



STATE OF ARKANSAS
Department of Finance
and Administration

OFFICE OF BUDGET
1509 West Seventh Street, Suite 402
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-1941
Fax: (501) 682-1086
<http://www.dfa.arkansas.gov>

January 30, 2015

Members of the 90th General Assembly
State Capitol Building
Little Rock, AR 72201

Dear Legislator:

This budget manual has been prepared for the Ninetieth General Assembly by the Department of Finance and Administration – Office of Budget.

Contained herein you will find all requests for appropriations from operating funds, as formulated by the various agencies of State Government for the 2015-2017 Biennium. In addition, you will find Governor Beebe's recommendations under the balanced budget requirement, as well as the final actions adopted by the Arkansas Legislative Council/Joint Budget Committee on each appropriation.

Included in the front of Volume I are schedules that summarize the current biennium's General Revenue distribution and the requests and recommendations for the next biennium, the current allocations and estimates for the Educational Excellence Trust Fund, the Workforce 2000 Development Fund and the Official Forecast of the General Revenues presented to the ALC/JBC Committee in November.

Also included is Governor's Hutchinson's Balanced Budget for state general revenue as presented to the Joint Budget Committee in January.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Sharp", written over a horizontal line.

Brandon R. Sharp
State Budget Administrator

BRS:yc

SILVER MANUAL
TABLE OF CONTENTS
VOLUME I

	<u>Page #</u>
SUMMARY & SCHEDULES	
Executive & Legislative Recommendations for General Revenue - Governor Beebe	
Executive & Legislative Recommendations for General Revenue - Governor Hutchinson	
Educational Excellence Trust Fund	
Workforce 2000 Development Fund	
State/National Economic & Revenue Forecast	
LEGISLATIVE OFFICES	
Legislative Audit	1
Legislative Research, Bureau of	2
Legislative Research - Disbursing Officer	3
JUDICIAL OFFICES	
Administrative Office of the Courts	7
Attorney General, Office of the	33
Court of Appeals	43
Judicial Discipline and Disability Commission	44
Prosecutor Coordinator, Office of the	46
Supreme Court	51
OTHER CONSTITUTIONAL OFFICES	
Auditor of State.....	55
Board of Finance	70
Game and Fish Commission, Arkansas	74
Governor's Mansion Commission	79
Governor, Office of the	82
Highway & Transportation Department, State	85
Lands, Commissioner of State	96
Lieutenant Governor, Office of the	102
Office of Medicaid Inspector General	103
Secretary of State	109
Treasurer of State	121
County Aid	133
Municipal Aid	144
INSTITUTIONS OF HIGHER EDUCATION	
Arkansas Northeastern College	151
Arkansas State University - Beebe	153
Arkansas State University - Jonesboro	157
Arkansas State University - Mountain Home	160
Arkansas State University - Newport	162

	Page #
Arkansas Tech University	164
Black River Technical College	166
Cossatot Community College of the University of Arkansas	168
East Arkansas Community College	170
Henderson State University	172
Mid-South Community College	174
National Park Community College	177
North Arkansas College	179
Northwest Arkansas Community College	181
Ouachitas, College of the	184
Ozarka College	186
Phillips Community College of the University of Arkansas	188
Pulaski Technical College	194
Rich Mountain Community College	196
South Arkansas Community College	198
Southeast Arkansas College	200
Southern Arkansas University - Magnolia	202
Southern Arkansas University - Tech	205
University of Arkansas Community College at Batesville	211
University of Arkansas Community College at Hope	213
University of Arkansas Community College at Morrilton	215
University of Arkansas at Fayetteville	217
University of Arkansas at Fort Smith	235
University of Arkansas at Little Rock	237
University of Arkansas at Medical Sciences	241
University of Arkansas at Monticello	263
University of Arkansas at Pine Bluff	269
University of Central Arkansas	271
PROFESSIONAL REGULATORY BOARDS & COMMISSIONS	
Abstracters' Board of Examiners, Arkansas	273
Accountancy, State Board of	275
Acupuncture & Related Techniques, AR State Board of	277
Alcoholism & Drug Abuse Counselors Board, Examiners of	279
Appraiser Licensing & Certification Board, Arkansas	281
Architects, Landscape Architects & Interior Designers, St Bd of	283
Athletic Training, Arkansas State Board of	285
Auctioneer's Licensing Board	287
Bail Bondsman Licensing Board, Professional	289
Barber Examiners, State Board of	296
Beef Council, Arkansas	298

	<u>Page #</u>
Burial Association Board, Arkansas	300
Capitol Zoning District Commission	302
Catfish Promotion Board, Arkansas	305
Cemetery Board, Arkansas	307
Child Abuse & Neglect Prevention Board, State	309
Chiropractic Examiners, AR State Board of	314
Collection Agencies, State Board of	316
Contractors Licensing Board	318
Corn & Grain Sorghum Promotion Board, Arkansas	320
Counseling, Arkansas Board of Examiners in	322
Dental Examiners, State Board of	325
Dietetics Licensing Board, Arkansas	327
Dispensing Opticians, State Board of	329
Embalmers & Funeral Directors, State Board of	331
Engineers & Land Surveyors, St Bd of Licensure for Professional	333
Fire Protection Licensing Board	335
Foresters, State Board of Registration for	337
Hearing Instrument Dispensers, Arkansas Board of	339
Home Inspector Registration Board, Arkansas	341
Manufactured Home Commission, Arkansas	346
Massage Therapy, Arkansas State Board of	351
Medical Board, Arkansas State	353
Motor Vehicle Commission, Arkansas	356
Nursing, Arkansas State Board of	358
Optometry, State Board of	368
Pharmacy, Arkansas State Board of	370
Physical Therapy, Arkansas State Board of	375
Podiatric Medicine, Arkansas Board of	377
Private Career Education, State Board of	379
Psychology Board, Arkansas	386
Real Estate Commission	388
Rice Research & Promotion Board, Arkansas	393
Social Work Licensing Board	395
Soil Classifiers, AR State Board of Professional	397
Soybean Promotion Board, Arkansas	399
Speech-Language Pathology & Audiology	401
Towing and Recovery Board	403
Veterinary Medical Examining Board	405
Wheat Promotion Board, Arkansas	407

