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In FY 2025, the budget's buying power keeps decreasing

- For the fiscal year that began on July 1, 2024 (FY 2025), Oklahoma's state [budget](#) is **\$12.2 billion**. In nominal dollars, this year's budget of \$12.2 billion is the largest in state history. However, in real dollar value, our budget has lost a lot of its buying power.
- When adjusted for inflation and population growth, the FY 2025 budget has decreased by **8.8 percent** compared to the FY 2000 budget (\$13.4 billion). Even compared to last year's budget (FY 2024) of \$11.8 billion, the FY 2025 budget is **1.1 percent smaller** when adjusted for inflation and population changes. These numbers do not include supplemental funds. (Fig 2).
- In addition to the \$12.2 billion FY 2025 budget, the budget package included **\$267 million** in supplemental funding for FY 2024. Supplemental funding is often used to help agencies meet unanticipated needs or cover funding gaps that arise through the year. Certain aspects of this year's budget package, such the development of new major funds for specific uses, may also be included as supplemental funding.
- At the beginning of FY 2024, the state had **\$2.3 billion in savings** (Fig 3). In recent years, the Legislature has increasingly left significant amounts of unspent cash in their [General Revenue Fund](#) reserves. As unspent cash has become a growing component of the state's revenue picture, OK Policy this year has included unspent cash as part of our snapshot of state savings balances.
- Early in the 2024 session, legislators eliminated the state portion of the grocery sales tax. This will [reduce state revenue by \\$418 million](#) annually and provide the [largest tax break to high-income earners](#). Other attempts to further reduce revenue were unsuccessful during the 2024 session.

While some education agencies saw budget increases, the Legislature reduced funding for the State Department of Education

- [Education agencies](#) account for the largest portion (46 percent) of the FY 2025 budget, at **\$5.6 billion**. This is a **0.9 percent (\$53 million) decrease** from the previous fiscal year.
- Notably, the budget for the [State Department of Education](#) was **reduced by \$108 million (3 percent)**.
- Some other education agencies will receive sizable budget increases in FY 2025. The [Oklahoma Educational Television Authority](#) received a **102 percent increase** for a budget of \$5.8 million, and the [Health Care Training Workforce Commission](#) received a **35.8 percent increase**, raising their funding to \$10.4 million.
- However, these are small amounts compared to the [Department of Career and Technology Education's](#) budget **increase of 19.2 percent** for a total of \$196 million, and the [Regents for Higher Education's](#) **increase of \$20 million (2 percent)**, for a total of \$1.02 billion.



Increased funding for health and social services could mean increased access to health care

- [Health and social services agencies](#) received **\$2.2 billion**, or **18 percent** of the FY 2025 budget. (Fig. 6)
- The largest increase went to the [Oklahoma Health Care Authority](#), which has a FY 2025 budget of \$1.3 billion. This is a **46.8 percent increase** from FY 2024. However, this increase is misleading, because Oklahoma [received](#) enhanced pandemic-related federal matching dollars for Medicaid that allowed lower-than-normal state appropriations in FY 2024. A comparison to FY 2023 is more appropriate, showing an increase of just four percent.
- The [State Department of Health](#) also saw an **increase of 25 percent**, for a total budget of \$89 million.
- The [Oklahoma State University Medical Authority](#) received a **22.4 percent increase**, for total funding of \$95.9 million.
- Finally, the [Department of Mental Health and Substance Abuse Services](#) received a **7.8 percent increase** for a total budget of \$387 million, whereas the [Department of Veterans Affairs](#) budget was **cut by 14.9 percent**, bringing their budget down to \$44 million.

Most human services agencies received small budget increases

- Spending for [human services agencies](#) is **\$951 million**, or 8 percent of the FY 2025 budget.
- The [Department of Human Services](#) received an **increase of \$31.6 million (four percent increase)**. The Legislature set certain [requirements](#) around some of this funding, including:
 - Dedicating \$3 million for [Home- and Community-Based Services Waivers](#), which provide services for individuals with developmental disabilities;
 - Increasing payment rates for some providers; and
 - Maintaining FY 2024 funding levels for certain senior nutrition programs.
- The [Office of Juvenile Affairs](#) received an **increase of \$6.5 million (six percent)**.
- The [Department of Rehabilitation Services](#) received an **increase of \$3.7 million (9.6 percent)** for a total budget of \$42 million, and the [Office of Disability Concerns](#) received a flat budget of \$327,095.

