## The State Budget:

How We Got Here, Where We Are Now and What's Next

**Compilation of Proposed Ideas to Solve FY 18 and FY 19 Budget Holes** 

## **Increased Expenses**

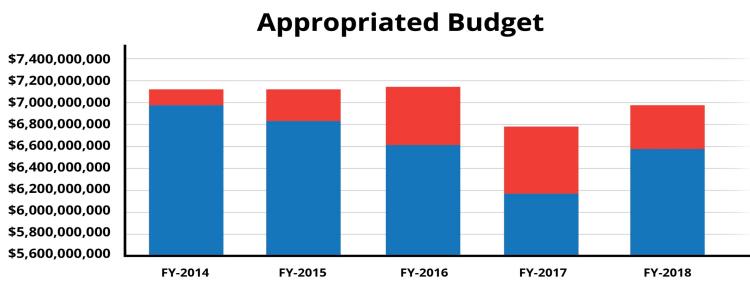
- Medicaid growth: state share has averaged over 4% increase per year for the past five years, increasing over 25% since FY-2011
- Pinnacle investment of over \$130 million
- FBA increase since FY-2011 of \$160 million
- Corrections incarcerated population increase of over 13% since 2009

#### General Revenue Fund Trends Revenue vs Expenditures (In Millions)



EXPENDITURES USE NORMALIZED 14-YR GROWTH RATE FROM ACTUAL (1.75%) PLUS OHLAP, ROADS, OK FILM

REVENUE PROJECTIONS USE 14-YR NORMALIZED GROWTH RATE FROM ACTUAL (1.27%)



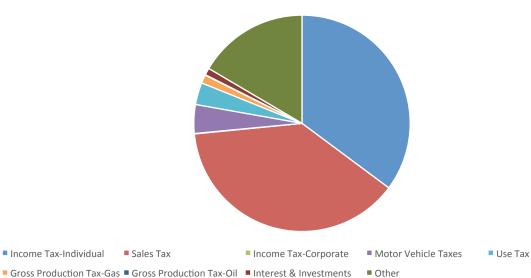
One Time Funds

Recurring Funds

# **Historical Use of One Time Funds in**

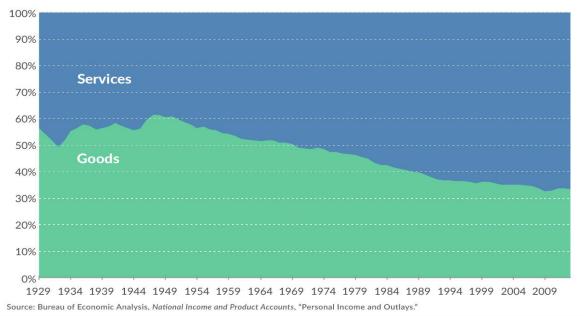
### FY 2018 General Revenue Fund Sources \$5.113 Billion

FY-2018



#### **Percent of Total Personal Consumption Expenditures**

Goods vs. Services, U.S. (1929-2013)



TAX FOUNDATION	@TaxFoundation

FY 18 One time revenues	FY 18 AMT				
Rainy Day Fund FY'17	\$ 4,203,502				
Rainy Day Fund FY'18	\$ 83,000,000				
Rainy Day Emergency for AdValorem	\$ 60,185,000				
Revolving Funds	\$ 61,299,818				
Unclaimed Property	\$ 35,000,000				
CIRB Cash	\$ 50,000,000				
ROADS Cash	\$ 100,000,000				
HB 2356 Franchise Tax Filing Change	\$ 12,027,000				
Total	\$ 405,715,320				

Total FY 2019 Obligations FY 2018 One time Revenues	\$93,248,000 \$405,715,320
Total FV 2010 Obligations	¢02 249 000
State Employee FBA increase	\$5,868,000
Teacher FBA	\$20,000,000
Pay for Success Need	\$500,000
Sayre Lease Increase	\$5,500,000
Ad Valorem Increase	\$15,000,000
GPT Rebate Repayment	\$15,000,000
Capitol Bond Increase	\$24,380,000
ODOT Bond Plus Increase	\$7,000,000
FY 19 Budget Hole	Amount

