

REVISED AGENDA
INDEPENDENT CITIZENS COMMISSION

Tuesday December 30, 2014
08:30 AM
State Capitol Room 272

Commission Members

Mr. Larry Ross, Chair
Mr. Chuck Banks, Vice Chair
Mr. Mitch Berry
Ms. Barbara Graves

Mr. Stuart Hill
Ms. Brenda James
Mr. Stephen Tipton

- A. Call to Order
- B. Opening remarks by Chairman Ross
- C. Approval of Minutes from December 18, 2014
- D. Dr. John Shelnett, Research Administrator, Economic Analysis and Tax Research, Department Of Finance and Administration, State of Arkansas-Presentation- Review on overall state of Arkansas economy
- E. Mr. Ernie Dumas- An historical overview of compensation for Executive, Legislative and Judicial branches.
- F. Discussion by Commission
- G. Other Business *
- H. Future Meeting Locations
- I. Adjournment

*Other requested information Salary/ Mileage and expense reimbursement will be discussed at January 7th meeting.

MINUTES
INDEPENDENT CITIZENS COMMISSION

December 18, 2014

The Independent Citizens Commission met Thursday, December 18, 2014, at 9:30 a.m., in Room 272, State Capitol, Little Rock, Arkansas.

Commission members present: Mr. Chuck Banks, Mr. Mitch Berry, Ms. Barbara Graves, Mr. Stuart Hill, Ms. Brenda James, Mr. Larry Ross, and Mr. Stephen Tipton.

Senator Jonathan Dismang, President Pro Tempore, Arkansas State Senate, called the meeting to order. Senator Dismang recognized Commission members to introduce themselves.

Review of the Charge of the Commission (Attachment 1)

Mr. Brandon Robinson, Assistant Attorney General, Attorney General's Office, presented an overview of Ballot Issue 3 (Attachment 1) and addressed immediate actions required of the Commission. He stated the charge of the Commission is to review, adjust, and set salaries for members of the General Assembly, constitutional officers, justices, and judges. He added the Commission must consider the overall economic condition of the state when making recommendations. The public must be provided notice of proposed salary adjustments, have access to data reviewed by the Commission, and have opportunity to provide comment. The initial review of the salaries and recommendations for per diem, reimbursement for expenses, and reimbursement for mileage are due by February 2, 2015. The Commission may file an adjusted salary schedule with the Auditor of State, which will become effective ten days after submission.

Mr. Robinson advised the Commission could meet as necessary to review and adjust salaries as deemed appropriate; however, moving forward, no single adjustment shall exceed 15% of the salary to be increased or decreased. Recommendations concerning the amounts to be paid to legislators for per diem and expense and mileage reimbursement must be made to the President Pro Tempore of the Senate and the Speaker of the House no later than 90 days before the commencement of a regular session.

Freedom of Information Act Presentation

Mr. Robinson briefed commissioners on the Freedom of Information Act (FOIA) and stressed that all business must be conducted in open meetings that have been publicized through the proper channels. He advised commissioners to avoid any discussion of their charges outside a public meeting. The FOIA also pertains to emails, text messages, and any other types of communication used when discussing Commission business. Mr. Robinson recommended commissioners use their state email address (once assigned) when discussing business. Rather than emailing each other, commissioners should send emails to staff for dissemination. Staff will be the custodian of records for all FOIA requests. He also noted the executive session clause does not apply to the Commission.

A motion was made by Mr. Ross, and seconded by Ms. Graves, to request that staff assistance be provided from the office of the Auditor of State. The motion carried without objection.

Commission Staffing – Auditor’s Office

Ms. Peggy Gram, Chief Deputy, Auditor of State’s Office, advised a website (www.citizenscommission.ar.gov) is being created for the Commission. Commissioners can decide if they would like to include their personal information on the website. The website will contain all public records, such as meeting notices and minutes, and requests. A state email address will be provided to each member. Staff will manage the Commission’s telephone and public comment site (info@citizenscommission.ar.gov). Commissioners must sign in at each meeting in order to receive the \$85.00 stipend authorized by Ballot Issue 3. Ms. Gram then introduced Ms. Melanie Jenkins, who will staff the Commission meetings.

Per Diem

Mr. Robinson explained that the Commission may authorize an \$85.00 stipend for its members by a majority vote of the total membership.

A motion was made by Ms. James, and seconded by Mr. Tipton, to authorize the \$85.00 stipend. The motion carried without objection.

Selection of Chair and Vice-Chair

Senator Dismang called for nominations of officers for the Commission. Mr. Berry nominated Mr. Banks for Chair and Ms. Graves nominated Mr. Ross for Chair. Mr. Banks then asked that his name be withdrawn from consideration. Mr. Ross advised his acceptance of the nomination is contingent upon Mr. Banks serving as Vice Chair.

A motion was made by Mr. Tipton to elect Mr. Ross as Chair and Mr. Banks as Vice Chair. The motion carried without objection.

Following his election as Chair, Mr. Ross presided. He thanked his fellow commissioners for the honor and stated he looks forward to working with them as well as the Commission staff.

Organization

Mr. Ross recognized Senator Dismang for remarks. Senator Dismang stated that in order to create a separation of boundaries, and to avoid an influx of unwanted information, commissioners should submit written requests for information from the Bureau of Legislative Research (BLR) to him and to Speaker-Elect Gillam. This would also create a central hub for information to be available in the event of a FOIA request. Senator Dismang advised that BLR’s function is to provide information to commissioners and not to provide opinions or guidance from a legislative body.

Senator Dismang referenced the Commission’s stringent calendar (Attachment 2) and suggested they set goals in order to meet the required timelines. The Commission is tasked with holding open meetings and he suggested any future meeting location include live streaming and/or public viewing. Senator Dismang also said the Commission should set parameters as to how they intend to operate and recommended they adopt Robert’s Rules of Order.

The Commission discussed obtaining information on Arkansas’s economic condition and that such information is available from the Department of Finance and Administration (DFA) and BLR. **The Commission requested the DFA’s chief economist attend a future meeting to provide an update on the present and long-term economic forecast.**

The Commission agreed to begin each meeting at 8:30 am. Mr. Ross and Mr. Banks will meet with staff to determine a future meeting location. Upcoming meeting dates are as follows:

Tuesday, December 30, 2014

Wednesday, January 7, 2015

Wednesday, January 14, 2015

A motion was made by Mr. Banks that the remainder of the current meeting, and all future meetings, will be conducted according to Robert's Rules of Order. The motion carried without objection.

After further discussion, it was agreed the following information for the initial salary review will be forwarded to commissioners:

- current and long-term revenue forecast from DFA
- studies by other states, factors used, including time spent on job versus what they actually do
- Consumer Price Index pertinence to these studies
- current salaries
- historical expense/reimbursements separate from annual salaries

Mr. Ross asked that he and Mr. Banks be copied on any requests to staff for information. This would aid in prioritizing agenda items. It was also noted that a quorum consists of four members, including conference calls and/or other electronic means of participation.