Some public safety agencies see significantly increased funding

- [Public safety agencies](#) received \$1 billion, or **8 percent** of the FY 2025 budget.
- The [Department of Public Safety](#) received a **20 percent (\$21 million) increase** in its budget, putting the agency's budget at \$126 million. It is the second highest funded agency among all the public safety agencies, second only to the [Department of Corrections](#), which has a total budget of \$544 million (an \$8 million, or 1.5 percent, decrease from last year).
- The [Attorney General's office](#) received an **increase of \$25.3 million (65 percent)**.
- The [Oklahoma Supreme Court](#) received an **increase of 78.4 percent (\$13.4 million)** for a total budget of \$30 million. This large increase is primarily due to an increase in the appropriation to the [Family Representation and Advocacy Program Revolving Fund](#), as well as a change in the way the fund is classified. The reclassification moved the funds from the District Courts' allocation in FY 2024 to the Supreme Court's in FY 2025.



Lawmakers have created new funds dedicated to specific projects and issues

- In recent years, the Legislature has created and appropriated money to new funds that are designed for specific uses.
- These types of funds allocate money for agencies for specific purposes, rather than the general appropriations lawmakers have historically directed to agencies. When looking just at the state budget without accounting for these funds, it may lead to an unclear picture of the state's total spending. Because portions of these funds can be allocated over the course of several years, it can make year-over-year budget trends more difficult to track.
- For FY 2025, the Legislature directed **\$177 million** to the [Legacy Capital Finance Revolving \(LCFR\) Fund](#), which was created in 2023 to allow for agencies to [self-finance capital projects](#).
 - Once appropriations are made to this fund, the Legislature allocates the funding to certain projects. This year, they appropriated **\$371.5 million** to these projects, of which 73 percent went to just two institutions: the University of Oklahoma and Oklahoma State University.
- Lawmakers in 2024 created another fund — the [Capital Assets Maintenance and Protection Fund](#) — that received **\$350 million** this year, an appropriation on par with most major state agencies. Only eight state agencies received larger sums in the FY 2025 budget. (Fig. 7) This fund was created to allow for funding of certain capital projects.

Historically large state savings don't take the place of sustained investments in shared services

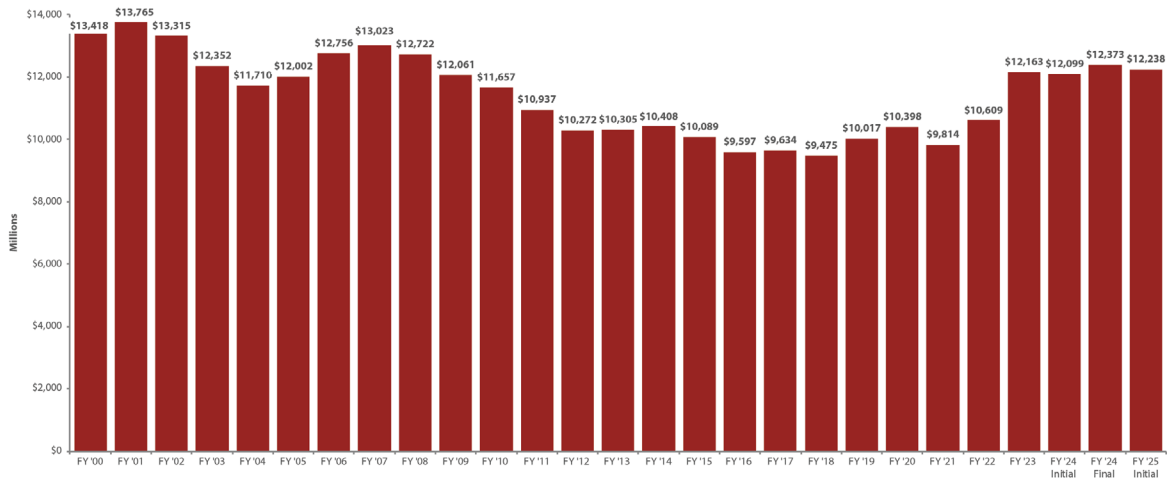
- The state has seen **unprecedented savings increases** over the last three years, largely due to an influx of federal COVID relief. Oklahoma currently has record levels of savings (Fig. 3), but this should not lull lawmakers into a false sense of security that public needs are currently being met.
- Without the two major federal stimulus packages in response to the COVID-19 pandemic, Oklahoma would have brought in [significantly lower levels of revenue](#) in recent years. The COVID relief funds masked this fact. As the impacts of federal relief are reduced and fully eliminated in the next few years, Oklahoma is very likely to experience a significant fiscal strain. **Thus, it is vitally important that state leaders protect our remaining revenue sources.**
- In addition to [eliminating the state portion of the sales tax on groceries](#), some state leaders also advocated for [significant cuts to the state's personal income tax](#). If enacted, a 0.25 percent cut to the tax would have cost the state between **\$235 - \$293 million in revenue**, and the benefit would have overwhelmingly gone to the wealthiest Oklahomans.
- One major missed opportunity was lawmakers' refusal to expand the [Sales Tax Relief Credit \(STRC\)](#). Intended to provide tax relief to the lowest-income Oklahomans, the credit has not been increased since its creation in 1990. **Currently set at \$40, the credit should be raised to \$200 per household member.** Lawmakers can and should use this tool to provide targeted tax relief to the most vulnerable Oklahomans. At a cost of only **\$120 million** annually, the Legislature failed to pass this common-sense measure and let the opportunity to support hard-working Oklahomans slip away.
- It's important for Oklahoma to have sufficient savings to be able to handle future financial downturns, which are likely to happen given the state's over-reliance on the volatile petroleum industry. However, prioritizing savings without sustained investments in public services is not wise either. The costs for deferring investments into public services — and the discomforts for addressing them — will both be far larger tomorrow.



