

**MINUTES OF THE MEETING**  
**OF THE**  
**ARKANSAS LEGISLATIVE COUNCIL**

**Friday, December 16, 2011**

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The Arkansas Legislative Council met at 9:00 a.m., Friday, December 16, 2011 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Mary Anne Salmon called the meeting to order and dispensed with the calling of the roll. The members who attended are listed on the sign-in sheets.

**Minutes of the Last Meeting**

Co-Chair Baker referred members to the minutes of the November 18, 2011 meeting of the Legislative Council and asked if there were any questions. There were no questions.

**Senator Hendren moved that the minutes of the November 18, 2011 meeting of the Legislative Council be approved. Representative Rice seconded the motion and the motion passed by voice vote.**

**November 2011 Revenue Report**

Co-Chair Baker recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the monthly revenue report for November 2011. Mr. Wilson reported that the November 2011 revenue report reflects that after five months of this fiscal year, gross collections are \$ 55.1 million ahead of the same period last year for a growth rate of two point five percent (2.5%). The adjusted net available for distribution is \$ 40.4 million ahead of the same period last year for a growth rate of two point one percent (2.1%). The graph page indicates that revenue collections are approximately \$11 million above the official revenue forecast after five months. The spreadsheet reflects that the gross receipts are flat, but the collection of income tax is doing fairly well at five percent (5%). At the conclusion of his report, Mr. Wilson answered questions from the members.

**Reports of Standing Subcommittees**

Co-Chair Baker stated that there is no report from the Executive Subcommittee as there was no meeting this month.

Administrative Rules and Regulations Subcommittee

Co-Chair Baker stated the Administrative Rules and Regulations Subcommittee report would be postponed until the subcommittee chairs could be available to present the report.

Claims Review Subcommittee

Co-Chair Baker recognized Senator Robert Thompson to present the report of the Claims Review Subcommittee. Senator Thompson reported that the Claims Review Subcommittee met on Monday, December 12, 2011 and took the following actions: approved the reissuance of two warrants that had been issued but had not been deposited; approved the Claims Commission's denial of a number of claims by inmates in the Arkansas Department of Correction; and reversed one Claims Commission ruling and referred the claim back to the Claims Commission for a hearing. The subcommittee meeting was lengthy and one claim, Duit Construction vs. the Arkansas State Highway Department, was held over for the next subcommittee meeting. The subcommittee approved a number of claims where the agency had admitted liability or had negotiated a settlement with the claimant. The subcommittee heard a brief presentation by Paul Louthian with the Department of Finance and Administration and Jeff Wood with the Department of Human Services on how warrants are reissued and the period of time that must pass before a warrant is reissued. There were no questions on the report.

**Senator Thompson moved that the report of the Claims Review Subcommittee be adopted. The motion received a second and was passed by voice vote.**

Game and Fish/State Police Subcommittee

Co-Chair Baker recognized Representative Garry Smith to present the report of the Game and Fish/State Police Subcommittee. Representative Smith reported that the Game and Fish/State Police Subcommittee met on December 6, 2011 with the Game and Fish Commission and discussed some issues with White Oak Lake in the southern part of the state and how the valve is leaking. The subcommittee heard an explanation of the reasoning and how the lake would be renovated and made a fishery for large-mouth bass. The subcommittee also discussed issues with the remains of deer processing. There were no questions concerning the report.

**Representative Smith moved the adoption of the report of the Game and Fish/State Police Subcommittee. The motion received a second and was passed by voice vote.**

Higher Education Subcommittee

Co-Chair Baker recognized Representative Johnnie Roebuck to present the report of the Higher Education Subcommittee. Representative Roebuck reported that the Higher Education Subcommittee met on December 14, 2011 on the campus of ASU-Mountain Home and she thanked Senator Key and Representative Hopper for their hospitality. The subcommittee heard presentations and discussed the following: the utilization of distance delivery of education to train health care workers through the consortium with the University of Arkansas for Medical Sciences (UAMS) and the Baxter Regional Medical Center; the Arkansas Research Education Optical Network (ARE-ON); the two-year colleges and the Broadband Technologies Opportunities Program (BTOP); and the UAMS and BTOP program grant.

