

Gov. Mary Fallin decides against a special session on teacher raises

By Barbara Hoberock
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OKLAHOMA CITY — Gov. Mary Fallin will not call for a special session of the Legislature to address raises for state teachers.

Instead, following a meeting with legislative leaders on Thursday, Fallin's office announced that an excess \$140.8 million in revenues will be returned to state agencies.

Michael McNutt, a Fallin spokesman, said the governor and legislative leaders discussed their commitment to an alternative teacher pay raise rather than University of Oklahoma President David Boren's proposed sales tax increase that voters will consider Nov. 8 as State Question 779.

SQ 779, which would raise the state sales tax by 1 cent, calls for giving teachers a \$5,000 pay raise.

"With so many legislators terming out and a large number of new legislators who will be elected and sworn into office in mid-November, it was decided to continue to develop a teacher pay raise plan with reform that will be introduced at the beginning of the next legislative session," McNutt said.

"Legislative leaders want the \$140.8 million initially cut from agencies in the 2016 fiscal year and now available again returned equally to agencies," he said.

Fallin asked legislative leaders to set priorities for distributing the money based on pressing needs at agencies, but a consensus to do so could not be reached, McNutt said.

"The funds will instead be sent to agencies with September general revenue allocations," McNutt said.

Fallin on July 27 said she was considering calling lawmakers into a special session to use \$140.8 million in excess funds for a teacher pay raise. She later said she was also looking at other ways to raise revenue to fund the increase without using the \$140.8 million.

The funds became available after the state closed the books on fiscal year 2016, during which state agencies had to take two cuts due to a revenue shortfall. The second cut was too deep, resulting in the excess funds.

Senate President Pro Tem Brian Bingman, R-Sapulpa, said Thursday's meeting consisted of a rehash of things that have already been discussed.

He said it is probably not worth having a special session to reallocate the \$140.8 million.

Bingman said his members are not hearing constituents say the Legislature needs to return to special session.

“I would say at this point I do not favor a special session,” Bingman said. “I think we all agree to keep the door open if the right circumstances are in place. I would say it is very difficult in this environment to go into a special session looking to increase revenue for teacher pay raises we all would agree are deemed necessary.”

Fallin has said the proposed special session was not an effort to derail SQ 779.

Bingman said some have concerns that if the sales tax is increased, it will be detrimental to cities and towns, which rely on the sales tax to fund projects. They have said an increase will mean it will be difficult to raise it in the future.

“Due to a great deal of concern about what a 22 percent increase in the state sales tax will do to cities and towns across Oklahoma, we are continuing to look for an alternative solution to put more money into the pockets of classroom teachers,” House Speaker Jeff Hickman, R-Fairview said. “The \$140 million available from the revenue failure reductions made by the Secretary of Finance was not part of the alternative teacher pay plans we discussed today.

“The members of the House I have heard from continue to believe the \$140 million needs to be returned to agencies as soon as possible based on the same allocation the Legislature used when we appropriated it in the 2015 session.”

A lawsuit has been filed in an effort to prevent the reallocation of the \$140.8 million. It is pending in the Oklahoma Supreme Court.

“This money has already been appropriated,” said Senate Minority Leader John Sparks, D-Norman. “It is unlawful for the governor to continue to withhold the funds.”

House Minority Leader Scott Inman, D-Del City, agreed with Sparks’ comments.

“Our official position is the governor is violating the Oklahoma Constitution in withholding the \$140 million that was voted on by the Legislature to be distributed under the 2016 state budget,” Inman said. “For her to arbitrarily cut deeper than necessary so she can use the money for her own pet projects is unjustifiable.”

Fallin says no special session for teacher pay alternative

By Sean Murphy Associated Press

The Journal Record

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OKLAHOMA CITY – About \$140 million in surplus revenue will be reallocated proportionally to state agencies after Gov. Mary Fallin acknowledged Thursday she couldn't reach an agreement with Republican lawmakers on a strategy for a special session.

Fallin wanted to use the \$140.8 million as a starting point for negotiations on a teacher pay hike as an alternative to a state question in November that calls for a 1-percent sales tax increase for public education, including a \$5,000 pay raise for teachers. Fallin also wanted lawmakers to consider distributing the surplus revenue to targeted agencies facing the most severe budget problems, including the Department of Public Safety and the Department of Human Services.

