

A REPORT TO OUR CITIZENS

FY 2021

The First Americans Museum: One Place, Many Nations

In 1907, Oklahoma became the 46th state to enter the union. Our state's name comes from two Choctaw words: "Okla" and "Homma," meaning Red People. Only a few tribal nations were indigenous to what is now the State of Oklahoma. All others were removed from homelands across the contiguous U.S. to Indian Territory.

The mission of the First Americans Museum (FAM) is to serve as a dynamic center promoting awareness and educating the broader public about the unique cultures, diversity, history, contributions and resilience of the First American Nations in Oklahoma today; shared all in one place, where visitors can experience these 39 nations' collective histories.

Located at 659 First Americans Blvd. in Oklahoma City, Oklahoma, at the Crossroads of America, the confluence on Interstates 35, 40, 235 and 44, FAM is open every day but Tuesday and major holidays.



Goals of the State

Education:

- Make Oklahoma a Top Ten state for education.
- Education reform that gives Oklahoma parents more school choice.
- Improve teacher compensation.

Protecting Oklahomans and our way of life:

- Increase effort by law enforcement to crack down on marijuana black market.
- Create the Oklahoma First Responders Wellness Division.
- Provide law enforcement officers with competitive pay, the best training available and more career options.
- Create a consolidated, unified command structure within a single department for law enforcement.

Making Oklahoma the most business-friendly state in the nation:

- Make Oklahoma a Top Ten state for business.
- Improve workforce development so students are college- or career-ready.

- Tax reform: Create a taxpayer protection plan that responsibly lowers income taxes according to state revenue. Eliminate sales tax on grocery purchases.

Delivering taxpayers more for their money:

- Reform state government by making agencies more effective and responsive to citizens.
- State budget transparency and agency accountability.
- Call to invest \$13 billion in transportation infrastructure over the next 10 years.

SELECTED DEMOGRAPHIC INFO	2019	2020	2021
Population	3,961,000	3,981,000	3,987,000
Per Capita Income	\$46,233	\$47,341	\$49,878
Unemployment Rate	3.40%	5.30%	3.7%
% of Total Workforce in State Gov't	1.7%	1.9%	2.0%
Public School Enrollment	698,586	703,650	694,113
	FY 2019	FY 2020	FY 2021
Tax Collections per Capita	\$2,445	\$2,342	\$2,413
Primary Gov't Debt per Capita	\$621	\$585	\$693

Significant Accomplishments in 2021

Oklahoma experienced a remarkable recovery after a challenging second half of fiscal year 2020. The state economy was one of the earliest to have restrictions lifted and open back for business in June 2020, before the start of the new fiscal year. Consumer demand and employment drove stronger than expected gains in the economy. Additionally, expanded unemployment benefits and federal stimulus money replaced some revenues lost to the COVID-19 impacted economy. In May 2021, Governor Kevin Stitt signed an executive order to end the COVID-19 state of emergency. Oklahoma continues to strengthen its financial position with an encouraging state economy outlook.

The FY 2021 state budget was crafted with an outlook that 2020 losses could extend into the new fiscal year. The Legislature appropriated \$1.3 billion, or 15.5%, less than their spending authority, but held cuts to agency appropriations at an average of 4% from the prior year by utilizing emergency state reserves, special cash and other apportionment adjustments to fill the expected budget gap.