Representative Roebuck reported that the Higher Education Subcommittee also met on December 15, 2011 at the Baxter Regional Medical Center in Mountain Home and heard a presentation on telemedicine services. There were no questions regarding the report.

**Representative Roebuck moved the adoption of the Higher Education Subcommittee report for the meetings on December 14 and December 15, 2011. The motion received a second and was passed by voice vote.**

#### Hospital and Medicaid Study Subcommittee

Co-Chair Baker recognized Senator Joyce Elliott to present the report of the Hospital and Medicaid Study Subcommittee. Senator Elliott reported that the Hospital and Medicaid Study Subcommittee met on December 7, 2011 and they were introduced to the new Director of the Medical Services Division, Andy Allison and discussed with him some issues affecting the State of Arkansas. The subcommittee also heard from Katy Carver, Executive Director of the Arkansas Waiver Association and then discussed with Dr. Charlie Green, Director of the Division of Developmental Disabilities Services, the proposed changes in that division. Senator Elliott commented that because this was a topic of discussion and is a concern to several people and the subcommittee chose to monitor carefully the process by which the Department of Human Services plans to implement the changes to the division. There were no questions regarding the report.

**Senator Elliott moved the adoption of the report of the Hospital and Medicaid Study Subcommittee. The motion received a second and was passed by voice vote.**

#### Litigation Reports Oversight Subcommittee

Co-Chair Baker recognized Senator David Johnson to present the report of the Litigation Reports Oversight Subcommittee. Senator Johnson reported that the Litigation Reports Oversight Subcommittee met on November 30, 2011 and heard from David Dawson with the Arkansas Department of Highway and Transportation regarding the settlement agreements in two cases, one of which was particularly favorable for the department. The subcommittee also heard from Lori Freno, with the Office of Attorney General, regarding several monitored cases. The subcommittee heard from John Bethel, Director of the Arkansas Public Service Commission, concerning three cases that are being litigated.

**Senator Johnson moved the adoption of the report of the Litigation Reports Oversight Subcommittee. The motion received a second and was passed by voice vote.**

#### Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Baker recognized Senator Johnny Key to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. Senator Key reported that the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on December 1, 2011 and reviewed the following requests: cash fund appropriation from the Arkansas Spinal Cord Commission and the Arkansas Development Finance Authority; budget classification transfers from the Department of Correction and the Arkansas State Police; and miscellaneous federal grant appropriation for the

Insurance Department, the Arkansas State Police and the Game and Fish Commission. The subcommittee reviewed and approved three items: a request for funding release in the amount of \$601,528 for the Department of Human Services from the 88th Session Projects Account of the General Improvement Fund; a request for reallocation of resources from the Department of Human Services; and a request for appropriation fund transfer from the Minority Health Commission. The subcommittee also reviewed an overtime appropriation request for the Arkansas State Police, an emergency transfer request for the pay plan holding account for the Athletic Commission, and Memorandum of Agreement between the Arkansas Department of Environmental Quality and the Arkansas Environmental Training Academy.

Co-Chair Baker recognized Senator Bledsoe who asked that Commissioner Jay Bradford come forward to answer questions regarding the Insurance Department Health Insurance Rate Review Grant Cycle II, listed as item C.1 on page 1 of the subcommittee report. Co-Chair Baker recognized Jay Bradford, Commissioner of Insurance, and Dr. Lowell Nicholas, the Deputy Director of the Arkansas Insurance Department and Director of the Health Insurance Rate Review Division. Senator Bledsoe asked how the Arkansas Insurance Department plans to educate the public about the health insurance rate review project.

Commissioner Bradford responded that the grant for this project allows the department to disseminate information to the public about the cost of their health insurance and will give the department the technical capacity to analyze the rates as well as broaden the department's authority to regulate health insurance rates.

