Getting to the core

State government has four core responsibilities – education, health care, public safety and transportation. It is those fundamental services on which the people depend to have productive lives. For businesses, those services done right provide an environment in which they can thrive.

Analysis of data released this month by the U.S. Census Bureau, along with the most-recent data from the Bureau of Economic Analysis, Federal Highway Administration, and the Centers for Medicare and Medicaid Services, shows that, even when adjusted for Oklahoma’s relatively low cost of living, funding for core services still lags the region and the nation.

No one will argue that funding alone ensures success, but comparing Oklahoma’s spending to the rest of the states provides a relative measure of where we stand.

Common education funding

Adjusted for price parity, or cost of living differentials between the states, Oklahoma spends less per pupil than 44 other states and the District of Columbia.

At $8,689, Oklahoma’s per pupil common education spending is 14.5 percent less than the $10,163 average of its six border states. State school spending is 21 percent below the $11,009 national per pupil average.

“\nWhen adjusted for Oklahoma’s relatively low cost of living, funding for core services still lags the region and the nation."

Core Four: Per Pupil Spending on Common Education

Sources: Price parity adjusted FY-14 per pupil common education spending, all sources, U.S. Census Bureau, BEA
Guest Commentary
By Senator Mike Schulz,
Oklahoma Senate President Pro Tempore

Helping Oklahoma businesses thrive

Oklahoma is already a great state blessed with natural resources and hardworking, industrious people. As the new leader of the Oklahoma Senate, it’s my intention to keep our chamber focused on ideas that create a business climate in Oklahoma that allow existing businesses to grow and thrive and invites new businesses and industry to set up shop.

I’ve been a lawmaker for 10 years, and I will be the first to admit that at times the Legislature gets bogged down in political fights.

It’s the nature of representing the state and your constituents and there’s nothing wrong with it – unless it takes your attention and focus away from economic issues and ensuring our economy provides opportunities for Oklahomans to start a business with ease or find good-paying jobs to help them take care of their families.

In Proverbs, the Bible teaches us “Where there is no vision, the people perish …” That is our challenge as senators: remaining focused on our long-term vision for economic growth and success in Oklahoma.

In the Oklahoma Senate, we’re going to focus on ideas that not only will help us meet the challenges of today, but will help our state grow and prosper in the future. That means keeping our eyes set on growing and diversifying our economy. It means creating an economic environment that allows businesses to create more and better-paying jobs.

“ In the Oklahoma Senate, we’re going to focus on ideas that not only will help us meet the challenges of today, but will help our state grow and prosper in the future.”

It means eliminating red-tape to ensure state regulations don’t stand in the way of job-creators and entrepreneurs.

And it means embracing our role as guardians of Oklahomans’ tax dollars – making sure nothing is lost to waste or fraud, but also making sure Oklahomans get the best return on their investment.

Keeping our eye on the long-term economic picture will go a long way in helping us solve the budget challenges Oklahoma faces in other policy areas like education, public safety, health care, transportation.

A thriving and growing economy means more revenue flowing to the state – without raising taxes. More revenue from increased economic activity means more resources to fund the core functions of government such as education, public safety, transportation and health care, among others.

The Oklahoma Senate is home to many talented men and women, with a broad range of experience and expertise that will serve our state well.

As the Senate leader, I’m optimistic about the future of our state, and I’m proud to work alongside my colleagues in mapping out an even brighter future for the great people and the great state of Oklahoma!
Health care safety net

In addition to data showing Oklahoma’s relatively low ranking in numerous measures of public health, including smoking rates, obesity and the number of people with health insurance, the state ranks low in spending per Medicaid enrollee.

Oklahoma ranks 41st in price parity-adjusted spending per Medicaid patient.

In this category, after adjusting for cost-of-living differences, Oklahoma spends less than the six border states’ average and the national average. The state’s $5,307 average spent per Medicaid enrollee is 14 percent below the border states and 8.3 percent below the national average.

Transportation

For the past several years, Oklahoma policymakers have made a concerted effort to boost transportation funding. Progress has been made, as deficient bridges have been repaired and significant highway construction has been undertaken, but compared to the rest of the nation, Oklahoma’s ranking still trails most states.

Only 10 states spend less per lane mile on transportation than Oklahoma, after accounting for price parity.

The state’s adjusted spending of $11,250 per lane mile is 39 percent below the national average, but less than one-half

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Core Four
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Oklahoma’s $511 cost-of-living adjusted per capita spending on police and corrections is 7.8 percent less than the national average and 2.9 percent less than the average of the border states.

Police and corrections

At first glance, Oklahoma’s relative ranking in per capita spending on police and corrections might appear to be positive news. The state ranks 25th in the nation and ahead of four of its border states in cost-of-living adjusted spending on this category.

But when one considers Oklahoma’s high incarceration rate and the reported status of state correctional operations, the ranking seems less impressive.

Oklahoma’s $511 cost-of-living adjusted per capita spending on police and corrections is 7.8 percent less than the national average and 2.9 percent less than the average of the border states.

Poor state?

While some might argue Oklahoma’s low ranking in core service funding is because “we’re a poor state,” the latest figures on per capita personal income (PCPI), not even adjusted for cost of living, say otherwise.

Oklahoma incomes have improved in recent years, ranking 30th in the nation in the third quarter of last year. State PCPI lags the national average by 8.8 percent, and is higher than the average of its border states by 0.5 percent.

Relative comparison

The data used for the core funding comparisons, while the most recent available, are from FY-14 for education, transportation and public safety. The
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Medicaid numbers date to FY-11.

Compared to an analysis conducted last year, with numbers from FY-13 and FY-10, the updated figures show only minor changes from state to state and no significant change in Oklahoma’s rankings.