Governor Beebe Budget
WITH TAX DELAY

STATE GENERAL REVENUE
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

		Fiscal Year 2016					Fiscal Year 2017				
FUND ACCOUNTS	FY15 FORECAST			TOTAL	DIFFERENCE	% INC.			TOTAL	DIFFERENCE	% INC.
		EXECUTIVE	EXECUTIVE	EXECUTIVE	FY16 ER VS.	OVER	EXECUTIVE	EXECUTIVE	EXECUTIVE	FY16 ER VS.	OVER
		BASE LEVEL	REC.	REC.	FY15 FRCST	FY15	BASE LEVEL	REC.	REC.	FY17 ER	FY16
General Education	\$2,073,953,020	\$2,073,953,020	\$50,850,760	\$2,124,803,780	\$50,850,760	2.5%	\$2,073,953,020	\$77,576,790	\$2,151,529,810	\$26,726,030	1.3%
State Library	5,672,143	5,700,000	0	5,700,000	27,857	0.5%	5,700,000	0	5,700,000	0	0.0%
Career Education	32,284,224	32,293,517	0	32,293,517	9,293	0.0%	32,293,517	0	32,293,517	0	0.0%
PUBLIC SCHOOL FUND	\$2,111,909,387	\$2,111,946,537	\$50,850,760	\$2,162,797,297	\$50,887,910	2.4%	\$2,111,946,537	\$77,576,790	\$2,189,523,327	\$26,726,030	1.2%
GENERAL EDUCATION FUND											
Dept. of Education	\$16,587,878	\$16,328,820	(\$98,583)	\$16,230,237	(\$357,641)	-2.2%	\$16,338,031	(\$98,583)	\$16,239,448	\$9,211	0.1%
Educational Facilities Partnership	34,828,951	34,828,951	16,500,000	51,328,951	16,500,000	47.4%	34,828,951	16,500,000	51,328,951	0	0.0%
Academic Facilities &Transportation	2,552,126	2,535,088	0	2,535,088	(17,038)	-0.7%	\$2,535,940	0	2,535,940	852	0.0%
Educational Television	5,398,432	5,347,729	(1,085)	5,346,644	(51,788)	-1.0%	5,352,733	(1,085)	5,351,648	5,004	0.1%
School for the Blind	6,460,275	6,376,077	702,825	7,078,902	618,627	9.6%	6,376,077	702,825	7,078,902	0	0.0%
School for the Deaf	10,875,424	10,959,622	(711,773)	10,247,849	(627,575)	-5.8%	10,959,622	(711,773)	10,247,849	0	0.0%
State Library	3,616,959	3,628,345	3,699	3,632,044	15,085	0.4%	3,630,671	3,699	3,634,370	2,326	0.1%
Dept. of Career Education	3,710,773	3,530,275	(9,783)	3,520,492	(190,281)	-5.1%	3,534,043	(9,783)	3,524,260	3,768	0.1%
Rehabilitation Services	13,261,785	13,261,785	(14,643)	13,247,142	(14,643)	-0.1%	13,261,785	(14,643)	13,247,142	0	0.0%
Subtotal - General Education	\$97,292,603	\$96,796,692	\$16,370,657	\$113,167,349	\$15,874,746	16.3%	\$96,817,853	\$16,370,657	\$113,188,510	\$21,161	0.0%
Technical Institutes:											
Crowley's Ridge TI	\$2,671,624	\$2,671,624	\$0	\$2,671,624	\$0	0.0%	\$2,674,878	\$0	\$2,674,878	\$3,254	0.1%
Northwest TI	3,107,551	3,107,551	0	3,107,551	0	0.0%	3,107,551	0	3,107,551	0	0.0%
Riverside VTS	2,315,015	2,324,889	(1,085)	2,323,804	8,789	0.4%	2,326,189	(1,085)	2,325,104	1,300	0.1%
Subtotal - Technical Institutes	\$8,094,190	\$8,104,064	(\$1,085)	\$8,102,979	\$8,789	0.1%	\$8,108,618	(\$1,085)	\$8,107,533	\$4,554	0.1%
TOTAL GENERAL ED. FUND	\$105,386,793	\$104,900,756	\$16,369,572	\$121,270,328	\$15,883,535	15.1%	\$104,926,471	\$16,369,572	\$121,296,043	\$25,715	0.0%
HUMAN SERVICES FUND											
DHS-Administration	\$16,189,017	\$16,296,126	\$14,288	\$16,310,414	\$121,397	0.7%	\$16,302,430	\$14,288	\$16,316,718	\$6,304	0.0%
Aging and Adult Services	17,678,664	17,738,898	(11,236)	17,727,662	48,998	0.3%	17,742,854	(11,236)	17,731,618	3,956	0.0%
Children & Family Services	49,473,578	61,907,811	10,059,550	71,967,361	22,493,783	45.5%	61,917,075	7,059,550	68,976,625	(2,990,736)	-4.2%
Child Care/Early Childhood Ed.	1,175,882	1,180,649	(1,124)	1,179,525	3,643	0.3%	1,181,108	(1,124)	1,179,984	459	0.0%
Youth Services	48,258,568	48,308,969	(31,462)	48,277,507	18,939	0.0%	48,311,143	(31,462)	48,279,681	2,174	0.0%
Devel. Disab. Services	66,376,228	66,515,048	38,531	66,553,579	177,351	0.3%	66,536,422	38,531	66,574,953	21,374	0.0%
Medical Services	5,094,291	3,969,700	3,233,314	7,203,014	2,108,723	41.4%	3,969,700	3,890,577	7,860,277	657,263	9.1%
DHS-Grants	922,114,864	906,258,715	75,784,780	982,043,495	59,928,631	6.5%	906,258,715	277,030,165	1,183,288,880	201,245,385	20.5%
Behavioral Health	75,924,095	79,725,584	(51,687)	79,673,897	3,749,802	4.9%	79,744,397	(51,687)	79,692,710	18,813	0.0%
Services for the Blind	1,902,128	1,903,930	(1,124)	1,902,806	678	0.0%	1,904,194	(1,124)	1,903,070	264	0.0%
County Operations	48,835,295	49,147,526	(138,214)	49,009,312	174,017	0.4%	49,175,450	(138,214)	49,037,236	27,924	0.1%
TOTAL HUMAN SERVICES	\$1,253,022,610	\$1,252,952,956	\$88,895,616	\$1,341,848,572	\$88,825,962	7.1%	\$1,253,043,488	\$287,798,264	\$1,540,841,752	\$198,993,180	14.8%

