



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

**OFFICE OF THE DIRECTOR**  
1509 West Seventh Street, Suite 401  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-2242  
Fax: (501) 682-1029  
<http://www.dfa.arkansas.gov>

January 14, 2014

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

Dear Co-Chairs:

Please find attached, seven pages of information related to the economic forecast and balanced budget for the 2015 Fiscal Year. The information is current with the Official General Revenue Forecast for the 2013-2015 Biennium provided to the Legislative Council on December 1, 2013 pursuant to A.C.A. §19-4-304 (b).

Also attached on pages 5-7, is a schedule reflecting the Governor's Proposed Balanced Budget under this Forecast for the 2015 Fiscal Year and compared to the 2014 Fiscal Year.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Weiss".

Richard A. Weiss  
Director

RAW:brs:tw



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

**OFFICE OF THE DIRECTOR**  
1509 West Seventh Street, Suite 401  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-2242  
Fax: (501) 682-1029  
<http://www.dfa.arkansas.gov>

December 1, 2013

The Honorable Bill Sample, Co-Chair  
The Honorable John Edwards, Co-Chair  
Arkansas Legislative Council  
State Capitol  
Little Rock, Arkansas 72201

Dear Senator Sample and Representative Edwards:

In accordance with Arkansas Code Annotated §19-4-304 (b) (1), I am submitting our Official General Revenue Forecast for Fiscal Year 2015 with an update for Fiscal Year 2014. This law states that the Director of the Department of Finance and Administration shall submit the annual revenue forecast to the Legislative Council not later than December 1 of the year preceding a Fiscal Session. Included in the tables are selected economic assumptions and the details of the updated revenue forecasts for Fiscal Years 2014 and 2015.

Summary of Net Available Revenues:

**Actual**

- In FY 2013 net available revenues totaled \$5,027.0 million, an increase of \$275.4 million or 5.8% from FY 2012. This amount was \$299.5 million above the net available distribution level at \$4,727.5 million, representing surplus funds.

**Forecast**

- For FY 2014 net available revenues from collections are expected to reach \$4,943.8 million, a decrease of \$83.2 million, or -1.7 percent from FY 2013 net available. Year-to-date actual growth after four months in the fiscal year has been 4.3 percent above year earlier levels, resulting in \$37.8 million above forecast at that point. The forecast for FY 2014 is revised lower by \$13.8 million or 0.3 percent from the prior forecast. This results in removal of the prior indicated surplus but retains the fully-funded budget, including the \$18.9 million for Rainy Day Fund. The target rate of growth to meet the new forecast is negative at -1.7 percent for net available funds and -0.2 percent for gross general revenue as part of the expectation that income tax strategy will unwind from the income shift effect for tax year 2012 that helped generate a \$299.5 million surplus in FY 2013.

The forecast is expected to fund all of the allocations of the Revenue Stabilization Law.

- For FY 2014 net available revenues collected are expected to reach \$4,943.8 million, a decrease of \$83.2 million or -1.7 percent from FY 2013.
- For FY 2015 net available revenues are expected to reach \$5,040.7 million, an increase of \$96.9 million or 2.0 percent above FY 2014. This amount is net of the \$85.2 million decrease from enacted tax changes.

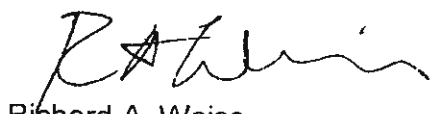
### **Economic Forecast Assumptions**

Economic forecasts used to guide budget planning in Arkansas indicate modest growth near term and some acceleration in FY 2015, similar to prior versions. The change in economic growth is small relative to the inclusion of \$85.2 million of enacted tax policy changes over the same period. Payroll employment growth in Arkansas is expected to move past 1.5% growth, while private sector growth is expected to approach 2.0% growth. Wage income growth will approach 5.0% and outpace total income growth as nonwage sources of income moderate. Per capita income in the state will pass \$38,400 and annual Gross State Product will pass \$118 billion in current dollars. Inflation will remain low by historic standards and low relative to the target of the Federal Reserve for instituting upward adjustment for interest rates.

