STATE OF ARKANSAS
SARAH HUCKABEE SANDERS
GOVERNOR

Dear Co-Chairs Boyd and Eaves:

Arkansas' fiscal discipline gives our state the opportunity to accomplish two priorities at once: invest in key areas like education, public safety, and healthcare, while still cutting taxes and maintaining a healthy state surplus. We have kept the out-of-control growth of government in check to achieve those aims, and my balanced budget this biennium continues that strong record for the people of Arkansas.

After cutting taxes four times in four years, lowering income taxes by 25% and returning more than $1.5 billion to the people of Arkansas, while still recording healthy surpluses every single year, this balanced budget proposes to raise spending by 3.94%. This holds the line on the growth of government while still directing funding toward areas we've made clear are our priorities.

One of those areas this biennium will be investing in early childhood education, which is both critical to our kids' future educational success and, currently, a major financial burden on Arkansas families. I propose directing $20 million toward early childhood education and look forward to presenting my administration's plans in more detail as we near the upcoming legislative session.

As the LEARNS Act continues to transform Arkansas education, I am proposing an additional $70 million investment in Education Freedom Accounts, which are now used by more than 50,000 Arkansas students to attend the school that best fits their needs. We made a promise to every family in Arkansas when we passed the LEARNS Act that we would provide universal education freedom for the first time in Arkansas history, and I look forward to continuing to deliver on that pledge.

We will also fund supportive living services for those on the Community and Employment Support (CES) Waiver waitlist as part of our $150 million ongoing investments in Medicaid, reallocate funds to support Children's Advocacy Centers, increase our support of Human Development Centers (HDCs), and make significant one-time investments in Medicaid sustainability, HDCs, and to support the State Water Plan.

This balanced budget fulfills our promises to the people of Arkansas. And when it is passed, it will leave us with ample room in our budget to deliver a fifth tax cut for the people of Arkansas. I look forward to working with our legislature to continue our strong record of fiscal discipline and transformational policy priorities for the people of our state.

Sincerely,

Sarah Huckabee Sanders

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STATE GENERAL REVENUES
2027 - 2029 Balanced Budget

Fund Accounts	FY2027 Forecast	Fiscal Year 2028 Base Level	Executive Recommendation	Total	Over FY2027	Fiscal Year 2029 Base Level	Executive Recommendation	Total	Over FY2028
Div. of Elementary & Secondary Education[1]	2,443,582,431	2,441,107,431		2,441,107,431	-0.10%	2,441,107,431		2,441,107,431	0.00%
State Library	5,641,919	5,246,985		5,246,985	-7.00%	5,246,985		5,246,985	0.00%
Div. of Career & Technical Education	26,883,872	25,002,001		25,002,001	-7.00%	25,002,001		25,002,001	0.00%
Div. of Career & Technical Education - Adult Ed	8,489,176	7,894,934		7,894,934	-7.00%	7,894,934		7,894,934	0.00%
TOTAL PUBLIC SCHOOL FUND	**2,484,597,398**	**2,479,251,351**	**0**	**2,479,251,351**	**-0.22%**	**2,479,251,351**	**0**	**2,479,251,351**	**0.00%**
EDUCATION FUND									
Div. of Elementary & Secondary Education[1]	18,282,199	18,055,352		18,055,352	-1.24%	18,055,352		18,055,352	0.00%
Div. of Academic Facilities & Transportation	3,052,280	3,052,280		3,052,280	0.00%	3,052,280		3,052,280	0.00%
