

1 ENGROSSED SENATE
2 BILL NO. 1270

By: Pugh of the Senate

and

Hilbert of the House

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6 An Act relating to agency budgeting; amending 62 O.S.
7 2011, Section 34.36, as last amended by Section 3,
8 Chapter 304, O.S.L. 2016 (62 O.S. Supp. 2017, Section
9 34.36), which relates to estimate of funds needed;
10 requiring all state agencies to submit certain
11 justification according to a certain schedule;
12 directing the Chair of the Senate Appropriations
13 Committee and the Chair of the House Appropriations
14 and Budget Committee to make certain determination
15 within certain time period and submit certain
16 schedule to the Director of the Office of Management
17 and Enterprise Services; directing distribution of
18 schedule; requiring certain audit; updating statutory
19 reference; providing an effective date; and declaring
20 an emergency.

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

22 SECTION 1. AMENDATORY 62 O.S. 2011, Section 34.36, as
23 last amended by Section 3, Chapter 304, O.S.L. 2016 (62 O.S. Supp.
24 2017, 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

1 Oversight Committee on State Budget Performance an itemized request
2 showing the amount needed for the ensuing fiscal year beginning with
3 the first day of July. Beginning with fiscal year 2020, every four
4 (4) years, the itemized request submitted shall justify every dollar
5 requested by the state agency, including the base appropriated
6 amount as well as any additional funds requested for the ensuing
7 fiscal year. Within fifteen (15) calendar days of the effective
8 date of this act, the Chair of the Senate Appropriations Committee
9 and the Chair of the House Appropriations and Budget Committee shall
10 determine the four-year schedule of agencies subject to this zero-
11 based budgeting requirement and shall submit the schedule to the
12 Director of the Office of Management and Enterprise Services for
13 distribution to all state agencies. Within the four-year cycle,
14 each state agency shall receive a performance audit or an operating
15 audit, as determined by the State Auditor and Inspector.

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

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

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

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- 1 1. A budget analysis of existing and proposed programs
2 utilizing performance-informed budgeting techniques. Such analysis
3 shall be included as a part of the estimate of funds needed;
- 4 2. A statement listing any other state, federal or local
5 agencies which administer a similar or cooperating program and an
6 outline of the interaction among such agencies;
- 7 3. A statement of the statutory authority for the missions and
8 quantified objectives of each program;
- 9 4. A description of the groups of people served by each program
10 in the agency;
- 11 5. A quantification of the need for the program;
- 12 6. A description of the tactics which are intended to
13 accomplish each objective;
- 14 7. A list of quantifiable program outcomes which measure the
15 efficiency and effectiveness of each program;
- 16 8. A ranking of these programs by priority;
- 17 9. Actual program expenditures for the current fiscal year and
18 prior fiscal years and the number of personnel required to
19 accomplish each program;
- 20 10. Revenues expected to be generated by each program, if any;
- 21 11. With respect to appropriated state agencies, a detailed
22 listing of all employees and resources dedicated to the provision of
23 financial services including but not limited to procurement,
24 payroll, accounts receivable and accounts payable. The provisions

1 of this paragraph shall not be applicable to the Oklahoma State
2 Regents for Higher Education or to any institutions within The
3 Oklahoma State System of Higher Education; and

4 12. A certification that following ~~the effective date of this~~
5 ~~act~~ August 26, 2011, and prior to July 1, 2011, no expenditure shall
6 have been made or funds encumbered for the purchase, lease, lease-
7 purchase or rental of any computers, software, telecom, information
8 technology hardware, firmware or information technology services,
9 including support services without the prior written approval of the
10 State Comptroller or his or her designee.

11 E. These appropriated agencies shall make an itemized estimate
12 of needs for the ensuing fiscal year and the following two (2)
13 fiscal years and request for funds for the ensuing fiscal year and
14 an estimate of the revenues from all sources to be received by the
15 agency during the ensuing fiscal year and the following two (2)
16 fiscal years.

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

22 G. The reports required by this section shall include an
23 itemized listing of outstanding capital lease debt and estimated
24 capital lease needs for the ensuing fiscal year and the following

1 two (2) fiscal years, and shall be provided on forms prescribed by
2 the Director of the Office of Management and Enterprise Services.

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

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

15 J. Not later than January 1, the Director of the Office of
16 Management and Enterprise Services shall publish a shared services
17 cost-performance assessment report documenting the amount of each
18 state agency's cost for providing shared services. The lowest
19 ranking state agencies shall enter into a contract with the Office
20 of Management and Enterprise Services for the provision of shared
21 financial services, provided that the Director of the Office of
22 Management and Enterprise Services determines that implementation of
23 such a contract would be feasible and documents that the contractual
24 agreement will result in cost savings or efficiencies to the state.

1 Contracts required by this subsection shall be entered into at the
2 start of the next fiscal year. When a state agency is contracted
3 with the Office of Management and Enterprise Services for the
4 provision of shared financial services, the agency may discontinue
5 using shared services when documentation showing that the agency can
6 provide the services at a lower cost to the state is provided to and
7 approved by the Director of the Office of Management and Enterprise
8 Services. As used in this subsection, "shared services" means
9 process, resource utilization or action as defined by administrative
10 rule. On a yearly basis the Director of the Office of Management
11 and Enterprise Services shall compile and publish a report
12 documenting the cost savings resulting from shared services
13 contracts. The provisions of this subsection shall not be
14 applicable to the Oklahoma State Regents for Higher Education or to
15 any institutions within The Oklahoma State System of Higher
16 Education.

17 SECTION 2. This act shall become effective July 1, 2018.

18 SECTION 3. It being immediately necessary for the preservation
19 of the public peace, health or safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.
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Passed the Senate the 15th day of March, 2018.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2018.

Presiding Officer of the House
of Representatives