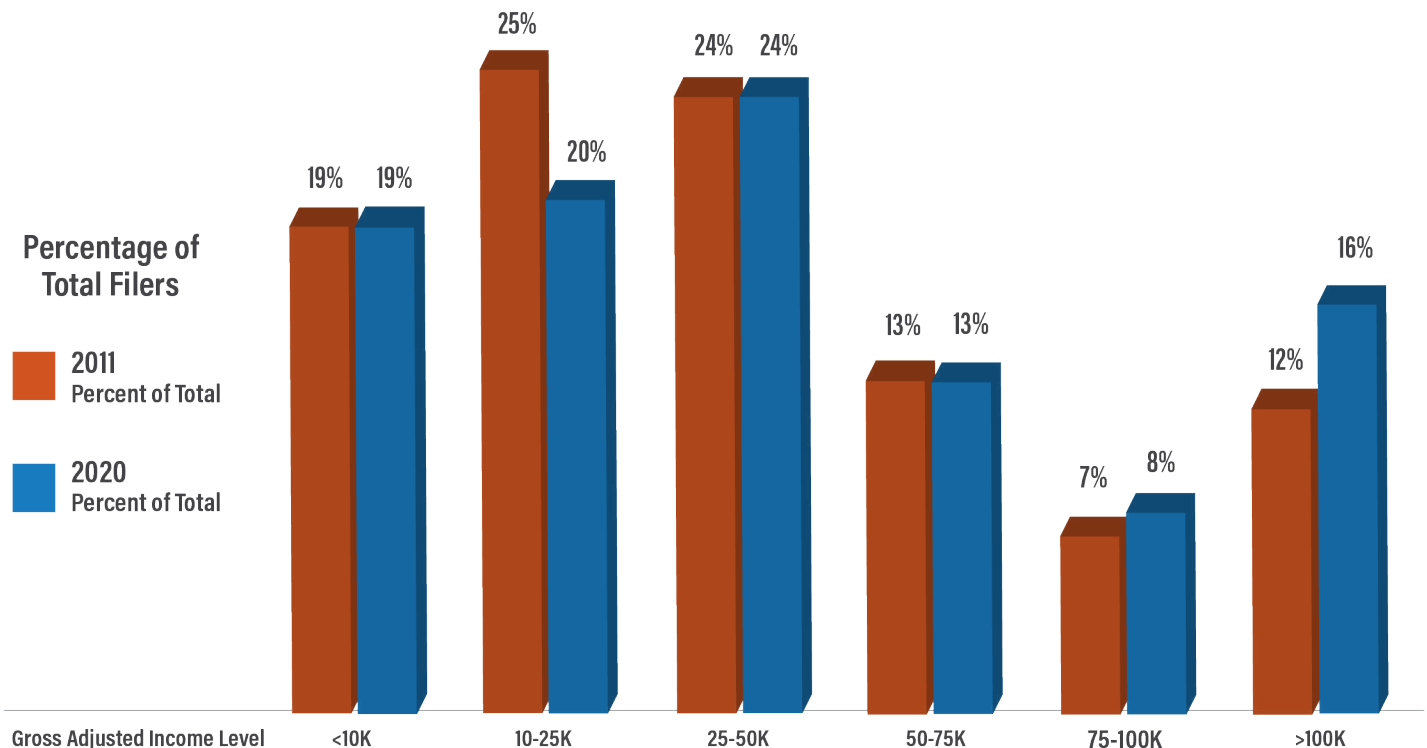
Income tax deadlines were extended to July 15, which was the first month of the fiscal year. The abnormal influx of income tax payments strengthened the cash flow position of the state and relieved the pressure of a potential revenue failure early in the fiscal year. This combined with enhanced unemployment benefits and employment recovery led to income revenues outperforming expectations.

Strong consumer demand as well as stimulus funds accelerated spending in the state's economy. Two major stimulus and relief packages were signed into law by the federal government. The omnibus passed in December 2020 included \$900 billion towards aid. The \$1.9 trillion American Rescue Plan Act was signed into law in March 2021.

After a slow start in the oil and gas market recovery, pricing began to pick up in the second half of the year. Gas production was boosted by higher demand for natural gas and a cold winter nationwide. The first half of the year only added a handful of rigs to the state count. Climbing natural gas and oil pricing accelerated drilling activity and the year ended with 28 rigs. Drilling operations continue to expand and tallied 42 in October 2021 for the state, indicating that the state's gross oil and gas production will grow in the near future.

State government funding has benefited from Oklahoma's economic strengthening. As a result of an unexpectedly strong recovery, a surplus of \$282 million was realized from General Revenue Fund collections. The state restocked much of its reserves and on-hand cash going into FY 2022. Additionally, as of October, the state is more than 10% above the year-to-date collections estimate for the General Revenue Fund. Oklahoma's current fiscal position is on good footing for favorable performance in fiscal year 2022.

