



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

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST			TOTAL			DIFFERENCE			% INC.					
	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.	BASE LEVEL	EXECUTIVE REC.	EXECUTIVE REC.
General Education	\$2,073,953,020	\$0,850,760	\$2,124,803,780	\$2,073,953,020	\$0,850,760	\$2,151,529,810	\$2,073,953,020	\$7,576,790	\$2,151,529,810	\$26,726,030	\$26,726,030	\$26,726,030	\$2,073,953,020	\$7,576,790	\$2,151,529,810
State Library	5,672,143	(58,081)	5,641,919	5,700,000	(58,081)	5,641,919	5,700,000	(58,081)	5,641,919	0	0	0	5,700,000	(58,081)	5,641,919
Career Education	32,284,224	(329,062)	31,954,455	32,293,517	(329,062)	31,964,455	32,293,517	(329,062)	31,964,455	0	0	0	32,293,517	(329,062)	31,964,455
PUBLIC SCHOOL FUND	\$2,111,909,387	\$50,463,617	\$2,162,410,154	\$2,111,946,537	\$50,463,617	\$2,189,136,184	\$2,111,946,537	\$7,189,647	\$2,189,136,184	\$26,726,030	\$26,726,030	\$26,726,030	\$2,111,946,537	\$7,189,647	\$2,189,136,184
GENERAL EDUCATION FUND															
Dept. of Education	\$16,587,878	(\$166,386)	\$16,162,434	\$16,328,820	(\$166,386)	\$16,162,434	\$16,328,820	(\$166,386)	\$16,162,434	\$9,117	\$9,117	\$9,117	\$16,328,820	(\$166,386)	\$16,162,434
Educational Facilities Partnership	34,828,951	10,000,000	44,828,951	34,828,951	10,000,000	44,828,951	34,828,951	16,500,000	51,328,951	6,500,000	6,500,000	6,500,000	34,828,951	16,500,000	51,328,951
Academic Facilities & Transportation	2,552,126	(25,832)	2,509,256	2,535,088	(25,832)	2,509,256	2,535,088	(25,841)	2,510,099	843	843	843	2,535,088	(25,841)	2,510,099
Educational Television	5,398,432	(54,492)	5,293,237	5,347,729	(54,492)	5,293,237	5,352,733	(54,543)	5,298,190	4,953	4,953	4,953	5,352,733	(54,543)	5,298,190
School for the Blind	6,460,275	640,864	7,016,941	6,376,077	640,864	7,016,941	6,376,077	640,864	7,016,941	0	0	0	6,376,077	640,864	7,016,941
School for the Deaf	10,875,424	(817,509)	10,142,113	10,959,622	(817,509)	10,142,113	10,959,622	(817,509)	10,142,113	0	0	0	10,959,622	(817,509)	10,142,113
State Library	3,616,959	(36,972)	3,591,373	3,628,345	(36,972)	3,591,373	3,630,671	(36,996)	3,593,675	2,302	2,302	2,302	3,630,671	(36,996)	3,593,675
Dept. of Career Education	3,710,773	(35,973)	3,494,302	3,530,275	(35,973)	3,494,302	3,534,043	(36,011)	3,498,032	3,730	3,730	3,730	3,534,043	(36,011)	3,498,032
Rehabilitation Services	13,261,785	(135,134)	13,126,651	13,261,785	(135,134)	13,126,651	13,261,785	(135,134)	13,126,651	0	0	0	13,261,785	(135,134)	13,126,651
Subtotal - General Education	\$97,292,603	\$9,368,566	\$106,165,258	\$96,796,692	\$9,368,566	\$106,165,258	\$96,817,853	\$15,868,351	\$112,686,204	\$6,520,945	\$6,520,945	\$6,520,945	\$96,817,853	\$15,868,351	\$112,686,204
Technical Institutes:															
Crowley's Ridge TI	\$2,671,624	(\$27,223)	\$2,644,401	\$2,671,624	(\$27,223)	\$2,644,401	\$2,671,624	(\$27,256)	\$2,647,622	\$3,221	\$3,221	\$3,221	\$2,671,624	(\$27,256)	\$2,647,622
Northwest TI	3,107,551	(31,665)	3,075,886	3,107,551	(31,665)	3,075,886	3,107,551	(31,665)	3,075,886	0	0	0	3,107,551	(31,665)	3,075,886
Riverside VTS	2,315,015	(23,690)	2,301,199	2,324,889	(23,690)	2,301,199	2,324,889	(23,703)	2,302,486	1,287	1,287	1,287	2,324,889	(23,703)	2,302,486
Subtotal - Technical Institutes	\$8,094,190	(\$82,578)	\$8,021,486	\$8,104,064	(\$82,578)	\$8,021,486	\$8,104,064	(\$82,629)	\$8,025,993	\$4,508	\$4,508	\$4,508	\$8,104,064	(\$82,629)	\$8,025,993
TOTAL GENERAL ED. FUND	\$105,386,793	\$9,285,988	\$114,186,744	\$104,900,756	\$9,285,988	\$114,186,744	\$104,926,471	\$15,785,726	\$120,712,197	\$6,525,453	\$6,525,453	\$6,525,453	\$104,926,471	\$15,785,726	\$120,712,197
HUMAN SERVICES FUND															
DHS-Administration	\$16,189,017	(\$159,871)	\$16,136,255	\$16,296,126	(\$159,871)	\$16,136,255	\$16,296,126	(\$159,935)	\$16,142,495	\$6,240	\$6,240	\$6,240	\$16,296,126	(\$159,935)	\$16,142,495
Aging and Adult Services	17,678,664	(191,232)	17,547,666	17,738,898	(191,232)	17,547,666	17,738,898	(191,273)	17,551,581	3,916	3,916	3,916	17,738,898	(191,273)	17,551,581
Children & Family Services	49,473,578	4,184,972	66,092,783	61,907,811	4,184,972	66,092,783	61,917,075	4,184,972	66,102,047	9,264	9,264	9,264	61,917,075	4,184,972	66,102,047
Child Care/Early Childhood Ed.	1,175,882	(16,192)	1,164,457	1,180,649	(16,192)	1,164,457	1,181,108	(16,197)	1,164,911	454	454	454	1,181,108	(16,197)	1,164,911
Youth Services	48,258,568	(500,513)	47,808,456	48,308,969	(500,513)	47,808,456	48,311,143	(500,535)	47,810,608	2,152	2,152	2,152	48,311,143	(500,535)	47,810,608
Devel. Disab. Services	66,376,228	(644,079)	65,870,969	66,515,048	(644,079)	65,870,969	66,536,422	(644,296)	65,892,126	21,156	21,156	21,156	66,536,422	(644,296)	65,892,126
Medical Services	5,094,291	3,227,800	7,197,500	3,969,700	3,227,800	7,197,500	3,969,700	3,885,063	7,854,763	667,263	667,263	667,263	3,969,700	3,885,063	7,854,763
DHS-Grants	922,114,864	76,936,769	983,195,494	906,258,715	76,936,769	983,195,494	906,258,715	215,900,897	1,122,159,612	138,964,128	138,964,128	138,964,128	906,258,715	215,900,897	1,122,159,612
Behavioral Health	75,924,095	(855,190)	78,870,394	79,725,584	(855,190)	78,870,394	79,744,397	(855,382)	78,889,015	18,621	18,621	18,621	79,744,397	(855,382)	78,889,015
Services for the Blind	1,902,128	(20,506)	1,883,424	1,903,930	(20,506)	1,883,424	1,904,194	(20,508)	1,883,686	261	261	261	1,904,194	(20,508)	1,883,686
County Operations	48,835,295	(666,039)	48,481,487	49,147,526	(666,039)	48,481,487	49,175,450	(666,324)	48,509,126	27,639	27,639	27,639	49,175,450	(666,324)	48,509,126
TOTAL HUMAN SERVICES	\$1,253,022,610	\$81,295,919	\$1,334,248,875	\$1,252,952,956	\$81,295,919	\$1,334,248,875	\$1,253,043,488	\$220,916,481	\$1,473,959,969	\$139,711,095	\$139,711,095	\$139,711,095	\$1,253,043,488	\$220,916,481	\$1,473,959,969

