

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, September 25, 2015

The Arkansas Legislative Council met at 9:00 a.m., Friday, September 25, 2015 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Bill Sample 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 Sample referred the members to the minutes of the August 21, 2015 meeting (Exhibit C) of the Legislative Council and asked if there was a motion to approve the minutes. **Representative Jim Dotson moved that the minutes of the August 21, 2015 Legislative Council meeting be adopted. The motion was seconded and passed by voice vote.**

Presentation of Revenue Reports

Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the August 2015 revenue report from the Bureau of Legislative Research (Exhibit D). Mr. Wilson reported that after two (2) months, gross revenue collections are \$948.4 million for a growth rate of one point nine percent (1.9%) while net general revenue available for distribution is \$23.1 million above the previous year for a growth rate of two point four percent (2.4%). Mr. Wilson reported that the graph indicates revenues are about \$ 35 million above the official forecast. Mr. Wilson reported that the spreadsheet indicates that gross receipts increased by six point seven percent (6.7%) and income tax receipts are staying down. This concluded the presentation of the August 2015 report and there were no questions.

Report of the Executive Subcommittee

Co-Chair Sample recognized Co-Chair David L. Branscum to present the report of the Executive Subcommittee (Exhibit E). Representative Branscum reported that the Executive Subcommittee of the Legislative Council met on September 24, 2015 and approved an amendment to the consultant services contract between The Stephen Group and the Bureau of Legislative Research for the benefit of the Health Reform Legislative Task Force (see Exhibit B attached to report). Co-Chair Branscum asked that Senator Cecile Bledsoe, the Senate Co-Chair of the Health Reform Legislative Task Force, be recognized to explain the amendment to the contract. Senator Bledsoe stated that the contract amendment would provide that the report from The Stephen Group would be submitted on October 1, 2015; however, the listing of individuals from the Medicaid and Private Option rolls that The Stephen Group deems potentially ineligible would be provided at a later date. Senator Bledsoe stated that payments to The Stephen Group would be

withheld until the Bureau of Legislative Research receives verification that the list has been provided to the Department of Human Services.

Co-Chair Branscum moved that the amendment to the consultant services contract between The Stephen Group and the Bureau of Legislative Research be approved. The motion was seconded and passed by voice vote.

Co-Chair Sample recognized Co-Chair Branscum to continue with the report of the Executive Subcommittee. Co-Chair Branscum reported that the Executive Subcommittee also approved a proposed contract between the Bureau of Legislative Research and Business Communications, Inc. (see Exhibit C attached to report). Co-Chair Branscum reported that the Executive Subcommittee also reviewed and approved three (3) emergency rules as follows: (1) release revocation rules by the Arkansas Parole Board; (2) student special needs funding rule by the Arkansas Department of Education; and (3) Academic Facilities Partnership Program rule by the Arkansas Department of Education. Representative Branscum stated that this report serves as notice to the members of the Legislative Council under Rule 23 that these emergency rules will be effective upon adjournment of today's Legislative Council meeting. This concluded the report and Representative Branscum responded to questions.

At the request of the members for more information on the emergency rules, Co-Chair Sample recognized Solomon Graves, the Administrative Services Manager for the Arkansas Parole Board, Lori Freno, Deputy General Counsel for the Department of Education, and Cory Biggs, Attorney Specialist for the Department of Education, who responded to questions.

Senator Linda Chesterfield moved that the report of the Executive Subcommittee be adopted. The motion was seconded and passed by a voice vote.

Reports of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Sample referred members to the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1) and recognized Senator David Sanders to present the report. Senator Sanders reported that the Administrative Rules and Regulations Subcommittee met on September 23, 2015 and the subcommittee passed a motion to authorize the co-chairs of the subcommittee to approve the expenditure of funds for special expenses. Senator Sanders reported that the subcommittee reviewed and approved all rules on the agenda, with the exception of two rules by the Medical Board that were deferred at the request of the Board until the October 2015 meeting. This concluded the report and there were no questions.

