



**STATE OF ARKANSAS**  
**SARAH HUCKABEE SANDERS**  
**GOVERNOR**

Dear Co-Chairs:

Our top priority leading into fiscal session is to limit the growth of government while still investing in our top priorities, allowing us to continue to responsibly phase out the state income tax. Achieving all three objectives is not easy, but this budget moves us toward those goals.

Over the past three years, my administration has made a focused effort to improve efficiency in state government through the Arkansas Forward initiative and deliver savings to the Arkansas taxpayer. We have pushed our agencies to do more with less while still ensuring that essential services are delivered to the Arkansans who count on them.

To continue this effort, we are proposing to reimplement categories of spending. Category A is our "must-haves": just as a family must pay rent or utilities, so too must state government pay employee salaries and building maintenance. Category B is our "like-to-haves": just as families might spend on a vacation when finances allow, so will state government fund certain discretionary grants if our revenues are high enough.

This year's fiscally responsible spending increase is only 3%, the average over the past several years. It allows us to invest in key priorities, the largest of which is education. Through Arkansas LEARNS, we created the Education Freedom Account program, which enrolled a record 44,000 students this school year. This budget provides \$122 million in additional funding for the program, along with a \$70 million set aside for future growth.

This budget delivers \$53.4 million for the new pay plan, with the vast majority going to pay raises for Corrections officers and state troopers. It also funds other priorities: \$6 million to higher education, \$7 million to drug task forces, \$5 million to improve Arkansas' SNAP error rate, and \$6 million to the 10:33 Initiative, a faith-based solution to end welfare dependency and move people from crisis to career.

My team has worked hard to build a budget that limits growth, invests in priority areas, and allows us to make additional cuts to Arkansas' income tax once the fiscal session concludes. I look forward to your consideration and our continued collaboration to cut costs, improve services, and make Arkansas a great place to live, work, and raise a family.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Sanders".

Sarah Huckabee Sanders

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

**OFFICE OF THE SECRETARY**  
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March 4, 2026

Senator Jonathan Dismang, 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 2027 Fiscal Year. The forecast information reflects the Official Revenue Forecast for the 2025-2027 Biennium provided to the Legislative Council on January 30, 2026, pursuant to Ark. Code Ann. § 19-4-304(b).

You will also find attached a schedule reflecting the Governor's Proposed Balanced Budget under this forecast for the 2027 Fiscal Year with a comparison to the 2026 Fiscal Year.

Sincerely,

A handwritten signature in black ink, appearing to read 'JL Hudson', is written over a horizontal line.

James L. Hudson  
Secretary

JH:jm



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

**OFFICE OF THE SECRETARY**

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January 30, 2026

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

Dear Senator Gilmore and Representative Eaves:

In accordance with Arkansas Code Annotated §19-4-304(b)(1), I am attaching tables summarizing the January 30, 2026, revision to the Official General Revenue Forecast for Fiscal Years 2026 and 2027.

**Summary of Net Available Revenues:**

FY 2025 net available revenues totaled \$6,679.4 million, a decrease of \$221.1 million or 3.2 percent from FY 2024. A surplus of \$367.9 million resulted from exceeding the full amount of the allocations in the Revenue Stabilization Law.

After six months into FY 2026, year-to-date net available revenues have risen by \$73.4 million, or 2.2 percent, from year earlier levels, resulting in collections that are \$102.9 million above forecast at that point. Sales and use tax collections and individual income taxes have been above forecast. Corporate Income tax collections are below forecast.

FY 2026 net available revenues are now expected to reach \$6,828.4 million, an increase of \$149.0 million, or 2.2 percent from FY 2025 results. This is an increase of \$149.3 million over the May 21, 2025 forecast. The FY 2026 forecast is expected to fully fund the Revenue Stabilization Law and provide a surplus of \$334.4 million.

A notable amount of FY 2026 revenue is due to one-time factors. An estimated \$41 million was shifted from FY 2025 into FY 2026 due to the extension of the filing deadline to July 31 for individual and corporate income tax payments resulting from Executive Orders 25-08 and 25-09 issued by Governor Sanders to provide relief to Arkansans affected by severe weather. The extended deadlines were later revised to December 3,

2025. Additionally, income tax withheld from the December 2025 Powerball jackpot winnings contributed another \$32 million. The combined total of \$73 million is accounted for in individual income tax collections. The Department of Finance and Administration adjusted out these one-time revenues in developing its forecast for FY 2027.

FY 2027 net available revenues are expected to reach \$7,015.4 million, an increase of \$187.0 million or 2.7 percent above FY 2026. The forecast projects a decline in corporate income tax revenues due to the extension of the Net Operating Loss carryovers and phased-in repeal of the throwback rule.

