An Act

ENROLLED SENATE
BILL NO. 189

By: Sharp and Mazzei of the Senate

and

Casey of the House

An Act relating to state budgeting; amending 62 O.S. 2011, Sections 34.36, as last amended by Section 1, Chapter 125, O.S.L. 2014 and 34.96, as amended by Section 411, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2014, Sections 34.36 and 34.96), which relate to agency budget requests and oversight; providing short title; modifying information to be provided with budget request; modifying duties of Legislative Oversight Committee on State Budget Performance; amending 74 O.S. 2011, Section 3914, which relates to the Oklahoma Sunset Law; modifying information to be submitted to sunset committees; providing for noncodification; providing an effective date; and declaring an emergency.

SUBJECT: State budgeting

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Oklahoma Performance Informed Budget and Transparency Act of 2015".

SECTION 2. AMENDATORY 62 O.S. 2011, Section 34.36, as last amended by Section 1, Chapter 125, O.S.L. 2014 (62 O.S. Supp. 2014, Section 34.36), is amended to read as follows:

Section 34.36. A. On the first day of October preceding each regular session of the Legislature, each state agency, including those created or established pursuant to constitutional provisions, shall report to the Director of the Office of Management and Enterprise Services and the Chair and Vice Chair of the Legislative Oversight Committee on State Budget Performance an itemized request showing the amount needed for the ensuing fiscal year beginning with the first day of July.

B. The forms which must be used in making these reports shall be approved by the Director of the Office of Management and Enterprise Services and the Legislative Oversight Committee on State Budget Performance.

C. The forms shall be uniform, and shall clearly designate the information to be given.

D. The information provided shall include, but not be limited to:

1. A budget analysis of existing and proposed programs utilizing ~~zero-based~~ performance-informed budgeting techniques. Such analysis shall be included as a part of the estimate of funds needed;

2. A statement listing any other state, federal or local agencies which administer a similar or cooperating program and an outline of the interaction among such agencies;

3. A statement of the statutory authority for the missions and quantified objectives of each program;

4. A description of the groups of people served by each program in the agency;

5. A quantification of the need for the program;

6. A description of the tactics which are intended to accomplish each objective;

7. A list of quantifiable program outcomes which measure the efficiency and effectiveness of each program;

8. A ranking of these programs by priority;

9. Actual program expenditures for the current fiscal year and prior fiscal years and the number of personnel required to accomplish each program;

10. Revenues expected to be generated by each program, if any;

11. With respect to appropriated state agencies, a detailed listing of all employees and resources dedicated to the provision of financial services including but not limited to procurement, payroll, accounts receivable and accounts payable. The provisions of this paragraph shall not be applicable to the Oklahoma State Regents for Higher Education or to any institutions within The Oklahoma State System of Higher Education; and

12. A certification that following the effective date of this act and prior to July 1, 2011, no expenditure shall have been made or funds encumbered for the purchase, lease, lease-purchase or rental of any computers, software, telecom, information technology hardware, firmware or information technology services, including support services without the prior written approval of the State Comptroller or his or her designee.

E. These appropriated agencies shall make an itemized estimate of needs and request for funds for the ensuing fiscal year and an estimate of the revenues from all sources to be received by the agency during the ensuing fiscal year.

F. The Director of the Office of Management and Enterprise Services shall submit to the Governor and the Legislative Oversight Committee on State Budget Performance no later than the fifth day of October a complete list of all spending agencies which have failed to submit budgets by October 1.

G. The reports required by this section shall include an itemized listing of outstanding capital lease debt and estimated capital lease needs for the ensuing fiscal year, and shall be provided on forms prescribed by the Director of the Office of Management and Enterprise Services.

H. For the purposes of this section, "capital lease" means a lease-purchase agreement which provides an option for the State of Oklahoma or its agencies to purchase property, including personal and real property, which is the subject thereof and/or a lease agreement that provides an option for the State of Oklahoma or its agencies to lease such property, which is the subject thereof, at a nominal annual amount, after a period in which leased property is rented at fair market value.

I. The provisions of this section shall not apply to CompSource Oklahoma if CompSource Oklahoma is operating pursuant to a pilot program authorized by Sections 3316 and 3317 of Title 74 of the Oklahoma Statutes.

J. Not later than January 1, the Director of the Office of Management and Enterprise Services shall publish a shared services cost-performance assessment report documenting the amount of each state agency's cost for providing shared services. The lowest ranking state agencies shall enter into a contract with the Office of Management and Enterprise Services for the provision of shared financial services, provided that the Director of the Office of Management and Enterprise Services determines that implementation of such a contract would be feasible and documents that the contractual agreement will result in cost savings or efficiencies to the state. Contracts required by this subsection shall be entered into at the start of the next fiscal year. When a state agency is contracted with the Office of Management and Enterprise Services for the provision of shared financial services, the agency may discontinue using shared services when documentation showing that the agency can provide the services at a lower cost to the state is provided to and approved by the Director of the Office of Management and Enterprise Services. As used in this subsection, "shared services" means process, resource utilization or action as defined by administrative rule. On a yearly basis the Director of the Office of Management and Enterprise Services shall compile and publish a report documenting the cost savings resulting from shared services contracts. The provisions of this subsection shall not be applicable to the Oklahoma State Regents for Higher Education or to any institutions within The Oklahoma State System of Higher Education.

