

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, October 17, 2014

The Arkansas Legislative Council met at 9:00 a.m., Friday, October 17, 2014 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair John Charles Edwards called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets.

Minutes of the Last Meeting

Co-Chair Edwards referred the members to the minutes of the last Legislative Council meeting on September 19, 2014 (Exhibit C) and asked if there was a motion to approve the minutes.

Representative Greg Leding moved the adoption of the minutes of the Legislative Council meeting on September 19, 2014. The motion was seconded by Senator Bill Sample and passed by voice vote.

Recognition of Senator Jim Hendren

Co-Chair Edwards asked the committee members to take a moment to thank and recognize Senator Jim Hendren for his military service overseas. Representative Edwards commented that Senator Hendren is a part of the citizen soldiers that has made the nation so great and he wished to thank Senator Hendren for his service. The committee members responded with applause.

Presentation of Monthly Revenue Report for September 2014

Co-Chair Edwards recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the September 2014 revenue report (Exhibit D). Mr. Wilson stated that after three months of fiscal year 2015, gross collections are \$21.7 million ahead of the same period last year for a growth rate of one point four percent (1.4%) while net collections are only \$1.3 million ahead for a growth rate of one-tenth of one percent (0.1%). Mr. Wilson referred to the line items shown on the first page of the report and noted that there is quite an acceleration in the desegregation settlement agreement payments, which were about \$13 million at this time last year and are now about \$11 million more at this point. Mr. Wilson stated that by the end of this year the payments will be the same amount as last year.

Mr. Wilson stated the graph page shows a \$10 million loss for this month and that revenues are currently \$7 million down from the official forecast. The graph also shows a loss of \$10 million for sales and use. Mr. Wilson reported that the spreadsheet shows a slightly negative growth rate for sales and use tax gross receipts and withholding gross receipts are at five point seven percent (5.7%), which creates a weighted growth rate for income taxes at a little over three percent (3%). This concluded Mr. Wilson's report and he answered questions from the committee.

Executive Subcommittee Report

Co-Chair Edwards referred the members to the report of the Executive Subcommittee (Exhibit E) and recognized Co-Chair Bill Sample to present the report. Co-Chair Sample reported that the Executive Subcommittee met on October 13, 2014 and heard a presentation from Mr. Jody Craft, with CT&T, Incorporated, who then answered questions concerning the network technology consultant service contract. Senator Sample reported that Marty Garrity, Director of the Bureau of Legislative Research, also updated the subcommittee on security issues.

Senator Sample reported that the subcommittee also reviewed and recommended adoption of the policy that allows Bureau staff to travel away from the State Capitol grounds upon the request of a member of the General Assembly only under the following circumstances:

- To attend and provide staff support for an official meeting of a legislative committee, task force, or other group for which the Bureau provides staff;
- For the purpose of making a presentation regarding legislative matters to a group or organization in the legislator's district; or
- With the express authorization of the Co-chairs of the Legislative Council.

Senator Bill Sample moved that the report of the Executive Subcommittee be adopted. The motion was seconded by Representative Terry Rice and passed by voice vote.

Reports of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Edwards referred members to the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1) and recognized Senator Bruce Maloch to present the report. Senator Maloch reported that the Administrative Rules and Regulations Subcommittee met on October 6, 2014 and that the subcommittee deferred action until the November 10, 2014 subcommittee meeting on a number of rules. Senator Maloch reported that the subcommittee also reviewed a rule by the Department of Labor, but chose to make an exception and not review the language in Section 210.12 that requires arc-fault interrupters in kitchens and laundry rooms. Senator Maloch reported that all other rules presented at the meeting were adopted and offered to answer questions. There were no questions on this report.

Senator Bruce Maloch moved that the report of the Subcommittee on Administrative Rules and Regulations be adopted. The motion was seconded and was passed by voice vote.

Game and Fish/State Police Subcommittee

Co-Chair Edwards referred members to the report of the Game and Fish/State Police Subcommittee (Exhibit F.4) and recognized Representative Butch Wilkins to present the report. Representative Wilkins reported that the Game and Fish/State Police Subcommittee held three meetings: September 23, 2014, September 24, 2014, and September 30, 2014. On September 23, 2014, the subcommittee met with representatives of the Arkansas Game and Fish Commission at the Delta Resort in Tillar, Arkansas and heard the presentation of the Alligator Report, the alligator hunt details, and the

requirements for permit applications. On September 24, 2014, the subcommittee met with representatives of the Arkansas Game and Fish Commission at the Delta Resort in Tillar, Arkansas and continued discussion of aquatic nuisance species and Asian Carp. On September 30, 2014, the subcommittee met at the Arkansas State Police Headquarters in Little Rock and heard an overview of the Arkansas State Police current fiscal year 2014 budget and a summary of 2015-2017 biennial budget request. Representative Wilkins concluded his report and offered to answer questions. There were no questions on this report.

Representative Butch Wilkins moved that the report of the Subcommittee on Game and Fish/State Police be adopted. The motion was seconded and was passed by voice vote.

Higher Education Subcommittee

Co-Chair Edwards recognized Senator Joyce Elliott to present the report of the Higher Education Subcommittee (Exhibit F.5). Senator Elliott reported that the Subcommittee on Higher Education met on September 29, 2014 and September 30, 2014 at the Winthrop Rockefeller Institute at Petit Jean Mountain in conjunction with the meeting of chancellors and presidents of higher education institutions from around the state. Senator Elliott reported that the subcommittee heard a review of the 2.0 Innovation Report from Shane Broadway, Director of the Department of Higher Education, and Joni Lee, Associate Vice Chancellor for the University Advancement at the University of Arkansas at Little Rock, (UALR). Senator Elliott reported that the subcommittee also heard from Representative Mary Broadway regarding a study on Building Better Futures for Postsecondary Options for Young Adults with Intellectual and Developmental Disabilities. Senator Elliott reported that the third order of business for the subcommittee was a review by Senator Elliott on the National Conference of State Legislatures (NCSL) Job Summit held at the Microsoft Institute and EBAY. Senator Elliott explained this report concerns the direct consequences and applications relative to higher education and especially to commercial economic development. Senator Elliott concluded her report and offered to answer questions. There were no questions on this report.