The adjustments in forecasted FY 2026 and FY 2027 net available revenues relative to the May 21, 2025 Official General Revenue Forecast are attributable to the due date extension, year-to-date realized collections, the Powerball jackpot winnings, and changes in economic conditions that are discussed in more detail below.

### **Economic Forecast Assumptions**

Economic forecasts employed by the Department of Finance and Administration indicate continuing but generally slower growth in 2026 and 2027. Near term inflation expectations have been reduced as lower effective tariff rates are assumed. Inflation, as measured broadly across consumers, businesses, and government by the GDP deflator is expected at 3.0 percent in FY 2026 and 2.5 percent in FY 2027.

Growth in U.S. real GDP is projected at 2.1 percent in FY 2026 and 2.1 percent in FY 2027. Arkansas real GDP growth is projected at 1.7 percent in FY 2026 and 1.6 percent in FY 2027. For both Arkansas and the U.S., the projected growth is 0.5% to 1.0% higher than assumed eight months ago.

After growth of 1.3 percent in FY 2025, Arkansas payroll employment will slow to 1.0 percent in FY 2026 and then 0.3 percent in FY 2027. Unemployment rates in Arkansas will continue to remain lower than in the U.S. but will rise from 3.6 percent in FY 2025 to 4.3 percent in FY 2027. After ticking up to 5.6 percent in FY 2025, wage and salary disbursements are expected to grow 4.9 percent and 4.6 percent over the next two years.

The revenue forecast is predicated on S&P Global Market Intelligence's baseline economic forecast which is assigned a 50 percent probability and does not include a recession but continued, albeit slower, growth. The economic risks around the baseline are tilted to the upside. An alternative optimistic scenario is characterized by faster moderation in inflation. The optimistic scenario is assigned a 30% probability. The pessimistic scenario, with a 20% probability, is characterized by higher inflation and deteriorating financial conditions creating risk of an economic downturn. At the time of the previous general revenue forecast, the risks to the economic forecast were tilted 35% pessimistic and 15% 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 assume 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,

A handwritten signature in blue ink, appearing to read 'JLH', is written over a light blue horizontal line.

James L. Hudson  
Cabinet Secretary

JLH/wlm  
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 two years with comments updating current year (FY 2026) conditions. The Official Revenue Forecast for fiscal years 2026 and 2027 is included.

The revenue forecasts are conditionally based on the expected economic conditions in the state and nation as of December 2025. 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 2026

- **FY 2026 U.S. Gross Domestic Product (Real Output).** This summary is based on the December 2025 baseline forecast of S&P Global Market Intelligence. During FY 2026, the United States economy is expected to produce final goods and services valued in inflation-adjusted dollars at \$24,094.1 billion, an increase of \$498.0 billion or 2.1 percent. Two general measures of inflation indicate low to moderate price pressures during the year. The Consumer Price Index is expected to increase 2.8 percent and the GDP price deflator is expected to rise 3.0 percent.
- **U.S. gross domestic product in current dollars** is estimated at \$31,511.1 billion, an increase of \$1,545.0 billion or 5.2 percent over FY 2025.
- **Average annual U.S. oil prices** are estimated at \$60 per barrel (domestic crude price to refineries) in FY 2026. Weekly and monthly price swings could vary widely around the annual average.
- **FY 2026 Arkansas total personal income** is estimated at \$196.6 billion (current dollars), an increase of \$7.7 billion or 4.1 percent over FY 2025. Solid growth in all components except farm income is expected.
- **FY 2026 Arkansas wage and salary disbursements** are estimated at \$88.3 billion, an increase of \$4.1 billion or 4.9 percent. Following growth of 6.6 percent in FY 2025, wage growth moderates as employment growth slows.
- **FY 2026 Arkansas payroll employment** is expected to reach a level of 1.389 million jobs, an increase of approximately 13,500 jobs or 1.0 percent. Gains are largely attributable to the service sectors and most notably to health care and social assistance services growing 3.8 percent. Manufacturing job growth is 0.9 percent.

### FY 2026 Gross General Revenues

Gross general revenues are estimated at \$8,436.2 million, an increase from FY 2025 of \$76.5 million, or 0.9 percent.

The total fee deducted from general revenue for funding of the State Central Services Fund and Constitutional Officers Fund for FY 2026 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. \$483.9 million is estimated to be distributed (net) in FY 2026.

### FY 2026 Net Available General Revenues

Net available revenues are estimated at \$6,828.4 million, an increase of \$149.0 million or 2.2 percent compared to FY 2025 and include impacts from recent individual and corporate income tax cuts to collections and refunds.

