



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE DIRECTOR

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November 9, 2016

Senator Bill Sample, Co-Chair
Representative David L. Branscum, Co-Chair
Arkansas Legislative Council/Joint Budget Committee
Arkansas General Assembly
State Capitol Building
Little Rock, AR 72201

Dear Co-Chairs:

In accordance with Arkansas Code Annotated §19-4-201 et seq., I am forwarding on behalf of Governor Asa Hutchinson his proposed balanced budget recommendation for state general revenue for both fiscal years of the 2017-2019 Biennium. The law provides that proposed expenditures must not exceed estimated available revenue.

Attached to this letter you will find reports that detail these recommendations by agency and institution. There is also attached a recommendation for the use of one-time surplus funds under the proposed budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry W. Walther".

Larry W. Walther
Director

LWW:db:nf

Attachment(s)

STATE GENERAL REVENUE 2017 - 2019 AGENCY EXECUTIVE RECOMMENDATIONS

FUND ACCOUNTS	Fiscal Year 2018				Fiscal Year 2019			
	TOTAL		DIFFERENCE		TOTAL		DIFFERENCE	
	EXECUTIVE	FY18 ER VS.	FY17 FRCST	OVER	EXECUTIVE	FY19 ER VS.	FY18 ER	OVER
	REC.			FY17	REC.			FY18
General Education	FY17 FORECAST							
	\$2,151,529,810	\$2,154,434,175	\$2,904,365	0.1%	\$2,207,320,620	\$52,886,445	\$52,886,445	2.5%
State Library	4,641,919	5,641,919	1,000,000	21.5%	5,641,919	0	0	0.0%
Career Education	31,964,455	31,964,455	0	0.0%	31,964,455	0	0	0.0%
PUBLIC SCHOOL FUND	\$2,188,136,184	\$2,192,040,549	\$3,904,365	0.2%	\$2,244,926,994	\$52,886,445	\$52,886,445	2.4%
GENERAL EDUCATION FUND								
Dept. of Education	\$16,162,434	\$16,162,434	\$0	0.0%	\$16,162,434	\$0	\$0	0.0%
Educational Facilities Partnership	41,828,951	41,828,951	0	0.0%	41,828,951	0	0	0.0%
Academic Facilities & Transportation	2,509,256	2,509,256	0	0.0%	2,509,256	0	0	0.0%
Educational Television	5,293,237	5,278,441	(14,796)	-0.3%	5,278,441	0	0	0.0%
School for the Blind	7,016,941	7,016,941	0	0.0%	7,016,941	0	0	0.0%
School for the Deaf	10,142,113	10,142,113	0	0.0%	10,142,113	0	0	0.0%
State Library	3,591,373	3,514,711	(76,662)	-2.1%	3,514,711	0	0	0.0%
Dept. of Career Education	4,790,510	4,790,510	0	0.0%	4,790,510	0	0	0.0%
Rehabilitation Services	13,126,651	12,397,526	(229,125)	-1.7%	12,897,500	(26)	(26)	0.0%
Subtotal - General Education	\$104,461,466	\$104,140,833	(\$320,583)	-0.3%	\$104,140,857	(\$26)	(\$26)	0.0%
Technical Institutes:								
Crowley's Ridge TI	\$2,644,401	\$2,644,401	\$0	0.0%	\$2,644,401	\$0	\$0	0.0%
Northwest TI	3,075,866	3,062,951	(12,935)	-0.4%	3,062,951	0	0	0.0%
