



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

OFFICE OF THE SECRETARY

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March 4, 2020

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:

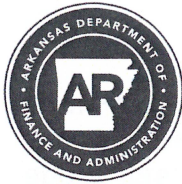
Please find attached information detailing the economic forecast and balanced budget for the 2021 Fiscal Year. The forecast information reflects the Official General Revenue Forecast for the 2019-2021 Biennium provided to the Legislative Council on February 1, 2020 pursuant to A.C.A. §19-4-304 (b).

You will also find attached a schedule reflecting the Governor's Proposed Balanced Budget under this Forecast for the 2021 Fiscal Year with a comparison to the 2020 Fiscal Year.

Sincerely,


Larry W. Walther
Secretary

LWW:jb



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January 31, 2020

The Honorable Cecile Bledsoe, Co-Chair
The Honorable Jeff Wardlaw, Co-Chair
Arkansas Legislative Council
State Capitol
Little Rock, Arkansas 72201

Dear Senator Bledsoe and Representative Wardlaw:

In accordance Ark. Code Ann. §19-4-304(b)(2), I am summarizing the February 1, 2020 revision to the official general revenue forecast for Fiscal Years 2020 and 2021.

There is no change in the forecast for FY 2020 and FY 2021 in Net Available revenues.

Key economic indicators used in the forecast process have displayed minor fluctuations around a stable growth path. The two large collection categories that closely align with economic indicators are payroll withholding and sales tax. Both categories display good growth in a historically low unemployment rate environment. There are few signs of unsustainable growth conditions in the state and national economies currently. A turn to more traditional boom and bust patterns in activity or asset pricing will be monitored.

The forecast revision based on results from collections through December, updated economic assumptions, and final results from FY 2019 are included in the attached tables along with details of the revised revenue forecasts for Fiscal Years 2020 - 2021.

Summary of Net Available Revenues:

Actual

- In FY 2019 net available revenues totaled \$5,921.4 million, an increase of \$426.5 million or 7.8% from FY 2018.

Forecast

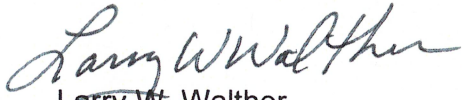
- For FY 2020 net available revenues are expected to reach \$5,737.1 million, unchanged from the prior forecast. This is a decrease of \$184.3 million, or -3.1 percent

largely on the assumption of waning fiscal and monetary stimulus. While these policy factors are changeable, available tools for stimulus are running low. The degree of reaction by consumers and investors to upward drift in long-term interest rates, deceleration in household wealth, and stall out in hiring rates will be key determinates of risk but starting near the end of the current biennium.

The department utilizes a more conservative forecast source among national forecast contractors in order to maintain a reasonable input process. Additional conservative provisions are added for known risk factors in state collections. 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,



Larry W. Walther
Secretary

LWW/jps
Attachments (2)

