

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

August 26, 2022

The Arkansas Legislative Council met at 9:00 a.m., Thursday, July 21, 2022, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Jeffrey Wardlaw called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets. Representative Jack Ladyman was recognized to give the morning prayer.

Point of Personal Privilege

Co-Chair Wardlaw recognized Senator Joyce Elliott for a point of personal privilege. Senator Elliott welcomed teachers and education staff to the Arkansas Legislative Council and expressed great appreciation for their hard work and dedication to education.

Minutes of the Previous Meeting

Co-Chair Wardlaw referred members to the minutes of the last Legislative Council meeting held on June 17, 2022 (Exhibit C), and asked if there were any questions. There were no questions.

Co-Chair Wardlaw moved that the minutes of the June 17, 2022 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Revenue Report

Co-Chair Wardlaw recognized Mr. Kevin Anderson, Assistant Director, Bureau of Legislative Research - Fiscal Division, to present the June 2022 General Revenue Report (Exhibit D). Mr. Anderson reported, comparing FY22 with General Revenue Collections of FY21, collections of Gross General Revenue, end-of-year, increased \$652 million, an 8% increase above last fiscal year. Mr. Anderson further reported, the Net General Revenue Available for Distribution increased \$38.4 million, or 5.2% from the \$740.6 million available for distribution in June 2021. There is a 9.2% increase in the current Net Available for Distribution. The cumulative deviation of collections from the forecast for June 2022 reflects \$154.7 million above the forecast. The forecast included a surplus of \$1.547 billion, which brought the total to \$1.6 billion in surplus. After the deductions, the state surplus is at \$1.3 billion. Co-Chair Wardlaw recognized members for questions. After questions, this concluded the June 2022 General Revenue report.

Report of the Executive Subcommittee

Co-Chair Wardlaw recognized Co-Chair Terry Rice to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Rice reported that on June 24, 2022, the Executive Subcommittee exercised statutory authority to approve an emergency rule in writing for the Department of Agriculture, Livestock and Poultry Commission regarding Avian Influenza. The review and approval was reported to all ALC members.

The subcommittee also met on Wednesday, July 20, 2022, and reviewed and approved three (3) emergency rules for Department of Human Services (DHS); Arkansas Economic Development Commission (AEDC); and DF&A - Office of Intergovernmental Affairs. Approval of the emergency rules was reported to all ALC members, and the review and approval of all three (3) emergency rules was effective upon adjournment of the ALC meeting on July 21, 2022. In addition, the subcommittee heard from The Segal Group, Inc. regarding its proposal in response to the Employee Health Benefits Actuarial Consulting Services RFP that was issued by the Bureau of Legislative Research (BLR) in May 2022. The subcommittee authorized BLR to enter into negotiations with The Segal Group, Inc. for a contract to provide the actuarial services and that the contract be brought to the ALC - Policy-Making Subcommittee at its August 2022 meeting. This concluded the report of the Executive Subcommittee, and there were no questions.

Co-Chair Rice moved that the report of the Executive Subcommittee be adopted. The motion was seconded and passed by voice vote.

Reports of the Standing Subcommittees

Administrative Rules Subcommittee

Co-Chair Wardlaw recognized Senator Kim Hammer to present the report of the Administrative Rules Subcommittee (Exhibit F.1). Senator Hammer reported the Administrative Rules Subcommittee met on Wednesday, July 20, 2022. The subcommittee adopted reports of the Executive Subcommittee concerning its approval of emergency rules. The subcommittee received agency updates and filed summaries concerning outstanding rulemaking, pursuant to Act 595 of 2021. Following a motion by Representative Jeff Wardlaw, one update by the Department of Transformation and Shared Services (DTSS) was referred to ALC in September 2022; however, Representative Wardlaw has since clarified he is content with the update being sent to the Administrative Rules Subcommittee. The subcommittee filed reports and the July 2022 monthly written updates, pursuant to Act 595 of 2021. The subcommittee also reviewed an agency rule recommending an expedited process for occupational licensure, pursuant to Act 135 of 2021. All other rules were reviewed and approved. This concluded the report of the Administrative Rules Subcommittee, and there were no questions.

