

Executive Summary

Summary of FY-2011 Balanced Budget

1. Total Amount Available from Certification Packet	\$5,294,829,734
2. Adjustments to Certification	
One Year Moratorium on Select Tax Credits	\$ 45,092,800
Repeal Rural Small Business Cap Credit	\$ 37,406,000
Equalize Payments for Services	\$ 18,701,866
Delay Motor Vehicle Apportionment Change	\$ 16,400,000
Decouple from Federal Debt Provision	\$ 11,620,000
Repeal Small Business Cap Credit	\$ 11,060,000
Adopt Revised Sales Tax Vendor Discount	\$ 9,950,000
Vending Machine Decals	\$ 9,000,000
Reform Electric Car Credit	\$ 9,000,000
Maximum Franchise Tax Remitters	\$ 7,800,000
Repeal Motor Fuel Purchaser Discount	\$ 6,100,000
Apportion Tobacco Tax Equalization Revenue to General Revenue	\$ 4,927,000
Smokeless Tobacco Tax Equalization	\$ 4,227,000
Collect Sales Tax on Electronically Delivered Items	\$ 3,460,000
Sales and Use Tax Remittances	\$ 2,998,100
Adjustment to Certification Packet	\$ 2,700,000
Beer Wholesaler Remittance Adjustment	\$ 1,150,000
Liquor and Wine Wholesaler Remittance Adjustment	\$ 840,000
Multi State Model Statute	\$ 836,000
Little Cigar Tax Equalization	\$ 386,000
Total Revenue Enhancements	\$ 203,654,766
3. Recover Cost of Service/Impact to Infrastructure	
Oversized Weight Permits	\$ 20,000,000
Certified Copies of Driving Records	\$ 10,600,000
Total Cost of Service/Impact to Infrastructure	\$ 30,600,000
4. Compliance Initiatives	
Automated Enforcement of Vehicle Insurance	\$ 95,000,000
Collect Sales Tax on Internet Sales	\$ 95,000,000
Total Compliance Initiatives	\$ 190,000,000
5. Bonding Initiatives	
Roads and Bridges	\$ 195,000,000
IT Equipment and Software Purchases	\$ 38,000,000
Total Bonding Initiatives	\$ 233,000,000

FY-2011 Executive Budget

6. Rainy Day Fund and Other Cash	
Various State Agencies	\$ 85,411,802
Rainy Day Fund (Amount Used for FY-2011 Budget)	\$ 67,594,528
Rainy Day Fund (Amount Used for FY-2010 Supplementals and Shortfall)	\$ 485,565,496
Excess FY-2010 Gross Production Oil to Education Funds	\$ 42,526,218
Cash to Balance FY-2010	\$ (343,568,092)
Funds Added back to Education GR FY-2010	\$ (80,000,000)
Total Cash Transfers	\$ 257,529,952
7. ARRA Funds	
ARRA Medicaid Funds	\$ 460,000,000
ARRA Education Funds	\$ 236,468,872
Total ARRA Funds	\$ 696,468,872
Total Revenue	\$ 6,906,083,324
8. CIO Savings Initiative	\$ (50,000,000)
Total Savings Initiatives	\$ (50,000,000)
9. Targeted Cuts	
Agency Consolidation Savings	\$ (5,360,000)
Savings from Reductions to Pass-Through Appropriations	\$ (8,681,000)
Total Targeted Cuts	\$ (14,041,000)
Total Savings Initiatives and Targeted Cuts	\$ (64,041,000)
<u>Balanced Budget Summary:</u>	
1. Appropriations Made by 2009 Legislature	\$ 6,616,561,467
2. Less: FY-2009 Supplementals	\$ (5,750,000)
3. Less: One-Time Expenditures	\$ (23,525,000)
4. ARRA Education Funds Used in FY-2010 Budget	\$ 236,352,128
5. ARRA Medicaid Funds Used in FY-2010 Budget	\$ 404,695,751
6. FY-2010 Base Budget	\$ 7,228,334,346
7. 7.5% General Revenue Reductions Made During FY-2010	\$ (385,827,878)
8. Adjusted FY-2010 Base Budget	\$ 6,842,506,468
9. Targeted Cuts Made in FY-2011	\$ (65,826,045)
10. Funds Added back to Education Agencies in FY-2010	\$ 80,000,000
11. Available Savings and Cuts	\$ (64,041,000)
12. Adjusted FY-2011 Base Budget	\$ 6,792,639,423
13. Hold Debt Service Harmless and OSU-Tulsa	\$ 5,740,532
14. Increased Certification to ODOT	\$ 1,926,868
15. Increased Certification to CLO	\$ 4,358,350
16. FY-2010 Supplementals	\$ 101,418,151
17. Executive Budget Expenditures	\$ 6,906,083,324
18. Available Revenues	\$ 6,906,083,324
	\$ 0

Potential Increases to the FY-2011 Revenue Certification

One Year Moratorium on Select Tax Credits

The Governor proposes a one-year moratorium on income tax credits for tax year 2010. The FY-2011 budget includes \$45 million in revenue from this proposal.