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

Claims Review Subcommittee

Co-Chair Sample referred members to the report of the Claims Review Subcommittee (Exhibit F.3) and recognized Senator Jeremy Hutchinson to present the report. Senator Hutchinson reported that the Claims Review Subcommittee met on September 14, 2015 and took the following actions: affirmed several awards by the Claims Commission; reversed the ruling

of the Claims Commission for a claim in the amount of thirty-six dollars and twenty-four cents (\$36.24) for a pair of tennis shoes; reversed the ruling of the Claims Commission for an award in the amount of \$1,000.00; remanded a claim back to the Claims Commission; affirmed the ruling of the Claims Commission to award \$1,000.00 to one claimant; and affirmed the ruling of the Claims Commission to deny claims from several claimants incarcerated in prison. This concluded the report and there were no questions.

Senator Jeremy Hutchinson moved that the report of the Claims Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Game and Fish/State Police Subcommittee

Co-Chair Sample referred members to the report of the Game and Fish/State Police Subcommittee (Exhibit F.4) and recognized Representative James Ratliff to present the report. Representative Ratliff reported that the Game and Fish/State Police Subcommittee met on September 23, 2015 with representatives of the Arkansas State Police at the Arkansas State Police Headquarters and heard from Colonel William J. Bryant, Director of the State Police. Colonel Bryant noted in his presentation that this year is the 80th anniversary of the Arkansas State Police and then highlighted past achievements of the State Police and outlined key issues facing the department that included the continued recruitment of qualified individuals and officer safety development through an increase in mandatory training programs involving weapons and defensive driving. This concluded the report and there were no questions.

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

Higher Education Subcommittee

Co-Chair Sample recognized Representative Greg Leding to present the report of the Higher Education Subcommittee (Exhibit F.5). Representative Leding reported that the Higher Education Subcommittee met on September 22, 2015 and discussed Interim Study Proposal 2015-146. Representative Leding reported that Interim Study Proposal 2015-146, which he sponsored, requests the Higher Education Subcommittee of the Legislative Council to conduct a study of sexual assault awareness, prevention, and response on the state's college campuses. The subcommittee passed a motion to adopt the study. This concluded the report and there were no questions.

Representative Greg Leding moved that the report of the Subcommittee on Higher Education be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Sample recognized Senator Bruce Maloch to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Senator Maloch reported that the PEER Subcommittee met on September 22, 2015 and approved three items, including a request from the Department of Human Services, Division of Children and Family Services for a set-aside release in the amount of \$1,050,000 to increase case worker staff, an appropriation transfer request from the Arkansas State Police, and an appropriation transfer request from the Minority Health Commission. Senator Maloch reported that after these

approvals, the remaining balance in the set-aside fund would be \$43,033,000. Senator Maloch reported that all other items on the agenda were reviewed. This concluded the report and there were no questions.

Senator Bruce Maloch 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 Sample referred members to the report of the Review Subcommittee (Exhibit F.10) and recognized Senator Bart Hester to present the report. Senator Hester reported that the Review Subcommittee met on September 22, 2015 and reviewed the methods of finance noted in the report and discretionary grants with the exception of two (2) Health Department grants that are listed as number one and number two on page three of the report. Senator Hester reported that the Health Department requested that grant number two be pulled from review. Senator Hester reported that the other grant that was held is with Healthy Connections that includes a supplemental fellow grant in the amount of \$179,706 with information on the grant included on pages four through six of the report. Senator Hester stated that representatives of the Health Department are in attendance today to respond to questions related to this grant.

Senator Hester reported that the subcommittee also reviewed the contracts listed in the report with the exception of a contract for the Department of Workforce Services, which was held until the October subcommittee meeting. Senator Hester reported that the contract held over to the next meeting is listed as item number 15 on page 15 of the report. Senator Hester reported that all other agenda items were reviewed.

