

# Comparing Oklahoma Government Revenues and Spending

Byron Schlomach and Vance H. Fried

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

- Collect 13.2 percent of Oklahomans' personal income in taxes and fees, more than 11 other states, including Texas and Missouri.
- Spend a higher percentage of our income on higher education than 28 states.
- Spend a higher percentage of income on public education than 8 states, including Arizona, which leads the nation in academic gains measured by the National Assessment of Educational Progress.
- Spend a higher percentage of state personal income on public welfare than 25 states.
- On the six featured spending areas (which include federal dollars), Oklahoma spends 11.95 percent of personal income, only a little below the national average of 12.29 percent.

Unfortunately, Oklahoma is *not* a leading state when it comes to minimizing the size of government. Oklahoma trails both Texas and Missouri, as well as 9 other states, including New Hampshire, Tennessee, Arizona, and Florida.

Hypothetically, if a single state's spending on the six featured areas in the table (see reverse) were at the levels of the states ranked at the bottom in each category, that state would have spent over 25 percent of residents' total personal income. If a hypothetical state spent at the levels of the top of the rankings

in each of the six categories, it would spend only 7.5 percent of residents' total personal income.

Suppose that instead of its current levels of spending in the six featured categories, Oklahoma were more efficient and effective with its money and spent at levels of states ranked above it. Georgia spends 1.4 percent of personal income on higher education but has a system that promises many a free college education. Florida's public education system spends only 2.9 percent of income in that area. Texas, similar in many ways to Oklahoma, spends only 2.75 percent of income on welfare and less than 1 percent on highways. Missouri spends .37 percent on corrections. Massachusetts spends only .32 percent of its income on hospitals. There is no reason to think that the quality of services in these states is inferior to what Oklahoma provides.

Combining the above percentages, if Oklahoma were to improve to those levels, its spending in the six categories would amount to 8.73 percent of personal income. That would represent a 26 percent cost reduction in those areas. If Oklahoma's state and local governments improved their operations efficiency so that purely state and local-financed spending dropped by just 10 percent, over \$2 billion could be redirected to enhance existing government services, provide new services, or be returned to taxpayers.

States spend different levels of taxpayers' income in different areas for a variety of reasons. One reason might have to do with affordability in the state and levels of income. However, in the far left column, states' personal income adjusted for cost of living is provided. Oklahoma is 12th, but our levels of spending across the six categories is all over the place. For the most part, states' personal income rankings are not well correlated to either spending or overall tax levels.

**Byron Schlomach** is Director of the 1889 Institute.  
**Vance H. Fried** is Senior Fellow of the 1889 Institute and Riata Professor of Entrepreneurship Emeritus at Oklahoma State University.

