

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

**Friday, August 18, 2017**

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The Arkansas Legislative Council met at 9:00 a.m., Friday, August 18, 2017 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair David L. Branscum 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 Branscum referred the members to the minutes of the previous Legislative Council meeting on June 16, 2017 (Exhibit C) and asked if there was a motion to approve the minutes.

**Co-Chair Bill Sample moved that the minutes of the June 16, 2017 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.**

**Presentation of the Revenue Reports**

Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the June 2017 revenue report (Exhibit D.1) and the July 2017 revenue report (Exhibit D.2) prepared by the Bureau of Legislative Research.

Mr. Wilson reported that the revenue report for June 2017 reflects that after twelve (12) months of fiscal year 2017, gross revenue collections have increased \$100.4 million over last year's gross collections for a growth rate of one point fifty-five percent (1.55%), while net general revenue available for distribution increased \$30 million over the same period last year for a growth rate of negative four-tenths of one percent (-0.4%). Mr. Wilson reported that after the revision of the official forecast, gross receipts increased by two point two percent (2.2%) and income tax receipts were flat. This concluded the June 2017 revenue report and there were no questions.

Mr. Wilson reported that the revenue report for July 2017 reflects that after the first month of fiscal year 2018, gross revenue collections have increased \$55 million over last year's gross collections for a growth rate of eleven point seven percent (11.7%), while net general revenue available for distribution increased \$53.9 million over the same period last year for a growth rate of thirteen point four percent (13.4%). Mr. Wilson reported that the graph reflects that gross receipts increased by three point two percent (3.2%) and income tax receipts increased by twenty-three point six percent (23.6%). This concluded the July 2017 revenue report.

Co-Chair Branscum recognized Senator Bryan King who asked if representatives of the Department of Finance and Administration could be recognized to respond to questions. Larry Walther, Director of the Department of Finance and Administration, and Duncan Baird, Administrator for Fiscal and Budget within the Department of Finance and Administration, came forward and were recognized by Co-Chair Branscum. Mr. Walther and Mr. Baird responded to several questions from Senator King that included questions on the GDP (gross domestic product) and the budgets for Medicaid and the Department of Correction.

### **Point of Personal Privilege**

Co-Chair Branscum recognized Senator Joyce Elliott for a point of personal privilege. Senator Elliott spoke of the recent violence in Charlottesville, Virginia, and the current crime rate in Little Rock and commented that she feels that a discussion of race and an acknowledgment of the scar of slavery on the history of the state should be undertaken. Senator Elliott spoke of the Truth and Reconciliation Commission created by the nation of South Africa to address such matters and mentioned the creation of a race relations subcommittee proposed by Senator Jim Hendren and herself. Senator Elliott concluded her remarks by stating she wants to do something to prevent race violence from occurring here and asked that the members help her with this goal.

### **Reports of the Standing Subcommittees**

#### Administrative Rules and Regulations Subcommittee

Co-Chair Branscum recognized Representative Kim Hammer to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Hammer reported that the Administrative Rules and Regulations Subcommittee met on August 15, 2017, and adopted the reports from the Executive Subcommittee concerning approval of emergency rules.

Representative Hammer reported that the subcommittee reviewed and filed the quarterly reports for the quarter ending June 30, 2017 submitted by the Arkansas Department of Correction and the Arkansas Parole Board in accordance with Act 1258 of 2015. Representative Hammer reported that the subcommittee reviewed and approved the Appraiser Licensing and Certification Board rule that had been deferred from the May 16, 2017 subcommittee meeting and that the subcommittee reviewed and approved all rules on the agenda with the exception of two (2) rules. The following rules were held for consideration at the September 12, 2017 meeting of the subcommittee: (1) Department of Human Services rule for Medicaid Services Policy Manual Section A-210, B-500, and D-372; and (2) Real Estate Commission regulation 11.5 for post license education requirements. Also, the presentation on dissolved minerals in third-party rulemaking filings with the Department of Environmental Quality Water Division was rescheduled for the September 15, 2017 subcommittee meeting. This concluded the report and there were no questions.

