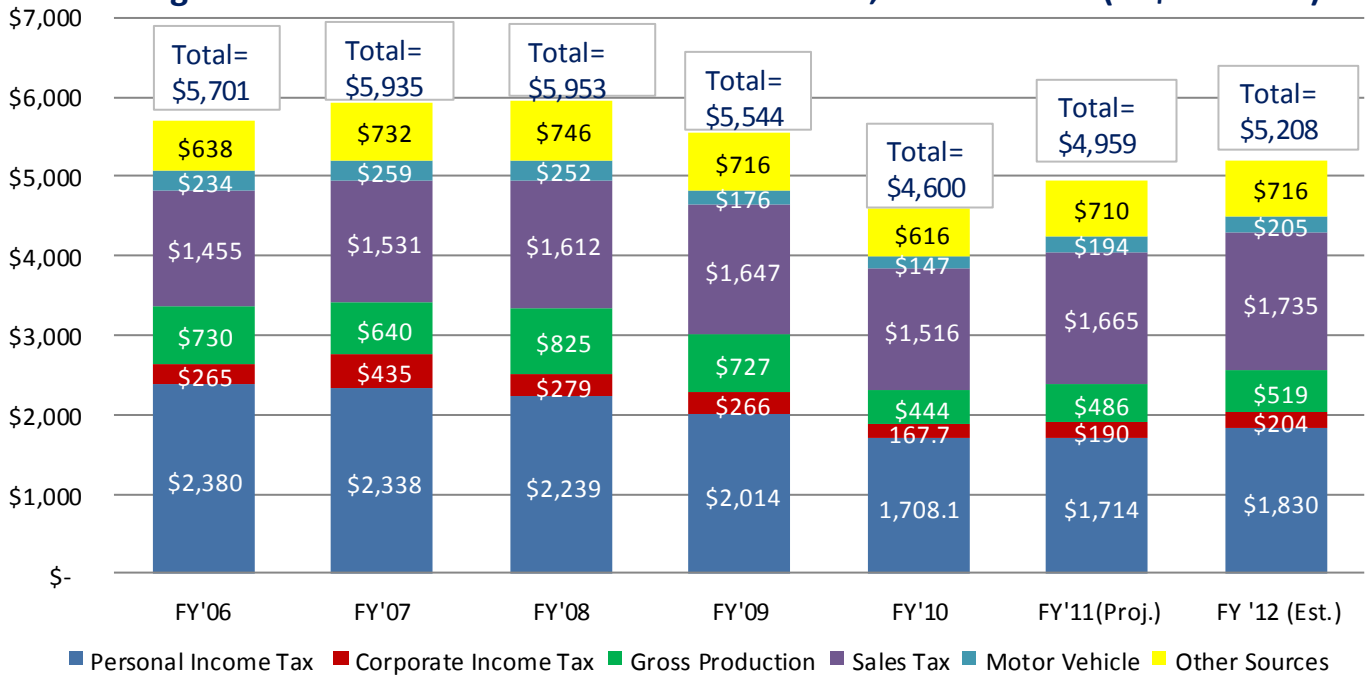


Fig. 2: Oklahoma General Revenue Collections, FY '06 - FY '12 (in \$ Millions)



Sources: FY '06 - FY '10: OSF Monthly Revenue Reports; FY '11, FY '12: State Bd of Equalization Feb. 2011 certification

FIG. 3 Revenues Allocated to the FY '12 Budget by Revenue Fund (in \$ millions)