Senator Hester concluded his report and asked that representatives from the Health Department be recognized and come forward to respond to questions concerning grant number one on page three of the subcommittee report. Co-Chair Sample recognized Robert Brech and Brad Planey with the Arkansas Department of Health, Anda Martin with Healthy Connections, and Thelma Moton with Choosing to Excel based in Conway, Arkansas. There followed several questions from the members to which the representatives responded.

At one point in the discussion, Representative Nate Bell asked that Healthy Connections provide him with a schedule of when the program will be in the classroom as he would like to attend one of the sessions. Also during the discussion, Senator Stephanie Flowers asked that she be provided a copy of the grant and the grant application and Co-Chair Sample stated that a copy of the grant would be provided to her and Mr. Planey offered to provide Senator Flowers a copy of the grant application. Senator Flowers stated that the information that she is interested in is a simple explanation of what the federal law provides for in terms of the state getting the grant and how the state proposes to carry out the grant. Mr. Planey agreed to provide this information to Senator Flowers.

Senator Jason Rapert stated that at the proper time, he would make a motion that the Review Subcommittee Report be adopted and that the grant from the Arkansas Department of Health to Healthy Connections, listed as item number 1 on page 3 of the Review Subcommittee Report, be filed as reviewed.

Co-Chair Sample opened the meeting to discussion of the motion and the representatives responded to questions from the committee members.

Co-Chair Branscum moved for immediate consideration and the motion was seconded and passed by voice vote.

Co-Chair Sample recognized Senator Linda Chesterfield who moved that the Review Subcommittee Report be adopted and that the grant from the Arkansas Department of Health to Healthy Connections, listed as item number 1 on page 3 of the Review Subcommittee Report, be filed as reviewed. The motion was seconded and passed by voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Sample recognized Representative Lanny Fite to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Representative Fite reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on September 23, 2015 and reviewed the following reports and requests: the report from the Department of Finance and Administration on the approval of special-entry rates for exceptionally well-qualified candidates; a report of labor market rates by the Chief Financial Officer through September; a report of grid movements based on the previously approved grid plan; a report on thirty (30) new provisional positions for the institutions of higher education for fiscal year 2016; the notifications from the Department of Finance and Administration that two (2) employees of the Department of Veterans Affairs have been laid off under the reduction-in-force process due to the reorganization of veteran service regional offices around the state; a request for one special-entry rate for an exceptionally-well qualified applicant for the Associate Medical Examiner position for the Arkansas State Crime Laboratory; two (2) requests for growth-pool positions from the Arkansas Development Finance Authority and the Department of Human Services; a request for a swap-pool position from the Northwest Technical Institute; the request for renewal of previously-approved educational differentials for the School of the Blind for teachers who obtain National Board Certification; and a request for review of the labor-market rate for the School of the Deaf to allow for the recruitment and retention of audiologists that included a salary adjustment for one incumbent employee to come up to the approved rate. This concluded the report and there were no questions.

Representative Lanny Fite moved that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted. The motion was seconded and passed by voice vote.

Reports of Interim or Special Committees

Co-Chair Sample recognized Senator Uvalde Lindsey to present the Report of the Arkansas Legislative Task Force on Autism (Exhibit G.1). Senator Lindsey reported that as required by statute, the Arkansas Legislative Task Force on Autism is presenting its report for the last fiscal year. Senator Lindsey reported that the report includes a summary detailing last year's actions of the task force and a brief summary of the planned activities the task force will undertake in fiscal year 2016. This concluded the report and there were no questions.

Senator Uvalde Lindsey moved that the report be adopted and the motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Sample referred members to the communications listed as Exhibit H.1 through Exhibit H.13 and stated that some of these communications required action by the Legislative Council.

Arkansas Economic Development Commission, Division of Rural Services

Co-Chair Sample referred members to the request from the Arkansas Economic Development Commission, Division of Rural Services (Exhibit H.2), for the Legislative Council's review and approval of the Rural Community Development Grants and County Fair Building Grants for Cycle I of Fiscal Year 2016, as required by Section 11 of Act 35 of 2015.