FY 2026 revenues are expected to fully fund the approved Revenue Stabilization Law and a surplus of \$334.4 million is indicated.

#### **FY 2026 Selected Special Revenues:**

- **FY 2026 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 2026: \$754.3 million.

- **FY 2026 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. \$29.0 million is estimated to be distributed in FY 2026.

### **Economic and Revenue Estimates for Fiscal Year 2027**

- **FY 2027 U.S. Gross Domestic Product (Real Output).** This summary is based on the December 2025 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 \$24,603.6 billion, an increase of \$509.5 billion or 2.1 percent. Two general measures of inflation indicate low price pressures during the year. The Consumer Price Index is expected to increase 2.7 percent and inflation as measured by the GDP price deflator is expected to be 2.5 percent.
- **U.S. gross domestic product in current dollars** is estimated at \$32,996.9 billion, an increase of \$1,485.7 billion or 4.7 percent over FY 2026.
- **Average annual U.S. oil prices** are estimated at \$58 per barrel (domestic crude price to refineries) in FY 2027, a decrease of 3.7 percent. Weekly and monthly price swings could vary widely around the annual averages.
- **FY 2027 Arkansas total personal income** is estimated at \$206.8 billion (current dollars), an increase of \$10.3 billion or 5.2 percent over FY 2026. Farm income continues to provide some drag against the growth in all other components, but the forecast does not assume any significant further decline in the farm economy.
- **FY 2027 Arkansas wage and salary disbursements** are estimated at \$92.3 billion, an increase of \$4.0 billion or 4.6 percent.
- **FY 2027 Arkansas payroll employment** is expected to grow slightly to a level of 1.393 million jobs, an increase of approximately 3,600 jobs or 0.3 percent.

### **FY 2027 Gross General Revenues**

Gross general revenues are estimated at \$8,668.2 million, an increase from FY 2026 of \$232.0 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. \$494.6 million is estimated to be distributed (net) in FY 2027.

### FY 2027 Net Available General Revenues

Net available revenues are estimated at \$7,015.4 million, an increase of \$187.0 million or 2.7 percent compared to FY 2026.

#### **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: \$776.3 million.

- **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. \$26.5 million is estimated to be distributed in FY 2027.

**Office of the Secretary and  
Economic Analysis and Tax Research,  
Department of Finance and Administration  
January 30, 2026**

**Official General Revenue Forecast  
FY 2026 - 2027**

Millions of Dollars	FY 25 Actual	01/30/26 Estimate	FY 26 Increase	Yr/Yr % CH	01/30/26 Estimate	FY 27 Increase	Yr/Yr % CH
Individual Income	3,594.3	3,706.0	111.7	3.1	3,771.4	65.4	1.8
Corporate Income	533.1	476.6	-56.5	-10.6	467.9	-8.7	-1.8
Sales and Use Tax	3,527.9	3,605.8	77.9	2.2	3,719.0	113.2	3.1
Alcohol	78.1	76.5	-1.6	-2.1	75.0	-1.5	-2.0
Tobacco	182.9	174.2	-8.7	-4.8	161.8	-12.4	-7.1
Insurance	281.8	238.8	-43.0	-15.3	298.7	59.9	25.1
Racing	1.4	1.2	-0.2	-11.3	1.2	0.0	0.0
Gaming	62.0	64.5	2.5	4.0	66.6	2.1	3.3
Severance	10.6	8.3	-2.3	-21.6	8.0	-0.3	-3.6
Franchise	8.0	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
Miscellaneous	77.0	73.7	-3.3	-4.2	88.0	14.3	19.4
<b>Total Gross</b>	<b>8,359.7</b>	<b>8,436.2</b>	<b>76.5</b>	<b>0.9</b>	<b>8,668.2</b>	<b>232.0</b>	<b>2.8</b>
LESS: SCS / COF	250.5	253.1	2.6	1.0	260.0	6.9	2.7
Individual Refunds	655.0	578.9	-76.1	-11.6	596.2	17.3	3.0
Corporate Refunds	137.3	104.2	-33.1	-24.1	107.4	3.2	3.1
Claims Reserve	0.0	10.0	10.0	0.0	10.0	0.0	0.0
Econ Develop Incentive	20.0	20.4	0.4	2.0	20.4	0.0	0.0
Recycling Tax Credit	24.8	38.8	14.0	56.5	38.8	0.0	0.0
Wood Energy Products Credit	0.0	0.0	0.0	N/A	4.0	4.0	N/A
Amendment 82 Bonds	5.3	5.3	0.0	0.3	5.3	0.0	0.0
Water / Sewer Bonds	14.8	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	23.3	23.3	0.0	0.0	23.3	0.0	0.0
City / County Tourist	0.9	0.9	0.0	N/A	0.9	0.0	N/A
Educational Excellence	477.4	483.9	6.5	1.4	494.6	10.7	2.2
Educational Adequacy	42.2	42.8	0.6	1.4	43.7	0.9	2.1
Highway Casino Transfer	28.9	31.4	2.5	8.7	33.4	2.0	6.4
Total Deductions	1,680.3	1,607.8	-72.5	-4.3	1,652.8	45.0	2.8
<b>Net Available</b>	<b>6,679.4</b>	<b>6,828.4</b>	<b>149.0</b>	<b>2.2</b>	<b>7,015.4</b>	<b>187.0</b>	<b>2.7</b>
LESS: Surplus	367.9	334.4					
<b>Net Available Distribution</b>	<b>6,311.5</b>	<b>6,494.0</b>	<b>182.5</b>	<b>2.9</b>	<b>7,015.4</b>	<b>521.4</b>	<b>8.0</b>