**Official General Revenue Forecast
FY 2019 - 2021 Biennium**

Millions of Dollars

	FY 19			02/01/20			FY 20			02/01/20			FY 21		
	Actual	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH
INDIVIDUAL INCOME	3,520.0	160.5	4.8	3,578.8	58.8	1.7	3,689.5	110.7	3.1						
CORPORATE INCOME	570.2	163.5	40.2	404.6	-165.6	-29.0	405.5	0.9	0.2						
SALES and USE TAX	2,465.0	47.5	2.0	2,572.4	107.4	4.4	2,649.4	77.0	3.0						
ALCOHOLIC BEVERAGE	60.5	1.2	2.0	61.0	0.5	0.8	62.4	1.4	2.3						
TOBACCO	212.0	-7.8	-3.6	205.0	-7.0	-3.3	198.7	-6.3	-3.1						
INSURANCE	161.6	46.6	40.6	120.7	-40.9	-25.3	148.4	27.7	22.9						
RACING	2.0	-0.1	-6.7	2.1	0.1	3.3	2.0	-0.1	-4.8						
GAMING	69.7	5.2	8.1	31.2	-38.5	-55.2	31.2	0.0	0.0						
SEVERANCE	10.2	0.2	2.5	10.7	0.5	4.6	9.6	-1.1	-10.3						
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	0.0	2.6	0.0	-0.3	2.6	0.0	0.0						
MISCELLANEOUS	62.0	0.6	0.9	58.9	-3.1	-5.1	57.3	-1.6	-2.7						
TOTAL GROSS	7,143.9	417.3	6.2	7,056.0	-87.9	-1.2	7,264.6	208.6	3.0						
LESS: SCS/COF	220.2	11.8	5.7	218.7	-1.5	-0.7	225.2	6.5	3.0						
INDIVIDUAL REFUNDS	507.5	14.1	2.9	581.1	73.6	14.5	608.2	27.1	4.7						
CORP REFUNDS	62.7	19.9	46.5	52.4	-10.3	-16.5	53.4	1.0	1.9						
CLAIMS RESERVE	0.0	0.0	0.0	10.0	10.0	100.0	10.0	0.0	0.0						
ECON DEV INCENTIVE	11.4	-1.0	-8.4	23.4	12.0	106.1	23.4	0.0	0.0						
RECYCLING TAX CREDIT	16.0	0.0	0.0	16.0	0.0	0.0	22.5	6.5	40.6						
AMENDMENT 82 BOND	5.3	0.0	0.0	5.3	0.0	0.2	5.3	0.0	0.0						
WATER/SWR BONDS	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0						
COLL SVNGS BONDS	23.2	0.0	-0.2	24.0	0.8	3.6	24.0	0.0	0.0						
MLA CITY/CO TOURIST	0.9	0.0	0.0	0.9	0.0	1.4	0.9	0.0	0.0						
EDUC EXCEL TRUST	331.2	10.9	3.4	342.1	10.9	3.3	352.5	10.4	3.0						
DESEGREGATION	0.0	-65.8	-100.0	0.0	0.0	0.0	0.0	0.0	0.0						
EDUCATIONAL ADQCY	29.3	1.0	3.4	30.2	0.9	3.1	31.2	1.0	3.3						
NET AVAILABLE	5,921.4	426.5	7.8	5,737.1	-184.3	-3.1	5,893.2	156.1	2.7						
LESS: SURPLUS	295.4	295.4													
NET AVAILABLE DISTRIBUTION	5,626.0	131.1	2.4	5,737.1	111.1	2.0	5,893.2	156.1	2.7						