SECTION 3. AMENDATORY 62 O.S. 2011, Section 34.96, as amended by Section 411, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2014, Section 34.96), is amended to read as follows:

Section 34.96. A. There is hereby established the Legislative Oversight Committee on State Budget Performance. The purposes of this committee shall include oversight of the implementation of a system of program performance-based budgeting for implementation by state agencies.

B. The Committee's duties shall also include:

1. Development of agency budget request forms and instructions in conjunction with the Office of Management and Enterprise Services;

2. Directing studies to aid in the development of legislative and procedural changes to further improve the budgetary, financial, accounting, reporting, personnel, and purchasing processes and systems of the state;

3. Direction of program evaluation and management studies;

4. Oversight and reporting on executive branch compliance with the legislative intent of appropriation measures. Such oversight and reporting duties may include:

a. agency reorganization actions,

b. executive orders calling for reduction of full-time-equivalents or hiring freezes, and

c. transfer of funds by the executive branch;

5. The development of revenue and expenditure estimates and analyses;

6. Study of the management, operations, programs and fiscal needs of the agencies and institutions of Oklahoma state government pursuant to the Oklahoma Program Performance Budgeting and Accountability Act;

7. Review of the executive budget, agency strategic plans and the estimate of needs of each state agency and institution. Reports may be issued by the Committee as it deems appropriate; and

8. Implementation of an ongoing evaluation review procedure of existing programs based on ~~zero-base~~ performance-informed budgeting techniques pursuant to the Oklahoma Program Performance Budgeting and Accountability Act. The committee in cooperation with the Office of Management and Enterprise Services shall establish a schedule to review strategic plans and existing programs for each agency a minimum of once every four (4) years. The committee shall issue an evaluation report for each agency once every four (4) years which will include but not be limited to the following information:

a. a review of the agency's programs, performance and management,

b. whether the agency has demonstrated that there is a need for the services and programs which justifies the agency's continued existence,

c. whether the agency is the most appropriate provider of the programs and services furnished by the agency.

C. Any reference in the Oklahoma Statutes to the Joint Legislative Committee on Budget and Program Oversight shall be a reference to the Legislative Oversight Committee on State Budget Performance.

D. The Committee shall be composed of three members appointed by the President Pro Tempore of the Senate, three members appointed by the Speaker of the House of Representatives, two members by the minority leader of the Senate and two members appointed by the minority leader of the House of Representatives. The Chair and Vice Chair of the Committee shall rotate every two (2) years between the Senate and the House of Representatives beginning with a Senate member serving as Chair in 2003. The Committee shall meet at least four (4) times per year and at other times as called by the Chair. The Legislative Oversight Committee on State Budget Performance shall function as a committee of the Legislature when the Legislature is in session and is not in session. Each member of the Committee shall serve until a successor is appointed. The duties of

the Committee may be performed by the Appropriations Committee of the Senate and the Appropriations and Budget Committee of the House of Representatives or subcommittees thereof.

E. The Committee shall be staffed jointly by the staff of the fiscal divisions of the Senate and the House of Representatives.

F. The Committee may make use of all available teleconferencing technology to facilitate meetings of the Committee when the Legislature is not in session. The Committee shall take any appropriate action to make such teleconferenced meetings comply with the provisions of the Oklahoma Open Meeting Act, Section 301 et seq. of Title 25 of the Oklahoma Statutes.

G. The Committee shall periodically meet in different geographical regions of the state to enhance the Committee's understanding of local conditions and to help educate the public as to the fiscal condition of the state.

SECTION 4. AMENDATORY 74 O.S. 2011, Section 3914, is amended to read as follows:

Section 3914. When any statutory entities are under review for sunset, said entities shall bear the burden of establishing that a sufficient public need is present which justifies their continued existence. All said entities shall provide the appropriate House and Senate sunset committees with the following information:

1. A ~~zero-based~~ performance-informed operating budget review and analysis, including a summary of all income and expenditures;

2. The identity of all units and subunits under the direct or advisory control of the statutory entity under review;

3. All powers, duties and functions currently performed by the statutory entity under review;

4. All statutory or other authority under which said powers, duties and functions of the statutory entity are carried out;

5. Any powers, duties or functions which, in the opinion of the statutory entity under review, are being performed and duplicated by

another statutory entity within the state including the manner in which, and the extent to which, this duplication of efforts is occurring and any recommendations as to eliminating such a situation;

6. Any powers, duties or functions which, in the opinion of the statutory entity under review, are inconsistent with current and projected public demands and should be terminated or altered; and

7. Any other information which the appropriate House or Senate sunset committee, in its discretion, feels is necessary and proper in carrying out its duties.

SECTION 5. This act shall become effective July 1, 2015.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 25th day of February, 2015.

Presiding Officer of the Senate

Passed the House of Representatives the 14th day of April, 2015.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 20th
day of April, 20 15, at 3:40 o'clock P M.
By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 24th
day of April, 20 15, at 10:52 o'clock A M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 24th
day of April, 20 15, at 3:01 o'clock P. M.
By: Jo Ann McNaughton Hayes