Educational Television	5,986,636	5,986,636		5,986,636	0.00%	5,986,636		5,986,636	0.00%
School for the Deaf & Blind	20,490,948	20,490,948		20,490,948	0.00%	20,490,948		20,490,948	0.00%
State Library	3,923,088	3,648,472		3,648,472	-7.00%	3,648,472		3,648,472	0.00%
Rehabilitation Services[2]	11,942,101	11,106,154	835,947	11,942,101	0.00%	11,106,154	835,947	11,942,101	0.00%
Child Care Grant	7,056,193	7,056,193	20,000,000	27,056,193	283.44%	7,056,193	20,000,000	27,056,193	0.00%
Child Care & Early Childhood Education[1]	2,589,553	1,787,553		1,787,553	-30.97%	1,787,553		1,787,553	0.00%
Northwest Technical Institute	3,388,836	3,151,617		3,151,617	-7.00%	3,151,617		3,151,617	0.00%
TOTAL EDUCATION FUND	**76,711,834**	**74,335,205**	**20,835,947**	**95,171,152**	**24.06%**	**74,335,205**	**20,835,947**	**95,171,152**	**0.00%**
DEPARTMENT OF HUMAN SERVICES FUND									
Dept. of Human Services Admin.	25,037,046	23,284,453		23,284,453	-7.00%	23,284,453		23,284,453	0.00%
Children & Family Services[2]	139,733,393	129,952,055	9,781,338	139,733,393	0.00%	129,952,055	9,781,338	139,733,393	0.00%
Youth Services[2,4]	53,431,260	49,691,072	8,172,188	57,863,260	8.29%	49,691,072	8,172,188	57,863,260	0.00%
Developmental Disabilities Services[2,3]	65,603,057	64,742,693	10,692,214	75,434,907	14.99%	64,742,693	10,692,214	75,434,907	0.00%
Medical Services	2,564,587	2,385,066		2,385,066	-7.00%	2,385,066		2,385,066	0.00%
Dept. of Human Services Grants	1,402,725,705	1,402,725,705	150,000,000	1,552,725,705	10.69%	1,402,725,705	150,000,000	1,552,725,705	0.00%
Aging, Adult, & Behavioral Health Services	104,981,456	97,632,754		97,632,754	-7.00%	97,632,754		97,632,754	0.00%
Provider Services & Quality Assurance	5,998,017	5,578,156		5,578,156	-7.00%	5,578,156		5,578,156	0.00%
County Operations	57,705,676	57,705,676	25,000,000	82,705,676	43.32%	57,705,676	25,000,000	82,705,676	0.00%
TOTAL DEPARTMENT OF HUMAN SERVICES FUND	**1,857,780,197**	**1,833,697,630**	**203,645,740**	**2,037,343,370**	**9.67%**	**1,833,697,630**	**203,645,740**	**2,037,343,370**	**0.00%**
STATE GENERAL GOVERNMENT FUND									
Div. of Arkansas Heritage	7,755,838	7,212,929		7,212,929	-7.00%	7,212,929		7,212,929	0.00%
Dept. of Agriculture[1]	23,149,099	25,032,509		25,032,509	8.14%	25,032,509		25,032,509	0.00%
Dept. of Labor & Licensing	4,019,479	3,738,115		3,738,115	-7.00%	3,738,115		3,738,115	0.00%
Div. of Higher Education	12,066,588	12,066,588		12,066,588	0.00%	12,066,588		12,066,588	0.00%
Institution Productivity Funding[5]	0	0		0	0.00%	0	11,709,563	11,709,563	-
Higher Education Grants	43,619,625	43,619,625		43,619,625	0.00%	43,619,625		43,619,625	0.00%
Economic Development Commission	20,660,189	19,213,976		19,213,976	-7.00%	19,213,976		19,213,976	0.00%
Div. of Correction	431,457,721	431,457,721		431,457,721	0.00%	431,457,721		431,457,721	0.00%
Div. of Correction - Medical Contract	144,398,915	144,398,915		144,398,915	0.00%	144,398,915		144,398,915	0.00%
Div. of Community Correction	60,957,735	60,957,735		60,957,735	0.00%	60,957,735		60,957,735	0.00%
Dept. of the Military	8,931,344	8,306,150		8,306,150	-7.00%	8,306,150		8,306,150	0.00%
Div. of Parks & Tourism	22,082,257	22,082,257		22,082,257	0.00%	22,082,257		22,082,257	0.00%
Div. of Environmental Quality	4,297,361	3,996,546		3,996,546	-7.00%	3,996,546		3,996,546	0.00%
Miscellaneous Agencies[4]	107,818,033	103,859,628	240,000	104,099,628	-3.45%	103,859,628	240,000	104,099,628	0.00%
TOTAL STATE GENERAL GOVERNMENT FUND	**891,214,184**	**885,942,694**	**240,000**	**886,182,694**	**-0.56%**	**885,942,694**	**11,949,563**	**897,892,257**	**1.32%**

