MEMORANDUM

TO: Directors of State Agencies Receiving State General Revenue

FROM: Governor Mike Beebe

DATE: March 26, 2008

SUBJECT: 2009-2011 Biennial Budget Requests funded from General Revenue

In a few weeks, you will receive instructions for the preparation of the 2009 fiscal-year, annual-operations budget, followed in May with instructions for preparation of the 2009-2011 biennial budget for your agency. I have begun planning for the submission of my Executive Budget Recommendations to the General Assembly with several primary issues in mind. As you know, this budget must be balanced with available revenue.

As we begin this process, I ask each of you to prepare three (3) budgets: one baseline budget assuming no increases in general revenue allocation; one budget with moderate increases; and one budget that reduces your biennial budget by seven percent (7%) of the FY 09 general revenue allocation for your agency. I can tell you that in the next biennial budget, I will continue to ensure that adequate funding is in place for K-12 education in response to the Supreme Court's mandate. If it can be achieved in a fiscally responsible way, I plan to continue to eliminate some or all of the remaining sales tax on groceries.

The slowing of our national and state economies may result in decreasing general revenue growth. It is due to this possibility that I ask every agency that receives state general revenue to prepare one budget that will reduce its level of general-revenue funding by 7% for each fiscal year of the next biennium, as requested above.

The Office of Budget in the Department of Finance and Administration will issue specific instructions to each affected agency when it issues the FY09 Annual Operations Budget packets in early April. However, I am asking you as a director, to work with your fiscal staff and begin planning now for submission of these three budgets. Thank you for your commitment to our future.

MB:fms:lh/jb