



FY-2017 ADJUSTED BUDGET



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —



JOY HOFMEISTER

STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION
OKLAHOMA STATE DEPARTMENT *of* EDUCATION

MEMORANDUM

TO: Oklahoma State Board of Education
FROM: Superintendent Joy Hofmeister
DATE: February 23, 2017
SUBJECT: FY 17 Adjusted Budget

On February 21, 2017, the State Board of Equalization took action to declare a state General Revenue failure. This failure reduced General Revenue allocations by 0.7% for all state agencies. For the State Department of Education, 0.7% results in a \$11,125,889.31 cut. Monthly allocations to state agencies will be reduced for the remainder of the fiscal year.

Additionally, the State Board of Equalization projects a shortfall in the Education Reform Revolving Fund (1017) of \$39,151,255.

As a result of these reductions, the attached FY 17 Adjusted Budget is submitted for your approval.

Attached Documentation:

- FY 17 Adjusted Budget
- FY 17 General Revenue Reduction per OMES
- State Board of Equalization Schedules 11 and 14
- FY 17 Adjusted Budget Presentation

JH/ct

**Oklahoma State Board of Education
Fiscal Year 2017 Adjusted Budget**

Purpose	FY 17 Appropriation	Total Reduction	Adjusted Appropriation	% of Reduction
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Financial Support of Public Schools	1,870,703,624.00	(46,421,416.15)	1,824,282,207.85	2.48%
<i>Amount appropriated from General Revenue (GR)</i>	<i>1,038,594,450.00</i>	<i>(7,270,161.15)</i>	<i>1,031,324,288.85</i>	<i>0.70%</i>
<i>Amount appropriated from Education Reform Revolving Fund (1017 funds)</i>	<i>696,954,056.00</i>	<i>(39,151,255.00)</i>	<i>657,802,801.00</i>	<i>5.62%</i>

Flexible Benefit Allowance <i>(appropriated from GR)</i>	442,030,522.00	(3,094,213.66)	438,936,308.34	0.70%
<i>Certified Personnel</i>	<i>284,030,744.00</i>	<i>(1,988,215.21)</i>	<i>282,042,528.79</i>	<i>0.70%</i>
<i>Support Personnel</i>	<i>157,999,778.00</i>	<i>(1,105,998.45)</i>	<i>156,893,779.55</i>	<i>0.70%</i>

Support of Public School Activities <i>(appropriated from GR)</i>	91,956,442.00	(643,695.09)	91,312,746.91	0.70%
<i>Requested transfer from Support of Partnership for Math Intervention</i>		<i>397,200.00</i>	<i>91,709,946.91</i>	

Support of Partnership for Math Intervention <i>(appropriated from GR)</i>	1,000,000.00	(7,000.00)	993,000.00	0.70%
<i>Requested transfer to Support of Public School Activities</i>		<i>(397,200.00)</i>	<i>(595,800.00)</i>	

Administrative and Support Functions <i>(appropriated from GR)</i>	15,831,344.00	(110,819.41)	15,720,524.59	0.70%
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Lottery Trust Fund - Transfer to TRS Revolving Fund (62 O.S. 34.93 and 3A O.S. 713(C)(3))	2,599,751.00	-	2,599,751.00	0.00%
Lottery Trust Fund - Transfer to School Consolidation Assistance Fund (70 O.S. 7-203)	2,599,751.00	-	2,599,751.00	0.00%

TOTAL APPROPRIATION	2,426,721,434.00	(50,277,144.31)	2,468,750,036.69	2.09%
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**Oklahoma State Board of Education
Support of Public School Activities Budget**

