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Oklahoma Government Revenues and Spending In Perspective - Update

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The 1889 Institute has published and commented on the data included in the accompanying table in 2016, 2018, and 2020. Federal data used to generate the table were delayed this year, but we are committed annual updates in the future.

In 2018, Oklahoma's state and local governments: (See Reverse)

- Collected 13.36 percent of Oklahomans' personal income in taxes and fees, more than 12 other states.
- Spent a higher percentage of our income on higher education than 32 states, though this is decreased from 2017.
- Spent a higher percentage of our income on public education than nine states, including Arizona, a leader in educational choice and progress.
- Spent a higher percentage of our income on public welfare than 24 states.
- Spent a total of 11.79 percent of our income on the six featured spending areas (which include federal dollars)
 - This is a decrease of slightly more than 0.5 percent since 2017
 - This is 0.5 percent below the national average of 12.36 percent

Compared to 2017, Oklahoma has dropped ranking in lowest total taxes and fees. Oklahoma is currently ranked 13th out of the 50 states in lowest tax rates for state and local governments. Of the states that border Oklahoma, two are ranked better: Missouri is ranked 10th and Texas is ranked 11th.

If the highest level of spending were used from all six featured areas (Higher Education, Public Education, Public Welfare, Hospitals, Highways, and Corrections) it would amount to 24 percent of GDP. If the lowest level of spending were used from these areas it would amount to 6 percent of GDP, a decrease from the 6.4 percent in 2017. Given Oklahoma's 10.35 percent spending on these six areas, it appears there is potential for more efficient spending.

The potential for efficient spending can be derived by looking at other states' spending on these six areas. First looking at Higher Education spending, Georgia spends 1.28 percent of income and Oklahoma spends 2.15 percent. The comparison to Georgia is fair because their per capita income is close to that found in Oklahoma. The Georgia system also promises many residents a free college education while spending less. Next looking at Public Education spending, Florida spends 2.7 percent of income and Oklahoma spends 3.31 percent. Florida per capita income is slightly less than Oklahoma making them comparable. Florida's public education system is ranked 16th in the country, while Oklahoma is ranked 44th and is spending more.¹ For Public Welfare spending, Illinois spends 3.21 percent of income and Oklahoma spends 3.76 percent. In Highway spending, Illinois spends 1.08 percent of income and Oklahoma spends 1.44 percent. The Illinois economy has a similar composition to Oklahoma; both have vast areas of rural development with a few larger cities and industrial developments throughout the state. For Corrections, Kansas spends .32 percent of income and Oklahoma spends .41 percent. Finally looking at spending for Hospitals, Massachusetts spends .33 percent of income and Oklahoma spends .72 percent. Massachusetts has a top ranked hospital and spends considerably less than Oklahoma.²

If the lower percentages from the comparisons above were added together it would equal 8.96 percent, which is 2.83 percentage points lower than the total for Oklahoma in 2018. If Oklahoma's local and state governments were more efficient with tax dollars and dropped their spending by 10 percent, \$1.7 billion could be returned to taxpayers thus lowering the tax burden leveraged on the people of Oklahoma.

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¹ "Education Rankings: Measuring How Well States Are Educating Their Students," *U.S. News*, accessed June 16, 2021, <https://www.usnews.com/news/best-states/rankings/education>.

² "World's Best Hospitals 2020," *Newsweek*, accessed June 16, 2021, <https://www.newsweek.com/best-hospitals-2020/united-states>.

State and Local Revenues and Select Expenditures As A Percentage of Personal Income*

