

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, September 18, 2020

The Arkansas Legislative Council met at 9:00 a.m., Friday, August 21, 2020, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Jeff Wardlaw 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 Previous Meeting

Co-Chair Wardlaw referred the members to the minutes of the last Legislative Council meetings on July 24, 2020 and July 28, 2020 (Exhibit C) and asked if there were any questions. There were no questions.

Co-Chair Wardlaw moved that the minutes of the July 24, 2020 and July 28, 2020 meetings of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Revenue Report

Co-Chair Wardlaw recognized Mr. Richard Wilson to present the 2020 Annual Revenue Report (Exhibit D.1) and the July 2020 Arkansas Revenue Report (Exhibit D.2). Mr. Wilson began by reporting that gross general revenue collections for Fiscal Year 2020 decreased \$256 million with a growth rate of -3.5%. The gross collection of income taxes, both corporate and personal, decreased by 6.5%. The general revenue sales and use tax increased 2.7%. Mr. Wilson further reported, gross collections of general revenues were about \$7 billion and the gross collections for special revenues were about \$2.4 billion. He continued, stating the net available for general revenues at the end of the fiscal year is \$5.75 billion and the net available for special revenues is \$2.28 billion. The difference of net available for distribution of general revenues in comparison of FY20 to FY19 is -2.84%. In conclusion of the annual revenue report, Mr. Wilson stated that the Educational Excellence Trust Fund distribution was equal in growth rates, in all components, at 1.97%.

Mr. Wilson next presented the monthly revenue report. He stated the first month of FY21 reflects gross collections \$250 million above the same month in FY20, with a growth rate of about 48%. The net available for general revenues is about \$203 million above the same month of FY20, with a growth rate of about 44%. The first month of FY21 produced \$52.7 million above the official forecast. Mr. Wilson further stated, gross receipt taxes for the month are up 14% and income taxes are up 93%, mostly due to the shifting of the due date for income taxes.

Co-Chair Wardlaw recognized members for questions. After questions, that concluded the revenue reports.

Administrative Rules Subcommittee

Co-Chair Wardlaw recognized Senator Lance Eads to present the report of the Administrative Rules Subcommittee (Exhibit F.1). Senator Eads reported that the Administrative Rules Subcommittee met on August 19, 2020. The subcommittee adopted reports of the Executive Subcommittee concerning its approval of an emergency rule. One rule was deferred to the September 2020 agenda at the agency's request, all other rules on the agenda were reviewed and approved, including two rules with changes agreed upon by the agency, as noted in the report. The subcommittee also heard agency updates on delinquent rulemaking, under Act 517 of 2019. This concluded the report of the Administrative Rules Subcommittee, and there were no questions.

Senator Lance Eads moved that the report of the Administrative Rules Subcommittee be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Wardlaw 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 August 18, 2020, and approved the following items: various temporary appropriation requests, appropriation and fund transfers, a rainy day fund transfer, and CARES appropriation requests. There was also a CARES appropriation request that was referred to ALC without a recommendation, Item B.2(a) – Department of Finance and Administration – Disbursing Officer - \$150,000,000 for distribution to counties and cities.

There was also discussion about whether the Department of Health had sufficient appropriation and funding to respond to the pandemic when the CARES Act Steering Committee was considering other requests.

Co-Chair Wardlaw recognized Ms. Stephanie Williams, Chief of Staff, Department of Health and Ms. Jo Thompson, Chief Financial Officer, Department of Health.

Ms. Williams stated, to date, the Arkansas Department of Health had received four (4) awards from the CARES Act Steering Committee:

- The first award amount was for general operations to respond to the pandemic and included PPE, support for quarantine facility, contact tracing, laboratory testing, supplies, miscellaneous items, and IT equipment. The award was also approved for a supplemental contract, which brought the total to \$74,118,705, including the \$16,000,000 that was approved in July 2020. Of the funding, \$19,750,638 have been expended or committed. That would leave the balance a little over \$54 million.
- The second award amount was \$1.5 million for media. The expended amount was \$1.19 million, with a balance of about \$300,000.
- The third award was the Reopening Arkansas Higher Education Institutions plan, which totaled \$28.2 million, and included PPE supplies, testing supplies, contact tracing, and surveillance funding for institutions of higher education. The expended amount was \$3,655,244, which was for PPE only. That left a balance of \$24,544,755.

- The final award was for support of the Northwest Arkansas COVID-19 response that targeted communities that are disproportionately affected by the pandemic, specifically Marshall Islanders and Hispanics, and is for \$7 million, and no funds have been expended as of this date.