Repeal of the Rural Small Business Capital Credit

Governor Henry's budget proposes repealing the income tax credit for investment in certain large investment companies which invest in rural business ventures that may or may not be economically viable. The Governor's budget includes \$37.4 million in additional revenue from this change.

Equalization of Payments for Services

The Governor's budget includes increases to payments for services, licenses, permits and fees collected by the following agencies: Department of Public Safety, Securities Commission, Insurance Department, Election Board, Worker's Compensation Court, Department of Agriculture, Department of Environmental Quality, OSBI, Board of Medicolegal, Department of Education, Motor Vehicles Commission, Secretary of State, Consumer Credit Commission and the Oklahoma Water Resources Board. Many of these fees have not increased since the 1980's and 1990's while inflation has increased an average of 2.85% per year since 1985. The fee increases noted here are either deposited into the General Revenue Fund or collected by appropriated agencies and total \$49.3 million.

Delay of Motor Vehicle Apportionment

An increased penalty was enacted in 2009 for late vehicle registration. For FY-2010, 50% of the increased penalty revenue was apportioned to the General Revenue Fund. Beginning in FY-2011, this apportionment to the General Revenue Fund is set to change. The Governor proposes delaying the change in apportionment for one year, maintaining the apportionment to the General Revenue Fund. This delay would result in an increase of \$16.4 million that is included in the budget.

Decouple from the Federal Debt Forgiveness Provision

As a part of the American Recovery and Reinvestment Act, persons who are forgiven mortgage debt under certain temporary tax provisions will not include the amount as taxable income for computing their federal income tax payment. The state of Oklahoma would, for state tax purposes, consider that debt forgiveness amount to be taxable income as it has historically been treated under federal and state income tax law. This change would result in an increase of \$11.62 million.

Repeal of the Small Business Capital Credit

The Oklahoma Tax Code currently allows a credit equal to 20% of the cash invested in, or in conjunction with, a qualified small business capital company that invests in ventures that may or may not be economically viable. Repealing this tax credit would return a total \$11.1 million to the General Revenue Fund.

Adopt a Revised Sales Tax Vendor Discount

Vendors filing and remitting electronically currently receive a discount on sales tax of 2.25%, while other vendors are entitled to a discount of 1.25% of taxes timely remitted. The total compensation per vendor is capped at \$3,300 per month. This proposal would equalize the discount at 1% for all vendors and lower the cap to \$2,500 per month. The Governor's budget includes an annual increase of \$9.95 million for this proposal.

Reform the Electric Car Credit

The Governor proposes revisions to the credit for conversion of motor vehicles to clean burning fuel or investments in qualified electric motor vehicles. The Governor's FY-2011 budget includes an increase in revenues collected of \$9 million.

Increase Cost of Vending Machine Decals

In lieu of sales tax, owners of vending machines purchase decals for \$50 per year. This cost has not changed since 1988 although the value of items sold through vending machines has increased dramatically. This proposal seeks to equalize the treatment of sales of vending machines with sales by Oklahoma businesses. Raising the cost to \$150 per year would result in an annual increase in the amount of \$9 million.

Change Due Date and Delinquent Date for Maximum Franchise Tax Remitters

Current law provides that a franchise tax return be remitted on July 1 or the last day of the income tax year of the taxpayer. The return is delinquent if not filed by September 1 or the 15th day of the fourth month following the end of the income tax year.

This proposal moves the due date and the delinquent date to capture returns and payments from taxpayers paying the maximum tax amount in June, which will gain a one-time increase in franchise tax collections in FY11 of \$7.8 million to the General Revenue Fund.

Repeal Motor Fuel "Eligible Purchaser" Discount for Gasoline and Diesel Fuels

The current discount was originally enacted in the rewrite of the Motor Fuel Tax Code in 1996 to prevent an increase of tax to distributors who previously enjoyed a discount for timely remittance of taxes. However, the distributors no longer have any tax remitting responsibilities. The discount is currently 1.6% for gasoline purchasers and 1.9% for diesel purchasers, and this repeal would result in a \$6.1 million annual increase to the General Revenue Fund.

Capture Tobacco Tax Equalization Funds for General Revenue

The Governor's budget includes \$4.927 million achieved by directing the apportionment of the tobacco tax equalization proposals to the General Revenue Fund.

Smokeless Tobacco Tax Equalization

The Governor proposes converting the tobacco products tax on moist smokeless tobacco from a value-based tax to a weight-based tax to equalize the rate of taxation among similar tobacco products. The Governor's budget includes a resulting increase of \$4.227 million to the General Revenue Fund.

Capture Sales Tax on the Sale of Electronically Delivered Items

The Governor's budget proposes the collection of sales tax be extended to include the sale of items delivered electronically that would otherwise be taxed if delivered physically. This would include items such as computer software transferred electronically, digital movies, digital songs, digital books, etc. The total increase in collections from this change is \$3.46 million.