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

2015 Rank	COL Personal Income/ Capita †		Taxes & Fees		Higher Ed		Public Ed		Public Welfare		Hospitals		Highways		Corrections	
	State	Income/ Capita	USA	%	USA	%	USA	%	USA	%	USA	%	USA	%	USA	%
1	WY	\$58,359	NH	11.75%	FL	1.12%	HI	2.86%	WY	2.46%	VT	0.06%	CT	0.77%	NH	0.25%
2	CT	\$55,574	TN	11.80%	NY	1.18%	AZ	2.86%	SD	2.57%	NH	0.07%	CA	0.78%	MA	0.26%
3	ND	\$55,254	SD	11.97%	NV	1.19%	FL	2.90%	VA	2.64%	DE	0.10%	GA	0.78%	CT	0.29%
4	IL	\$54,320	AZ	12.31%	NJ	1.19%	ID	3.08%	TX	2.75%	RI	0.13%	AZ	0.81%	IA	0.31%
5	VA	\$54,070	FL	12.40%	MA	1.22%	CO	3.21%	CO	2.77%	ND	0.15%	TN	0.81%	HI	0.31%
6	KS	\$53,765	GA	12.55%	RI	1.23%	NV	3.23%	UT	2.86%	MD	0.17%	RI	0.82%	ND	0.32%
7	TX	\$53,051	TX	12.79%	NH	1.24%	NC	3.24%	NE	2.87%	SD	0.20%	NJ	0.85%	MN	0.34%
8	MN	\$52,895	MO	12.90%	CT	1.27%	TN	3.32%	GA	2.87%	ME	0.26%	MI	0.85%	IL	0.35%
9	NE	\$52,690	CT	12.98%	ME	1.38%	CA	3.39%	KS	2.94%	MA	0.32%	SC	0.86%	IN	0.37%
10	NJ	\$51,953	VA	13.11%	GA	1.40%	<b>OK</b>	<b>3.46%</b>	FL	2.95%	MT	0.33%	MA	0.87%	ME	0.37%
11	CO	\$51,750	NV	13.17%	TN	1.41%	SD	3.47%	NH	2.98%	AZ	0.35%	MO	0.95%	MO	0.37%
12	<b>OK</b>	<b>\$51,407</b>	<b>OK</b>	<b>13.24%</b>	IL	1.48%	WA	3.49%	CT	3.03%	NJ	0.47%	NY	0.97%	KS	0.38%
13	WA	\$51,406	MA	13.31%	PA	1.50%	IN	3.53%	WA	3.07%	IL	0.51%	VA	0.98%	NJ	0.38%
14	PA	\$51,161	ID	13.31%	HI	1.55%	MA	3.65%	NV	3.21%	CT	0.56%	IN	0.98%	OH	0.39%
15	MA	\$50,991	LA	13.55%	LA	1.56%	OR	3.73%	IL	3.21%	PA	0.57%	NC	0.98%	AL	0.40%
16	IA	\$50,858	MD	13.67%	MO	1.58%	UT	3.73%	NJ	3.22%	WV	0.62%	CO	0.98%	RI	0.40%
17	MI	\$50,820	WA	13.73%	ID	1.63%	VA	3.74%	NC	3.31%	WI	0.63%	TX	0.99%	SC	0.40%
18	WI	\$49,726	MT	13.74%	MN	1.67%	CT	3.76%	MO	3.31%	<b>OK</b>	<b>0.69%</b>	UT	1.00%	TN	0.42%
19	NH	\$49,659	PA	13.96%	SD	1.70%	MD	3.78%	ND	3.33%	MN	0.70%	OR	1.01%	NC	0.43%
20	TN	\$49,444	AR	14.09%	WA	1.73%	TX	3.91%	MT	3.58%	NV	0.75%	MD	1.02%	SD	0.43%
21	MO	\$49,412	KY	14.16%	CA	1.74%	MI	3.92%	HI	3.62%	FL	0.92%	FL	1.03%	<b>OK</b>	<b>0.43%</b>
22	OH	\$49,335	NJ	14.35%	MD	1.76%	NH	3.94%	ID	3.64%	OH	0.99%	NH	1.04%	WA	0.44%
23	IN	\$48,945	NC	14.38%	VA	1.78%	MO	3.94%	MD	3.64%	AR	0.99%	WA	1.07%	FL	0.44%
24	SD	\$48,137	IN	14.38%	OH	1.86%	LA	4.03%	AL	3.64%	NE	0.99%	LA	1.13%	UT	0.45%