STATE GENERAL REVENUES
2027 - 2029 Balanced Budget

Fund Accounts	FY2027 Forecast	Fiscal Year 2028 Base Level	Executive Recommendation	Total	Over FY2027	Fiscal Year 2029 Base Level	Executive Recommendation	Total	Over FY2028
OTHER FUNDS									
County Aid[2]	21,428,616	19,928,613	1,500,003	21,428,616	0.00%	19,928,613	1,500,003	21,428,616	0.00%
County Jail Reimbursement	34,800,000	34,800,000		34,800,000	0.00%	34,800,000		34,800,000	0.00%
Crime Information System[3]	2,204,581	2,229,487	1,500,000	3,729,487	69.17%	2,229,487	1,500,000	3,729,487	0.00%
Child Support Enforcement	13,288,801	12,358,585		12,358,585	-7.00%	12,358,585		12,358,585	0.00%
Dept. of Health[3]	82,852,300	79,159,639		79,159,639	-4.46%	79,159,639		79,159,639	0.00%
Municipal Aid[2]	29,372,099	27,316,052	2,056,047	29,372,099	0.00%	27,316,052	2,056,047	29,372,099	0.00%
Div. of Arkansas State Police[3]	110,469,057	111,250,337		111,250,337	0.71%	111,250,337		111,250,337	0.00%
Div. of Workforce Services - New Hire Registry	150,000	139,500		139,500	-7.00%	139,500		139,500	0.00%
Div. of Workforce Services - Adult Education	1,057,391	983,374		983,374	-7.00%	983,374		983,374	0.00%
Div. of Workforce Services - Manufacturing Extension Network	679,545	631,977		631,977	-7.00%	631,977		631,977	0.00%
Services for the Blind[2]	1,972,456	1,834,384	138,072	1,972,456	0.00%	1,834,384	138,072	1,972,456	0.00%
Skills Development	3,608,348	3,355,764		3,355,764	-7.00%	3,355,764		3,355,764	0.00%
Children's Educational Freedom Account	309,487,318	309,487,318	70,000,000	379,487,318	22.62%	309,487,318	70,000,000	379,487,318	0.00%
TOTAL OTHER FUNDS	**611,370,512**	**603,475,030**	**75,194,122**	**678,669,152**	**11.01%**	**603,475,030**	**75,194,122**	**678,669,152**	**0.00%**
INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:									
Arkansas State University	64,866,267	64,767,513	2,519,476	67,286,989	3.73%	64,866,267		64,866,267	-3.60%
Arkansas Tech University	36,461,729	36,461,729	457,509	36,919,238	1.25%	36,461,729		36,461,729	-1.24%
Henderson State University	17,971,602	17,971,602		17,971,602	0.00%	17,971,602		17,971,602	0.00%
Southern Arkansas University	19,015,278	17,737,747	832,157	18,569,904	-2.34%	19,015,278		19,015,278	2.40%
University of Arkansas	140,385,133	139,766,368	4,084,870	143,851,238	2.47%	140,385,133		140,385,133	-2.41%
UA - System	3,479,474	3,479,474		3,479,474	0.00%	3,479,474		3,479,474	0.00%
UA - Archeological Survey	2,369,274	2,369,274		2,369,274	0.00%	2,369,274		2,369,274	0.00%
UA - Agriculture	65,800,138	65,800,138		65,800,138	0.00%	65,800,138		65,800,138	0.00%
UA - Clinton School	2,336,896	2,336,896		2,336,896	0.00%	2,336,896		2,336,896	0.00%
UA - Criminal Justice Institute	2,458,634	2,458,634		2,458,634	0.00%	2,458,634		2,458,634	0.00%
UA - AR Sch. for Math, Science, & the Arts	1,133,048	1,133,048		1,133,048	0.00%	1,133,048		1,133,048	0.00%
UA Fort Smtih	21,146,708	21,146,708	357,530	21,504,238	1.69%	21,146,708		21,146,708	-1.66%
UA Little Rock	57,476,668	57,476,668		57,476,668	0.00%	57,476,668		57,476,668	0.00%
UA Medical Sciences	93,012,881	93,012,881		93,012,881	0.00%	93,012,881		93,012,881	0.00%
UAMS - Child Abuse/Rape/Domestic Violence	350,000	350,000		350,000	0.00%	350,000		350,000	0.00%
UAMS - Pediatrics/Psychiatric Research	1,985,100	1,985,100		1,985,100	0.00%	1,985,100		1,985,100	0.00%
UAMS - Indigent Care	5,438,340	5,438,340		5,438,340	0.00%	5,438,340		5,438,340	0.00%
UA Monticello	16,362,815	16,362,815	191,670	16,554,485	1.17%	16,362,815		16,362,815	-1.16%
UA Pine Bluff	21,233,745	21,233,745		21,233,745	0.00%	21,233,745		21,233,745	0.00%
UAPB - 1890 Land Grant State Match	5,800,000	5,800,000		5,800,000	0.00%	5,800,000		5,800,000	0.00%
University of Central Arkansas	53,564,626	53,564,626	348,158	53,912,784	0.65%	53,564,626		53,564,626	-0.65%
Subtotal - Four Year Institutions	**632,648,356**	**630,653,306**	**8,791,370**	**639,444,676**	**1.07%**	**632,648,356**	**0**	**632,648,356**	**-1.06%**