Ms. Gram informed commissioners that current salary information could be available to them the next day and she will contact DFA for the current revenue forecast. She is unsure of the time frame in getting other state's information.

Senator Dismang advised commissioners to utilize staff as much as possible when needing information, setting the agenda, etc. He also asked that requests for information from BLR be sent as soon as possible in order for them to respond in a timely manner.

There being no further business, the meeting adjourned at 11:00 a.m.

Below are the current salaries for elected officials the commission will now be responsible for setting:

- Governor (Mike Beebe) — \$87,759
- Lt. Governor (Vacant) — \$42,315
- Attorney General (Dustin McDaniel) — \$73,132
- Secretary of State (Mark Martin) — \$54,848
- Treasurer (Charles Robinson) — \$54,848
- Auditor (Charlie Daniels) — \$54,848
- Land Commissioner (John Thurston) — \$54,848
- State legislators — \$15,869
- Speaker of the House (Davy Carter) — \$17,771
- Senate President (Jonathan Dismang) — \$17,771
- Chief Justice of Supreme Court (Jim Hannah) — \$161,601
- Associate Justices of Supreme Court — \$149,589
- Chief Judge of Court of Appeals (Robert Gladwin) — \$147,286
- Court of Appeals Judge — \$144,982
- Circuit Judge — \$140,372
- District Judge — \$125,495

**Independent Citizens Commissioners
Observations for consideration**

REVIEW SALARIES FOR ADJUSTMENTS AS DEEMSED NECESSARY

Items to consider shall include but not be limited to the following:

- Salaries and total compensation packages based on current responsibilities and duties.
- Last salary increase (year and amount).
- Full time verses Part time – Constitutional Officers and General Assembly Members
- Case Load and travel distances for Circuit and District Judges outside of an MSA?
- Whether a range for each segmented group should be established (i.e. (\$50k-\$75k).
- Whether state government Pension payments associated with Elected Public Service Officials in each office or category of Public Service should be included in adjustment decisions. *Health Insurance?*
- Whether uniform use of mileage payments and or automobile stipends including insurance, gas cards, maintenance coverage, overall usage standards compared to other state government employees should be considered.

Recommendations to the Speaker of the House and President Pro Tem of the Senate
(per diem, mileage and expense reimbursements)

- Whether attendance on committee assignment should be taken under consideration.
- If attending a subcommittee meeting that a legislator is not assigned are grounds for per diem payments mileage or other expenses, etc. when there is not direct participation.
- The current specific payments of Senators and Representatives including per diem, office expenses (when they are inside or outside a 35-50 miles radius).



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

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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.

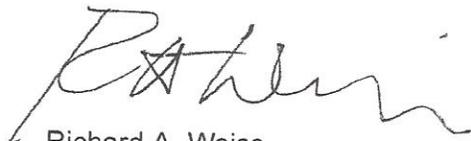
The list of risk factors for the forecast is largely unchanged from recent updates. They range from international risk of global economic slowdown to the uncertainty of consumer spending and business investment rates. Recession in the Eurozone economy is back in the outlook with even the largest economies 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	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



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

C.2

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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 \$8.23 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 89th 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 90th General Assembly.

Sincerely,



Richard A. Weiss
Director

RAW:brs

Attachment(s)