Senator Maloch asked if the Department of Health had any concerns about needing additional appropriations before the depletion of the CARES Act funds. Ms. Williams responded the Department of Health will have access to \$29 million that the CARES Act Steering Committee has put on hold for them, in case there is a need to implement a vaccination plan.

Co-Chair Wardlaw recognized Senator Will Bond, Representative Jim Dotson, Senator Jim Hendren, Senator Linda Chesterfield, and Senator Missy Irvin for questions or comments. Responses were made by Ms. Williams, Ms. Thompson, and Mr. Jake Bleed, Director of Budget, Department of Finance and Administration.

Senator Missy Irvin gave information about the Emergency Solutions Grant program, that goes through the Department of Human Services (DHS) and had about \$13.7 million within that fund. The program supports Arkansans who are homeless or at risk of becoming homeless during the COVID-19 pandemic. The program will reimburse eligible organizations for providing services in up to four program areas: emergency shelter, rapid re-housing, street outreach, and homelessness preventions.

Co-Chair Wardlaw recognized Representative Fred Love, Senator Joyce Elliott, and Representative Jim Wooten for questions and comments, with responses by Ms. Williams and Mr. Bleed. The members expressed their concerns with reimbursing entities that may be eligible for grant money, but that may not have the upfront funds available that are needed in order to assist those in need. The members suggested a program that could provide funds upfront, rather than reimburse to entities who initially do not have the funds in the first place.

Co-Chair Wardlaw recognized Senator Jonathan Dismang for questions on a different item of the PEER report. Senator Bruce Maloch responded.

Co-Chair Wardlaw recognized Senator Maloch for a motion on Item B.3(b) - Department of Commerce – Arkansas Division of Workforce Services - \$800,000,000 from Federal Employees Benefit Payments to Disaster Relief Payments, of the PEER Report.

Senator Maloch requested Mr. Bleed to provide insight on that item.

Senator Maloch made a motion to recommend to Legislative Council to suspend the rule requiring six day notice for a meeting of Legislative Council to consider any requested revision to this item related to emergency unemployment benefits.

The motion was seconded and passed with voice vote.

Senator Maloch moved that the report of the PEER Subcommittee be adopted. The motion was seconded and passed by voice vote.

Senator Maloch made a motion to recommend to Legislative Council to suspend the rule requiring six day notice for a meeting of Legislative Council to consider any revisions to the

request from the Department of Finance and Administration related to distributing Coronavirus relief funds to cities and counties.

Co-Chair Wardlaw recognized Representative Love, Senator Irvin, Senator Chesterfield, Representative Sullivan, and Senator Garner for questions or discussion on the motion. Mr. Jake Bleed and Mr. Alan McVey, Chief of Staff, Department of Finance and Administration, responded to those questions.

Co-Chair Wardlaw recognized Senator Bruce Maloch for the motion again.

Senator Maloch made a motion to recommend to Legislative Council to suspend the rule requiring six day notice for a meeting of Legislative Council to consider any revisions to the request from the Department of Finance and Administration related to distributing Coronavirus relief funds to cities and counties.

The motion was seconded and passed by voice vote.

Review Subcommittee

Co-Chair Wardlaw recognized Representative Andy Davis to present the report of the Review Subcommittee (Exhibit F.10). Representative Davis reported that the Review Subcommittee met on August 18, 2020, and reviewed an alternative delivery contract, various methods of finance, and grants and services contracts. No items were held and all items were reviewed. This concluded the report of the Review Subcommittee and there were no questions.

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

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Wardlaw recognized Senator David Wallace to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Senator Wallace reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on August 18, 2020, and received and discussed various reports that required no action, listed as Items 1-4. The subcommittee reviewed new requests, as well as continuation requests made by institutions of higher education, listed as Items 5-9 on the report. This concluded the report of the Uniform Personnel Classification and Compensation Plan Subcommittee.

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

Occupational Licensing Review

Co-Chair Wardlaw recognized Senator Missy Irvin to present the report of the Occupational Licensing Review Subcommittee (Exhibit E.15). Senator Irvin reported that the Occupational Licensing Review Subcommittee met on August 17, 2020, and heard testimony regarding the following reports from occupational authorization entities:

- Engineering Section, Arkansas Department of Health;
- Arkansas State Board of Physical Therapy;
- Feed and Fertilizer Division, Arkansas State Plant Board.

This concluded the report of the Occupational Licensing Review Subcommittee, and there were no questions.

