



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

**OFFICE OF THE DIRECTOR**  
1509 West Seventh Street, Suite 401  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-2242  
Fax: (501) 682-1029  
<http://www.dfa.arkansas.gov>

November 13, 2014

The Honorable Bill Sample, Co-Chair  
The Honorable John Edwards, Co-Chair  
Arkansas Legislative Council  
State Capitol  
Little Rock, Arkansas 72201

Dear Senator Sample and Representative Edwards:

In accordance with Arkansas Code Annotated §19-4-304 (b) (2), I am submitting our Official General Revenue Forecast for the 2015 – 2017 Biennium. This law states that the Legislative Council shall require from the Chief Fiscal Officer of the State, not later than sixty (60) days prior to the convening of the General Assembly, the budget estimates and recommendations prepared by him. Included in the tables are selected economic assumptions and the details of the updated revenue forecasts for Fiscal Year 2015 and the 2015-2017 Biennium.

Summary of Net Available Revenues:

**Actual**

- In FY 2014 net available revenues totaled \$5,022.4 million, a decrease of \$4.5 million or -0.1% from FY 2013.

**Forecast**

- For FY 2015 net available revenues are expected to reach \$5,047.0 million, an increase of \$24.6 million, or 0.5 percent from FY 2014 net available. Year-to-date actual growth after four months in the fiscal year has been 1.9 percent above year earlier levels, resulting in \$11.1 million above forecast at that point. Sales and Use Tax collections have been below forecast but payroll withholding, a key indicator for current and potential economic activity, implies recovery in the near term and acceleration in forecasted sales tax growth. Payroll withholding tax grew 4.0% year-to-date, exceeding consumption measures for growth over the same period.

The FY 2015 forecast is expected to fund the allocations "A" + Rainy Day Fund + "B" + "B1", and 0.8% of "C" in the current Revenue Stabilization Law.

- For FY 2016 net available revenues are expected to reach \$5,206.9 million, an increase of \$159.9 million or 3.2 percent above FY 2015.
- For FY 2017 net available revenues are expected to reach \$5,448.5 million, an increase of \$241.6 million or 4.6 percent above FY 2016.

### **Economic Forecast Assumptions**

Economic models employed by the Department of Finance and Administration indicate continued low inflation, moderate economic growth, and gradual acceleration across the biennial projection period. The Arkansas economy currently displays mixed signals for revenue potential from both income and consumption. Moderate improvement in payroll job growth, falling unemployment rates, and growth in total wage earnings suggest stable revenue growth and recovery rates near the U.S. average. Offsetting factors for growth include declining labor force indicators locally and weak external markets for Arkansas exports of goods and services. Considerable risk remains for revenue prediction, however, as modest recovery rates by historic standards and low inflation constrain the optimism for normal recovery across a majority of sectors and revenue types.

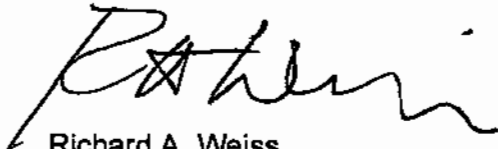
The list of risk factors for the forecast is largely unchanged from recent updates. They range from international risk of global economic slowdown to the uncertainty of consumer spending and business investment rates. Recession in the Eurozone economy is back in the outlook with even the largest economies in the block now facing problems and unconventional monetary policy being considered. Energy commodity inflation is currently moving down with net positive contributions for the forecast. The list of major consuming regions experiencing slower growth has expanded, setting off a new round of bidding competition among major oil suppliers. U.S. energy production further deflects oil imports to other well-supplied regions. Energy price forecast assumptions remain difficult as major OPEC producers retain the ability to at least influence market moves in short-run forecasts. Past experience with falling global economic growth and falling energy prices suggests U.S. consumers will be the net winners.

The Arkansas economy maintained a stable footing in the protracted recovery and is now poised for further gains in the context of a stable U.S. economy. Consumers will again be an important driver for growth.

The department utilizes a more conservative forecast source among national forecast contractors in order to maintain a conservative input process. We have provided a conservative revenue forecast recognizing the growth opportunities and the risk profile.

I have attempted to provide this information in a format that facilitates your work. A narrative summary of the revenue forecasts and tables for quick reference are included with this letter.

Sincerely, .

A handwritten signature in black ink, appearing to read "R. Weiss". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Richard A. Weiss  
Director

RAW/jps  
Attachments (3)

## **STATE AND NATIONAL ECONOMIC AND REVENUE FORECASTS**

The following sections summarize the economic outlook for the nation and Arkansas for the next two years with comments updating current year conditions. The Official Revenue Forecast for the 2015-2017 Biennium Forecast is included.

The revenue forecasts are conditionally based on the expected economic conditions in the state and nation as of October 2014. The U.S. and state economic forecasts were compiled from simulations representing structural economic modeling systems at IHS Global Insight, Inc., a national forecast provider. The Office of Economic Analysis and Tax Research, Office of the Director, DFA, prepared the general revenue forecast.

### **Economic and Revenue Estimates for Fiscal Year 2015**

#### **Summary of Economic and Revenue Estimates for FY 2015**

- **FY 2015 U.S. Gross Domestic Product (Real Output).** This summary is based on the October 2014 baseline forecast of Global Insight, Inc. During FY 2015, the United States economy is expected to produce final goods and services valued in inflation-adjusted dollars at \$16,313 billion, for an annual increase of \$428.8 billion or 2.7 percent. Two general measures of inflation indicate modest price gains during the year, stemming from weak conditions in a variety of markets and slack labor market conditions. These consist of the Consumer Price Index (CPI) and the GDP price deflator, a measure of overall price inflation spanning consumers, businesses, and government. The Consumer Price Index is expected to increase 1.6 percent and the GDP price deflator is expected to rise by 1.7 percent.
- **U.S. gross domestic product in current dollars** is estimated at \$17,840 billion, an increase of \$759.7 billion or 4.4 percent.
- **Average annual U.S. oil prices** are estimated at \$96.33 per barrel (domestic crude price to refiners) in FY 2015 from the October forecast. Energy prices in general have been constrained by weak economic conditions but supported by global tensions and stockpiling in Asian markets. Recent market conditions demonstrate that weaker demand in major consuming nations trumps supply concerns. Weekly and monthly price swings could vary widely around the annual averages.

- **FY 2015 state nonfarm personal income** (the sum of wages and salaries, proprietor's income, rent, dividends, interest and transfer payments) is estimated at \$112.288 billion (current dollars), an increase of \$4.466 billion or 4.1 percent over FY 2014.
- **FY 2015 state wage and salary disbursements** are estimated at \$51.463 billion, an increase of \$2.092 billion or 4.2 percent.
- **FY 2015 state payroll employment** is expected to reach a level of 1.198 million jobs in FY 2015, an increase of approximately 14,000 jobs or 1.2 percent. Private sector job growth is expected to be 1.4 percent over the same period.

### **FY 2015 Gross General Revenues**

Gross general revenues are estimated at \$6,319.1 million, an increase from FY 2014 of \$76.5 million, or 1.2 percent.

Pursuant to Arkansas Code §19-5-202, the total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY2015 was set at 3.2 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, \$297.4 million will be distributed (net) in FY2015.

### **FY 2015 Net Available General Revenues**

The net available forecast for FY 2015 is unchanged from the Official General Revenue Forecast of July 15, 2014. Net available revenues are estimated at \$5,047.0 million, an increase of \$24.6 million or 0.5 percent from FY 2014.

**FY 2015 revenues** are expected to fund the allocations in the current Revenue Stabilization Law at 100% of "A" + Rainy Day Fund + "B" + "B1", and 0.8% of "C."

## **FY 2015 Selected Special Revenues:**

- **FY 2015 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2015: \$458.0 million.

- **FY 2015 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, \$26.2 million will be distributed in FY 2015.
- **FY 2015 Soft Drink Excise Tax (Medicaid Program Trust Fund).** In FY 2015, the soft drink excise tax is forecast at \$42.4 million, representing a -3.3 percent decrease compared to FY 2014 collections.

## **Economic and Revenue Estimates for the 2013–2015 Biennium**

### **Summary of Economic and Revenue Estimates for FY 2016**

- **FY 2016 U.S. Gross Domestic Product (Real Output).** This summary is based on the October 2014 baseline forecast of IHS Global Insight, Inc. During FY 2016, the United States economy is expected to produce final goods and services valued in inflation-adjusted dollars at \$16,727 billion, an increase of \$413.9 billion or 2.5 percent. Two general measures of inflation indicate limited price pressures during the year. The Consumer Price Index is expected to increase 1.3 percent and the GDP price deflator is expected to rise by 1.7 percent.
- **U.S. gross domestic product in current dollars** is estimated at \$18,601 billion, an increase of \$761.1 billion or 4.3 percent over FY 2015.

- **Average annual U.S. oil prices** are estimated at \$94.61 per barrel (domestic crude price to refiners) in FY2016. Firming of the U.S. dollar and adequate global supplies are expected to add to price weakness already evident in FY 2015. Weekly and monthly price swings could vary widely around the annual averages.
- **FY 2016 state nonfarm personal income** is estimated at \$117.38 billion (current dollars), an increase of \$5.10 billion or 4.5 percent over FY 2015.
- **FY 2016 state wage and salary disbursements** are estimated at \$53.94 billion, an increase of \$2.47 billion or 4.8 percent. Total disbursements reflect the combined effects of net job growth, longer average work weeks, and any gains in wage rates, bonuses, or level of overtime pay rates.
- **FY 2016 state payroll employment** is expected to reach a level of 1.218 million jobs, an increase of approximately 19,900 jobs or 1.7 percent. Private sector job growth is expected to be 1.9 percent in FY 2016.

#### **FY 2016 Gross General Revenues**

Gross general revenues are estimated at \$6,512.6 million, an increase over FY 2015 of \$193.5 million, or 3.1 percent.

The total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY2016 is assumed to remain at 3.2 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, \$300.5 million is estimated to be distributed (net) in FY 2016.

#### **FY 2016 Net Available General Revenues**

Net available revenues are estimated at \$5,206.9 million, an increase of \$159.9 million or 3.2 percent compared to FY 2015.

## **FY 2016 Selected Special Revenues:**

- **FY 2016 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2016: \$477.0 million.