**Representative Kim Hammer moved that the report of the Administrative Rules and Regulations Subcommittee be adopted. The motion was seconded and passed by voice vote.**

Charitable, Penal, and Correctional Institutions Subcommittee

Co-Chair Branscum recognized Senator Joyce Elliott to present the report of the Charitable, Penal, and Correctional Institutions Subcommittee (Exhibit F.2). Senator Elliott reported that the Charitable, Penal, and Correctional Institutions Subcommittee met on August 14, 2017, and discussed testimony regarding possible risk factors leading to criminal behavior, early prevention, and possible policy solutions from Wendy Kelley, Director of the Department of Correction, Sheila Sharp, Director of the Arkansas Community Correction Department, and Marlon Marrow, Facility Director for Arkansas Juvenile Assessment. Senator Elliott reported that the subcommittee also discussed testimony from Kelly Eichler, Senior Advisor for Criminal Justice with the Office of the Governor, on the Role of the Interagency Task Force for the Implementation of Criminal Justice Prevention Initiatives. This concluded the report and there were no questions.

**Senator Joyce Elliott moved that the report of the Charitable, Penal, and Correctional Institutions Subcommittee be adopted. The motion was seconded and passed by voice vote.**

Claims Review Subcommittee

Co-Chair Branscum recognized Representative Justin Gonzales to present the report of the Claims Review Subcommittee (Exhibit F.3). Representative Gonzales reported that the Claims Review Subcommittee met on August 14, 2017, and all claims were reviewed and affirmed. This concluded the report and there were no questions.

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

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Branscum recognized Representative David Meeks to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Representative Meeks reported that the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on August 16, 2017, and approved three (3) appropriation transfer requests for the Department of Education; the Department of Human Services, Division of Behavioral Health Services; and the Department of Transportation; and also approved a request from the Department of Veterans Affairs for a release of funds from the Rainy Day Fund.

Representative Meeks reported that the following were reviewed on an emergency basis (see Attachment 1 to the report): pay plan/merit adjustment holding account transfer requests for FY 17; and a budget classification transfer request from the Board of Dispensing Opticians. Representative Meeks reported the subcommittee reviewed all other items on the agenda.

Representative Meeks reported that the following were presented to the subcommittee: the 2015-2017 Biennium Miscellaneous Federal Grant Report; the Office of Attorney General Cash Fund Report for the Fourth Quarter of FY 2017; the Department of Human Services Report of

Inter-Agency and Inter-Divisional Match Fund Transfers for the Fourth Quarter of FY 2017; and the Monthly Report on the Professional Fee Expenditures for the Office of Treasurer of State. This concluded the report and there were no questions.

**Representative David 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.**

#### Policy-Making Subcommittee

Co-Chair Branscum recognized Representative George B. McGill to present the report of the Policy-Making Subcommittee (Exhibit F.9). Representative McGill reported that the Policy-Making Subcommittee met on July 19, 2017 and heard the request from Representative Tim Lemons, Chair of the House Committee on City, County, and Local Affairs, seeking authorization to use the actuarial contract with Osborn, Carreiro & Associates to conduct a study of municipal retirement systems by the House Committee on City, County, and Local Affairs that was proposed by Interim Study Proposal 2017-001. The subcommittee also heard from Representative Jeff Williams, the author of Interim Study Proposal 2017-001, regarding the need and benefits of conducting the study.

A motion by Senator Linda Chesterfield that the Policy-Making Subcommittee recommend approval of the request from the House Committee on City, County, and Local Affairs for authorization to use the actuarial contract with Osborn, Carreiro & Associates to conduct a study of municipal retirement systems proposed by Interim Study Proposal 2017-001 was passed by a roll call vote with eight (8) yes votes, two (2) no votes, and one (1) member voting present.

Pursuant to the motion passed by the Legislative Council during the June 16, 2017 meeting, the action of the subcommittee is final and is reported to the Legislative Council.

#### Review Subcommittee

Co-Chair Branscum recognized Senator Scott Flippo to present the reports of the Review Subcommittee. Senator Flippo reported that the Review Subcommittee has held two (2) meetings since the last report to the Legislative Council; the first on July 19, 2017 (Exhibit F.10 July 2017) and the second on August 16, 2017 (Exhibit F.10 August 2017). Senator Flippo reported that the subcommittee met on July 19, 2017 and, pursuant to the motion passed by the Legislative Council during the June 16, 2017 meeting, the action of the subcommittee is final and the report is available in the meeting packets.

