

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1221

By: West (Kevin) and **Crosswhite**
Hader of the House

7 and

8 **Frix** of the Senate

9
10 COMMITTEE SUBSTITUTE

11 An Act relating to public finance; creating the State
12 Accounts for Federal Expenditures Act (SAFE Act);
13 defining certain terms; creating State Accounts for
14 Federal Expenditures Accounts (SAFE Accounts);
15 determining what said accounts shall be used for;
16 requiring certain notice to be provided to certain
17 persons; requiring agencies to present certain
18 information in budget performance reviews; requiring
19 approval of agency use of certain funds; requiring
20 the creation of SAFE Accounts after certain
21 approvals; requiring agencies to notify the federal
22 government of certain actions; requiring certain
23 notice to be provided to certain persons; requiring
24 certain formal hearings; requiring approval of agency
use of certain funds; requiring the creation of SAFE
Accounts after certain approvals; exempting certain
types of funds; requiring the creation of SAFE
Accounts after certain federal action; allowing for
immediate use by certain programs; requiring agencies
to submit certain information; allowing for approval
of certain funds; amending 62 O.S. 2021, Section
34.36, which relates to estimates of funds needed;
requiring agencies to submit certain information;
amending 62 O.S. 2021, Section 34.95, which relates
to certain reports; requiring agencies to present on
specific federal funds; providing for codification;

1 providing an effective date; and declaring an
2 emergency.

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4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 SECTION 1. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 5001 of Title 62, unless there
7 is created a duplication in numbering, reads as follows:

8 This act shall be known and may be cited as the "State Accounts
9 for Federal Expenditures Act" (SAFE Act).

10 SECTION 2. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 5002 of Title 62, unless there
12 is created a duplication in numbering, reads as follows:

13 As used in the State Accounts for Federal Expenditures Act:

14 1. "Agency" means any agency, board, bureau, commission, or
15 other entity organized within the executive department of state
16 government;

17 2. "Block grant" means a funding mechanism used by the federal
18 government that is not based on a program or an application; and

19 3. "Competitive grant" means a grant an agency applies for to
20 receive federal funding that is not necessarily associated with a
21 federal program the agency already operates.

22 SECTION 3. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 5003 of Title 62, unless there
24 is created a duplication in numbering, reads as follows:

1 There is hereby created in the State Treasury "State Accounts
2 for Federal Expenditures" (SAFE Accounts). These accounts shall be
3 used by agencies for funds received under competitive grant awards,
4 direct monetary payments to the agency not associated with an
5 established federal program the agency operates, and block grants.
6 These accounts shall not be used for existing federal programs
7 agencies operate as of January 1, 2025, unless the program is a
8 competitive grant the agency must reapply for funds after November
9 1, 2025.

10 SECTION 4. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 5004 of Title 62, unless there
12 is created a duplication in numbering, reads as follows:

13 A. Beginning November 1, 2025, all agencies applying for
14 competitive grants through *Grants.gov*, or any of its successors,
15 shall submit to the Speaker of the Oklahoma House of
16 Representatives, the President Pro Tempore of the Oklahoma State
17 Senate, the Governor, the House Appropriations and Budget Chair, the
18 Senate Appropriations Chair, and the Secretary of Finance notice of
19 the application that includes, but is not limited to, the
20 application deadline, when the agency expects to hear it will be
21 receiving funds under the grant, what federal department, agency, or
22 other federal entity is awarding the grant, the amount of the grant,
23 the purpose of the grant, and for how many years the agency will
24 receive funding under the grant if it is awarded.

1 B. Beginning with the FY-2027 Budget Performance Reviews as
2 described in Section 34.95 of Title 62 of the Oklahoma Statutes,
3 agencies shall present information on the competitive grants they
4 have applied for or are applying for regardless of whether the
5 agency has submitted notice to the persons mentioned in subsection A
6 of this section. Such information shall be contained in the
7 agency's Budget Performance Review document and presentation.