- **FY 2016 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, \$26.4 million is estimated to be distributed in FY 2016.
- **FY 2016 Soft Drink Excise Tax (Medicaid Program Trust Fund).** In FY 2016, the soft drink excise tax is forecast at \$41.2 million, representing a -3.0 percent decrease compared to FY 2015 collections.

## **Summary of Economic and Revenue Estimates for FY 2017**

- **FY 2017 U.S. Gross Domestic Product (Real Output).** During FY 2017, the United States economy is expected to produce final goods and services valued at \$17,255 billion in inflation-adjusted dollars, an increase of \$528.3 billion or 3.2 percent. The two inflation measures of consumer price index (CPI) and GDP price deflator are expected to gradually move up in response to recovery in the overall economy. The consumer price index (CPI) is expected to increase 1.8 percent and the GDP price deflator is expected to increase 1.8 percent in FY 2017.
- **U.S. gross domestic product in current dollars** is estimated at \$19,535 billion for FY 2017, an increase of \$933.5 billion or 5.0 percent.
- **Average annual U.S. oil prices** are estimated at \$97.62 per barrel (domestic crude price to refiners) in FY 2017. Oil price and domestic energy demand are expected to recover late in the biennium as global economic growth recovers. Weekly and monthly price swings could vary widely around the annual averages.



- **FY 2017 state nonfarm personal income** will reach \$123.960 billion (current dollars), an increase of \$6.576 billion or 5.6 percent over FY 2016. Nonfarm income is expected to expand moderately in a low-inflation economic environment and improving national growth.
- **FY 2017 state wage and salary disbursements** are estimated at \$56.740 billion, an increase of \$2.804 billion or 5.2 percent.
- **FY 2017 state payroll employment** is estimated to grow from a level of 1.218 million jobs in FY 2016 to 1.236 million jobs in FY 2017. This represents an increase of approximately 18,500 jobs or 1.5 percent. Private sector job growth is expected to be 1.6 percent in FY 2017.

### **FY 2017 Gross General Revenues**

The forecast for gross general revenues in FY 2017 is \$6,817.2 million, an increase of \$304.6 million or 4.7 percent over FY 2016.

The total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY2017 is assumed to remain at 3.2 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, an estimated \$314.0 million may be distributed (net) in FY 2017.

### **FY 2017 Net Available General Revenues**

For FY 2017, net available general revenues are estimated at \$5,448.5 million, an increase of \$241.6 million or 4.6 percent over FY 2016.

**FY 2017 Selected Special Revenues:**

- **FY 2017 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2017: \$501.5 million.

- **FY 2017 WorkForce 2000 (Special Corporate Income Taxes)** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, an estimated \$26.8 million may be distributed (net) in FY 2017.
- **FY 2017 Soft Drink Excise Tax (Medicaid Program Trust Fund).** In FY 2017 the forecast is \$39.9 million, representing a -3.0 percent decrease compared to FY 2016.

**Office of the Director,  
Economic Analysis and Tax Research,  
Department of Finance and Administration  
November 13, 2014**

**OFFICIAL GENERAL REVENUE FORECAST  
2015 - 2017 Biennium**

Millions of Dollars	11/13/14 Estimate	FY 15 Increase	% CH	11/13/14 Estimate	FY 16 Increase	% CH	11/13/14 Estimate	FY 17 Increase	% CH
INDIVIDUAL INCOME	3,160.4	49.2	1.6	3,277.0	116.6	3.7	3,448.5	171.5	5.2
CORPORATE INCOME	438.6	-1.6	-0.4	448.1	7.5	1.7	454.3	8.2	1.8
SALES AND USE	2,195.1	22.0	1.0	2,294.4	99.3	4.5	2,417.8	123.4	5.4
ALCOHOLIC BEVERAGE	53.8	0.6	1.1	54.6	0.8	1.5	55.4	0.8	1.5
TOBACCO	208.9	-10.3	-4.7	202.1	-6.8	-3.3	195.9	-6.2	-3.1
INSURANCE	128.7	10.3	8.7	108.2	-22.5	-17.5	111.4	5.2	4.9
RACING	2.9	0.0	-1.4	2.8	-0.1	-3.4	2.7	-0.1	-3.6
GAMES OF SKILL	43.1	3.6	9.2	44.8	1.7	3.9	47.0	2.2	4.9
SEVERANCE	25.0	-0.1	-0.5	24.6	-0.4	-1.6	25.3	0.7	2.8
CORPORATE FRANCHISE	8.0	0.0	0.0	8.0	0.0	0.0	8.0	0.0	0.0
REAL ESTATE TRANSFER	2.6	0.0	-0.3	2.6	0.0	0.0	2.6	0.0	0.0
MISCELLANEOUS	52.0	2.9	5.9	49.4	-2.6	-5.0	48.3	-1.1	-2.2
<b>TOTAL GROSS</b>	<b>6,319.1</b>	<b>76.5</b>	<b>1.2</b>	<b>6,512.6</b>	<b>193.5</b>	<b>3.1</b>	<b>6,817.2</b>	<b>304.6</b>	<b>4.7</b>
LESS: SCS/COF	202.2	-3.7	-1.8	208.4	6.2	3.1	218.2	9.8	4.7
INDIVIDUAL REFUNDS	535.9	28.9	5.3	566.8	30.9	5.8	599.8	33.0	5.8
CORP REFUNDS	63.2	-5.8	-8.4	64.4	1.2	1.9	65.6	1.2	1.9
CLAIMS RESERVE	10.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
ECON DEV INCENTIVE	23.4	10.6	83.0	23.4	0.0	0.0	23.4	0.0	0.0
AMENDMENT 82 BOND	0.0	0.0	0.0	0.0	0.0	0.0	5.3	5.3	0.0
WATER/SEWER BONDS	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0
COLL SAVINGS BONDS	24.0	0.1	0.3	24.0	0.0	0.0	24.0	0.0	0.0
MLA CITY/CO TOURIST	2.8	0.0	-0.2	1.0	-1.8	-64.3	0.0	-1.0	-100.0
EDUC EXCEL TRUST	297.4	6.9	2.4	300.5	3.1	1.0	314.0	13.5	4.5
DESEGREGATION	72.1	6.3	9.6	65.8	-6.3	-8.7	65.8	0.0	0.0
EDUCATIONAL ADQCY	28.3	0.6	2.4	28.6	0.3	1.1	27.8	1.2	4.5
<b>NET AVAILABLE</b>	<b>5,047.0</b>	<b>24.6</b>	<b>0.5</b>	<b>5,206.9</b>	<b>159.9</b>	<b>3.2</b>	<b>5,448.5</b>	<b>241.6</b>	<b>4.6</b>
LESS: SURPLUS TO ALLOTMENT RESERVE FUND									
<b>NET AVAILABLE DISTRIBUTION</b>	<b>5,047.0</b>	<b>103.2</b>	<b>2.1</b>	<b>5,206.9</b>	<b>159.9</b>	<b>3.2</b>	<b>5,448.5</b>	<b>241.6</b>	<b>4.6</b>

Prepared by Economic Analysis and Tax Research, DFA  
Net Available Estimate for FY15: 100% of A, Rainy Day Fund, B, B1, and 0.8% of C.