Figure 1

State Appropriations FY 2000 - FY 2025, Adjusted for Inflation and Population Growth

In millions of 2024 dollars, adjusted by State & Local Government Implicit Price Deflator. Except where noted, all years are final, including mid-year cuts and supplementals.



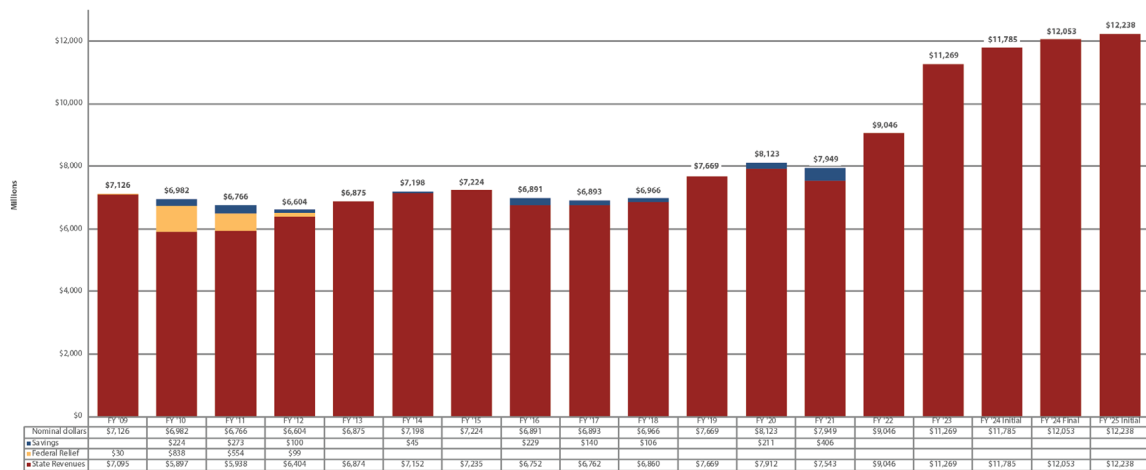
Source: OK Policy analysis of appropriations bills and Federal Reserve Economic Data.



Figure 2

Oklahoma State Appropriations, FY 2009 - FY 2025

In nominal dollars, final includes mid-year cuts & supplementals except where noted.