Risk factors for the forecast remain sizable. Although a host of economic indicators point to continued, gradual improvement in the state and national recovery, low income gains pose a threat to sustained growth in consumption. Added risk is posed by uncertainty in business investment for new equipment spending and expansion plans. One upside factor for growth is the potential for lower energy prices from potential oversupply and its beneficial effects for consumer discretionary spending, transport costs, and industrial input costs.

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,



Richard A. Weiss  
Director

RAW/jps  
Attachments (3)

**OFFICIAL GENERAL REVENUE FORECAST  
2013 - 2015 Biennium**

Millions of Dollars	FY 13			12/01/13			FY 14			12/01/13			FY 15		
	Actual	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH			
INDIVIDUAL INCOME	3,144.4	249.2	8.6	3,076.8	-67.6	-2.1	3,173.4	96.6	3.1						
CORPORATE INCOME	431.1	-4.1	-1.0	442.4	11.3	2.6	450.2	7.8	1.8						
SALES AND USE	2,124.5	22.5	1.1	2,184.4	59.9	2.8	2,208.0	23.6	1.1						
ALCOHOLIC BEVERAGE	52.6	1.8	3.6	53.2	0.6	1.1	54.0	0.8	1.5						
TOBACCO	230.3	-9.6	-4.0	221.7	-8.6	-3.7	214.7	-7.0	-3.2						
INSURANCE	109.9	10.6	10.7	102.1	-7.8	-7.1	112.2	10.1	9.9						
RACING	3.0	-0.4	-12.0	2.6	-0.4	-12.5	2.5	-0.1	-3.8						
GAMES OF SKILL	35.9	8.5	31.0	39.1	3.2	8.9	40.7	1.6	4.1						
SEVERANCE	21.9	-1.2	-5.0	24.0	2.1	9.8	22.9	-1.1	-4.6						
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	50.0	12.7	33.9	46.8	-3.2	-6.4	44.4	-2.4	-5.1						
<b>TOTAL GROSS</b>	<b>6,214.2</b>	<b>290.0</b>	<b>4.9</b>	<b>6,203.7</b>	<b>-10.5</b>	<b>-0.2</b>	<b>6,333.6</b>	<b>129.9</b>	<b>2.1</b>						
LESS: SCS/COF	204.7	9.3	4.8	204.7	0.0	0.0	209.0	4.3	2.1						
INDIVIDUAL REFUNDS	494.8	1.5	0.3	534.7	39.9	8.1	553.5	18.8	3.5						
CORP REFUNDS	55.6	-1.1	-1.9	59.5	3.9	6.9	60.5	1.0	1.7						
CLAIMS RESERVE	0.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	0.0						
ECON DEV INCENTIVE	10.6	-6.0	-36.1	23.4	12.8	121.6	23.4	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						
COLL SAVINGS BONDS	23.9	6.2	34.9	24.0	0.1	0.3	24.0	0.0	0.0						
MLA CITY/CO TOURIST	2.8	-2.5	-46.7	2.8	0.0	-0.3	2.8	0.0	0.0						
EDUC EXCEL TRUST	287.4	7.4	2.6	290.5	3.1	1.1	298.7	8.2	2.8						
DESEGREGATION	67.1	-0.9	-1.3	69.8	2.7	4.0	69.8	0.0	0.0						
ELDERLY TRANSPORT	0.0	-0.2	-100.0	0.0	0.0	0.0	0.0	0.0	0.0						
EDUCATIONAL ADQCY	25.4	0.7	2.6	25.7	0.3	1.1	26.4	0.7	2.7						
<b>NET AVAILABLE</b>	<b>5,027.0</b>	<b>275.4</b>	<b>5.8</b>	<b>4,943.8</b>	<b>-83.2</b>	<b>-1.7</b>	<b>5,040.7</b>	<b>96.9</b>	<b>2.0</b>						
LESS: SURPLUS TO ALLOTMENT RESERVE FUND	299.5			0.0											
<b>NET AVAILABLE DISTRIBUTION</b>	<b>4,727.5</b>	<b>121.6</b>	<b>2.6</b>	<b>4,943.8</b>	<b>216.3</b>	<b>4.6</b>	<b>5,040.7</b>	<b>96.9</b>	<b>2.0</b>						