Senator Kim Hammer 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 Representative Michelle Gray to present the report from the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Representative Gray reported that the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on Tuesday, July 19, 2022, and received reports, reviewed items, and approved requests for appropriation increases and fund transfers. Three (3) items in the report were held by the subcommittee: Rainy Day Fund Transfer – Department of Commerce, Arkansas Rehabilitation Services (*Item F.1 on the report*); Restricted Reserve Fund Transfer – Department of Military, Arkansas National Guard Foundation (*Item G.3 on the report*); and Cash Appropriation Request – Department of Parks, Heritage, and Tourism (DPHT), Division of Heritage (*Item H.4 on the report*). Two (2) items required follow-up information (*handouts*): a schedule showing Department of Human Services (DHS) funding allocations to senior citizen centers that will be

distributed within two weeks after the approval today; and a letter from the Department of Energy and Environment explaining liability insurance coverage for contractors of the Weatherization Assistance Program and a map showing proposed distributions over the next five (5) years. *(The three held items were not voted on in the Subcommittee meeting and were referred back to the ALC – PEER Subcommittee for further review at its next meeting).*

Representative Gray further reported, the report includes the recommendation for the American Rescue Plan Report and Department of Education Memo – *Subcommittee recommends to Arkansas Legislative Council to expunge the vote by which Item B.2.n. in the June 17, 2022 PEER subcommittee report, a \$500 million American Rescue Plan Act Appropriation request for the Department of Education, was approved (Item L.5 on the report).* This concluded the report of the PEER Subcommittee.

Representative Michelle Gray moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted, with the exception of report Item L.5, which is to be considered separately.

Co-Chair Wardlaw recognized Representative Mark Lowery for questions. After his questions, Representative Lowery made a substitute motion.

Representative Mark Lowery moved, as a substitute motion, to adopt the three (3) held items of the PEER report, as reviewed.

Co-Chair Wardlaw recognized Senators Jonathan Dismang, Jim Hendren, Linda Chesterfield, Joyce Elliott, Jason Rapert, and Jimmy Hickey, Jr., and Representatives Jim Dotson, Michelle Gray, and Lane Jean for questions or statements on the motion.

Co-Chair Wardlaw then recognized Representative Lowery.

Representative Mark Lowery requested to withdraw his substitute motion on the held items of the ALC – PEER report, considering members’ requests for further review of those items.

Co-Chair Wardlaw recognized Senator Mark Johnson to disclose that he will only vote present or recused on those 3 items.

**Under Senate Rule 24, Senator Mark Johnson submitted a disclosure letter related to the three (3) held items.*

With the substitute motion being withdrawn, the original motion by Representative Michelle Gray was restated.

Representative Michelle Gray moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted, with the exception of report Item L.5, which is to be considered separately. The motion was seconded and passed by voice vote.

This concluded the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee.

Co-Chair Wardlaw recognized Senator Jimmy Hickey, Jr. to present Item L.5 of the ALC – PEER report - American Rescue Plan ESSER Funds, which includes the ability to use the funds to support educator and staff stability and well-being, which includes providing additional pay for recruitment and retention of a diverse and qualified education workforce. Senator Hickey informed members of the following proposed recommendations:

- The school districts utilize available ESSER funds to provide retention and recruitment bonuses to teachers in the amount of \$5,000 each; full-time classified school district staff in the amount of \$2,500 each; and part-time classified staff, in the amount of half of that awarded to the full-time counterparts;
- Arkansas Department of Education (ADE) will bring to ALC – PEER Subcommittee specific plans for each school district’s use of the funds; and
- A comprehensive statement regarding why the school district is unable or unwilling to utilize the ESSER funds as recommended, is required to be presented by ADE to ALC.