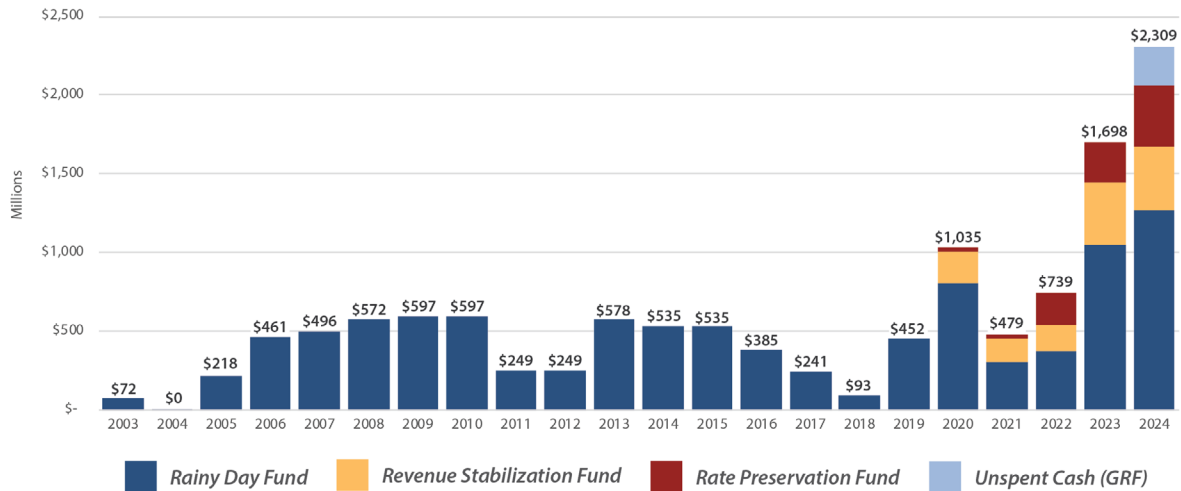
Source: OK Policy analysis of appropriations bills.





Figure 3

State Savings Balances, FY '03 - FY '24



Note: All balances are as of beginning of the fiscal year. From FY 2003 - FY 2023, graph excluded unbudgeted cash and balances from all other funds. Beginning in FY 2024, graph includes unbudgeted cash, but continues excluding balances from all other funds. Source: FY 2003-22 State of Oklahoma Executive Budget, Fiscal Year 2021. FY 2023 State of Oklahoma Executive Budget, Fiscal Year 24. FY 2024 House Fiscal Staff.