8 C. No agency shall draw down funds for a competitive grant
9 unless it has received approval by the Legislature. Approval shall
10 be satisfied by a concurrent resolution. Upon approval, a SAFE
11 Account shall be created by the Office of Management and Enterprise
12 Services. Once the account has been created, if the agency is
13 awarded the grant, the agency shall be authorized to draw down on
14 federal funds as the requirements of the grant have been met. In
15 the event the competitive grant is not approved by the Legislature,
16 the agency shall notify the federal government and withdraw its
17 application for the funding.

18 SECTION 5. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 5005 of Title 62, unless there
20 is created a duplication in numbering, reads as follows:

21 A. Beginning November 1, 2025, in the event the federal
22 government, through legislation, directs funds to be granted to
23 state agencies as a form of monetary relief for states due to poor
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1 economic conditions, these funds shall be placed in SAFE Accounts
2 except for the exemptions provided in subsection E of this section.

3 B. Once informed by the federal government that an agency is
4 eligible to receive new funding sources, the agency shall submit to
5 the Speaker of the Oklahoma House of Representatives, the President
6 Pro Tempore of the Oklahoma State Senate, the Governor, the House
7 Appropriations and Budget Chair, the Senate Appropriations Chair,
8 and the Secretary of Finance notice of the new funding source that
9 includes, but is not limited to, the amount of funds the agency is
10 to receive, what date or dates it is expected to receive or draw
11 down those funds, what timeline it has to obligate and expend the
12 funds, and the purpose of the funds.

13 C. The Legislature shall hold formal hearings where the agency
14 or agencies present this information. No agency shall draw down
15 funds from federal legislation providing monetary relief unless it
16 has had a formal hearing and received approval by the Legislature.
17 Approval shall be satisfied by concurrent resolution.

18 D. Upon approval, a SAFE Account shall be created by the Office
19 of Management and Enterprise Services. Once the account has been
20 created, the agency shall be authorized to draw down the federal
21 funds in the manner determined by federal statute or federal rules.
22 In the event the Legislature does not approve of the use of these
23 funds, the agency shall notify the federal government in the manner
24 as required by the federal act.

1 E. Upon the effective date of this act, nothing in this section
2 shall apply to temporary increases in existing federal programs
3 already managed by state agencies.

4 SECTION 6. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 5006 of Title 62, unless there
6 is created a duplication in numbering, reads as follows:

7 A. Beginning July 1, 2025, if the federal government, through
8 legislation, directs that all federal funds to states are
9 appropriated as block grants instead of program-specific funding,
10 these funds shall be placed in SAFE Accounts created by the Office
11 of Management and Enterprise Services for the correct agency or
12 agencies that utilize the funds.

13 B. For federal programs that are already in existence, agencies
14 shall be able to access these funds immediately in order to prevent
15 a stop in service to the people of Oklahoma.

16 C. For both current and new programs, agencies shall submit
17 information as required under Section 34.36 of Title 62 of the
18 Oklahoma Statutes. Agencies shall also present such information as
19 required in Section 34.95 of Title 62 of the Oklahoma Statutes.

20 D. The Legislature may formally disapprove of an agency's use
21 of block grant funding through a concurrent resolution. If such
22 disapproval occurs, the agency shall inform its corresponding
23 federal entity of the disapproval and withdraw from receiving such
24 funds. If no action is taken by the Legislature on block grant

1 funding, it is deemed approved and agencies shall use said funds in
2 accordance with governing federal and state laws.

3 SECTION 7. AMENDATORY 62 O.S. 2021, Section 34.36, is
4 amended to read as follows:

5 Section 34.36. A. On the first day of October preceding each
6 regular session of the Legislature, each state agency, including
7 those created or established pursuant to constitutional provisions,
8 shall report to the Director of the Office of Management and
9 Enterprise Services and the Chair and Vice Chair of the Legislative
10 Oversight Committee on State Budget Performance an itemized request
11 showing the amount needed for the ensuing fiscal year beginning with
12 the first day of July.

13 B. The forms which must be used in making these reports shall
14 be approved by the Director of the Office of Management and
15 Enterprise Services and the Legislative Oversight Committee on State
16 Budget Performance.

