Oklahoma Budget Analysis

Name

Institution

Course name

Instructor’s name

Due date

Introduction

One thing that is constantly in our lives is that we need cash to do almost anything, pays for a service, purchase a product, or anything else. That is why it is important to budget so that it is a le to keep a tab on how much spending they are allowed to do over a given time frame. Budgeting involves tactical planning if revenues and expenditures over a provided period. While it is essential for personal spending, it is very important to come to communities, counties, and organizations. Institutions with a lot of cash flow need to have a budget so that they can easily account for the money they have and the resources. Our case study is based on budgeting in Oklahoma City. Like every either state, in Oklahoma, they elect leaders and public officials so that they can help in governing them as well as managing the state's finances. In a city like Oklahoma, every finance and single cent has to be accounted for because it is easier to make the developments necessary and encourage the growth of the city. Like every other state, the legislation is meticulous when it comes to budgeting, and even then, it follows a transparent process. In line with this, they are expected to come up with ways of generating revenues so that the city is forward moving. They have to find a balance between the revenues and the expenditures. Therefore, budgeting is a process that has to follow some steps, and that is why, to better understand it, we will be looking at Oklahoma State budgeting from how it begins, how it is planned for up to how it ends. The paper will also cover the different strategies used during this process and offer recommendations on the same.

**Types of Revenues Present in Oklahoma State**

Undoubtedly, without any revenue, states and governments cannot manage to provide for the citizens. As such, they have to have clear defined sources of revenue and ensure that they are always workable. If the revenue goes down, they can quickly fix it by strategizing and imposing laws that will increase it. Taxes are one of the areas that they generate most of their revenue. In 2016, they had generated around $8.5 billion from the state and around $ 5.1 billion from the local governments. In that same year, their revenue was around 23billion dollars from the state itself and 14billion dollars from local governments in 2016. Seeing as the taxes are the mains stream for the revenues in this state, they have to make sure that the laws around it are well defined. Taxes are reliable as everyone has the percentage that they have to pay. It is not an option of who and how often they want to pay; rather, it is an option of what percentage they pay to the state and at what frequency (National Association of state budget officers, 2017). Even then, taxes cannot be enough to generate the whole revenue consumed in a state like Oklahoma or even the whole country. That is why they also have the federal funds that they receive from the governments to meet their objectives and developments. These days, it has become so that one must have insurance on almost everything that they own. That is why another major source of revenue for the Oklahoma state so the insurance trust that they gain over time. When we talk of insurance trust, we refer to the entity that collects premiums so that they can provide in the future (Blatt, 2011). In 2016, the insurance trust collected about $1.3 billion, and the retirements docket collected around $4billion. While the insurance trust is meant to safeguard the future of those contributing, there is the percentage that goes into the sate, which is used as part of the revenue.

Additionally, we have utility revenues, which are another major revenue source in Oklahoma, which is very reliable. Utilities like electricity, water gas, and even transit systems generate a lot of revenue for the state. Within the same year of 2016, they managed to gather around $1.9 billion. The funds are used to service each homestead's utilities while also providing for other causes that are necessary within the state (Fisher, 2018). Then there are the intergovernmental revenues, which are the funds that the state receives for the national governments. While the national governments have its planning and budgeting to do, it has to provide for the interstates. The funds that they give are incorporated within the revenues earned by the Oklahoma state. They also have other sources like licenses and permits, the sale of properties within the state, and even the various fines that people have to pay to the state every once in a while if they are found on the wrong side of the law. All these are reliable sources of revenue within the state, and they are considered in their budgeting. A state cannot afford to plan on its expenditures if it is not sure of the revenues and how sustainable they are.

**The capacity of the Budget Process**

As mentioned before, budgeting is a process that has to follow various steps. Each organization or city doing its budget has the factor that they have to consider. When it comes to Oklahoma, among them is the community at large. Budgeting is done so that they can balance between the revenue s and the expenditures. A certain percentage of the revenue is generated from the taxes that the community pays; some of the expenditures are geared towards improving the community. That is why, in every aspect of budgeting, the community plays a great role. One is that while determining how the revenues will increase, they must consider the state of living of the people around. That is why they make sure that the tax percentages per person are equivalent to the amount that they earn per month. For instance, someone working at an entry-level job with minimum pay is not subjected to the same percentage of tax compared to a CEO in the same company (Fisher, 2018). While taxes can be devastating for the citizens, they are necessary for the running of the state. They have to make sure that they do it the rights way.