WITHOUT TAX DELAY

STATE GENERAL REVENUE
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST		TOTAL EXECUTIVE REC.		DIFFERENCE FY16 ER VS. FY15 FRCST		TOTAL EXECUTIVE REC.		DIFFERENCE FY16 ER VS. FY17 ER		% INC. OVER FY16	
	FY15	FORECAST	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	REC.	REC.	REC.	REC.	REC.	REC.	REC.
General Education	\$2,073,953,020	\$2,124,803,780	\$2,073,953,020	\$50,850,760	\$60,860,760	\$50,850,760	\$2,124,803,780	\$77,576,790	\$2,151,529,810	\$26,726,030	\$26,726,030	1.3%
State Library	5,672,143	(58,084)	5,700,000	(58,084)	(80,224)	(80,224)	5,641,919	0	5,700,000	58,081	58,081	1.0%
Career Education	32,284,224	(53,299,962)	32,293,517	(53,299,962)	(319,769)	(319,769)	31,964,455	0	32,293,517	329,062	329,062	1.0%
PUBLIC SCHOOL FUND	\$2,111,909,387	\$2,162,410,154	\$2,111,946,537	\$50,463,617	\$50,500,767	\$50,463,617	\$2,162,410,154	\$77,576,790	\$2,189,523,327	\$27,113,173	\$27,113,173	1.3%
GENERAL EDUCATION FUND												
Dept. of Education	\$16,587,878	(\$264,969)	\$16,328,820	(\$264,969)	(\$524,027)	(\$524,027)	\$16,063,851	(\$98,593)	\$16,239,448	\$175,597	\$175,597	1.1%
Educational Facilities Partnership	34,828,951	16,500,000	34,828,951	16,500,000	16,500,000	16,500,000	51,328,951	16,500,000	51,328,951	\$0	\$0	0.0%
Academic Facilities & Transportation	2,552,126	(25,832)	2,535,088	(25,832)	(42,870)	(42,870)	2,509,256	0	2,535,940	\$26,684	\$26,684	1.1%
Educational Television	5,398,432	(55,577)	5,347,729	(55,577)	(106,280)	(106,280)	5,292,152	(1,085)	5,351,648	59,496	59,496	1.1%
School for the Blind	6,460,275	637,855	6,376,077	637,855	553,657	553,657	7,013,932	702,825	7,078,902	64,970	64,970	0.9%
School for the Deaf	10,875,424	(823,448)	10,959,822	(823,448)	(739,250)	(739,250)	10,136,174	(711,773)	10,247,849	111,675	111,675	1.1%
State Library	3,616,959	(37,800)	3,628,345	(37,800)	(26,414)	(26,414)	3,690,545	3,699	3,634,370	43,825	43,825	1.2%
Dept. of Career Education	3,710,773	(45,756)	3,530,275	(45,756)	(226,254)	(226,254)	3,484,519	(9,783)	3,524,260	39,741	39,741	1.1%
Rehabilitation Services	13,261,785	(149,777)	13,261,785	(149,777)	(149,777)	(149,777)	13,112,008	(14,643)	13,247,142	135,134	135,134	1.0%
Subtotal - General Education	\$97,292,803	\$15,734,698	\$96,796,692	\$15,734,698	\$15,238,785	\$15,238,785	\$112,531,388	\$16,370,657	\$113,188,510	\$657,122	\$657,122	0.6%
Technical Institutes:												
Crowley's Ridge TI	\$2,671,624	(\$27,223)	\$2,671,624	(\$27,223)	(\$27,223)	(\$27,223)	\$2,644,401	\$0	\$2,674,878	\$30,477	\$30,477	1.2%
Northwest TI	3,107,551	(31,665)	3,107,551	(31,665)	(31,665)	(31,665)	3,075,886	0	3,107,551	31,665	31,665	1.0%
Riverside VTS	2,315,015	(24,775)	2,324,880	(24,775)	(14,901)	(14,901)	2,300,134	(1,085)	2,325,104	24,990	24,990	1.1%
Subtotal - Technical Institutes	\$8,094,190	(\$83,663)	\$8,104,064	(\$83,663)	(\$73,789)	(\$73,789)	\$8,020,401	(\$1,085)	\$8,107,533	\$87,132	\$87,132	1.1%
TOTAL GENERAL ED. FUND	\$105,386,993	\$15,651,033	\$104,900,756	\$15,651,033	\$15,164,996	\$15,164,996	\$120,551,789	\$16,369,572	\$121,296,043	\$744,254	\$744,254	0.6%
HUMAN SERVICES FUND												
DHS-Administration	\$16,189,017	(\$151,765)	\$16,296,126	(\$151,765)	(\$44,656)	(\$44,656)	\$16,144,361	\$14,288	\$16,316,718	\$172,357	\$172,357	1.1%
Aging and Adult Services	17,678,664	(191,990)	17,738,898	(191,990)	(131,756)	(131,756)	17,546,908	(11,236)	17,731,618	184,710	184,710	1.1%
Children & Family Services	49,473,578	10,059,550	61,907,811	10,059,550	22,493,783	22,493,783	71,987,351	7,059,550	68,976,625	(2,990,736)	(2,990,736)	-4.2%
Child Care/Early Childhood Ed.	1,175,882	(13,154)	1,180,649	(13,154)	(8,387)	(8,387)	1,167,495	1,181,108	1,179,984	12,489	12,489	1.1%
Youth Services	48,258,568	(523,717)	48,308,969	(523,717)	(473,316)	(473,316)	47,785,252	(31,462)	48,279,681	494,429	494,429	1.0%
Devel. Disab. Services	66,376,228	(639,239)	66,515,048	(639,239)	(500,419)	(500,419)	65,875,809	36,531	66,574,953	699,144	699,144	1.1%
Medical Services	5,094,291	3,233,314	3,989,700	3,233,314	2,108,723	2,108,723	7,203,014	3,890,577	7,860,277	657,263	657,263	9.1%
DHS-Grants	\$22,114,884	(864,066)	906,258,715	(864,066)	65,128,631	65,128,631	987,243,495	252,530,165	1,158,788,880	171,545,385	171,545,385	17.4%
Behavioral Health	75,924,095	79,725,584	79,725,584	79,725,584	2,937,421	2,937,421	78,861,516	(51,687)	79,692,710	831,194	831,194	1.1%
Services for the Blind	1,902,128	(18,723)	1,903,930	(18,723)	(18,723)	(18,723)	1,883,405	(1,124)	1,903,070	19,665	19,665	1.0%
County Operations	48,835,295	(539,013)	49,147,526	(539,013)	(326,782)	(326,782)	48,508,513	(138,214)	49,037,236	528,723	528,723	1.1%
TOTAL HUMAN SERVICES	\$1,253,022,610	\$91,234,173	\$1,252,952,956	\$91,234,173	\$91,164,619	\$91,164,619	\$1,344,187,129	\$263,299,264	\$1,516,341,752	\$172,154,623	\$172,154,623	12.8%

WITHOUT 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.	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 GOVTT FUND											
Dept. of Ark. Heritage	\$6,649,702	\$6,712,607	(\$9,823)	\$6,614,784	(\$34,918)	-0.5%	\$6,716,282	(\$28,482)	\$6,687,800	\$73,016	1.1%
Department of Agriculture	17,899,792	17,951,667	(183,445)	\$17,768,222	(131,570)	-0.7%	17,961,306	(523)	\$17,960,783	192,561	1.1%
Dept. of Labor	3,209,846	3,267,489	(36,486)	3,230,999	21,163	0.7%	3,269,361	39,926	3,309,287	78,288	2.4%
Dept. of Higher Education	3,440,731	3,440,731	(41,341)	3,399,390	(41,341)	-1.2%	3,440,731	(6,261)	3,434,450	35,060	1.0%
Dept. of H.E.-Grants	40,017,466	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	12,102,228	(135,073)	11,967,155	(83,648)	-0.7%	12,102,228	(11,755)	12,090,473	123,318	1.0%
Dept. of Correction	322,311,256	324,025,089	15,807,127	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	(336,949)	76,596,890	(337,197)	-0.4%	77,427,839	429,619	77,857,458	1,260,568	1.6%
State Military Department	9,813,374	9,692,283	(249,247)	9,443,036	(370,338)	-3.8%	9,693,822	(94,517)	9,609,305	166,269	1.8%
Dept. of Parks & Tourism	23,798,426	24,060,387	(250,284)	23,810,103	11,577	0.0%	24,078,851	(5,115)	24,073,746	263,643	1.1%
Dept. of Environmental Quality	4,412,740	4,406,265	(145,684)	4,260,581	(152,159)	-3.4%	4,408,268	(100,785)	4,307,481	46,900	1.1%
Miscellaneous Agencies	64,594,884	\$68,783,816	(2,791,956)	66,981,850	2,396,976	3.7%	\$65,654,014	(73,429)	65,590,585	(1,401,275)	-2.1%
TOTAL STATE GENERAL GOVT	\$585,133,147	\$592,887,867	\$10,737,069	\$603,624,936	\$18,491,789	3.2%	\$598,805,265	\$15,265,785	\$604,071,050	\$446,114	0.7%
OTHER FUNDS											
County Aid	\$21,645,067	\$21,645,067	(520,557)	\$21,424,510	(\$220,557)	-1.0%	\$21,645,067	\$0	\$21,645,067	\$220,557	1.0%
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	(62,980)	3,742,408	(43,256)	-1.1%	3,806,976	(24,204)	3,782,772	40,364	1.1%
Child Support Enforcement	13,117,719	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	84,802,684	(929,694)	83,872,980	(1,428,966)	-1.7%	84,828,774	(65,569)	84,763,205	890,225	1.1%
Ment Adjustment Fund	5,250,000	0	0	0	(5,250,000)	-100.0%	0	10,300,000	10,300,000	0	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	(299,293)	29,072,806	(299,293)	-1.0%	29,372,099	0	29,372,099	299,293	1.0%
State Police	66,957,393	67,239,618	(716,440)	66,523,178	(434,215)	-0.6%	67,685,625	(31,287)	67,654,338	1,131,160	1.7%
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	(39,787)	3,864,840	(37,323)	-1.0%	3,904,990	0	3,904,990	40,150	1.0%
TOTAL OTHER FUNDS	\$245,985,658	\$240,540,789	\$6,857,593	\$247,438,302	\$1,452,724	0.6%	\$241,014,957	\$19,470,940	\$260,493,797	\$13,055,415	5.3%
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:											
Arkansas State University	\$59,090,991	\$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	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	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	15,594,976	(158,807)	15,436,169	(158,807)	-1.0%	15,594,976	358,402	15,941,378	515,209	3.3%
UA-Fayetteville	120,954,440	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	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	62,800,138	62,800,138	(638,916)	62,161,222	(638,916)	-1.0%	62,800,138	1,389,139	64,189,277	2,029,055	3.3%
UA - Clinton School	2,295,575	2,295,575	(23,391)	2,272,184	(23,391)	-1.0%	2,295,575	60,778	2,346,353	74,169	3.3%
UA - Criminal Justice Institute	1,825,769	1,825,769	(18,604)	1,807,165	(18,604)	-1.0%	1,825,769	40,386	1,866,155	66,990	3.3%
UA-AR Sch.Math, Science, & Arts	1,113,015	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 - FL Smith	20,594,615	20,594,615	(209,653)	20,384,962	(209,653)	-1.0%	20,594,615	560,780	21,155,395	770,633	3.8%
UA-Little Rock	60,755,097	60,755,097	(619,077)	60,136,020	(619,077)	-1.0%	60,755,097	1,535,230	62,290,327	2,164,307	3.6%
UA-Medical Sciences	86,456,661	86,456,661	(680,969)	85,775,692	(680,969)	-1.0%	86,456,661	1,912,422	88,369,083	2,783,391	3.3%
UAAMS - Child Abuse/Rape/Domestic Violence	735,000	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**

FUND ACCOUNTS	Fiscal Year 2016										Fiscal Year 2017									
	FY15 FORECAST	BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	% INC. OVER FY15	FY15 REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 ER	% INC. OVER FY16	FY15 REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 ER	% INC. OVER FY16						
UAMS - Pediatric/Psychiatric Research	1,950,000	1,950,000	(19,870)	1,930,130	(19,870)	-1.0%	1,950,000	43,134	1,993,134	63,004	3.3%	1,950,000	43,134	1,993,134	63,004	3.3%				
UAMS - Child Safety Center	720,588	720,588	(7,343)	713,245	(7,343)	-1.0%	720,588	15,940	736,528	23,283	3.3%	720,588	15,940	736,528	23,283	3.3%				
UAMS - Indigent Care	5,342,181	5,342,181	(54,435)	5,287,746	(54,435)	-1.0%	5,342,181	118,169	5,460,350	172,604	3.3%	5,342,181	118,169	5,460,350	172,604	3.3%				
UA-Monticello	15,946,042	15,946,042	(162,486)	15,783,557	(162,486)	-1.0%	15,946,042	360,110	16,306,152	522,596	3.3%	15,946,042	360,110	16,306,152	522,596	3.3%				
UA-Pine Bluff	25,418,885	25,418,885	(259,011)	25,159,874	(259,011)	-1.0%	25,418,885	562,286	25,981,151	821,277	3.3%	25,418,885	562,286	25,981,151	821,277	3.3%				
University of Central Arkansas	53,114,705	53,114,705	(541,224)	52,573,481	(541,224)	-1.0%	53,114,705	1,492,849	54,607,554	2,034,073	3.9%	53,114,705	1,492,849	54,607,554	2,034,073	3.9%				
Subtotal - 4 Year Institutions	\$588,118,601	\$588,118,601	(\$5,992,763)	\$582,125,838	(\$5,992,763)	-1.0%	\$588,118,601	\$16,630,618	\$604,749,219	\$22,623,381	3.9%	\$588,118,601	\$16,630,618	\$604,749,219	\$22,623,381	3.9%				
INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:																				
Arkansas Northeastern College	\$8,577,052	\$8,577,052	(\$87,398)	\$8,489,654	(\$87,398)	-1.0%	\$8,577,052	\$189,725	\$8,766,777	\$277,123	3.3%	\$8,577,052	\$189,725	\$8,766,777	\$277,123	3.3%				
Arkansas State University - Beebe	11,835,727	11,835,727	(120,603)	11,715,124	(120,603)	-1.0%	11,835,727	261,806	12,097,533	382,409	3.3%	11,835,727	261,806	12,097,533	382,409	3.3%				
Arkansas State Univ.-Mt. Home	3,648,110	3,648,110	(37,173)	3,610,937	(37,173)	-1.0%	3,648,110	124,562	3,772,672	161,735	4.5%	3,648,110	124,562	3,772,672	161,735	4.5%				
Arkansas State Univ. - Newport	5,992,293	5,992,293	(61,060)	5,931,233	(61,060)	-1.0%	5,992,293	163,138	6,145,431	214,198	3.6%	5,992,293	163,138	6,145,431	214,198	3.6%				
Cossatot C C of the UA	3,395,802	3,395,802	(34,602)	3,361,200	(34,602)	-1.0%	3,395,802	97,397	3,493,199	131,999	3.9%	3,395,802	97,397	3,493,199	131,999	3.9%				
East Arkansas Cmty. College	5,788,058	5,788,058	(58,979)	5,729,079	(58,979)	-1.0%	5,788,058	128,032	5,916,090	187,011	3.3%	5,788,058	128,032	5,916,090	187,011	3.3%				
Mid-South Cmty. College	3,858,007	3,858,007	(39,312)	3,818,695	(39,312)	-1.0%	3,858,007	85,339	3,943,346	124,651	3.3%	3,858,007	85,339	3,943,346	124,651	3.3%				
Mid-South - ADTEC	1,500,000	1,500,000	(15,285)	1,484,715	(15,285)	-1.0%	1,500,000	33,180	1,533,180	48,465	3.3%	1,500,000	33,180	1,533,180	48,465	3.3%				
National Park Cmty. College	9,046,489	9,046,489	(92,181)	8,954,308	(92,181)	-1.0%	9,046,489	200,108	9,246,597	292,289	3.3%	9,046,489	200,108	9,246,597	292,289	3.3%				
North Arkansas College	7,966,964	7,966,964	(81,181)	7,885,783	(81,181)	-1.0%	7,966,964	176,230	8,143,194	257,411	3.3%	7,966,964	176,230	8,143,194	257,411	3.3%				
NorthWest Arkansas Cmty. College	10,619,202	10,619,202	(108,207)	10,510,995	(108,207)	-1.0%	10,619,202	443,640	11,062,842	551,847	5.3%	10,619,202	443,640	11,062,842	551,847	5.3%				
Phillips Cmty. College of the UA	9,063,088	9,063,088	(92,350)	8,970,738	(92,350)	-1.0%	9,063,088	200,476	9,263,564	292,826	3.3%	9,063,088	200,476	9,263,564	292,826	3.3%				
Rich Mountain Cmty. College	3,206,869	3,206,869	(32,677)	3,174,192	(32,677)	-1.0%	3,206,869	70,936	3,277,805	103,613	3.3%	3,206,869	70,936	3,277,805	103,613	3.3%				
Southern Ark. University - Tech	5,705,511	5,705,511	(58,138)	5,647,373	(58,138)	-1.0%	5,705,511	175,433	5,880,944	233,571	4.1%	5,705,511	175,433	5,880,944	233,571	4.1%				
SAU-Tech-Envir. Control Center	368,404	368,404	(3,754)	364,650	(3,754)	-1.0%	368,404	8,148	376,553	11,903	3.3%	368,404	8,148	376,553	11,903	3.3%				
SAU-Tech-Fire Training Academy	1,651,221	1,651,221	(16,825)	1,634,396	(16,825)	-1.0%	1,651,221	36,525	1,687,746	53,350	3.3%	1,651,221	36,525	1,687,746	53,350	3.3%				
South Arkansas Cmty. College	6,034,307	6,034,307	(61,488)	5,972,819	(61,488)	-1.0%	6,034,307	133,479	6,167,786	194,967	3.3%	6,034,307	133,479	6,167,786	194,967	3.3%				
U of A - Cmty. College at Batesville	4,131,061	4,131,061	(42,094)	4,088,967	(42,094)	-1.0%	4,131,061	91,379	4,222,440	133,473	3.3%	4,131,061	91,379	4,222,440	133,473	3.3%				
U of A - Cmty. College at Hope	4,481,997	4,481,997	(45,772)	4,436,225	(45,772)	-1.0%	4,481,997	99,363	4,581,360	145,135	3.3%	4,481,997	99,363	4,581,360	145,135	3.3%				
U of A - Cmty. College at Morrilton	5,022,155	5,022,155	(51,174)	4,970,981	(51,174)	-1.0%	5,022,155	150,858	5,173,023	202,042	4.1%	5,022,155	150,858	5,173,023	202,042	4.1%				
Subtotal - 2 Year Institutions	\$111,902,317	\$111,902,317	(\$1,140,253)	\$110,762,064	(\$1,140,253)	-1.0%	\$111,902,317	\$2,859,765	\$114,762,082	\$4,000,018	3.6%	\$111,902,317	\$2,859,765	\$114,762,082	\$4,000,018	3.6%				
INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges																				
Black River	\$6,113,516	\$6,113,516	(\$62,295)	\$6,051,221	(\$62,295)	-1.0%	\$6,113,516	\$144,186	\$6,257,702	\$206,481	3.4%	\$6,113,516	\$144,186	\$6,257,702	\$206,481	3.4%				
Ouachita	3,527,261	3,527,261	(35,942)	3,491,319	(35,942)	-1.0%	3,527,261	81,376	3,608,637	117,318	3.4%	3,527,261	81,376	3,608,637	117,318	3.4%				
Ozarka	3,126,475	3,126,475	(31,858)	3,094,617	(31,858)	-1.0%	3,126,475	111,314	3,237,789	143,172	4.6%	3,126,475	111,314	3,237,789	143,172	4.6%				
Pulaski	15,137,437	15,137,437	(154,246)	14,983,191	(154,246)	-1.0%	15,137,437	559,681	15,697,118	713,927	4.8%	15,137,437	559,681	15,697,118	713,927	4.8%				
Southeast Arkansas College	5,636,798	5,636,798	(57,437)	5,579,361	(57,437)	-1.0%	5,636,798	124,686	5,761,484	182,123	3.3%	5,636,798	124,686	5,761,484	182,123	3.3%				
Subtotal - Technical Colleges	\$33,541,487	\$33,541,487	(\$341,778)	\$33,199,709	(\$341,778)	-1.0%	\$33,541,487	\$1,021,243	\$34,562,730	\$1,365,021	4.1%	\$33,541,487	\$1,021,243	\$34,562,730	\$1,365,021	4.1%				
TOTAL INST'S OF H. E.	\$733,562,405	\$733,562,405	(\$7,474,794)	\$726,087,611	(\$7,474,794)	-1.0%	\$733,562,405	\$20,511,626	\$754,074,031	\$27,986,420	3.9%	\$733,562,405	\$20,511,626	\$754,074,031	\$27,986,420	3.9%				
Rainy Day Funds	\$12,000,000	\$12,000,000	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%				

WITHOUT TAX DELAY

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

FUND ACCOUNTS	Fiscal Year 2016				Fiscal Year 2017					
	FY15 FORECAST	BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	% INC. OVER FY15	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY17 ER	% INC. OVER FY16
Total Request	\$5,047,000,000	\$5,036,791,310	\$167,508,680	\$5,204,300,000	\$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	3.2%		\$5,448,500,000	\$241,600,000	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		

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	\$78,665,578
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 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	\$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
Total Recommended Executive/Legislative Shared Project Funding	\$50,000,000
Executive Division Projects:	
50% of Available Funds until Legislative Distribution Cap is reached	\$6,450,000
Total Executive Projects	\$6,450,000
Legislative Division Projects:	
50% up to \$10.9 million	\$5,450,000
Total Legislative Projects	\$5,450,000
Ending Balance - 90th Session Projects Account	\$0

11.13.14

WITH TAX DELAY

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

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST		TOTAL EXECUTIVE REC.		DIFFERENCE FY16 ER VS. FY15 FRCST		TOTAL EXECUTIVE REC.		DIFFERENCE FY16 ER VS. FY17 ER		% INC. OVER FY16	
	BASE LEVEL	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.
PUBLIC SCHOOL FUND	\$2,111,909,387	\$50,850,760	\$2,162,797,287	\$50,887,910	\$50,887,910	2.4%	\$2,111,946,537	\$77,576,790	\$2,189,523,327	\$26,726,030	1.2%	0.0%
GENERAL EDUCATION FUND												
Dept. of Education	\$16,587,878	(\$98,593)	\$16,230,237	(\$357,641)	(\$357,641)	-2.2%	\$16,338,031	(\$98,593)	\$16,239,448	\$9,211	0.1%	0.0%
Educational Facilities Partnership	34,828,951	16,500,000	51,328,951	16,500,000	16,500,000	47.4%	34,828,951	16,500,000	51,328,951	0	0.0%	0.0%
Academic Facilities & Transportation	2,552,126	0	2,535,088	(17,038)	(17,038)	-0.7%	\$2,535,940	0	2,535,940	852	0.0%	0.0%
Educational Television	5,398,432	(1,085)	5,346,644	(51,788)	(51,788)	-1.0%	5,352,733	(1,085)	5,351,648	5,004	0.1%	0.0%
School for the Blind	6,460,275	702,825	7,078,902	618,627	618,627	9.6%	6,376,077	702,825	7,078,902	0	0.0%	0.0%
School for the Deaf	10,875,424	(711,773)	10,247,849	(627,575)	(627,575)	-5.8%	10,959,622	(711,773)	10,247,849	0	0.0%	0.0%
State Library	3,616,959	3,659	3,632,044	15,085	15,085	0.4%	3,630,671	3,659	3,634,370	2,326	0.1%	0.0%
Dept. of Career Education	3,710,773	(9,783)	3,520,492	(190,281)	(190,281)	-5.1%	3,534,043	(9,783)	3,524,260	3,768	0.1%	0.0%
Rehabilitation Services	13,261,785	(14,643)	13,247,142	(14,643)	(14,643)	-0.1%	13,261,785	(14,643)	13,247,142	0	0.0%	0.0%
Subtotal - General Education	\$97,292,603	\$16,370,657	\$113,167,349	\$15,874,746	\$15,874,746	16.3%	\$96,817,853	\$16,370,657	\$113,188,510	\$21,161	0.0%	0.0%
Technical Institutes:												
Crowley's Ridge TI	\$2,671,624	\$0	\$2,671,624	\$0	\$0	0.0%	\$2,674,878	\$0	\$2,674,878	\$3,254	0.1%	0.0%
Northwest TI	3,107,551	0	3,107,551	0	0	0.0%	3,107,551	0	3,107,551	0	0.0%	0.0%
Riverside VTS	2,315,015	(1,085)	2,323,804	8,789	8,789	0.4%	2,326,189	(1,085)	2,325,104	1,300	0.1%	0.1%
Subtotal - Technical Institutes	\$8,094,190	(\$1,085)	\$8,102,979	\$8,789	\$8,789	0.1%	\$8,108,618	(\$1,085)	\$8,107,553	\$4,554	0.1%	0.1%
TOTAL GENERAL ED. FUND	\$105,386,793	\$16,369,572	\$121,270,328	\$15,893,535	\$15,893,535	15.1%	\$104,926,471	\$16,369,572	\$121,296,043	\$25,745	0.0%	0.0%
HUMAN SERVICES FUND												
DHS-Administration	\$16,189,017	\$14,288	\$16,310,414	\$121,397	\$121,397	0.7%	\$16,302,430	\$14,288	\$16,316,718	\$6,304	0.0%	0.0%
Aging and Adult Services	17,678,664	(11,236)	17,727,662	48,998	48,998	0.3%	17,742,854	(11,236)	17,731,618	3,958	0.0%	0.0%
Children & Family Services	49,473,578	10,059,550	71,967,361	22,493,783	22,493,783	45.5%	61,917,075	7,059,550	68,976,625	(2,990,736)	-4.2%	0.0%
Child Care/Early Childhood Ed.	1,175,882	(1,124)	1,179,525	3,643	3,643	0.3%	1,181,108	(1,124)	1,179,984	459	0.0%	0.0%
Youth Services	48,258,568	(31,462)	48,277,507	18,939	18,939	0.0%	48,311,143	(31,462)	48,279,681	2,174	0.0%	0.0%
Devel. Disab. Services	66,376,228	38,531	66,555,579	177,351	177,351	0.3%	66,536,422	38,531	66,574,953	21,374	0.0%	0.0%
Medical Services	5,094,291	3,238,314	7,203,014	2,108,723	2,108,723	41.4%	3,959,700	3,890,577	7,850,277	657,263	9.1%	20.5%
DHS-Grants	922,114,864	75,784,780	982,043,495	59,928,631	59,928,631	6.5%	906,258,715	277,030,165	1,183,288,880	201,245,385	20.5%	0.0%
Behavioral Health	75,924,095	(51,687)	79,673,697	3,749,802	3,749,802	4.9%	79,744,397	(51,687)	79,692,710	18,813	0.0%	0.0%
Services for the Blind	1,902,128	(1,124)	1,902,806	678	678	0.0%	1,904,194	(1,124)	1,903,070	264	0.0%	0.0%
County Operations	46,835,295	(136,214)	49,099,312	174,017	174,017	0.4%	49,175,450	(138,214)	49,037,236	27,924	0.1%	0.0%
TOTAL HUMAN SERVICES	\$1,253,022,610	\$89,895,616	\$1,341,848,572	\$88,825,962	\$88,825,962	7.1%	\$1,253,043,488	\$287,798,264	\$1,540,841,752	\$198,993,180	14.8%	0.0%

WITH TAX DELAY

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

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	TOTAL			DIFFERENCE		% INC. OVER FY15	TOTAL			DIFFERENCE		% INC. OVER FY16
		EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	FY16 ER VS. FY15 FRST	FY16 ER VS. FY17 ER		EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	FY16 ER VS. FY17 ER	FY16 ER VS. FY17 ER	
STATE GENERAL GOVT FUND													
Dept. of Ark. Heritage	\$6,649,702	(\$29,423)	\$6,683,184	\$6,716,282	\$33,482	0.5%	(\$28,482)	\$6,687,800	\$6,716,282	(\$28,482)	\$4,616	0.1%	
Department of Agriculture	17,899,792	(523)	17,951,144	17,951,306	51,352	0.3%	(523)	17,960,783	17,951,306	9,639	0.1%		
Dept. of Labor	3,209,846	39,926	3,307,415	3,287,489	97,569	3.0%	38,926	3,309,287	3,287,489	1,872	0.1%		
Dept. of Higher Education	3,440,731	(6,281)	3,434,450	3,440,731	(6,281)	-0.2%	(6,281)	3,434,450	3,440,731	0	0.0%		
Dept. of H.E.-Grants	40,017,466	0	40,017,466	40,017,466	0	0.0%	0	40,017,466	40,017,466	0	0.0%		
Dept. of Economic Development	12,050,803	(11,755)	12,039,048	12,102,228	39,670	0.3%	(11,755)	12,090,473	12,102,228	0	0.0%		
Dept. of Correction	322,311,286	15,907,127	339,832,216	339,832,216	17,620,920	5.5%	15,107,127	339,132,216	339,832,216	(800,000)	-0.2%		
Dept. of Community Correction	76,934,087	242,619	77,670,458	77,670,458	736,371	1.0%	429,619	77,857,458	77,670,458	187,000	0.2%		
State Military Department	9,813,374	(84,517)	9,692,283	9,692,283	(205,608)	-2.1%	(84,517)	9,609,305	9,692,283	1,539	0.0%		
Dept. of Parks & Tourism	23,798,426	(5,115)	24,055,272	24,055,272	256,846	1.1%	(5,115)	24,073,746	24,055,272	18,474	0.1%		
Dept. of Environmental Quality	4,412,740	(100,785)	4,305,480	4,406,255	(107,260)	-2.4%	(100,785)	4,307,481	4,406,255	2,001	0.0%		
Miscellaneous Agencies	64,594,884	(81,722)	69,763,816	69,763,816	5,107,210	7.9%	(73,429)	69,734,387	69,763,816	29,429	0.0%		
TOTAL STATE GENERAL GOVT	\$585,133,147	\$15,869,551	\$608,757,418	\$608,757,418	\$23,624,271	4.0%	\$15,265,785	\$604,071,050	\$608,757,418	(\$4,686,368)	-0.8%		
OTHER FUNDS													
County Aid	\$21,645,067	\$0	\$21,645,067	\$21,645,067	\$0	0.0%	\$0	\$21,645,067	\$21,645,067	\$0	0.0%		
County Jail Reimbursement	18,453,607	9,500,000	25,953,607	25,953,607	9,500,000	57.7%	9,500,000	25,953,607	25,953,607	0	0.0%		
Crime Information Center	3,785,864	(24,204)	3,761,660	3,761,660	(4,490)	-0.1%	(24,204)	3,761,660	3,761,660	1,588	0.0%		
Child Support Enforcement	13,117,719	0	13,117,719	13,117,719	0	0.0%	0	13,117,719	13,117,719	0	0.0%		
Dept. of Health	85,301,946	(65,569)	84,802,664	84,802,664	(65,569)	-0.7%	(65,569)	84,763,205	84,802,664	26,110	0.0%		
Ment Adjustment Fund	5,250,000	0	5,250,000	5,250,000	(50,000)	-1.0%	0	5,200,000	5,250,000	5,000,000	0.0%		
Motor Vehicle Acquisition	0	0	0	0	0	0.0%	0	0	0	0	0.0%		
Municipal Aid	29,372,099	0	29,372,099	29,372,099	0	0.0%	0	29,372,099	29,372,099	0	0.0%		
State Police	66,957,393	(31,287)	67,239,618	67,239,618	250,938	0.4%	(31,287)	67,654,338	67,239,618	446,007	0.7%		
Dept. of Information Systems	200,000	(200,000)	0	0	(200,000)	-100.0%	(200,000)	0	0	0	0.0%		
Dept. of Workforce Services-TANF	3,802,163	0	3,802,163	3,802,163	2,464	0.1%	0	3,804,627	3,802,163	363	0.0%		
TOTAL OTHER FUNDS	\$245,985,658	\$14,379,940	\$254,919,729	\$254,919,729	\$8,994,071	3.6%	\$19,478,940	\$260,493,797	\$254,919,729	\$5,574,068	2.2%		
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:													
Arkansas State University	\$59,090,991	\$1,065,889	\$60,156,880	\$60,156,880	1,065,889	1.8%	\$1,065,889	\$61,033,146	\$60,156,880	876,266	1.5%		
Arkansas Tech University	32,216,531	660,329	32,876,860	32,876,860	660,329	2.0%	660,329	33,382,341	32,876,860	505,481	1.5%		
Henderson State University	18,875,011	188,760	19,063,771	19,063,771	188,760	1.0%	188,760	19,293,548	19,063,771	228,777	1.2%		
Southern Arkansas University	15,584,976	165,994	15,750,970	15,750,970	165,994	1.1%	165,994	15,941,378	15,750,970	190,408	1.2%		
UA-Fayetteville	120,954,440	2,625,482	123,579,922	123,579,922	2,625,482	2.2%	2,625,482	125,529,591	123,579,922	1,949,669	1.6%		
UA - Archeological Survey	2,327,380	23,274	2,350,654	2,350,654	23,274	1.0%	23,274	2,378,862	2,350,654	28,208	1.2%		
UA - Agriculture	62,800,138	628,001	63,428,139	63,428,139	628,001	1.0%	628,001	64,189,277	63,428,139	761,138	1.2%		
UA - Clinton School	2,295,575	22,956	2,318,531	2,318,531	22,956	1.0%	22,956	2,346,353	2,318,531	27,822	1.2%		
UA - Criminal Justice Institute	1,825,769	18,258	1,844,027	1,844,027	18,258	1.0%	18,258	1,866,155	1,844,027	22,128	1.2%		
UA-AR Sch, Math, Science, & Arts	1,113,015	11,130	1,124,145	1,124,145	11,130	1.0%	11,130	1,137,635	1,124,145	13,490	1.2%		
U of A - Fl. Smith	20,594,615	285,749	20,880,364	20,880,364	285,749	1.4%	285,749	21,155,395	20,880,364	275,031	1.3%		
UA-Little Rock	60,755,097	754,528	61,509,625	61,509,625	754,528	1.2%	754,528	62,290,327	61,509,625	780,702	1.3%		
UA-Medical Sciences	86,456,661	864,567	87,321,228	87,321,228	864,567	1.0%	864,567	88,386,083	87,321,228	1,047,855	1.2%		
UAMS - Child Abuse/Rape/Domestic v	735,000	7,350	742,350	742,350	7,350	1.0%	7,350	751,258	742,350	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	Fiscal Year 2016				Fiscal Year 2017				
		EXECUTIVE REC.	EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	% INC. OVER FY15	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY17 ER	% INC. OVER FY16
UAMS - Pediatrics/psychiatric Researc	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	7,206	727,794	7,206	1.0%	720,588	15,940	736,528	8,734	1.2%
UAMS - Indigent Care	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-Montibello	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	254,189	25,673,074	254,189	1.0%	25,418,885	562,286	25,981,151	308,077	1.2%
University of Central Arkansas	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	\$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	\$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	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	68,265	3,717,375	68,265	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	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	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	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	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	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	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	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	261,559	10,880,761	261,559	2.5%	10,619,202	443,840	11,062,842	182,081	1.7%
Phillips Cmty. College of the UA	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	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	94,004	5,799,515	94,004	1.6%	5,705,511	175,433	5,880,944	81,429	1.4%
SAU-Tech-Envr. Control Center	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	1,661,221	16,512	1,677,733	16,512	1.0%	1,661,221	36,525	1,697,746	20,013	1.2%
South Arkansas Cmty. College	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	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	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	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	\$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	\$68,353	\$6,181,869	\$68,353	1.1%	\$6,113,516	\$144,186	\$6,257,702	\$75,833	1.2%
Quacchia	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	3,128,475	62,734	3,191,209	62,734	2.0%	3,128,475	111,314	3,239,789	48,580	1.5%
Pulaski	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	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	\$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	\$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%

WITH TAX DELAY

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

FUND ACCOUNTS	Fiscal Year 2016				Fiscal Year 2017					
	FY15 FORECAST	BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	% INC. OVER FY15	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY17 ER	% INC. OVER FY16
Total Request	\$5,047,000,000	\$5,036,794,310	\$196,908,690	\$5,233,700,000	\$198,700,000	3.7%	\$437,000,977	\$5,470,300,000	\$236,600,000	4.5%
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%
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&U 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				\$19,300,000		
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	\$78,665,576
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 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	\$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
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
Total Executive Projects	\$15,450,000
Legislative Division Projects:	
50% up to \$30.9 million	\$15,450,000
Total Legislative Projects	\$15,450,000
Ending Balance - 90th Session Projects Account	\$0

11.13.14

Overview of the Arkansas Economic Condition

Current Conditions

- Arkansas Unemployment Rate : 5.8% (November)
- U.S. Unemployment Rate: 5.8% (November)
- Arkansas Total Payroll Job Growth: 1.5% (Y/Y November)
- Arkansas Private Sector Payroll Job Growth 1.9% (Y/Y November)
- U.S. CPI inflation -0.3% (November, M/M); +1.3% Y/Y

Biennial Forecast from November 13, 2014

FY 2016 Annual Forecast

- U.S. CPI Inflation 1.3%
- Arkansas Per Capita Personal Income Growth 3.7%
- Arkansas Payroll Employment Growth 1.7%
- Arkansas Total Wage Income \$53.9 billion, 4.8% growth
- Arkansas Total Non-Farm Personal Income \$117.4 billion, 4.5% growth
- Arkansas Gross State Product, current dollars \$136.3 billion, 4.1% growth
- Arkansas Gross State Product, inflation adjusted growth 2.6% growth

Other Comparisons

- Arkansas cost of living is 12.4% below the all-state average according to the U.S. Bureau of Economic Analysis, Regional Price Parity (2012 data), and ranked 49th among states.
- The Arkansas Covered Employment annual wage average was \$38,941 in 2013. The annual average grew 1.87% from 2012.
- Arkansas 12-month job growth rank among states through November 2014 was 28th, at 1.2%, and below the U.S. average of 1.8% for the same 12-month growth period. (State rankings are problematic due to variable rates of data revisions and a higher margin of error in the estimates for small states.)

Economic Recovery Progress

- Initial recovery from the Great Recession ranked Arkansas in the top 10 states and above the U.S. average, as hard-hit real estate markets held back other large states.
- The state job growth ranking dropped to the bottom 10 states and below the national average in the middle stage of the recovery as many states rebounded from deeper troughs.
- The current growth ranking and direction of climb suggests a re-equilibration is underway and more uniform growth across states and regions.
- Wage growth remains below average recoveries. The housing recovery also is less than projected and less of a driver for recovery than predicted. Motor vehicle sales rebounded faster than housing and may be topping out in the fleet replacement cycle.

**ECONOMIC ASSUMPTIONS AND THE
OFFICIAL GENERAL REVENUE FORECAST
FY 2012 - FY 2017**

	FY-12			FY-13			FY-14			FY-15			FY-16	
	Actual	Increase	% chg	Actual	Increase	% chg	Actual	Increase	% chg	Estimate	Increase	% chg	Estimate	Increase
ECONOMIC ASSUMPTIONS														
U.S. GDP Nominal (Billion \$)	15,855.9	609.1	4.0	16,430.8	574.8	3.6	17,080.7	650.0	4.0	17,840.4	759.7	4.4	18,601.4	761.1
U.S. GDP Real (Billions 2009\$ Chain-Weight)	15,205.8	291.9	2.0	15,502.5	296.7	2.0	15,884.6	382.1	2.5	16,313.3	428.8	2.7	16,727.2	413.9
U.S. GDP Deflator (Chain-Wt, 2009=100)	104.3	2.0	2.0	106.0	1.7	1.7	107.6	1.6	1.5	109.4	1.8	1.7	111.2	1.8
U.S. CPI Price Index (1984=100)	227.6	6.5	2.9	231.4	3.8	1.7	235.0	3.6	1.6	238.8	3.8	1.6	242.0	3.2
OIL - Avg. Dom. Crude to Refinery (\$ per barrel)	102.6	13.0	14.5	100.0	-2.6	-2.6	102.5	2.5	2.5	96.3	-6.2	-6.1	94.6	-1.7
AR: Net General Revenue (Million \$)	5,374.2	210.2	4.1	5,663.7	289.6	5.4	5,664.6	0.8	0.0	5,720.0	55.4	1.0	5,881.4	161.4
AR: Net GR % of Non-Farm Personal Income	5.3	-0.1	-2.3	5.3	0.1	1.1	5.3	-0.1	-1.3	5.1	-0.2	-3.0	5.0	-0.1
AR: Non-Farm Personal Income (Million \$)	102,129.7	6,272.2	6.5	106,416.6	4,286.9	4.2	107,821.9	1,405.3	1.3	112,287.6	4,465.7	4.1	117,384.1	5,096.4
AR: Wage & Salary Disbursements (Million \$)	47,186.5	1,492.2	3.3	48,472.2	1,285.7	2.7	49,370.7	898.5	1.9	51,463.1	2,092.4	4.2	53,936.2	2,473.1
AR: Non-Farm Proprietor Income (Million \$)	6,644.9	597.4	9.9	7,156.0	511.1	7.7	7,531.6	375.6	5.2	7,950.2	418.6	5.6	8,323.1	372.9
AR: Per Capita Income (\$)	35,193.4	2,111	6.4	36,717.9	1,524.5	4.3	37,039.2	321.3	0.9	38,335.6	1,296	3.5	39,737.5	1,402
AR: GSP Nominal (Million \$)	117,780.1	4,074.0	3.6	121,214.5	3,434.4	2.9	126,055.5	4,841.0	4.0	130,894.7	4,839.1	3.8	136,284.6	5,390.0
AR: Employment Total Payroll (Thousands)	1,176.4	10.4	0.9	1,175.6	-0.8	-0.1	1,183.9	8.3	0.7	1,197.9	14.0	1.2	1,217.8	19.9
AR: Employment Private Sector (Thousands)	959.9	11.4	1.2	959.7	-0.1	0.0	968.5	8.8	0.9	982.4	13.9	1.4	1,000.8	18.4
AR: Employment Manufacturing (Thousands)	157.0	-3.5	-2.2	153.8	-3.2	-2.0	153.0	-0.8	-0.5	156.5	3.5	2.3	158.5	1.9
AR: New Car/Light Truck registrations (Thous.)	114.3	13.3	13.1	125.4	11.2	9.8	138.4	13.0	10.4	140.3	1.9	1.4	140.6	0.3
AR: Retail Sales (Million \$)	36,218.6	2,751.8	8.2	38,144.8	1,926.1	5.3	39,088.2	943.5	2.5	40,888.8	1,800.6	4.6	42,701.3	1,812.4

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