**ECONOMIC ASSUMPTIONS AND THE  
OFFICIAL GENERAL REVENUE FORECAST  
2015 - 2017 Biennium**

Millions of Dollars	11/13/14	FY-15		11/13/14	FY-16		11/13/14	FY-17	
	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH
INDIVIDUAL INCOME TAX	3,160.4	49.2	1.6	3,277.0	116.6	3.7	3,448.5	171.5	5.2
INDIVIDUAL REFUNDS	<u>535.9</u>	<u>26.9</u>	<u>5.3</u>	<u>568.8</u>	<u>30.9</u>	<u>5.8</u>	<u>599.8</u>	<u>33.0</u>	<u>5.8</u>
NET INDIVIDUAL INCOME	2,824.5	22.3	0.9	2,710.2	85.7	3.3	2,848.7	138.5	5.1
CORPORATE INCOME TAX	438.6	-1.8	-0.4	448.1	7.5	1.7	454.3	6.2	1.8
CORPORATE REFUNDS	<u>63.2</u>	<u>-5.8</u>	<u>-8.4</u>	<u>64.4</u>	<u>1.2</u>	<u>1.9</u>	<u>65.6</u>	<u>1.2</u>	<u>1.8</u>
NET CORPORATE INCOME	375.4	4.2	1.1	381.7	6.3	1.7	388.7	7.0	1.8
SALES AND USE TAX	2,195.1	22.0	1.0	2,294.4	99.3	4.5	2,417.8	123.4	5.4
NET ECONOMIC TAX REVENUE	5,195.0	48.5	0.9	5,366.3	191.3	3.7	5,655.2	268.9	5.0
OTHER TAX REVENUE	<u>525.0</u>	<u>6.9</u>	<u>1.3</u>	<u>495.1</u>	<u>-29.9</u>	<u>-5.7</u>	<u>498.6</u>	<u>1.5</u>	<u>0.3</u>
<b>GROSS GENERAL REVENUES</b>	<b>6,319.1</b>	<b>76.5</b>	<b>1.2</b>	<b>6,512.6</b>	<b>193.5</b>	<b>3.1</b>	<b>6,817.2</b>	<b>304.6</b>	<b>4.7</b>
LESS: SCS/COF	202.2	-3.7	-1.8	208.4	8.2	3.1	218.2	9.8	4.7
INDIVIDUAL REFUNDS	535.9	26.9	5.3	568.8	30.9	5.8	599.8	33.0	5.8
CORPORATE REFUNDS	63.2	-5.8	-8.4	64.4	1.2	1.9	65.6	1.2	1.9
CLAIMS	10.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	23.4	10.8	83.0	23.4	0.0	0.0	23.4	0.0	0.0
AMENDMENT 82 BOND	0.0	0.0	0.0	0.0	0.0	0.0	5.3	5.3	0.0
WATER/SEWER BONDS	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0
MLA CITY/CO TOURIST	2.8	0.0	-0.2	1.0	-1.8	-64.3	0.0	-1.0	-100.0
DESEGREGATION SETTLEMENT	72.1	6.3	9.6	85.8	-6.3	-8.7	65.8	0.0	0.0
EDUC EXCEL TRUST FUND	297.4	6.9	2.4	300.5	3.1	1.0	314.0	13.5	4.5
COLLEGE SAVINGS BONDS	24.0	0.1	0.3	24.0	0.0	0.0	24.0	0.0	0.0
EDUCATIONAL ADEQUACY	26.3	0.8	2.4	26.6	0.3	1.1	27.8	1.2	4.5
NET AVAILABLE	<u>5,047.0</u>	<u>24.6</u>	<u>0.5</u>	<u>5,208.9</u>	<u>159.9</u>	<u>3.2</u>	<u>5,448.5</u>	<u>241.6</u>	<u>4.6</u>
LESS: SURPLUS TO ALLOT. RESERVE									
NET AVAILABLE DISTRIBUTION	<u>5,047.0</u>	<u>103.2</u>	<u>2.1</u>	<u>5,208.9</u>	<u>159.9</u>	<u>3.2</u>	<u>5,448.5</u>	<u>241.6</u>	<u>4.6</u>
<b>ECONOMIC ASSUMPTIONS</b>		<b>FY 2015</b>		<b>FY 2016</b>			<b>FY 2017</b>		
U.S. GDP Nominal (Billion \$)	17,840.4	759.7	4.4	18,601.4	761.1	4.3	19,534.9	933.5	5.0
U.S. GDP Real (Billions 2009\$ Chain-Weight)	16,313.3	428.8	2.7	16,727.2	413.9	2.5	17,255.4	528.3	3.2
U.S. GDP Deflator (Chain-Wt, 2009=100)	109.4	1.8	1.7	111.2	1.8	1.7	113.2	2.0	1.8
U.S. CPI Price Index (1984=100)	238.8	3.8	1.6	242.0	3.2	1.3	246.4	4.4	1.8
OIL - Avg. Dom. Crude to Refinery (\$ per barrel)	96.3	-6.2	-6.1	94.6	-1.7	-1.8	97.6	3.0	3.2
AR. Net General Revenue (Million \$)	5,720.0	55.4	1.0	5,881.4	161.4	2.8	6,151.8	270.4	4.6
AR. Net GR % of Non-Farm Personal Income	5.1	-0.2	-3.0	5.0	-0.1	-1.6	5.0	0.0	-1.0
AR. Non-Farm Personal Income (Million \$)	112,287.6	4,465.7	4.1	117,384.1	5,096.4	4.5	123,960.3	6,576.3	5.6
AR. Wage & Salary Disbursements (Million \$)	51,463.1	2,092.4	4.2	53,938.2	2,473.1	4.8	56,740.0	2,803.8	5.2
AR. Non-Farm Proprietor Income (Million \$)	7,950.2	418.6	5.6	8,323.1	372.9	4.7	8,659.4	336.3	4.0
AR. Per Capita Income (\$)	38,335.6	1,296	3.5	39,737.5	1,402	3.7	41,803.0	2,066	5.2
AR. GSP Nominal (Million \$)	130,894.7	4,839.1	3.8	136,284.6	5,390.0	4.1	142,908.2	6,623.6	4.9
AR. Employment Total Payroll (Thousands)	1,197.9	14.0	1.2	1,217.8	19.9	1.7	1,236.3	18.5	1.5
AR. Employment Private Sector (Thousands)	982.4	13.9	1.4	1,000.8	18.4	1.9	1,017.3	16.5	1.6
AR. Employment Manufacturing (Thousands)	156.5	3.5	2.3	158.5	1.9	1.2	159.2	0.7	0.4
AR. New Car/Light Truck registrations (Thous.)	140.3	1.9	1.4	140.6	0.3	0.2	140.8	0.2	0.2
AR. Retail Sales (Million \$)	40,866.8	1,800.6	4.6	42,701.3	1,812.4	4.4	44,606.5	1,905.3	4.5

U.S. Summary: Global Insight, October 2014 Baseline  
AR Forecast: Global Insight, October 2014 Baseline



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

**OFFICE OF THE DIRECTOR**  
1509 West Seventh Street, Suite 401  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-2242  
Fax: (501) 682-1029  
<http://www.dfa.arkansas.gov>

November 13, 2014

The Honorable Bill Sample, Co-Chair  
The Honorable John Edwards, Co-Chair  
Arkansas Legislative Council  
State Capitol Building  
Little Rock, AR 72201

Dear Senator Sample and Representative Edwards

In accordance with Arkansas Code Annotated §19-4-201 et seq., I am forwarding on behalf of Governor Mike Beebe his proposed comprehensive state budget of programs and proposed financing including all estimated receipts and expenditures of the state government. The law provides that proposed expenditures must not exceed estimated available revenue. Should the Governor propose revenue measures to finance all proposed programs, two budgets must be submitted to the Legislative Council and the General Assembly, one budget based on revenue available from existing law and another budget which includes additional expenditures proposed to be financed from recommended revenue measures.

Governor Beebe has elected to submit two budgets to the Legislative Council for consideration. One budget is based on existing revenue sources and the other budget is based on delaying tax cuts. Both budgets are devised to end the State's dependence on one-time funds by the conclusion of the 2015-2017 biennium. Contrary to desired budget practices we have relied on one-time funds to finance continuing programs as we recovered from the past recession. One-time funds were necessary to continue existing levels of service for Corrections and Medicaid in recent years. It is critically important to restore overall fiscal balance prior to fulfillment of the State's matching obligation for the Arkansas Private Option beginning in State Fiscal Year 2018.

Governor Beebe's recommended revenue measures contemplate a two-year delay in pending tax cuts for reduction of the sales and use tax on natural gas and electricity used by manufacturers (Act 1411 of 2013) and reduction in the income tax on capital gains and an increased standard deduction (Act 1488 of 2013). These delays are expected to mitigate funding losses of \$29.4M in FY2016 and \$24.5M in FY2017. Consequently, there would be a revenue impact in current fiscal year of \$16.9M. This would fully fund the current Revenue Stabilization Law, which provides contingency Student Growth funding for Education, and would allow implementation of the 1% FY2015 Cost of Living Adjustment.

## Summary Recommendations for Both Budgets

### Education

- The Educational Adequacy Committee of the Legislative Council finalized its recommendations on October 27, 2014. The Committee's recommendations provided for the following formula changes:
  - Teacher Salaries increase of \$38.90 in FY16 and \$36.00 in FY17 per Average Daily Membership (ADM)
  - Broadband technology upgrades of \$12.20 each year per ADM
  - Extra Duty Stipends for K-5 Grades of \$3.85 each year per ADM
  - Reduction of Supervisory Aides of (\$6.70) each year per ADM
  - Substitutes of \$1.28 in FY2016 and \$1.30 in FY2017 per ADM
  - Maintenance and Operations of \$12.58 per ADM in FY2016 only
  - Central Office of \$6.23 per ADM in FY2017 only
  - 2% increase each year for English Language Learners
  - 2% increase each year for Alternative Learning
  - 0.84% increase each year for National School Lunch Act
- Governor Beebe's Recommendation also provides for an additional \$17.7M in ADM growth for FY2016 as a result of the Department's projected increase in student population. Projected Uniform Rate of Tax (URT) growth is expected to offset this increase for FY2017.
- Additionally, the Committee recommended replacing \$16.5M in School Facility Bonded Debt Assistance that was redirected in the 89<sup>th</sup> First Extraordinary Session for Teacher Health Insurance. These funds are recommended as an increase in the Educational Facilities Partnership Fund as new general revenues.
- The Committee's final recommendation calls for \$65.0M in one-time funds for outstanding projects to insure that the State's constitutional "warm, safe and dry" facility obligations are met. Governor Beebe has included this recommendation as part of his proposal for the use of surplus funds, which have been included as an attachment under both scenarios.

### Corrections

- The State has used one-time funds for the past 5 years to address outstanding obligations for Straight-time and Holiday pay obligations of the Department of Correction. In addition to \$11.0M in surplus funds that are recommended to meet outstanding obligations, Governor Beebe has also recommended increases of \$15.9M in FY2016 and \$15.1M in FY2017 for ongoing salary commitments, as well as known increases for medical costs for state inmates.
- County Jail backup reached a pinnacle in February, 2014 at 2,884 inmates. This rise in population was not contemplated under the previous biennial budget based on incarcerated population reductions expected as a result of Act 570 of 2011. While the program was supplemented with surplus funds during the fiscal session, full funding was not provided, which has resulted in a delay in processing payments to counties. In addition to \$6M in surplus funds, Governor Beebe recommends an additional \$9.5M in ongoing general revenues to address projected needs.

#### Human Services

- The Division of Children and Family Services requires \$10.1M in FY16 and \$7.1M in FY17 for a Title IV-E demonstration project that has been previously supplemented with Rainy Day Funds. Under this waiver, the State will access flexible funding to support interventions that are traditionally non-allowable under Title IV-E to decrease the number of children entering/re-entering foster care; increase permanency for children by reducing the time in foster placements when possible and promote successful transition to adulthood for older youth; improve safety and well-being of children; and, ultimately, increase positive outcomes for infants, children, youth, and families who come into contact with the child welfare system in Arkansas. Additionally, these funds are being used to offset changes in federal cost sharing agreements, to increase the number of protective service staff positions, and to provide substance abuse treatment for clients. These increases are expected to lead to future program savings.
- The Division of Medical Services requires \$400M in total new funding for the 2015-2017 biennium for Medicaid through a combination of new general revenues and one-time surplus funds. These increases are necessary in order to: accommodate the net change in the Federal Medical Assistance Percentage (FMAP) as a result of increases in per capita household income from FY2009 to FY2016; to transition from one-time funds to continuing funding for ongoing obligations; and to fund normally expected inflationary program growth for existing levels of service delivery. Funding recommendations are handled differently in each of the Governor's proposed budgets.

#### Information Systems

- Due to agency costs for services increasing beyond a sustainable level, a detailed review was conducted to identify positions and appropriations that could be reduced or eliminated while providing existing levels of service. As a result, the recommendation for discontinuation of 44 positions will save the state (\$900,000) in general revenue savings alone annually. These amounts have been reduced from agency funding recommendations.

#### Schools for the Deaf and Blind

- After an independent review by the Department of Finance and Administration, the Board of the Schools for the Blind and Deaf determined a need to discontinue the shared services agreement between the schools. Governor Beebe recommends this change, which results in a net reallocation of \$700,000 between the schools to allow them to operate independently.