	Purpose	FY 17 Appropriation	Total Reduction	Adjusted Appropriation	% of Reduction	Notes
1	Teachers' Retirement System (70 O.S. 17-108.2) **based on FY 14 count	32,712,137.00	-	32,712,137.00	0.00%	
2	Early Intervention SoonerStart (70 O.S. 13-124)	14,400,341.00	-	14,400,341.00	0.00%	
3	Testing/ACE (70 O.S. 1210.508, 20 USC §6311(b)(2))	11,064,293.00	-	11,064,293.00	0.00%	
4	Alternative Education - Statewide school programs (70 O.S. 1210.561, 70 O.S. 1210.568)	9,472,400.00	-	9,472,400.00	0.00%	
5	Education Leadership Oklahoma - National Board Teacher Bonus (70 O.S. 6-204.2)	5,500,000.00	(196,495.09)	5,303,504.91	3.57%	
6	School Lunch Matching & MOE (7 CFR 210-17 and 7 CFR 235.11(a))	3,500,000.00	-	3,500,000.00	0.00%	
7	Funding Required to Meet Obligations	76,649,171.00	(196,495.09)	76,452,675.91	0.26%	

8	Early Childhood Initiative (70 O.S. 10-105.4)	8,000,000.00	-	8,000,000.00	0.00%	
9	Reading Sufficiency (70 O.S. 1210.508D)	4,507,271.00	-	4,507,271.00	0.00%	
10	1210.703)	1,035,045.00	-	1,035,045.00	0.00%	
11	Oklahoma Student Information System (70 O.S. 18-200.1(E))	464,955.00	-	464,955.00	0.00%	
12	Standards Implementation (70 O.S. 11-103.6, 20 USC §6311(b)(1))	350,000.00	-	350,000.00	0.00%	
13	Alternative Education Programs - Oklahoma Technical Assistance Center (70 O.S. 1210.568)	150,000.00	(50,000.00)	100,000.00	33.33%	
14	Teacher and Leader Effectiveness Programs (70 O.S. 6-101.16, 20 USC §6611)	-	-	-		
15	Charter Schools Incentive Fund (70 O.S. 3-144)	-	-	-		
16	Education Leadership Oklahoma - Psychologists, Speech Pathologists and Audiologists Bonus (70 O.S. 6-206)	-	-	-		
17	Parent Education Program Grant (70 O.S. 10-105.3)	-	-	-		
18	Personal Financial Literacy (70 O.S. 11-103.6h)	-	-	-		
19	Staff Development for Schools (70 O.S. 6-193)	-	-	-		
20	Teacher Residency Program (70 O.S. 6-195)	-	-	-		
21	Total Programs Supported by State Statute/Federal Law (1-6, 8-20)	91,156,442.00	(246,495.09)	90,909,946.91	0.27%	

22	Teach for America	250,000.00	-	250,000.00	0.00%	
23	Great Expectations	300,000.00	-	300,000.00	0.00%	
24	Street School	150,000.00	-	150,000.00	0.00%	
25	Oklahoma Arts Institute	100,000.00	-	100,000.00	0.00%	
26	Ag in the Classroom	-	-	-		
27	Rural Infant Stimulation Environment Program (RISE)	-	-	-		
28	School Competitive Grants Pool *Removed Great Expectations and Street School from FY 16 total	-	-	-		
29	SCORE Grants/Reading Readiness	-	-	-		
30	STEM Ready Schools	-	-	-		
31	Total Programs Not Supported by State Statute/Federal Law (lines 40-47)	800,000.00	-	800,000.00	0.00%	