Governor Beebe Budget
WITH TAX DELAY

STATE GENERAL REVENUE
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

FUND ACCOUNTS	FY15 FORECAST	Fiscal Year 2016					Fiscal Year 2017				
		BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	% INC. OVER FY15	BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY17 ER	% INC. OVER FY16
STATE GENERAL GOV'T FUND											
Dept. of Ark. Heritage	\$6,649,702	\$6,712,607	(\$29,423)	\$6,683,184	\$33,482	0.5%	\$6,716,282	(\$28,482)	\$6,687,800	\$4,616	0.1%
Department of Agriculture	17,899,792	17,951,667	(523)	17,951,144	51,352	0.3%	17,961,306	(523)	17,960,783	9,639	0.1%
Dept. of Labor	3,209,846	3,267,489	39,926	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	3,440,731	(6,281)	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	0	40,017,466	0	0.0%	40,017,466	0	40,017,466	0	0.0%
Dept. of Economic Development	12,050,803	12,102,228	(11,755)	12,090,473	39,670	0.3%	12,102,228	(11,755)	12,090,473	0	0.0%
Dept. of Correction	322,311,296	324,025,089	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	76,934,087	77,427,839	242,619	77,670,458	736,371	1.0%	77,427,839	429,619	77,857,458	187,000	0.2%
State Military Department	9,813,374	9,692,283	(84,517)	9,607,766	(205,608)	-2.1%	9,693,822	(84,517)	9,609,305	1,539	0.0%
Dept. of Parks & Tourism	23,798,426	24,060,387	(5,115)	24,055,272	256,846	1.1%	24,078,861	(5,115)	24,073,746	18,474	0.1%
Dept. of Environmental Quality	4,412,740	4,406,265	(100,785)	4,305,480	(107,260)	-2.4%	4,408,266	(100,785)	4,307,481	2,001	0.0%
Miscellaneous Agencies	64,594,884	69,783,816	(81,722)	69,702,094	5,107,210	7.9%	65,664,014	(73,429)	65,590,585	(4,111,509)	-5.9%
TOTAL STATE GENERAL GOV'T	\$585,133,147	\$592,887,867	\$15,869,551	\$608,757,418	\$23,624,271	4.0%	\$588,805,265	\$15,265,785	\$604,071,050	(\$4,686,368)	-0.8%
OTHER FUNDS											
County Aid	\$21,645,067	\$21,645,067	\$0	\$21,645,067	\$0	0.0%	\$21,645,067	\$0	\$21,645,067	\$0	0.0%
County Jail Reimbursement	16,453,607	16,453,607	9,500,000	25,953,607	9,500,000	57.7%	16,453,607	9,500,000	25,953,607	0	0.0%
Crime Information Center	3,785,664	3,805,388	(24,204)	3,781,184	(4,480)	-0.1%	3,806,976	(24,204)	3,782,772	1,588	0.0%
Child Support Enforcement	13,117,719	13,117,719	0	13,117,719	0	0.0%	13,117,719	0	13,117,719	0	0.0%
Dept. of Health	85,301,946	84,802,664	(65,569)	84,737,095	(564,851)	-0.7%	84,828,774	(65,569)	84,763,205	26,110	0.0%
Merit Adjustment Fund	5,250,000	0	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	0.0%
Municipal Aid	29,372,099	29,372,099	0	29,372,099	0	0.0%	29,372,099	0	29,372,099	0	0.0%
State Police	66,957,393	67,239,618	(31,287)	67,208,331	250,938	0.4%	67,685,625	(31,287)	67,654,338	446,007	0.7%
Dept. of Information Systems	200,000	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	3,904,627	0	3,904,627	2,464	0.1%	3,904,990	0	3,904,990	363	0.0%
TOTAL OTHER FUNDS	\$245,985,658	\$240,540,789	\$14,378,940	\$254,919,729	\$8,934,071	3.6%	\$241,014,857	\$19,478,940	\$260,493,797	\$5,574,068	2.2%
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:											
Arkansas State University	\$59,090,991	\$59,090,991	\$1,065,889	\$60,156,880	1,065,889	1.8%	\$59,090,991	\$1,942,155	\$61,033,146	876,266	1.5%
Arkansas Tech University	32,216,531	32,216,531	660,329	32,876,860	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	188,760	19,064,771	188,760	1.0%	18,876,011	417,537	19,293,548	228,777	1.2%
Southern Arkansas University	15,584,976	15,584,976	165,994	15,750,970	165,994	1.1%	15,584,976	356,402	15,941,378	190,408	1.2%
UA-Fayetteville	120,954,440	120,954,440	2,625,482	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	2,327,380	23,274	2,350,654	23,274	1.0%	2,327,380	51,482	2,378,862	28,208	1.2%
UA - Agriculture	62,800,138	62,800,138	628,001	63,428,139	628,001	1.0%	62,800,138	1,389,139	64,189,277	761,138	1.2%
UA - Clinton School	2,295,575	2,295,575	22,956	2,318,531	22,956	1.0%	2,295,575	50,778	2,346,353	27,822	1.2%
UA - Criminal Justice Institute	1,825,769	1,825,769	18,258	1,844,027	18,258	1.0%	1,825,769	40,386	1,866,155	22,128	1.2%
UA-AR Sch.Math, Science, & Arts	1,113,015	1,113,015	11,130	1,124,145	11,130	1.0%	1,113,015	24,620	1,137,635	13,490	1.2%
U of A - Ft. Smith	20,594,615	20,594,615	285,749	20,880,364	285,749	1.4%	20,594,615	560,780	21,155,395	275,031	1.3%
UA-Little Rock	60,755,097	60,755,097	754,528	61,509,625	754,528	1.2%	60,755,097	1,535,230	62,290,327	780,702	1.3%
UA-Medical Sciences	86,456,661	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	735,000	7,350	742,350	7,350	1.0%	735,000	16,258	751,258	8,908	1.2%