STATE GENERAL REVENUES
2027 - 2029 Balanced Budget

Fund Accounts	FY2027 Forecast	Fiscal Year 2028 Base Level	Executive Recommendation	Total	Over FY2027	Fiscal Year 2029 Base Level	Executive Recommendation	Total	Over FY2028
INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:									
Arkansas Northeastern College	8,612,168	8,612,168	45,868	8,658,036	0.53%	8,612,168		8,612,168	-0.53%
ASU Beebe	11,333,296	11,333,296	341,689	11,674,985	3.01%	11,333,296		11,333,296	-2.93%
ASU Mountain Home	3,630,147	3,630,147	24,564	3,654,711	0.68%	3,630,147		3,630,147	-0.67%
ASU Newport	6,872,106	6,644,068	315,492	6,959,560	1.27%	6,872,106		6,872,106	-1.26%
Cossatot Cmty. College UA	3,859,461	3,859,461	(77,189)	3,782,272	-2.00%	3,859,461		3,859,461	2.04%
UA East Arkansas Cmty. College	8,809,839	8,809,839	74,401	8,884,240	0.84%	8,809,839		8,809,839	-0.84%
ASU Mid-South	3,950,780	3,950,780	97,091	4,047,871	2.46%	3,950,780		3,950,780	-2.40%
ASU Mid-South - ADTEC	1,527,000	1,527,000		1,527,000	0.00%	1,527,000		1,527,000	0.00%
National Park College	9,098,158	9,098,158	237,979	9,336,137	2.62%	9,098,158		9,098,158	-2.55%
North Arkansas College UA	7,787,709	7,764,507	170,116	7,934,623	1.89%	7,787,709		7,787,709	-1.85%
Northwest Arkansas Cmty. College	11,701,713	11,701,713	316,492	12,018,205	2.70%	11,701,713		11,701,713	-2.63%
Phillips Cmty. College UA	8,756,826	8,756,826	101,951	8,858,777	1.16%	8,756,826		8,756,826	-1.15%
UA Cmty. College Rich Mountain	3,549,348	3,549,348	46,688	3,596,036	1.32%	3,549,348		3,549,348	-1.30%
SAU Tech	5,528,091	5,528,091	(110,562)	5,417,529	-2.00%	5,528,091		5,528,091	2.04%
SAU Tech - Environmental Training Acad.	375,036	375,036		375,036	0.00%	375,036		375,036	0.00%
SAU Tech - Fire Training Acad.	1,780,943	1,780,943		1,780,943	0.00%	1,780,943		1,780,943	0.00%
South Arkansas College	5,962,675	5,962,675	314,938	6,277,613	5.28%	5,962,675		5,962,675	-5.02%
UA Cmty. College Batesville	4,393,950	4,393,950	(11,513)	4,382,437	-0.26%	4,393,950		4,393,950	0.26%
UA Cmty. College Hope-Texarkana	4,440,099	4,440,099		4,440,099	0.00%	4,440,099		4,440,099	0.00%
UA Cmty. College Morrilton	5,330,150	5,228,463	136,319	5,364,782	0.65%	5,330,150		5,330,150	-0.65%
Subtotal - Two Year Institutions	**117,299,495**	**116,946,568**	**2,024,324**	**118,970,892**	**1.42%**	**117,299,495**	**0**	**117,299,495**	**-1.40%**
INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges									
Black River Technical College	6,659,119	6,352,042	(45,096)	6,306,946	-5.29%	6,659,119		6,659,119	5.58%
ASU Three Rivers	3,547,197	3,451,795	255,326	3,707,121	4.51%	3,547,197		3,547,197	-4.31%
Ozarka College	3,099,194	3,099,194	19,149	3,118,343	0.62%	3,099,194		3,099,194	-0.61%
UA Pulaski Technical College	14,854,668	14,854,668	320,584	15,175,252	2.16%	14,854,668		14,854,668	-2.11%
Southeast Arkansas College	5,388,403	5,388,403	343,906	5,732,309	6.38%	5,388,403		5,388,403	-6.00%
Subtotal - Technical Colleges	**33,548,581**	**33,146,102**	**893,869**	**34,039,971**	**1.46%**	**33,548,581**	**0**	**33,548,581**	**-1.44%**
TOTAL INSTITUTIONS OF HIGHER EDUCATION	**783,496,432**	**780,745,976**	**11,709,563**	**792,455,539**	**1.14%**	**783,496,432**	**0**	**783,496,432**	**-1.13%**
TOTAL REQUEST	**6,705,170,557**	**6,657,447,886**	**311,625,372**	**6,969,073,258**	**3.94%**	**6,660,198,342**	**311,625,372**	**6,971,823,714**	**0.04%**
OFFICIAL FORECAST 11.06.26	**7,286,900,000**			**7,418,700,000**				**7,704,000,000**	
Surplus	**581,729,443**			**449,626,742**				**732,176,286**	
DISTRIBUTION OF CURRENT SURPLUS RESERVES									
Arkansas Water Plan	**50,000,000**								
Human Development Centers	**50,000,000**								
Medicaid Sustainability	**200,000,000**								
SNAP Benefits Share	**50,000,000**								
DEDICATED ALLOCATION OF INTEREST EARNINGS									
Medicaid Sustainability				**75,000,000**				**75,000,000**	

1. Base Level includes the transfer of the Child Nutrition program from the Department of Education to the Department of Agriculture.
2. Executive Recommendation includes the restoration of Fiscal Year 2027 Category B funding.
3. Base Level includes adjustments for the 2025-2027 Biennium performance pay.
4. Executive Recommendation includes the transfer of the Juvenile Ombudsman program from the Department of Human Services - Division of Youth Services to the Department of Inspector General.
5. Executive Recommendation for formula institutions includes the Productivity funding distribution for Fiscal Year 2028. Fiscal Year 2029 Productivity funding is undistributed and reflected in the "Institution Productivity Funding" line.

STATE OF ARKANSAS
Department of Finance and Administration

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November 6, 2026

The Honorable Justin Boyd, Co-Chair
The Honorable Les Eaves, Co-Chair
Arkansas Legislative Council
State Capitol
Little Rock, Arkansas 72201

Dear Senator Boyd and Representative Eaves:

In accordance with Arkansas Code Annotated §19-4-304(b)(2), I am providing the November 6, 2026 revision to the official general revenue forecast for Fiscal Years 2027, 2028, and 2029.

Summary of Net Available Revenues:

Actual:

FY 2026 net available revenues totaled $7,149.0 million, an increase of $469.6 million or 7.0 percent from FY 2025. A surplus of $655.0 million resulted from exceeding the full amount of the allocations in the Revenue Stabilization Law.

Current Year:

- For FY 2027 net available revenues are expected to reach $7,286.9 million, an increase of $137.9 million, or 1.9 percent from FY 2026 results.

  After four months in the fiscal year, year-to-date net available revenues have increased by $214.4 million, or 9.5 percent, from year earlier levels, resulting in collections that are $153.7 million above forecast at that point. All major tax types have exceeded forecast.

  The FY 2027 forecast is expected to fund all allocations in the approved Revenue Stabilization Law and provide a surplus of $581.7 million.

Forecast:

- For FY 2028 net available revenues are expected to reach $7,418.7 million, an increase of $131.8 million or 1.8 percent above FY 2027.

- For FY 2029 net available revenues are expected to reach $7,704.0 million, an increase of $285.3 million or 3.8 percent above FY 2028.

Economic Forecast Assumptions

Economic forecasts employed by the Department of Finance and Administration indicate continued moderate growth in the U.S. and Arkansas.