Sales and Use Tax Remittance Changes

Currently, approximately 31,000 vendors make monthly remittances on the 20th of each month for sales during the previous month. This proposal would require vendors that currently remit between \$1,000 and \$2,500 per month to remit the tax on the 20th of the month for sales during the 1st through the 15th as currently required for vendors remitting more than \$2,500 per month. The Governor's budget includes a one-time increase of \$2.998 million related to this change.

Beer Wholesaler Remittance Change

Approximately 44 beer wholesalers make monthly remittances on the 10th of the month for sales during the previous month in the amount of \$2.3 million. This proposal is to require the wholesalers to remit tax on the 20th of the month for sales during the 1st through the 15th as currently required of large sales tax vendors. The Governor's budget includes a one-time increase from this change of \$1.15 million.

Liquor and Wine Wholesaler Remittance Change

Wholesalers of liquor and wine currently make monthly tax remittances on the 10th of the month for sales during the previous month. The Governor proposes requiring the remittance on the 20th of each month for sales during the 1st through the 15th as other large sales tax vendors are currently required. The one-time increase to the General Revenue Fund for FY-2011 would be \$840,000.

Adopt Multistate Tax Commission (MTC) Model Statutes

The Governor's budget proposes that the Oklahoma Tax Commission adopt the MTC model statutes regarding sales tax collection of internet accommodations intermediaries that book accommodations on a non-exclusive basis for their customers. The proposed model requires and provides a mechanism for collection and remittance of tax on the entire retail price of the accommodations, including the margin. The Governor's budget includes the \$836,000 increase that would be apportioned to the General Revenue Fund from this change.

Little Cigar Tax Equalization

Under this proposal, products falling within the "little cigar" category outlined in statutes would be taxed at the same tax rate as cigarettes. This change would conform Oklahoma law to the federal provisions that became effective April 1, 2009. The Governor's budget includes an increase of \$386,000 as a result of this proposed change.

Recover Cost of Service/Impact to Infrastructure

Oversize Weight Permits

This proposal increases the payment made by vehicles carrying oversized loads in Oklahoma. The cost of these permits is currently ranges from \$2 - \$250. It is costly to monitor and register these vehicles. The Governor's budget includes \$20 million by increasing the permit cost to \$4 - \$500.

Certified Copies of Driving Records

The State charges \$10 to persons attaining a certified copy of a driver record. The Department of Public Safety forecasts that it will collect \$10.6 million in FY-2011 at the current rate. This budget proposes doubling the fee for such copies to \$20. This generates an additional \$10.6 million in revenue for FY-2011.

Compliance Initiatives

Automated Enforcement of Vehicle Insurance

The Governor's budget proposes that the State of Oklahoma better protect Oklahomans from uninsured motorists by increasing drivers' compliance with compulsory vehicle insurance laws through implementation of an automated enforcement system. An automated enforcement system will increase the efficiency of the current Oklahoma law enforcement, enable equal enforcement of in-state and out-of-state violators and reduce costs to existing vehicle liability policyholders. An automated system also eliminates insurance fraud by providing instant insurance verification.

The automated system can be implemented at no cost to the state. It is estimated that the state will collect \$95 million in revenues from this program.

Collection of Sales Tax on Remote Sales

Currently, out-of-state businesses without a presence in Oklahoma are not collecting sales tax on Internet, telephone or mail order sales made to Oklahoma, effectively providing them with an advantage over Oklahoma-based operations that do collect the sales tax. This compliance initiative allows the Oklahoma Tax Commission to pursue sales tax collections from the out-of-state companies in question. The Governor's budget includes an increase of \$95 million to the General Revenue Fund in FY-2011 collection of taxes currently due the state on these sales by out-of-state entities.

Bonding Initiatives**ROADS Fund**

The Governor's budget proposes to bond a large portion of the payment to the ROADS fund in FY-2011. The ROADS fund is slated to receive \$220 million in FY-2011. The Governor's budget includes a bond initiative in the amount of \$195 million for deposit to the ROADS fund to fund road and bridge projects across the state.

Equipment and Information Technology Purchases

In FY-2009, state agencies spent \$231 million purchasing office equipment, information technology equipment and motor vehicles. The Governor's budget proposes a \$38 million bond to make a portion of these purchases in FY-2011.

Rainy Day Fund and Other Cash Transfers**Cash Transfers**

One component of the FY-2011 budget involved identifying a variety of agency revolving funds that exceed the amount needed to balance FY-2010 expenditures. These funds can be re-directed to cover supplemental agency operating costs in FY-2010 and agency operating costs in FY-2011. This proposal transfers a total of \$85 million for this purpose. This proposed transfer of funds is based on a careful analysis of budgeted versus actual receipts and disbursements.

Rainy Day Fund

The current balance in the Rainy Day Fund is \$596.5 million. The Governor's budget proposes using \$69 million in the FY-2011 budget. This budget also uses \$60.7 million to fund necessary supplemental appropriations in FY-2010. In addition, agency General Revenue appropriations are being reduced by 7.5% in FY-2010 and \$424.4 million of Rainy Day Funds will be utilized to maintain cuts at this level. The proposed uses of Rainy Day Fund leaves a balance of almost \$43 million.