Senator Flippo reported that the subcommittee met on August 16, 2017, and reviewed methods of finance, discretionary grants, and professional-consultant contracts, and technical and general services contracts. Senator Flippo reported that all agenda items were reviewed with the exception of the following: (1) the contract between the Arkansas Department of Human Services and Deloitte Consulting (listed as item 5 on page 4 of the report); and (2) the contract between the Arkansas Department of Environmental Quality and Windsor Solutions, Inc. (listed

as item 16 on page 11 of the report) that was held at the request of the agency for review at the September subcommittee meeting. This concluded the report.

**Senator Scott Flippo moved that the report of the August 2017 Review Subcommittee meeting be adopted, excluding the items held by the subcommittee, and that the discussion of the method of finance for the Northwest Arkansas Community College (Exhibit I.1) be dismissed.**

**Co-Chair Branscum recognized Representative Jon Eubanks who made a substitute motion for a separate vote on item 5 of page 4 of the August 2017 Review Subcommittee report, which is the contract between the Arkansas Department of Human Services and Deloitte Consulting. The motion was seconded.**

Co-Chair Branscum asked if there were questions on the motion and recognized the following officials who responded to several questions from members of the Legislative Council: Kelley Linck, Chief Legislative and Intergovernmental Affairs Officer for the Department of Human Services, Misty Bowen-Eubanks, Chief Procurement Officer for the Department of Human Services, Jeff Dean, Chief Information Officer for the Department of Human Services, Duncan Baird, Administrator of the Office of Budget for the Department of Finance and Administration, and Edward Armstrong, Director of the Office of State Procurement with the Department of Finance and Administration. There followed a lengthy discussion among the members.

**At the conclusion of discussion, Co-Chair Branscum, upon see three hands, called for a roll call vote by division of the houses on the substitute motion by Representative Jon Eubanks for a separate vote on item 5 of page 4 of the August 2017 Review Subcommittee report, which is the contract between the Arkansas Department of Human Services and Deloitte Consulting. The motion failed to pass in the Senate by four (4) yes votes, eleven (11) no votes, and one (1) voting present. With the motion failing to pass in the Senate, no roll call was made for the House members of the Legislative Council.**

Co-Chair Sample recognized Senator Flippo and asked that he restate his motion. **Senator Scott Flippo stated his motion is that the report of the August 2017 Review Subcommittee meeting be adopted, excluding two items, which are the contract between the Arkansas Department of Human Services and Deloitte Consulting (listed as item 5 on page 4 of the report) and the contract between the Arkansas Department of Environmental Quality and Windsor Solutions, Inc. (listed as item 16 on page 11 of the report), and that the discussion of the method of finance for the Northwest Arkansas Community College (Exhibit I.1) be dismissed. Co-Chair Sample, upon see three hands, called for a roll call vote by division of the houses on the motion by Senator Flippo. The motion failed to pass in the House by three (3) yes votes, and twenty (20) no votes. With the motion failing to pass in the House, no roll call was made for the Senate members of the Legislative Council.**

**Co-Chair Sample recognized Representative Bob Ballinger who moved that the report of the August 2017 Review Subcommittee meeting be adopted including the contract between the Arkansas Department of Human Services and Deloitte Consulting (listed as item 5 on page 4 of the report).**

**Co-Chair Sample recognized Senator Linda Chesterfield who made a substitute motion that the report of the August 2017 Review Subcommittee meeting be adopted excluding the contract between the Arkansas Department of Human Services and Deloitte Consulting (listed as item 5 on page 4 of the report). Co-Chair Sample called for a roll call vote by division of the houses on the substitute motion by Senator Chesterfield. The motion failed to pass in the House by five (5) yes votes, seventeen (17) no votes. With the motion failing to pass in the House, no roll call was made for the Senate members of the Legislative Council.**

**Adjournment**

At 10:50 a.m., Co-Chair Sample adjourned the meeting of the Legislative Council.

Respectfully submitted,

ATTEST:

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Representative David L. Branscum  
Co-Chair, House

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Marty Garrity  
Executive Secretary