**Economic Assumptions and the  
Official General Revenue Forecast  
FY 2026 - 2027**

Millions of Dollars	<b>FY 25</b>	01/30/26	<b>FY 26</b>	Yr/Yr	01/30/26	<b>FY 27</b>	Yr/Yr
	Actual	Estimate	Increase	% CH	Estimate	Increase	% CH
Individual Income Tax	3,594.3	3,706.0	111.7	3.1	3,771.4	65.4	1.8
<u>Individual Refunds</u>	<u>655.0</u>	<u>578.9</u>	<u>-76.1</u>	<u>-11.6</u>	<u>596.2</u>	<u>17.3</u>	<u>3.0</u>
Net Individual Income	2,939.3	3,127.1	187.8	6.4	3,175.2	48.1	1.5
Corporate Income Tax	533.1	476.6	-56.5	-10.6	467.9	-8.7	-1.8
<u>Corporate Refunds</u>	<u>137.3</u>	<u>104.2</u>	<u>-33.1</u>	<u>-24.1</u>	<u>107.4</u>	<u>3.2</u>	<u>3.1</u>
Net Corporate Income	395.8	372.4	-23.4	-5.9	360.5	-11.9	-3.2
Sales and Use Tax	3,527.9	3,605.8	77.9	2.2	3,719.0	113.2	3.1
Net Economic Tax Revenue	6,863.0	7,105.3	242.3	3.5	7,254.7	149.4	2.1
Other Tax Revenue <sup>1</sup>	704.4	647.8	-56.6	-8.0	709.9	62.1	9.6
<b>Gross General Revenues</b>	<b>8,359.7</b>	<b>8,436.2</b>	<b>76.5</b>	<b>0.9</b>	<b>8,668.2</b>	<b>232.0</b>	<b>2.8</b>
LESS: SCS / COF	250.5	253.1	2.6	1.0	260.0	6.9	2.7
Individual Refunds	655.0	578.9	-76.1	-11.6	596.2	17.3	3.0
Corporate Refunds	137.3	104.2	-33.1	-24.1	107.4	3.2	3.1
Claims Reserve	0.0	10.0	10.0	0.0	10.0	0.0	0.0
Econ Develop Incentive	20.0	20.4	0.4	2.0	20.4	0.0	0.0
Recycling Tax Credit	24.8	38.8	14.0	56.5	38.8	0.0	0.0
Wood Energy Products Credit	0.0	0.0	0.0	0.0	4.0	4.0	0.0
Amendment 82 Bonds	5.3	5.3	0.0	0.3	5.3	0.0	0.0
Water / Sewer Bonds	14.8	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	23.3	23.3	0.0	0.0	23.3	0.0	0.0
City / County Tourist	0.9	0.9	0.0	1.4	0.9	0.0	0.0
Educational Excellence	477.4	483.9	6.5	1.4	494.6	10.7	2.2
Educational Adequacy	42.2	42.8	0.6	1.4	43.7	0.9	2.1
Highway Casino Transfer	28.9	31.4	2.5	8.7	33.4	2.0	6.4
Total Deductions	1,680.3	1,607.8	-72.5	-4.5	1,652.8	45.0	2.7