Governor Beebe Budget
WITH TAX DELAY

STATE GENERAL REVENUE
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

		Fiscal Year 2016					Fiscal Year 2017				
FUND ACCOUNTS	FY15		EXECUTIVE	TOTAL	DIFFERENCE	% INC.		EXECUTIVE	TOTAL	DIFFERENCE	% INC.
	FORECAST	BASE LEVEL	REC.	EXECUTIVE REC.	FY16 ER VS. FY15 FRCST	OVER FY15	BASE LEVEL	REC.	EXECUTIVE REC.	FY16 ER VS. FY17 ER	OVER FY16
UAMS - Pediatrics/Psychiatric Researc	1,950,000	1,950,000	19,500	1,969,500	19,500	1.0%	1,950,000	43,134	1,993,134	23,634	1.2%
UAMS - Child Safety Center	720,588	720,588	7,206	727,794	7,206	1.0%	720,588	15,940	736,528	8,734	1.2%
UAMS - Indigent Care	5,342,181	5,342,181	53,422	5,395,603	53,422	1.0%	5,342,181	118,169	5,460,350	64,747	1.2%
UA-Monticello	15,946,042	15,946,042	165,031	16,111,073	165,031	1.0%	15,946,042	360,110	16,306,152	195,079	1.2%
UA-Pine Bluff	25,418,885	25,418,885	254,189	25,673,074	254,189	1.0%	25,418,885	562,266	25,981,151	308,077	1.2%
University of Central Arkansas	53,114,705	53,114,705	771,385	53,886,090	771,385	1.5%	53,114,705	1,492,849	54,607,554	721,464	1.3%
Subtotal - 4 Year Institutions	\$588,118,601	\$588,118,601	\$8,593,000	\$596,711,601	\$8,593,000	1.5%	\$588,118,601	\$16,630,618	\$604,749,219	\$8,037,618	1.3%
INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:											
Arkansas Northeastern College	\$8,577,052	\$8,577,052	\$85,771	\$8,662,823	\$85,771	1.0%	\$8,577,052	\$189,725	\$8,766,777	\$103,954	1.2%
Arkansas State University - Beebe	11,835,727	11,835,727	118,357	11,954,084	118,357	1.0%	11,835,727	261,806	12,097,533	143,449	1.2%
Arkansas State Univ.-Mt. Home	3,648,110	3,648,110	69,265	3,717,375	69,265	1.9%	3,648,110	124,562	3,772,672	55,297	1.5%
Arkansas State Univ. - Newport	5,992,293	5,992,293	75,729	6,068,022	75,729	1.3%	5,992,293	153,138	6,145,431	77,409	1.3%
Cossatot C C of the UA	3,395,802	3,395,802	50,762	3,446,564	50,762	1.5%	3,395,802	97,397	3,493,199	46,635	1.4%
East Arkansas Cmty. College	5,788,058	5,788,058	57,881	5,845,939	57,881	1.0%	5,788,058	128,032	5,916,090	70,151	1.2%
Mid-South Cmty. College	3,858,007	3,858,007	38,580	3,896,587	38,580	1.0%	3,858,007	85,339	3,943,346	46,759	1.2%
Mid-South - ADTEC	1,500,000	1,500,000	15,000	1,515,000	15,000	1.0%	1,500,000	33,180	1,533,180	18,180	1.2%
National Park Cmty. College	9,046,489	9,046,489	90,465	9,136,954	90,465	1.0%	9,046,489	200,108	9,246,597	109,643	1.2%
North Arkansas College	7,966,964	7,966,964	79,670	8,046,634	79,670	1.0%	7,966,964	176,230	8,143,194	96,560	1.2%
NorthWest Arkansas Cmty. College	10,619,202	10,619,202	261,559	10,880,761	261,559	2.5%	10,619,202	443,640	11,062,842	182,081	1.7%
Phillips Cmty. College of the UA	9,063,088	9,063,088	90,631	9,153,719	90,631	1.0%	9,063,088	200,476	9,263,564	109,845	1.2%
Rich Mountain Cmty. College	3,206,869	3,206,869	32,069	3,238,938	32,069	1.0%	3,206,869	70,936	3,277,805	38,867	1.2%
Southern Ark. University - Tech	5,705,511	5,705,511	94,004	5,799,515	94,004	1.6%	5,705,511	175,433	5,880,944	81,429	1.4%
SAU-Tech-Envir. Control Center	368,404	368,404	3,684	372,088	3,684	1.0%	368,404	8,149	376,553	4,465	1.2%
SAU-Tech-Fire Training Academy	1,651,221	1,651,221	16,512	1,667,733	16,512	1.0%	1,651,221	36,525	1,687,746	20,013	1.2%
South Arkansas Cmty. College	6,034,307	6,034,307	60,343	6,094,650	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	4,131,061	41,311	4,172,372	41,311	1.0%	4,131,061	91,379	4,222,440	50,068	1.2%
U of A - Cmty. College at Hope	4,491,997	4,491,997	44,920	4,536,917	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	5,022,155	80,119	5,102,274	80,119	1.6%	5,022,155	150,868	5,173,023	70,749	1.4%
Subtotal - 2 Year Institutions	\$111,902,317	\$111,902,317	\$1,406,632	\$113,308,949	\$1,406,632	1.3%	\$111,902,317	\$2,859,765	\$114,762,082	\$1,453,133	1.3%
INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges											
Black River	\$6,113,516	\$6,113,516	\$68,353	\$6,181,869	\$68,353	1.1%	\$6,113,516	\$144,186	\$6,257,702	\$75,833	1.2%
Ouachita	3,527,261	3,527,261	38,096	3,565,357	38,096	1.1%	3,527,261	81,376	3,608,637	43,280	1.2%
Ozarka	3,126,475	3,126,475	62,734	3,189,209	62,734	2.0%	3,126,475	111,314	3,237,789	48,580	1.5%
Pulaski	15,137,437	15,137,437	319,068	15,456,505	319,068	2.1%	15,137,437	559,681	15,697,118	240,613	1.6%
Southeast Arkansas College	5,636,798	5,636,798	56,368	5,693,166	56,368	1.0%	5,636,798	124,686	5,761,484	68,318	1.2%
Subtotal - Technical Colleges	\$33,541,487	\$33,541,487	\$544,619	\$34,086,106	\$544,619	1.6%	\$33,541,487	\$1,021,243	\$34,562,730	\$476,624	1.4%
TOTAL INST'S OF H. E.	\$733,562,405	\$733,562,405	\$10,544,251	\$744,106,656	10,544,251	1.4%	\$733,562,405	\$20,511,626	\$754,074,031	9,967,375	1.3%
Rainy Day Funds	\$12,000,000	\$0	\$0	\$0	0	0.0%	\$0	\$0	\$0	0	0.0%