Prepared by Economic Analysis and Tax Research, DFA  
Net Available Estimate for FY14: 100% of A, B, C plus \$18.9 million Rainy Day Fund.

**ECONOMIC ASSUMPTIONS AND THE  
OFFICIAL GENERAL REVENUE FORECAST  
2013 - 2015 Biennium**

Millions of Dollars	FY-13			12/01/13	FY-14			12/01/13	FY-15		
	Actual	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH		
INDIVIDUAL INCOME TAX	3,144.4	249.2	8.6	3,076.8	-67.6	-2.1	3,173.4	96.6	3.1		
INDIVIDUAL REFUNDS	<u>494.8</u>	<u>1.5</u>	<u>0.3</u>	<u>534.7</u>	<u>39.9</u>	<u>8.1</u>	<u>553.5</u>	<u>18.8</u>	<u>3.5</u>		
NET INDIVIDUAL INCOME	2,649.6	247.7	10.3	2,542.1	-107.5	-4.1	2,619.9	77.8	3.1		
CORPORATE INCOME TAX	431.1	-4.1	-1.0	442.4	11.3	2.6	450.2	7.8	1.8		
CORPORATE REFUNDS	<u>55.6</u>	<u>-1.1</u>	<u>-1.9</u>	<u>59.5</u>	<u>3.9</u>	<u>6.9</u>	<u>60.5</u>	<u>1.0</u>	<u>1.7</u>		
NET CORPORATE INCOME	375.5	-3.1	-0.8	382.9	7.4	2.0	389.7	6.8	1.8		
SALES AND USE TAX	2,124.5	22.5	1.1	2,184.4	59.9	2.8	2,208.0	23.6	1.1		
NET ECONOMIC TAX REVENUE	5,149.6	267.1	5.5	5,109.4	-40.2	-0.8	5,217.6	108.2	2.1		
OTHER TAX REVENUE	<u>514.2</u>	<u>22.4</u>	<u>4.6</u>	<u>500.1</u>	<u>-14.1</u>	<u>-2.7</u>	<u>502.0</u>	<u>1.9</u>	<u>0.4</u>		
<b>GROSS GENERAL REVENUES</b>	<b>6,214.2</b>	<b>290.0</b>	<b>4.9</b>	<b>6,203.7</b>	<b>-10.5</b>	<b>-0.2</b>	<b>6,333.6</b>	<b>129.9</b>	<b>2.1</b>		
LESS: SCS/COF	204.7	9.3	4.8	204.7	0.0	0.0	209.0	4.3	2.1		
INDIVIDUAL REFUNDS	494.8	1.5	0.3	534.7	39.9	8.1	553.5	18.8	3.5		
CORPORATE REFUNDS	55.6	-1.1	-1.9	59.5	3.9	6.9	60.5	1.0	1.7		
CLAIMS	0.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	0.0		
ECON DEVEL INCENTIVE FUND	10.6	-6.0	-36.1	23.4	12.8	121.6	23.4	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	2.8	-2.5	-46.7	2.8	0.0	-0.3	2.8	0.0	0.0		
DESEGREGATION SETTLEMENT	67.1	-0.9	-1.3	69.8	2.7	4.0	69.8	0.0	0.0		
EDUC EXCEL TRUST FUND	287.4	7.4	2.6	290.5	3.1	1.1	298.7	8.2	2.8		
ELDERLY TRANSPORTATION	0.0	-0.2	-100.0	0.0	0.0	0.0	0.0	0.0	0.0		
COLLEGE SAVINGS BONDS	23.9	6.2	34.9	24.0	0.1	0.3	24.0	0.0	0.0		
EDUCATIONAL ADEQUACY	25.4	0.7	2.6	25.7	0.3	1.1	26.4	0.7	2.7		
NET AVAILABLE	<u>5,027.0</u>	<u>275.4</u>	<u>5.8</u>	<u>4,943.8</u>	<u>-83.2</u>	<u>-1.7</u>	<u>5,040.7</u>	<u>96.9</u>	<u>2.0</u>		
LESS: SURPLUS TO ALLOT. RESERVE	299.5			0.0							
NET AVAILABLE DISTRIBUTION	<u>4,727.5</u>	<u>121.6</u>	<u>2.6</u>	<u>4,943.8</u>	<u>216.3</u>	<u>4.6</u>	<u>5,040.7</u>	<u>96.9</u>	<u>2.0</u>		

