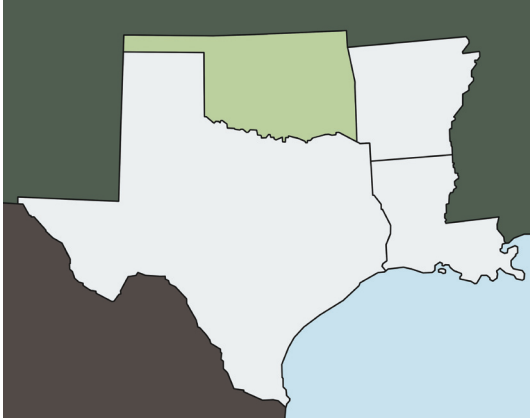


OKLAHOMA Budget Report Card



OKLAHOMA WAS ONE of only eight states receiving a top A average in legacy costs for fiscal 2016 through 2018. Unlike neighboring Texas, which posted a D-minus in the category, Oklahoma has made at least 100 percent of the actuarially determined contribution to its public worker pension plans since 2014.

It also earned an A average in reserve funds. Oklahoma has a constitutional mandate governing the replenishment of the rainy day fund. It requires that collections exceeding the Board of Equalization's itemized estimate of general revenues be deposited into

the Constitutional Reserve Fund each year until the balance equals 15 percent of the prior fiscal year's general fund. It also spells out how the reserve fund can be used. The board—an independent body—is made up of the governor, lieutenant governor, treasurer, and attorney general, and several other officials.

The state's B average in budget maneuvers reflects repeated transfers of money into the general fund from special funds to create a balanced budget. For instance, the state moved \$293 million into the general fund in 2018. Such one-time actions to cover recurring expenditures may not be sustainable.

Oklahoma also averaged a B in budget forecasting. While it used consensus revenue estimates and multiyear forecasts for revenues and expenditures, the state did not provide a rationale for its revenue growth projections. The legislature's Appropriations Report and the state's comprehensive annual financial report both say that revenue forecasts are adopted by the state Board of Equalization, but neither explains the forecasting process.


WEST SOUTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arkansas	D	A	C	C	D
Louisiana	B	D	D	A	B
Oklahoma	B	B	A	A	B
Texas	C	B	D-	A	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


OKLAHOMA Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✗	✗	✗
3-YEAR AVERAGE B		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✗	✗	✗
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Public Employee OPEB Funding	✓	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	72%	78%	78%
3-YEAR AVERAGE A		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	A	A
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✗	✓	✓
3-YEAR AVERAGE A		3-YEAR TREND ↗		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.