Governor Beebe Budget
WITH TAX DELAY

STATE GENERAL REVENUE
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

FUND ACCOUNTS	FY15 FORECAST	Fiscal Year 2016					Fiscal Year 2017				
		BASE LEVEL	EXECUTIVE REC.	TOTAL	DIFFERENCE	% INC.	BASE LEVEL	EXECUTIVE REC.	TOTAL	DIFFERENCE	% INC.
				EXECUTIVE REC.	FY16 ER VS. FY15 FRCST	OVER FY15			EXECUTIVE REC.	FY16 ER VS. FY17 ER	OVER FY16
Total Request	<u>\$5,047,000,000</u>	<u>\$5,036,791,310</u>	<u>\$196,908,690</u>	<u>\$5,233,700,000</u>	<u>\$186,700,000</u>	<u>3.7%</u>	<u>\$5,033,299,023</u>	<u>\$437,000,977</u>	<u>\$5,470,300,000</u>	<u>\$236,600,000</u>	<u>4.5%</u>
OFFICIAL FORECAST 11.13.14	\$5,047,000,000			\$5,206,900,000	\$159,900,000	<u>3.2%</u>			\$5,448,500,000	\$241,600,000	<u>4.6%</u>
AHTD Natural Gas Severence Tax Road & Bridge Repair revenue reclassification				(\$2,600,000)					(\$2,700,000)		
Delay Incremental Tax Reductions for one year:											
Act 1411 of 2013 - S&U electricity & natual gas used in manufacturing				\$6,100,000					\$5,200,000		
Act 1488 of 2013 - Increase standard deduction and increase capital gains exclusion to 50%				<u>\$23,300,000</u>					<u>\$19,300,000</u>		
REVISED OFFOCIAL FORECAST				\$5,233,700,000					\$5,470,300,000		
Surplus/(Deficit)	\$0			\$0					\$0		