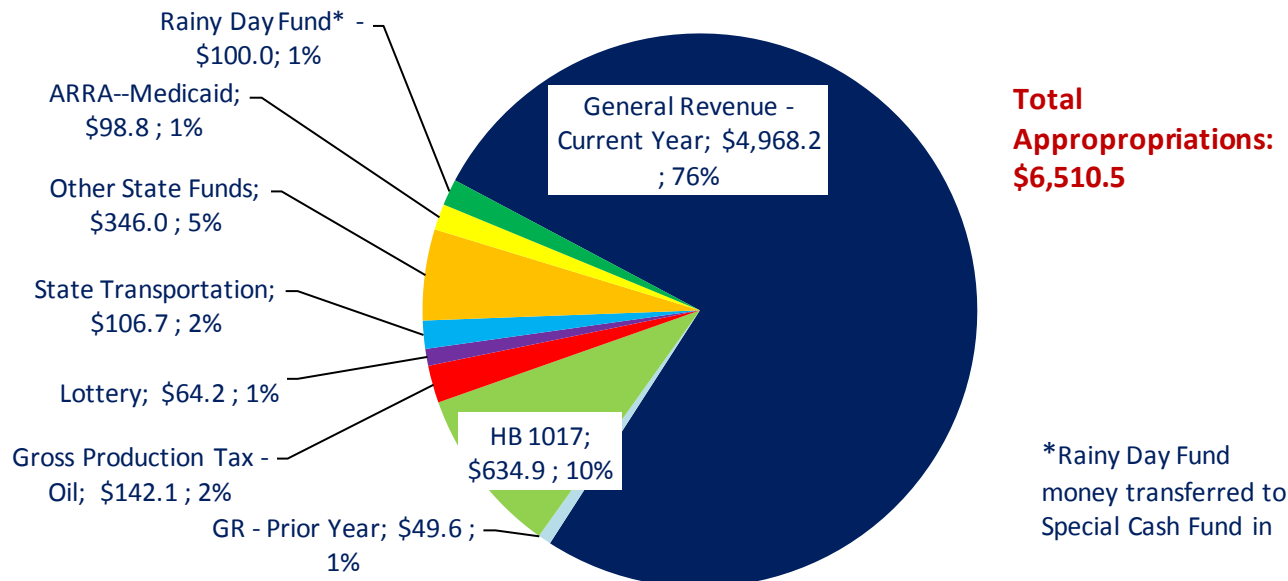


TABLE 1: Revenue Enhancements in FY '12 Budget

Provision	Amount	Bill
Transfer of Voluntary Buy Out (VOBO)Funds	\$ 5,500,000	HB 2170, s. 52
Transfer from Cancelled Warrant Fund	\$ 4,925,888	HB 2170. s. 53
Transfer from Secretary of State Revolving Fund	\$ 2,000,000	HB 2170, s. 61
Transfer from Unclaimed Property Fund	\$ 15,000,000	HB 2170, s. 69
Transfer from Insurance Commission Revolving Fund	\$ 5,000,000	HB 2170, s. 105
Transfer from Cash Flow Reserve Fund	\$ 120,000,000	SB 973
American Recovery and Reinvestment Act	\$ 98,781,683	HB 2170, assorted
Delaying reapportionment of revenues to Highway Fund	\$ 15,500,000	SB729
Oklahoma Tax Commission Compliance initiatives	\$ 16,000,000	SB123
	<u>\$ 282,707,571</u>	

TABLE 2: American Recovery and Reinvestment Funds Authorized by Agency, FY '10–FY '12

American Recovery and Reinvestment Funds Authorized in FY '10, FY '11 & FY '12 Budgets by Agency				
	Total FY '10	FY '11	FY '12	Total
1. State Fiscal Stabilization Fund*				
Education, State Department of	\$ 219,711,616	\$ 139,521,635	-	\$ 359,233,251
Higher Education, Regents for	\$ 68,792,477	\$ 59,794,986	-	\$ 128,587,463
sub-total State Fiscal Stabilization Fund	\$ 288,504,093	\$ 199,316,621	\$ -	\$ 487,820,714
2. Enhanced FMAP				
Health Care Authority (OHCA)**	\$ 431,111,338	\$ 278,139,950	\$ 70,866,174	\$ 780,117,462
Health, Department of	\$ 1,330,652	\$ 2,161,481	\$ 605,711	\$ 4,097,844
Human Services, Department of	\$ 101,355,640	\$ 43,000,000	\$ 22,618,363	\$ 166,974,003
J.D. McCarty Center	\$ 363,572	\$ 357,809	\$ 381,128	\$ 1,102,509
Juvenile Affairs, Office of	\$ 698,669	\$ 1,498,195	\$ 271,612	\$ 2,468,476
Mental Health & Substance Abuse Services	\$ 3,746,142	\$ 4,107,203	\$ 4,038,695	\$ 11,892,040
Physician Manpower Training Commission	\$ 423,891	\$ 1,072,080		\$ 1,495,971
University Hospital Authority	\$ 10,316,683	\$ 24,407,120		\$ 34,723,803
sub-total enhanced FMAP	\$ 549,346,587	\$ 354,743,838	\$ 98,781,683	\$ 1,002,872,108
Total of All Agencies	\$ 837,850,680	\$ 554,060,459	\$ 98,781,683	\$ 1,490,692,822