	Agency Name	FY 2018	Appropriation	
1	Total Common Schools	\$	2,448,399,829	36%
2	Total Health Care Authority	\$	1,025,516,034	15%
3	Total Higher Education	\$	773,597,660	11%
4	Total Human Services	\$	699,912,926	10%
5	Total Corrections Department	\$	486,011,555	7%
6	Total Mental Health	\$	327,990,166	5%
7	Total Transportation Department	\$	155,047,956	2%
8	Total Career Tech	\$	112,515,558	2%
9	Total Public Safety	\$	95,381,531	1%
10	Total Juvenile Affairs	\$	91,531,914	1%
		\$	6,215,905,129	91%

#### Appropriated Amount Change Between FY 2009 and FY 2017



#### com·pro·mise ['kämprə mīz] NOUN compromises (plural noun) 1 an agreement or a settlement of a disp

1.an agreement or a settlement of a dispute that is reached by each side making concessions:

"an ability to listen to two sides in a dispute, and devise a compromise acceptable to both."

Summary						
			FY-2018, 2/1/18 effective date, After			
	Т	otal Gross Revenue	Apportionme	ent	Арро	ortionment
Cigarette, \$1.50 per pack	\$	257,800,000	\$	102,045,833	\$	244,910,000
Little Cigar, Smokeless Tobacco, reduce cigarette discount	\$	10,750,000	\$	2,304,938	\$	5,531,850
GP 5% for New Wells (Oil)	\$	10,620,000	\$	2,522,250	\$	10,089,000
GP 5% for New Wells (Gas)	\$	9,564,000	\$	2,271,450	\$	9,085,800
Income Tax, new 5.25% bracket \$250k/\$500k, 5.5% for \$500k/\$1M	\$	36,476,000	\$	10,799,307	\$	32,725,173
\$0.06 motor fuel tax increase	\$	170,430,000	\$	53,969,500	\$	161,908,500
Elimination of wind manufacturer sales tax exemption 11/1/17	\$	20,520,000	\$	10,745,410	\$	18,445,325
Sales Tax on Luxury Services	\$	48,986,199	\$	-	\$	44,033,449
Cash on hand	N/A		\$	83,000,000	\$	-
	Total \$	565,146,199	\$	267,658,688	\$	526,729,097
Agency Cuts (1.52% less 16 hold harmless agencies)			\$	-	\$	20,000,000
Loss of Revenue from Cigarette Fee bill			\$	(214,000,000)	\$	-
Cost of \$2,000 Teacher Pay Raise, effective 1/1/18			\$	(48,013,928)	\$	(96,027,856)
FY-2019 Hole from Use of FY-2018 One-Times			\$	-	\$	(405,715,320)
FY-2019 Obligations			\$	-	\$	(93,248,000)
Unused FY-2018 Revenue to FY-2019			\$	-	\$	5,644,760
Balance			\$	5,644,760	\$	(42,617,319)
Efficiency Component: HB 1605, Common Education Administrative Efficiences						
NOTES:						
Except Income and Sales Taxes, all new revenue listed above is proposed to be apportioned to GR only.						

Cigarette Tax - Due to continual drop in consumption the FY19 number is probably overstated. FY19 number is based on FY18 certification.

Gross Production Tax - The estimates for production and pricing for FY19 have not been made. FY19 numbers are based on FY18 certification.

High Earner Income Tax 5.25% on \$250k/\$500k; 5.5% on \$500k/\$1M

Average dollar change by Federal Adjusted Gross Income: \$6 for \$200,000 to \$499,999 \$189 for \$500,000 to \$999,999 \$1,843 for \$1,000,000 plus Total Number of returns with increase: 26,071 out of 1,766,557 1.48% of income tax returns impacted Section Article 5 section 57 - Subjects and titles - Revival or amendment by reference - Extent of invalidity

§ 57. Subjects and titles - Revival or amendment by reference - Extent of invalidity. Every act of the Legislature shall embrace but one subject, which shall be clearly expressed in its title, **except** general appropriation bills, **general revenue bills**, and bills adopting a code, digest, or revision of statutes; and no law shall be revived, amended, or the provisions thereof extended or conferred, by reference to its title only; but so much thereof as is revived, amended, extended, or conferred shall be reenacted and published at length: Provided, That if any subject be embraced in any act contrary to the provisions of this section, such act shall be void only as to so much of the law as may not be expressed in the title thereof.

## HB 1065

Centralizing administrative functions will provide additional dollars to the classroom which will enhance funding for instructional expenditures including teacher salaries and classroom resources.