32	Total Support of Public School Activities	91,956,442.00	(246,495.09)	91,709,946.91	0.27%	
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Agency Name	Purpose of Appropriation	Amount	0.7% Cut to GRF	Adjusted Appropriation	Total Cuts by Agency
ABLE Commission	Duties	\$2,500,312	\$ (17,502.18)	\$2,482,810	\$ (17,502.18)
Agriculture Department	Duties	\$20,292,218	\$ (142,045.53)	\$20,150,172	\$ (142,045.53)
Arts Council, State	Duties	\$2,938,293	\$ (20,568.05)	\$2,917,725	\$ (20,568.05)
Attorney General, Office of the	Duties	\$5,421,331	\$ (37,949.32)	\$5,383,382	
Attorney General, Office of the	For transfer to the Legal Services Rev Fund	\$904,726	\$ (6,333.08)	\$898,393	\$ (44,282.40)
Auditor and Inspector	Duties	\$2,903,905	\$ (20,327.34)	\$2,883,578	
Auditor and Inspector	County Govt Personnel Educ & Trng	236,631	\$ (1,656.42)	234,975	\$ (21,983.75)
Bond Advisor, State	Duties	\$110,687	\$ (774.81)	\$109,912	\$ (774.81)
Bureau of Investigation	Duties	\$12,392,064	\$ (86,744.45)	\$12,305,320	\$ (86,744.45)
Career and Technical Education	Duties	\$114,916,599	\$ (804,416.19)	\$114,112,183	\$ (804,416.19)
Children and Youth, Commission on	Duties	\$1,743,024	\$ (12,201.17)	\$1,730,823	\$ (12,201.17)
Commerce, Department of	Duties	\$15,587,595	\$ (109,113.17)	\$15,478,482	
Commerce, Department of	Duties - NACEA	\$6,023,654	\$ (42,165.58)	\$5,981,488	\$ (151,278.74)
Conservation Commission	Duties	\$9,039,814	\$ (63,278.70)	\$8,976,535	\$ (63,278.70)
Corporation Commission	Duties	\$7,682,682	\$ (53,778.77)	\$7,628,903	\$ (53,778.77)
Corrections, Department of	Duties	\$423,430,930	\$ (2,964,016.51)	\$420,466,913	\$ (2,964,016.51)
Court of Criminal Appeals	Duties	\$3,630,199	\$ (25,411.39)	\$3,604,788	\$ (25,411.39)
Disability Concerns	Duties	\$245,647	\$ (1,719.53)	\$243,927	\$ (1,719.53)
District Attorney's Council	Duties (w/ allowance to transfer \$491,014 to 22500)	\$34,468,685	\$ (241,280.80)	\$34,227,404	\$ (241,280.80)
Education, Board of	Financial support of Public Schools	\$1,038,594,450	\$ (7,270,161.15)	\$1,031,324,289	
Education, Board of	Public School Activities	\$91,956,442	\$ (643,695.09)	\$91,312,747	
Education, Board of	Math intervention, grades 4-8	\$1,000,000	\$ (7,000.00)	\$993,000	
Education, Board of	Certified Employee Health Benefit Allowance	\$284,030,744	\$ (1,988,215.21)	\$282,042,529	
Education, Board of	Support Personnel Health Benefit Allowance	\$157,999,778	\$ (1,105,998.45)	\$156,893,780	
Education, Board of	Administrative and Support Functions	\$15,831,344	\$ (110,819.41)	\$15,720,525	\$ (11,125,889.31)
Educational Quality and Accountability	Duties	\$1,177,237	\$ (8,240.66)	\$1,168,996	\$ (8,240.66)
Election Board	Duties	\$5,393,267	\$ (37,752.87)	\$5,355,514	\$ (37,752.87)
Emergency Management	Duties	\$503,643	\$ (3,525.50)	\$500,117	\$ (3,525.50)
Environmental Quality, Department of	Duties	\$5,987,388	\$ (41,911.72)	\$5,945,476	\$ (41,911.72)
Ethics Commission, State	Duties	\$739,754	\$ (5,178.28)	\$734,576	\$ (5,178.28)
Fire Marshal, State	Duties	\$1,230,946	\$ (8,616.62)	\$1,222,329	\$ (8,616.62)
Governor, Office of the	Duties	\$1,725,051	\$ (12,075.36)	\$1,712,976	\$ (12,075.36)
Health Care Authority	Duties (to Disbursing Funds 200 and 340)	\$664,406,159	\$ (4,650,843.11)	\$659,755,316	\$ (4,650,843.11)