*Common Education received \$114 million in extra stimulus money for FY '11 that was not appropriated

**OHCA includes \$10 million from State Fiscal Stabilization Fund (General Purpose) in initial FY '10 budget. Excludes \$30 million enhanced FMAP for FY '09

FIG. 4: FY '12 State Appropriations, Total and 10 Largest Agencies (in \$Millions)

FY '12 Appropriations: Total and 10 Largest Agencies

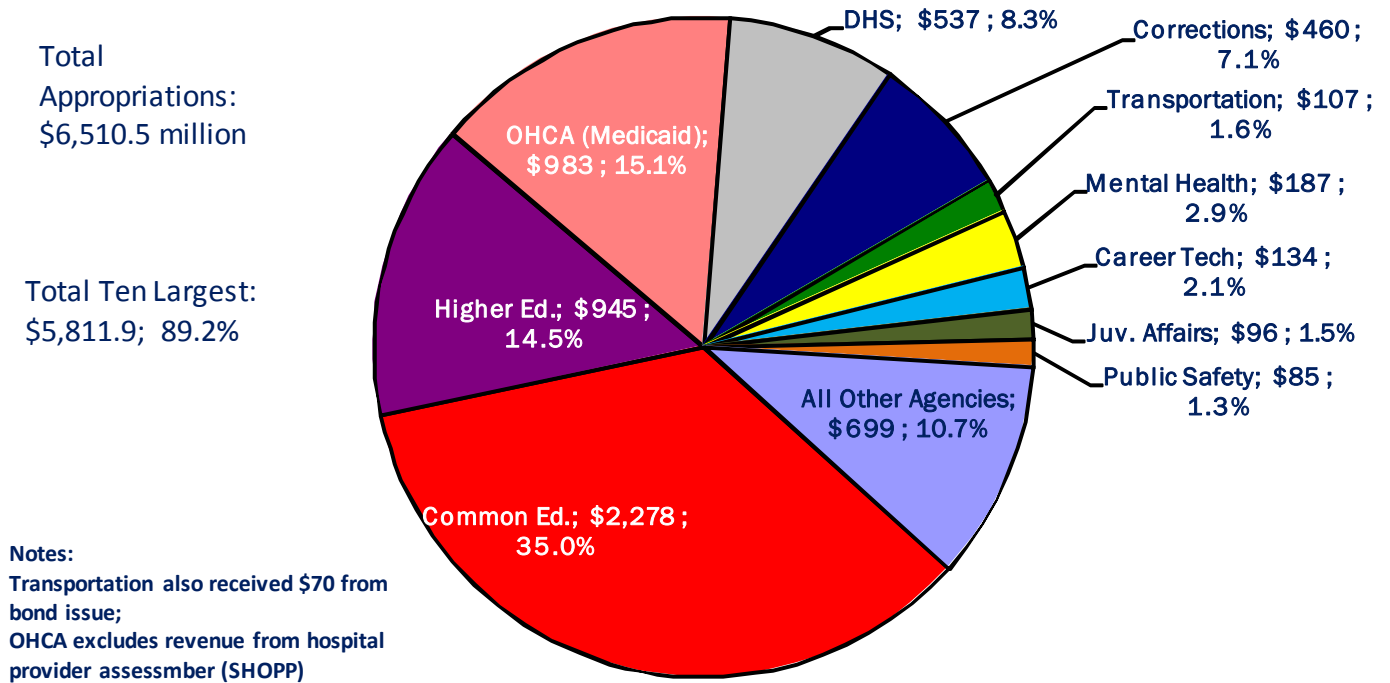


TABLE 3: FY '09—FY '12 Appropriations for Largest State Agencies, by % change from FY '09—FY 12