prepared by DFA-Office of Budget 11.13.14

STATE GENERAL REVENUE

2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

		Fiscal Year 2016					Fiscal Year 2017				
FUND ACCOUNTS	FY15 FORECAST			TOTAL	DIFFERENCE	% INC.			TOTAL	DIFFERENCE	% INC.
		EXECUTIVE	EXECUTIVE	FY16 ER VS.	OVER		EXECUTIVE	EXECUTIVE	FY16 ER VS.	OVER	
		BASE LEVEL	REC.	REC.	FY15 FRCST	FY15	BASE LEVEL	REC.	REC.	FY17 ER	FY16
General Education	\$2,073,953,020	\$2,073,953,020	\$50,850,760	\$2,124,803,780	\$50,850,760	2.5%	\$2,073,953,020	\$77,576,790	\$2,151,529,810	\$26,726,030	1.3%
State Library	5,672,143	5,700,000	(58,081)	5,641,919	(30,224)	-0.5%	5,700,000	(58,081)	5,641,919	0	0.0%
Career Education	32,284,224	32,293,517	(329,062)	31,964,455	(319,769)	-1.0%	32,293,517	(329,062)	31,964,455	0	0.0%
PUBLIC SCHOOL FUND	\$2,111,909,387	\$2,111,946,537	\$50,463,617	\$2,162,410,154	\$50,500,767	2.4%	\$2,111,946,537	\$77,189,647	\$2,189,136,184	\$26,726,030	1.2%
GENERAL EDUCATION FUND											
Dept. of Education	\$16,587,878	\$16,328,820	(\$166,386)	\$16,162,434	(\$425,444)	-2.6%	\$16,338,031	(\$166,480)	\$16,171,551	\$9,117	0.1%
Educational Facilities Partnership	34,828,951	34,828,951	10,000,000	44,828,951	10,000,000	28.7%	34,828,951	16,500,000	51,328,951	6,500,000	14.5%
Academic Facilities & Transportation	2,552,126	2,535,088	(25,832)	2,509,256	(42,870)	-1.7%	\$2,535,940	(25,841)	2,510,099	843	0.0%
Educational Television	5,398,432	5,347,729	(54,492)	5,293,237	(105,195)	-1.9%	5,352,733	(54,543)	5,298,190	4,953	0.1%
School for the Blind	6,460,275	6,376,077	640,864	7,016,941	556,666	8.6%	6,376,077	640,864	7,016,941	0	0.0%
School for the Deaf	10,875,424	10,959,622	(817,509)	10,142,113	(733,311)	-6.7%	10,959,622	(817,509)	10,142,113	0	0.0%
State Library	3,616,959	3,628,345	(36,972)	3,591,373	(25,586)	-0.7%	3,630,671	(36,996)	3,593,675	2,302	0.1%
Dept. of Career Education	3,710,773	3,530,275	(35,973)	3,494,302	(216,471)	-5.8%	3,534,043	(36,011)	3,498,032	3,730	0.1%
Rehabilitation Services	13,261,785	13,261,785	(135,134)	13,126,651	(135,134)	-1.0%	13,261,785	(135,134)	13,126,651	0	0.0%
Subtotal - General Education	\$97,292,603	\$96,796,692	\$9,368,566	\$106,165,258	\$8,872,655	9.1%	\$96,817,853	\$15,868,351	\$112,686,204	\$6,520,945	6.1%
Technical Institutes:											
Crowley's Ridge TI	\$2,671,624	\$2,671,624	(\$27,223)	\$2,644,401	(\$27,223)	-1.0%	\$2,674,878	(\$27,256)	\$2,647,622	\$3,221	0.1%
Northwest TI	3,107,551	3,107,551	(31,665)	3,075,886	(31,665)	-1.0%	3,107,551	(31,665)	3,075,886	0	0.0%
Riverside VTS	2,315,015	2,324,889	(23,690)	2,301,199	(13,816)	-0.6%	2,326,189	(23,703)	2,302,486	1,287	0.1%
Subtotal - Technical Institutes	\$8,094,190	\$8,104,064	(\$82,578)	\$8,021,486	(\$72,704)	-0.9%	\$8,108,618	(\$82,625)	\$8,025,993	\$4,508	0.1%
TOTAL GENERAL ED. FUND	\$105,386,793	\$104,900,756	\$9,285,988	\$114,186,744	\$8,799,951	8.4%	\$104,926,471	\$15,785,726	\$120,712,197	\$6,525,453	5.7%
HUMAN SERVICES FUND											
DHS-Administration	\$16,189,017	\$16,296,126	(\$159,871)	\$16,136,255	(\$52,762)	-0.3%	\$16,302,430	(\$159,935)	\$16,142,495	\$6,240	0.0%
Aging and Adult Services	17,678,664	17,738,898	(191,232)	17,547,666	(130,998)	-0.7%	17,742,854	(191,273)	17,551,581	3,916	0.0%
Children & Family Services	49,473,578	61,907,811	4,184,972	66,092,783	16,619,205	33.6%	61,917,075	4,184,972	66,102,047	9,264	0.0%
Child Care/Early Childhood Ed.	1,175,882	1,180,649	(16,192)	1,164,457	(11,425)	-1.0%	1,181,108	(16,197)	1,164,911	454	0.0%
Youth Services	48,258,568	48,308,969	(500,513)	47,808,456	(450,112)	-0.9%	48,311,143	(500,535)	47,810,608	2,152	0.0%
Devel. Disab. Services	66,376,228	66,515,048	(644,079)	65,870,969	(505,259)	-0.8%	66,536,422	(644,296)	65,892,126	21,156	0.0%
Medical Services	5,094,291	3,969,700	3,227,800	7,197,500	2,103,209	41.3%	3,969,700	3,885,063	7,854,763	657,263	9.1%
DHS-Grants	922,114,864	906,258,715	76,936,769	983,195,484	61,080,620	6.6%	906,258,715	215,900,897	1,122,159,612	138,964,128	14.1%
Behavioral Health	75,924,095	79,725,584	(855,190)	78,870,394	2,946,299	3.9%	79,744,397	(855,382)	78,889,015	18,621	0.0%
Services for the Blind	1,902,128	1,903,930	(20,506)	1,883,424	(18,704)	-1.0%	1,904,194	(20,508)	1,883,686	261	0.0%
County Operations	48,835,295	49,147,526	(666,039)	48,481,487	(353,808)	-0.7%	49,175,450	(666,324)	48,509,126	27,639	0.1%
TOTAL HUMAN SERVICES	\$1,253,022,610	\$1,252,952,956	\$81,295,919	\$1,334,248,875	\$81,226,265	6.5%	\$1,253,043,488	\$220,916,481	\$1,473,959,969	\$139,711,095	10.5%