Co-Chair Sample recognized Amy Fecher, Deputy Director of the Arkansas Economic Development Commission, to explain the request. Ms. Fecher introduced herself explained that before the committee today is a request for approval of the grant allocations for the Rural Community Grant Program and the Community Fair Building Grant Program. There were no questions.

Representative David L. Branscum moved that the Legislative Council approve the disbursement of grant funds for Cycle 1 of fiscal year 2016 for the Rural Community Grant Program and the Community Fair Building Grant Program. The motion was seconded and passed by voice vote.

Arkansas State Parks Division

Co-Chair Sample referred members to the request from the Arkansas State Parks Division of the Department of Parks and Tourism, asking for the Legislative Council's advice concerning priority land acquisitions, submitted pursuant to A.C.A. § 22-4-106 (Exhibit H.5) and recognized Greg Butts, Director of the Arkansas State Parks Division, to explain the request.

Mr. Butts identified himself and explained that before the committee today are three (3) priority land acquisitions for Arkansas State Parks. Mr. Butts stated that the first land acquisition is for the Jacksonport State Park where a landowner has offered to donate approximately half an acre adjacent to the park, which will ensure the historic atmosphere in that location.

The second priority land acquisition is for Powhatan Historic State Park in Lawrence County, which has preserved historic structures dating from the 1870 to 1880 period that includes the courthouse, the jail, the male-female academy, and the Ficklin-Imboden log structure. The Methodist Church organization has offered to donate the 1874 Methodist Church, which includes one-third of an acre of land, which will complete the entire story of Powhatan in the 1800s.

The third priority land acquisition is for Hampson Museum Archeological State Park in Wilson, Arkansas, which is world-class collection of the Nodena site of the Mississippian area occupied by Native Americans. The state provides housing for the uniformed park staff, but additional housing is needed for the park interpreter.

Mr. Butts concluded his explanation by stating that all three priority land acquisitions have been favorably reviewed by Governor Asa Hutchinson and the Department of Finance and Administration. Mr. Butts then responded to questions from the committee members.

Co-Chair David L. Branscum moved that the Legislative Council give favorable advice to the priority land acquisitions for Jacksonport State Park, Powhatan Historic State Park, and Hampson Archeological State Park. The motion was seconded and passed by voice vote.

Arkansas Teacher Retirement System

Co-Chair Sample referred members to the request from the Arkansas Teacher Retirement System (ATRS) for the Legislative Council's review of the partial equity ownership investment with American Industrial Partners VI, L. P., submitted pursuant to A.C.A. § 19-11-1302 (Exhibit H.7) and recognized George Hopkins, Executive Director of the Arkansas Teacher Retirement System, to explain the request.

Mr. Hopkins identified himself and explained that the Arkansas Teacher Retirement System is asking for the Legislative Council to review a private equity investment recommended by the ATRS board. Mr. Hopkins stated this is a \$25 million investment in American Industrial Partners, VI and this firm has reasonable and standard fees and carry. Mr. Hopkins explained that this firm invests money in the industrial sector, which is basically buying private companies through various means and then over time will re-sale the companies or take them public. Mr. Hopkins stated this firm has a long track record of success and that their net internal rate of return on an annual basis is about thirty percent (30%), and this will be the first investment with this firm subject to review by the committee. This concluded Mr. Hopkins' explanation and there were no questions.

Co-Chair David L. Branscum moved to file as reviewed the Arkansas Teacher Retirement System partial equity ownership investment with American Industrial Partners VI, L. P. The motion was seconded and passed by voice vote.

Request for Review of Contract

Co-Chair Sample referred members to the request from the Department of Finance and Administration's Office of State Procurement, for the Legislative Council's review of the office lease contract between the University of Arkansas for Medical Sciences and On Broadway, L.L.C., submitted pursuant to A.C.A. § 19-11-264 (Exhibit H.11e). Co-Chair Sample recognized Ann Laidlaw, Director of the Department of Finance and Administration's Division of Building Authority, to explain the request.