	FY '09	FY '10	FY '11*	FY '12	% Change FY'11 - FY '12	% Change FY '09- FY 12
Health Care Authority (1)	\$ 872,122,261	\$ 980,384,093	\$ 1,008,015,720	983,085,563	-2.5%	12.7%
District Courts	\$ 58,067,785	\$ 52,502,812	\$ 57,641,865	59,600,000	3.4%	2.6%
Rehabilitation Services, Department of	\$ 30,053,770	\$ 29,369,737	\$ 30,453,770	30,149,232	-1.0%	0.3%
Human Services, Department of	\$ 559,107,190	\$ 522,260,369	\$ 543,110,884	537,136,664	-1.1%	-3.9%
Tax Commission	\$ 50,201,340	\$ 43,830,944	\$ 46,830,944	46,915,944	0.2%	-6.5%
Corrections, Department of	\$ 503,000,000	\$ 476,225,000	\$ 467,341,777	459,831,068	-1.6%	-8.6%
Higher Education, Regents for	\$ 1,039,886,280	\$ 1,037,705,291	\$ 1,013,461,016	945,260,277	-6.7%	-9.1%
Education, State Department of	\$ 2,531,702,553	\$ 2,446,504,826	\$ 2,385,556,186	2,278,158,382	-4.5%	-10.0%
Mental Health & Substance Abuse Services	\$ 209,579,129	\$ 188,685,541	\$ 187,742,113	187,151,517	-0.3%	-10.7%
University Hospitals Authority	\$ 43,250,342	\$ 41,005,093	\$ 38,595,044	38,446,391	-0.4%	-11.1%
Public Safety, Department of	\$ 97,170,391	\$ 89,339,209	\$ 88,432,073	84,894,790	-4.0%	-12.6%
Veterans Affairs, Department of	\$ 40,282,600	\$ 37,261,405	\$ 35,957,256	34,698,752	-3.5%	-13.9%
Juvenile Affairs	\$ 112,254,258	\$ 104,161,835	\$ 99,162,067	96,187,205	-3.0%	-14.3%
Career and Technology Education, Department of	\$ 158,269,736	\$ 146,217,612	\$ 143,377,302	133,742,618	-6.7%	-15.5%
Health, Department of	\$ 75,028,113	\$ 68,883,659	\$ 63,709,238	60,083,682	-5.7%	-19.9%
District Attorneys and DAC	\$ 42,820,210	\$ 36,836,086	\$ 34,257,560	32,887,258	-4.0%	-23.2%
Transportation, Department of (2)	\$ 207,691,448	\$ 193,085,716	\$ 114,771,010	106,737,039	-7.0%	-48.6%

NOTES

* FY '11 includes supplementals to Dep't of Education (\$10M); Higher Ed (\$10M), Career Tech (\$1.4M), OHCA (\$15m) and Corrections (\$5.2m)

(1) OHCA FY'11 appropriation includes \$30 million transfer from 245 Fund (Insure Oklahoma) in HB 2438; FY'12 excludes revenue from SHOPP (HB 1381)

(2) Department of Transportation to receive additional \$65 million in FY'11 from bond issue - SB 1466; additional \$70M in FY'12 bond issue - HB 1271

TABLE 4: FY '09—FY '12 Appropriations by Agency (page 1 of 2)