The following information was provided by Commissioner Bradford and Dr. Nicholas in response to questions from the members:

- The Arkansas Insurance Department's goal is to inform the public about the rate review process and how the public can be an active part in the process. The closing date of the grant is August 2013.
- The Arkansas Insurance Department has created documentation and protocol's to educate the different groups of stakeholders about the different processes, including adding to the department's web page a system that will allow consumers to find out information on their particular insurance plan such as how the deductibles and co-payments work.
- The Arkansas Insurance Department is providing training for department employees to inform them on how rate review works, including the establishment of a rate review media center for public and professional training, education, and information.
- The Arkansas Insurance Department plans to use the media center to conduct stakeholder presentations in-house, but will also hold public hearings around the state and in the media center. There are plans to also have public service announcements, but there are no plans to purchase television advertisements.

- The Arkansas Insurance Department will use a portion of the grant funding for expenses such as travel and meeting preparations involved with public hearings around the state. Approximately fifteen percent (15%) of the budget amount is planned for public hearings and the department is in the process of developing ways to address demographic factors such as a rural population, an elderly population, and second-language consumers.
- The Arkansas Insurance Department had authority for rate review of individual policies and group policies covering 25 or less employees and now has authority for group policies covering 50 or less employees. The department plans to ask the General Assembly in the next regular legislative session for authority over group policies covering 100 or fewer employees. The department would not have authority for group policies of more than 100 and those would be covered under ERISA or are self-insured.
- The Arkansas Insurance Department is required to have the rate review process in place by 2014 and there are 48 states that are currently developing the capacity for a rate review of insurance policies.
- The goal of the rate review process is to give consumers more choices in health care insurance and the ability to make informed decisions in that regard. The rate review process will provide the Arkansas Insurance Department with the capacity to collect data and analyze rates and the authority to reduce insurance rates if they are excessive. Rate review of other types of insurance has historically been done by outside actuaries.
- The rate review process is a different program than the health insurance exchange program. The rate review process relates to the cost of insurance and insurance premiums, but the health insurance exchange would provide consumers information to allow them to make informed decisions on the type of policy they would purchase.
- In the State of Arkansas there are a number of companies with a limited number of policy holders and there are two companies that have eighty percent (80%) of the health insurance business. If there were more companies providing insurance, there would be more competition and more choices for consumers.
- The State of Arkansas did not adopt the provision in the federal Patient Protection and Affordable Health Care Act that requires rate review whenever an insurer requests a rate increase of ten percent (10%) or more; therefore, the Arkansas Insurance Department will review rates for all rate increase requests.
- The focus of the grant before the Legislative Council today is to disseminate rate information to the public as required by the "effective rate review" provision of the Patient Protection and Affordable Health Care Act. The Insurance Department is also requiring a one-page, plain language summary justification from an insurer whenever a rate increase is requested.

**Senator Key moved that the Performance Evaluation and Expenditure Review (PEER) Subcommittee report be adopted. The motion received a second and was passed by voice vote.**

Co-Chair Baker recognized Senator Percy Malone who commented that until Congress amends the law that exempts insurance companies from the anti-trust law, there will be no competition among insurers.

#### Review Subcommittee

Co-Chair Baker recognized Senator Randy Lavery to present the report of the Review Subcommittee. Senator Lavery reported that the Review Subcommittee met on December 7, 2011 and reviewed methods of finance, discretionary grants, and professional-consultant services contracts, and technical services contracts.

Senator Lavery explained that following the report in the members' packets is a letter from Richard Weiss, Director of the Department of Finance and Administration, requesting the Legislative Council's review of a contract that was inadvertently left off the subcommittee's agenda and requesting that it be reviewed by a suspension of the rules. The contract amendment is from the Department of Human Services Division of Youth Services and is for a continuation of the commitment reduction initiative.

**Senator Lavery moved that the rules to suspended to allow the consideration of the contract amendment from Department of Human Services Division of Youth Services that was omitted from the agenda of the Review Subcommittee. The motion received a second and was passed by voice vote.**

Senator Lavery explained that the contract amendment is by the Department of Human Services Division of Youth Services with East Arkansas Youth Services for the amount of \$19,032.00. The original contract amount was \$67,661.00 and funded from general improvement set-aside (Rainy Day) funds and the additional \$19,032.00 is funded from state general revenue from savings from the juvenile detention centers.