25	DE	\$48,097	CO	14.43%	CO	1.90%	IL	4.03%	AZ	3.77%	ID	1.00%	NV	1.14%	TX	0.45%
26	GA	\$47,288	MI	14.49%	MT	1.97%	MT	4.03%	<b>OK</b>	<b>3.77%</b>	MI	1.01%	OH	1.16%	CO	0.45%
27	LA	\$47,106	IL	14.50%	AZ	2.02%	AL	4.05%	MI	3.83%	VA	1.09%	HI	1.21%	KY	0.46%
28	NY	\$47,008	WI	14.51%	AK	2.08%	KY	4.06%	TN	3.85%	AK	1.09%	AL	1.28%	VT	0.48%
29	FL	\$46,180	AL	14.63%	<b>OK</b>	<b>2.10%</b>	MN	4.08%	SC	3.87%	KY	1.14%	ID	1.38%	MS	0.48%
30	MD	\$46,005	NE	14.73%	IN	2.12%	ND	4.10%	OH	3.95%	GA	1.18%	KS	1.39%	NE	0.50%
31	AR	\$45,461	OH	14.83%	SC	2.14%	WI	4.11%	LA	4.14%	TN	1.19%	DE	1.45%	WV	0.51%
32	NC	\$45,326	KS	14.84%	TX	2.17%	KS	4.15%	IN	4.16%	CA	1.20%	PA	1.45%	AR	0.51%
33	MT	\$44,064	UT	14.96%	AR	2.20%	ME	4.24%	PA	4.20%	HI	1.25%	AR	1.46%	ID	0.53%
34	AL	\$44,058	RI	15.19%	WI	2.27%	DE	4.24%	IA	4.33%	UT	1.26%	IL	1.47%	PA	0.53%
35	UT	\$43,985	ME	15.20%	NE	2.31%	PA	4.26%	MA	4.36%	NY	1.26%	<b>OK</b>	<b>1.50%</b>	VA	0.54%
36	ID	\$43,742	CA	15.26%	NC	2.33%	AR	4.32%	WI	4.52%	TX	1.28%	NE	1.50%	NY	0.54%
37	NV	\$43,172	VT	15.77%	KY	2.34%	GA	4.36%	CA	4.82%	MO	1.29%	MS	1.55%	NV	0.54%
38	MS	\$42,929	OR	15.93%	KS	2.38%	MS	4.40%	AK	4.82%	OR	1.37%	MN	1.58%	GA	0.55%
39	KY	\$42,550	MN	15.95%	WY	2.40%	SC	4.40%	RI	4.98%	WA	1.37%	WI	1.63%	MD	0.55%
40	AK	\$42,282	DE	16.19%	OR	2.41%	OH	4.42%	MN	5.02%	LA	1.45%	ME	1.65%	LA	0.56%
41	RI	\$42,232	SC	16.21%	WV	2.47%	NE	4.45%	ME	5.19%	NM	1.65%	NM	1.70%	WI	0.58%
42	CA	\$41,965	IA	16.47%	VT	2.49%	RI	4.46%	DE	5.21%	CO	1.66%	WV	1.71%	MI	0.58%
43	VT	\$41,887	MS	16.90%	MI	2.57%	IA	4.48%	NY	5.31%	IN	1.77%	KY	1.75%	MT	0.61%
44	AZ	\$41,842	WV	17.30%	AL	2.62%	WV	4.68%	OR	5.36%	KS	1.90%	IA	1.83%	AZ	0.63%
45	NM	\$40,677	HI	17.38%	ND	2.63%	NM	4.77%	MS	5.63%	NC	2.22%	MT	2.20%	OR	0.63%
46	SC	\$39,979	AK	17.76%	MS	2.74%	NJ	4.90%	VT	5.66%	IA	2.41%	WY	2.21%	WY	0.65%
47	WV	\$39,677	NM	18.17%	IA	2.76%	VT	5.22%	AR	5.73%	AL	2.82%	SD	2.26%	DE	0.68%
48	ME	\$39,055	NY	19.72%	DE	2.89%	NY	5.51%	KY	6.37%	SC	3.17%	VT	2.43%	CA	0.72%
49	OR	\$35,778	WY	20.78%	UT	3.24%	WY	5.83%	WV	6.51%	WY	3.44%	AK	3.80%	AK	0.83%
50	HI	\$27,300	ND	21.90%	NM	3.25%	AK	6.37%	NM	7.24%	MS	3.49%	ND	4.02%	NM	0.84%

\*Expenditures include Federal Sources of Funding.

†COL - Cost of Living Adjusted

Sources: Census Bureau, Bureau of Economic Analysis, Author Calculations