<b>Net Available</b>	<b>6,679.4</b>	<b>6,828.4</b>	<b>149.0</b>	<b>2.2</b>	<b>7,015.4</b>	<b>187.0</b>	<b>2.7</b>
LESS: Surplus	367.9	334.4					
<b>Net Available Distribution</b>	<b>6,311.5</b>	<b>6,494.0</b>	<b>182.5</b>	<b>2.9</b>	<b>7,015.4</b>	<b>521.4</b>	<b>8.0</b>
<b>ECONOMIC ASSUMPTIONS</b>	<b>FY2025</b>	<b>FY2026</b>			<b>FY2027</b>		
U.S. GDP Nominal (Billion \$)	29,966.2	31,511.1	1,545.0	5.2%	32,996.9	1,485.7	4.7%
U.S. GDP Real (Billions 2017\$ Chain-Weight)	23,596.1	24,094.1	498.0	2.1%	24,603.6	509.5	2.1%
U.S. GDP Deflator (Chain-Wt, 2017=100)	127.0	130.8	3.8	3.0%	134.1	3.3	2.5%
U.S. CPI Price Index (1982-84=100)	317.8	326.8	9.0	2.8%	335.5	8.8	2.7%
OIL - Avg. Dom. Crude to Refinery (\$ per bbl.)	72.8	60.0	-12.8	-17.6%	57.8	-2.2	-3.7%
AR. Net General Revenue (Million \$)	7,567.4	7,753.1	185.7	2.5%	7,964.6	211.5	2.7%
AR. Net GR % of Total Personal Income	4.0%	3.9%	-0.1%	-1.6%	3.9%	-0.1%	-2.4%
AR. Total Personal Income (Million \$)	188,835.2	196,550.7	7,715.5	4.1%	206,810.0	10,259.2	5.2%
AR. Wage & Salary Disbursements (Million \$)	84,152.9	88,295.8	4,142.9	4.9%	92,340.0	4,044.2	4.6%
AR. Personal Transfer Payments (Million \$)	44,234.8	47,631.7	3,396.9	7.7%	50,217.3	2,585.6	5.4%
AR. Per Capita Income (\$)	60,945.6	63,206.5	2,260.9	3.7%	66,335.3	3,128.9	5.0%
AR. GDP Nominal (Million \$)	193,378.9	202,768.4	9,389.5	4.9%	211,129.9	8,361.5	4.1%
AR. GDP Real (Million \$)	149,260.4	151,774.8	2,514.4	1.7%	154,267.5	2,492.7	1.6%
AR. Employment Total Payroll (Thousands)	1,375.4	1,388.9	13.5	1.0%	1,392.5	3.6	0.3%
AR. Employment Private Sector (Thousands)	1,163.1	1,176.3	13.2	1.1%	1,179.1	2.8	0.2%
AR. Employment Manufacturing (Thousands)	163.2	164.7	1.5	0.9%	163.4	-1.4	-0.8%
AR. Retail Sales (Million \$)	54,826.4	57,312.0	2,485.6	4.5%	59,457.6	2,145.7	3.7%