10-YEAR TAX FILING COMPARISON



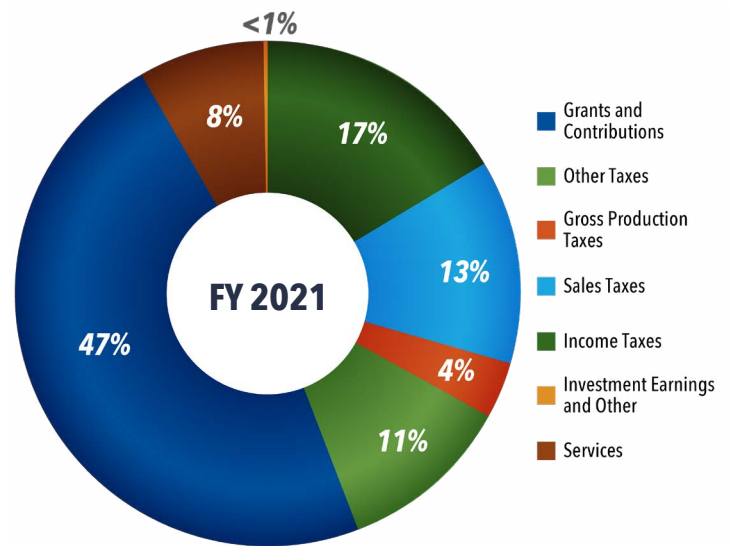
TOP 10 SOURCES OF TAX REVENUE (EXCLUDING SALES AND INCOME TAX)

		FY 2019 (\$)	FY 2020 (\$)	FY 2021 (\$)
1	Gross Production Tax–Oil and Gas	858,159,342	678,981,057	522,603,697
2	Use Tax	375,238,267	409,580,822	467,578,147
3	Tag Agent Remittance Tax	415,230,477	412,766,236	380,551,556
4	Cigarette Tax	246,346,627	291,607,978	289,985,598
5	Insurance Premium Tax	271,859,087	290,845,768	282,508,335
6	Gasoline Excise Tax	263,009,336	263,346,685	257,583,614
7	Gaming Exclusivity Fees	148,309,097	133,807,934	148,521,291
8	Diesel Fuel Excise Tax	128,861,400	134,645,265	118,817,071
9	Mixed Beverage Gross Receipts Tax	71,952,273	74,148,353	68,698,434
10	Medical Marijuana Excise Tax	4,648,134	39,063,301	65,618,066

REVENUE – GOVERNMENTAL ACTIVITIES

	FY 2019	FY 2020	FY 2021
Income Taxes	3.9	3.6	4.0
Sales Taxes	3.1	3.0	3.2
Gross Production Taxes	1.0	0.7	0.9
Other Taxes	2.6	2.6	2.7
Grants and Contributions	7.2	7.8	11.5
Services	2.1	1.8	2.0
Investment Earnings and Other	<1.0	0.1	0.1
TOTALS	19.9	19.6	24.4

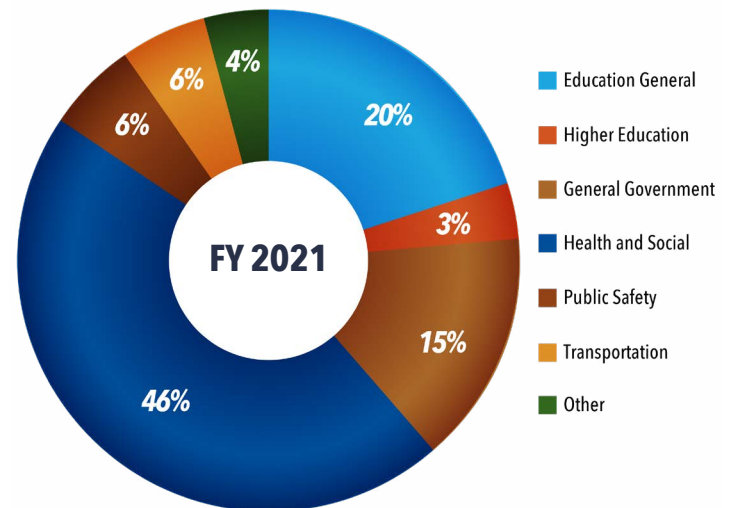
All figures are in billions USD.