Health, Department of	Duties	\$53,703,390	\$ (375,923.73)	\$53,327,466	\$ (375,923.73)
Higher Education, Regents for	Ed & Gen Oper Budgets, Construc,Maint,Rep	\$647,842,367	\$ (4,534,896.57)	\$643,307,470	
Higher Education, Regents for	Concurrent Enrollment Expenditures	1,027,450	\$ (7,192.15)	1,020,258	
Higher Education, Regents for	Admin Offices of the Regents	3,877,304	\$ (27,141.13)	3,850,163	\$ (4,569,229.85)
Historical Society	Duties	\$11,005,649	\$ (77,039.54)	\$10,928,609	\$ (77,039.54)
Horse Racing Commission	Duties	\$1,743,834	\$ (12,206.84)	\$1,731,627	\$ (12,206.84)
House of Representatives	Operations	\$12,497,306	\$ (87,481.14)	\$12,409,825	\$ (87,481.14)
Human Services, Department of	Duties (to Disbursing Funds)	\$600,500,262	\$ (4,203,501.83)	\$596,296,760	\$ (4,203,501.83)
Indigent Defense System	Duties	\$14,954,141	\$ (104,678.99)	\$14,849,462	\$ (104,678.99)
J. D. McCarty Center	Duties	\$3,895,191	\$ (27,266.34)	\$3,867,925	\$ (27,266.34)
J. M. Davis Memorial Commission	Duties	\$242,420	\$ (1,696.94)	\$240,723	\$ (1,696.94)
Juvenile Affairs, Office of	Duties	\$43,211,377	\$ (302,479.64)	\$42,908,897	\$ (302,479.64)
Libraries, Department of	Duties	\$4,611,382	\$ (32,279.67)	\$4,579,102	\$ (32,279.67)
Lieutenant Governor	Duties	\$391,814	\$ (2,742.70)	\$389,071	\$ (2,742.70)
Medicolegal Investigations	Duties	\$8,749,068	\$ (61,243.48)	\$8,687,825	\$ (61,243.48)
Mental Health, Department of	Duties	\$299,823,085	\$ (2,098,761.60)	\$297,724,323	\$ (2,098,761.60)
Merit Protection Commission	Duties	\$379,730	\$ (2,658.11)	\$377,072	\$ (2,658.11)
Military Department	Duties	\$10,035,604	\$ (70,249.23)	\$9,965,355	\$ (70,249.23)
Mines, Department of	Duties	\$775,772	\$ (5,430.40)	\$770,342	\$ (5,430.40)
OCAST	Duties	\$14,110,140	\$ (98,770.98)	\$14,011,369	\$ (98,770.98)
OSU Medical Authority	Duties	\$10,163,028	\$ (71,141.20)	\$10,091,887	\$ (71,141.20)
Pardon and Parole Board	Duties	\$2,294,013	\$ (16,058.09)	\$2,277,955	\$ (16,058.09)
Physician Manpower Commission	Duties	\$3,084,558	\$ (21,591.91)	\$3,062,966	\$ (21,591.91)
Public Safety, Department of	Duties	\$55,377,730	\$ (387,644.11)	\$54,990,086	\$ (387,644.11)
REAP	Transfer to Fund 225	\$9,658,172	\$ (67,607.20)	\$9,590,565	\$ (67,607.20)
Rehab Services, Department of	Duties (to disbursing funds)	\$27,452,297	\$ (192,166.08)	\$27,260,131	\$ (192,166.08)
Senate	Operations	\$9,335,506	\$ (65,348.54)	\$9,270,157	\$ (65,348.54)
Space Industry Development Authority	Duties to Space Industries Dev.	\$305,189	\$ (2,136.32)	\$303,053	\$ (2,136.32)
Supreme Court or Court of Appeals	Duties	\$11,336,267	\$ (79,353.87)	\$11,256,913	\$ (79,353.87)
Tax Commission	Duties	\$44,336,000	\$ (310,352.00)	\$44,025,648	\$ (310,352.00)
Tourism and Recreation Department	Duties	\$15,035,554	\$ (105,248.88)	\$14,930,305	\$ (105,248.88)
Treasurer	Duties	\$2,720,463	\$ (19,043.24)	\$2,701,420	\$ (19,043.24)
University Hospitals Authority	Duties	\$34,886,725	\$ (244,207.08)	\$34,642,518	\$ (244,207.08)
Veterans Affairs, Department of	Duties	\$29,357,287	\$ (205,501.01)	\$29,151,786	\$ (205,501.01)
Water Resources Board	Duties	\$3,922,773	\$ (27,459.41)	\$3,895,314	\$ (27,459.41)
				\$	\$ (34,592,083.47)