Excess FY-2010 Gross Production Oil Revenues to Education Funds

In December, the Board of Equalization certified an additional \$42.5 million of Gross Production Oil revenue. These increased funds are deposited into education revolving funds.

ARRA Funds

The State of Oklahoma received funding through the federal American Recovery and Reinvestment Act, also known as the stimulus bill. The FY-2010 budget included over \$404 million for the state Medicaid program and \$236 million for education. The Governor's FY-2011 budget includes \$460 million for the state Medicaid program and \$236 million for education.

Savings and Targeted Cuts

Chief Information Technology Officer

The Information Services Act created the Chief Information Officer (CIO) position. The CIO will generate cost savings by consolidation of information technology and telecommunication resources and personnel, improved procurement of technology and telecommunication products and services, modernization of all technology and telecommunication systems of the State and elimination of duplication across state agencies. The Governor's budget includes \$50 million of savings statewide.

One-Time Reduction of Pass-Through Appropriations

The Governor's budget recommends a one-time reduction to agency pass-throughs at the Department of Commerce, Department of Agriculture and Health Department. These funds go to local governments, non-profits and other entities. Pass-through obligations, made when funding is available, must be reassessed when faced with a budget shortfall. Reducing agency pass-throughs will allow agencies to re-direct vital resources currently used for the monitoring and oversight of these funds. The Governor's budget includes \$8.7 million in savings from the these one-time reductions.

Agency Consolidations

Oklahoma has 180 state agencies, some of which have overlapping missions, responsibilities and duties. These overlapping responsibilities can lead to unclear lines of authority which limits accountability, decreases efficiency and increases the cost of government. It is in the light that the Governor has recommended the following agencies be consolidated:

- OBNDD to OSBI
- Medicolegal to OSBI
- CLEET to DPS
- Emergency Management to DPS
- ABLE to DPS
- Will Rogers to Historical Society
- JM Davis to Historical Society
- EBC to OPM
- Merit Protection to OPM
- Aeronautics to Commerce
- Conservation Commission to Agriculture
- Combine DEQ and OWRB
- Dept of Mines to Labor Department
- Indian Affairs to Commerce
- OCAST to Commerce
- ODSIDA to Commerce

Agency consolidation can lead to increased efficiency at a lower cost to the taxpayers by reducing administrative and overhead costs. By consolidating agencies and using a shared services methodology, agencies can focus on their core competencies by allowing other agencies or personnel to handle administrative functions such as human resources, payroll, financial functions and information technology duties. These consolidated agencies will also provide a one stop shop for many of the governmental services accessed by Oklahomans. By integrating programs in consolidated agencies, Oklahomans will be able to receive more comprehensive services from a single entity instead of fragmented services from multiple agencies. These agencies will now be prepared to handle the challenges facing Oklahoma in a more streamlined and effective manner. The Governor's budget includes \$5.3 million in savings from agency consolidations.

FY-2011 Executive Budget

FY-2010 General Revenue Appropriation Reductions

Due to a revenue shortfall this fiscal year, agency General Revenue Fund appropriations are being reduced by 7.5% in FY-2010. This results in a savings of almost \$386 million. Those savings are reflected here as adjustments to agencies FY-2011 base appropriations.

FY-2011 Targeted Appropriation Cuts

The Board of Equalization certified \$1.3 billion less in expenditure authority for the 2010 Legislature. In addition to the potential revenues, efficiencies and other targeted cuts proposed in this budget, the Governor's budget includes \$66 million in targeted cuts to state agencies ranging from .5% to 3%. These targeted cuts seek to preserve core government services such as Education, Health and Public Safety.

Expenditure Proposals

The first step in developing this budget involved reviewing individual agency budgets. Office of State Finance staff utilized performance based budgeting techniques to evaluate programs and services. The Governor places a strong emphasis on performance and efficiency measures for agencies. Since the Governor's budget revenues (as certified by the Board of Equalization) are almost \$1.3 billion less than the 2009 Legislature's appropriations authority, agencies have been and will continue to be challenged to improve services and outcomes. Citizens must have confidence that tax dollars are being spent efficiently and effectively.

Note that the detail and a summary of these funding adjustments by Cabinet Department is located later in this section. The starting point for expenditure proposals is FY-2010 appropriations plus stimulus funding and less the cuts enacted during FY-2010. Subtracting one time expenditures and FY-2009 supplementals from this amount produces a base level of expenditures. Adding proposed changes in expenditures and stimulus funds available in FY-2011 yields the total Executive Budget.

