



As we approach the 2018 Fiscal Session, we want to remind Arkansans how the budget process in our state works.

Although we may pass hundreds of appropriations for various agencies, those bills do not necessarily dictate the budget. The appropriation is the authority granted by the General Assembly to spend money under the control of the State of Arkansas. Almost all appropriations require a $\frac{3}{4}$ majority in both chambers.

The budget itself is guided by the Revenue Stabilization Act which is typically one of the last items passed every session.

To craft the Revenue Stabilization Act, the Legislature with consultation with the Governor:

- Determines the Maximum General Revenue support to be distributed over the next fiscal year

- Determines the maximum amount each general revenue fund is to receive from general revenues for the next fiscal year
- Determines the number of priority categories (A,B,C...)
- Sets the minimum level of support required for each general fund and designate it as “A”
- Sets the next level of support for each fund and designates it as the next priority (A-1 or B)
- Continues the steps until the maximum level is reached

As revenues flow, agencies are funded in order of program priorities, with category A being funded first. In the event that A priorities are fully funded, revenues begin to flow to the next category and so on.

In the event that state revenues fall short of expectations, the chief fiscal officer can order any cuts. Any budget cuts would begin in reverse order.

The state adopted this method of budgeting in 1945 as a way to prevent deficit spending, reduce funding instability due to a changing economy, and assure agencies had an even cash flow.

We will keep you updated throughout this session. When the RSA is drafted, it will be posted on our website.

You can watch all of the House floor proceedings live at www.arkansashouse.org. You can also find previous recorded sessions on our website under the Video Library section.