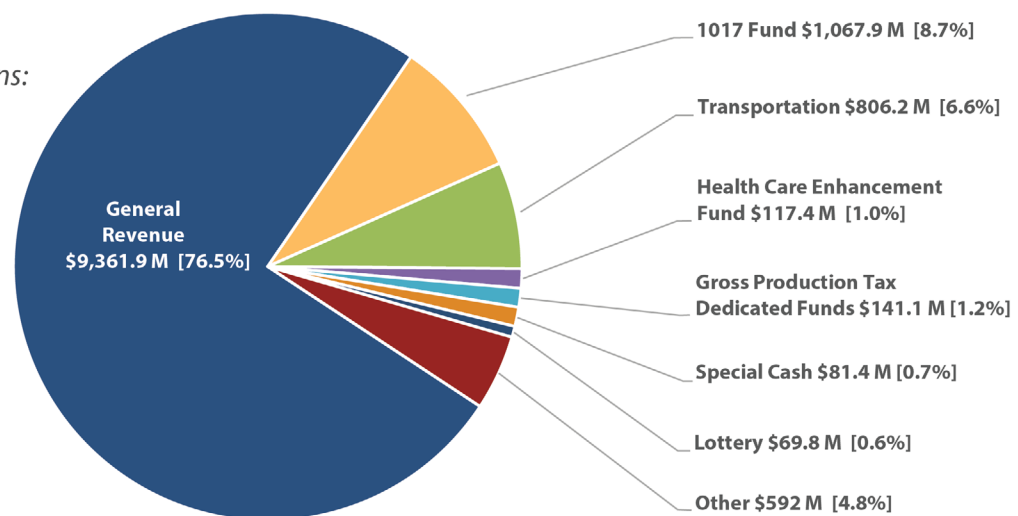


Figure 4

FY 2025 Appropriations by Revenue Source

in millions

Total FY 25 Appropriations: **\$12,238 M**



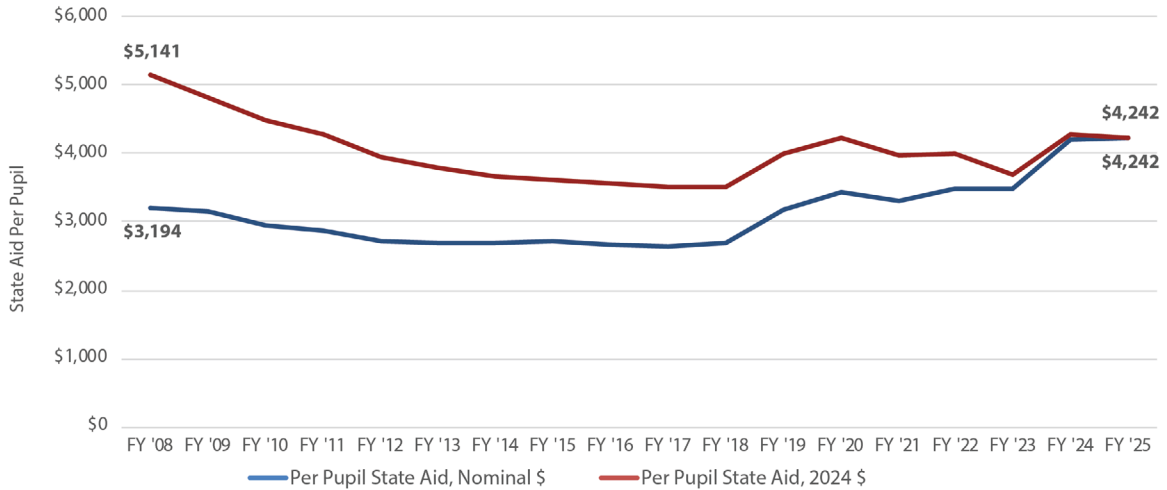
NOTE: Transportation includes the ROADS Fund, which has been excluded from budgets in some prior years. Total percentage may be more than 100 due to rounding. Source: OK Policy analysis of 2024 appropriations bills.





Figure 5

Oklahoma Public School State Aid Formula Funding, FY '08 - FY '25



Source: State Department of Education. Beginning in FY '23, data comes from OK Policy calculations from general appropriation bills and 5-year average of enrollment growth.

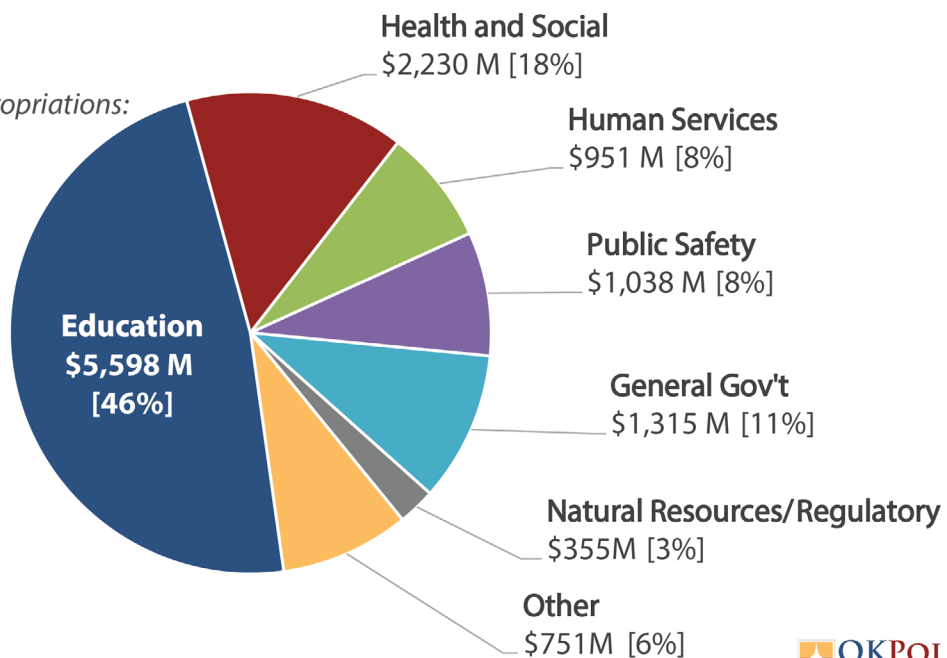


Figure 6

FY '25 Budget by Function

in millions

Total FY 25 Appropriations: \$12,238 M



Source: OK Policy analysis of 2024 appropriations bills.