	FY '09	FY '10	FY '11*	FY '12	% Change FY'11 - FY '12	% Change FY '09- FY 12
Subcommittee on Education						
Arts Council	\$ 5,150,967	\$ 4,763,988	\$ 4,406,689	4,010,087	-9.0%	-22.1%
Career and Technology Education, Department of	\$ 158,269,736	\$ 146,217,612	\$ 143,377,302	133,742,618	-6.7%	-15.5%
Education, State Department of	\$ 2,531,702,553	\$ 2,446,504,826	\$ 2,385,556,186	2,278,158,382	-4.5%	-10.0%
Educational Television Authority	\$ 8,394,383	\$ 4,468,468	\$ 4,200,360	3,822,328	-9.0%	-54.5%
Higher Education, Regents for	\$ 1,039,886,280	\$ 1,037,705,291	\$ 1,013,461,016	945,260,277	-6.7%	-9.1%
Land Office, Commissioners of	\$ 4,864,881	\$ 5,004,880	\$ 7,109,000	7,109,000	0.0%	46.1%
Libraries, Department of	\$ 7,294,856	\$ 6,747,464	\$ 6,342,616	5,898,633	-7.0%	-19.1%
Physician Manpower Training Commission	\$ 5,523,502	\$ 5,205,484	\$ 4,812,367	4,379,254	-9.0%	-20.7%
Science & Math, School of	\$ 7,985,737	\$ 6,980,704	\$ 6,540,080	6,332,274	-3.2%	-20.7%
Science & Technology, Center for	\$ 22,456,507	\$ 20,374,571	\$ 19,152,096	17,811,449	-7.0%	-20.7%
Teacher Preparation, Commission on	\$ 2,059,982	\$ 1,772,100	\$ 1,641,053	1,526,179	-7.0%	-25.9%
Subcommittee Total	\$ 3,793,589,384	\$ 3,685,925,160	\$ 3,596,598,765	3,408,050,481	-5.2%	-10.2%
Subcommittee on General Government						
Auditor and Inspector	\$ 6,315,269	\$ 5,432,710	\$ 5,152,673	4,706,986	-8.6%	-25.5%
Bond Advisor	\$ 186,419	\$ 160,367	\$ 155,556	143,112	-8.0%	-23.2%
Central Services, Department of	\$ 18,713,175	\$ 17,252,205	\$ 15,973,031	17,313,301	8.4%	-7.5%
Civil Emergency Management Administration	\$ 1,156,604	\$ 729,204	\$ 692,744	651,179	-6.0%	-43.7%
Election Board	\$ 6,805,988	\$ 5,906,801	\$ 8,047,225	7,805,808	-3.0%	14.7%
Ethics Commission	\$ 667,960	\$ 574,613	\$ 545,882	523,129	-4.2%	-21.7%
Finance, Office of State	\$ 23,081,434	\$ 22,175,326	\$ 20,623,054	19,179,440	-7.0%	-16.9%
Governor	\$ 2,661,981	\$ 2,289,969	\$ 2,129,671	1,980,594	-7.0%	-25.6%
House of Representatives	\$ 19,176,434	\$ 16,496,527	\$ 15,341,770	15,774,682	2.8%	-17.7%
Legislative Service Bureau	\$ 5,537,349	\$ 5,271,866	\$ 4,902,835	4,892,835	-0.2%	-11.6%
Lt. Governor	\$ 659,597	\$ 567,418	\$ 527,699	506,591	-4.0%	-23.2%
Merit Protection Commission	\$ 613,684	\$ 567,657	\$ 527,921	490,967	-7.0%	-20.0%