**Senator Lavery moved that the contract amendment by the Department of Human Services Division of Youth Services with East Arkansas Youth Services for the amount of \$19,032.00 be approved. The motion received a second and was adopted by voice vote.**

**Senator Lavery moved that the Review Subcommittee report be adopted, including the contract amendment just approved.**

Co-Chair Baker recognized Representative Hobbs for a question. Representative Hobbs stated that her question concerned the out-of-state contract with McKinsey and Company, listed as item 2 on page 5 of the subcommittee report, and asked to see a breakdown of how the \$8 million has been spent. Senator Lavery responded that he did not have the breakdown and he asked if the subcommittee staff could provide the information to Representative Hobbs. Representative Hobbs asked if the subcommittee report could be adopted with the exception of this contract and the

contract be referred back to the subcommittee. Representative Hobbs also asked if the contract was in the department budget during the last session.

Co-Chair Baker recognized Rex Jones with the contract support section of the Department of Human Services. Mr. Jones stated that the contract funding is in the budget for the Division of Medical Services and it is a fifty-fifty match rate with federal funds. The contract is specifically for innovations to increase the efficiency of the system and to bring down the cost of health care. The contractor, McKinsey and Company is conducting the initial survey to review the entire medical community including health care and insurance to determine ways to group episodes together and to standardize procedures and costs to avoid duplication and fragmentation. The federal Medicare program is a part of the project along with the private sector. The first \$1.5 million of funding was provided by Blue Cross/Blue Shield. McKinsey and Company has established offices in Arkansas and their personnel are conducting the surveys, collecting the data, and crunching the numbers, and they have the expertise to formulate the options and to conduct the public hearings on the project. Mr. Jones stated he would relay the request from Representative Hobbs and review the invoices that have been submitted and give the information to the staff for the committee.

**Co-Chair Baker called for the vote on the motion to adopt the report of the Review Subcommittee, including the contract that was approved by separate vote. The motion was seconded and was passed by voice vote.**

#### Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Baker recognized Representative Bryan King to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. Representative King reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on December 12, 2011 and reviewed and approved the following personnel actions: monthly and quarterly reports on special entry rates and grid movements for the Department of Education, the Public Service Commission, and Disability Determination for Social Security Administration, the Department of Finance and Administration, and the Department of Veterans Affairs; a monthly report of provisional positions created at the Department of Higher Education; a report from the Department of Correction on the positions being eliminated and moved to Malvern; a report on the creation of growth pool positions for the Arkansas Spinal Cord Commission as well as eleven positions for the University of Arkansas at Little Rock; and special entry rates approved by the Chief Fiscal Officer. The subcommittee also heard from John Shannon, Director of the Arkansas Forestry Commission, about the lay-offs of Arkansas Forestry Commission employees.

Representative Bryan commented that he and other legislators had received information and documentation that showed that the director had been notified that the Forestry Commission Trust Fund was being depleted, which contradicted the testimony given by Mr. Shannon before the subcommittee. Representative King also stated that none of the executive staff of the Arkansas Forestry Commission were among the employees who were laid off. Representative King informed the members that the subcommittee will meet next Tuesday for a hearing on this issue.

Co-Chair Baker recognized Senator Percy Malone who commented that this was an unfortunate event, but that he would like to have the facts. He asked that staff provide the members with

information on what was reviewed in the pre-budget and budget hearings during the last two bienniums and also information on what was the anticipated revenue from the severance tax and whether there was a drop in severance tax collections and if this had an impact on budget shortfall.

Co-Chair Baker recognized Representative King who responded that the audits have been requested for the last five years and the Forestry Commission minutes that were basically handled by Mr. Shannon have been received. There followed further comments on the issue.

Co-Chair Baker recognized Senator Missy Irvin who stated that she is the sponsor of an interim study proposal that concerns this issue on the Legislative Council agenda and she also feels that it is important to review what was presented to the Personnel Subcommittee and that it is important that legislators know how the decision was made and whether the decision was appropriate.