#### Miscellaneous Agencies

- Crime Laboratory requires additional general revenue of \$1.1M per year to fund seventeen (17) existing positions that were previously funded from special revenues. This change is required due to fund balance declines as a result of increased demand for DNA sampling and declining asset forfeiture revenues. This increase has been funded through reductions to other agencies with excess general revenues.
- The Board of Election Commissioners is a biennially funded agency. Election expenditures can occur in either or both fiscal years. Therefore, funding for FY2016 is restored to the previously authorized biennial level of \$4.7M.

### Summary Recommendations – Without Tax Delays

#### Human Services

- Under this proposal, the Medicaid Program would receive \$84M in FY2016 and \$256M in FY2017 in additional general revenues. **One-time funds would be reduced from \$140M to \$60M for the 2015-2017 biennium.**

#### Merit Adjustment Fund

- No FY2016 COLA would be recommended. The Merit Adjustment Fund would receive \$10.3M in FY2017 to fund state employee Cost of Living Adjustments of 2% in FY2017. This in addition to the FY2015 1% COLA that was added to the Base Level for the 2015-2017 biennium.

#### State Agencies and Institutions of Higher Education

- All state agencies and institutions other than those identified as recommended in both budgets would receive an across the board cut of 1% in FY2016. FY2017 recommendations for these agencies and institutions would be held flat.

### Summary Recommendations – With Tax Delays

#### Human Services

- Under this proposal, the Medicaid Program would receive \$79M in FY2016 and \$281M in FY2017 in additional general revenues. **One-time funds would be reduced from \$140M to \$40M for the 2015-2017 biennium.**

#### Merit Adjustment Fund

- The Merit Adjustment Fund would receive \$5.2M in FY2016 and \$10.3M in FY2017 to fund state employee Cost of Living Adjustments of 1% in FY2016 and an additional 1% in FY2017. These are in addition to the FY2015 1% COLA that was added to the Base Level for the 2015-2017 biennium.

#### Institutions of Higher Education

- The Institutions of Higher Education would receive across the board COLAs of 1.0% in FY2016 and 1.2% in FY2017. Additionally, those institutions under 75% of need would receive proportionate increases to help address funding inequality. Total new recommended general revenues are \$10.5M in FY2016 and \$20.5M in FY2017.

#### State Agencies

- Many general revenue funded state agencies have received recommendations for 3% rent increases proposed by the Arkansas Building Authority. These increases would be funded under this scenario.



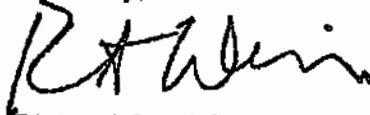
Revenue Reclassification

Arkansas Code Annotated 26-58-124 (c) (1) and Section 5 of Act 90 of 2014 establish that 5% of the severance tax on natural gas, less \$675,000 to general revenues, goes to fund the Arkansas Highway and Transportation Department – Roads and Bridges Miscellaneous Agencies Fund appropriation. Due to the special language requirements for this appropriation, these funds would be more properly classified as special revenues. Both budgets recommend this change, and remove general revenue appropriation and funding for this program resulting in no net increase. A change in both appropriation and statutory law would be required during the Regular Session.

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

Arkansas Code Annotated §19-4-201 et seq. and the rules adopted by the Legislative Council Joint Budget Committee allow the Governor-elect to review the budget requests and estimates of resources and make his own recommendations prior to convening of the 90<sup>th</sup> General Assembly.

Sincerely,



Richard A. Weiss  
Director

RAW:brs

Attachment(s)

WITHOUT TAX DELAY

STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST			Fiscal Year 2015			Fiscal Year 2016			Fiscal Year 2017		
	FY15 FORECAST	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	% INC.
General Education	\$2,073,953,020	\$2,073,953,020	\$0,850,760	\$2,124,803,780	\$2,151,529,810	\$2,151,529,810	\$2,073,953,020	\$77,576,790	\$2,151,529,810	\$26,726,030	1.3%	
State Library	5,672,143	5,700,000	(582,081)	5,641,919	5,700,000	5,700,000	5,700,000	0	5,700,000	58,081	1.0%	
Career Education	32,284,224	32,293,517	(3,328,062)	31,984,455	(3,19,769)	32,263,517	32,293,517	0	32,263,517	329,062	1.0%	
<b>PUBLIC SCHOOL FUND</b>	<b>\$2,111,909,387</b>	<b>\$2,111,946,537</b>	<b>\$0,463,617</b>	<b>\$2,162,410,154</b>	<b>\$2,189,523,327</b>	<b>\$2,189,523,327</b>	<b>\$2,111,946,537</b>	<b>\$77,576,790</b>	<b>\$2,189,523,327</b>	<b>\$27,113,173</b>	<b>1.3%</b>	
<b>GENERAL EDUCATION FUND</b>												
Dept of Education	\$16,567,878	\$18,328,820	(\$204,959)	\$16,063,851	(\$524,027)	\$16,239,448	\$16,338,031	(\$98,583)	\$16,239,448	\$175,597	1.1%	
Educational Facilities Partnership	34,828,951	34,828,951	16,500,000	51,328,951	16,500,000	51,328,951	34,828,951	16,500,000	51,328,951	\$0	0.0%	
Academic Facilities & Transportation	2,552,126	2,535,088	(25,832)	2,509,256	(42,870)	2,535,940	\$2,535,940	0	2,535,940	\$26,684	1.1%	
Educational Television	5,398,432	5,347,729	(56,577)	5,292,152	(106,280)	5,351,648	6,376,077	(1,085)	5,351,648	59,496	1.1%	
Schools for the Blind	6,460,275	6,376,077	637,855	7,013,932	553,657	7,078,902	6,376,077	702,825	7,078,902	64,970	0.9%	
School for the Deaf	10,875,424	10,959,822	(823,446)	10,136,174	(739,250)	10,247,849	10,959,822	(711,773)	10,247,849	111,875	1.1%	
State Library	3,616,959	3,628,345	(37,800)	3,590,545	(26,414)	3,634,370	3,630,671	3,698	3,634,370	43,825	1.2%	
Dept. of Career Education	3,710,773	3,530,275	(46,756)	3,484,519	(226,254)	3,524,260	3,534,043	(9,783)	3,524,260	39,741	1.1%	
Rehabilitation Services	13,261,785	13,261,785	(149,777)	13,112,008	(149,777)	13,247,142	13,261,785	(14,643)	13,247,142	135,134	1.0%	
<b>Subtotal - General Education</b>	<b>\$87,292,603</b>	<b>\$96,796,692</b>	<b>\$15,794,696</b>	<b>\$112,531,388</b>	<b>\$16,239,785</b>	<b>\$113,188,510</b>	<b>\$96,817,853</b>	<b>\$16,370,657</b>	<b>\$113,188,510</b>	<b>\$657,122</b>	<b>0.6%</b>	
Technical Institutes:												
Crowley's Ridge TI	\$2,671,624	\$2,671,624	(\$27,223)	\$2,644,401	(\$27,223)	\$2,674,878	\$2,674,878	\$0	\$2,674,878	\$30,477	1.2%	
Northwest TI	3,107,551	3,107,551	(31,665)	3,075,886	(31,665)	3,107,551	3,107,551	0	3,107,551	31,665	1.0%	
Riverside VTS	2,315,015	2,324,889	(24,775)	2,300,114	(14,901)	2,325,104	2,325,188	(1,085)	2,325,104	24,980	1.1%	
<b>Subtotal - Technical Institutes</b>	<b>\$8,094,190</b>	<b>\$8,104,004</b>	<b>(\$63,663)</b>	<b>\$8,020,401</b>	<b>(\$73,789)</b>	<b>\$8,107,533</b>	<b>\$8,108,618</b>	<b>(\$1,085)</b>	<b>\$8,107,533</b>	<b>\$87,132</b>	<b>1.1%</b>	
<b>TOTAL GENERAL ED. FUND</b>	<b>\$105,386,793</b>	<b>\$104,900,756</b>	<b>\$15,661,633</b>	<b>\$120,551,789</b>	<b>\$16,164,996</b>	<b>\$121,296,043</b>	<b>\$104,926,471</b>	<b>\$16,269,572</b>	<b>\$121,296,043</b>	<b>\$744,254</b>	<b>0.6%</b>	
<b>HUMAN SERVICES FUND</b>												
DHS-Administration	\$16,189,017	\$16,296,126	(\$151,765)	\$16,144,381	(\$44,656)	\$16,216,718	\$16,302,430	\$14,286	\$16,216,718	\$172,357	1.1%	
Aging and Adult Services	17,678,664	17,738,988	(191,990)	17,546,908	(131,758)	17,731,818	17,742,864	(11,236)	17,731,818	184,710	1.1%	
Children & Family Services	49,473,578	61,907,811	10,059,550	71,967,361	22,493,783	68,976,625	61,917,075	7,059,550	68,976,625	(2,980,736)	-4.2%	
Child Care/Early Childhood Ed.	1,175,882	1,180,649	(13,154)	1,167,495	(6,397)	1,179,884	1,181,108	(1,124)	1,179,884	12,489	1.1%	
Youth Services	48,258,568	48,308,969	(523,717)	47,765,252	(500,419)	48,279,681	48,311,143	(31,462)	48,279,681	494,429	1.0%	
Devel. Disab. Services	66,376,228	66,515,048	(639,239)	65,875,809	(639,239)	66,574,653	66,536,422	38,531	66,574,653	688,144	1.1%	
Medical Services	5,094,291	3,959,700	3,233,314	7,203,014	2,108,723	7,860,277	3,959,700	3,890,577	7,860,277	657,263	9.1%	
DHS-Grants	922,114,864	906,258,715	80,984,780	987,243,495	65,126,631	1,158,788,880	906,258,715	252,530,165	1,158,788,880	171,545,365	17.4%	
Behavioral Health	75,824,095	79,725,584	(864,068)	78,861,516	2,937,421	79,692,710	79,744,387	(51,687)	79,692,710	831,184	1.1%	
Services for the Blind	1,902,128	1,903,930	(20,525)	1,883,405	(18,723)	1,903,070	1,904,194	(1,124)	1,903,070	19,665	1.0%	
County Operations	48,835,295	49,147,526	(639,013)	48,508,513	(326,782)	49,037,236	49,175,450	(136,214)	49,037,236	528,723	1.1%	
<b>TOTAL HUMAN SERVICES</b>	<b>\$1,253,022,610</b>	<b>\$1,252,962,958</b>	<b>\$91,234,173</b>	<b>\$1,344,187,129</b>	<b>\$91,164,519</b>	<b>\$1,344,187,129</b>	<b>\$1,253,043,488</b>	<b>\$263,298,264</b>	<b>\$1,344,187,129</b>	<b>\$172,154,623</b>	<b>12.8%</b>	

