

STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

November 10, 2022

Senator Terry Rice, Co-Chair
Representative Jeffrey Wardlaw, Co-Chair
Arkansas Legislative Council
Arkansas General Assembly
Little Rock, AR 72201

Dear Co-Chairs:

Over the last eight years, my Administration has worked diligently to improve the lives of Arkansans, and I am pleased with the advances we have made. While my term as Governor may be coming to an end, the state's commitment to improving the well-being of all its residents remains the same. The attached budget is consistent with the goals and priorities my Administration has established and reflects our ongoing commitment to education, law enforcement, and families in Arkansas.

A good education is impossible without the presence of qualified and experienced teachers. An increase to Education totaling \$200 million in Fiscal Year (FY) 2024, along with a \$350 million increase in FY 2025. These increases are more than sufficient to raise starting teacher pay to a level that is competitive and will attract more highly qualified teachers into the profession. This will also help Arkansas remain competitive with surrounding states, thereby providing our students with the skills necessary to succeed in the workplace. Regarding Higher Education, a total of \$4 million has been designated to ensure the University of Arkansas at Pine Bluff receives its federal match as a land grant university for the next two fiscal years.

The wellbeing of our communities would not be possible without the tireless efforts of our law enforcement officers (LEOs). Together, we have displayed our appreciation for these brave and selfless individuals earlier this year through Acts 223 and 224, and we will continue to show our support by increasing the State Police Budget by \$1.5 million for each of the next two years.

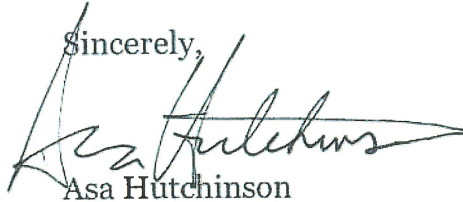
As we continue to prioritize our LEOs, we must also ensure we have the facilities and tools to effectively manage inmates and parolees. That is why we are providing the Department of Correction an additional \$5.4 million in FY 2024 and \$7.3 million in FY 2025. Additionally, Community Correction will see an increase of \$5.5 million for each of the next two years. Together, these efforts illustrate Arkansas's commitment to supporting law enforcement and protecting citizens.

Over the course of my tenure as Governor, we have worked together to support veterans and Arkansans currently serving in the military. Thanks to Act 141 of the 91st General Assembly, military retirement is no longer taxed at the state level, thereby providing much needed relief to those who have served our nation. The Department of the Military will receive an increase of \$4.2 million.

Finally, Arkansas prides itself on being a place where children and families can thrive, so it is imperative we create an environment where youth can succeed. Across the nation, Americans have dealt with the rising costs of food, gas, and other essential items, and foster families are no exception. This is why the attached budget includes an increase in payments for foster families and offers monthly payments to provisional foster parents. Additionally, my budget includes funding for our juvenile justice system, providing the treatment and resources for at-risk teens and children, thereby building a brighter future for all Arkansans.

Thank you.