STATE GENERAL REVENUE

2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

Fiscal Year 2016							Fiscal Year 2017				
FUND ACCOUNTS	FY15 FORECAST	EXECUTIVE		TOTAL	DIFFERENCE	% INC.	EXECUTIVE		TOTAL	DIFFERENCE	% INC.
		BASE LEVEL	REC.	EXECUTIVE	FY16 ER VS.	OVER	BASE LEVEL	REC.	EXECUTIVE	FY16 ER VS.	OVER
				REC.	FY15 FRCST	FY15			REC.	FY17 ER	FY16
STATE GENERAL GOV'T FUND											
Dept. of Ark. Heritage	\$6,649,702	\$6,712,607	(\$103,842)	\$6,608,765	(\$40,937)	-0.6%	\$6,716,282	(\$103,879)	\$6,612,403	\$3,638	0.1%
Department of Agriculture	17,899,792	17,951,667	(210,646)	\$17,741,021	(158,771)	-0.9%	17,961,306	(210,745)	\$17,750,561	9,541	0.1%
Dept. of Labor	3,209,846	3,267,489	(39,934)	3,227,555	17,709	0.6%	3,269,361	(39,953)	3,229,408	1,853	0.1%
Dept. of Higher Education	3,440,731	3,440,731	(41,549)	3,399,182	(41,549)	-1.2%	3,440,731	(41,549)	3,399,182	0	0.0%
Dept. of H.E.-Grants	40,017,466	40,017,466	0	40,017,466	0	0.0%	40,017,466	0	40,017,466	0	0.0%
Dept. of Economic Development	12,050,803	12,102,228	(135,588)	11,966,640	(84,163)	-0.7%	12,102,228	(135,588)	11,966,640	0	0.0%
Dept. of Correction	322,311,296	324,025,089	12,638,166	336,663,255	14,351,959	4.5%	324,025,089	11,794,617	335,819,706	(843,549)	-0.3%
Dept. of Community Correction	76,934,087	77,427,839	1,182,790	78,610,629	1,676,542	2.2%	77,427,839	1,182,790	78,610,629	0	0.0%
State Military Department	9,813,374	9,692,283	(264,581)	9,427,702	(385,672)	-3.9%	9,693,822	(264,596)	9,429,226	1,523	0.0%
Dept. of Parks & Tourism	23,798,426	24,060,387	(285,897)	23,774,490	(23,936)	-0.1%	24,078,861	(286,085)	23,792,776	18,286	0.1%
Dept. of Environmental Quality	4,412,740	4,406,265	(154,087)	4,252,178	(160,562)	-3.6%	4,408,266	(154,107)	4,254,159	1,981	0.0%
Miscellaneous Agencies	64,594,884	\$69,783,816	(3,282,508)	66,501,308	1,906,424	3.0%	\$65,664,014	(3,287,793)	62,376,221	(4,125,087)	-6.2%
TOTAL STATE GENERAL GOV'T	\$585,133,147	\$592,887,867	\$9,302,325	\$602,190,192	\$17,057,045	2.9%	\$588,805,265	\$8,453,112	\$597,258,377	(\$4,931,815)	-0.8%
OTHER FUNDS											
County Aid	\$21,645,067	\$21,645,067	\$0	\$21,645,067	\$0	0.0%	\$21,645,067	\$0	\$21,645,067	\$0	0.0%
County Jail Reimbursement	16,453,607	16,453,607	11,400,000	27,853,607	11,400,000	69.3%	16,453,607	11,400,000	27,853,607	0	0.0%
Crime Information Center	3,785,664	3,805,388	(45,795)	3,759,593	(26,071)	-0.7%	3,806,976	(45,811)	3,761,165	1,572	0.0%
Child Support Enforcement	13,117,719	13,117,719	(133,666)	12,984,053	(133,666)	-1.0%	13,117,719	(133,666)	12,984,053	0	0.0%
Dept. of Health	85,301,946	84,802,664	(955,870)	83,846,794	(1,455,152)	-1.7%	84,828,774	(956,136)	83,872,638	25,844	0.0%
Merit Adjustment Fund	5,250,000	0	0	0	(5,250,000)	-100.0%	0	5,200,000	5,200,000	5,200,000	0.0%
Motor Vehicle Acquisition	0	0	0	0	0	0.0%	0	0	0	0	0.0%
Municipal Aid	29,372,099	29,372,099	0	29,372,099	0	0.0%	29,372,099	0	29,372,099	0	0.0%
State Police	66,957,393	67,239,618	(864,041)	66,375,577	(581,816)	-0.9%	67,685,625	(868,585)	66,817,040	441,462	0.7%
Dept. of Information Systems	200,000	200,000	0	200,000	0	0.0%	200,000	0	200,000	0	0.0%
Dept. of Workforce Services-TANF	3,902,163	3,904,627	(39,787)	3,864,840	(37,323)	-1.0%	3,904,990	(39,791)	3,865,199	359	0.0%
TOTAL OTHER FUNDS	\$245,985,658	\$240,540,789	\$9,360,841	\$249,901,630	\$3,915,972	1.6%	\$241,014,857	\$14,556,011	\$255,570,868	\$5,669,237	2.3%
TOTAL INST'S OF H. E.	\$733,562,405	\$733,562,405	\$0	\$733,562,405	0	0.0%	\$733,562,405	\$0	\$733,562,405	0	0.0%
Rainy Day Funds	\$12,000,000	\$0	\$0	\$0	(12,000,000)	0.0%	\$0	\$0	\$0	0	0.0%
Total Request	\$5,047,000,000	\$5,036,791,310	\$159,708,690	\$5,196,500,000	\$149,500,000	3.0%	\$5,033,299,023	\$336,900,977	\$5,370,200,000	\$173,700,000	3.3%
OFFICIAL FORECAST 11.13.14	\$5,047,000,000			\$5,206,900,000	\$159,900,000	3.2%			\$5,448,500,000	\$241,600,000	4.6%
Less:											
SB6 of 2015 - Governor's Middle Income Tax Relief Package				(\$12,800,000)					(\$80,600,000)		
AHTD Natural Gas Severence Tax Road & Bridge Repair revenue reclassification				(\$2,600,000)					(\$2,700,000)		
Add:											
Redirect 1/2 of 9mills/1000 ³ Ft. Gas Assessments				\$5,000,000					\$5,000,000		
REVISED OFFICIAL FORECAST				\$5,196,500,000					\$5,370,200,000		
Surplus/(Deficit)	\$0			\$0					\$0		