Growth, as measured by real GDP, is projected to pick up slightly in FY 2027 at the state and U.S. level after decelerating in FY 2026. Growth of 2.0 percent to 2.5 percent is expected in the following two years. Inflation, as measured broadly across consumers, businesses, and government by the GDP deflator and at the consumer level by the CPI, remains near 3 percent in the short term, but falls below 2.5 percent in the next biennium.

Arkansas payroll employment will remain at or near current levels during the forecasted period with the unemployment rate continuing near 4 percent. Arkansas wage and salary disbursements are expected to increase 4.4 percent in FY 2027, 5.1 percent in FY 2028, and 4.6 percent in FY 2029.

The revenue forecast is based on S&P Global Market Intelligence's baseline economic forecast which is assigned a 50 percent probability and includes slower growth but no recession. The economic risks around the baseline are balanced. An alternative pessimistic scenario is characterized by a tighter energy market and a disruption in global supply of oil and other commodities. The pessimistic scenario is assigned a 30% probability. The optimistic scenario, with a 20% probability, is characterized by an improved energy market due to a resumption of well-functioning global supply of oil and other commodities. Lower energy prices lead to strengthening consumer demand while improved financial conditions lead businesses to expand investment plans. Previously, the risks to the economic forecast were balanced at 25% pessimistic and 25% optimistic.

The Department will act expeditiously to adjust the forecast and budgets if conditions warrant. The department utilizes more stable and conservative forecast sources and models among national forecast contractors to maintain a conservative input process. Revenue sources are evaluated separately to capture collection issues for each contributing revenue line. We have provided a conservative revenue forecast recognizing the growth opportunities and the risk profile.

Finally, all forecasted revenue amounts have factored in the recent tax relief provided during the 2026 First Extraordinary Legislative Session and assumes no future changes in state law concerning tax policy. In the event changes are enacted, the Department will revise its forecast accordingly.

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,

James L. Hudson
Cabinet Secretary

JLH/smw
Attachments (3)

cc: Governor Sarah Huckabee Sanders
Rep. Brian Evans, Speaker of the House
Sen. Bart Hester, President Pro Tempore

STATE AND NATIONAL ECONOMIC AND REVENUE FORECASTS

The following sections summarize the economic outlook for the nation and Arkansas for the next three years with comments updating the current year (FY 2027) conditions. The Official Revenue Forecast for fiscal years 2027, 2028 and 2029 includes the impact from the individual and corporate income tax cuts of the 2026 First Extraordinary Session in May 2026.

The revenue forecasts are conditionally based on the expected economic conditions in the state and nation as of October 2026. The U.S. and state economic forecasts were compiled from simulations representing structural economic modeling systems at S&P Global Market Intelligence. The Office of Economic Analysis and Tax Research, DFA, prepared the general revenue forecast.

Economic and Revenue Estimates for Fiscal Year 2027

- **U.S. Gross Domestic Product (Real Output).** This summary is based on the October 2026 baseline forecast of S&P Global Market Intelligence. During FY 2027, the United States economy is expected to produce final goods and services valued in inflation-adjusted dollars at $24,855.8 billion, an increase of $625.6 billion or 2.6 percent. Inflation as measured by the Consumer Price Index and the broader GDP price deflator is expected to be 3.1 percent.

- **U.S. Gross Domestic Product in current dollars** is estimated at $33,615.8 billion, an increase of $1,837.8 billion or 5.8 percent.

- **Average annual U.S. oil prices** are estimated at $88.84 per barrel (domestic crude price to refineries) in FY 2027. Weekly and monthly price swings could vary widely around the annual average.

- **Arkansas Gross Domestic Product (Real Output).** During FY 2027, state GDP is projected at $151.9 billion, an increase of $3.1 billion or 2.1 percent.

- **Arkansas Gross Domestic Product in current dollars** is estimated at $210.6 billion, an increase of $10.7 billion or 5.4 percent.

- **Arkansas total personal income** is estimated at $205.6 billion (current dollars), an increase of $10.8 billion or 5.5 percent over FY 2026. Moderate growth in all components is expected.

- **Arkansas wage and salary disbursements** are estimated at $92.2 billion, an increase of $3.9 billion or 4.4 percent. Following FY 2022 to FY 2025 average annual

growth of 7.0 percent, wage and salaries grew 4.2 percent in FY2026. Total disbursements reflect the combined effects of net job growth, longer average work weeks, and gains in wage rates, bonuses, or level of overtime pay rates.

- **Arkansas payroll employment** is expected to reach a level of 1.35 million jobs, an increase of 6,600 jobs or 0.5 percent.

FY 2027 Gross General Revenues

Gross general revenues are estimated at $8,933.1 million, an increase from FY 2026 of $246.5 million, or 2.8 percent.

The total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY 2027 is assumed to remain at 3.0 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, $502.9 million has been determined to be distributed (net) in FY 2027.

FY 2027 Net Available General Revenues

Net available revenues are estimated at $7,286.9 million, an increase of $137.9 million or 1.9 percent compared to FY 2026.

FY 2027 revenues are expected to fully fund the approved Revenue Stabilization Law and a surplus of $581.7 million is indicated.

FY 2027 Selected Special Revenues:

- **FY 2027 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2027: $806.4 million or a 3.7 percent increase over FY 2026.