Sincerely,



Asa Hutchinson

STATE GENERAL REVENUE
2023 - 2025 Execu Recommendations

FUND ACCOUNTS	FY23 FORECAST	Fiscal Year 2024				Fiscal Year 2025			
		BASE LEVEL	Executive Recommendation	TOTAL	Over FY23	BASE LEVEL	Executive Recommendation	TOTAL	Over FY24
Div. of Elementary and Secondary Education	2,291,011,525	2,291,068,275	200,000,000	2,491,068,275	8.73%	2,291,069,749	350,000,000	2,641,069,749	6.02%
State Library	5,641,919	5,641,919	0	5,641,919	0.00%	5,641,919	0	5,641,919	0.00%
Career and Technical Education 2	22,730,645	22,730,645	79,174	22,809,819	0.35%	22,730,645	153,227	22,883,872	0.32%
Career and Technical Education-Adult Ed	8,137,976	8,139,176	0	8,139,176	0.01%	8,139,176	0	8,139,176	0.00%
PUBLIC SCHOOL FUND	2,327,522,065	2,327,580,015	200,079,174	2,527,659,189	8.60%	2,327,581,489	350,153,227	2,677,734,716	5.94%
Div. of Elementary and Secondary Education	17,196,441	18,260,460	0	18,260,460	6.19%	18,282,199	0	18,282,199	0.12%
Div. of Elementary and Secondary Education - Succeed Scholarship	3,300,000	3,300,000	0	3,300,000	0.00%	3,300,000	0	3,300,000	0.00%
Educational Facilities Partnership	70,328,951	70,328,951	0	70,328,951	0.00%	70,328,951	0	70,328,951	0.00%
Div. of Academic Facilities & Transportation	2,662,495	2,854,502	0	2,854,502	7.21%	2,857,204	0	2,857,204	0.09%
Educational Television	5,472,881	5,823,608	0	5,823,608	6.41%	5,825,736	0	5,825,736	0.04%
School for the Blind	7,721,552	8,210,740	0	8,210,740	6.34%	8,218,836	0	8,218,836	0.10%
School for the Deaf	11,092,319	11,808,489	0	11,808,489	6.46%	11,812,933	0	11,812,933	0.04%
State Library	3,696,730	3,858,205	0	3,858,205	4.37%	3,859,435	0	3,859,435	0.03%
Div. of Career and Technical Education 2	9,500	9,500	(9,500)	0	-100.00%	9,500	(9,500)	0	0.00%
Rehabilitation Services	11,641,802	11,922,857	0	11,922,857	2.41%	11,942,101	0	11,942,101	0.16%
Subtotal - General Education	133,122,671	136,377,312	(9,500)	136,367,812	2.44%	136,436,895	(9,500)	136,427,395	0.04%
Technical Institutes:									
Northwest TI	3,066,434	3,304,826	157,891	3,462,717	12.92%	3,308,152	157,891	3,466,043	0.10%
Subtotal - Technical Institutes	3,066,434	3,304,826	157,891	3,462,717	12.92%	3,308,152	157,891	3,466,043	0.10%
TOTAL GENERAL ED. FUND	136,189,105	139,682,138	148,391	139,830,529	2.67%	139,745,047	148,391	139,893,438	0.04%
HUMAN SERVICES FUND									
DHS-Administration	23,778,727	24,487,611	0	24,487,611	2.98%	24,518,586	0	24,518,586	0.13%
Children & Family Services	130,997,824	132,028,047	6,662,228	138,690,275	5.87%	132,071,165	6,662,228	138,733,393	0.03%
Child Care/Early Childhood Ed.	2,573,405	2,576,668	0	2,576,668	0.13%	2,589,553	0	2,589,553	0.50%
Youth Services	48,903,006	48,976,015	5,795,495	54,771,510	12.00%	48,980,104	6,604,112	55,584,216	1.48%
Devel. Disab. Services	65,306,674	65,496,503	0	65,496,503	0.29%	65,603,057	0	65,603,057	0.16%
Medical Services	2,333,276	2,439,870	0	2,439,870	4.57%	2,442,596	0	2,442,596	0.11%
DHS-Grants	1,396,781,898	1,396,781,898	0	1,396,781,898	0.00%	1,396,781,898	25,000,000	1,421,781,898	1.79%
Behavioral Health 3	101,232,260	101,377,245	2,013,677	103,390,922	2.13%	101,436,841	1,520,809	102,957,650	-0.42%
Provider Services and Quality Assurance	5,321,846	5,510,773	0	5,510,773	3.55%	5,515,977	0	5,515,977	0.09%
County Operations 3	52,470,649	53,740,856	43,252	53,784,108	2.50%	53,841,215	43,252	53,884,467	0.19%
TOTAL HUMAN SERVICES	1,829,699,565	1,833,415,486	14,514,652	1,847,930,138	1.00%	1,833,780,992	39,830,401	1,873,611,393	1.39%
STATE GENERAL GOV'T FUND									
Div. of Ark. Heritage	7,327,148	7,752,638	0	7,752,638	5.81%	7,755,838	0	7,755,838	0.04%
Department of Agriculture	18,293,095	19,466,991	0	19,466,991	6.42%	19,479,187	0	19,479,187	0.06%
Dept. of Labor and Licensing	3,777,575	3,908,028	0	3,908,028	3.45%	3,909,567	0	3,909,567	0.04%
Div. of Higher Education	11,645,808	11,923,990	0	11,923,990	2.39%	11,927,187	0	11,927,187	0.03%
Institution Productivity Funding 4	0	0	0	0	0.00%	0	6,339,869	6,339,869	0.00%
Higher Education Grants	40,619,625	40,619,625	31,611	40,651,236	0.08%	40,619,625	62,571	40,682,196	0.08%
Economic Development Commission	21,035,903	21,238,499	0	21,238,499	0.96%	21,239,734	0	21,239,734	0.01%
Div. of Correction	378,956,016	394,337,302	5,480,408	399,817,710	5.51%	395,473,587	7,307,211	402,780,798	0.74%
Div. of Community Correction	97,653,507	103,989,443	5,500,000	109,489,443	12.12%	104,561,074	5,500,000	110,061,074	0.52%
Dept. of the Military	7,748,372	7,905,818	2,086,380	9,992,198	28.96%	7,910,278	2,199,049	10,109,327	1.17%
Parks & Tourism	20,630,801	22,067,735	0	22,067,735	6.96%	22,082,257	0	22,082,257	0.07%
Div. of Environmental Quality	4,047,126	4,201,485	0	4,201,485	3.81%	4,202,841	0	4,202,841	0.03%
Miscellaneous Agencies	73,043,955	79,785,641	2,276,256	82,061,897	12.35%	75,683,887	2,288,678	77,972,565	-4.98%
TOTAL STATE GENERAL GOV'T	684,778,931	717,197,195	15,374,655	732,571,850	6.98%	714,845,062	23,697,378	738,542,440	0.82%