FY-2009 Supplementals

The following table lists FY-2009 supplemental appropriations subtracted from the FY-2010 state expenditure base:

FY-2009 Supplementals

a. OSU Medical Authority	\$	5,000,000
b. Narcotics and Dangerous Drugs, Bureau of	\$	650,000
c. Tax Commission	\$	100,000
Total FY-2009 Supplementals:	\$	5,750,000

One-Time Expenditures

Over \$23.5 million was appropriated for one-time FY-2010 expenditure items:

FY-2010 One Time Expenditures

Commerce - OMRF	\$	(15,000,000)
Treasurer - State Land Reimbursement	\$	(2,000,000)
Water Resources Board - Capital Projects	\$	(2,000,000)
DPS - Troop K Headquarters	\$	(1,200,000)
Commerce - Sports Museum and Jim Thorpe Museum	\$	(1,000,000)
Commerce - BRAC Bonds	\$	(950,000)
Commerce - Worldwide Creativity Conference	\$	(500,000)

Rehab Services - Capital Projects	\$ (400,000)
Commerce - National Finals Rodeo	\$ (200,000)
Mental Health - Thunderbird Clubhouse	\$ (150,000)
Health Department - Dental Loan Repayment Program	\$ (125,000)
Total One-Time Expenditures:	\$ (23,525,000)

FY-2010 Supplementals

The following list includes supplemental appropriations to mitigate cuts and partially restore lost revenues:

FY-2010 Supplementals

a. Common Education - 1017 Fund	\$ 50,000,000
b. Oklahoma Health Care Authority	\$ 33,000,000
c. Additional Mitigation of FY-2010 Cuts	\$ 10,000,000
d. Department of Rehabilitation Services	\$ 1,218,153
e. Department of Corrections	\$ 7,200,000
Total FY-2010 Supplementals	\$ 101,418,153

FY-2011 Key Funding Issues**Education**

This proposed budget partially restores reduced FY-2010 funding levels at the State Department of Education, the Regents for Higher Education and the School for the Deaf and School for the Blind (via the Department of Rehabilitation Services). The budget includes \$50 million to the State Department of Education for the current year revenue shortfall to the 1017 fund, \$54.4 million to the State Department of Education for the current year revenue shortfall to the General Revenue Fund and \$25.6 million to the Regents for Higher Education for the current year revenue shortfall to the General Revenue Fund.

Looking to FY-2011, Governor Henry's budget seeks to make minimal reductions to the State Department of Education, Regents for Higher Education and CareerTech. This budget includes a 0.5% cut to the appropriation levels of these agencies. Other agencies in the Education Cabinet receive a 3% cut.

In the event that the Board of Equalization certifies an increased expenditure authority to the Legislature over the amount certified at the December meeting, the Governor recommends that the Legislature appropriate sufficient funds to make up any differential between the original FY-2010 appropriation of 1017 funds and the projected 1017 fund collections for FY-2011. This appropriation would allow common education to only receive a .5% cut in general revenue appropriations for FY-2011.

Health, Human Services and Veterans Affairs

As the economy has deteriorated during this fiscal year, the pressures on the state safety net programs such as Medicaid, Mental Health, Human Services, Health, Veteran's Affairs and Rehabilitative Services has increased dramatically. At the same time, the revenue shortfall has caused state support for these vital programs to be cut during FY-2010. The Governor's budget proposes a \$33 million supplemental appropriation to the Oklahoma Health Care Authority to address growth and increased utilization in the state's Medicaid program in FY-2010. The Governor's budget also seeks to provide a consistent level of service to our state's

FY-2011 Executive Budget

most vulnerable citizens by keeping the FY-2011 cuts to the Department of Human Services, Department of Health, Department of Mental Health and Substance Abuse Services, the Veterans Affairs Department and the Department of Rehabilitation Services at a minimal 0.5%.

Safety and Security

During difficult economic times, it is also important to protect public safety. The Governor's budget recognizes the need to protect the citizens of Oklahoma by providing a supplemental appropriation to the Department of Corrections of \$7.2 million to address population growth. The Governor's budget also makes minimal cuts of 0.5% to the FY-2011 budgets of the Department of Corrections and the Department of Public Safety.