WITHOUT TAX DELAY

STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	TOTAL			DIFFERENCE		% INC. OVER FY15	TOTAL			DIFFERENCE		% INC. OVER FY16
		EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	FY16 ER VS. FY15 FRCST	FY16 ER VS. FY15 FRCST		EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	FY16 ER VS. FY17 ER	FY17 ER VS. FY16 ER	
<b>STATE GENERAL GOVT FUND</b>													
Dept. of Art. Heritage	\$6,649,702	(\$97,823)	\$6,614,784	(\$34,918)	-0.5%	\$6,716,282	(\$28,482)	\$6,687,800	\$73,016	1.1%			
Department of Agriculture	17,896,782	(183,445)	\$17,765,222	(131,570)	-0.7%	17,961,306	(523)	\$17,960,783	192,561	1.1%			
Dept. of Labor	3,209,646	(36,495)	3,230,999	21,153	0.7%	3,269,381	39,926	3,308,287	78,288	2.4%			
Dept. of Higher Education	3,440,731	(41,341)	3,399,390	(41,341)	-1.2%	3,440,731	(6,281)	3,434,450	35,060	1.0%			
Dept. of H.E.-Grants	40,017,466	(407,767)	39,609,699	(407,767)	-1.0%	40,017,466	0	40,017,466	407,767	1.0%			
Dept. of Economic Development	12,050,803	(135,073)	11,987,155	(63,648)	-0.7%	12,102,228	(11,755)	12,090,473	123,318	1.0%			
Dept. of Correction	322,311,296	15,907,127	339,932,216	17,620,920	5.5%	324,025,089	15,107,127	339,132,216	(800,000)	-0.2%			
Dept. of Community Correction	76,834,087	(830,949)	76,596,990	(337,197)	-0.4%	77,427,839	429,619	77,857,458	1,260,568	1.6%			
State Military Department	9,613,374	(249,247)	9,443,036	(370,336)	-3.8%	9,693,822	(64,517)	9,609,305	186,269	1.8%			
Dept. of Parks & Tourism	23,798,426	(250,284)	23,810,103	11,677	0.0%	24,078,861	(5,115)	24,073,746	263,643	1.1%			
Dept. of Environmental Quality	4,412,740	(145,684)	4,260,581	(152,159)	-3.4%	4,408,266	(100,766)	4,307,481	46,900	1.1%			
Miscellaneous Agencies	64,594,864	(2,791,956)	66,991,860	2,396,976	3.7%	\$65,664,014	(73,429)	65,590,585	(1,401,275)	-2.1%			
<b>TOTAL STATE GENERAL GOVT</b>	<b>\$385,133,147</b>	<b>\$10,737,069</b>	<b>\$603,624,936</b>	<b>\$18,491,769</b>	<b>3.2%</b>	<b>\$598,895,265</b>	<b>\$15,266,785</b>	<b>\$604,071,050</b>	<b>\$446,114</b>	<b>0.1%</b>			
<b>OTHER FUNDS</b>													
County Aid	\$21,645,067	(\$220,557)	\$21,424,510	(\$220,557)	-1.0%	\$21,645,067	\$0	\$21,645,067	\$220,557	1.0%			
County Jail Reimbursement	16,463,607	9,500,000	25,963,607	9,500,000	57.7%	16,463,607	9,500,000	25,963,607	0	0.0%			
Crime Information Center	3,785,664	(62,980)	3,742,408	(43,256)	-1.1%	3,806,676	(24,204)	3,782,772	40,364	1.1%			
Child Support Enforcement	13,117,719	(133,666)	12,984,053	(133,666)	-1.0%	13,117,719	0	13,117,719	133,666	1.0%			
Dept. of Health	85,301,946	(929,684)	83,872,980	(1,428,966)	-1.7%	84,828,774	(65,569)	84,763,205	860,225	1.1%			
Ment Adjustment Fund	5,250,000	0	0	(5,250,000)	-100.0%	0	10,300,000	10,300,000	10,300,000	0.0%			
Motor Vehicle Acquisition	0	0	0	0	0.0%	0	0	0	0	0.0%			
Municipal Aid	29,372,099	(299,293)	29,072,806	(299,293)	-1.0%	29,372,099	0	29,372,099	299,293	1.0%			
State Police	66,957,383	(716,440)	66,523,178	(434,215)	-0.6%	67,685,625	(31,287)	67,554,338	1,131,160	1.7%			
Dept. of Information Systems	200,000	(200,000)	0	(200,000)	-100.0%	200,000	(200,000)	0	0	0.0%			
Dept. of Workforce Services-TANF	3,902,163	(39,767)	3,864,840	(37,323)	-1.0%	3,904,990	0	3,904,990	40,150	1.0%			
<b>TOTAL OTHER FUNDS</b>	<b>\$245,965,658</b>	<b>\$6,897,593</b>	<b>\$247,436,362</b>	<b>\$1,452,724</b>	<b>0.6%</b>	<b>\$241,014,857</b>	<b>\$19,478,940</b>	<b>\$260,493,797</b>	<b>\$13,055,415</b>	<b>5.3%</b>			
<b>INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:</b>													
Arkansas State University	\$59,090,991	(\$602,121)	\$58,488,870	(\$602,121)	-1.0%	\$59,090,991	\$1,942,155	\$61,033,146	2,544,276	4.4%			
Arkansas Tech University	32,216,531	(328,277)	31,888,254	(328,277)	-1.0%	32,216,531	1,165,810	33,382,341	1,494,087	4.7%			
Henderson State University	18,876,011	(192,341)	18,683,670	(192,341)	-1.0%	18,876,011	417,537	19,293,548	609,878	3.3%			
Southern Arkansas University	15,594,976	(158,807)	15,428,169	(158,807)	-1.0%	15,594,976	366,402	15,941,378	515,209	3.3%			
UA-Fayetteville	120,954,440	(1,232,492)	119,721,948	(1,232,492)	-1.0%	120,954,440	4,575,151	125,529,591	5,807,643	4.9%			
UA - Archeological Survey	2,327,380	(23,715)	2,303,665	(23,715)	-1.0%	2,327,380	51,482	2,378,862	75,197	3.3%			
UA - Agriculture	62,800,136	(535,916)	62,160,222	(535,916)	-1.0%	62,800,136	1,389,139	64,189,277	2,029,055	3.3%			
UA - Clinton School	2,295,575	(23,391)	2,272,184	(23,391)	-1.0%	2,295,575	50,778	2,346,353	74,169	3.3%			
UA - Criminal Justice Institute	1,825,769	(18,604)	1,807,165	(18,604)	-1.0%	1,825,769	40,386	1,866,155	56,990	3.3%			
UA-AR Sch.Meth, Science, & Arts	1,113,015	(11,341)	1,101,674	(11,341)	-1.0%	1,113,015	24,620	1,137,635	35,961	3.3%			
U of A - Ft. Smith	20,594,615	(206,853)	20,384,762	(206,853)	-1.0%	20,594,615	960,780	21,155,395	770,633	3.8%			
UA-Little Rock	60,755,097	(619,077)	60,136,020	(619,077)	-1.0%	60,755,097	1,535,230	62,290,327	2,154,307	3.6%			
UA-Medical Sciences	86,456,661	(880,969)	85,575,692	(880,969)	-1.0%	86,456,661	1,912,422	88,369,083	2,783,391	3.3%			
UAMS - Child Abuse/Rape/Domestic Violence	735,000	(7,489)	727,511	(7,489)	-1.0%	735,000	16,258	751,258	23,747	3.3%			