Even though the figures used are a few years old, there is little reason to believe the relative status of Oklahoma’s funding of core services has improved appreciably. If anything, the relative position has worsened due to multi-year budget cuts.

We can do better

The people and businesses of Oklahoma deserve quality education, affordable health care, safe neighborhoods and good roads.

Investing more money in those services doesn’t guarantee they’ll yield the desired results, but it helps if spending is adequate. It takes more than just dollars to ensure success, but sufficient spending would be a good start.

Year-to-date General Revenue trails estimate by 2.7 percent

Midway through FY-17, allocations to the General Revenue Fund (GRF) trail the estimate by $66 million, or 2.7 percent, according to the Office of Management and Enterprise Services (OMES).

Through December, two of the GRF’s four major revenue streams – net income tax and gross production tax – exceed the estimate.

Net income tax allocations are ahead of the estimate by $16 million, or 1.7 percent, while gross production tax collections top the estimate by $1.5 million, or 2.3 percent.

The primary reason for the underperformance of revenue to the GRF is the sales tax. Allocations for the first six month of the fiscal year are below the estimate by $63 million, or 6.4 percent.

Motor vehicle collections are also below the estimate by $5.1 million, or 5 percent.

Other sources of revenue for the GRF failed to meet the estimate, falling below expected allocations by $15.5 million, or 4.3 percent.

Projections presented to the State Board of Equalization in late December show GRF allocations for the full FY-17 are expected to fail to meet the official estimate by some $231.4 million, or 4.4 percent.

FY-17 YTD General Revenue Collections Actual vs. Estimate

| Source: Office of Management and Enterprise Services |
Gross Receipts to the Treasury in calendar year 2017 show ongoing impact of energy sector contraction

(Original release date: January 7, 2017.) Gross Receipts to the Treasury during the 2016 calendar year are less than receipts from 2015, marking a second consecutive calendar year of contraction, State Treasurer Ken Miller announced today.

Annual Gross Receipts to the Treasury shrank by 7.4 percent compared to calendar year 2015, and – at $10.78 billion – is the lowest 12-month total since January 2012. During the 2015 calendar year, gross receipts fell by 3 percent.

“The overall rate of decline has slowed as gross production collections have shown moderate increases.”

December Gross Receipts to the Treasury totalled $901.8 million, while the General Revenue Fund (GRF), as reported by the Office of Management and Enterprise Services, received $419.6 million, or 46.5%, of the total.

The GRF received between 29.7% and 52.8% of monthly gross receipts during the past 12 months.

From December gross receipts, the GRF received:
- Individual income tax: 66.3%
- Corporate income tax: None
- Sales tax: 44%
- Gross production-Gas: 65.8%
- Gross production-Oil: 10.5%
- Motor vehicle tax: 27%
- Other sources: 41.4%

December GRF allocations are below the estimate by $58.8 million, or 12.3%. Year-to-date GRF revenue trails the estimate by $66 million, or 2.7%.

December insurance premium taxes totaled $57.7 million, an increase of $6.7 million, or 13.1%, from the prior year.

Tribal gaming fees generated $10.9 million during the month, down by $428,249, or 3.8%, from last December.
Revenue
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Gross Receipts to the Treasury for December are $901.8 million, down by more than $47 million, or 5 percent, from December 2015. It is the smallest December bottom line since 2010.

Following almost two years of steady decline, collections from oil and natural gas gross production taxes are higher than the same month of the prior year for a third consecutive month. December gross production receipts total $39.4 million, up by $1.7 million, or 4.4 percent, from December 2015. Monthly receipts are based on production activity from October when the average price of benchmark West Texas Intermediate crude oil was $49.78 per barrel.

In December, the three other major revenue streams – income, sales, and motor vehicle taxes – show collections less than the same month of the prior year.

About Gross Receipts to the Treasury

Since March 2011, the Treasurer’s Office has issued the monthly Gross Receipts to the Treasury report, which provides a timely and broad view of the state’s macro economy.

It is provided in conjunction with the General Revenue Fund allocation report from the Office of Management and Enterprise Services, which provides important information to state agencies for budgetary planning purposes.

The General Revenue Fund receives slightly less than half of the state’s gross receipts with the remainder paid in rebates and refunds, remitted to cities and counties, and placed into off-the-top earmarks to other state funds.

Oklahoma unemployment set at 5.0 percent in December

Oklahoma’s seasonally-adjusted unemployment rate shrank by one-tenth of one percentage point in December, but still remains above the U.S. jobless rate, figures released by the Oklahoma Employment Security Commission show.

December marks the sixth consecutive month the Oklahoma jobless rate has been higher than the national rate, which was set at 4.7 percent. The state unemployment rate is 0.9 percentage points higher than one year ago.
Economic Indicators

Unemployment Rate

Gross Receipts vs. Oil & Gas Employment

Leading Economic Index
January 2001 – December 2017

Oklahoma Stock Index
Top capitalized companies
January 2009 – January 2017

Oklahoma Natural Gas Prices & Active Rigs
January 2011 – January 2017

Oklahoma Oil Prices & Active Rigs
January 2011 – January 2017

Source: Bureau of Labor Statistics
Source: Bureau of Labor Statistics & State Treasurer
Source: Federal Reserve
Source: Office of the State Treasurer
Sources: Baker Hughes & U.S. Energy Information Administration
Sources: Baker Hughes & U.S. Energy Information Administration
Shaded areas denote U.S. recessions
Shaded area denotes U.S. recession
This graph predicts six-month economic movement by tracking leading indicators, including initial unemployment claims, interest rate spreads, manufacturing and earnings. Numbers above 0 indicate anticipated growth.
Shaded areas denote U.S. recessions