Prepared by Economic Analysis and Tax Research, DFA

**Economic Assumptions and the
Official General Revenue Forecast
FY 2019 - 2021 Biennium**

Millions of Dollars	FY19			02/01/20			FY20			02/01/20			FY21		
	Actual	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH
INDIVIDUAL INCOME TAX	3,520.0	160.5	4.8	3,578.8	58.8	1.7	3,689.5	110.7	3.1						
INDIVIDUAL REFUNDS	<u>507.5</u>	<u>14.1</u>	<u>2.9</u>	<u>581.1</u>	<u>73.6</u>	<u>14.5</u>	<u>608.2</u>	<u>27.1</u>	<u>4.7</u>						
NET INDIVIDUAL INCOME	3,012.5	146.3	5.1	2,997.7	-14.8	-0.5	3,081.3	83.6	2.8						
CORPORATE INCOME TAX	570.2	163.5	40.2	404.6	-165.6	-29.0	405.5	0.9	0.2						
CORPORATE REFUNDS	<u>62.7</u>	<u>19.9</u>	<u>46.5</u>	<u>52.4</u>	<u>-10.3</u>	<u>-16.5</u>	<u>53.4</u>	<u>1.0</u>	<u>1.9</u>						
NET CORPORATE INCOME	507.4	143.6	39.5	352.2	-155.2	-30.6	352.1	-0.1	0.0						
SALES AND USE TAX	2,465.0	47.5	2.0	2,572.4	107.4	4.4	2,649.4	77.0	3.0						
NET ECONOMIC TAX REVENUE	5,984.9	337.4	6.0	5,922.3	-62.6	-1.0	6,082.8	160.5	2.7						
OTHER TAX REVENUE	<u>588.7</u>	<u>45.8</u>	<u>8.4</u>	<u>500.2</u>	<u>-88.5</u>	<u>-15.0</u>	<u>520.2</u>	<u>20.0</u>	<u>4.0</u>						
GROSS GENERAL REVENUES	7,143.9	417.3	6.2	7,056.0	-87.9	-1.2	7,264.6	208.6	3.0						
LESS: SCS/COF	220.2	11.8	5.7	218.7	-1.5	-0.7	225.2	6.5	3.0						
INDIVIDUAL REFUNDS	507.5	14.1	2.9	581.1	73.6	14.5	608.2	27.1	4.7						
CORPORATE REFUNDS	62.7	19.9	46.5	52.4	-10.3	-16.5	53.4	1.0	1.9						
CLAIMS	0.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	0.0						
ECON DEVEL INCENTIVE FUND	11.4	-1.0	-8.4	23.4	12.0	106.1	23.4	0.0	0.0						
RECYCLING EQUIP CREDIT	16.0	0.0	0.0	16.0	0.0	0.0	22.5	6.5	40.6						
AMENDMENT 82 BOND	5.3	0.0	0.0	5.3	0.0	0.2	5.3	0.0	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	0.9	0.0	0.0	0.9	0.0	1.4	0.9	0.0	0.0						
DESEGREGATION SETTLEMENT	0.0	-65.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
EDUC EXCEL TRUST FUND	331.2	10.9	3.4	342.1	10.9	3.3	352.5	10.4	3.0						
COLLEGE SAVINGS BONDS	23.2	0.8	-0.2	24.0	0.8	3.6	24.0	0.0	0.0						
EDUCATIONAL ADEQUACY	29.3	1.0	3.4	30.2	0.9	3.1	31.2	1.0	3.3						
NET AVAILABLE	5,921.4	426.5	7.8	5,737.1	-184.3	-3.1	5,893.2	156.1	2.7						
LESS: SURPLUS	295.4	295.4													
NET AVAILABLE DISTRIBUTION	5,626.0	131.1	2.4	5,737.1	111.1	2.0	5,893.2	156.1	2.7						
ECONOMIC ASSUMPTIONS	FY 2019			FY 2020			FY 2021								
U.S. GDP Nominal (Billion \$)	21,022.0	971.0	4.8	21,850.0	828.0	3.9	22,807.0	957.0	4.4						
U.S. GDP Real (Billions 2012\$ Chain-Weight)	18,866.0	485.0	2.6	19,255.0	389.0	2.1	19,677.0	422.0	2.2						
U.S. GDP Inflation (Chain-Wt, 2012=100)	111.4	2.3	2.1	113.5	2.1	1.9	115.9	2.4	2.1						
U.S. CPI Price Index (1982-84=100)	253.3	5.2	2.1	258.4	5.1	2.0	262.1	3.7	1.4						
OIL - Avg. Dom. Crude to Refinery (\$ per barrel)	64.1	3.7	6.2	57.6	-6.5	-10.1	47.4	-10.2	-17.7						
AR. Gross Revenue less refunds (Million \$)	6,573.6	383.3	6.2	6,422.5	-151.1	-2.3	6,603.0	180.5	2.8						
AR. Net GR % of Non-Farm Personal Income	5.0	0.1	1.4	4.7	-0.3	-6.0	4.6	0.0	-1.0						
AR. Non-Farm Personal Income (Million \$)	132,210.0	6,001.0	4.8	137,408.0	5,198.0	3.9	142,641.0	5,233.0	3.8						
AR. Wage & Salary Disbursements (Million \$)	58,918.0	2,156.7	3.8	61,573.0	2,655.0	4.5	64,233.0	2,660.0	4.3						
AR. Non-Farm Proprietor Income (Million \$)	7,102.2	339.9	5.0	7,353.0	250.8	3.5	7,487.2	134.2	1.8						
AR. Per Capita Income (\$)	43,965.0	1,706.0	4.0	45,561.0	1,596.0	3.6	47,027.0	1,466.0	3.2						
AR. GDP Nominal (Million \$)	130,678.0	5,041.0	4.0	135,199.0	4,521.0	3.5	140,547.0	5,348.0	4.0						
AR. Employment Total Payroll (Thousands)	1,269.1	12.7	1.0	1,283.2	14.1	1.1	1,293.0	9.8	0.8						
AR. Employment Private Sector (Thousands)	1,056.5	11.9	1.1	1,068.5	12.0	1.1	1,077.1	8.6	0.8						
AR. Employment Manufacturing (Thousands)	162.5	3.4	2.2	163.4	0.9	0.6	161.5	-1.9	-1.2						
AR. New Car/Light Truck registrations (Thous.)	127.3	-2.4	-1.8	127.3	0.0	0.0	127.1	-0.2	-0.2						
AR. Retail Sales (Million \$)	45,213.0	1,001.0	2.3	46,823.0	1,610.0	3.6	48,230.0	1,407.0	3.0						