<sup>1</sup> Other Tax Revenue includes the Biennial Insurance Transfers in FY25 and FY27

**STATE GENERAL REVENUES**  
**Fiscal Year 2027 Balanced Budget**

Fund Accounts	FY2026 Forecast	Proposed Budget	FY2027 Over FY2026 \$	FY2027 Over FY2026 %	"A"	"B"
Div. of Elementary and Secondary Education						
State Library	2,443,582,431	2,443,582,431	0	0.00%	2,443,582,431	0
Career and Technical Education	5,641,919	5,641,919	0	0.00%	5,246,985	394,934
Career and Technical Education-Adult Ed	26,883,872	26,883,872	0	0.00%	25,002,001	1,881,871
	8,489,176	8,489,176	0	0.00%	7,894,934	594,242
<b>PUBLIC SCHOOL FUND</b>	<b>2,484,597,398</b>	<b>2,484,597,398</b>	<b>0</b>	<b>0.00%</b>	<b>2,481,726,350</b>	<b>2,871,048</b>
<b>GENERAL EDUCATION FUND</b>						
Div. of Elementary and Secondary Education	18,282,199	18,282,199	0	0.00%	18,282,199	0
Educational Facilities Partnership	0	0	0	-	0	0
Div. of Academic Facilities & Transportation	3,052,280	3,052,280	0	0.00%	3,052,280	0
Educational Television	5,986,636	5,986,636	0	0.00%	5,986,636	0
School for the Blind <sup>1</sup>	8,392,869	8,392,869	(8,392,869)	-100.00%	0	0
School for the Deaf and Blind <sup>1</sup>	12,098,079	20,490,948	8,392,869	69.37%	20,490,948	0
State Library	3,923,088	3,923,088	0	0.00%	3,648,472	274,616
Rehabilitation Services	11,942,101	11,942,101	0	0.00%	11,106,154	835,947
Child Care Grant	7,056,193	7,056,193	0	0.00%	7,056,193	0
Child Care/Early Childhood Ed.	2,589,553	2,589,553	0	0.00%	2,589,553	0
<b>Subtotal - General Education</b>	<b>73,322,998</b>	<b>73,322,998</b>	<b>0</b>	<b>0.00%</b>	<b>72,212,435</b>	<b>1,110,563</b>
<b>Technical Institutes:</b>						
Northwest TI	3,388,836	3,388,836	0	0.00%	3,151,617	237,219
<b>Subtotal - Technical Institutes</b>	<b>3,388,836</b>	<b>3,388,836</b>	<b>0</b>	<b>0.00%</b>	<b>3,151,617</b>	<b>237,219</b>
<b>TOTAL GENERAL ED. FUND</b>	<b>76,711,834</b>	<b>76,711,834</b>	<b>0</b>	<b>0.00%</b>	<b>75,364,052</b>	<b>1,347,782</b>
<b>HUMAN SERVICES FUND</b>						
DHS-Administration	25,037,046	25,037,046	0	0.00%	23,284,453	1,752,593
Children & Family Services	139,733,393	139,733,393	0	0.00%	129,952,055	9,781,338
Youth Services	53,431,260	53,431,260	0	0.00%	49,691,072	3,740,188
Devel. Disab. Services	65,603,057	65,603,057	0	0.00%	61,010,843	4,592,214
Medical Services	2,564,587	2,564,587	0	0.00%	2,385,066	179,521
DHS-Grants	1,402,725,705	1,402,725,705	0	0.00%	1,402,725,705	0
Behavioral Health <sup>2</sup>	104,981,456	104,680,510	(300,946)	-0.29%	97,352,874	7,327,636
Provider Services and Quality Assurance <sup>2</sup>	5,998,017	6,298,963	300,946	5.02%	5,858,036	440,927
County Operations <sup>3</sup>	59,700,789	57,705,676	(995,113)	-1.70%	53,666,279	4,039,397
<b>TOTAL HUMAN SERVICES</b>	<b>1,858,775,310</b>	<b>1,857,780,197</b>	<b>(995,113)</b>	<b>-0.05%</b>	<b>1,825,976,383</b>	<b>31,853,814</b>
<b>STATE GENERAL GOV'T FUND</b>						
Div. of Ark. Heritage	7,755,838	7,755,838	0	0.00%	7,212,929	542,909
Department of Agriculture <sup>3</sup>	19,870,371	23,149,099	3,278,728	16.50%	21,528,662	1,620,437
Dept. of Labor and Licensing	4,019,479	4,019,479	0	0.00%	3,738,115	281,364
Div. of Higher Education	12,066,588	12,066,588	0	0.00%	12,066,588	0
Higher Education Grants	43,619,625	43,619,625	0	0.00%	43,619,625	0
Economic Development Commission	20,660,189	20,660,189	0	0.00%	19,213,976	1,446,213
Div. of Correction <sup>4</sup>	343,674,492	431,457,721	87,783,229	25.54%	431,457,721	0
Div. of Correction - Medical Contract	139,398,915	144,398,915	5,000,000	3.59%	144,398,915	0
Div. of Community Correction <sup>4</sup>	107,773,354	60,957,735	(46,815,619)	-43.44%	60,957,735	0
Dept. of the Military	8,931,344	8,931,344	0	0.00%	8,306,150	625,194
Parks & Tourism	22,082,257	22,082,257	0	0.00%	22,082,257	0
Div. of Environmental Quality	4,297,361	4,297,361	0	0.00%	3,996,546	300,815
Miscellaneous Agencies	83,280,732	97,227,588	13,946,856	16.75%	91,450,945	5,776,643
<b>TOTAL STATE GENERAL GOV'T</b>	<b>817,430,545</b>	<b>880,623,739</b>	<b>63,193,194</b>	<b>7.73%</b>	<b>870,030,165</b>	<b>10,593,574</b>

