



OKPOLICY.ORG

Oklahoma Policy Institute

BUDGET TRENDS AND HIGHLIGHTS - APRIL 2013

State revenue collections have not fully recovered from the downturn

- Tax collections are at historically low levels as a share of state personal income.
- FY 2010 General Revenue (GR) collections fell 22.4 percent below pre-downturn levels (FY 2008).
- FY 2012 revenue collections were up 20.0 percent from FY '10 but remain 6.9 percent below their pre-downturn peak.
- FY 2013 revenues through March are down \$50 million (1.3 percent) from last year and barely on pace with estimates, due primarily to low natural gas prices and the growing cost of oil and gas tax credits.

After three straight years of budget cuts, the FY 2013 budget is up 3.8 percent

- Total appropriations for FY 2013 are \$6.855.8 million.
- Appropriations are \$253 million, or 3.8 percent, above FY 2012 (including supplementals).
- Appropriations are \$269 million, or 3.8 percent, less than FY 2009.

Most agencies are receiving flat funding in FY '13

- Of the 78 agencies that receive appropriated funds, 46 received the same or less than in FY 2012.
- Several agencies received funding increases in FY 2013 for targeted priorities. The largest increases went to the Department of Transportation, Department of Human Services and Oklahoma Health Care Authority.
- Education agencies received no additional funding or very small increases. After cuts of \$235 million over the past 4 years, support for public schools through the state aid formula was held flat for FY 2013.

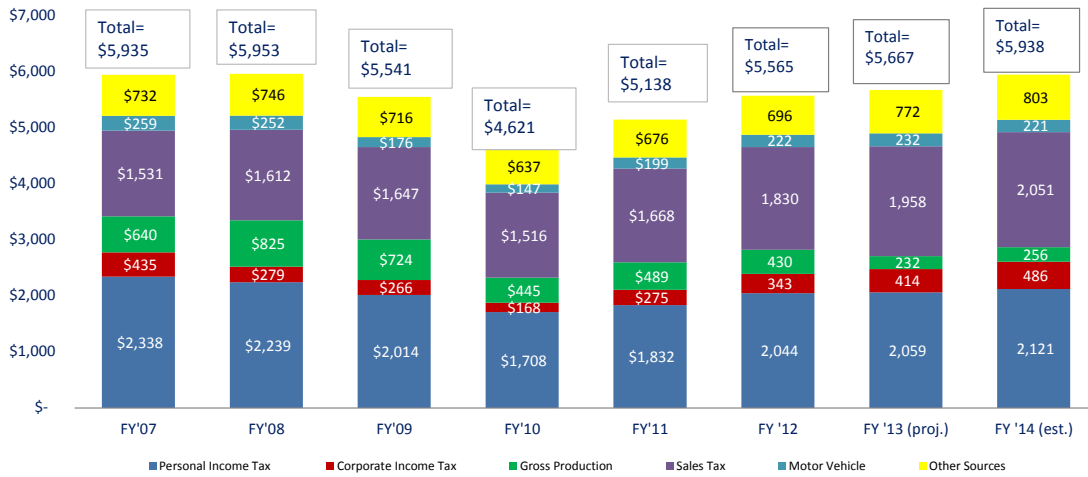
The Governor's budget proposes spending increases of just 1.3 percent in FY 2014

- The Department of Human Services, Oklahoma Health Care Authority, and Department of Mental Health and Substance Abuse Services would receive a total of \$98.5 million in funding increase.
- There are no additional dollars for common and higher education or for state employee pay raises.
- The Governor proposes a 0.25 percent cut to the top income tax rate that would reduce revenues by \$40.7 million in FY 2014 and \$106 million in FY 2015.

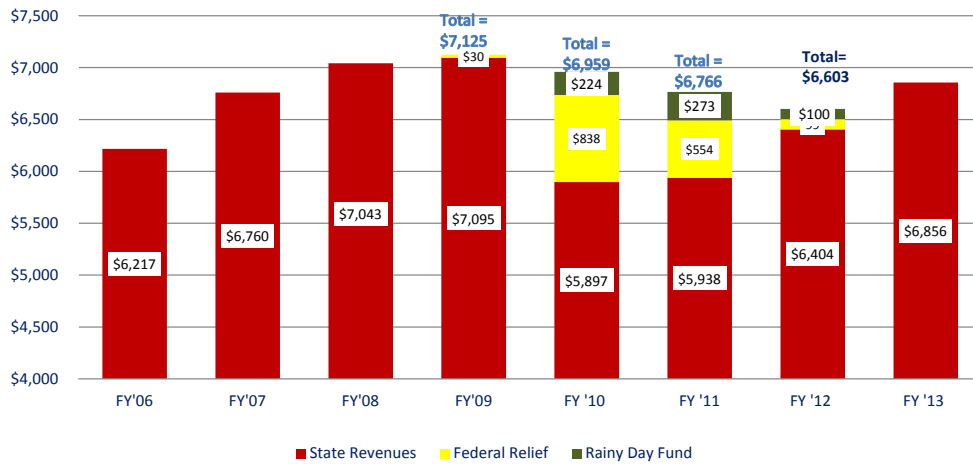
The state faces significant short-term and long-term fiscal challenges.

- For most agencies, state funding is at least 20 percent less than four years ago.
- State government employs 10 percent fewer employees than three years ago and 5 percent fewer than in 2001—despite population growth, heavier caseloads, and new mandates and responsibilities.
- No agencies have been funded to cover rising operating and benefit costs for at least four years.
- In the years ahead, additional funding will be needed to meet critical obligations, including implementing the child welfare reform plan, improving educational outcomes, repairing roads and bridges, protecting our water systems, and providing fair compensation to state employees.
- Over the longer-term, Oklahoma faces a structural budget deficit associated with an aging population and decaying infrastructure, along with an outdated tax system.

Oklahoma General Revenue Collections, FY '07 - FY '14 (in \$ millions)



State Appropriations, FY '06- FY '13
(in \$ Millions, includes supplementals, excludes Rainy Day "spillover" funds)



FY '13 Appropriations: Total and 10 Largest Agencies (in \$millions)