COMPARISON OF REVENUE ESTIMATES
FY-2017 ESTIMATE: LAW CHANGES vs. FY-2017 FINAL PROJECTION
Schedule 11

Column 1	Column 2	Column 3	Column 4	Column 5
	FY-2017 ESTIMATE 20-Jun-16	FY-2017 PROJECTED 21-Feb-17	INCREASE OR (DECREASE)	PERCENT CHANGE
GENERAL REVENUE FUND				
Alcohol Beverage Tax	\$26,939,000	\$26,349,000	(\$590,000)	-2.2%
Mixed Beverage Receipts Tax	55,789,000	55,331,000	(458,000)	-0.8%
Beverage Tax	24,202,000	23,797,000	(405,000)	-1.7%
Cigarette Tax	33,316,803	30,300,071	(3,016,733)	-9.1%
Tobacco Products Tax	31,078,299	30,855,429	(222,871)	-0.7%
Franchise Tax/Business Activity Tax	55,825,000	50,964,000	(4,861,000)	-8.7%
Gross Production Tax-Gas	124,163,000	130,545,000	6,382,000	5.1%
Gross Production Tax-Oil	4,018,000	21,115,000	17,097,000	425.5%
Income Tax-Individual	1,886,880,476 *	1,843,038,356 *	(43,842,120)	-2.3%
Income Tax-Corporate	296,330,530	91,430,625	(204,899,905)	-69.1%
Estate Tax	0	0	0	0.0%
Insurance Premium Tax	107,181,902	108,787,500	1,605,598	1.5%
Motor Vehicle Taxes	213,978,680	218,741,000	4,762,320	2.2%
Sales Tax	1,935,852,430	1,839,474,347	(96,378,084)	-5.0%
Use Tax	164,542,808	191,522,083	26,979,275	16.4%
Interest & Investments	52,000,000	50,000,000	(2,000,000)	-3.8%
Other (Schedule 7)	207,241,224	210,711,832	3,470,608	1.7%
General Revenue Totals	\$5,219,339,152	\$4,922,962,240	(\$296,376,912)	-5.7%
Transfers & Lapses	1,000,000	1,000,000	0	0.0%
Revenue Comparison	\$5,220,339,152	\$4,923,962,240	(\$296,376,912)	-5.7%
One-Time Receipts	0	0	0	0.0%
Total General Revenue	\$5,220,339,152	\$4,923,962,240	(\$296,376,912)	-5.7%
C.L.E.E.T.	\$3,206,112	\$3,192,118	(\$13,994)	-0.4%
COMM of LAND OFFICE	\$9,237,300	\$9,504,300	\$267,000	2.9%
MINERAL LEASING	\$3,800,000	\$4,500,000	\$700,000	18.4%
SPECIAL OCCUPATIONAL HEALTH & SAFETY	\$1,937,552	\$1,631,959	(\$305,593)	-15.8%
PUBLIC BUILDING	\$3,040,430	\$3,467,088	\$426,658	14.0%
OK EDUCATION LOTTERY TRUST FUND	\$51,733,500	\$53,553,500	\$1,820,000	3.5%
STATE PUBLIC SAFETY FUND	\$12,982,456	\$12,982,456	\$0	0.0%
GRAND TOTAL	\$5,306,276,502	\$5,012,793,662	(\$293,482,840)	-5.5%

*The Individual Income Tax number reflects apportionments to the ROADS Fund, the Public Transportation Fund and the OK Tourism and Passenger Rail Revolving Fund, as well as funding for the Oklahoma's Promise Scholarship program. For more ROADS Fund detail, see Schedule 4, page 4. In compliance with Section 34.87 of Title 62 of the Oklahoma Statutes, the State Regents for Higher Education has adopted an estimate of \$74.3M for funding of the Oklahoma's Promise scholarship fund for FY-2018, which is requested from the General Revenue Fund (Personal Income Tax collections). The amount of money allocated from income tax revenue for FY-2017 was \$67.8m. These amounts have been removed from the respective individual income tax numbers.