**STATE GENERAL REVENUES**  
**Fiscal Year 2027 Balanced Budget**

Fund Accounts	FY2026 Forecast	Proposed Budget	FY2027 Over FY2026 \$	FY2027 Over FY2026 %	"A"	"B"
<b>OTHER FUNDS</b>						
County Aid	21,428,616	21,428,616	0	0.00%	19,928,613	1,500,003
County Jail Reimbursement	34,800,000	34,800,000	0	0.00%	34,800,000	0
Crime Information System	2,204,581	2,204,581	0	0.00%	2,204,581	0
Child Support Enforcement	13,288,801	13,288,801	0	0.00%	12,358,585	930,216
Dept. of Health	82,752,300	82,752,300	0	0.00%	76,959,639	5,792,661
Performance Fund	3,150,000	0	(3,150,000)	-100.00%	0	0
Municipal Aid	29,372,099	29,372,099	0	0.00%	27,316,052	2,056,047
Div. of Arkansas State Police	94,140,872	104,553,137	10,412,265	11.06%	97,234,417	7,318,720
Div. of Workforce Services-New Hire Registry	150,000	150,000	0	0.00%	139,500	10,500
Div. of Workforce Services-Adult Education	1,057,391	1,057,391	0	0.00%	983,374	74,017
Div. of Workforce Services-Manufacturing Extension Network	679,545	679,545	0	0.00%	631,977	47,568
Services for the Blind	1,972,456	1,972,456	0	0.00%	1,834,384	138,072
Skills Development Fund	3,608,348	3,608,348	0	0.00%	3,355,764	252,584
Children's Educational Freedom Account	187,487,318	309,487,318	122,000,000	65.07%	309,487,318	0
Sustainable Blong Main't Prog for Instit of Higher Ed Revolv Loan	2,881,420	0	(2,881,420)	-100.00%	0	0
<b>TOTAL OTHER FUNDS</b>	<b>478,973,747</b>	<b>605,354,592</b>	<b>126,380,845</b>	<b>26.39%</b>	<b>587,234,203</b>	<b>18,120,389</b>
<b>INSTITUTIONS OF HIGHER EDUCATION - Four Year Institutions:</b>						
Arkansas State University	62,862,957	64,866,267	2,003,310	3.19%	62,862,957	2,003,310
Arkansas Tech University	35,628,929	36,461,729	832,800	2.34%	35,628,929	832,800
Henderson State University	18,457,299	17,971,603	(485,696)	-2.63%	17,485,906	485,696
Southern Arkansas University	17,733,361	19,015,278	1,281,917	7.23%	17,733,361	1,281,917
UA-Fayetteville	136,032,727	140,385,133	4,352,406	3.20%	136,032,727	4,352,406
UA - System	3,479,474	3,479,474	0	0.00%	3,235,911	243,563
UA - Archeological Survey	2,369,274	2,369,274	0	0.00%	2,203,425	165,849
UA - Agriculture	65,800,138	65,800,138	0	0.00%	61,194,128	4,606,010
UA - Clinton School	2,336,896	2,336,896	0	0.00%	2,173,313	163,583
UA - Criminal Justice Institute	2,458,634	2,458,634	0	0.00%	2,286,530	172,104
UA - AR Sch. Math, Science, & Arts	1,133,048	1,133,048	0	0.00%	1,053,735	79,313
U of A - Ft. Smith	20,886,786	21,146,708	259,922	1.24%	20,886,786	259,922
UA-Little Rock	58,929,169	57,476,668	(1,452,501)	-2.46%	56,024,167	1,452,501
UA-Medical Sciences	93,012,881	93,012,881	0	0.00%	86,501,979	6,510,902
UAMS - Child Abuse/Rape/Domestic Violence	350,000	350,000	0	0.00%	325,500	24,500
UAMS - Pediatrics/Psychiatric Research	1,985,100	1,985,100	0	0.00%	1,846,143	138,957
UAMS - Indigent Care	5,438,340	5,438,340	0	0.00%	5,057,656	380,684
UA-Monticello	16,362,815	16,362,815	0	0.00%	16,362,815	0
UA-Pine Bluff	21,464,639	21,233,745	(230,894)	-1.08%	21,002,851	230,894
UA-Pine Bluff - 1890 Grant State Match	5,800,000	5,800,000	0	0.00%	5,800,000	0
University of Central Arkansas	55,018,565	53,564,627	(1,453,938)	-2.64%	52,110,688	1,453,938
<b>Subtotal - 4 Year Institutions</b>	<b>627,541,032</b>	<b>632,648,358</b>	<b>5,107,326</b>	<b>0.81%</b>	<b>607,809,509</b>	<b>24,838,850</b>