EDUCATIONAL EXCELLENCE TRUST FUND
2014-2015 & 2016-17 Bienniums

PROGRAMS	FY14 Distribution	FY15 Distribution	FY16 Executive Recommendation	FY17 Executive Recommendation
EDUCATION PUBLIC SCHOOL FUND:	<u>\$195,093,479</u>	<u>\$199,766,427</u>	<u>\$201,814,996</u>	<u>\$210,881,560</u>
WORKFORCE EDUCATION PUBLIC SCHOOL FUND:	<u>\$11,924,609</u>	<u>\$12,210,232</u>	<u>\$12,335,445</u>	<u>\$12,889,617</u>
DEPARTMENT OF EDUCATION FUND ACCOUNT:	<u>\$955,792</u>	<u>\$978,685</u>	<u>\$988,721</u>	<u>\$1,033,140</u>
DEPARTMENT OF WORKFORCE EDUCATION FUND:	<u>\$3,578,807</u>	<u>\$3,664,528</u>	<u>\$3,702,107</u>	<u>\$3,868,425</u>
HIGHER EDUCATION GRANTS FUND ACCOUNT:	<u>\$13,154,524</u>	<u>\$13,469,606</u>	<u>\$13,607,735</u>	<u>\$14,219,064</u>
SCHOOL FOR MATH, SCIENCE AND ARTS FUND:	<u>\$7,117,835</u>	<u>\$7,288,324</u>	<u>\$7,363,064</u>	<u>\$7,693,851</u>
INSTITUTIONS OF HIGHER EDUCATION:				
Four Year Institutions:				
Arkansas State University	\$6,010,765	\$6,154,737	\$6,217,853	\$6,497,191
Arkansas Tech University	2,014,849	2,063,110	2,084,266	2,177,902
Henderson State University	2,084,266	2,134,190	2,156,075	2,252,937
Southern Arkansas University	1,232,264	1,261,779	1,274,719	1,331,986
UA - Fayetteville	14,915,432	15,272,692	15,429,311	16,122,474
UA - Little Rock	5,293,008	5,419,788	5,475,367	5,721,349
UA Medical Center	9,113,523	9,331,813	9,427,509	9,851,041
UAMS - Indigent Care	226,780	232,212	234,593	245,132
UA - Monticello	1,063,483	1,088,956	1,100,123	1,149,546
UA - Pine Bluff	1,846,183	1,890,404	1,909,789	1,995,587
University of Central Arkansas	4,587,095	4,696,967	4,745,134	4,958,309
UA - Fort Smith	3,054,036	3,127,187	3,159,256	3,301,186

EDUCATIONAL EXCELLENCE TRUST FUND
2014-2015 & 2016-17 Bienniums

PROGRAMS	FY14 Distribution	FY15 Distribution	FY16 Executive Recommendation	FY17 Executive Recommendation
Two Year Institutions:				
Arkansas Northeastern College	718,892	736,111	743,660	777,069
ASU - Beebe	1,434,057	1,468,406	1,483,464	1,550,109
East Arkansas Community College	750,478	768,454	776,334	811,211
National Park Community College	1,122,445	1,149,330	1,161,117	1,213,280
North Arkansas College	443,223	453,840	458,494	479,092
Northwest Arkansas Community College	991,952	1,015,712	1,026,128	1,072,227
Phillips Community College - U of A	730,864	748,370	756,044	790,009
Rich Mountain Community College	198,099	202,844	204,924	214,130
SAU - Tech	321,732	329,438	332,816	347,768
South Arkansas Comm College	513,273	525,567	530,957	554,810
INSTITUTIONS OF HIGHER EDUCATION	<u>\$58,666,699</u>	<u>\$60,071,905</u>	<u>\$60,687,932</u>	<u>\$63,414,344</u>
GRAND TOTAL	<u><u>\$290,491,745</u></u>	<u><u>\$297,449,706</u></u>	<u><u>\$285,300,000</u></u>	<u><u>\$295,200,000</u></u>

Prepared DFA-Office of Budget

WORKFORCE 2000 DEVELOPMENT FUND
2014-15 & 2016-17 Bienniums

PROGRAMS	FY14 Actual Allocation	FY15 Actual Allocation	FY16 Projected Allocation	FY17 Projected Allocation
TECHNICAL INSTITUTES	\$1,666,427	\$1,650,012	\$1,665,576	\$1,690,812
Percentage Distribution of Funds Available	6.309%	6.309%	6.309%	6.309%
TECHNICAL COLLEGES	\$24,747,060	\$24,503,241	\$24,734,424	\$25,109,188
Percentage Distribution of Funds Available	93.691%	93.691%	93.691%	93.691%
TOTAL DISTRIBUTION	\$26,413,487	\$26,153,253	\$26,400,000	\$26,800,000

prepared by DFA-Office of Budget

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	446.1	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	106.2	-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
TOTAL GROSS	6,319.1	76.5	1.2	6,512.6	193.5	3.1	6,817.2	304.6	4.7
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	26.9	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	26.3	0.6	2.4	26.6	0.3	1.1	27.8	1.2	4.5
NET AVAILABLE	5,047.0	24.6	0.5	5,206.9	159.9	3.2	5,448.5	241.6	4.6
LESS: SURPLUS TO ALLOTMENT RESERVE FUND									
NET AVAILABLE DISTRIBUTION	5,047.0	103.2	2.1	5,206.9	159.9	3.2	5,448.5	241.6	4.6

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>566.8</u>	<u>30.9</u>	<u>5.8</u>	<u>599.8</u>	<u>33.0</u>	<u>5.8</u>
NET INDIVIDUAL INCOME	2,624.5	22.3	0.9	2,710.2	85.7	3.3	2,848.7	138.5	5.1
CORPORATE INCOME TAX	438.6	-1.6	-0.4	446.1	7.5	1.7	454.3	8.2	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>1.9</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	5,386.3	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>496.6</u>	<u>1.5</u>	<u>0.3</u>
GROSS GENERAL REVENUES	6,319.1	76.5	1.2	6,512.6	193.5	3.1	6,817.2	304.6	4.7
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	26.9	5.3	566.8	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	10.6	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
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	65.8	-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	0.6	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>5,206.9</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>5,206.9</u>	<u>159.9</u>	<u>3.2</u>	<u>5,448.5</u>	<u>241.6</u>	<u>4.6</u>

ECONOMIC ASSUMPTIONS

	FY 2015			FY 2016			FY 2017		
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	53,936.2	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 \$)	40,888.8	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