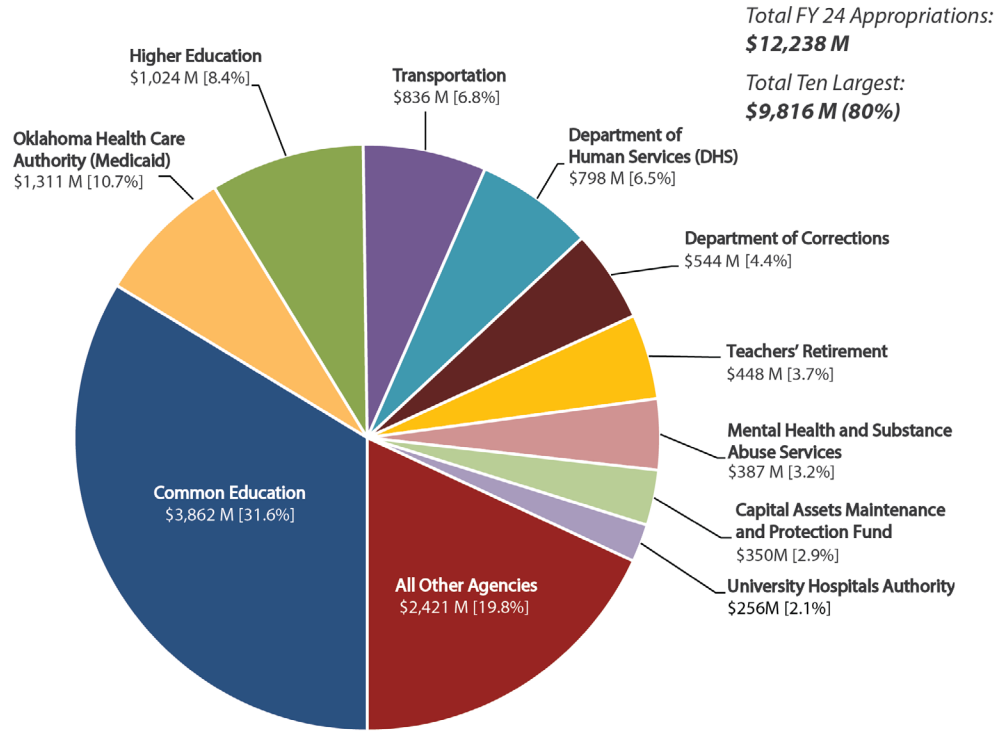




Figure 7

Appropriations to Ten Largest and Remaining Agencies, FY 2025

in millions

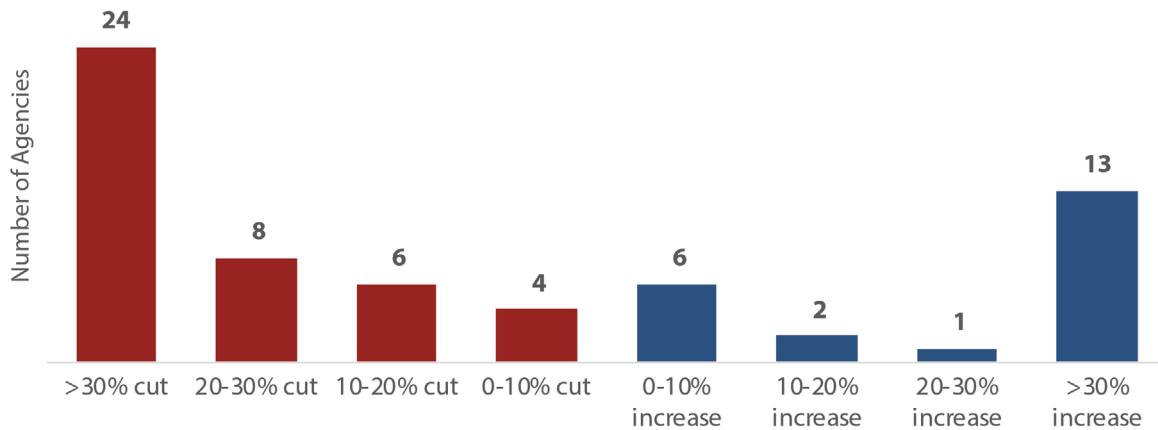


Source: OK Policy analysis of 2024 appropriations bills. NOTE: Total percentage may be more than 100 due to rounding.



Figure 8

Change in Real Agency Funding, FY 09 - FY 25, by Number of Agencies



Note: Graph is adjusted for inflation and population growth. In years prior to FY 23 budget highlights, this graph used nominal dollars. Only accounts for agencies that were funded in both FY '09 and FY '25. Source: OK Policy analysis of appropriations bills and Federal Reserve Economic Data.