EXPENSES – GOVERNMENTAL ACTIVITIES BY FUNCTION

	FY 2019	FY 2020	FY 2021
Education-General	4.0	4.4	4.5
Higher Education	0.8	0.8	0.8
General Government	2.2	2.3	3.3
Health and Social	8.1	8.7	10.1
Public Safety	1.1	1.2	1.3
Transportation	1.1	1.2	1.2
Other	0.7	0.5	0.9
TOTALS	18.1	19.1	22.1

All figures are in billions USD.



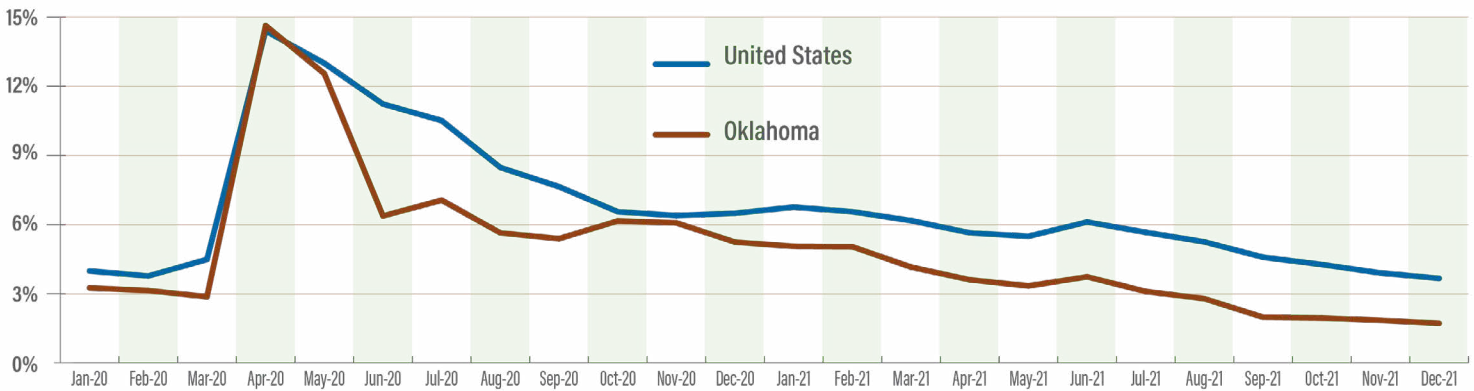
GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS – GOVERNMENTAL ACTIVITIES
(expressed in thousands)

	Expenses	Program Revenue	Net Position
2017	\$18,214,087	\$10,430,665	\$18,867,080
2018	\$18,373,595	\$10,104,984	\$19,775,104
2019	\$19,587,614	\$10,967,069	\$22,177,668
2020	\$22,793,625	\$13,484,297	\$22,880,711
2021	\$27,501,193	\$18,405,413	\$24,698,474

Rainy Day Fund

The state’s Rainy Day Fund is a reserve used to offset revenue shortfalls. Money is deposited into the Rainy Day Fund when state revenue collections for a fiscal year exceed 100% of the official estimate. The fund balance cannot exceed 15% of the General Revenue Fund estimate for the prior fiscal year. The fiscal year 2021 Rainy Day Fund balance was \$370.7 million.

UNEMPLOYMENT RATES: NATIONAL AND STATE



Future Challenges

Unemployment rates continued falling to near pre-pandemic levels of 3.7% at year-end from a high of 14.7% in April 2020. However, total nonfarm employment improvement has not made a full recovery since the initial lockdown. It is 50,000 less than pre-pandemic levels, which poses considerable challenges as businesses seek to fill staffing needs.

Concerns going forward include rising inflation which will put strain on personal and institutional budgets. Inflation was reported at a 13-year high of 5.4% in September and remains under pressure.

There is uncertainty in law enforcement as a result of the U.S. Supreme Court’s decision in the McGirt case. Local control has been removed leaving questions regarding how the State of Oklahoma will be able to assure safety to its citizens. The attorney general has filed numerous challenges in attempts to define responsibilities.

Just 15% of Oklahoma high school graduates are ready for college in English, math, reading and science. The status quo is not working for Oklahoma’s students. Bold steps will need to be taken to elevate the state from a ranking of 47th in the nation.