WITHOUT TAX DELAY

STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

Fiscal Year 2017

Fiscal Year 2016

FUND ACCOUNTS	FY15 FORECAST	FY16			FY17			% INC. OVER FY15	% INC. OVER FY16
		EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.		
UAMS - Pediatric/psychiatric Research	1,950,000	(19,870)	1,930,130	(19,870)	1,950,000	43,134	1,993,134	63,004	3.3%
UAMS - Child Safety Center	720,588	(7,343)	713,245	(7,343)	720,588	15,940	736,228	23,283	3.3%
UAMS - Indigent Care	5,342,181	(54,435)	5,287,746	(54,435)	5,342,181	118,169	5,460,350	172,604	3.3%
UA-Monticello	15,946,042	(162,486)	15,783,557	(162,486)	15,946,042	390,110	16,306,152	522,596	3.3%
UA-Pine Bluff	25,418,885	(259,011)	25,159,874	(259,011)	25,418,885	562,268	25,981,151	821,277	3.3%
University of Central Arkansas	53,114,705	(541,224)	52,573,481	(541,224)	53,114,705	1,492,849	54,607,554	2,034,073	3.9%
Subtotal - 4 Year Institutions	\$588,118,601	(\$5,992,763)	\$582,125,838	(\$5,992,763)	\$588,118,601	\$16,630,618	\$604,749,219	\$22,623,381	3.9%
<b>INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:</b>									
Arkansas Northeastern College	\$8,577,052	(\$87,398)	\$8,489,654	(\$87,398)	\$8,577,052	\$189,725	\$8,766,777	\$277,123	3.3%
Arkansas State University - Beebe	11,835,727	(120,603)	11,715,124	(120,603)	11,835,727	281,808	12,097,533	382,408	3.3%
Arkansas State Univ. - Mt. Home	3,648,110	(37,173)	3,610,937	(37,173)	3,648,110	124,562	3,772,672	161,735	4.5%
Arkansas State Univ. - Newport	5,992,293	(61,090)	5,931,203	(61,090)	5,992,293	153,138	6,145,431	214,198	3.6%
Cossatot C.C. of the UA	3,395,802	(34,802)	3,361,000	(34,802)	3,395,802	97,397	3,493,199	131,999	3.9%
East Arkansas Cmty. College	5,788,058	(58,979)	5,729,079	(58,979)	5,788,058	128,032	5,916,090	187,011	3.3%
Mid-South Cmty. College	3,858,007	(39,312)	3,818,695	(39,312)	3,858,007	85,339	3,943,346	124,651	3.3%
MM-South - ADTEC	1,500,000	(15,285)	1,484,715	(15,285)	1,500,000	33,180	1,533,180	48,465	3.3%
National Park Cmty. College	9,046,489	(92,181)	8,954,308	(92,181)	9,046,489	200,108	9,246,597	282,289	3.3%
North Arkansas College	7,966,984	(81,181)	7,885,783	(81,181)	7,966,984	176,230	8,143,194	257,411	3.3%
NorthWest Arkansas Cmty. College	10,619,202	(108,207)	10,510,995	(108,207)	10,619,202	443,640	11,062,842	551,847	5.3%
Phillips Cmty. College of the UA	9,063,088	(92,350)	8,970,738	(92,350)	9,063,088	200,478	9,263,564	282,826	3.3%
Rich Mountain Cmty. College	3,206,869	(32,677)	3,174,192	(32,677)	3,206,869	70,936	3,277,805	103,613	3.3%
Southern Ark. University - Tech	5,705,511	(58,139)	5,647,373	(58,139)	5,705,511	175,433	5,880,944	233,571	4.1%
SAU-Tech-Envir. Control Center	368,404	(3,754)	364,650	(3,754)	368,404	8,149	376,553	11,903	3.3%
SAU-Tech-Fire Training Academy	1,651,221	(16,825)	1,634,396	(16,825)	1,651,221	36,525	1,687,746	53,350	3.3%
South Arkansas Cmty. College	6,034,307	(61,486)	5,972,819	(61,486)	6,034,307	153,479	6,167,786	194,967	3.3%
U of A - Cmty. College at Benesville	4,131,061	(42,094)	4,088,967	(42,094)	4,131,061	91,379	4,222,440	133,473	3.3%
U of A - Cmty. College at Hope	4,481,997	(45,772)	4,436,225	(45,772)	4,481,997	99,363	4,581,360	146,135	3.3%
U of A - Cmty. College at Morrilton	5,022,155	(51,174)	4,970,981	(51,174)	5,022,155	150,868	5,173,023	202,042	4.1%
Subtotal - 2 Year Institutions	\$111,902,317	(\$1,140,253)	\$110,762,064	(\$1,140,253)	\$111,902,317	\$2,859,765	\$114,762,082	\$4,000,018	3.6%
<b>INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges</b>									
Black River	\$6,113,516	(\$62,295)	\$6,051,221	(\$62,295)	\$6,113,516	\$144,186	\$6,257,702	\$206,481	3.4%
Quachita	3,527,281	(35,942)	3,491,319	(35,942)	3,527,281	81,376	3,608,637	117,318	3.4%
Ozarka	3,126,475	(31,858)	3,094,617	(31,858)	3,126,475	111,314	3,237,789	143,172	4.6%
Pulaski	15,137,437	(154,246)	14,983,191	(154,246)	15,137,437	569,681	15,697,118	713,927	4.8%
Southwest Arkansas College	5,636,798	(57,437)	5,579,361	(57,437)	5,636,798	124,686	5,761,484	182,123	3.3%
Subtotal - Technical Colleges	\$33,541,487	(\$341,778)	\$33,199,709	(\$341,778)	\$33,541,487	\$1,021,243	\$34,562,730	\$1,363,021	4.1%
<b>TOTAL INSTS OF H. E.</b>	<b>\$733,562,405</b>	<b>(\$7,474,794)</b>	<b>\$726,087,611</b>	<b>(\$7,474,794)</b>	<b>\$733,562,405</b>	<b>\$20,511,626</b>	<b>\$754,074,031</b>	<b>\$27,986,420</b>	<b>3.9%</b>
Salary Day Funds	\$12,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%

**WITHOUT TAX DELAY**

**STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS**

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	EXECUTIVE		BASE LEVEL	DIFFERENCE		% INC. OVER	TOTAL		% INC. OVER	
		REC.	REC.		FY16 ER VS. FY15 FRC-ST	FY16 ER VS. FY17 ER		EXECUTIVE REC.	EXECUTIVE REC.		
Total Request	\$5,047,000,000	\$167,508,690	\$5,204,300,000	\$5,036,791,310	\$169,300,000	\$169,300,000	3.1%	\$412,500,977	\$5,445,800,000	\$241,500,000	4.6%
OFFICIAL FORECAST 11.13.14	\$5,047,000,000		\$5,206,900,000		\$159,900,000	\$159,900,000	3.2%		\$5,448,500,000	\$241,500,000	4.6%
AHTD Natural Gas Severance Tax Road & Bridge Repair revenue reclassification			(\$2,600,000)						(\$2,700,000)		
REVISED OFFICIAL FORECAST			\$5,204,300,000						\$5,445,800,000		
Surplus/(Deficit)	\$0		\$0						\$0		

prepared by DFA-Office of Budget 11.13.14

**90th Session Account of the GIF  
2015-2017 Biennium  
Without Tax Delay**

**Estimated Available Funds:**

Unobligated Balance from the 89th Session Account (with interest projection)	\$101,215,325
FY14 General Revenue Surplus	\$78,865,578
FY15 Forecast General Revenue Surplus	\$0
Recouped General Revenue Balances from FY14	\$7,519,097
Estimated Recouped General Revenue Balances from FY15	\$5,000,000
Estimated Recouped General Revenue Balances from FY16	\$5,000,000
Old Projects Recoupment (Includes one-time ADC set-aside recapture for bond refinancing)	\$4,500,000
Outlawed Warrants	\$0
Interest Estimate for FY16 & FY17	\$14,000,000

**Total Estimated Funds for 2015-2017 Biennium** \$215,900,000

**Less 90th Session Supplemental Requests**

Dept. of Correction - Holiday Pay	\$11,000,000
Dept. of Correction - County Jail Reimbursements	\$6,000,000

**Total 90th Session Supplemental Requests** \$17,000,000

**Less Mandatory/Debt Obligations & Rainy Day Set-Aside:**

Dept. of Correction - Lease Payments	\$13,000,000
Dept. of Human Services - Medical Services - Medicaid Biennial Funding Shortfall	\$60,000,000
Dept. of Education - Educational Facilities Biennial Funding Shortfall	\$65,000,000

**Total Mandatory/Debt Payments** \$138,000,000

**Available Funds - 90th Session Projects Account** \$60,900,000

**Less Recommended Executive/Legislative Shared Project Funding**

AR Economic Development Comm. - Quick Action Closing Fund	\$50,000,000
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**Total Recommended Executive/Legislative Shared Project Funding** \$50,000,000

**Executive Division Projects:**

50% of Available Funds until Legislative Distribution Cap is reached	\$5,450,000
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**Total Executive Projects** \$5,450,000

**Legislative Division Projects:**

50% up to \$10.9 million	\$5,450,000
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**Total Legislative Projects** \$5,450,000

**Ending Balance - 90th Session Projects Account** \$0

**WITH TAX DELAY**

**STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS**

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	TOTAL			DIFFERENCE			% INC.		
		EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	FY16 VS. FY15	FY16 VS. FY15	FY16 VS. FY15	OVER	OVER	
General Education	\$2,073,953,020	\$50,850,760	\$2,124,803,780	\$50,850,760	2.5%	\$77,576,790	\$2,151,529,810	\$26,726,030	1.3%	
State Library	5,672,143	0	5,700,000	27,857	0.5%	0	5,700,000	0	0.0%	
Career Education	32,284,224	0	32,283,517	9,293	0.0%	0	32,283,517	0	0.0%	
<b>PUBLIC SCHOOL FUND</b>	<b>\$2,111,909,387</b>	<b>\$50,850,760</b>	<b>\$2,162,759,287</b>	<b>\$50,887,910</b>	<b>2.4%</b>	<b>\$77,576,790</b>	<b>\$2,189,523,327</b>	<b>\$26,726,030</b>	<b>1.2%</b>	
<b>GENERAL EDUCATION FUND</b>										
Dept. of Education	\$16,587,679	(\$99,953)	\$16,230,237	(\$357,641)	-2.2%	(\$99,953)	\$16,229,448	\$9,211	0.1%	
Educational Facilities Partnership	34,828,951	16,500,000	51,328,951	16,500,000	47.4%	16,500,000	51,328,951	0	0.0%	
Academic Facilities & Transportation	2,552,128	0	2,536,088	(17,038)	-0.7%	0	2,536,088	852	0.0%	
Educational Television	5,398,432	(1,085)	5,348,844	(51,788)	-1.0%	(1,085)	5,351,648	5,004	0.1%	
School for the Blind	6,480,275	702,825	7,078,902	618,627	9.6%	702,825	7,078,902	0	0.0%	
School for the Deaf	10,875,424	(711,773)	10,247,849	(627,575)	-5.8%	(711,773)	10,247,849	0	0.0%	
State Library	3,616,959	3,659	3,632,044	15,085	0.4%	3,659	3,634,370	2,326	0.1%	
Dept. of Career Education	3,710,773	(9,783)	3,530,482	(180,281)	-5.1%	(9,783)	3,524,260	3,768	0.1%	
Rehabilitation Services	13,261,785	(14,643)	13,247,142	(14,643)	-0.1%	(14,643)	13,247,142	0	0.0%	
<b>Subtotal - General Education</b>	<b>\$97,292,603</b>	<b>\$16,370,657</b>	<b>\$113,167,349</b>	<b>\$15,874,746</b>	<b>16.3%</b>	<b>\$16,370,657</b>	<b>\$113,168,510</b>	<b>\$21,161</b>	<b>0.0%</b>	
<b>Technical Institutes:</b>										
Crowley's Ridge TI	\$2,671,624	\$0	\$2,671,624	\$0	0.0%	\$0	\$2,674,878	\$3,254	0.1%	
Northwest TI	3,107,551	0	3,107,551	0	0.0%	0	3,107,551	0	0.0%	
Riverside VTS	2,315,015	(1,085)	2,323,804	8,789	0.4%	(1,085)	2,325,104	1,300	0.1%	
<b>Subtotal - Technical Institutes</b>	<b>\$8,094,190</b>	<b>(\$1,085)</b>	<b>\$8,102,979</b>	<b>\$8,789</b>	<b>0.1%</b>	<b>(\$1,085)</b>	<b>\$8,107,533</b>	<b>\$4,554</b>	<b>0.1%</b>	
<b>TOTAL GENERAL ED. FUND</b>	<b>\$105,386,793</b>	<b>\$16,369,572</b>	<b>\$121,270,328</b>	<b>\$15,883,535</b>	<b>15.1%</b>	<b>\$16,369,572</b>	<b>\$121,296,043</b>	<b>\$25,715</b>	<b>0.0%</b>	
<b>HUMAN SERVICES FUND</b>										
DHS-Administration	\$16,189,017	\$14,288	\$16,310,414	\$121,397	0.7%	\$14,288	\$16,316,718	\$6,304	0.0%	
Aging and Adult Services	17,678,664	(11,236)	17,727,662	48,998	0.3%	(11,236)	17,731,616	3,956	0.0%	
Children & Family Services	49,473,578	10,059,550	71,987,361	22,483,783	45.5%	7,059,550	68,975,625	(2,990,736)	-4.2%	
Child Care/Early Childhood Ed.	1,175,882	(1,124)	1,179,525	3,643	0.3%	(1,124)	1,179,984	499	0.0%	
Youth Services	48,258,568	(31,462)	48,227,507	(18,939)	0.0%	(31,462)	48,273,681	2,174	0.0%	
Devel. Disab. Services	66,376,228	38,531	66,553,579	177,351	0.3%	38,531	68,574,953	21,374	0.0%	
Medical Services	5,094,291	3,233,314	7,203,014	2,108,723	41.4%	3,959,700	7,862,277	657,263	9.1%	
DHS-Grants	922,114,854	75,784,780	982,043,495	59,928,631	6.5%	277,030,165	1,183,288,860	201,245,385	20.5%	
Behavioral Health	75,924,085	(51,687)	79,573,697	3,749,802	4.9%	(51,687)	79,692,710	18,813	0.0%	
Services for the Blind	1,902,128	(1,124)	1,902,808	678	0.0%	(1,124)	1,903,070	264	0.0%	
County Operations	48,835,295	(138,214)	49,009,312	174,017	0.4%	(138,214)	49,037,236	27,924	0.1%	
<b>TOTAL HUMAN SERVICES</b>	<b>\$1,253,022,610</b>	<b>\$88,895,616</b>	<b>\$1,341,848,572</b>	<b>\$88,825,962</b>	<b>7.1%</b>	<b>\$207,788,284</b>	<b>\$1,540,841,752</b>	<b>\$198,983,180</b>	<b>14.8%</b>	