Military, Department of	\$ 13,132,301	\$ 11,374,203	\$ 10,787,365	10,247,997	-5.0%	-22.0%
Personnel Management	\$ 4,891,745	\$ 4,208,124	\$ 3,913,555	3,639,606	-7.0%	-25.6%
Secretary of State	\$ 380,517	\$ 327,340	\$ 304,426	-	-100.0%	-100.0%
Senate	\$ 14,699,125	\$ 12,644,922	\$ 11,759,778	11,171,789	-5.0%	-24.0%
Space Industry Development Authority	\$ 530,340	\$ 456,225	\$ 424,289	394,589	-7.0%	-25.6%
Tax Commission	\$ 50,201,340	\$ 43,830,944	\$ 46,830,944	46,915,944	0.2%	-6.5%
Transportation, Department of (1)	\$ 207,691,448	\$ 193,085,716	\$ 114,771,010	106,737,039	-7.0%	-48.6%
Treasurer	\$ 4,668,763	\$ 4,023,803	\$ 3,903,089	3,629,873	-7.0%	-22.3%
Subcommittee Total	\$ 381,771,473	\$ 347,375,941	\$ 267,314,517	256,705,461	-4.0%	-32.8%
Subcommittee on Human Services						
Children and Youth, Commission on	\$ 2,608,473	\$ 2,294,214	\$ 2,156,561	2,027,167	-6.0%	-22.3%
Disability Concerns, Office of	\$ 412,769	\$ 363,311	\$ 341,513	317,607	-7.0%	-23.1%
Human Rights Commission	\$ 710,226	\$ 614,256	\$ 571,258	531,270	-7.0%	-25.2%
Human Services, Department of	\$ 559,107,190	\$ 522,260,369	\$ 543,110,884	537,136,664	-1.1%	-3.9%
Indian Affairs, Commission of	\$ 258,466	\$ 222,345	\$ 206,781	192,306	-7.0%	-25.6%
Juvenile Affairs	\$ 112,254,258	\$ 104,161,835	\$ 99,162,067	96,187,205	-3.0%	-14.3%
Rehabilitation Services, Department of	\$ 30,053,770	\$ 29,369,737	\$ 30,453,770	30,149,232	-1.0%	0.3%
Subcommittee Total	\$ 705,405,152	\$ 659,286,068	\$ 676,002,834	666,541,451	-1.4%	-5.5%
Subcommittee on Health and Social Services						
Health Care Authority (2)	\$ 872,122,261	\$ 980,384,093	\$ 1,008,015,720	983,085,563	-2.5%	12.7%
Health, Department of	\$ 75,028,113	\$ 68,883,659	\$ 63,709,238	60,083,682	-5.7%	-19.9%
J.D. McCarty Center	\$ 4,452,961	\$ 4,146,257	\$ 4,021,869	3,740,338	-7.0%	-16.0%
Mental Health & Substance Abuse Services	\$ 209,579,129	\$ 188,685,541	\$ 187,742,113	187,151,517	-0.3%	-10.7%
University Hospitals Authority	\$ 43,250,342	\$ 41,005,093	\$ 38,595,044	38,446,391	-0.4%	-11.1%
Oklahoma State University Medical Authority	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	5,000,000	0.0%	0.0%
Veterans Affairs, Department of	\$ 40,282,600	\$ 37,261,405	\$ 35,957,256	34,698,752	-3.5%	-13.9%
Subcommittee Total	\$ 1,249,715,406	\$ 1,325,366,048	\$ 1,343,041,240	1,312,206,243	-2.3%	5.0%