Riverside VTS	2,301,199	2,296,614	(4,585)	-0.2%	2,296,614	0	0	0.0%
Subtotal - Technical Institutes	\$8,021,486	\$8,003,966	(\$17,520)	-0.2%	\$8,003,966	\$0	\$0	0.0%
TOTAL GENERAL ED. FUND	\$112,482,952	\$112,144,849	(\$338,103)	-0.3%	\$112,144,823	(\$26)	(\$26)	0.0%
HUMAN SERVICES FUND								
DHS-Administration	\$16,136,255	\$20,993,608	\$4,857,353	30.1%	\$20,998,613	\$5,005	\$5,005	0.0%
Aging and Adult Services	16,547,666	16,227,329	(320,337)	-1.9%	16,268,179	40,850	40,850	0.3%
Children & Family Services	91,537,075	118,251,648	26,714,573	29.2%	130,181,014	11,928,366	11,928,366	10.1%
Child Care/Early Childhood Ed.	1,164,457	1,097,871	(66,586)	-5.7%	1,098,046	175	175	0.0%
Youth Services	47,808,456	49,124,725	1,316,269	2.8%	49,127,836	3,111	3,111	0.0%
Devel Disab. Services	65,870,969	65,211,358	(659,611)	-1.0%	65,231,900	20,542	20,542	0.0%
Medical Services	7,197,500	10,096,030	2,898,530	40.3%	6,514,870	(3,581,160)	(3,581,160)	-35.5%
DHS-Grants	1,066,195,484	1,141,745,892	75,550,408	7.1%	1,297,937,766	156,191,874	156,191,874	13.7%
Behavioral Health	82,370,394	86,910,479	4,540,085	5.5%	86,931,869	21,390	21,390	0.0%
Services for the Blind	1,883,424	1,888,096	4,672	0.2%	1,888,096	0	0	0.0%
County Operations	48,481,487	46,462,733	(2,018,754)	-4.2%	46,493,637	30,904	30,904	0.1%
TOTAL HUMAN SERVICES	\$1,445,193,167	\$1,558,009,769	\$112,816,602	7.8%	\$1,722,671,826	\$164,662,057	\$164,662,057	10.6%
STATE GENERAL GOV'T FUND								
Dept. of Ark. Heritage	\$8,436,851	\$8,220,579	(\$216,272)	-2.6%	\$8,220,579	\$0	\$0	0.0%
Department of Agriculture	17,300,203	\$17,298,621	(1,582)	0.0%	\$17,298,621	0	0	0.0%
Dept. of Labor	3,227,555	3,227,555	0	0.0%	3,227,555	0	0	0.0%
Dept. of Higher Education	5,399,182	5,399,182	0	0.0%	11,399,182	6,000,000	6,000,000	111.1%
Institution Productivity Funding	0	0	0	0.0%	10,000,000	10,000,000	10,000,000	100.0%
Dept. of H.E.-Grants	40,017,466	40,017,466	0	0.0%	40,017,466	0	0	0.0%
Dept. of Economic Development	12,170,432	11,442,266	(728,166)	-6.0%	11,442,266	0	0	0.0%
Dept. of Correction	340,723,785	351,642,618	10,918,833	3.2%	353,436,149	1,793,531	1,793,531	0.5%
Dept. of Community Correction	78,610,629	87,523,325	8,912,696	11.3%	87,734,370	211,045	211,045	0.2%
State Military Department	9,427,702	9,310,105	(117,597)	-1.2%	9,310,105	0	0	0.0%
Dept. of Parks & Tourism	21,407,308	21,407,308	0	0.0%	21,407,308	0	0	0.0%
Dept. of Environmental Quality	4,252,178	4,122,616	(129,562)	-3.0%	4,122,616	0	0	0.0%
Miscellaneous Agencies	\$60,616,822	63,358,132	2,741,310	4.5%	58,865,123	(4,493,009)	(4,493,009)	-7.1%
TOTAL STATE GENERAL GOV'T	\$601,590,113	\$622,969,773	\$21,379,660	3.6%	\$636,461,340	\$13,511,567	\$13,511,567	2.2%