Senator Joyce Elliott moved that the report of the Subcommittee on Higher Education be adopted. The motion was seconded and was passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Edwards recognized Representative Stephen Meeks to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Representative Meeks reported that the PEER Subcommittee met on October 2, 2014 and approved three requests for set-aside funding as follows: a request in the amount of \$770,000 for the Office of Health Information Technology to go to the State Health Alliance for Records Exchange; a request in the amount of \$350,000 to go to the North Little Rock Veterans Home; and a request in the amount of \$1.1 million for the Department of Corrections. Representative Meeks reported that after these releases the remaining balance in the 89th Session Projects fund will be approximately \$15 million. Representative Meeks answered questions from the committee members. Co-Chair Edwards also recognized Brandon Sharp, Administrator for Office of Budget in the Department of Finance and Administration, who answered questions regarding the transfer to the Department of Correction.

Representative Stephen Meeks moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review Subcommittee

Co-Chair Edwards referred members to the report of the Review Subcommittee (Exhibit F.10) and recognized Representative Terry Rice to present the report. Representative Rice reported that the Review Subcommittee met on October 1, 2014 and reviewed methods of finance, discretionary grants, and professional and consultant services contracts. Representative Rice reported that the contract between the Department of Human Services, Medical Services Division and Qualis Health was reviewed by the subcommittee and that the subcommittee action on this rule was final in accordance with the motion passed by the Legislative Council at the September 2014 meeting. Representative Rice reported that no items were held at the October meeting. There were no questions.

Representative Rice moved that the report of the Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Edwards referred members to the communications listed as Exhibits H.1 through H.14 and stated that the only items which require action by the Legislative Council are Exhibit H.4 and Exhibit H.6. Co-Chair Edwards asked the members to indicate if they wished to discuss any items on the agenda that do not require action.

Arkansas Department of Human Services

Co-Chair Edwards recognized Representative Debra Hobbs, who asked that she be allowed an opportunity to ask the Department of Human Services representatives questions regarding the Medicaid Program. Co-Chair Edwards recognized Dawn Stehle, Director of the Division of Medical Services in the Department of Human Services. Representative Hobbs asked for additional information regarding a situation with Ted Suhl. Ms. Stehle asked that the Director of Policy and Legal Services be recognized to answer questions regarding this situation. Co-Chair Edwards recognized Mark White, who introduced himself as the Chief Counsel for the Department of Human Services.

Mr. White provided an update on the situation where two Medicaid Program providers, Trinity Behavioral Healthcare System, Incorporated and Maxus, Incorporated that is doing business as Arkansas Counseling Associates, were suspended as providers of Medicaid services due to a creditable allegation of fraud. Mr. White stated that a federal indictment was filed that alleged that Mr. Suhl had bribed a former deputy director of the department to provide him with information related to the Medicaid Program. Mr. White and Ms. Stehle then answered questions regarding this allegation.

Arkansas State Police

Co-Chair Edwards recognized Senator Jim Hendren, who asked that he be allowed an opportunity to ask questions regarding the Arkansas State Police Uniformed Health Insurance report (Exhibit H.5). Co-Chair Edwards recognized Janet Chappelle and Harmony Daniels, with the Arkansas State Police,

who answered questions regarding the condition of the Arkansas State Police Uniformed Health Insurance Program.

Arkansas Public Employees Retirement System

Co-Chair Edwards referred members to the request from the Arkansas Public Employees Retirement System for the Legislative Council's review of the partial equity ownership investment in Heitman America Real Estate Trust, L.P. (Exhibit H.4) and stated a motion was needed.

Representative John Charles Edwards moved the Arkansas Public Employees Retirement System's partial equity ownership investment in Heitman America Real Estate Trust, L.P. be filed as reviewed. Senator Bill Sample seconded the motion and the motion was passed by voice vote.

Arkansas Teacher Retirement System

Co-Chair Edwards referred members to the request from the Arkansas Teacher Retirement System for the Legislative Council's review of the partial equity ownership investment in Siris Partners, III, L.P. (Exhibit H.6) and stated a motion was needed.

Representative John Charles Edwards moved the Arkansas Teacher Retirement System's partial equity ownership investment in Siris Partners, III, L.P. be filed as reviewed. The motion was seconded by Senator Joyce Elliott and passed by voice vote.

Co-Chair Edwards asked if there were any questions regarding the other communications on the agenda and there were none.

Supplemental Agenda

Co-Chair Edwards referred members to the Supplemental Agenda for the discussion of the Arkansas Department of Health protocols on infectious diseases and recognized Dr. Nathaniel Smith, Director of the Arkansas Department of Health. Dr. Smith provided the committee members with an update of the Arkansas Department of Health's current activities and future plans regarding infectious diseases and then answered questions from members and addressed their concerns regarding the Ebola virus. Co-Chair Edwards also recognized Dr. Joe Thompson, the Arkansas Surgeon General, and he also answered questions from the committee members.

Adjournment

At 10:35 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Representative John Charles Edwards
Co-Chair, House

Marty Garrity
Executive Secretary