EDUCATION REFORM ACT - HB 1017

Schedule 14

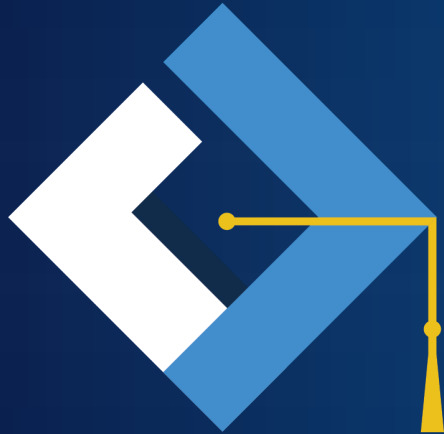
SB 826 of the Second Regular Session of the Forty-fifth Legislature amended Section 41.29a of Title 62 to require that the Office of Accountability account for and report monthly revenues which accrue to the Education Reform Revolving Fund. The Education Reform Revolving Fund on June 1, 1996 began receiving revenue attributable to the revenue provisions of HB 1017 rather than these revenues first being apportioned to the General Revenue Fund.

CALCULATIONS

EDUCATION REFORM ACT

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
	FY-2017 ESTIMATE 20-Jun-16	FY-2017 PROJECTED 21-Dec-16	FY-2018 ESTIMATE 21-Dec-16	FY-2017 PROJECTED 21-Feb-17	PROPOSED FY-2018 ESTIMATE 21-Feb-17
SOURCE					
Income Tax-Individual	\$239,551,334	\$243,416,661	\$251,364,014	\$236,375,449	\$246,375,943
Income Tax-Corporate	63,089,549	23,003,805	25,674,000	19,465,875	21,725,385
Sales Tax	242,184,146	229,628,798	236,825,383	230,126,799	240,681,253
Use Tax	20,585,071	23,724,221	26,658,147	23,960,304	27,266,605
Cigarette Tax	2,881,067	2,762,788	2,774,732	2,744,344	2,757,778
Tobacco Products Tax	625,264	637,953	692,312	629,880	674,861
Tribal Gaming	128,040,000	135,600,437	136,360,000	135,600,437	136,360,000
Special License Plates	0	0	0	0	0
Business Activity Tax	0	0	0	0	0
TOTAL - 100% OF ESTIMATE	\$696,956,431	\$658,774,663	\$680,348,588	\$648,903,088	\$675,841,826
Difference in FY-2018 proposed estimate from FY-2017 official estimate					(\$21,114,605)

Projected FY'17 Difference:	(\$48,053,343)
Amount Held in Reserve:	\$8,902,088
Projected FY-2017 Shortfall:	(\$39,151,255)



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

FY 2017 Adjusted Budget

February 23, 2017

Matt Holder

Deputy Superintendent of Finance and
Federal Programs

Mandatory 0.7% Cut Due to General Revenue Failure

Purpose	Total from GR	Total Reduction	Adjusted Appropriation	% Reduction
Financial support of Public Schools	\$1,038,594,450	\$7,270,161.15	\$1,031,324,288.85	0.7%
Public School Activities	\$91,956,442	\$643,695.09	\$91,312,746.91	0.7%
Flexible Benefit Allowance	\$442,030,522	\$3,094,213.66	\$438,936,308.34	0.7%
Support of Partnership for Math Intervention	\$1,000,000	\$7,000.00	\$993,000.00	0.7%
Administrative and Support Functions	15,831,344	\$110,819.41	\$15,720,524.59	0.7%

Total GR Reduction: \$11,125,889.31

Education Reform Revolving Fund (1017)

Purpose	Total Appropriation	Board of Equalization projected shortfall	Adjusted Appropriation	% Reduction
Financial Support of Public Schools	\$696,954,056	\$39,151,255	\$657,802,801	5.62%



Overall Impact

Total Reduction: \$50,277,144.31

Total Impact to funding formula:

\$46,421,416.15

General Revenue: \$7,270,161.15

1017: \$39,151,255.00



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

Changes to Public School Activities

Total Reduction: \$643,695.09

- Transfer request of \$397,200 from the Support of Partnership for Math Intervention
- NBCT: \$196,495.09 (All payments have been made)
- Oklahoma Technical Assistance Center: \$50,000



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —