



STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

January 27, 2015

Senator Larry Teague, Co-Chair
Representative Lane Jean, Co-Chair
Joint Budget Committee
Arkansas General Assembly
State Capitol Building
Little Rock, AR 72201

Dear Co-Chairs:

You will find attached my balanced budget recommendation for state general revenue for both fiscal years of the 2015-2017 biennium. The schedule reflects both my recommendations for state agencies, as well as my proposal for middle class tax relief. This general revenue budget addresses the needs of K-12 education, including support for a computer science program, insures funding for the state Medicaid program, addresses immediate needs of prisons and community correction programs, and provides for state employee pay raises.

Recognizing the work of the Legislative Council last fall, my recommendations on the remainder of the state budget are as recommended by the ALC/JBC Committee and introduced as Joint Budget Committee bills. I may, however, make some changes by Governor's Letter for certain budgets as the Session continues.

Sincerely,

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

Asa Hutchinson

MB:brs:nf

Attachment

STATE GENERAL REVENUE
2015 - 2017 AGENCY EXECUTIVE RECOMMENDATIONS

FUND ACCOUNTS	Fiscal Year 2016						Fiscal Year 2017				
	FY15 FORECAST	EXECUTIVE		TOTAL	DIFFERENCE	% INC.	EXECUTIVE	TOTAL		DIFFERENCE	% INC.
		BASE LEVEL	REC.	EXECUTIVE REC.	FY16 ER VS. FY15 FRCST	OVER FY15		BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	FY16 ER VS. FY17 ER
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	5,872,143	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	\$50,469,817	\$2,162,416,154	\$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)	\$18,162,434	(\$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	(54,482)	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	3,626,345	(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	(31,885)	-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	1,267	0.1%
Subtotal - Technical Institutes	\$8,094,190	\$8,104,064	(\$82,578)	\$8,021,488	(\$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	\$6,799,951	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%
Agng and Adult Services	17,678,664	17,738,888	(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	4,164,972	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)	65,870,989	(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	215,900,887	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	(866,324)	48,509,126	27,639	0.1%
TOTAL HUMAN SERVICES	\$1,253,022,610	\$1,252,952,956	\$81,295,919	\$1,334,248,675	\$61,226,265	6.5%	\$1,253,043,488	\$220,918,481	\$1,473,959,969	\$139,711,095	10.5%

**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 FRCS	OVER FY15			EXECUTIVE REC.	FY16 ER VS. FY17 ER	OVER FY16	
STATE GENERAL GOVT 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	(210,846)	\$17,741,021	(158,771)	-0.9%	17,961,306	(210,745)	\$17,750,581	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	12,102,229	(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	(643,549)	-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)	-3.8%	9,693,822	(264,596)	9,429,226	1,523	0.0%	
Dept. of Parks & Tourism	23,796,426	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	1,908,424	3.0%	\$65,664,014	(3,287,793)	62,376,221	(4,125,087)	-6.2%	
TOTAL STATE GENERAL GOVT	\$585,133,147	\$592,887,867	\$9,302,325	\$602,190,192	\$17,657,045	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	89.3%	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	67,239,616	(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	\$12,600,000	\$0	\$0	\$8	(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 Severance Tax Road & Bridge Repair revenue reclassification			(\$2,600,000)		(\$2,700,000)		
Add:							
Redirect 1/2 of 9mills/1000 ³ FL Gas Assessments			\$5,000,000		\$5,000,000		
REVISED OFFICIAL FORECAST		\$5,196,500,000			\$5,370,200,000		
Surplus/(Deficit)	\$0	\$0	\$0		\$0		