**ECONOMIC ASSUMPTIONS**

	FY 2013			FY 2014			FY 2015		
U.S. GDP Nominal (Billion \$)	16,493.2	585.0	3.7	17,050.3	557.1	3.4	17,877.1	826.8	4.8
U.S. GDP Real (Billions 2009\$ Chain-Weight)	15,584.3	305.9	2.0	15,878.6	294.3	1.9	16,355.5	476.9	3.0
U.S. GDP Deflator (Chain-Wt. 2009=100)	105.8	1.7	1.6	107.4	1.6	1.5	109.3	1.9	1.8
U.S. CPI Price Index (1984=100)	231.4	3.8	1.7	234.8	3.5	1.5	238.8	4.0	1.7
OIL - Avg. Dom. Crude to Refinery (\$ per barrel)	100.0	-2.6	-2.6	103.3	3.3	3.3	98.3	-4.9	-4.8
AR. Net General Revenue (Million \$)	5,663.7	289.6	5.4	5,609.5	-54.2	-1.0	5,719.6	110.1	2.0
AR. Net GR % of Non-Farm Personal Income	5.4	0.1	2.4	5.2	-0.2	-4.2	5.1	-0.1	-2.7
AR. Non-Farm Personal Income (Million \$)	104,010.3	2,997.8	3.0	107,542.7	3,532.3	3.4	112,676.0	5,133.3	4.8
AR. Wage & Salary Disbursements (Million \$)	48,488.8	1,326.8	2.8	49,964.2	1,475.4	3.0	52,442.7	2,478.5	5.0
AR. Non-Farm Proprietor Income (Million \$)	6,954.5	279.5	4.2	7,355.1	400.6	5.8	7,739.6	384.5	5.2
AR. Per Capita Income (\$)	35,760.9	993.3	2.9	36,808.5	1,047.5	2.9	38,419.7	1,611	4.4
AR. GSP Nominal (Million \$)	110,593.0	2,147.8	2.0	113,680.3	3,087.3	2.8	118,903.1	5,222.8	4.6
AR. Employment Total Payroll (Thousands)	1,180.4	3.6	0.3	1,193.2	12.8	1.1	1,213.7	20.5	1.7
AR. Employment Private Sector (Thousands)	964.7	4.5	0.5	977.4	12.6	1.3	995.7	18.3	1.9
AR. Employment Manufacturing (Thousands)	155.4	-1.6	-1.0	155.9	0.5	0.3	160.0	4.1	2.6
AR. New Car/Light Truck registrations (Thous.)	125.4	11.3	9.9	131.1	5.7	4.6	137.0	5.9	4.5
AR. Retail Sales (Million \$)	37,626.2	1,627.0	4.5	38,995.3	1,369.1	3.6	40,316.4	1,321.1	3.4