U.S. Summary: IHS Markit, January 2020 baseline
Arkansas Summary: IHS Markit, December 2019 baseline

STATE GENERAL REVENUE

2021 Executive Recommendations

FUND ACCOUNTS	Fiscal Year 2021				
	FY20 RSA	BASE LEVEL ₁	Transformation Changes	Executive Rec	FY21 Over FY20
Div. of Elementary and Secondary Education	2,187,669,810	2,156,859,138	0	40,528,158	2,197,387,296
State Library	5,641,919	5,641,919	0	0	5,641,919
Career and Technical Education	31,964,521	31,964,587	0	0	31,964,587
PUBLIC SCHOOL FUND	2,225,276,250	2,194,465,644	0	40,528,158	2,234,993,802
GENERAL EDUCATION FUND					9,717,552
Div. of Elementary and Secondary Education	16,298,264	16,346,412	0	0	16,346,412
Educational Facilities Partnership	41,828,951	41,828,951	0	0	41,828,951
Div. of Academic Facilities & Transportation	2,617,738	2,622,158	0	0	2,622,158
Educational Television	5,465,076	5,476,514	0	0	5,476,514
School for the Blind	7,234,724	7,248,129	0	0	7,248,129
School for the Deaf	10,511,853	10,532,727	0	0	10,532,727
State Library	3,615,572	3,616,803	0	0	3,616,803
Div. of Career and Technical Education	4,802,243	4,812,645	(4,802,645)	0	10,000
Rehabilitation Services	12,910,638	12,926,505	(974,098)	0	11,952,407
Subtotal - General Education	105,285,059	105,410,844	(5,776,743)	0	99,634,101
Technical Institutes:					(5,650,958)
Northwest TI	3,148,724	3,157,818	0	0	3,157,818
Riverside VTS	2,353,432	2,358,647	0	0	2,358,647
Subtotal - Technical Institutes	5,502,156	5,516,465	0	0	5,516,465
TOTAL GENERAL ED. FUND	110,787,215	110,927,309	(5,776,743)	0	105,150,566
HUMAN SERVICES FUND					(5,636,649)
DHS-Administration	23,961,086	21,991,203	(179,934)	1,979,766	23,791,035
Aging and Adult Services	0	0	0	0	0
Children & Family Services	125,202,457	125,216,852	0	0	125,216,852
Child Care/Early Childhood Ed.	2,114,627	1,289,676	0	825,247	2,114,923
Youth Services	48,769,900	48,771,852	2,596,107	0	51,367,959
Devel. Disab. Services	66,983,723	66,965,346	0	35,436	67,000,782
Medical Services	2,337,188	2,337,880	0	0	2,337,880
DHS-Grants	1,313,215,466	1,251,591,562	0	127,006,026	1,378,597,588
Behavioral Health 2	98,915,813	98,109,017	0	831,614	98,940,631
Provider Services and Quality Assurance	5,385,624	4,929,692	0	457,953	5,387,645
Services for the Blind	1,965,700	1,966,164	0	0	1,966,164
County Operations	48,185,582	49,837,962	0	(1,630,016)	48,207,946
TOTAL HUMAN SERVICES	1,737,037,166	1,673,007,206	2,416,173	129,506,026	1,804,929,405
					67,892,239