Senator Missy Irvin moved that the report of the Occupational Licensing Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Highway Commission Review and Advisory Subcommittee

Co-Chair Wardlaw recognized Senator Jonathan Dismang to present the report of the Highway Commission Review and Advisory Subcommittee (Exhibit F.13). Senator Dismang reported that the Highway Commission Review and Advisory Subcommittee met on August 5, 2020 and August 19, 2020. He reported on August 5, 2020 the subcommittee:

- Moved to have recommendations from the previous meeting on Organizational Structure and People Capabilities be included in the subcommittee's draft report;
- Heard recommendations on Portfolio Planning by Guidehouse LLP from their study of the Arkansas Department of Transportation as required by Act 298 of 2019; and
- Heard responses to the recommendations from the Arkansas Department of Transportation.

On August 19, 2020 the subcommittee:

- Heard a presentation from the Bureau of Legislative Research on Oversight Authority regarding the Arkansas Department of Transportation;
- Moved to have recommendations from the previous meeting on Portfolio Planning be included in the subcommittee's draft report;
- Heard recommendations on Expenditures by Guidehouse LLP from their study of the Arkansas Department of Transportation as required by Act 298 of 2019;
- Heard responses to the recommendations from the Arkansas Department of Transportation; and

- Received reports from the Arkansas Department of Transportation of the progress of each public road construction project of \$10 million or more as required by ACA § 27-65-107(a)(19).

This concluded the report of the Highway Commission Review and Advisory Subcommittee, and there were no questions.

Senator Jonathan Dismang moved that the report of the Highway Commission Review and Advisory Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Wardlaw referred members to the communications listed as Items H.1 – H.13 on the agenda, and noted that no action by the Legislative Council is needed for those items.

There were no questions.

Point of Personal Privilege

Co-Chair Wardlaw recognized Senator Linda Chesterfield for a point of personal privilege.

Senator Chesterfield recognized Mr. William Carol Parks, who served as the Senate Properties Officer. Mr. Parks will retire August 31, 2020, after 35 years of commitment to the Senators, the staff, and the upkeep and beautification of the Senate chambers and property in the State Capitol building.

The members of the Arkansas Senate and the Senate staff, along with other General Assembly members and the Bureau of Legislative Research staff, congratulated Mr. William Parks for his 35 years of outstanding service and wished him the best in the years ahead.

New Business

Co-Chair Wardlaw recognized Representative Jim Sorvillo to present his Interim Study Proposals (ISP). After a brief presentation, Co-Chair Wardlaw recognized Senator Joyce Elliott for a motion.

Senator Elliott made a motion to batch agenda items I.01 – ISP 2019-032 (*House Education Committee*); I.02 – ISP 2019-033 (*House Agriculture, Forestry, & Economic Development Committee*); J.02 – ISP 2019-164 (*Senate Committee on State Agencies and Governmental Affairs*); J.03 – ISP 2019-165 (*House Committee on Aging, Children and Youth, Legislative and Military Affairs*); J.04 – ISP 2019-166 (*House Committee on Public Health, Welfare, and Labor*); and J.05 – ISP 2019-167 (*House Committee on Public Health, Welfare, and Labor*) as approved and to refer each interim study proposal to its respective committee.

The motion was seconded and passed by voice vote.

Senator Elliott made a motion to refer agenda item J.01 – ISP 2019-163 to the ALC – Uniform Personnel Classification and Compensation Plan Subcommittee.

The motion was seconded and passed by voice vote.

Business Carried Over

Co-Chair Wardlaw recognized Mr. Ed Leon, Deputy Director, Arkansas PBS, and Mr. Marty Ryall, Director of External Relations, Arkansas PBS, to present their request. Mr. Leon gave a brief update on the engineering report from the Arkansas PBS. He stated, on July 24, 2020, Legislative Council approved an appropriation for the engineering study phase of their project only, to determine if the proposal was feasible. Mr. Leon stated, Arkansas PBS has successfully achieved and identified the low powered signals and frequencies that will fill four (4) transmission gap areas. The coverage will also exceed the initial projected coverage of 96.4% of the state and increase to 99.5% coverage of the state, nearing universal coverage.

After the presentation, Co-Chair Wardlaw asked if there were any questions. There were no questions.

Senator Linda Chesterfield made a motion to approve the CARES Act Appropriation request from Arkansas PBS in the amount of \$5,060,000.

The motion was seconded and passed by voice vote.

Adjournment

At 10:38 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Representative Jeff Wardlaw
Co-Chair, Representatives

Marty Garrity
Executive Secretary