STATE GENERAL REVENUE
2017 - 2019 AGENCY EXECUTIVE RECOMMENDATIONS

FUND ACCOUNTS	FY17 FORECAST	Fiscal Year 2018				Fiscal Year 2019			
		TOTAL EXECUTIVE REC.	DIFFERENCE FY18 ER VS. FY17 FRCS	% INC. OVER FY17	TOTAL EXECUTIVE REC.	DIFFERENCE FY19 ER VS. FY18 ER	% INC. OVER FY18		
OTHER FUNDS									
County Aid	\$21,428,616	\$21,428,616	\$0	0.0%	\$21,428,616	\$0	0.0%		
County Jail Reimbursement	16,453,607	16,453,607	0	0.0%	16,453,607	0	0.0%		
Crime Information Center	3,759,593	3,759,593	0	0.0%	3,759,593	0	0.0%		
Child Support Enforcement	12,984,053	12,984,053	0	0.0%	12,984,053	0	0.0%		
Dept. of Health	78,896,794	79,146,794	250,000	0.3%	79,146,794	0	0.0%		
Merit Adjustment Fund*	5,200,000	24,000,000	18,800,000	361.5%	24,000,000	0	0.0%		
Motor Vehicle Acquisition	0	0	0	0.0%	0	0	0.0%		
Municipal Aid	29,372,099	29,372,099	0	0.0%	29,372,099	0	0.0%		
State Police	66,375,577	66,375,577	0	0.0%	66,375,577	0	0.0%		
Dept. of Workforce Services-TANF	3,864,840	3,864,840	0	0.0%	3,864,840	0	0.0%		
TOTAL OTHER FUNDS	\$238,335,179	\$257,385,179	\$19,050,000	8.0%	\$257,385,179	\$0	0.0%		
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:									
Arkansas State University	\$59,090,991	\$59,090,991	0	0.0%	\$59,090,991	0	0.0%		
Arkansas Tech University	32,216,531	32,216,531	0	0.0%	32,216,531	0	0.0%		
Henderson State University	18,876,011	18,876,011	0	0.0%	18,876,011	0	0.0%		
Southern Arkansas University	15,584,976	15,584,976	0	0.0%	15,584,976	0	0.0%		
UA-Fayetteville	120,954,440	120,954,440	0	0.0%	120,954,440	0	0.0%		
UA - Archeological Survey	2,327,380	2,327,380	0	0.0%	2,327,380	0	0.0%		
UA - Agriculture	62,800,138	62,800,138	0	0.0%	62,800,138	0	0.0%		
UA - Clinton School	2,295,575	2,295,575	0	0.0%	2,295,575	0	0.0%		
UA - Criminal Justice Institute	1,825,769	1,825,769	0	0.0%	1,825,769	0	0.0%		
UA-AR Sch Math, Science, & Arts	1,113,015	1,113,015	0	0.0%	1,113,015	0	0.0%		
U of A - Ft. Smith	20,594,615	20,594,615	0	0.0%	20,594,615	0	0.0%		
UA-Little Rock	60,755,097	60,755,097	0	0.0%	60,755,097	0	0.0%		
UA-Medical Sciences	86,456,661	86,456,661	0	0.0%	86,456,661	0	0.0%		
UAMS - Child Abuse/Rape/Domestic Viol	735,000	735,000	0	0.0%	735,000	0	0.0%		
UAMS - Pediatrics/Psychiatric Research	1,950,000	1,950,000	0	0.0%	1,950,000	0	0.0%		
UAMS - Child Safety Center	720,588	720,588	0	0.0%	720,588	0	0.0%		
UAMS - Indigent Care	5,342,181	5,342,181	0	0.0%	5,342,181	0	0.0%		
UA-Monticello	15,946,042	15,946,042	0	0.0%	15,946,042	0	0.0%		
UA-Pine Bluff	25,418,885	25,418,885	0	0.0%	25,418,885	0	0.0%		
University of Central Arkansas	53,114,705	53,114,705	0	0.0%	53,114,705	0	0.0%		
Subtotal - 4 Year Institutions	\$588,118,601	\$588,118,601	\$0	0.0%	\$588,118,601	\$0	0.0%		
INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:									
Arkansas Northeastern College	\$8,577,052	\$8,577,052	\$0	0.0%	\$8,577,052	\$0	0.0%		
Arkansas State University - Beebe	11,835,727	11,835,727	0	0.0%	11,835,727	0	0.0%		
Arkansas State Univ -Mt. Home	3,648,110	3,648,110	0	0.0%	3,648,110	0	0.0%		
Arkansas State Univ - Newport	5,992,293	5,992,293	0	0.0%	5,992,293	0	0.0%		
Cossatot C C of the UA	3,395,802	3,395,802	0	0.0%	3,395,802	0	0.0%		
East Arkansas Cmty. College	5,788,058	5,788,058	0	0.0%	5,788,058	0	0.0%		
Mid-South Cmty. College	3,858,007	3,858,007	0	0.0%	3,858,007	0	0.0%		
Mid-South - ADTEC	1,500,000	1,500,000	0	0.0%	1,500,000	0	0.0%		
National Park Cmty. College	9,046,489	9,046,489	0	0.0%	9,046,489	0	0.0%		
North Arkansas College	7,966,964	7,966,964	0	0.0%	7,966,964	0	0.0%		
NorthWest Arkansas Cmty. College	10,619,202	10,619,202	0	0.0%	10,619,202	0	0.0%		