“With so many legislators terming out and a large number of new legislators who will be elected and sworn into office in mid-November, it was decided to continue to develop a teacher pay raise plan with reform that will be introduced at the beginning of the next legislative session,” Fallin spokesman Michael McNutt said in a statement released late Thursday.

McNutt also said lawmakers couldn't agree with the governor on how the money might be divided among agencies with some of the most pressing needs. As a result, the money will be returned to agencies beginning later this month.

The state ended up with a \$140.8 million surplus when the fiscal year ended in June after midyear cuts were ordered to state agency budgets amid dwindling tax collections. It turned out those cuts were deeper than necessary.

Republican lawmakers, many of whom face tough re-election battles in November, have been lukewarm to the governor's proposal since she initially floated the idea in July.

“The members of the House I have heard from continue to believe the \$140 million needs to be returned to agencies as soon as possible based on the same allocation the Legislature used when we appropriated it in the 2015 session,” said House Speaker Jeff Hickman, R-Fairview.

Among the larger agencies, public schools will receive an additional \$40 million, while the Health Care Authority will get about \$23 million, Department of Human Services will get \$16 million, and the Department of Corrections will get about \$10 million.

Some members of Oklahoma's business community have voiced concern about the proposed 1-percent sales tax increase for public education that is being pushed by University of Oklahoma President David Boren, a former U.S. senator and governor. That proposal will be on the November ballot after Boren spearheaded a signature gathering drive.

The sales tax hike would give Oklahoma the highest combined state and local tax rate in the nation at 9.82 percent, according to the Tax Foundation, a Washington, D.C.-based think-tank that advocates for broad-based, low-rate tax policies.

Oklahoma governor decides against special session for teacher raises

By Rick Green
The Oklahoman
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Gov. Mary Fallin decided Thursday not to call a special legislative session to increase teacher salaries.

She previously floated the idea of such a session to divide up a \$140.8 million budget surplus, using some of the money for the pay hikes.

Instead, she has decided to return the money to state agencies. The surplus arose because the state cut spending too much amid a revenue crisis.

Lawmakers did not want to return for a special session.

"With so many legislators terming out and a large number of new legislators who will be elected and sworn into office in mid-November, it was decided to continue to develop a teacher pay raise plan with reform that will be introduced at the beginning of the next legislative session," said Michael McNutt, the governor's spokesman.

The state's teachers are underpaid compared to many of their colleagues across the region and the nation.

The next regular legislative session is to begin in February.

Fallin and many other Republican lawmakers have been looking for an alternative to a Nov. 8 ballot measure backed by University of Oklahoma President David Boren that would increase the state sales tax by a penny to fund \$5,000-a-year teacher raises and provide other funds for educational purposes.

Oklahoma's combined average state and local sales tax rate of 8.85 percent is No. 6 nationally, according to a July report of the Tax Foundation, an independent research organization.

Little support for special session

House Speaker Jeff Hickman and Senate President Pro Tem Brian Bingman on Thursday said legislators and constituents did not support a special session.

"The members of the House I have heard from continue to believe the \$140 million needs to be returned to agencies as soon as possible, based on the same allocation the Legislature used when we appropriated it in the 2015 session," Hickman said.

Most of the surplus will be returned to six financially strapped state agencies.

A list released by the state showed that if the money weren't diverted to teachers, it would go largely to common education, health care, higher education, human services, mental health and corrections.

Those six state agencies would get nearly \$120 million, or 85 percent, of the surplus.

Fallin said a month ago the surplus offered an opportunity to provide a teacher raise. If all of the surplus were used for a raise, every teacher could get an increase of about \$2,000 a year.

She also said that if other revenue were found, teachers could get a raise, and some of the surplus could be returned to state agencies.

Fallin has supported a \$1.50-per-pack increase in the price of cigarettes and an expansion of goods and services subject to sales and use taxes, but those ideas fell flat last legislative session.

The six agencies that will see the lion's share of the budget surplus also get the bulk of state funding and took much of the previous cut. Each faces its own challenges.

The Corrections Department is chronically understaffed, and its facilities are overfilled with inmates.

Cuts to common education, even after an infusion of cash from the Rainy Day Fund, reached \$74.4 million.

Increases in service costs and increases in the population of people it serves have left the Oklahoma Health Care Authority short of funds.

The Department of Human Services, which manages public assistance programs, is facing a \$100 million shortfall.

Higher education took a 15.92 percent budget cut in the new state spending plan, leading to position reductions and tuition increases.