Senator Jimmy Hickey, Jr. moved that ALC expunge the vote, by which it approved Item B.2.n on the ALC – PEER report of June 17, 2022, which was a \$500 million ARP appropriation request for the Arkansas Department of Education (ADE); the Arkansas Department of Education shall bring to the ALC – PEER Subcommittee, it’s requests for appropriation of those ESSER funds, accompanied by the detailed plans of the school districts to utilize those funds in accordance to the recommendations set forth above; and the ALC – PEER Subcommittee be given the authority to meet as needed, including outside the regular ALC meeting week, to hear the requests of the ADE; and that ALC – PEER Subcommittee be given final approval of the ARP ESSER appropriation requests. The motion was seconded.

Co-Chair Wardlaw recognized Senators Linda Chesterfield, Jim Hendren, Bob Ballinger, Keith Ingram, Missy Irvin, and Joyce Elliott, and Representatives Megan Godfrey, Vivian Flowers, Reginald Murdock, Charlene Fite, Tippi McCullough, and Jack Ladyman for questions on the motion, and Senators Jimmy Hickey, Jr. and Jonathan Dismang to respond.

Co-Chair Wardlaw then recognized Representative Jack Ladyman for a motion.

Representative Jack Ladyman made a motion for immediate consideration of the standing motion. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members back to the standing motion made by Senator Jimmy Hickey, Jr. and requested their vote. After the voice vote, three (3) members showed hands to request a roll call vote. The roll was called, beginning with the Senate then House members. The vote was cast at 41 yays and 7 nays; therefore the motion made by Senator Jimmy Hickey, Jr., passed.

Co-Chair Wardlaw then recognized Senator Hickey for a second motion.

Senator Jimmy Hickey, Jr. moved, in reference to the request made by the Department of Education (ADE), to approve the appropriation request in the amount of \$42,487,629.00, as requested, per the letter provided by Department of Finance & Administration (DF&A) (*handout*).

Co-Chair Wardlaw recognized Representatives Reginald Murdock, Jim Wooten, and Senators Joyce Elliott and Jim Hendren for questions on the motion. Senator Jimmy Hickey, Jr. was recognized to respond.

After questions, the motion was seconded and passed by voice vote.

Review Subcommittee

Co-Chair Wardlaw recognized Representative Ken Bragg to present the report from the Review Subcommittee (Exhibit F.10). Representative Bragg reported that the Review Subcommittee met on Tuesday, July 19, 2022, and reviewed methods of finance, discretionary grants, and services contracts. In addition, a lease agreement disclosure was made to the subcommittee. No items were held. This concluded the report of the Review Subcommittee, and there were no questions.

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

Employee Benefits Division Oversight Subcommittee

Co-Chair Wardlaw recognized Senator Jason Rapert, to present the report of the Employee Benefits Division Oversight Subcommittee (Exhibit F.14). Senator Rapert reported that the Employee Benefits Division Oversight Subcommittee met on Wednesday, July 20, 2022, and approved actions of the State Board of Finance. The actions approved were the adopted health insurance premium rates for Arkansas state employees and public school employees for the calendar year beginning January 1, 2023.

Interim Secretary for the Department of Transformation and Shared Services, Mr. Mitch Rouse, informed the Subcommittee that he intends to pull down the current procurement for Pharmacy Benefit Manager Services for EBD and will not be issuing a contract under that Request for Proposals. Secretary Rouse stated that he will work with EBD and The Segal Group, Inc. to issue a new procurement for these services in the near future. This concluded the report of the Employee Benefits Division Oversight Subcommittee, and there were no questions.

Senator Jason Rapert moved that the report of the Employee Benefits Division Oversight Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Wardlaw referred members to the communications listed on the agenda as Items H.01 - H.09 and noted action by the Legislative Council is not necessary for those items but members could ask questions on any item. There were no questions.

Adjournment

At 10:45 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, House

Marty Garrity
Executive Secretary