OKLAHOMA CITY - The state of Oklahoma - like 28 other states - has a smaller general fund budget than it did three years ago, a national report shows. Like 30 other states, Oklahoma has fewer state employees than it did two years ago. The annual Fiscal Survey of States, produced by the nonpartisan National Governors Association and the National Association of State Budget Officers, gives a series of snapshots of how the Great Recession has impacted Oklahoma and the other states. The reports' primary theme: Most states are seeing their fiscal condition improving in the current budget cycle but are likely to remain constrained next year. Thirty-eight states report that general fund spending went up last year and 43 have passed budgets that would mean higher spending this year, but state spending is yet to reach pre-recession levels - a measure of how steep the fall was. Some other highlights from the report:

Last year, the average state general fund budget increased 4 percent. Oklahoma's general fund budget increased by 5.8 percent, the 13th highest increase. Twenty-two states had to cut their budgets midterm last year. Oklahoma did not. This year, the states' general fund budgets are up an average of 2.9 percent. Oklahoma's general fund budget increased by 3 percent, 32nd highest among the states. All but five states cut funding to some key area of the state budget this year. Oklahoma was one of 43 states that cut funding to public schools, but only eight states cut school funding by more than Oklahoma. Oklahoma is one of 33 states to see the number of state employees go down since the 2010 budget year. Only three states - Michigan, South Carolina and South Dakota - saw their state payrolls go down by more than Oklahoma, which had a 5.41 percent decrease. Oklahoma's three biggest revenue sources - sales taxes, personal income taxes and corporate income taxes - all performed higher than budgetary projections last year. All except the corporate income tax have grown each of the past three years. Corporate income tax collections were up last year, but down this year. Oklahoma Policy Institute Director David Blatt said the report shows the extent of the budget cutting state government has gone through in the past three years. Those cuts have resulted in larger public school class sizes, schools being shortfunded for teacher health benefits, nationally board-certified teachers being shorted promised payments for their achieveme critically low staffing levels at state prisons, closures of public facilities, more than 5,000 developmentally disabled Oklahomans being put on a waiting list for state services and many other problems for the state's citizens. "We've seen some real harm to families, businesses and communities," Blatt said. While the state's revenue picture promises to be better next year, the state budget probably will only grow by 1 percent or 2 percent, not enough to start to make up for the problems created by the recessionary cuts, he said. Oklahoma's spending probably still won't get over pre-recession levels of funding next year, he said. While some state tax revenues have perked up, the Legislature faces a budget hole created by the drying up of federal stimulus money and the state "rainy day" fund and full implementation of income tax cuts, Blatt said.

Jonathan Small, fiscal policy director for the Oklahoma Council of Public Affairs and a CPA, said the study's premise is flawed and its scope is too limited. The recession was a lost opportunity for the state to reprioritize its spending and provide needed tax relief to the state's citizens, he said. While the study looks at general revenue funding, actual state spending - including federally funded programs and other expenditures normally left out of the state budget conversation - is well over $16 billion and growing. The state shouldn't be looking for a way to maintain its current spending patterns, but for ways to make government more efficient so that core services can be improved and taxes cut, he said. If prisons are understaffed, the state should re-examine how it is spending its corrections money, not automatically assume more tax money is needed, Small said. At the same time, the state needs to make sure it is spending what money it has on truly core services, not maintaining golf courses, running lightly used state parks, paying for a "bloated" state employee health insurance program and earmarking state tax funds for fairs and rodeos, he said. "Really, the focus should be how can we reduce the tax burden on taxpayers, not how can we maintain it," Small said. This year, lawmakers face up to $820 million in budget increase requests from state agencies, which Small termed "pure insanity." "I think there's just a huge lack of reality on the part of bureaucrats and maybe lawmakers," Small said. Equalization Board to meet Tuesday The Oklahoma Board of Equalization will meet Tuesday to certify expected state revenue for fiscal year 2013, which begins July 1. The board is led by Gov. Mary Fallin and includes Lt. Gov. Todd Lamb, Auditor and Inspector Gary Jones, Treasurer Ken Miller, Attorney General Scott Pruitt, Superintendent Janet Barresi and Board of Agriculture President Jim Reese. On Monday, Office of State Finance Director Preston Doerflinger is expected to release financial figures that the board will work with. The Legislature can spend up to 95 percent of the revenue certified by the board. Although state tax revenues have improved in recent months, the Legislature faces several built-in budget challenges next year, including the need to make up about $580 million in one-time funding in the current budget. To stay at current budget levels, the state also will need to make up anticipated lower revenue from oil field taxes that results from a reordering of deep and horizontal drilling tax credits and the impact of a 0.25 percent cut in the top income tax rate, which takes effect Jan. 1. Based on strong revenue figures in recent months, state officials expect state tax revenue to grow next year, allowing for the state budget to maintain spending or perhaps grow modestly. Wayne Greene 918-581-8308 wayne.greene@tulsaworld.co

many states, Oklahoma has a smaller general fund and fewer state workers. Original Print Headline: Budgets make up lost ground