17 C. The forms shall be uniform, and shall clearly designate the
18 information to be given.

19 D. The information provided shall include, but not be limited
20 to:

21 1. A budget analysis of existing and proposed programs
22 utilizing performance-informed budgeting techniques. Such analysis
23 shall be included as a part of the estimate of funds needed;

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- 1 2. A statement listing any other state, federal or local
- 2 agencies which administer a similar or cooperating program and an
- 3 outline of the interaction among such agencies;
- 4 3. A statement of the statutory authority for the missions and
- 5 quantified objectives of each program;
- 6 4. A description of the groups of people served by each program
- 7 in the agency;
- 8 5. A quantification of the need for the program;
- 9 6. A description of the tactics which are intended to
- 10 accomplish each objective;
- 11 7. A list of quantifiable program outcomes which measure the
- 12 efficiency and effectiveness of each program;
- 13 8. A ranking of these programs by priority;
- 14 9. Actual program expenditures for the current fiscal year and
- 15 prior fiscal years and the number of personnel required to
- 16 accomplish each program;
- 17 10. Revenues expected to be generated by each program, if any;
- 18 11. With respect to appropriated state agencies, a detailed
- 19 listing of all employees and resources dedicated to the provision of
- 20 financial services including but not limited to procurement,
- 21 payroll, accounts receivable and accounts payable. The provisions
- 22 of this paragraph shall not be applicable to the Oklahoma State
- 23 Regents for Higher Education or to any institutions within The
- 24 Oklahoma State System of Higher Education; ~~and~~

1 12. A certification that following the effective date of this
2 act and prior to July 1, 2011, no expenditure shall have been made
3 or funds encumbered for the purchase, lease, lease-purchase or
4 rental of any computers, software, telecom, information technology
5 hardware, firmware or information technology services, including
6 support services without the prior written approval of the State
7 Comptroller or his or her designee;

8 13. What competitive grants an agency has received or applied
9 for;

10 14. What federal funds an agency has received or expects to
11 receive as part of a piece of federal legislation that is not
12 associated with a federal program the agency already operates; and

13 15. What block grant money an agency receives and how said
14 funds are expended.

15 E. These appropriated agencies shall make an itemized estimate
16 of needs for the ensuing fiscal year and the following two (2)
17 fiscal years and request for funds for the ensuing fiscal year and
18 an estimate of the revenues from all sources to be received by the
19 agency during the ensuing fiscal year and the following two (2)
20 fiscal years.

21 F. The Director of the Office of Management and Enterprise
22 Services shall submit to the Governor and the Legislative Oversight
23 Committee on State Budget Performance no later than the fifth day of
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1 October a complete list of all spending agencies which have failed
2 to submit budgets by October 1.

3 G. The reports required by this section shall include an
4 itemized listing of outstanding capital lease debt and estimated
5 capital lease needs for the ensuing fiscal year and the following
6 two (2) fiscal years, and shall be provided on forms prescribed by
7 the Director of the Office of Management and Enterprise Services.

8 H. For the purposes of this section, "capital lease" means a
9 lease-purchase agreement which provides an option for the State of
10 Oklahoma or its agencies to purchase property, including personal
11 and real property, which is the subject thereof and/or a lease
12 agreement that provides an option for the State of Oklahoma or its
13 agencies to lease such property, which is the subject thereof, at a
14 nominal annual amount, after a period in which leased property is
15 rented at fair market value.

16 I. The provisions of this section shall not apply to CompSource
17 Oklahoma if CompSource Oklahoma is operating pursuant to a pilot
18 program authorized by Sections 3316 and 3317 of Title 74 of the
19 Oklahoma Statutes.

