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SWOSU President's Newsletter

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SWOSU PRESIDENT'S NEWSLETTER

January 2020

I hope that each of you had a great holiday break!

With the new Oklahoma legislative session quickly approaching, I thought it would be good to review a few facets of the state budget process.

State Equalization Board: What is it and what does it do?

The Oklahoma State Board of Equalization is an entity of state government that has a very important role in the appropriations process each year. The group is responsible for providing an estimate of all revenue that will be available for appropriation by the Oklahoma Legislature for the coming fiscal year.

This entity was originally established in 1907 in the Oklahoma Constitution. Membership includes six statewide officials – the Governor, Lieutenant-Governor, Attorney General, Treasurer, Superintendent of Instruction, State Auditor, and the Secretary of Agriculture.

The board met in December and approved a preliminary estimate of revenue projections that will be used by the governor to prepare and submit the gubernatorial annual budget to the legislative body. This budget will be submitted on February 3rd, the opening day of the 2nd Session of the 57th Legislature. At that time, Governor Stitt will also give the State of the State Address outlining his goals for the legislative session.

The State Equalization Board will meet again in mid-February and approve a final estimate of revenue. It is this estimate that will be used by the Legislature to construct the state budget (the Legislature is allowed to appropriate 95% of this certified amount).

With that background information, let's review the December estimate. Here is a release from Oklahoma Senate President Pro Temp Greg Treat (I have highlighted important sections of the press release):

OKLAHOMA CITY – Oklahoma Senate Republican leadership commented Friday on the state Board of Equalization’s preliminary revenue certification.

“Overall, we are cautiously optimistic about the revenue outlook for next year. While there is concern in the decline in gross production taxes collected on natural gas, other sectors of the economy are performing well and helping to fill in that revenue gap. Additionally, steps taken by the Legislature in recent years to shore up our financial standing are working. The Senate will resume its work on budget hearings and examining agency budget requests as we await the final certification numbers due in February upon which the Legislature will write the budget,” said **Senate President Pro Tempore Greg Treat**, R-Oklahoma City.

The Board of Equalization certified more than \$8.3 billion for Fiscal Year 2021, a \$9.3 million (0.1 percent) increase from Fiscal Year 2020.

“Any growth in a budget is good, but we have to be cautious in our outlook and continue to monitor economic conditions as we prepare the budget. And before the first drop of ink is spilled in writing the state budget, we already have nearly \$200 million in obligations for things like the ad valorem reimbursements to schools, the bond debt on the Capitol, and increased costs for teacher health care benefits. The Senate appropriators have already held budget hearings, and we’ll keep doing our work and crunching the numbers to ensure we maximize every tax dollar as we write next year’s budget,” said Senator Roger Thompson, R-Okemah and Senate Appropriations Committee chair.

Finally, I would direct you to this website that has good information regarding state issues. It is KGOU-FM, which is our area NPR station: <https://kgou.drupal.publicbroadcasting.net/post/capitol-insider-revenue-estimate-predicts-flat-state-budget>.

What Does This Mean?

The bottom line to most of this information is that there will be very few extra dollars for appropriations to state agencies in the upcoming legislative session. That does not mean that higher education will not make a major effort to secure more monies for the next fiscal year. However, it will be more difficult, especially with the competition from other state agencies who are vying for these precious few state dollars.

With this scenario, it remains important that we as an institution work diligently toward maintaining and expanding our efforts regarding recruitment and retention. Success in these areas will help ensure our fiscal health for the near and long-term future.

We at SWOSU will continue to set the pace for meaningful and quality higher education in Oklahoma. All of you do an amazing job ensuring that the reputation of this institution is known throughout this region of the country. I look forward to Monday when classes resume. It is always an exciting time when we have our students returning to campus. Have a great semester!