- **FY 2027 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, $32.8 million has been determined to be distributed in FY 2027.

Economic and Revenue Estimates for Fiscal Year 2028

- **U.S. Gross Domestic Product (Real Output).** During FY 2028, the United States economy is expected to produce final goods and services valued in inflation-adjusted dollars at $25,513.7 billion, an increase of $657.9 billion or 2.6 percent. Two general measures of inflation indicate lowering price pressures during the year. The Consumer Price Index is expected to increase 2.1 percent and inflation as measured by the GDP price deflator is expected to be 2.4 percent.

- **U.S. Gross Domestic Product in current dollars** is estimated at $35,341.2 billion, an increase of $1,725.4 billion or 5.1 percent over FY 2027.

- **Average annual U.S. oil prices** are estimated at $84.19 per barrel (domestic crude price to refineries) in FY 2028, a decrease of 5.2 percent. Weekly and monthly price swings could vary widely around the annual averages.

- **Arkansas Gross Domestic Product (Real Output).** During FY 2028, state GDP is projected at $155.7 billion, an increase of $3.8 billion or 2.5 percent.

- **Arkansas Gross Domestic Product in current dollars** is estimated at $221.3 billion, an increase of $10.7 billion or 5.1 percent.

- **Arkansas total personal income** is estimated at $217.4 billion (current dollars), an increase of $11.9 billion or 5.8 percent over FY 2027. Growth is led by wages and property income.

- **Arkansas wage and salary disbursements,** the largest component of personal income, are estimated at $96.9 billion, an increase of $4.7 billion or 5.1 percent.

- **Arkansas payroll employment** is expected to increase by 3,400 jobs or 0.3 percent to 1.353 million jobs.

FY 2028 Gross General Revenues

Gross general revenues are estimated at $9,060.3 million, an increase from FY 2027 of $127.2 million, or 1.4 percent.

The total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY 2028 is assumed to remain at 3.0 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. $524.4 million is estimated to be distributed (net) in FY 2028.

FY 2028 Net Available General Revenues

Net available revenues are estimated at $7,418.7 million, an increase of $131.8 million or 1.8 percent compared to FY 2027.

FY 2028 Selected Special Revenues:

- **FY 2028 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

  The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2028: $822.1 million or a 1.9 percent increase over FY 2027.

- **FY 2028 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. $36.5 million is estimated to be distributed in FY 2028.

Economic and Revenue Estimates for Fiscal Year 2029

- **U.S. Gross Domestic Product (Real Output).** During FY 2029, the United States economy is expected to produce final goods and services valued in inflation-adjusted dollars at $26,067.0 billion, an increase of $553.3 billion or 2.2 percent. Two general measures of inflation indicate mild price pressures during the year. The Consumer Price Index is expected to increase 2.1 percent and inflation as measured by the GDP price deflator is expected to be 2.2 percent.

- **U.S. Gross Domestic Product in current dollars** is estimated at $36,885.9 billion, an increase of $1,544.7 billion or 4.4 percent over FY 2028.

- **Average annual U.S. oil prices** are estimated at $79.35 per barrel (domestic crude price to refineries) in FY 2029, a decrease of 5.8 percent. Weekly and monthly price swings could vary widely around the annual averages.

- **Arkansas Gross Domestic Product (Real Output).** During FY 2028, state GDP is projected at $158.8 billion, an increase of $3.1 billion or 2.0 percent.

- **Arkansas Gross Domestic Product in current dollars** is estimated at $230.7 billion, an increase of $9.4 billion or 4.2 percent.

- **Arkansas total personal income** is estimated at $228.6 billion (current dollars), an increase of $11.2 billion or 5.1 percent over FY 2028.

- **Arkansas wage and salary disbursements,** the largest component of personal income, are estimated at $101.4 billion, an increase of $4.4 billion or 4.6 percent.

- **Arkansas payroll employment** is expected to see a slight increase of 600 jobs to 1.354 million jobs.

FY 2029 Gross General Revenues

Gross general revenues are estimated at $9,367.4 million, an increase from FY 2028 of $307.1 million, or 3.4 percent.

The total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY 2029 is assumed to remain at 3.0 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. $534.4 million is estimated to be distributed (net) in FY 2029.

FY 2029 Net Available General Revenues

Net available revenues are estimated at $7,704.0 million, an increase of $285.3 million or 3.8 percent compared to FY 2028.

FY 2029 Selected Special Revenues:

- **FY 2029 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

  The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2029: $843.0 million or 2.5 percent increase over FY 2028.

- **FY 2029 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. $36.6 million is estimated to be distributed in FY 2029.

