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# Oklahoma limits budget cuts, preserves school funding

By Richard Williamson

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Oklahoma will preserve public school funding while cutting the budget no more than 4% under a revenue crisis, legislative leaders announced.

"This is a far better budget than many expected and that should come as a relief to the citizens who rely on core services and the agencies that serve them, given the effect of both depressed oil and gas prices and the pandemic on state revenues," said Senate President Pro Tempore Greg Treat, R-Oklahoma City. "We successfully avoided the catastrophic cuts some had feared, and I thank the budget chairs and their committees for their hard work and leadership during this difficult time."





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Under the agreement, most of the \$1.4 billion, or 17%, revenue gap that Gov. Kevin Stitt projected last month is filled by using reserve funds, cutting one-time spending, temporarily redirecting non-appropriated money into the budget, and agency appropriation reductions of 4% or less in most cases.

"The Legislature is pleased to have an agreement stabilizing the budget to the fullest extent possible under the numbers Gov. Stitt provided," said House Speaker Charles McCall, R-Atoka. "The Legislature is strongly united behind this agreement and will enact it quickly to provide certainty to state services at a time it is sorely needed."

The agreement calls for a total budget of \$7.7 billion, which is \$237.8 million, or 3%, less than the FY 2020 budget.

With federal COVID-19 relief funds considered, common and higher education would receive no reduction next year, and may receive more money.

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"The Legislature kept its promise and protected education. We are not letting a virus roll back the historic investments Oklahoma has made in education the past few years," said Senate Appropriations Chairman Roger Thompson, R-Okemah.

Under the agreement, the State Department of Education's temporary appropriation reduction is 2.5%, or \$78.2 million, of its \$3 billion appropriation. Recent teacher pay raises will not be impacted.

With relief funds considered, though, common education is projected to receive more money next year than this year. Oklahoma's \$200 million in COVID relief money for common education fully offsets the temporary state funding reduction of \$78.2 million, or 2.5%, to common education.

Most other agencies receive effective reductions of 4% or less, with core service agencies such as health care, public safety and transportation receiving smaller reductions in some cases, while other agencies with mandatory upcoming spending are held flat or slightly increased.

"The executive branch predicted significantly larger budget cuts would be needed to balance the FY 21 budget," Treat said. "The fact that the Legislature was able to keep reductions to 4% or less should come as welcome news to state agencies."

Oklahoma has received more than \$1.25 billion in federal relief funds for COVID-19 expenses – far more than the \$237.8 million spending reduction in the budget agreement.

"Now is a great time for Gov. Stitt to use the strong management skills he pledged to bring to government. We expect Governor Stitt will make good use of his proven business acumen to help agencies maintain service levels to the public," McCall said.

According to the National Conference of State Legislatures, nearly every state has revised revenue projections downward and expects to enact reduced budgets due to COVID-19's effect on the economy and state government revenues.

Legislative budget leaders said the \$1.4 billion revenue hole projected by Stitt was used in building the budget, but that the projection could change, allowing for midyear budget adjustments.

"We still remain circumspect about the data used to create the executive branch's projections, but we worked off their numbers. We will consider supplemental appropriations to restore some of these reductions if revenues

improve as we expect them to," Thompson said.

The FY 2020 budget was the largest in state history, and FY 2021's would be among the largest, as well.

"We've been here before, but today Oklahoma is much better positioned to face a fiscal challenge like this," Treat said. "Prudent actions taken in response to the last budget hole three years ago and decisions to save money last year left Oklahoma's fiscal position stronger than ever and built up strong reserves that have been a saving grace during this unforeseen worldwide pandemic."

Under the legislative agreement, the state would head into FY 2022 with an estimated \$600 million in savings funds, apportionment reforms and other flexibility to help stabilize the FY 2022 budget if necessary. In addition, agencies typically have close to \$1 billion in agency-specific reserves at their disposal throughout every fiscal year.

"Unlike the last budget hole three years ago, this one won't require revenue raising measures and should end when the economy restarts," McCall said. "Oklahoma will bounce back strong and move forward."

**Richard Williamson**



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