**WITH TAX DELAY**

**STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS**

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15			TOTAL			DIFFERENCE			% INC.		
	FORECAST	EXECUTIVE REC.	EXECUTIVE REC.	FY15	FY16 ER VS. FY15	FY15 FRG-ST	FY15	FY16 ER VS. FY15	FY15	FY16 ER VS. FY15	FY16	OVER
<b>STATE GENERAL GOVT FUND</b>												
Dept. of Ark. Heritage	\$6,649,702	\$6,683,184	\$6,683,184	\$33,482	0.5%		\$6,716,282	(\$28,482)	\$6,687,800	\$4,618	0.1%	
Department of Agriculture	17,898,792	17,951,144	17,951,144	51,352	0.3%		17,961,306	(523)	17,960,783	9,639	0.1%	
Dept. of Labor	3,209,846	3,307,415	3,307,415	97,569	3.0%		3,269,361	39,926	3,309,287	1,872	0.1%	
Dept. of Higher Education	3,440,731	3,434,450	3,434,450	(6,281)	-0.2%		3,440,731	(6,281)	3,434,450	0	0.0%	
Dept. of H.E.-Grants	40,017,466	40,017,466	40,017,466	0	0.0%		40,017,466	0	40,017,466	0	0.0%	
Dept. of Economic Development	12,050,803	12,090,473	12,090,473	39,670	0.3%		12,102,228	(11,755)	12,090,473	0	0.0%	
Dept. of Connection	322,311,298	339,932,216	339,932,216	17,620,920	5.5%		324,025,089	15,107,127	339,132,218	(800,000)	-0.2%	
Dept. of Community Connection	76,934,087	77,670,458	77,670,458	736,371	1.0%		77,427,839	429,819	77,857,458	187,000	0.2%	
State Military Department	9,813,374	9,607,788	9,607,788	(205,606)	-2.1%		9,693,822	(84,517)	9,609,305	1,539	0.0%	
Dept. of Parks & Tourism	23,798,426	24,055,272	24,055,272	256,846	1.1%		24,079,861	(5,116)	24,073,746	18,474	0.1%	
Dept. of Environmental Quality	4,412,740	4,305,480	4,305,480	(107,260)	-2.4%		4,408,266	(100,786)	4,307,481	2,001	0.0%	
Miscellaneous Agencies	64,594,884	69,702,094	69,702,094	5,107,210	7.9%		66,664,014	(73,429)	65,590,585	(4,111,505)	-5.9%	
<b>TOTAL STATE GENERAL GOVT</b>	<b>\$565,133,147</b>	<b>\$608,757,418</b>	<b>\$608,757,418</b>	<b>\$23,624,271</b>	<b>4.0%</b>		<b>\$588,805,255</b>	<b>\$15,285,785</b>	<b>\$604,071,050</b>	<b>(\$4,686,368)</b>	<b>-0.8%</b>	
<b>OTHER FUNDS</b>												
County Aid	\$21,645,067	\$21,645,067	\$21,645,067	\$0	0.0%		\$21,645,067	\$0	\$21,645,067	\$0	0.0%	
County Jail Reimbursement	18,453,607	25,953,607	25,953,607	9,500,000	51.7%		16,453,607	9,500,000	25,953,607	0	0.0%	
Crime Information Center	3,785,694	3,781,164	3,781,164	(4,490)	-0.1%		3,806,976	(24,204)	3,782,772	1,688	0.0%	
Child Support Enforcement	13,117,719	13,117,719	13,117,719	0	0.0%		13,117,719	0	13,117,719	0	0.0%	
Dept. of Health	85,301,946	84,737,095	84,737,095	(564,851)	-0.7%		84,828,774	(65,569)	84,763,205	26,110	0.0%	
Ment Adjustment Fund	5,250,000	5,200,000	5,200,000	(50,000)	-1.0%		0	10,300,000	10,300,000	5,100,000	0.0%	
Motor Vehicle Acquisition	0	0	0	0	0.0%		0	0	0	0	0.0%	
Municipal Aid	29,372,099	29,372,099	29,372,099	0	0.0%		29,372,099	0	29,372,099	0	0.0%	
State Police	66,957,393	67,209,331	67,209,331	250,938	0.4%		67,985,625	(31,287)	67,654,336	446,007	0.7%	
Dept. of Information Systems	200,000	200,000	200,000	0	0.0%		200,000	(200,000)	0	0.0%		
Dept. of Workforce Services-TANF	3,902,163	3,904,627	3,904,627	2,464	0.1%		3,904,990	0	3,904,990	363	0.0%	
<b>TOTAL OTHER FUNDS</b>	<b>\$245,985,658</b>	<b>\$240,540,789</b>	<b>\$240,540,789</b>	<b>\$5,934,071</b>	<b>2.4%</b>		<b>\$241,014,857</b>	<b>\$19,478,940</b>	<b>\$260,493,797</b>	<b>\$5,574,068</b>	<b>2.2%</b>	
<b>INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:</b>												
Arkansas State University	\$59,090,991	\$60,158,880	\$60,158,880	1,068,889	1.8%		\$59,090,991	\$1,942,155	\$61,033,146	876,266	1.5%	
Arkansas Tech University	32,216,531	32,876,880	32,876,880	660,329	2.0%		32,216,531	1,165,810	33,382,341	505,481	1.5%	
Henderson State University	18,876,011	18,876,011	18,876,011	0	0.0%		18,876,011	417,537	19,293,548	228,777	1.2%	
Southern Arkansas University	15,584,976	15,594,976	15,594,976	10,000	0.1%		15,584,976	356,402	15,941,378	190,408	1.2%	
UA-Fayetteville	120,954,440	123,579,922	123,579,922	2,625,482	2.2%		120,954,440	4,575,151	125,529,591	1,949,669	1.6%	
UA - Archeological Survey	2,327,380	2,350,654	2,350,654	23,274	1.0%		2,327,380	51,482	2,378,862	28,208	1.2%	
UA - Agriculture	62,800,138	63,428,139	63,428,139	628,001	1.0%		62,800,138	1,389,139	64,189,277	761,139	1.2%	
UA - Clinton School	2,295,575	2,295,575	2,295,575	0	0.0%		2,295,575	50,778	2,346,353	27,822	1.2%	
UA - Criminal Justice Institute	1,825,769	1,825,769	1,825,769	0	0.0%		1,825,769	40,386	1,866,155	22,128	1.2%	
UA-AR Sch.Math, Science, & Arts	1,113,015	1,124,145	1,124,145	11,130	1.0%		1,113,015	24,620	1,137,635	13,490	1.2%	
U of A - FL Smith	20,594,615	20,594,615	20,594,615	0	0.0%		20,594,615	560,780	21,155,395	275,031	1.3%	
UA-Little Rock	60,755,097	754,528	61,509,625	754,528	1.2%		80,755,087	1,535,230	62,290,327	780,702	1.3%	
UA-Medical Sciences	86,456,661	864,567	87,321,228	864,567	1.0%		86,456,661	1,912,422	88,369,083	1,047,855	1.2%	
UAMS - Child Abuse/Rape/Domestic V	735,000	742,350	742,350	7,350	1.0%		735,000	16,258	751,258	8,908	1.2%	



