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Legislature, Henry battle over funds from reserve

**BY SEAN MURPHY
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OKLAHOMA CITY - Legislative leaders are leaving Gov. Brad Henry few options as they remain \$260 million apart amid negotiations on how to solve Oklahoma's budget woes.

Senate President Pro Tem Glenn Coffee said Wednesday the Legislature wants Henry to use federal stimulus money to ease budget cuts for education and health care - blocking the governor's plan to use more money from the state's Rainy Day fund.

"As far as I'm concerned, we have an agreement," Coffee, R-Oklahoma City, told Associated Press. "We'll send him the bills."

State Treasurer Scott Meacham, Henry's key budget negotiator, said lawmakers are risking a veto on supplemental funding for education, prisons and health care if an agreement isn't reached on where the money comes from.

"Are they willing to do all that work and potentially have the governor veto it?" Meacham said. "The governor has proven in the past that if he feels something is not in the best interest of the state, he will veto it."

The House, the Senate and the governor are working to address a \$729 million deficit in the current fiscal year that ends June 30. Agency budget cuts averaging 7.5 percent have saved about \$385 million, and Republican leaders in the Legislature and Henry, a Democrat, have agreed to spend about \$525 million more to close the gap and provide supplemental funding for targeted areas.

But they apparently cannot agree on where the money would come from.

Henry has proposed spending \$485 million from the state's Rainy Day fund on the fiscal year 2010 budget, but both Coffee and House Speaker Chris Benge said they refuse to spend more than \$225 million.

The governor, who signed the agreement with the federal government, has said he's concerned that spending stimulus money in lieu of reserve funds could jeopardize the federal funding, which is critical to easing the state's worst budget crisis since the Great Depression. One provision of the agreement, he said, stipulates that states not utilize the stimulus money to replenish or as a substitute for Rainy Day funds.

"Governor Henry is concerned that we may violate our federal stimulus agreement if we continue to sit on Rainy Day fund dollars while spending stimulus funds," Henry spokesman Paul Sund said.

But Coffee said using federal stimulus money to boost funding for education would not constitute supplanting the reserve funds.

"To say that we're supplanting funds is just not a credible argument," Coffee said.

Coffee said legislative leaders made clear to Henry during negotiations their position on spending no more than \$225 million from the state's \$600 million reserve.

If the governor chooses to sign the spending bill and not authorize federal stimulus money to make up the difference, "then he would be choosing to cut education, not us," Coffee said.

He acknowledged Wednesday that a veto by Henry would send this year's budget negotiations into a tailspin before negotiations have even started on next year's budget. For fiscal 2011, legislators will have \$1.3 billion less to spend than last year.

"We'd have to go back to the table and start over on the deal," Coffee said.

Also Wednesday, House panels approved a bill calling for voluntary regulation of puppy mills and a measure that would require owners of mobile home parks to have an evacuation plan for tenants in case of a tornado.

The Senate Appropriations Committee approved, among dozens of measures, a bill that authorizes high schools across the state to offer an elective course in the study of the Bible. Another measure would send to a vote of the people a proposal to increase from 10 to 20 percent the amount of surplus revenue dedicated to the Rainy Day fund.