STATE GENERAL REVENUE

2023 - 2025 Executive Recommendations

FUND ACCOUNTS	Fiscal Year 2024				Fiscal Year 2025			
	FY23 FORECAST		Executive Recommendation		Executive Recommendation		Executive Recommendation	
	BASE LEVEL	TOTAL	BASE LEVEL	TOTAL	BASE LEVEL	TOTAL	BASE LEVEL	TOTAL
OTHER FUNDS								
County Aid	21,428,616	21,428,616	0	21,428,616	21,428,616	21,428,616	0	21,428,616
County Jail Reimbursement	25,765,944	25,765,944	0	25,765,944	25,765,944	25,765,944	0	25,765,944
Crime Information System	2,143,658	2,182,877	0	2,182,877	2,186,443	2,186,443	0	2,186,443
Child Support Enforcement	12,631,574	13,246,341	0	13,246,341	13,288,801	13,288,801	0	13,288,801
Dept. of Health	80,910,069	81,845,348	0	81,845,348	81,845,348	81,954,072	0	81,954,072
Performance Fund	10,000,000	41,000,000	0	41,000,000	41,000,000	41,000,000	0	41,000,000
Motor Vehicle Acquisition	0	0	0	0	0	0	0	0
Municipal Aid	29,372,099	29,372,099	0	29,372,099	29,372,099	29,372,099	0	29,372,099
Div. of Arkansas State Police	78,118,514	82,422,233	0	82,422,233	82,491,514	83,991,514	0	83,991,514
Div. of Workforce Services-TANF	3,685,419	3,685,419	0	3,685,419	3,685,419	3,685,419	0	3,685,419
Div. of Workforce Services-Adult Education	918,996	1,025,268	0	1,025,268	1,026,253	1,026,253	0	1,026,253
Services for the Blind	1,900,926	1,962,217	0	1,962,217	1,972,456	1,972,456	0	1,972,456
Skills Development Fund	3,586,921	3,608,348	0	3,608,348	3,608,348	3,608,348	0	3,608,348
TOTAL OTHER FUNDS	270,462,736	266,544,710	0	312,044,710	266,779,965	312,279,965	0	312,279,965
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:								
Arkansas State University	62,119,174	61,997,087	544,585	62,541,672	62,119,174	62,119,174	0	62,119,174
Arkansas Tech University	38,234,177	37,855,112	(757,102)	37,098,010	38,234,177	38,234,177	0	38,234,177
Henderson State University	19,333,283	19,333,283	(118,253)	19,215,030	19,333,283	19,333,283	0	19,333,283
Southern Arkansas University	17,278,600	17,278,600	(16,933,028	16,933,028	17,278,600	17,278,600	0	17,278,600
UA-Fayetteville	130,852,704	127,791,350	(345,572)	134,196,542	130,852,704	130,852,704	0	130,852,704
UA - System	3,479,474	3,479,474	0	3,479,474	3,479,474	3,479,474	0	3,479,474
UA - Archeological Survey	2,369,274	2,369,274	0	2,369,274	2,369,274	2,369,274	0	2,369,274
UA - Agriculture	65,800,138	65,800,138	0	65,800,138	65,800,138	65,800,138	0	65,800,138
UA - Clinton School	2,336,896	2,336,896	0	2,336,896	2,336,896	2,336,896	0	2,336,896
UA - Criminal Justice Institute	2,458,634	2,458,634	0	2,458,634	2,458,634	2,458,634	0	2,458,634
UA - AR Sch. Math, Science, & Arts	1,133,048	1,133,048	0	1,133,048	1,133,048	1,133,048	0	1,133,048
U of A - Ft. Smith	21,913,603	21,913,603	(438,272)	21,475,331	21,913,603	21,913,603	0	21,913,603
UA-Little Rock	60,401,230	60,401,230	187,833	60,589,063	60,401,230	60,401,230	0	60,401,230
UA-Medical Sciences	88,012,881	88,012,881	0	88,012,881	88,012,881	88,012,881	0	88,012,881
UAMS - Child Abuse/Rape/Domestic Violence	350,000	350,000	0	350,000	350,000	350,000	0	350,000
UAMS - Pediatrics/Psychiatric Research	1,985,100	1,985,100	0	1,985,100	1,985,100	1,985,100	0	1,985,100
UAMS - Indigent Care	5,438,340	5,438,340	0	5,438,340	5,438,340	5,438,340	0	5,438,340
UA-Monticello	17,385,204	17,385,204	(347,704)	17,037,500	17,385,204	17,385,204	0	17,385,204
UA-Pine Bluff	26,608,560	26,608,560	(457,906)	26,150,654	26,608,560	26,608,560	0	26,608,560
UA-Pine Bluff - Land Grant	0	0	2,000,000	2,000,000	0	0	2,000,000	2,000,000</

