

# State leaders reach budget agreement

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OKLAHOMA CITY – Legislative leaders and Gov. Brad Henry finalized an agreement Thursday that, they say, will plug a \$1.2 billion hole in the state’s budget and shield core services from massive spending cuts.

The agreement was announced Thursday afternoon, after lawmakers were briefed by the Legislature’s Republican leadership.

Under the agreement, \$6.68 billion in general revenue will be appropriated to state agencies and programs. That figure represents a 7.6-percent reduction in total appropriations from the original FY 2010 budget.

Additionally, the state will spend about \$372 million of the state’s constitutional reserve fund and about \$300 million in federal stimulus funds.

Speaking after the agreement was announced, state Treasurer Scott Meacham – the governor’s chief budget negotiator – said FY 2011 represented “a historic challenge” for the governor and legislators.

“The most difficult thing was how big the hole was, it was historic,” he said. “Never has a Legislature or governor in this state faced a challenge like this.”

Henry agreed the budget was difficult to write.

“In the face of a historic revenue shortfall, this was a very difficult and painful budget to craft, but I am proud that we were able to strike an agreement that largely protects the core services that are so important to Oklahomans and the state’s economic recovery,” the governor said. “All levels of public education and our classroom teachers in particular play such an important role in this state’s economic future that it was critical to shield them from the deepest cuts, and we did that.”

Along with spending reductions, the budget includes increases in fees for vending machines, a moratorium on many tax credits and increases in fees for permits and items such as certified copies of driver’s licenses.

Additionally, as part of the agreement, the state’s common education system (kindergarten through 12th grade) and career technology system will receive targeted cuts of just 2.9 percent to help avert teacher layoffs and other classroom reductions.

Higher education's budget was reduced by 3.3 percent.

Other components of the budget include:

- The Department of Public Safety will be cut by only 1 percent in an effort to head off trooper furloughs. The Department of Corrections will receive a 3-percent reduction.
- Long-term funding to the Oklahoma Department of Transportation for road and bridge maintenance and repair efforts.
- The Oklahoma Health Care Authority will receive an increase in overall funding from other sources to address expected cost increases in health care programs.
- The Department of Mental Health and Substance Abuse Services will be cut by 0.5 percent and the Department of Veterans Affairs by 3.5 percent.
- A \$5 million line-item appropriation to senior nutrition programs and \$12.4 million to the Rural Economic Action Plan or REAP.

Legislative leaders praised the agreement.

“This budget represents the tough decisions we have said all session would be required to fill a \$1.2 billion shortfall, which inevitably will touch every aspect of state government. I believe this budget insulates vital government services like public safety, transportation, health care and education from dramatic cuts while also leaving our state in a fiscally sound position for the next Legislature and beyond,” said House Speaker Chris Benge, R-Tulsa. “This budget is a true product of consensus, which means compromises were made on both sides of the aisle. We believe this is a fiscally prudent budget that will help our state continue to weather this economic downturn with the hope that revenues will stabilize as the economy improves. What our state is dealing with is not unique, but I believe we were prepared for this day and handle it much like many Oklahoma families are treating their own personal budgets. We have lived within our means.”

Senate Pro Tempore Glenn Coffee, R-Oklahoma City, said the budget represented bipartisan work.

“In divided government, parties have to work together to do the people's business. During a tight budget year, this agreement provides a responsible reduction in spending and protects taxpayers from a tax increase. Republicans have always fought to be prudent with taxpayer dollars, and I knew it was vital to maintain the \$100 million reserve fund that will aid in the probable FY 2012 budget holes,” he said. “The governor, speaker and I were able to work together in a bipartisan fashion and keep Oklahoma's government running. I especially want to thank Sen. Mike Johnson, our Appropriations chairman, for his expertise and vision in helping us draft a budget that adequately funds the core functions of this great state.”

Coffee said the budget would work its way through the Legislature over the next few days.

“I expect it to pass with bipartisan votes,” he said.

Lawmakers have until May 28 to complete the budget.