U.S. Summary: Global Insight, October 2013 Baseline

AR Forecast: Global Insight, October 2013 Baseline

**STATE GENERAL REVENUE  
2013-2015 BIENNIUM**

FUND ACCOUNTS	CURRENT	Fiscal Year 2015	
	FY14 FORECAST	Proposed Budget	Difference from FY14
General Education	\$2,008,442,215	\$2,073,860,269	\$65,418,054
State Library	5,672,143	5,672,143	0
Career Education	32,284,224	32,284,224	0
<b>PUBLIC SCHOOL FUND</b>	<b>\$2,046,398,582</b>	<b>\$2,111,816,636</b>	<b>\$65,418,054</b>
<b>GENERAL EDUCATION FUND</b>			
Dept. of Education	\$16,578,345	\$16,587,878	\$9,533
Educational Facilities Partnership	34,828,951	34,828,951	0
Academic Facilities & Transportation	2,552,126	2,552,126	0
Educational Television	5,394,697	5,398,432	3,735
School for the Blind	6,454,446	6,460,275	5,829
School for the Deaf	10,870,583	10,875,424	4,841
State Library	3,616,714	3,616,959	245
Dept. of Career Education	3,756,233	3,710,773	(45,460)
Rehabilitation Services	13,212,007	13,261,785	49,778
<b>Subtotal - General Education</b>	<b>\$97,264,102</b>	<b>\$97,292,603</b>	<b>\$28,501</b>
<b>Technical Institutes:</b>			
Crowley's Ridge TI	\$2,669,014	\$2,671,624	\$2,610
Northwest TI	3,105,325	3,107,551	2,226
Riverside VTS	2,313,647	2,315,015	1,368
<b>Subtotal - Technical Institutes</b>	<b>\$8,087,986</b>	<b>\$8,094,190</b>	<b>\$6,204</b>
<b>TOTAL GENERAL ED. FUND</b>	<b>\$105,352,088</b>	<b>\$105,386,793</b>	<b>\$34,705</b>
<b>HUMAN SERVICES FUND</b>			
DHS-Administration	\$16,182,992	\$16,189,017	\$6,025
Aging and Adult Services	17,675,570	20,440,664	2,765,094
Children & Family Services	49,467,320	61,829,727	12,362,407
Child Care/Early Childhood Ed.	1,175,434	1,175,882	448
Youth Services	48,257,072	48,258,568	1,496
Devel. Disab. Services	66,208,702	66,376,228	167,526
Medical Services	5,092,024	5,094,291	2,267
DHS-Grants <sup>1</sup>	890,198,600	903,496,715	13,298,115
Behavioral Health <sup>4</sup>	81,235,169	79,424,095	(1,811,074)
Services for the Blind	1,901,644	1,902,128	484
County Operations	48,811,789	48,835,295	23,506
<b>TOTAL HUMAN SERVICES</b>	<b>\$1,226,206,316</b>	<b>\$1,253,022,610</b>	<b>\$26,816,294</b>
<b>STATE GENERAL GOV'T FUND</b>			
Dept. of Ark. Heritage	\$6,621,583	\$6,649,702	\$28,119
Department of Agriculture	17,894,482	17,899,792	5,310
Dept. of Labor	3,208,786	3,209,846	1,060
Dept. of Higher Education	3,440,728	3,440,731	3
Dept. of H.E.-Grants	36,907,466	40,017,466	3,110,000
Dept. of Economic Development	10,738,124	10,741,502	3,378
Dept. of Correction <sup>4</sup>	312,998,229	316,104,047	3,105,818
Dept. of Community Correction	76,885,772	76,934,087	48,315
State Military Department	9,807,398	9,813,374	5,976
Dept. of Parks & Tourism	23,731,601	23,748,426	16,825
Dept. of Environmental Quality	4,410,258	4,412,740	2,482
Miscellaneous Agencies	64,937,634	64,644,884	(292,750)
<b>TOTAL STATE GENERAL GOV'T</b>	<b>\$571,582,061</b>	<b>\$577,616,597</b>	<b>\$6,034,536</b>
<b>OTHER FUNDS</b>			
County Aid	\$21,645,067	\$21,645,067	\$0
County Jail Reimbursement	9,453,607	16,453,607	7,000,000
Crime Information Center	3,785,067	3,785,664	597
Child Support Enforcement	13,117,721	13,117,719	(2)
Dept. of Health <sup>4</sup>	89,978,568	87,301,946	(2,676,622)
Merit Adjustment Fund	0	5,250,000	5,250,000
Motor Vehicle Acquisition	0	0	0
Municipal Aid	29,372,099	29,372,099	0
State Police	66,923,271	66,957,393	34,122
Dept. of Information Systems	200,000	200,000	0
Dept. of Workforce Services-TANF	3,901,924	3,902,163	239
<b>TOTAL OTHER FUNDS</b>	<b>\$238,377,324</b>	<b>\$247,985,658</b>	<b>\$9,608,334</b>