FY-2011 Executive Budget

	FY'10 Original Appropriation (Including ARRA Funds)	FY'10 Cut (\$) (7.5% to GR Approps)	FY'10 Revised Total Approp	FY'10 Cuts Added Back	FY'10 Total % Change	FY'11 Cut (%)	FY'11 Cut (\$)	FY'11 Approp. Before Consolidations and Pass Through Reductions
Governor	\$2,475,642	-\$185,673	\$2,289,969		-7.5%	3.0%	-\$68,699	\$2,221,270
TOTAL GOVERNOR	\$2,475,642	-\$185,673	\$2,289,969				-\$68,699	\$2,221,270
Lt. Governor	\$613,425	-\$46,007	\$567,418		-7.5%	3.0%	-\$17,023	\$550,396
TOTAL LT. GOVERNOR	\$613,425	-\$46,007	\$567,418				-\$17,023	\$550,396
Agriculture, Department of	\$32,558,058	-\$1,916,854	\$30,641,203		-5.9%	3.0%	-\$709,236	\$29,931,967
Conservation Commission	\$9,572,455	-\$717,934	\$8,854,521		-7.5%	3.0%	-\$265,636	\$8,588,885
TOTAL AGRICULTURE	\$42,130,512	-\$2,634,788	\$39,495,724				-\$974,872	\$38,520,852
Commerce, Department of	\$31,631,086	-\$2,496,082	\$29,135,004		-7.9%	3.0%	-\$923,550	\$28,211,454
REAP	\$14,415,000	-\$1,081,125	\$13,333,875		-7.5%	100.0%	-\$13,333,875	\$0
Historical Society	\$14,253,034	-\$1,068,978	\$13,184,057		-7.5%	3.0%	-\$395,522	\$12,788,535
J.M. Davis Memorial Commission	\$358,425	-\$26,882	\$331,543		-7.5%	3.0%	-\$9,946	\$321,597
Labor, Department of	\$3,497,064	-\$92,645	\$3,404,419		-2.6%	3.0%	-\$34,279	\$3,370,140
Oklahoma Scenic Rivers Comm.	\$321,149	-\$24,086	\$297,063		-7.5%	3.0%	-\$8,912	\$288,151
Tourism and Recreation, Depart.	\$25,909,406	-\$1,943,205	\$23,966,201		-7.5%	3.0%	-\$718,986	\$23,247,215
Will Rogers Memorial Comm.	\$868,343	-\$65,126	\$803,217		-7.5%	3.0%	-\$24,097	\$779,121
TOTAL COMMERCE & TOURISM	\$91,253,508	-\$6,798,129	\$84,455,379				-\$15,449,166	\$69,006,213
Arts Council	\$5,150,257	-\$386,269	\$4,763,988		-7.5%	3.0%	-\$142,920	\$4,621,068
Career Technology Education,	\$157,790,479	-\$11,572,866	\$146,217,612		-7.3%	0.5%	-\$713,660	\$145,503,952
Education, State Department of	\$2,572,007,202	-\$124,800,305	\$2,447,206,897	\$54,440,000	-2.7%	0.5%	-\$7,968,219	\$2,493,678,678
Educational Television Authority	\$4,830,776	-\$362,308	\$4,468,468		-7.5%	3.0%	-\$134,054	\$4,334,414
Higher Education, Regents for	\$1,070,741,008	-\$58,595,717	\$1,012,145,291	\$25,560,000	-3.1%	0.5%	-\$3,741,203	\$1,033,964,088
Libraries, Department of	\$7,294,556	-\$547,092	\$6,747,464		-7.5%	3.0%	-\$202,424	\$6,545,040
Science and Math, School of	\$7,546,706	-\$566,003	\$6,980,704		-7.5%	3.0%	-\$209,421	\$6,771,282
Teacher Preparation, Comm.	\$1,915,783	-\$143,684	\$1,772,100		-7.5%	3.0%	-\$53,163	\$1,718,937
TOTAL EDUCATION	\$3,827,276,768	-\$196,974,245	\$3,630,302,524	\$80,000,000	-5.1%		-\$13,165,063	\$3,697,137,460
Corporation Commission	\$11,605,688	-\$870,427	\$10,735,261		-7.5%	3.0%	-\$322,058	\$10,413,203
Mines, Department of	\$942,635	-\$70,698	\$871,937		-7.5%	3.0%	-\$26,158	\$845,779
TOTAL ENERGY	\$12,548,323	-\$941,124	\$11,607,199				-\$348,216	\$11,258,983
Environmental Quality, Department	\$9,297,129	-\$697,285	\$8,599,845		-7.5%	3.0%	-\$257,995	\$8,341,849