20 J. Not later than January 1, the Director of the Office of
21 Management and Enterprise Services shall publish a shared services
22 cost-performance assessment report documenting the amount of each
23 state agency's cost for providing shared services. The lowest
24 ranking state agencies shall enter into a contract with the Office

1 of Management and Enterprise Services for the provision of shared
2 financial services, provided that the Director of the Office of
3 Management and Enterprise Services determines that implementation of
4 such a contract would be feasible and documents that the contractual
5 agreement will result in cost savings or efficiencies to the state.
6 Contracts required by this subsection shall be entered into at the
7 start of the next fiscal year. When a state agency is contracted
8 with the Office of Management and Enterprise Services for the
9 provision of shared financial services, the agency may discontinue
10 using shared services when documentation showing that the agency can
11 provide the services at a lower cost to the state is provided to and
12 approved by the Director of the Office of Management and Enterprise
13 Services. As used in this subsection, "shared services" means
14 process, resource utilization or action as defined by administrative
15 rule. On a yearly basis the Director of the Office of Management
16 and Enterprise Services shall compile and publish a report
17 documenting the cost savings resulting from shared services
18 contracts. The provisions of this subsection shall not be
19 applicable to the Oklahoma State Regents for Higher Education or to
20 any institutions within The Oklahoma State System of Higher
21 Education.

22 SECTION 8. AMENDATORY 62 O.S. 2021, Section 34.95, is
23 amended to read as follows:

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1 Section 34.95. A. The Appropriations and Budget Committee of
2 the Oklahoma House of Representatives and the Appropriations
3 Committee of the State Senate shall:

4 1. Utilize information collected by the Office of Management
5 and Enterprise Services pursuant to Section 34.36 of this title and
6 any reports issued by the Legislative Oversight Committee on State
7 Budget Performance to evaluate management programs, operations and
8 fiscal needs of state agencies, boards, commissions, departments,
9 divisions, offices, bureaus, institutions and other spending
10 agencies, including those created or established pursuant to
11 constitutional provisions; and

12 2. File an evaluation report no later than March 1 of each
13 fiscal year with the Chief Clerk of the Oklahoma House of
14 Representatives and the Clerk of the State Senate which shall
15 include, but not be limited to, the following information:

- 16 a. a review of the agency's programs, performance and
17 management,
18 b. whether the agency has demonstrated a public need for
19 the services and programs justifying the agency's
20 continued existence, ~~and~~
21 c. whether the agency is the most appropriate provider of
22 the programs and services furnished by the agency, and
23 d. what federal funds an agency receives or is expecting
24 to receive and whether those funds are from

1 competitive grants, federal legislation, or block
2 grants.

3 B. The Appropriations and Budget Committee of the Oklahoma
4 House of Representatives and the Appropriations Committee of the
5 State Senate shall utilize information contained in the evaluation
6 report in determining final appropriations for state agencies and in
7 any future adjustments in funding levels.

8 C. No action shall be taken on a measure making an
9 appropriation unless the evaluation report described by paragraph 2
10 of subsection A of this section with respect to the entity to which
11 the appropriation is made has first been filed with the applicable
12 clerk.

13 D. Each subcommittee of the Appropriations Committee of the
14 Oklahoma State Senate and the Appropriations and Budget Committee of
15 the Oklahoma House of Representatives shall establish budget
16 performance measurements for each spending agency under its
17 jurisdiction. The performance measurements shall be developed in
18 order to allow the Legislature and the Governor to obtain
19 measureable data to determine if the agency is performing its duties
20 in the most cost-effective manner possible.

21 Each spending agency, whether or not it receives state
22 appropriations, shall submit analysis reports as required by the
23 subcommittee in order to enable the subcommittee to make a
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1 determination as to whether the agency has met the established
2 performance measurements.

3 Such requirements may be established for the forthcoming fiscal
4 year and for such additional fiscal years in the future as the
5 subcommittees deem appropriate.

6 SECTION 9. This act shall become effective July 1, 2025.

7 SECTION 10. It being immediately necessary for the preservation
8 of the public peace, health or safety, an emergency is hereby
9 declared to exist, by reason whereof this act shall take effect and
10 be in full force from and after its passage and approval.

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12 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT OVERSIGHT, dated
13 02/26/2025 - DO PASS, As Amended and Coauthored.

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