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

Fiscal Year 2016

Fiscal Year 2017

FUND ACCOUNTS	FY15 FORECAST	Fiscal Year 2016				Fiscal Year 2017				% INC. OVER FY16
		BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY15 FRCST	BASE LEVEL	EXECUTIVE REC.	TOTAL EXECUTIVE REC.	DIFFERENCE FY16 ER VS. FY17 ER	
STATE GENERAL GOVTT FUND										
Dept. of Ark. Heritage	\$6,649,702	\$6,712,607	(\$103,842)	\$6,608,765	(\$40,937)	\$6,716,282	(\$103,879)	\$6,612,403	\$3,638	0.1%
Department of Agriculture	17,899,792	17,951,667	(210,646)	\$17,741,021	(158,771)	17,961,306	(210,745)	\$17,750,561	9,541	0.1%
Dept. of Labor	3,209,846	3,267,489	(39,934)	3,227,555	17,709	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)	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	40,017,466	0	40,017,466	0	0.0%
Dept. of Economic Development	12,050,803	12,102,228	(135,588)	11,966,640	(84,163)	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	324,025,089	11,794,617	335,819,706	(843,549)	-0.3%
Dept. of Community Correction	76,934,087	77,427,839	1,182,790	78,610,829	1,676,542	77,427,839	1,182,790	78,610,829	0	0.0%
State Military Department	9,813,374	9,692,283	(264,581)	9,427,702	(385,672)	9,693,822	(264,596)	9,429,226	1,523	0.0%
Dept. of Parks & Tourism	23,798,426	24,060,387	(285,897)	23,774,490	(23,936)	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)	4,408,266	(154,107)	4,254,159	1,981	0.0%
Miscellaneous Agencies	64,594,884	\$69,783,816	(3,282,508)	66,501,308	1,906,424	\$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	\$17,057,045	\$586,805,265	\$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	\$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	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)	3,805,976	(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)	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)	84,828,774	(966,136)	83,872,638	25,844	0.0%
Merit Adjustment Fund	5,250,000	0	0	0	(5,250,000)	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%
Municipal Aid	29,372,099	29,372,099	0	29,372,099	0	29,372,099	0	29,372,099	0	0.0%
State Police	66,957,393	67,239,618	(864,041)	66,375,577	(581,816)	67,685,625	(866,585)	66,817,040	441,462	0.7%
Dept. of Information Systems	200,000	200,000	0	200,000	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)	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	\$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	\$733,562,405	\$0	\$733,562,405	\$0	0.0%
Rainy Day Funds	\$12,000,000	\$0	\$0	\$0	(12,000,000)	\$0	\$0	\$0	\$0	0.0%
Total Request	\$5,047,000,000	\$5,036,791,310	\$159,708,690	\$5,196,500,000	\$149,500,000	\$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			\$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 Ft. Gas Assessments				\$5,000,000				\$5,000,000		
REVISED OFFICIAL FORECAST				\$5,196,500,000				\$5,370,200,000		
Surplus/(Deficit)	\$0			\$0				\$0		