**WITH TAX DELAY**

**STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS**

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	TOTAL			DIFFERENCE			% INC.			
		EXECUTIVE REC.	EXECUTIVE REC.	EXECUTIVE REC.	FY16 ER VS. FY15 FRCST	FY16 ER VS. FY17 ER	OVER	OVER	OVER		
UAMS - Pediatric/Psychiatric Researc	1,950,000	19,500	1,969,500	1,950,000	19,500	1.0%	1,950,000	43,134	1,993,134	23,634	1.2%
UAMS - Child Safety Center	720,588	7,206	727,794	720,588	7,206	1.0%	720,588	15,940	736,528	8,734	1.2%
UAMS - Inpatient Care	5,342,181	53,422	5,395,603	5,342,181	53,422	1.0%	5,342,181	118,169	5,460,350	64,747	1.2%
UA-Monticello	15,946,042	185,031	16,131,073	15,946,042	185,031	1.0%	15,946,042	360,110	16,306,152	195,079	1.2%
UA-Pine Bluff	25,418,885	254,189	25,673,074	25,418,885	254,189	1.0%	25,418,885	562,266	25,981,151	308,077	1.2%
University of Central Arkansas	53,114,705	771,385	53,886,090	53,114,705	771,385	1.5%	53,114,705	1,492,849	54,607,554	721,464	1.3%
<b>Subtotal - 4 Year Institutions</b>	<b>\$598,118,601</b>	<b>\$8,593,000</b>	<b>\$606,711,601</b>	<b>\$598,118,601</b>	<b>\$8,593,000</b>	<b>1.5%</b>	<b>\$598,118,601</b>	<b>\$16,630,618</b>	<b>\$614,749,219</b>	<b>\$8,037,618</b>	<b>1.3%</b>
<b>INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:</b>											
Arkansas Northeastern College	\$8,577,052	\$85,771	\$8,662,823	\$8,577,052	\$85,771	1.0%	\$8,577,052	\$189,725	\$8,766,777	\$103,854	1.2%
Arkansas State University - Beebe	11,835,727	118,357	11,954,084	11,835,727	118,357	1.0%	11,835,727	261,806	12,097,533	143,449	1.2%
Arkansas State Univ. - Mt. Home	3,648,110	69,265	3,717,375	3,648,110	69,265	1.9%	3,648,110	124,562	3,772,672	55,297	1.5%
Arkansas State Univ. - Newport	5,992,293	75,729	6,068,022	5,992,293	75,729	1.3%	5,992,293	153,138	6,145,431	77,409	1.3%
Crossstox C C of the UA	3,395,802	50,762	3,446,564	3,395,802	50,762	1.5%	3,395,802	97,397	3,493,199	46,635	1.4%
East Arkansas Cmty. College	5,788,058	57,881	5,845,939	5,788,058	57,881	1.0%	5,788,058	128,032	5,916,090	70,151	1.2%
Mid-South Cmty College	3,858,007	38,580	3,896,587	3,858,007	38,580	1.0%	3,858,007	85,339	3,943,346	46,759	1.2%
Mid-South - ADTEC	1,500,000	15,000	1,515,000	1,500,000	15,000	1.0%	1,500,000	33,180	1,533,180	18,180	1.2%
National Park Cmty. College	9,046,489	90,465	9,136,954	9,046,489	90,465	1.0%	9,046,489	200,108	9,246,597	109,643	1.2%
North Arkansas College	7,968,984	79,670	8,048,654	7,968,984	79,670	1.0%	7,968,984	178,230	8,147,214	96,560	1.2%
NorthWest Arkansas Cmty. College	10,619,202	261,559	10,880,761	10,619,202	261,559	2.5%	10,619,202	443,640	11,062,842	182,081	1.7%
Philpps Cmty. College of the UA	9,063,088	90,631	9,153,719	9,063,088	90,631	1.0%	9,063,088	200,476	9,263,564	109,845	1.2%
Ritch Mountain Cmty. College	3,206,869	32,069	3,238,938	3,206,869	32,069	1.0%	3,206,869	70,936	3,277,805	38,867	1.2%
Southern Ark. University - Tech	5,705,511	94,004	5,799,515	5,705,511	94,004	1.6%	5,705,511	175,433	5,880,944	81,429	1.4%
SAU-Teach-Emv. Control Center	368,404	3,684	372,088	368,404	3,684	1.0%	368,404	8,149	376,553	4,465	1.2%
SAU-Teach-Fire Training Academy	1,651,221	16,512	1,667,733	1,651,221	16,512	1.0%	1,651,221	38,525	1,689,746	20,013	1.2%
South Arkansas Cmty. College	6,034,307	60,343	6,094,650	6,034,307	60,343	1.0%	6,034,307	133,479	6,167,786	73,136	1.2%
U of A - Cmty. College at Batesville	4,131,061	41,311	4,172,372	4,131,061	41,311	1.0%	4,131,061	91,379	4,222,440	50,088	1.2%
U of A - Cmty. College at Hope	4,491,997	44,920	4,536,917	4,491,997	44,920	1.0%	4,491,997	99,363	4,591,360	54,443	1.2%
U of A - Cmty. College at Morrilton	5,022,155	80,119	5,102,274	5,022,155	80,119	1.6%	5,022,155	150,868	5,173,023	70,749	1.4%
<b>Subtotal - 2 Year Institutions</b>	<b>\$111,902,317</b>	<b>\$1,406,632</b>	<b>\$113,308,949</b>	<b>\$111,902,317</b>	<b>\$1,406,632</b>	<b>1.3%</b>	<b>\$111,902,317</b>	<b>\$2,859,765</b>	<b>\$114,762,082</b>	<b>\$1,453,133</b>	<b>1.3%</b>
<b>INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges</b>											
Black River	\$6,113,516	\$68,353	\$6,181,869	\$6,113,516	\$68,353	1.1%	\$6,113,516	\$144,186	\$6,257,702	\$75,833	1.2%
Ouachita	3,527,261	38,096	3,565,357	3,527,261	38,096	1.1%	3,527,261	81,376	3,608,637	43,280	1.2%
Ozarka	3,128,475	62,734	3,191,209	3,128,475	62,734	2.0%	3,128,475	111,314	3,239,789	48,580	1.5%
Puaski	15,137,437	319,068	15,456,505	15,137,437	319,068	2.1%	15,137,437	559,681	15,697,118	240,613	1.6%
Southeast Arkansas College	5,636,798	56,368	5,693,166	5,636,798	56,368	1.0%	5,636,798	124,686	5,761,484	68,318	1.2%
<b>Subtotal - Technical Colleges</b>	<b>\$33,541,487</b>	<b>\$644,619</b>	<b>\$34,186,106</b>	<b>\$33,541,487</b>	<b>\$644,619</b>	<b>1.6%</b>	<b>\$33,541,487</b>	<b>\$1,621,243</b>	<b>\$35,162,730</b>	<b>\$478,624</b>	<b>1.4%</b>
<b>TOTAL INST'S OF H. E.</b>	<b>\$733,562,405</b>	<b>\$10,544,251</b>	<b>\$744,106,656</b>	<b>\$733,562,405</b>	<b>\$10,544,251</b>	<b>1.4%</b>	<b>\$733,562,405</b>	<b>\$20,511,626</b>	<b>\$754,074,031</b>	<b>\$9,967,375</b>	<b>1.3%</b>
Railway Day Funds	\$12,000,000	\$0	\$12,000,000	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%

**WITH TAX DELAY**

**STATE GENERAL REVENUE  
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS**

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	Fiscal Year 2016				Fiscal Year 2017						
		BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	% INC. OVER FY15	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY17 ER VS. FY16 ER
Total Request	\$5,047,000,000	\$5,036,791,310	\$196,908,690	\$5,233,700,000	\$5,233,700,000	\$198,700,000	3.7%	\$5,033,295,023	\$437,000,977	\$5,470,300,000	\$236,500,000	4.5%
OFFICIAL FORECAST 11.13.14	\$5,047,000,000			\$5,206,900,000	\$198,900,000	3.2%				\$5,448,500,000	\$241,600,000	4.8%
AHTD Natural Gas Severance Tax Road & Bridge Repair revenue reclassification				(\$2,600,000)						(\$2,700,000)		
Delay Incremental Tax Reductions for one year:												
Act 1411 of 2013 - S&J electricity & natural gas used in manufacturing				\$6,100,000						\$5,200,000		
Act 1488 of 2013 - Increase standard deduction and increase capital gains exclusion to 50%				\$23,300,000						\$18,300,000		
REVISED OFFICIAL FORECAST				\$5,233,700,000						\$5,470,300,000		
Surplus/(Deficit)				\$0						\$0		

prepared by DFA-Office of Budget 11.13.14

**90th Session Account of the GIF  
2015-2017 Biennium  
With Tax Delay**

**Estimated Available Funds:**

Unobligated Balance from the 89th Session Account (with interest projection)	\$101,215,325
FY14 General Revenue Surplus	\$78,665,578
FY16 Forecast General Revenue Surplus	\$0
Recouped General Revenue Balances from FY14	\$7,519,097
Estimated Recouped General Revenue Balances from FY15	\$5,000,000
Estimated Recouped General Revenue Balances from FY16	\$5,000,000
Old Projects Recoupment (includes one-time ADC set-aside recapture for bond refinance)	\$4,500,000
Outlawed Warrants	\$0
Interest Estimate for FY16 & FY17	\$14,000,000

**Total Estimated Funds for 2015-2017 Biennium** \$215,900,000

**Less 90th Session Supplemental Requests**

Dept. of Correction - Holiday Pay	\$11,000,000
Dept. of Correction - County Jail Reimbursements	\$6,000,000

**Total 90th Session Supplemental Requests** \$17,000,000

**Less Mandatory/Debt Obligations & Rainy Day Set-Aside:**

Dept. of Correction - Lease Payments	\$13,000,000
Dept. of Human Services - Medical Services - Medicaid Biennial Funding Shortfall	\$40,000,000
Dept. of Education - Educational Facilities Biennial Funding Shortfall	\$65,000,000

**Total Mandatory/Debt Payments** \$118,000,000

**Available Funds - 90th Session Projects Account** \$80,900,000

**Less Recommended Executive/Legislative Shared Project Funding**

AR Economic Development Comm. - Quick Action Closing Fund	\$50,000,000
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**Total Recommended Executive/Legislative Shared Project Funding** \$50,000,000

**Executive Division Projects:**

50% of Available Funds until Legislative Distribution Cap is reached	\$15,450,000
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**Total Executive Projects** \$15,450,000

**Legislative Division Projects:**

50% up to \$30.9 million	\$15,450,000
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**Total Legislative Projects** \$15,450,000

**Ending Balance - 90th Session Projects Account** \$0