STATE GENERAL REVENUE 2017 - 2019 AGENCY EXECUTIVE RECOMMENDATIONS

		Fiscal Year 2018			Fiscal Year 2019		
FUND ACCOUNTS	FY17 FORECAST	TOTAL EXECUTIVE REC.	DIFFERENCE FY18 ER VS. FY17 FRGCT	% INC. OVER FY17	TOTAL EXECUTIVE REC.	DIFFERENCE FY19 ER VS. FY18 ER	% INC. OVER FY18
Phillips Cmty. College of the UA	9,063,088	9,063,088	0	0.0%	9,063,088	0	0.0%
Rich Mountain Cmty. College	3,206,869	3,206,869	0	0.0%	3,206,869	0	0.0%
Southern Ark. University - Tech	5,705,511	5,705,511	0	0.0%	5,705,511	0	0.0%
SAU-Tech-Envir. Control Center	368,404	368,404	0	0.0%	368,404	0	0.0%
SAU-Tech-Fire Training Academy	1,651,221	1,651,221	0	0.0%	1,651,221	0	0.0%
South Arkansas Cmty. College	6,034,307	6,034,307	0	0.0%	6,034,307	0	0.0%
U of A - Cmty. College at Batesville	4,131,061	4,131,061	0	0.0%	4,131,061	0	0.0%
U of A - Cmty. College at Hope	4,491,997	4,491,997	0	0.0%	4,491,997	0	0.0%
U of A - Cmty. College at Morrilton	5,022,155	5,022,155	0	0.0%	5,022,155	0	0.0%
Subtotal - 2 Year Institutions	\$111,902,317	\$111,902,317	\$0	0.0%	\$111,902,317	\$0	0.0%
INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges							
Black River	\$6,113,516	\$6,113,516	\$0	0.0%	\$6,113,516	\$0	0.0%
Quachita	3,527,261	3,527,261	0	0.0%	3,527,261	0	0.0%
Ozarka	3,126,475	3,126,475	0	0.0%	3,126,475	0	0.0%
Pulaski	15,137,437	15,137,437	0	0.0%	15,137,437	0	0.0%
Southeast Arkansas College	5,636,798	5,636,798	0	0.0%	5,636,798	0	0.0%
Subtotal - Technical Colleges	\$33,541,487	\$33,541,487	\$0	0.0%	\$33,541,487	\$0	0.0%
TOTAL INSTS OF H. E.	\$733,562,405	\$733,562,405	0	0.0%	\$733,562,405	733,562,405	0.0%
Rainy Day Funds	\$13,800,000	\$10,487,476	(3,312,524)	0.0%	\$20,427,433	9,939,957	0.0%
Total Request	\$5,333,100,000	\$5,486,600,000	\$153,500,000	2.9%	\$5,727,600,000	\$964,622,448	4.4%
OFFICIAL FORECAST 7.1.16	\$5,333,100,000	\$5,482,200,000	\$149,100,000	2.8%	\$5,748,200,000	\$266,000,000	4.9%
Less:							
Income Tax Reduction		\$0			(\$25,000,000)		
Add:							
Redirect 1/2 of 9mills/1000' Ft. Gas Assessments		\$2,900,000			\$2,900,000		
Securities Department Transfer		\$1,500,000			\$1,500,000		
REVISED OFFICIAL FORECAST		\$5,486,600,000	\$153,500,000		\$5,727,600,000	\$241,000,000	
Surplus/(Deficit)	\$0	\$0			\$0		
*Pay Plan Implementation General Revenue Cost							
Regular Salaries (\$23.9M) and Matching (26%) Estimate		\$30,114,000			\$30,114,000		
Less - Personnel Reduction Savings		(\$6,114,000)			(\$6,114,000)		
Total General Revenue Funding Allocated for Pay Plan in the Merit Adjustment Fund		\$24,000,000			\$24,000,000		

91st Session Account of the GIF
2017-2019 Biennium

Estimated Available Funds:

Unobligated Balance from the 90th Session Account	\$14,194,758
FY16 General Revenue Surplus	\$177,413,001
FY17 General Revenue Surplus	\$0
Recouped General Revenue Balances from FY16	\$5,845,301
Recouped General Revenue Balances from FY17 (Estimate)	\$5,000,000
Old Projects Recoupment (Estimate)	\$2,000,000
Outlawed Warrants	\$0
90th Rainy Day Set-Aside Balance (Sec 3 of Act)	\$25,000,000
Carry Forward of 90th Executive General Improvement (Sec 4 of Act)	\$0

Total Estimated Funds for 2017-2019 Biennium	\$229,453,060
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Less 91st Session Supplemental Requests

DCFS - Foster Care	\$14,000,000
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Total 91st Session Supplemental Requests	\$14,000,000
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Less Mandatory/Debt Obligations:

Dept. of Correction - Lease Payments	\$10,500,000
Medicaid Onetime Funds	\$90,000,000
Educational Facilities	\$100,000,000

Total Mandatory/Debt Payments	\$200,500,000
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Available Funds - 91st Session Projects Account	\$14,953,060
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Less Recommended Executive/Legislative Shared Project Funding

Quick Action Closing Fund	\$0
Computer Science Initiative	\$5,000,000
Higher Education Workforce Grants	\$6,000,000
AEDC - Accelerator	\$2,000,000
Rainy Day Fund Set-aside	\$1,953,060

Total Recommended Executive/Legislative Shared Project Funding	\$14,953,060
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Total Remaining for Discretionary Funding	\$0
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Executive Division Projects:

50% of Available Funds until Legislative Distribution Cap is reached	\$0
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Total Executive Projects	\$0
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Legislative Division Projects:

50% up to funding cap	\$0
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Total Legislative Projects	\$0
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Sub-Total - Available Funding for 91st General Assembly	\$0
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