



STATE OF ARKANSAS
**Department of Finance
and Administration**

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August 12, 2019

Senator Cecile Bledsoe, Chair
Representative Jeff Wardlaw, Chair
Arkansas Legislative Council
State Capitol
Little Rock, AR 72201

RE: Restricted Reserve Fund Transfer Recommendation

Dear Co-Chairs:

Pursuant to Ark. Code Ann. § 19-5-1263, as Chief Fiscal Officer of the State I am recommending the transfer of Restricted Reserve Funds to the following:

Arkansas Economic Development Commission

Arkansas Economic Development Commission Fund Account – \$5,700,000

This transfer has been requested to support the expansion of high-speed broadband services to rural communities and is in the best interest of the citizens of the state.

Sincerely,

A handwritten signature in black ink that reads "Larry W. Walther".

Larry W. Walther
Director

by
CJH

LWW:es

Attachments



STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

August 9, 2019

Larry W. Walther, Secretary
Department of Finance and Administration
DFA Building
1509 W 7th Street
Little Rock, AR 72201

Dear Mr. Walther,

This letter is to inform you of my support of the Restricted Reserve Fund transfer to the Arkansas Economic Development Commission. This fund transfer is in the best interest of the citizens of the state in order to initiate and partially fund a grant program called Arkansas Rural Connect. This is a necessary step to further our efforts to expand high speed internet to the rural portions of Arkansas.

I appreciate your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Asa Hutchinson", written over a horizontal line.

Asa Hutchinson

AH:jb:es



ASA HUTCHINSON | Governor | MICHAEL PRESTON | Executive Director

August 8, 2019

Larry W. Walther, Secretary
Arkansas Department of Finance and Administration
1509 West Seventh Street, Suite 401
Little Rock, Ark., 7203-3278

Restricted Reserve Fund Transfer Request

Dear Secretary Walther:

Pursuant to the provisions of A.C.A. §19-5-1263(d)(1), this letter is a request for a transfer of \$5.7 million from the Restricted Reserve Fund (MRR0000) to the Arkansas Economic Development Commission Fund Account to provide for the Arkansas Rural Connect (ARC) program.

This request is necessary to support the creation and implementation of the Arkansas Rural Connect program, which will extend broadband internet access across the state by the year 2022. High-speed internet is necessary to remain competitive in the global marketplace and this program will ensure access to all cities and towns with populations of at least 500.

While the Arkansas Economic Development Commission maintains sufficient appropriation necessary to support this request, it lacks the general revenue or other funds necessary to launch the Arkansas Rural Connect program. Attached is the planned expenditures by line item budget of the requested funding for the Arkansas Acceleration Fund Program (Funds Center U11A, Fund HoA0104); the available blocked appropriation balance payable for grants in this account is \$5,700,000. The total authorized amount is \$6.5 million, with \$800,000 currently budgeted for acceleration grant matching funds. The remaining balance of the \$25 million plan will be requested as a supplemental during the fiscal session.

Your support will allow the state to assist our local communities with the critical funding necessary to reach our goal of statewide connectivity.

Pending your approval of this request, I ask that you schedule this item for consideration at the next meeting of the Arkansas Legislative Council for appropriate action as required by law.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Preston".

Michael Preston
Secretary, Arkansas Department of Commerce
Executive Director, Arkansas Economic Development Commission



There have not been any expenditures year to date from this fund; however, \$800,000 is reserved for a state grant matching program that will be spent later this fiscal year.

Proposed Expenditures for Broadband Funding:

Maintenance and Operation	\$ 235,000
Conference and Travel	\$ 15,000
Grants – Broadband Infrastructure	\$ 4,700,000
Professional Fees and Services	<u>\$ 750,000</u>
Total	\$ 5,700,000