2021 Executive Recommendations

FUND ACCOUNTS	FY20 RSA	Fiscal Year 2021				FY21 Over FY20
		BASE LEVEL ₁	Transformation Changes	Executive		
				Rec	TOTAL	
STATE GENERAL GOV'T FUND						
Div. of Ark. Heritage	7,512,712	8,066,847	0	(549,336)	7,517,511	4,799
Department of Agriculture	17,716,231	17,723,474	0	0	17,723,474	7,243
Dept. of Labor and Licensing	3,227,813	3,229,537	0	0	3,229,537	1,724
Dept. of Higher Education	11,401,648	11,402,512	182,934	0	11,585,446	183,798
Higher Education Grants	40,017,466	40,017,466	0	0	40,017,466	0
Economic Development Commission	14,815,619	14,817,486	0	0	14,817,486	1,867
Div. of Correction	360,991,738	358,519,413	0	4,364,752	362,884,165	1,892,427
Div. of Community Correction	93,491,633	91,064,624	0	5,187,513	96,252,137	2,760,504
Dept. of the Military	9,313,129	9,317,606	(2,596,107)	0	6,721,499	(2,591,630)
Parks & Tourism	20,775,547	20,788,347	0	0	20,788,347	12,800
Div. of Environmental Quality	3,965,422	3,982,825	0	(17,403)	3,965,422	0
Miscellaneous Agencies	61,348,370	63,668,778	3,852,614	1,070,925	68,592,317	7,243,947
TOTAL STATE GENERAL GOV'T	644,577,328	642,598,915	1,439,441	10,056,451	654,094,807	9,517,479
OTHER FUNDS						
County Aid	21,428,616	21,428,616	0	0	21,428,616	0
County Jail Reimbursement	18,263,607	18,263,607	0	1,102,338	19,365,945	1,102,338
Crime Information System	3,759,593	3,763,538	0	(3,945)	3,759,593	0
Child Support Enforcement	12,984,053	12,984,053	0	0	12,984,053	0
Dept. of Health	81,904,015	81,921,714	974,098	0	82,895,812	991,797
Performance Fund	14,785,000	0	0	19,785,000	19,785,000	5,000,000
Motor Vehicle Acquisition	3,000,000	3,000,000	0	0	3,000,000	0
Municipal Aid	29,372,099	29,372,099	0	0	29,372,099	0
Div. of Arkansas State Police ₃	71,612,455	61,975,642	0	3,673,154	65,648,796	(5,963,659)
Div. of Workforce Services-TANF	3,864,840	3,864,840	0	0	3,864,840	0
Div. of Workforce Services-Adult Education	0	0	947,031	0	947,031	947,031
TOTAL OTHER FUNDS	260,974,278	236,574,109	1,921,129	24,556,547	263,051,785	2,077,507
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:						
Arkansas State University	58,876,246	58,827,418	0	869,479	59,696,897	820,651
Arkansas Tech University	32,809,863	32,809,863	0	577,506	33,387,369	577,506
Henderson State University	19,047,721	19,046,285	0	(15,322)	19,030,963	(16,758)
Southern Arkansas University	17,542,719	15,976,938	0	1,202,243	17,179,181	(363,538)
UA-Fayetteville	122,015,998	120,492,533	0	2,336,523	122,829,056	813,058
UA - System	3,479,473	3,417,950	0	61,523	3,479,473	0
UA - Archeological Survey	2,369,273	2,327,380	0	41,893	2,369,273	0
UA - Agriculture	63,930,540	62,800,138	0	3,000,000	65,800,138	1,869,598
UA - Clinton School	2,336,895	2,295,575	0	41,320	2,336,895	0
UA - Criminal Justice Institute	1,858,633	1,825,769	0	432,864	2,258,633	400,000
UA - AR Sch.Math, Science, & Arts	1,133,049	1,113,015	0	20,034	1,133,049	0