The same consideration is applied when it comes to insurance trusts. It is all about the citizens and how much they can contribute without hurting their personal lives. It would not make sense if they are giving all they have to the revenue production, yet at personal levels, they are not developing. In a state like Oklahoma, in as such as there are the state developments, personal development to go a long way to uplifting the state? That is why they make sure that they have acquired reliable data before they can impose anything on the community. It is all about the information and data that they have collected and accounting for everything so that everyone is benefitting and is given a chance to continue growing while being productive. The preparation process of the budgeting is when they gather the information that they need around the communities. With the data collected, then they can prepare a budget bill that is sustainable for all.

**Budget Creation Process, Monitoring and Evaluating the Budget**

The Oklahoma state budgeting is centralized and operates on an annual cycle. The process starts by preparing the budget guidelines which the state has to in consideration of the community. They then submit them in august to the state agencies. Keep in mind that the budget guidelines presented are that of the budget of the next fiscal year. In October, they present the guidelines and the budget request to the governor so that they can hold hearings of the same up to December. The agency hearing runs through that period whereby by December through out to May, the public hearings start. In February, the governor submits the budget proposal to the state legislature while it is undergoing the public hearing. At the end of it all, the budget is put in place in May and is officially in use from the beginning of July. Then it runs through till the next period when the following fiscal year planning starts. From when it is submitted to the agency to being enacted, it can undergo some changes depending on the state's recommendation or the public during their hearings. It gives them a chance to sate what they think is right, and then it is decided unanimously on what to be included.

Observably, after it is enacted and out in place, there is a need to follow up. That is why they make sure that they provide regular reports on the budget and how it is going within the state of Oklahoma. There are times that some things appear, and they have to make changes within the planned budget, and that has to be noted. Since the budgeting accounts for a lot, there are things that it cannot account for. Take, for instance, the case of the COVID-19 crisis; no budget had been prepared to cater to the cost of the crisis. Therefore, they have to improvise along the way. There is also a great decrease in employment due to the same, and they have to keep running the state, that is why they conduct evaluations and monitoring over the months. Within the next fiscal year budgeting, they will cut down on some of the expenditures because they have already gone to a dent due to the crisis at hand. The way to manage such planning is achieved through monitoring.

**Strategies for Improving the Budget Process**

There is always room for improvement, even when it comes to budgeting. That is why there are a few strategies that Oklahoma can pick up so that they can improve their process and inclusion of the community at large. One we have that, they can be clearer on what they want to achieve within a given fiscal year. That way, even the community has the chance to contribute and give their views. They also have to incase the inclusion of the citizens, especially during the evaluation step of the budget process. That way, they can give their input before the budget is documented and enacted into use. While the governor and state agencies know what is necessary for the state, the citizens have a better view of the things at the ground and what areas need more attention. We also have a thorough analysis of the ending fiscal year and the budget in place. Evaluating the ending fiscal year and what has been achieved in regards to the plans made before (Menifield, 2017). Generally, it involves accounting for everything that was budgeted for, what was caused, and what caused the other snot to be achieved. That way, the next budget is made. An example, with the next fiscal year budget, they will have to make cuts due to the over-expenditure due to the current crisis. Such decisions have to be done after a lot of considerations, and that is why an overall evaluation report is necessary before any new budget process is started. Lastly, there is a need to budget into a plan (Paul Shin, 2020). Before starting the budgeting process, that is having a plan so that everything will be well strategized for and planned for.

In conclusion, Oklahoma State is one of the states with the lowest levels of unemployment, which makes it easier to account for everyone. That is why, with the above recommendations and proper planning, they can make sure that their budgeting process is not only great, but the budget itself is workable and beneficial throughout the fiscal year.

**References**

Blatt, D. (2011). Oklahoma Policy Institute.

Fisher, R. C. (2018). *State and local public finance.* Routledge.

Menifield, C. E. (2017). *The basics of public budgeting and financial management: A handbook for academics and practitioners*. Rowman & Littlefield.

National Association of state budget officers (2017) FYI 2016 budget Oklahoma

Paul Shin ( 2020). FY 2021 Budget Highlights Oklahoma