**Senator Malone moved that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted. The motion was seconded by Senator Salmon and was passed by voice vote.**

#### Administrative Rules and Regulations Subcommittee

Co-Chair Baker recognized Senator Malone to present the report of the Administrative Rules and Regulations Subcommittee. Senator Malone reported that the subcommittee report was in the members' packets and asked members to note on page three of the report that several proposed rules from the Alcoholic Beverage Control Section were pulled down by the agency and that many would need legislative clarification during the next regular session. He stated the subcommittee is doing an excellent job of reviewing and bringing to the attention of the Legislative Council those proposed regulations that do not have legislative authority and those that institute a fee or penalty. Senator Malone commented to those members who would be serving in 2013, that some changes in the administrative procedures act may be needed to ensure that the legislature is relevant. There were no questions on the report.

**Senator Malone moved the adoption of the report of the Administrative Rules and Regulations Subcommittee. The motion received a second and was passed by voice vote.**

#### **Business Carried Over From Previous Meetings**

#### Amendment to Rule 12(a)(1) of the Legislative Council Rules

Co-Chair Baker stated that the committee would consider business carried over from the previous meeting at this time while there was a quorum in attendance. Co-Chair Baker referred members to the amendment to Rule 12(a)(1) of the Legislative Council Rules, which is Exhibit I.1, and recognized Jill Thayer, Legal Counsel to the Director to explain this item.

Ms. Thayer explained that this is a proposed amendment to Rule 12(a)(1), which was presented at the last Legislative Council meeting by the Policy-Making Subcommittee and which would limit filing of identical interim study proposals to only one interim committee. The amendment rule makes an exception for two identical interim study proposals, ISP 2011-169 and ISP 2011-170,

which are currently filed in the House Education Committee and the Aging, Children and Youth Committee. Ms. Thayer noted that adoption of the amended rule would require an affirmative, separate vote of two-thirds of each house and offered to answer questions.

Co-Chair Salmon recognized Senator Malone who asked if adoption of the rule would allow the filing of an interim study proposal by both a House member and a Senate member and if a two-thirds vote in committee would be required to adopt the interim study proposal for study. Ms. Thayer explained the rule concerns the instance when two identical interim study proposals are created and then filed in two separate committees, and that in this instance the Policy-Making Subcommittee would review the interim study proposals and determine the interim committee in which the study would be most germane. She also explained the rule would not change the vote needed to adopt an interim study proposal for study, but that two-thirds vote of each house is needed to adopt the amended Rule 12(a)(1).

Senator Malone noted that currently the sponsor of an interim study proposal that is adopted for study by a committee becomes a non-voting member of that committee and asked if in the instance just described whether both sponsors of the interim study proposals would be members of the committee. Ms. Thayer explained that the committee could invite both sponsors to participate in the study, but not to vote.

**Senator Malone moved that the amended rule be adopted with a revision to state that when the Policy-Making Subcommittee determines identical interim study proposals are germane for study in one interim committee, that the sponsor of each interim study proposal would be a member of that committee for the study. The motion was seconded.**

There followed a discussion among the members of the circumstances that prompted the amendment to Rule 12(a)(1) and the need for the revision. Co-Chair Salmon concluded the discussion and asked for a roll call vote by each house on the motion. Senator Malone was recognized and asked for a voice vote on the motion.

**Co-Chair Salmon called for a voice vote on the motion to adopt Rule 12(a)(1) as revised and the motion passed by voice vote.**

#### Discussion of the Proposed Closure of Post Offices in Arkansas

Co-Chair Salmon stated that officials from the United States Postal Service had been invited to attend the meeting for a discussion of the possible closure of post offices in Arkansas and asked that they come forward and respond to questions from the members. In the meantime, Co-Chair Salmon noted that the Arkansas Congressional Delegation had also been invited to attend the meeting and introduced Chris Caldwell from Senator Bozeman's office, Carl Vogelpohl from Congressman Griffin's office, and Chris Bader from Congressman Womack's office, then thanked them for being in attendance.