Water Resources Board	\$6,525,417	-\$489,406	\$6,036,011		-7.5%	3.0%	-\$181,080	\$5,854,931
TOTAL ENVIRONMENT	\$15,822,547	-\$1,186,691	\$14,635,856				-\$439,076	\$14,196,780
Auditor and Inspector	\$5,873,200	-\$440,490	\$5,432,710		-7.5%	3.0%	-\$162,981	\$5,269,729
Bond Advisor	\$173,370	-\$13,003	\$160,367		-7.5%	3.0%	-\$4,811	\$155,556
Consumer Credit, Department of	\$622,209	-\$46,666	\$575,543		-7.5%	3.0%	-\$17,266	\$558,277
Finance, Office of State	\$23,081,434	-\$906,108	\$22,175,326		-3.9%	3.0%	-\$335,260	\$21,840,067
Insurance Commissioner	\$2,339,827	-\$175,487	\$2,164,340		-7.5%	3.0%	-\$64,930	\$2,099,410
Land Office, Commissioners of	\$4,524,339	\$0	\$4,524,339		0.0%	0.0%	\$0	\$4,524,339
Tax Commission	\$46,303,723	-\$3,472,779	\$42,830,944		-7.5%	3.0%	-\$1,284,928	\$41,546,015
Treasurer	\$4,341,950	-\$318,146	\$4,023,803		-7.3%	3.0%	-\$117,714	\$3,906,089
TOTAL FINANCE AND REVENUE	\$87,260,052	-\$5,372,678	\$81,887,373				-\$1,987,891	\$79,899,482
Health, Department of	\$74,235,930	-\$5,477,271	\$68,758,659		-7.4%	0.5%	-\$337,765	\$68,420,894
Health Care Authority	\$979,796,994	-\$43,578,031	\$936,218,963		-4.4%	3.0%	-\$16,123,871	\$920,095,092
Mental Health & Substance Abuse	\$203,125,222	-\$14,589,681	\$188,535,541		-7.2%	0.5%	-\$899,697	\$187,635,844
TOTAL HEALTH	\$1,257,158,146	-\$63,644,983	\$1,193,513,164				-\$17,361,333	\$1,176,151,830
Central Services, Department of	\$17,403,253	-\$851,048	\$16,552,205		-4.9%	3.0%	-\$314,888	\$16,237,317
Horse Racing Commission	\$2,482,698	-\$186,202	\$2,296,496		-7.5%	3.0%	-\$68,895	\$2,227,601
Human Rights Commission	\$664,061	-\$49,805	\$614,256		-7.5%	3.0%	-\$18,428	\$595,829
Merit Protection Commission	\$613,684	-\$46,026	\$567,657		-7.5%	3.0%	-\$17,030	\$550,628
Personnel Management	\$4,549,323	-\$341,199	\$4,208,124		-7.5%	3.0%	-\$126,244	\$4,081,880
TOTAL HUMAN RESOURCES AND ADMINISTRATION	\$25,713,018	-\$1,474,280	\$24,238,738				-\$545,484	\$23,693,255
Children and Youth, Commission on	\$2,480,232	-\$186,017	\$2,294,214		-7.5%	3.0%	-\$68,826	\$2,225,388
Disability Concerns, Office of	\$392,769	-\$29,458	\$363,311		-7.5%	3.0%	-\$10,899	\$352,412
Human Services, Department of	\$550,712,113	-\$31,451,735	\$519,260,378		-5.7%	0.5%	-\$1,939,524	\$517,320,854
Indian Affairs, Commission of	\$240,373	-\$18,028	\$222,345		-7.5%	3.0%	-\$6,670	\$215,675
J.D. McCarty Center	\$4,452,961	-\$306,704	\$4,146,257		-6.9%	3.0%	-\$113,481	\$4,032,776
Juvenile Affairs	\$112,388,578	-\$8,226,743	\$104,161,835		-7.3%	3.0%	-\$3,043,895	\$101,117,940
Physician Manpower Training Comm.	\$5,560,748	-\$355,264	\$5,205,484		-6.4%	3.0%	-\$131,448	\$5,074,036
Rehabilitation Services, Depart.	\$30,053,770	-\$2,284,033	\$27,769,737		-7.6%	0.5%	-\$146,940	\$27,622,797
University Hospitals Authority	\$43,493,342	-\$2,488,249	\$41,005,093		-5.7%	3.0%	-\$920,652	\$40,084,440
TOTAL HUMAN SERVICES	\$749,774,886	-\$45,346,232	\$704,428,653				-\$6,382,336	\$698,046,318