| 2018 Rank | COL Personal Income/ Capita † | | Taxes & Fees | | Higher Ed | | Public Ed | | Public Welfare | | Hospitals | | Highways | | Corrections | |
|-----------|-------------------------------|--------------------|--------------|---------------|-----------|--------------|-----------|--------------|----------------|--------------|-----------|--------------|-----------|--------------|-------------|--------------|
| | | | USA | 14.50% | USA | 1.72% | USA | 3.91% | USA | 4.08% | USA | 1.13% | USA | 1.06% | USA | 0.46% |
| 1 | WY | \$63,323.22 | TN | 10.90% | NY | 1.06% | AZ | 2.67% | CT | 1.46% | VT | 0.07% | CA | 0.63% | MA | 0.20% |
| 2 | CT | \$59,499.60 | NH | 11.64% | FL | 1.06% | FL | 2.70% | WY | 2.51% | NH | 0.08% | MA | 0.70% | CT | 0.23% |
| 3 | IL | \$58,783.95 | SD | 11.90% | NV | 1.07% | HI | 2.89% | VA | 2.55% | PR | 0.10% | TN | 0.78% | NH | 0.26% |
| 4 | WA | \$58,062.56 | AZ | 12.01% | NH | 1.07% | ID | 3.01% | SD | 2.56% | ND | 0.12% | CT | 0.81% | IA | 0.28% |
| 5 | MN | \$57,518.56 | GA | 12.07% | MA | 1.09% | TN | 3.16% | GA | 2.57% | DE | 0.16% | IN | 0.83% | HI | 0.29% |
| 6 | CO | \$57,513.20 | FL | 12.35% | TN | 1.18% | NV | 3.18% | FL | 2.67% | MD | 0.16% | NJ | 0.83% | MO | 0.33% |
| 7 | NE | \$56,935.41 | MT | 12.57% | CT | 1.19% | NC | 3.24% | TX | 2.68% | AZ | 0.22% | AZ | 0.83% | NJ | 0.34% |
| 8 | KS | \$56,802.66 | NV | 12.69% | ME | 1.23% | CO | 3.28% | UT | 2.73% | SD | 0.26% | MO | 0.89% | SC | 0.36% |
| 9 | VA | \$56,651.66 | ID | 12.72% | NJ | 1.26% | IN | 3.29% | WA | 2.77% | MT | 0.30% | GA | 0.89% | IN | 0.36% |
| 10 | TX | \$56,078.95 | MO | 12.86% | PR | 1.26% | OK | 3.31% | NV | 2.82% | MA | 0.33% | NH | 0.91% | KS | 0.36% |
| 11 | ND | \$55,810.43 | TX | 12.89% | GA | 1.28% | MA | 3.35% | KS | 2.83% | ME | 0.34% | WA | 0.95% | TN | 0.37% |
| 12 | NJ | \$55,620.18 | MA | 12.92% | IL | 1.30% | SD | 3.47% | NE | 2.83% | NJ | 0.39% | PR | 0.95% | AL | 0.37% |
| 13 | IA | \$54,933.19 | OK | 13.36% | MO | 1.33% | VA | 3.58% | NH | 2.89% | IL | 0.44% | OR | 0.98% | IL | 0.37% |
| 14 | PA | \$54,898.04 | VA | 13.38% | PA | 1.47% | CA | 3.59% | CO | 2.91% | CT | 0.54% | MI | 0.98% | MN | 0.38% |
| 15 | MA | \$54,001.50 | MD | 13.42% | LA | 1.55% | CT | 3.65% | NJ | 3.00% | MN | 0.63% | MD | 0.98% | WA | 0.38% |
| 16 | WI | \$53,649.69 | CO | 13.44% | ID | 1.59% | UT | 3.66% | IL | 3.21% | WV | 0.65% | LA | 0.99% | OH | 0.38% |
| 17 | NH | \$53,390.43 | CT | 13.46% | HI | 1.61% | NH | 3.70% | NC | 3.21% | PA | 0.66% | CO | 1.00% | AR | 0.39% |
| 18 | MI | \$53,246.38 | IL | 13.55% | WA | 1.65% | MO | 3.71% | MO | 3.42% | HI | 0.71% | FL | 1.03% | UT | 0.39% |
| 19 | SD | \$52,856.28 | IN | 13.57% | MD | 1.69% | LA | 3.71% | MD | 3.49% | OK | 0.72% | TX | 1.05% | ME | 0.39% |
| 20 | OH | \$52,793.07 | PA | 13.71% | SD | 1.72% | MD | 3.72% | ID | 3.51% | NV | 0.74% | SC | 1.05% | ND | 0.39% |
| 21 | TN | \$52,522.27 | AR | 13.72% | VA | 1.72% | IL | 3.75% | SC | 3.63% | WI | 0.81% | OH | 1.06% | SD | 0.39% |
| 22 | MO | \$52,364.85 | KY | 13.74% | CA | 1.73% | WA | 3.76% | MI | 3.65% | CO | 0.84% | IL | 1.08% | OK | 0.41% |
| 23 | IN | \$51,920.97 | LA | 13.81% | MN | 1.74% | MI | 3.82% | ND | 3.66% | NE | 0.87% | NM | 1.10% | PR | 0.42% |
| 24 | NY | \$51,780.38 | WI | 14.01% | OH | 1.77% | OR | 3.82% | TN | 3.74% | OH | 0.92% | NY | 1.10% | NC | 0.43% |