Co-Chair Salmon recognized Ms. Leisa Tolliver-Gay, Customer Relations Coordinator, U.S. Postal Service, Arkansas District, Mr. Stan Sowell, Manager of Operation Program Support for the U.S. Postal Service, Arkansas District, and Mr. John Confer Acting Manager of Operations with the

Arkansas District. Mr. Sowell informed the members of the recent decision by the postmaster general to issue a moratorium until May 15, 2012 on the closure of post offices, but the study would continue. A long discussion followed of concerns expressed by members of the Legislative Council and Mr. Sowell, Ms. Tolliver-Gay, and Mr. Confer responded to several questions.

In response to concerns expressed by members that a disproportionate number of post office closures were in small rural communities and concerns of the impact on these patrons, the following information was provided:

- There are alternative methods for rural patrons to access the services of the postal service, such as the Internet; the post office on wheels, which are our rural carriers who can provide stamps, mail packages, sell money orders, or any service that a window clerk at the counter could can do for our customers; patrons may order stamps by telephone and the stamps can be delivered to their residence; and the concept of village post office, which is a new concept and a very good alternative of a facility owned by the postal service.
- The customers who receive prescriptions by mail will still have them delivered to their homes by the rural carrier whether or not the post office is closed.

The following information was provided in response to questions regarding what contributed to the budget shortfall and what other options were considered for reducing the budget shortfall other than the closure of post offices:

- First of all the postal service is not a profit making agency and is required by law to break even. The postal service is supported by the revenue generated from the sales of stamps and services and is not supported by tax dollars.
- The technology advancements and recent legislation are causing the postal service to struggle. Part of the problem has to do with legislation that was passed in 2006 that requires the postal service to pre-fund retiree's health benefits for the next ten years, which is a payment of \$5.5 billion dollars every year. According to the GAO and the postmaster general, the postal service has overfunded the requirement to the civil service retirement account by approximately \$70 billion and has overfunded the federal employees' retirement by approximately \$17 billion to \$20 billion dollars. The postal service does not have access to that money, but is still required to make the payment.
- The reorganization and downsizing has started at the top and executive positions were abolished over a year ago at headquarters. Ten districts in the nation have been consolidated with other districts.
- The postal service is looking at several options including combining and consolidating processing plants to reduce the number from 500 to 200 plants. There is presently a study that is ongoing for the consolidation or the closing of the processing or distribution centers in Arkansas into one facility, which would be the Little Rock processing and distribution center.

- The postal service has requested that mail delivery be reduced from six to five days a week, but this would require action by Congress for the postal service to make the change.
- The postal service is not just focusing on the rural post offices for closure and the study includes processing centers. We have closed two stations in Little Rock and another one is being studied for closure. Also, two stations have been closed in Fort Smith.

The following information was provided in response to questions regarding the closure of post offices and what communities could do to affect the decision regarding their post office:

- The criteria considered by headquarters in identifying post offices for study included low foot traffic, reasonable alternative access available, and the whether the post office generates less than \$50.00 a day in walk-in revenue.
- The postal service uses a system similar to GPS to map each one of the studied post offices so that it is known how many miles a customer would have to travel to the next post office. There is no set guideline from headquarters, but there is legislation before Congress that would establish a limit of eight (8) miles that a customer would travel for postal services. The measurement that has been considered by the Arkansas District is ten (10) to fifteen (15) miles.
- The postal service has studied the impact of the closure of the station at Pleasant Ridge that was consolidated with the Westside station and has used mystery shoppers who go to the facilities and measure how long it takes them to be served, to observe the foot traffic at the window, and how much longer a customer has to stand in line. It was noted that the foot traffic did increase. The target for a customer to wait in line is five (5) minutes or less.
- One of the most important things that patrons can do to affect the decision about their post office is to complete the survey form that was sent to each of the post offices on the study list. The comments from customers are very powerful and each of the completed surveys is sent to headquarters and every letter is read.