EXECUTIVE SUMMARY

FY-2011 Executive Budget

	FY'10 Original Appropriation (Including ARRA Funds)	FY'10 Cut (\$) (7.5% to GR Approps)	FY'10 Revised Total Approp	FY'10 Cuts Added Back	FY'10 Total % Change	FY'11 Cut (%)	FY'11 Cut (\$)	FY'11 Approp. Before Consolidations and Pass Through Reductions
Military, Department of	\$12,251,559	-\$918,867	\$11,332,692		-7.5%	3.0%	-\$339,981	\$10,992,712
TOTAL MILITARY	\$12,251,559	-\$918,867	\$11,332,692				-\$339,981	\$10,992,712
ABLE	\$3,925,258	-\$294,394	\$3,630,864		-7.5%	3.0%	-\$108,926	\$3,521,938
Attorney General	\$13,722,234	-\$1,029,168	\$12,693,067		-7.5%	3.0%	-\$380,792	\$12,312,275
Corrections, Department of	\$503,000,000	-\$33,975,000	\$469,025,000		-6.8%	0.5%	-\$2,095,125	\$466,929,875
District Attorneys and DAC	\$39,822,795	-\$2,986,710	\$36,836,086		-7.5%	3.0%	-\$1,105,083	\$35,731,003
Emergency Management	\$788,329	-\$59,125	\$729,204		-7.5%	3.0%	-\$21,876	\$707,328
Fire Marshal	\$2,245,864	-\$168,440	\$2,077,424		-7.5%	3.0%	-\$62,323	\$2,015,101
Indigent Defense System	\$15,734,022	-\$1,179,059	\$14,554,964		-7.5%	3.0%	-\$436,252	\$14,118,712
Investigation, State Bureau of	\$17,107,029	-\$1,283,027	\$15,824,002		-7.5%	3.0%	-\$474,720	\$15,349,282
CLEET	\$4,414,356	-\$72,652	\$4,341,704		-1.6%	3.0%	-\$26,881	\$4,314,823
Medicolegal Investigations	\$4,699,939	-\$352,495	\$4,347,444		-7.5%	3.0%	-\$130,423	\$4,217,020
OBND	\$6,299,722	-\$371,229	\$5,928,493		-5.9%	3.0%	-\$137,355	\$5,791,138
Pardon and Parole Board	\$2,523,418	-\$189,256	\$2,334,162		-7.5%	3.0%	-\$70,025	\$2,264,137
Public Safety, Department of	\$93,339,686	-\$7,000,476	\$86,339,209		-7.5%	0.5%	-\$431,696	\$85,907,513
TOTAL SAFETY AND SECURITY	\$707,622,654	-\$48,961,031	\$658,661,622		-6.9%		-\$5,481,476	\$653,180,146
Science & Technology, Center for	\$22,026,563	-\$1,651,992	\$20,374,570		-7.5%	3.0%	-\$611,237	\$19,763,333
TOTAL SCIENCE AND TECHNOLOGY	\$22,026,563	-\$1,651,992	\$20,374,570				-\$611,237	\$19,763,333
Election Board	\$6,373,569	-\$466,768	\$5,906,801		-7.3%	3.0%	-\$172,704	\$5,734,097
Ethics Commission	\$621,203	-\$46,590	\$574,613		-7.5%	3.0%	-\$17,238	\$557,374
Judicial Complaints, Council on	\$268,040	-\$20,103	\$247,937		-7.5%	3.0%	-\$7,438	\$240,499
Secretary of State	\$353,881	-\$26,541	\$327,340		-7.5%	3.0%	-\$9,820	\$317,520
TOTAL SECRETARY OF STATE	\$7,616,692	-\$560,002	\$7,056,690				-\$207,201	\$6,849,490
Space Industry Development Auth.	\$493,216	-\$36,991	\$456,225		-7.5%	3.0%	-\$13,687	\$442,538
Transportation, Department of	\$208,741,314	\$0	\$208,741,314		0.0%	0.0%	\$0	\$208,741,314
TOTAL TRANSPORTATION	\$209,234,530	-\$36,991	\$209,197,539				-\$13,687	\$209,183,852
Veterans Affairs, Department of	\$40,282,600	-\$3,021,195	\$37,261,405		-7.5%	0.5%	-\$186,307	\$37,075,098
TOTAL VETERANS AFFAIRS	\$40,282,600	-\$3,021,195	\$37,261,405				-\$186,307	\$37,075,098
House of Representatives	\$17,834,084	-\$1,337,556	\$16,496,527		-7.5%	3.0%	-\$494,896	\$16,001,631
Legislative Service Bureau	\$5,537,153	-\$265,286	\$5,271,866		-4.8%	3.0%	-\$98,156	\$5,173,710
Senate	\$13,670,186	-\$1,025,264	\$12,644,922		-7.5%	3.0%	-\$379,348	\$12,265,575
TOTAL LEGISLATURE	\$37,041,422	-\$2,628,107	\$34,413,316				-\$972,399	\$33,440,916
Court of Criminal Appeals	\$3,304,551	-\$247,841	\$3,056,710		-7.5%	3.0%	-\$91,701	\$2,965,009
District Courts	\$54,003,040	-\$1,500,228	\$52,502,812		-2.8%	3.0%	-\$555,084	\$51,947,728
Supreme Court	\$17,867,941	-\$1,317,596	\$16,550,345		-7.4%	3.0%	-\$487,510	\$16,062,835
Workers' Compensation Court	\$5,055,966	-\$379,197	\$4,676,769		-7.5%	3.0%	-\$140,303	\$4,536,466
TOTAL JUDICIARY	\$80,231,498	-\$3,444,862	\$76,786,636				-\$1,274,599	\$75,512,037

Governor

As Chief Magistrate of the State, the Governor is vested by the Oklahoma Constitution with "the Supreme Executive power."

At the beginning of each session of the Legislature, the Governor presents the budget recommendations for the various state agencies and reports on the condition of the State. Every bill passed by the Legislature during regular session and prior to adjournment, before it becomes a law, is presented to the Governor. The Governor approves the bill if he signs it, if not; he vetoes it and returns it with his objections to the Legislature, which can override his objections by a two-thirds vote.

When any State office becomes vacant, the Governor, unless otherwise provided by law, appoints a person to fill such vacancy, in certain instances by and with advice and consent of the Senate. The Governor is Commander in Chief of the state militia.

Additional duties of the Governor include:

- Conduct the business of Oklahoma with other states;
- Grant commutations, pardons and paroles;
- Approve agency rules;
- Negotiate tribal compacts; and
- Conserve the peace throughout the state.

The Governor presides over or is a member of the following state boards and commissions:

- State Board of Equalization (Article 10, Section 21)
- Interstate Oil Compact (52 O.S. 201)
- Oklahoma Historical Society (53 O.S. 1.6)
- School Land Commission (64 O.S. 156)
- Capital Improvement Authority (73 O.S. 98.2)

- Oklahoma Capitol Complex Centennial Commission (73 O.S. 98.2)
- Transportation Commission (69 O.S. 302)
- Educational Commission (70 O.S. 506.1)
- Commissioners of the Land Office (70 O.S. 611)
- Southern Regional Educational Compact (70 O.S. 2127)
- Oklahoma Transportation Authority (69 O.S. 1703)
- Indian Affairs Commission (74 O.S. 1201)
- Southern Growth Policy Board (74 O.S. 3501)
- Contingency Review Board (74 O.S. 1201)