| 25 | GA | \$51,675.11 | NC | 14.09% | AK | 1.80% | AL | 3.83% | OK | 3.76% | ID | 0.93% | HI | 1.12% | LA | 0.43% |
| 26 | DE | \$51,358.60 | NJ | 14.13% | MT | 1.91% | MT | 3.93% | HI | 3.83% | FL | 0.94% | VA | 1.13% | CO | 0.43% |
| 27 | OK | \$51,352.02 | WA | 14.28% | CO | 1.98% | KY | 3.94% | IA | 3.92% | AK | 1.02% | KS | 1.14% | TX | 0.43% |
| 28 | FL | \$51,298.09 | OH | 14.32% | AZ | 1.99% | TX | 3.96% | AL | 4.11% | AR | 1.07% | NC | 1.20% | GA | 0.44% |
| 29 | AR | \$49,305.24 | MI | 14.38% | WI | 2.02% | WV | 4.04% | WI | 4.37% | GA | 1.07% | KY | 1.20% | FL | 0.45% |
| 30 | UT | \$49,095.09 | AL | 14.55% | SC | 2.02% | AR | 4.04% | IN | 4.41% | MI | 1.14% | ID | 1.33% | VT | 0.46% |
| 31 | LA | \$48,897.25 | NE | 14.56% | TX | 2.11% | WI | 4.06% | PA | 4.42% | VA | 1.18% | UT | 1.37% | MS | 0.46% |
| 32 | NC | \$48,807.61 | ME | 14.73% | IN | 2.12% | DE | 4.07% | MT | 4.44% | CA | 1.20% | NV | 1.39% | NY | 0.47% |
| 33 | MD | \$48,672.88 | UT | 15.02% | OK | 2.15% | MS | 4.09% | AZ | 4.76% | TN | 1.27% | AL | 1.39% | WV | 0.49% |
| 34 | ID | \$48,279.83 | PR | 15.23% | AR | 2.18% | NM | 4.09% | MA | 4.79% | LA | 1.34% | OK | 1.44% | MD | 0.50% |
| 35 | MT | \$47,949.20 | CA | 15.34% | WV | 2.21% | ME | 4.12% | ME | 5.15% | TX | 1.34% | DE | 1.49% | WI | 0.50% |
| 36 | NV | \$47,702.01 | MN | 15.50% | NC | 2.22% | MN | 4.16% | OH | 5.17% | NY | 1.34% | ME | 1.50% | KY | 0.51% |
| 37 | AL | \$47,260.24 | SC | 15.53% | KS | 2.27% | GA | 4.20% | OR | 5.21% | OR | 1.38% | MN | 1.50% | MT | 0.51% |
| 38 | AZ | \$46,608.79 | WV | 15.53% | OR | 2.28% | KS | 4.21% | CA | 5.22% | KY | 1.38% | PA | 1.51% | NE | 0.52% |
| 39 | AK | \$45,875.10 | VT | 15.77% | NE | 2.29% | SC | 4.24% | AR | 5.23% | IN | 1.47% | MS | 1.54% | PA | 0.52% |
| 40 | CA | \$45,219.15 | KS | 16.09% | KY | 2.31% | ND | 4.26% | MN | 5.28% | WA | 1.50% | AR | 1.55% | NV | 0.52% |
| 41 | KY | \$45,153.68 | OR | 16.15% | WY | 2.35% | PA | 4.28% | DE | 5.29% | MO | 1.51% | WI | 1.58% | MI | 0.52% |
| 42 | MS | \$44,451.23 | DE | 16.22% | IA | 2.41% | IA | 4.32% | VT | 5.41% | NM | 1.57% | NE | 1.59% | AZ | 0.54% |
| 43 | VT | \$44,318.97 | MS | 16.27% | ND | 2.47% | OH | 4.37% | PR | 5.53% | UT | 1.68% | MT | 1.69% | ID | 0.54% |
| 44 | SC | \$44,067.34 | NM | 16.58% | VT | 2.58% | PR | 4.42% | MS | 5.57% | NC | 2.28% | WV | 1.76% | VA | 0.54% |
| 45 | PR | \$43,994.34 | WY | 17.34% | DE | 2.60% | NJ | 4.58% | LA | 5.69% | KS | 2.38% | IA | 1.85% | WY | 0.60% |
| 46 | NM | \$43,888.30 | AK | 17.53% | MI | 2.61% | NE | 4.60% | NY | 5.70% | IA | 2.64% | WY | 1.94% | CA | 0.62% |
| 47 | ME | \$42,916.37 | IA | 18.28% | MS | 2.63% | WY | 4.93% | AK | 6.04% | AL | 2.92% | VT | 1.99% | OR | 0.64% |
| 48 | WV | \$42,913.45 | NY | 18.28% | AL | 2.64% | AK | 5.16% | KY | 6.31% | SC | 3.11% | SD | 2.08% | DE | 0.67% |
| 49 | OR | \$39,813.61 | HI | 18.76% | NM | 3.24% | NY | 5.36% | WV | 6.63% | WY | 3.41% | ND | 3.34% | NM | 0.83% |
| 50 | HI | \$29,270.31 | ND | 20.08% | UT | 3.24% | VT | 5.57% | NM | 7.28% | MS | 3.58% | AK | 3.55% | AK | 1.00% |

*Expenditures include Federal Sources of Funding.

†COL – Cost of Living Adjusted

Sources: Census Bureau, Bureau of Economic Analysis, MO Econ Research and Info Ctr, author calculations