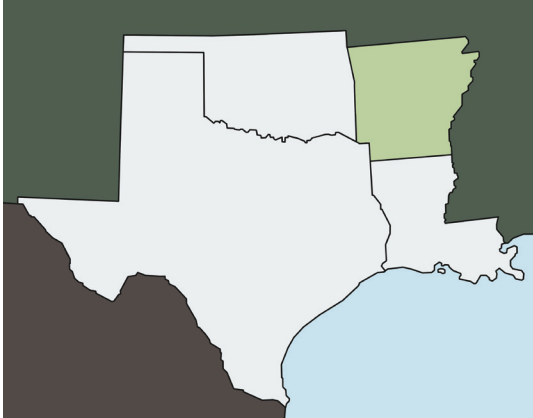


ARKANSAS Budget Report Card



ARKANSAS WAS THE ONLY state to receive a D average, the second-lowest possible mark, in transparency for fiscal 2016 through 2018 (no state received a D-minus). Its shortcomings are numerous: The state lacks a consolidated website containing budget and other financial information essential in developing and analyzing its biennial spending plan. Arkansas also does not publish a capital budget, although some information about capital expenditures can be obtained from individual appropriations bills or the state’s transparency web-

site. And like most states, Arkansas fails to disseminate information on deferred infrastructure maintenance liabilities.

The state also fared poorly in budget forecasting, with an average grade of D—the same as eight other states. Arkansas lacks consensus revenue forecasts, as well as multiyear expenditure and revenue estimates. The only forecasting area in which the state does well is in providing justification for short-term revenue growth projections.

Despite its weaknesses in forecasting expenditures and revenues, Arkansas was among sixteen states to achieve a top A average in the budget maneuvers category by regularly matching annual recurring expenditures and revenues.

Arkansas had a three-year average of C in reserve funds. The state has policies for disbursements from the rainy day fund but no policy for replenishing it. Decisions about depositing into the fund are left to the legislature, with no rules or statutory guidance.


WEST SOUTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arkansas	D	A	C	C	D
Louisiana	B	D	D	A	B
Oklahoma	B	B	A	A	B
Texas	C	B	D-	A	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


ARKANSAS Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Consensus Revenue Forecasts	X	X	X
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	X	X	X
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE		D	3-YEAR TREND —	

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	A	B	A
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	X	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	77%	76%	76%
3-YEAR AVERAGE		C	3-YEAR TREND —	

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	X	X	X
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE		C	3-YEAR TREND —	

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Consolidated Budget Website	X	X	X
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	X	X	X
3-YEAR AVERAGE		D	3-YEAR TREND —	

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* SOURCE Bloomberg; 2017 data also used for 2018.