Office of the Secretary and
Economic Analysis and Tax Research,
Department of Finance and Administration
November 6, 2026

General Revenue Forecast FY 2027 - 2029

Economic Analysis and Tax Research, DFA

Millions of Dollars	**FY 26** Actual	11/06/26 Estimate	**FY 27** Increase	Yr/Yr % CH	11/06/26 Estimate	**FY 28** Increase	Yr/Yr % CH	11/06/26 Estimate	**FY 29** Increase	Yr/Yr % CH
Individual Income	3,859.1	3,818.3	-40.8	-1.1	3,936.4	118.1	3.1	4,086.2	149.8	3.8
Corporate Income	523.6	577.6	54.0	10.3	575.0	-2.6	-0.5	572.3	-2.7	-0.5
Sales and Use Tax	3,666.7	3,823.2	156.5	4.3	3,896.0	72.8	1.9	3,999.7	103.7	2.7
Alcohol	76.6	76.3	-0.3	-0.3	76.3	0.0	0.0	76.3	0.0	0.0
Tobacco	179.9	173.0	-6.9	-3.8	166.1	-6.9	-4.0	152.8	-13.3	-8.0
Insurance	216.7	283.1	66.4	30.6	230.3	-52.8	-18.7	298.9	68.6	29.8
Racing	1.3	1.3	0.0	-0.5	1.3	0.0	0.0	1.3	0.0	0.0
Gaming	64.4	67.4	3.0	4.7	69.1	1.7	2.5	70.8	1.7	2.5
Severance	10.6	11.3	0.7	6.8	11.0	-0.3	-2.7	10.3	-0.7	-6.4
Franchise	8.0	8.0	0.0	0.0	8.0	0.0	0.0	8.0	0.0	0.0
Real Estate Transfer	2.6	2.6	0.0	-0.3	2.6	0.0	0.0	2.6	0.0	0.0
Miscellaneous	77.2	91.0	13.8	17.8	88.2	-2.8	-3.1	88.2	0.0	0.0
Gross General Revenues	**8,686.6**	**8,933.1**	**246.5**	**2.8**	**9,060.3**	**127.2**	**1.4**	**9,367.4**	**307.1**	**3.4**
PLUS: Historic Rehab Credit	0.0	9.8	9.8	N/A	9.8	0.0	N/A	9.8	0.0	N/A
LESS: SCS / COF	259.9	268.0	8.1	3.1	271.8	3.8	1.4	281.0	9.2	3.4
Individual Refunds	554.5	611.2	56.7	10.2	581.9	-29.3	-4.8	593.3	11.4	2.0
Corporate Refunds	69.8	71.7	1.9	2.7	72.4	0.7	1.0	73.1	0.7	1.0
Claims Reserve	0.0	10.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
Econ Develop Incentive	21.4	21.6	0.2	1.1	21.6	0.0	0.0	21.6	0.0	0.0
Recycling Tax Credit	30.0	47.6	17.6	58.7	38.8	-8.8	-18.5	38.8	0.0	0.0
Wood Products Credit	0.0	0.0	0.0	N/A	4.0	4.0	N/A	4.0	0.0	N/A
Amendment 82 Bonds	5.3	5.3	0.0	0.3	5.3	0.0	0.0	5.3	0.0	0.0
Water / Sewer Bonds	14.8	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	23.3	23.3	0.0	0.1	23.3	0.0	0.0	11.3	-12.0	-51.5
City / County Tourist	0.9	0.9	0.0	1.4	0.9	0.0	0.0	0.9	0.0	0.0
Educational Excellence	483.9	502.9	19.0	3.9	524.4	21.5	4.3	534.4	10.0	1.9
Educational Adequacy	42.8	44.5	1.7	4.0	46.4	1.9	4.3	47.2	0.8	1.7
Highway Casino Transfer	31.2	34.2	3.0	9.7	35.8	1.6	4.7	37.5	1.7	4.7
Net Available	7,149.0	7,286.9	137.9	1.9	7,418.7	131.8	1.8	7,704.0	285.3	3.8
LESS: Surplus	655.0	581.7								
Net Available Distribution	**6,494.0**	**6,705.2**	**211.2**	**3.3**						

