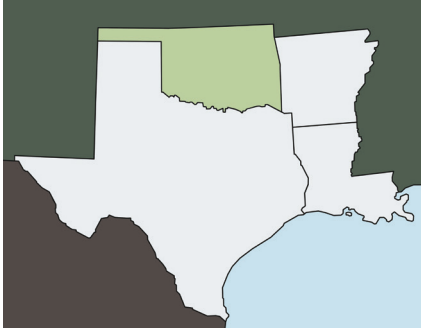# OKLAHOMA Budget Report Card

OKLAHOMA WAS ONE OF ONLY four states earning only A or B average budgetary grades for fiscal 2015 through 2019. The best marks were its top A averages in the legacy costs and reserve funds categories. The state's annual contributions for public employee pensions and other postemployment benefits (OPEB), primarily health care, were in line with actuarially determined amounts. Its pension funding ratio was 81 percent in 2019, 10 percentage points above the total for all states. Oklahoma was one of only seven states that received an A average in the category.

Similarly, Oklahoma was among seventeen states that posted an A average in reserve funds. Policies for Constitutional Reserve Fund disbursement and replenishment adhere closely to best practices cited in the 2019 Volcker Alliance working paper *Rainy Day Fund Strategies: A Call to Action*. Like nineteen other states, Oklahoma considers revenue volatility in its reserve policies.

The state's B average in budget maneuvers reflects efforts to shun most one-time measures to achieve balance and keep recurring revenues in line with recurring expenditures. Though Oklahoma had largely avoided maneuvers before 2019, it had moved special and reserve dollars to the general fund. After revenues were increased by higher severance taxes levied in the 2018 legislative session, however, the state had no need for such measures in fiscal 2019.

Oklahoma's grade in transparency—a B average—was held down by an absence of disclosures of deferred infrastructure maintenance costs. Its B average in budget forecasting was based on revenue and expenditure projections that span three years and its 2016 decision to begin using the consensus method of revenue forecasting. It missed getting an A because of a lack of budget document detail supporting revenue growth projections.

WEST SOUTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arkansas	D	A	C	C	D
Louisiana	B	C	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: Preparing for the Storm* at VolckerAlliance.org.

OKLAHOMA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND '15	'16	'17	'18	'19
CATEGORY GRADE	C	B	B	B	B					
Consensus Revenue Forecasts	✗	✓	✓	✓	✓					
Multiyear Expenditure Forecasts	✓	✓	✓	✓	✓		●	●	●	●
Multiyear Revenue Forecasts	✓	✓	✓	✓	✓	●				
Revenue Growth Projections	✗	✗	✗	✗	✗					
5-YEAR AVERAGE B										

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND '15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	A					
Deferring Recurring Expenditures	✓	✓	✓	✓	✓					●
Revenue and Cost Shifting	✗	✗	✗	✗	✓	●	●	●	●	
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓					
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND '15	'16	'17	'18	'19
CATEGORY GRADE	A	A	A	A	A					
Public Employee OPEB Funding	✓	✓	✓	✓	✓	●	●	●	●	●
Public Employee Pension Funding	✓	✓	✓	✓	✓					
Public Employee Pension Funded Ratio*	79%	72%	78%	81%	81%					
5-YEAR AVERAGE A										

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND '15	'16	'17	'18	'19
CATEGORY GRADE	B	B	A	A	A					
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓			●	●	●
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	●	●			
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓					
Reserves Tied to Revenue Volatility	✗	✗	✓	✓	✓					
5-YEAR AVERAGE A										

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND '15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Consolidated Budget Website	✓	✓	✓	✓	✓					
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●
Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗					
Discloses Tax Expenditures	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

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.