**STATE GENERAL REVENUE  
2013-2015 BIENNIUM**

FUND ACCOUNTS	CURRENT	Fiscal Year 2015	
	FY14 FORECAST	Proposed Budget	Difference from FY14
<b>INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:</b>			
Arkansas State University	\$58,559,887	\$59,090,991	\$531,104
Arkansas Tech University	31,940,740	32,216,531	275,791
Henderson State University	18,713,847	18,876,011	162,164
Southern Arkansas University	15,449,575	15,584,976	135,401
UA-Fayetteville	119,816,852	120,954,440	1,137,588
UA - Archeological Survey	2,327,380	2,327,380	0
UA - Agriculture	62,800,138	62,800,138	0
UA - Clinton School	2,295,575	2,295,575	0
UA - Criminal Justice Institute	1,825,769	1,825,769	0
UA-AR Sch.Math, Science, & Arts	1,113,015	1,113,015	0
U of A - Ft. Smith	20,415,091	20,594,615	179,524
UA-Little Rock	60,256,177	60,755,097	498,920
UA-Medical Sciences <sup>2</sup>	94,056,661	86,456,661	(7,600,000)
UAMS - Child Abuse/Rape/Domestic Violence	735,000	735,000	0
UAMS - Pediatrics/Psychiatric Research	1,950,000	1,950,000	0
UAMS - Child Safety Center	720,588	720,588	0
UAMS - Indigent Care	5,342,181	5,342,181	0
UA-Monticello	15,832,510	15,946,042	113,532
UA-Pine Bluff	25,229,737	25,418,885	189,148
University of Central Arkansas	52,647,178	53,114,705	467,527
<b>Subtotal - 4 Year Institutions</b>	<b>\$592,027,902</b>	<b>\$588,118,601</b>	<b>(\$3,909,301)</b>
<b>INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:</b>			
Arkansas Northeastern College	\$8,577,052	\$8,577,052	\$0
Arkansas State University - Beebe	11,835,727	11,835,727	0
Arkansas State Univ.-Mt Home	3,648,110	3,708,951	60,841
Arkansas State Univ. - Newport	5,992,293	6,012,998	20,705
Cossatot C C of the UA	3,395,802	3,424,361	28,559
East Arkansas Cmty. College	5,788,058	5,788,058	0
Mid-South Cmty. College	3,858,007	3,859,255	1,248
Mid-South - ADTEC	1,000,000	1,500,000	500,000
National Park Cmty. College	9,046,489	9,046,489	0
North Arkansas College	7,966,964	7,966,964	0
NorthWest Arkansas Cmty. College	10,619,202	11,064,063	444,861
Phillips Cmty. College of the UA	9,063,088	9,063,088	0
Rich Mountain Cmty. College	3,206,869	3,206,869	0
Southern Ark. University - Tech	5,705,511	5,769,917	64,406
SAU-Tech-Envir. Control Center	368,404	368,404	0
SAU-Tech-Fire Training Academy	1,651,221	1,651,221	0
South Arkansas Cmty. College	6,034,307	6,034,307	0
U of A - Cmty. College at Batesville	4,131,061	4,131,061	0
U of A - Cmty. College at Hope	4,491,997	4,491,997	0
U of A - Cmty. College at Morrilton	5,022,155	5,139,185	117,030
<b>Subtotal - 2 Year Institutions</b>	<b>\$111,402,317</b>	<b>\$112,639,967</b>	<b>\$1,237,650</b>
<b>INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges:</b>			
Black River	\$6,113,516	\$6,118,000	\$4,484
Ouechita	3,527,261	3,527,261	0
Ozarka	3,126,475	3,216,202	89,727
Putaski	15,137,437	15,614,877	477,440
Southeast Arkansas College	5,636,798	5,636,798	0
<b>Subtotal - Technical Colleges</b>	<b>\$33,541,487</b>	<b>\$34,113,138</b>	<b>\$571,651</b>
<b>TOTAL INST'S OF H. E.</b>	<b>\$736,971,706</b>	<b>\$734,871,706</b>	<b>(\$2,100,000)</b>