Economic Assumptions and the General Revenue Forecast FY 2027 - 2029

Economic Analysis and Tax Research, DFA

Millions of Dollars	FY 26 Actual	11/06/26 Estimate	FY 27 Increase	Yr/Yr % CH	11/06/26 Estimate	FY 28 Increase	Yr/Yr % CH	11/06/26 Estimate	FY 29 Increase	Yr/Yr % CH
Individual Income Tax	3,859.1	3,818.3	-40.8	-1.1	3,936.4	118.1	3.1	4,086.2	149.8	3.8
Individual Refunds	554.5	611.2	56.7	10.2	581.9	-29.3	-4.8	593.3	11.4	2.0
Net Individual Income	3,304.6	3,207.1	-97.5	-2.9	3,354.5	147.4	4.6	3,492.9	138.4	4.1
Corporate Income Tax	523.6	577.6	54.0	10.3	575.0	-2.6	-0.5	572.3	-2.7	-0.5
Corporate Refunds	69.8	71.7	1.9	2.7	72.4	0.7	1.0	73.1	0.7	1.0
Net Corporate Income	453.8	505.9	52.1	11.5	502.6	-3.3	-0.7	499.2	-3.4	-0.7
Sales and Use Tax	3,666.7	3,823.2	156.5	4.3	3,896.0	72.8	1.9	3,999.7	103.7	2.7
Net Economic Tax Revenue	7,425.0	7,536.2	111.2	1.5	7,753.1	216.9	2.9	7,991.8	238.7	3.1
Other Tax Revenue [1]	637.3	714.0	76.7	12.0	652.9	-61.1	-8.6	709.2	56.3	8.6
Gross General Revenues	**8,686.6**	**8,933.1**	**246.5**	**2.8**	**9,060.3**	**127.2**	**1.4**	**9,367.4**	**307.1**	**3.4**
PLUS: Historic Rehab Credit	0.0	9.8	9.8	0.0	9.8	0.0	0.0	9.8	0.0	0.0
LESS: SCS / COF	259.9	268.0	8.1	3.1	271.8	3.8	1.4	281.0	9.2	3.4
Individual Refunds	554.5	611.2	56.7	10.2	581.9	-29.3	-4.8	593.3	11.4	2.0
Corporate Refunds	69.8	71.7	1.9	2.7	72.4	0.7	1.0	73.1	0.7	1.0
Claims Reserve	0.0	10.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
Econ Develop Incentive	21.4	21.6	0.2	1.1	21.6	0.0	0.0	21.6	0.0	0.0
Recycling Tax Credit	30.0	47.6	17.6	58.7	38.8	-8.8	-18.5	38.8	0.0	0.0
Wood Energy Products Credit	0.0	0.0	0.0	0.0	4.0	4.0	0.0	4.0	0.0	0.0
Amendment 82 Bonds	5.3	5.3	0.0	0.3	5.3	0.0	0.0	5.3	0.0	0.0
Water / Sewer Bonds	14.8	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	23.3	23.3	0.0	0.1	23.3	0.0	0.0	11.3	-12.0	-51.5
City / County Tourist	0.9	0.9	0.0	1.4	0.9	0.0	0.0	0.9	0.0	0.0
Educational Excellence	483.9	502.9	19.0	3.9	524.4	21.5	4.3	534.4	10.0	1.9
Educational Adequacy	42.8	44.5	1.7	4.0	46.4	1.9	4.3	47.2	0.8	1.7
Highway Casino Transfer	31.2	34.2	3.0	9.7	35.8	1.6	4.7	37.5	1.7	4.7
Net Available	7,149.0	7,286.9	137.9	1.9	7,418.7	131.8	1.8	7,704.0	285.3	3.8
LESS: Surplus	655.0	581.7			0.0			0.0		
Net Available Distribution	**6,494.0**	**6,705.2**	**211.2**	**3.3**	**7,418.7**	**713.5**	**10.6**	**7,704.0**	**285.3**	**3.8**
ECONOMIC ASSUMPTIONS	**FY2026**		**FY2027**			**FY2028**			**FY2029**	
U.S. GDP Nominal (Billion $)	31,778.1	33,615.8	1,837.8	5.8%	35,341.2	1,725.4	5.1%	36,885.9	1,544.7	4.4%
U.S. GDP Real (Billions 2017$ Chain-Weight)	24,230.2	24,855.8	625.6	2.6%	25,513.7	657.9	2.6%	26,067.0	553.3	2.2%
U.S. GDP Deflator (Chain-Wt, 2017=100)	131.2	135.2	4.1	3.1%	138.5	3.3	2.4%	141.5	3.0	2.2%
U.S. CPI Price Index (1982-84=100)	327.4	337.4	10.0	3.1%	344.5	7.1	2.1%	351.8	7.2	2.1%
OIL - Avg. Dom. Crude to Refinery ($ per bbl.)	73.44	88.84	15.4	21.0%	84.19	-4.6	-5.2%	79.35	-4.8	-5.8%
AR. Net General Revenue (Million $)	8,062.3	8,250.2	187.9	2.3%	8,406.0	155.8	1.9%	8,701.0	295.0	3.5%
AR. Net GR % of Total Personal Income	4.1%	4.0%	-0.1%	-3.0%	3.9%	-0.1%	-3.7%	3.8%	-0.1%	-1.6%
AR. Total Personal Income (Million $)	194,797.5	205,562.5	10,765.1	5.5%	217,416.0	11,853.5	5.8%	228,591.9	11,175.8	5.1%
AR. Wage & Salary Disbursements (Million $)	88,328.6	92,247.0	3,918.4	4.4%	96,947.8	4,700.8	5.1%	101,397.6	4,449.8	4.6%
AR. Personal Transfer Payments (Million $)	46,490.7	48,883.8	2,393.1	5.1%	51,146.8	2,262.9	4.6%	53,571.2	2,424.4	4.7%
AR. Per Capita Income ($)	62,353.6	65,537.5	3,183.9	5.1%	69,117.7	3,580.3	5.5%	72,524.0	3,406.3	4.9%
AR. GDP Nominal (Million $)	199,877.4	210,607.9	10,730.5	5.4%	221,294.0	10,686.1	5.1%	230,685.6	9,391.6	4.2%
AR. GDP Real (Million $)	148,759.6	151,882.2	3,122.6	2.1%	155,676.0	3,793.8	2.5%	158,807.6	3,131.6	2.0%
AR. Employment Total Payroll (Thousands)	1,342.9	1,349.5	6.6	0.5%	1,352.9	3.4	0.3%	1,353.5	0.6	0.0%
AR. Employment Private Sector (Thousands)	1,138.1	1,144.3	6.2	0.5%	1,146.5	2.2	0.2%	1,146.1	-0.4	0.0%
AR. Employment Manufacturing (Thousands)	158.7	159.1	0.4	0.2%	157.0	-2.1	-1.3%	153.9	-3.1	-1.9%
AR. Retail Sales (Million $)	56,144.6	59,690.0	3,545.4	6.3%	61,166.6	1,476.7	2.5%	62,730.0	1,563.4	2.6%

[1] Other Tax Revenue includes the Biennial Insurance Transfers in FY27 and FY29