STATE GENERAL REVENUE

2023 - 2025 Exec Recommendations

Fiscal Year 2025

Fiscal Year 2024

FUND ACCOUNTS						
	FY23 FORECAST		BASE LEVEL	Executive Recommendation	TOTAL	Over FY23
INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:						
Arkansas Northeastern College	8,885,744		8,885,744	58,990	8,944,734	0.66%
Arkansas State University - Beebe	11,410,153		11,410,153	(53,773)	11,356,380	-0.47%
Arkansas State Univ.-Mt. Home	3,537,885		3,537,885	21,066	3,558,951	0.60%
Arkansas State Univ. - Newport	6,586,715		6,518,999	31,911	6,550,910	-0.54%
Cossatot C C of the UA	3,808,951		3,616,471	166,954	3,783,425	-0.67%
East Arkansas Cmty. College	8,843,480		8,577,373	224,062	8,801,435	-0.48%
Arkansas State Univ. - Mid-South	4,015,302		4,015,302	116,869	4,132,171	2.91%
ASU - Mid-South - ADTEC	1,527,000		1,527,000	0	1,527,000	0.00%
National Park College	9,445,631		9,175,555	49,515	9,225,070	-2.34%
North Arkansas College	7,583,685		7,583,685	22,041	7,605,726	0.29%
NorthWest Arkansas Cmty. College	12,058,971		11,438,222	208,515	11,646,737	-3.42%
Phillips Cmty. College of the UA	9,255,217		9,255,217	(149,286)	9,105,931	-1.61%
U of A - Rich Mountain	3,512,634		3,373,487	108,590	3,482,077	-0.87%
Southern Ark. University - Tech	5,568,684		5,568,684	(111,374)	5,457,310	-2.00%
SAU-Tech-Envir. Control Center	375,036		375,036	0	375,036	0.00%
SAU-Tech-Fire Training Academy	1,680,943		1,680,943	0	1,680,943	0.00%
South Arkansas Cmty. College	6,207,822		6,189,410	19,123	6,208,533	0.01%
U of A - Cmty. College at Batesville	4,586,958		4,276,121	301,316	4,577,437	-0.21%
U of A - Cmty. College at Hope-Texarkana	4,839,322		4,839,322	(96,836)	4,742,486	-2.00%
U of A - Cmty. College at Morrilton	5,402,116		5,289,085	(95,761)	5,193,324	-3.87%
Subtotal - 2 Year Institutions	119,132,249		117,133,694	821,922	117,955,616	-0.99%
INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges						
Black River	5,807,841		5,807,841	147,771	5,955,612	2.54%
ASU - Three Rivers	3,350,898		3,350,898	30,462	3,381,360	0.91%
Ozarka	3,336,267		3,171,953	240,038	3,411,991	2.27%
U of A - Pulaski Tech	14,380,567		14,380,567	345,231	14,725,798	2.40%
Southeast Arkansas College	5,354,958		5,354,958	0	5,354,958	0.00%
Subtotal - Technical Colleges	32,230,531		32,066,217	763,502	32,829,719	1.86%
TOTAL INST'S OF H. E.	775,677,074		769,951,698	8,339,869	778,291,567	0.34%
Total Request	6,024,329,476		6,054,371,242	283,956,741	6,338,327,983	5.21%
OFFICIAL FORECAST 11.10.2022						
	6,622,400,000				\$6,593,300,000	
Surplus/Deficit	598,070,525				254,972,017	
					309,360,975	

1. Base Level includes adjustments for the FY22 and FY23 Performance Pay, COLA, calculated 2023-2025 Career Service Payments, and the \$1,200 annual increase in EBD Contribution (from \$450/month to \$550/month).

2. The Executive Recommendation reflects a reallocation of \$9,500 from the Div. of Career and Technical Education line to the Public School Fund-Career and Technical Education line.

3. The Executive Recommendation reflects a reallocation of \$43,252 from the County Operations line to the Behavioral Health line.

4. Executive Recommendations for formula institutions reflect the Productivity Funding Distribution for FY24. FY25 allocations for Formula Institutions reflect the calculated base level distribution. Any amount above the base level allocations for formula institutions is provided in the Institution Productivity Funding line.

DFA-OFFICE OF BUDGET

11/10/2022