(over)

TABLE 4: FY '09—FY '12 Appropriations by Agency (page 2 of 2)

	FY '09	FY '10	FY '11	FY '12	% Change FY'11 - FY '12	% Change FY '09- FY 12
Subcommittee on Natural Resources and Regulatory Affairs						
Agriculture, Department of	\$ 34,540,185	\$ 30,777,266	\$ 26,306,894	25,610,247	-2.6%	-25.9%
Commerce, Department of	\$ 30,934,772	\$ 30,836,632	\$ 26,905,919	29,073,212	8.1%	-6.0%
Conservation Commission	\$ 10,292,962	\$ 9,021,281	\$ 9,845,434	9,561,684	-2.9%	-7.1%
Consumer Credit, Department of	\$ 669,042	\$ 575,543	\$ 535,255	331,730	-38.0%	-50.4%
Corporation Commission (3)	\$ 12,415,417	\$ 11,935,261	\$ 12,133,793	11,324,427	-6.7%	-8.8%
Environmental Quality, Department of	\$ 9,728,096	\$ 8,599,845	\$ 8,126,853	7,557,973	-7.0%	-22.3%
Historical Society	\$ 14,967,451	\$ 13,476,863	\$ 12,913,636	12,502,546	-3.2%	-16.5%
Horse Racing Commission	\$ 2,669,568	\$ 2,296,496	\$ 2,135,741	2,072,167	-3.0%	-22.4%
Insurance Commissioner	\$ 2,515,943	\$ 2,164,340	\$ 2,012,836	1,871,937	-7.0%	-25.6%
J.M. Davis Memorial Commission	\$ 385,403	\$ 331,543	\$ 306,677	306,009	-0.2%	-20.6%
Labor, Department of	\$ 3,760,284	\$ 3,404,419	\$ 3,166,110	3,081,160	-2.7%	-18.1%
Mines, Department of	\$ 1,013,586	\$ 871,937	\$ 810,902	779,139	-3.9%	-23.1%
Scenic Rivers Commission	\$ 345,322	\$ 297,063	\$ 279,239	271,315	-2.8%	-21.4%
Tourism and Recreation, Department of	\$ 28,041,991	\$ 23,966,201	\$ 22,503,229	21,803,003	-3.1%	-22.2%
Water Resources Board	\$ 6,801,524	\$ 6,036,011	\$ 5,698,571	5,499,671	-3.5%	-19.1%
Will Rogers Memorial Commission	\$ 933,702	\$ 803,217	\$ 744,984	740,486	-0.6%	-20.7%
Subcommittee Total	\$ 160,015,248	\$ 145,393,917	\$ 134,426,073	132,386,706	-1.5%	-17.3%
Subcommittee on Public Safety						
Alcoholic Beverage Laws Enforcement	\$ 3,925,266	\$ 3,630,864	\$ 3,376,703	3,140,334	-7.0%	-20.0%
Attorney General	\$ 14,781,704	\$ 12,693,067	\$ 12,704,552	13,548,571	6.6%	-8.3%
Corrections, Department of	\$ 503,000,000	\$ 476,225,000	\$ 467,341,777	459,831,068	-1.6%	-8.6%
Court of Criminal Appeals	\$ 3,474,527	\$ 3,056,710	\$ 3,455,575	3,334,631	-3.5%	-4.0%
District Attorneys and DAC	\$ 42,820,210	\$ 36,836,086	\$ 34,257,560	32,887,258	-4.0%	-23.2%
District Courts	\$ 58,067,785	\$ 52,502,812	\$ 57,641,865	59,600,000	3.4%	2.6%
Fire Marshal	\$ 2,270,855	\$ 2,077,424	\$ 1,932,004	1,796,764	-7.0%	-20.9%
Indigent Defense System	\$ 16,734,008	\$ 14,554,964	\$ 15,153,971	14,699,353	-3.0%	-12.2%
Investigation, State Bureau of	\$ 17,316,450	\$ 15,824,002	\$ 14,716,322	13,848,059	-5.9%	-20.0%
Judicial Complaints, Council on	\$ 283,729	\$ 247,937	\$ 230,581	75,000	-67.5%	-73.6%
Law Enforcement Education and Training	\$ 4,614,370	\$ 4,341,704	\$ 3,917,618	3,426,565	-12.5%	-25.7%
Medicolegal Investigations, Board of	\$ 4,825,625	\$ 4,580,913	\$ 4,794,164	4,698,281	-2.0%	-2.6%
Narcotics and Dangerous Drugs, Bureau of	\$ 7,423,895	\$ 5,928,493	\$ 5,466,418	3,616,418	-33.8%	-51.3%
Pardon and Parole Board	\$ 2,577,581	\$ 2,334,162	\$ 2,334,162	2,217,454	-5.0%	-14.0%
Public Safety, Department of	\$ 97,170,391	\$ 89,339,209	\$ 88,432,073	84,894,790	-4.0%	-12.6%
Supreme Court	\$ 19,247,063	\$ 16,550,345	\$ 15,381,358	17,300,000	12.5%	-10.1%
Workers' Compensation Court	\$ 5,259,801	\$ 4,676,769	\$ 4,349,395	4,197,166	-3.5%	-20.2%
Subcommittee Total	\$ 803,793,260	\$ 745,400,460	\$ 735,486,098	723,111,712	-1.7%	-10.0%
Other Appropriations						
REAP	\$ 15,500,000	\$ 13,333,875	\$ 12,400,504	11,532,469	-7.0%	-25.6%
Governor's Emergency Fund	\$ 15,000,000	\$ 15,000,000	-	-	-	-
Office of State Finance - Voluntary Buy-Out		\$ 22,000,000	-	-	-	-
Others Total	\$ 30,500,000	\$ 50,333,875	\$ 12,400,504	11,532,469	-7.0%	-62.2%
TOTAL	\$ 7,124,789,923	\$ 6,959,081,468	\$ 6,765,270,031	6,510,534,523	-3.8%	-8.6%
NOTES						
* FY '11 includes supplementals to Dep't of Education (\$10M); Higher Ed (\$10M), Career Tech (\$1.4M), OHCA (\$15m) and Corrections (\$5.2m)						
(1) Department of Transportation to receive additional \$65 million in FY '11 from bond issue - SB 1466; additional \$70M in FY '12 bond issue - HB 1271						
(2) OHCA FY '11 appropriation includes \$30 million transfer from 245 Fund (Insure Oklahoma) in HB 2438; FY '12 excludes revenue from SHOPP (HB 1381)						
(3) Corporation Commission FY '11 includes \$2 million transfer from Underground Storage Tank Fund						

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