2021 Executive Recommendations

Fiscal Year 2021					
FUND ACCOUNTS	FY20 RSA	BASE LEVEL ₁	Transformation Changes	Executive Rec	FY21 Over FY20
U of A - Ft. Smith	20,574,769	20,574,769	0	(227,568)	(227,568)
UA-Little Rock	60,444,730	60,371,149	0	149,264	75,683
UA-Medical Sciences	88,012,881	86,456,661	0	1,556,220	0
UAMS - Child Abuse/Rape/Domestic Violence	748,230	735,000	0	13,230	0
UAMS - Pediatrics/Psychiatric Research	1,985,100	1,950,000	0	35,100	0
UAMS - Child Safety Center	733,559	720,588	0	12,971	0
UAMS - Indigent Care	5,438,340	5,342,181	0	96,159	0
UA-Monticello	15,786,582	15,786,582	0	186,853	186,853
UA-Pine Bluff	25,847,585	25,781,928	0	430,166	364,509
University of Central Arkansas	54,301,814	54,301,814	0	951,370	951,370
Subtotal - 4 Year Institutions	599,274,000	592,953,536	0	11,771,828	5,451,364
INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:					
Arkansas Northeastern College	8,491,281	8,491,281	0	207,146	207,146
Arkansas State University - Beebe	11,929,786	11,929,786	0	(178,947)	(178,947)
Arkansas State Univ.-Mt. Home	3,840,826	3,739,861	0	(56,098)	(157,063)
Arkansas State Univ. - Newport	6,973,622	6,142,999	0	655,027	(175,596)
Cossatot C C of the UA	3,612,602	3,481,206	0	(5,167)	(136,563)
East Arkansas Cmty. College	8,348,134	8,348,134	0	(103,829)	(103,829)
Arkansas State Univ. - Mid-South	3,945,500	3,918,500	0	96,884	69,884
ASU - Mid-South - ADTEC	1,527,000	1,527,000	0	27,000	27,000
National Park College	8,956,024	8,956,024	0	(134,340)	(134,340)
North Arkansas College	7,925,968	7,925,968	0	(118,890)	(118,890)
NorthWest Arkansas Cmty. College	11,406,258	10,778,490	0	1,394,288	766,520
Phillips Cmty. College of the UA	8,972,457	8,972,457	0	16,236	16,236
U of A - Rich Mountain	3,174,800	3,174,800	0	386,613	386,613
Southern Ark. University - Tech	5,648,456	5,648,456	0	(77,544)	(77,544)
SAU-Tech-Envir. Control Center	375,035	368,404	0	6,631	0
SAU-Tech-Fire Training Academy	1,680,943	1,651,221	0	29,722	0
South Arkansas Cmty. College	6,252,791	6,124,822	0	(91,872)	(219,841)
U of A - Cmty. College at Batesville	4,195,173	4,193,027	0	(62,895)	(65,041)
U of A - Cmty. College at Hope-Texarkana	5,012,860	4,604,971	0	384,124	(23,765)
U of A - Cmty. College at Morrilton	4,985,709	4,985,709	0	382,334	382,334
Subtotal - 2 Year Institutions	117,255,225	114,963,116	0	2,756,423	464,314
INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges					
Black River	6,052,381	6,052,381	0	(90,786)	(90,786)
College of the Ouachitas	3,523,733	3,523,733	0	(52,856)	(52,856)
Ozarka	3,095,210	3,095,210	0	(46,428)	(46,428)
U of A - Pulaski Tech	14,986,063	14,986,063	0	(224,791)	(224,791)
Southeast Arkansas College	5,580,430	5,580,430	0	(83,706)	(83,706)
Subtotal - Technical Colleges	33,237,817	33,237,817	0	(498,567)	(498,567)
TOTAL INST'S OF H. E.	749,767,042	741,154,469	0	14,029,684	5,417,111