The following additional information was requested from the postal service for the Legislative Council members:

1. Is the Postal Service actively promoting the establishment of village post offices and what incentives are being offered to community businesses to provide a place for a village post office?
2. What is the timeline for establishing a village post office?
3. You indicated that Mary Boyette is the official in the Arkansas District who has authority for establishing a village post office. How may we contact Ms. Boyette?

4. What percentage of the Postal Service budget shortfall is due to the rural post offices and what percentage is due the issue of pre-funding health and retirement benefits for employees and retirees of the Postal Service?
5. Would using some federal stimulus funds to support the Postal Service be an option?

Co-Chair Salmon asked that Mr. Sowell relay the Legislative Council members concerns and questions to the United States Postal Service officials who have decision-making authority and asked that he report back to the Legislative Council. Mr. Sowell responded that they would be happy to do that. Co-Chair Salmon also thanked the representatives of the Arkansas Congressional Delegation for attending and for relaying the Legislative Council's concerns and comments.

### **Reports of Interim or Special Committees**

Co-Chair Baker resumed the chair and stated that the reports of the Substance Abuse Prevention Task Force and the Arkansas Lottery Commission Legislative Oversight Committee would be postponed to the next Legislative Council meeting at the request of the committees' chairmen.

### **Review of Communications**

Co-Chair Baker referred members to the communications in their packets and asked if there were any questions concerning the communications.

#### **Arkansas Board of Parole Monthly Performance Report**

Co-Chair Baker recognized Representative Debra Hobbs for a question on the Arkansas Board of Parole Monthly Performance Report (Exhibit H.1). Representative Hobbs asked how the current parole statistics compare to the parole statistics from before the passage of the prison reform act.

Co-Chair Baker recognized John Felts, Chairman of the Arkansas Board of Parole, who responded that they are still measuring and studying the numbers back through January of 2011 and the numbers have stayed relatively normal with the exception of the month of October. He stated that with the passage of Act 570, the board began reviewing cases going back six months rather than four months. Mr. Felts stated that the Parole Board is working with the Department of Correction on procedures on the release of inmates and Class C and D felons who are released on electronic monitoring and he believes that an impact may be seen in about six months.

Co-Chair Baker recognized Senator Linda Chesterfield for a question. Senator Chesterfield asked if Mr. Felts would provide her with information on how many of the inmates are incarcerated due to the non-payment of child support obligations. Mr. Felts responded that he would get the information for Senator Chesterfield.

#### **Monthly Revenue Report by the Department of Finance and Administration**

Co-Chair Baker recognized Representative Debra Hobbs who referred to the Monthly Revenue report from the Department of Finance and Administration and asked if there was a way to track tax collections from Internet sales.

Co-Chair Baker recognized Tim Leathers, Deputy Director of the Department of Finance and Administration, and John Shelnut, Director of the Economic Analysis and Tax Research Office, to respond. Mr. Leathers responded that the department reviews national statistics on Internet sales and relies also on national studies and the latest data indicates that Arkansas is losing approximately \$100 million a year in uncollected tax. He also responded that there are currently three bills in Congress to address the issue.

#### Department of Human Services Medicaid Placements Report

Co-Chair Baker recognized Representative Hobbs who referred to the report on Medicaid psychiatric placements (Exhibit H.13b) and asked if the department had conducted a cost comparison to determine if a savings would be realized by placing patients in Arkansas facilities instead of out-of-state facilities. Co-Chair Baker recognized Marilyn Strickland with the Department of Human Services who responded that she did not have the information at hand but would provide it to Representative Hobbs after the meeting.

#### Department of Higher Education Request

Co-Chair Baker referred members to the request from the Department of Higher Education for the Legislative Council's review of the distribution of \$1,000,000 from the Research Development Fund to the University of Arkansas at Fayetteville and asked if there were any questions on this request. There were no questions.