Ms. Laidlaw introduced herself and introduced Chris Thomas, Administrator of Real Estate Services. Ms. Laidlaw explained that the request before the committee today is a disclosure approval for the leasing of space from a legislative member for a University of Arkansas for Medical Sciences (UAMS) clinic in the West Memphis area. Ms. Laidlaw and Mr. Thomas answered questions from the committee members.

Co-Chair David L. Branscum moved to file as reviewed the office lease contract between the University of Arkansas for Medical Sciences and On Broadway, L.L.C. The motion was seconded and passed by voice vote.

New Interim Study Proposals and Interim Resolutions

Co-Chair Sample referred the members to Interim Study Proposal 2015-151 (Exhibit J.1) by Senator Jon Woods and Interim Study Proposal 2015-152 (Exhibit J.2) by Representative Kim Hammer on the agenda and asked if there were any questions. There were no questions and Co-Chair Sample asked if there was a motion.

Representative Greg Leding moved that Interim Study Proposal 2015-151 be referred to the Senate Committee on Revenue and Taxation and that Interim Study Proposal 2015-152 be referred to the Higher Education Subcommittee of the Legislative Council. The motion was seconded and passed by voice vote.

Supplemental Agenda

Co-Chair Sample asked the members to move to the Supplemental Agenda and asked if there was a motion to suspend the rules. Co-Chair Sample recognized Senator Terry Rice who commented that since Interim Study Proposal 2015-154 was submitted at the last minute and that, unless there is a compelling reason that the study to modify a state board is urgent, he would like to have more background on this study and that he would object to suspending the rules. Co-Chair Sample asked Marty Garrity to clarify the rules in this regard. Ms. Garrity stated that the Legislative Council Rules require that interim studies that are to be referred by the Legislative Council to be submitted at least seven (7) days in advance of the meeting, and that Interim Study Proposal 2015-154 was not submitted within this time frame, which is why the passage of a motion to suspend the rules is necessary before the Legislative Council considers this study proposal.

Co-Chair Sample asked if there was a motion. **Representative Leding moved that rules be suspended to consider Interim Study Proposal 2015-154 on the Supplemental Agenda. The motion was seconded and passed by voice vote.**

Co-Chair Sample recognized Senator Jeremy Hutchinson to explain Interim Study Proposal 2015-154. Senator Hutchinson stated that he also has an interim study proposal on the Athletic Trainers Board and that he would probably have other study proposals. Senator Hutchinson stated that there is a North Carolina case for which there was a ruling by the United States Supreme Court that said the North Carolina licensing board scheme was unconstitutional and the members are subject to personal civil liability. Senator Hutchinson stated this study proposal was to look at how the Arkansas licensing board is composed and that the study will be controversial. Senator Hutchinson stated there would be time to work on the study and he is willing to work with whoever is interested. Senator Hutchinson stated he wanted both study proposals on the agenda simultaneously and he asked for a good vote.

Senator Jeremy Hutchinson moved that the Legislative Council refer Interim Study Proposal 2015-154 to Senate Committee on Public Health, Welfare, and Labor. The motion was seconded and passed by voice vote.

Co-Chair Sample recognized Senator Joyce Elliott who noted that during the meeting of the Review Subcommittee there were two contracts that were held and that one contract was brought before the full Legislative Council while the other contract was delayed for a month. Senator Elliott stated that part of this was to get information about a Governor's task force on dislocated workers and part was to get information on the number of people hired. Senator Elliott stated she wanted to ask the chair of the Review Subcommittee if he remembered who had requested the information and that she would caution all of us to seek information that is consistent with the mission of whatever entity from whom the information is requested. Senator Elliott stated she would like to work with those persons who requested the information and asked if the Review Subcommittee chair could help her. Senator Elliott commented that the contracts were treated inconsistently.

Co-Chair Sample recognized Senator Bart Hester who stated that he feels this is a fair question and he would work with Senator Elliott.

Adjournment

At 10:25 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Bill Sample
Co-Chair, Senate

Marty Garrity
Executive Secretary