2021 Executive Recommendations

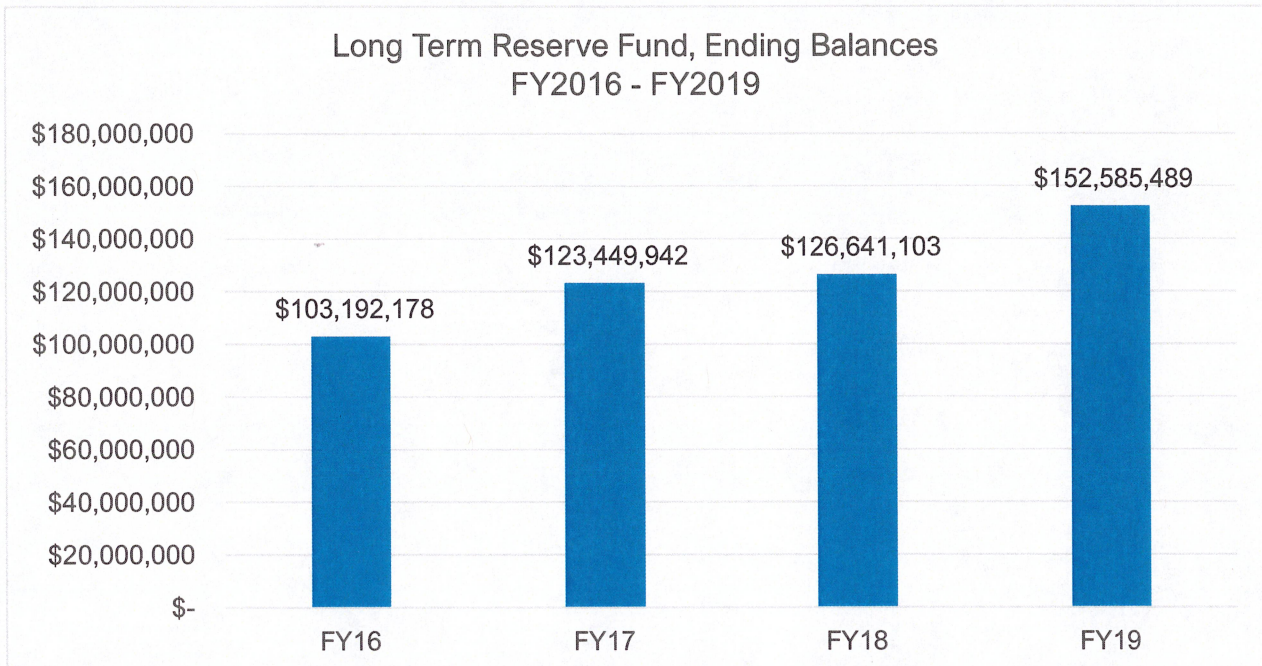
Fiscal Year 2021					
FUND ACCOUNTS	FY20 RSA	BASE LEVEL ₁	Transformation Changes	Executive Rec	FY21 Over FY20
Rainy Day Funds	15,877,476	15,877,476	0	0	0
Medicaid Trust Fund	5,909,000	5,909,000	0	0	0
Total Request	5,750,205,755	5,620,514,128	0	218,676,866	88,985,239
OFFICIAL FORECAST 2.1.20	\$5,737,100,000				\$5,893,200,000
Surplus/(Deficit)					54,009,006
DISTRIBUTION OF FUTURE SURPLUS FUNDS PURSUANT TO LEGISLATIVE MANDATE					
AR Highway Transfer Fund (25%)					13,502,251
Restricted Reserve Fund (75%)					40,506,754

1. Base Level includes adjustments for the FY18 Pay Plan Implementation, FY19 Performance Pay, 2019-2021 Retirement Contribution Rates, and calculated 2019-2021 Career Service Payments.
2. The Executive Recommendation for the DHS - Behavioral Health Division includes \$2,500,000 in each year for Crisis Stabilization Units. The Executive Recommendation reflects a different amount due to agency-wide reallocations.
3. The Miscellaneous Agencies Fund allocation includes \$7.35M in funding for the AWIN program, which was transferred from Division of State Police to the Division of Emergency Management. (Act 702 of 2019)

DFA-Office of Budget
3/3/2020

Attachment 1:

Ending balances in the Arkansas Long Term Reserve Fund, FY2016-FY2019



Attachment 2:

RSA funding allocation amounts by fiscal year, FY2010 -
FY2020

Full Revenue Stabilization Funding Allocations

	<u>FULL RSA</u>	<u>Growth</u>	Funding Allocations	Wage/Salary Income Growth	CPI Growth
FY2020	\$5,750,205,755	2.2%	A, "Rainy Day", "Medicaid", B, C	4.8%	2.0%
FY2019	\$5,626,034,616	2.4%	A, "Rainy Day", "Medicaid", B	3.9%	2.1%
FY2018	\$5,496,254,500	3.1%	A, "Rainy Day", "Medicaid", B	3.3%	2.3%
FY2017	\$5,333,100,000	2.7%	A, "Rainy Day", B	3.1%	1.8%
FY2016	\$5,190,400,001	2.6%	A, "Rainy Day", B, B-1, C	3.6%	0.7%
FY2015	\$5,058,907,249	2.3%	A, "Rainy Day", B, B-1, C	4.2%	0.7%
FY2014	\$4,943,779,504	4.6%	A, "Rainy Day", B, C	1.8%	1.6%
FY2013	\$4,727,500,000	2.6%	A	2.9%	1.7%
FY2012	\$4,605,925,000	2.8%	A, "Rainy Day", B	3.1%	2.9%
FY2011	\$4,478,900,000	-2.5%	A, B	3.7%	2.0%
FY2010	\$4,593,605,359	1.5%	A, B-1, B	-0.9%	1.0%