**STATE GENERAL REVENUE  
2013-2015 BIENNIUM**

FUND ACCOUNTS	CURRENT	Fiscal Year 2015	
	FY14 FORECAST	Proposed Budget	Difference from FY14
Total Request	\$4,924,888,078	\$5,030,700,000	\$105,811,923
<b>OFFICIAL 12.1.13 FORECAST BEFORE TAX CUTS</b>	\$4,924,888,078	\$5,125,867,207	\$200,979,129
Less Tax Cuts:			
Act 233 of 2013 - Sales Tax Exemption for Pollution Control Equipment		(74,840)	
Act 510 of 2013 - Tax Limit of \$.50 per Cigar		(134,790)	
Act 1284 of 2013 - Adopt IRS code section 1341 - Claim of Right		(125,000)	
Act 1392 of 2013 - Expendable Sales & Use taxes from supplies for farm machinery		(665,000)	
Act 1408 of 2013 - Income Tax credit for service pay of active duty armed services		(7,200,000)	
Act 1441 of 2013 - S&U Taxes on utilities by agri. structures and aqua/horticulture equip.		(6,300,000)	
Act 1459 of 2013 - Amend the income tax rates and brackets over 3 years		(30,400,000)	
Act 1488 of 2013 - Capital Gains move to 50% exclusion and add \$200 to standard		(18,100,000)	
Act 1401 of 2013 - Utilities used by Grain Drying		(2,440,000)	
Act 1402 of 2013 - S&U Taxes on timber harvesting machinery & equipment		(528,875)	
Act 1404 of 2013 - S&U Taxes for partial repair/replace of manufacturing machinery & equip.		(5,130,000)	
Act 1411 of 2013 - S&U Taxes on electricity & natural gas in manufacturing		(12,610,000)	
Act 1414 of 2013 - S&U Tax Exemption on dental appliances		(1,410,000)	
Act 1452 of 2013 - Income Tax credit for volunteer firefighters		(48,702)	
<b>OFFICIAL 12.1.13 FORECAST REVISION</b>		\$5,040,700,000	
Less Rainy Day Funds		(\$10,000,000)	
<b>AVAILABLE REVENUE</b>		\$5,030,700,000	
Surplus/(Deficit)		\$0	

<sup>1</sup> DHS Grants (Medicaid) - Reflects a reduction of \$36,954,231 in FY15 as a result of transitional populations and savings due to reduced program growth. This amount has been further reduced by a transfer of \$22,768,126 from the Tobacco Settlement Agreement that was also funded from the General Improvement Fund. Lastly, carry forward rainy day funds totaling \$18,891,427 from FY14 that will be available to the Department in FY15 have been removed.

<sup>2</sup> Reflects the following reductions for Uncompensated Care as a result of Private Option: Department of Health (Community Health Centers, Local Health Departments) \$4,350,000; UAMS \$10,200,000; DHS - Behavioral Health (Community Mental Health Centers) \$7,100,000; and Department of Correction \$2,750,000.