**Representative Gary Smith moved that the Legislative Council give favorable advice to the distribution of \$1,000,000 from the Research Development Fund to the University of Arkansas at Fayetteville. The motion received a second and was passed by voice vote.**

#### ATRS Private Equity Investments

Co-Chair Baker referred members to the request from the Arkansas Teacher Retirement System for the Legislative Council's review of four private equity investments submitted pursuant to A.C.A § 19-11-1302. Co-Chair Baker recognized George Hopkins, Executive Director of the Arkansas Teacher Retirement System, to explain the request. Mr. Hopkins stated that the request was for the review of investments with Franklin Park Venture Series in the amount of \$25 million, Franklin Park International Fund in the amount of \$25 million, Franklin Park Co-Investment Fund in the amount of \$25 million, and DW Healthcare Partners III, LP in the amount of \$40 million. Mr. Hopkins provide more details for each investment and offered to answer questions. There were no questions regarding the explanation of the investments.

**Representative Gary Smith moved that the private equity investments by the Arkansas Teacher Retirement System in Franklin Park Venture Series, Franklin Park International**

**Fund, Franklin Park Co-Investment Fund, and DW Healthcare Partners III, LP be filed as reviewed. The motion was seconded by Senator Salmon and passed by voice vote.**

### **New Business**

Co-Chair Baker recognized Representative Kathy Webb who stated that several members had requested that some agencies be added to the list for budgets to be reviewed in the hearings prior to the 2012 Fiscal Session.

**Representative Webb moved that the Legislative Council refer the budgets for the following agencies to the Joint Budget Committee for review during the budget hearings prior to the 2012 Fiscal Session: the Arkansas Forestry Commission, the Department of Career Education, the Department of Workforce Services, and the allocation of the administration of justice fund. The motion was seconded and passed by voice vote.**

### **New Proposals and Resolutions**

#### Interim Resolution 2011-007

Co-Chair Baker referred the members to Interim Resolution 2011-007 (Exhibit K.1), by Representative Denny Altes, requesting that the Arkansas Legislative Council of the Eighty-Eighth General Assembly encourage the Arkansas Game and Fish Commission to adopt regulations permitting the commission to enter into reciprocity agreements with other states regarding nonresident fishing privileges and the fees charged for nonresident fishing licenses.

**Representative Gary Smith moved that Interim Resolution 2011-007 be adopted. The motion received a second and was passed by voice vote.**

#### Interim Study Proposal 2011-192

Co-Chair Baker referred the members to Interim Study Proposal 2011-192 (Exhibit K.2), by Senator Missy Irvin, that requests the Arkansas Legislative Council refer to the Senate Agriculture, Forestry, and Economic Development Committee a study of the reasons for the Forestry Commission's budget crisis, the alternative solutions available to and considered by the commission, the sources and history of the commission's funding, other sources of funding sought and used by the commission, changes to existing funding sources that were considered by the commission, the commission's management of its funds, the commission's decision as to which employees to lay off, the timeline of the commission's funding issues and its decision to lay off employees, and the reasons that the current fiscal issues were not resolved sooner.

**Representative Gary Smith moved that Interim Study Proposal 2011-192 be referred to the Senate Agriculture, Forestry, and Economic Development Committee. The motion received a second and was passed by voice vote.**

#### Interim Study Proposal 2011-193

Co-Chair Baker referred the members to Interim Study Proposal 2011-193 (Exhibit K.3), by Senator Mary Anne Salmon, that requests the Arkansas Legislative Council of the Eighty-Eighth Arkansas General Assembly refer to the Senate Committee on Public Health, Welfare, and Labor a study of the feasibility of seeking a grant for Arkansas participation in the federal Title IV-E waivers (the Kinship Guardianship Assistance Program).

**Representative Gary Smith moved that Interim Study Proposal 2011-193 be referred to the Senate Committee on Public Health, Welfare and Labor. The motion received a second and was passed by voice vote.**

#### **Announcement**

Co-Chair Baker announced that the Senate Efficiency Committee will meet today in Room 309 upon adjournment of the meeting.

#### **Adjournment**

At 12:20 p.m., the meeting was adjourned until January 20, 2012 as there was no further business to come before the committee.

Respectfully submitted,

ATTEST:

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Representative Tommy Lee Baker  
Co-Chair, House

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David Ferguson  
Executive Secretary