**STATE GENERAL REVENUES  
Fiscal Year 2027 Balanced Budget**

Fund Accounts	FY2026 Forecast	Proposed Budget	FY2027 Over FY2026 \$	FY2027 Over FY2026 %	"A"	"B"
<b>INSTITUTIONS OF HIGHER EDUCATION - Two Year Institutions:</b>						
Arkansas Northeastern College	8,845,933	8,612,167	(233,766)	-2.64%	8,378,402	233,766
Arkansas State University - Beebe	11,333,296	11,333,296	0	0.00%	11,333,296	0
Arkansas State Univ. - Mt. Home	3,571,700	3,630,147	58,447	1.64%	3,571,700	58,447
Arkansas State Univ. - Newport	6,451,670	6,872,106	420,436	6.52%	6,451,670	420,436
Cossatot CC of the UA	3,750,333	3,859,461	109,128	2.91%	3,750,333	109,128
U of A - East Arkansas Cmty. College	8,708,498	8,809,839	101,341	1.16%	8,708,498	101,341
Arkansas State Univ. - Mid-South	4,058,019	3,950,781	(107,238)	-2.64%	3,843,542	107,238
ASU - Mid-South-ADTEC	1,527,000	1,527,000	0	0.00%	1,420,110	106,890
National Park College	8,995,082	9,098,158	103,076	1.15%	8,995,082	103,076
North Arkansas College	7,529,669	7,787,709	258,040	3.43%	7,529,669	258,040
NorthWest Arkansas Cmty. College	11,479,213	11,701,713	222,500	1.94%	11,479,213	222,500
Phillips Cmty. College of the UA	8,756,310	8,756,826	516	0.01%	8,756,310	516
U of A - Rich Mountain	3,656,930	3,549,348	(107,582)	-2.94%	3,518,801	30,547
Southern Ark. University - Tech	5,525,530	5,528,091	2,561	0.05%	5,525,530	2,561
SAU-Tech-Envir. Training Academy	375,036	375,036	0	0.00%	348,783	26,253
SAU-Tech-Fire Training Academy	1,780,943	1,780,943	0	0.00%	1,656,277	124,666
South Arkansas College	5,962,675	5,962,675	0	0.00%	5,962,675	0
U of A - Cmty. College at Batesville	4,318,464	4,393,950	75,486	1.75%	4,318,464	75,486
U of A - Cmty. College at Hope-Texarkana	4,554,683	4,440,098	(114,585)	-2.52%	4,325,514	114,585
U of A - Cmty. College at Morrilton	5,073,879	5,330,150	256,271	5.05%	5,073,879	256,271
<b>Subtotal - 2 Year Institutions</b>	<b>116,254,863</b>	<b>117,299,493</b>	<b>1,044,630</b>	<b>0.90%</b>	<b>114,947,748</b>	<b>2,351,745</b>
<b>INSTITUTIONS OF HIGHER EDUCATION - Technical Colleges</b>						
Black River	7,187,648	6,659,119	(528,529)	-7.35%	6,164,114	495,005
ASU - Three Rivers	3,347,546	3,547,197	199,651	5.96%	3,347,546	199,651
Ozarka	3,183,318	3,099,195	(84,123)	-2.64%	3,015,071	84,123
U of A - Pujalski Tech	14,694,332	14,854,668	160,336	1.09%	14,694,332	160,336
Southeast Arkansas College	5,301,408	5,388,403	86,995	1.64%	5,301,408	86,995
<b>Subtotal - Technical Colleges</b>	<b>33,714,252</b>	<b>33,548,581</b>	<b>(165,671)</b>	<b>-0.49%</b>	<b>32,522,471</b>	<b>1,026,110</b>
<b>TOTAL INST'S OF H. E.</b>	<b>777,510,147</b>	<b>783,496,433</b>	<b>5,986,286</b>	<b>0.77%</b>	<b>755,279,728</b>	<b>28,216,705</b>
<b>Total Request</b>	<b>6,493,998,981</b>	<b>6,688,564,193</b>	<b>194,565,212</b>	<b>3.00%</b>	<b>6,595,560,881</b>	<b>93,003,312</b>
<b>OFFICIAL FORECAST 1.30.26</b>	<b>\$6,828,400,000</b>	<b>\$7,015,400,000</b>				
<b>ENACTED REVENUE CHANGES</b>						
Act 989 of 2025		1,594,218				
Arkansas Public Employee Retirement System - State Police Retirement Fund		4,994,638				
Administration of Justice Fund		3,260,181				
Administrative Office of the Courts		450,284				
Department of Finance and Administration		98,818				
Department of Health		5,915,920				
Department of Public Safety - State Police						
<b>Surplus</b>	<b>334,401,019</b>	<b>310,521,748</b>				
<b>PROPOSED DISTRIBUTION OF SURPLUS FUNDS</b>						
Medicaid Sustainability Fund Set-Aside		100,000,000				
Children's Educational Freedom Account Set-Aside		70,000,000				

**Footnotes**

- 1) Act 796 of 2025 merged the School for the Blind and the School for the Deaf
- 2) Reflects the transfer of the Independent Choices program from Div. of Behavioral Health to Div. of Provider Services and Quality Assurance
- 3) Recommends transferring the Hunger Coalition grant from the Div. of County Operations to the Department of Agriculture
- 4) Act 723 of 2025 transferred the administration of community correction centers from the Div. of Community Correction to the Div. of Correction