

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

November 18, 2022

The Arkansas Legislative Council met at 9:00 a.m., Friday, October 21, 2022, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Terry Rice called the meeting to order and recognized a quorum of members present.

Minutes of the Previous Meeting

Co-Chair Rice referred members to the minutes of the last Legislative Council meeting held on September 16, 2022 (Exhibit C), and asked if there were any questions. There were no questions.

Representative Stephen Meeks moved that the minutes of the September 16, 2022 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Revenue Report

Co-Chair Rice recognized Dr. Carlos Silva, Legislative Economist, to present the September 2022 General Revenue Report (Exhibit D). Dr. Silva began the report stating, the collections of Gross General Revenues year-to-date are approximately \$2,080.2 million, an increase of \$126 million, or 6.4% above the \$1,954.2 million collected last fiscal year-to-date. Dr. Silva further reported, the Net General Revenue Available for Distribution this month of \$1,850.2 million, increased \$126 million, or 7.3% from the \$1,724.2 million available for distribution in September 2021. The cumulative deviation of collections from the forecast for September 2022 reflects \$174 million above the forecast. This is not a surplus, but only the amount above the forecast.

Co-Chair Rice recognized members for questions. Mr. Kevin Anderson, Assistant Director, BLR Fiscal Division, was also recognized to respond to questions. Senator Kim Hammer requested to receive more information on the percentage changes with the *Natural Gas Severance*, a Special Revenues collected by the Revenue Division by benefiting fund or account, for the Highway and Transportation Department.

After questions, this concluded the September 2022 General Revenue report.

Report of the Executive Subcommittee

Co-Chair Rice recognized Co-Chair Wardlaw to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Wardlaw reported that the Executive Subcommittee met on October 20, 2022, and adopted procedures related to the Health Insurance Benefits Fiscal Impact Process, in accordance with Act 112 of 2022.

The Executive Subcommittee also met again the morning of October 21, 2022, and reviewed and adopted emergency rules from the Office of Arkansas Lottery, regarding their operational and retail rules.

This concluded the report of the Executive Subcommittee, and there were no questions.

Co-Chair Jeff Wardlaw 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 Rice recognized Representative Les Eaves to present the report of the Administrative Rules Subcommittee (Exhibit F.1). Representative Eaves reported the Administrative Rules Subcommittee met on Thursday, October 20, 2022. The subcommittee received agency updates concerning outstanding rulemaking, pursuant to Act 595 of 2021. The subcommittee filed the October 2022 monthly written updates, pursuant to Act 595 of 2021. The subcommittee also filed a written notification by the Department of Agriculture, Arkansas Bureau of Standards, providing an update on its rulemaking delayed by litigation that has now been resolved. All other rules were reviewed and approved as noted in the report. This concluded the report of the Administrative Rules Subcommittee, and there were no questions.

Representative Les Eaves 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 Rice recognized Representative Michelle Gray to present the report of 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 four different dates: September 22, September 28, October 6, and October 17, 2022. The first three (3) reports show the subcommittee gave final approval on the ARP ESSER requests. On the last report, the subcommittee received reports, reviewed items, and approved requests for appropriation and fund transfers. Several items were held in 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, and after adoption, additional items will require review, as found on the ALC Supplemental Agenda. The motion was seconded and passed by voice vote.

Supplemental Agenda

Co-Chair Rice requested a motion to suspend the ALC rules and take up the Supplemental Agenda.

Representative Gray moved to suspend the ALC rules and take up the Supplemental Agenda. The motion was seconded and passed by voice vote.

Representative Gray was then recognized to give a summary of each request.

- A. **Arkansas Department of Education**, Request for authorization to begin the process of promulgating rules for the distribution of School Safety Set-Aside funds, submitted pursuant to Act 3 of the Third Extraordinary Session, 2022.

After discussion by members, Representative Gray moved to authorize the Arkansas Department of Education to begin the process of promulgating rules for the distribution of School Safety Set-Aside funds. The motion was seconded and passed by voice vote.

B. Department of Finance & Administration:

1. **Department of Energy and Environment**, Request for approval of a Restricted Reserve Fund Transfer for the Used Tire Recycling and Accountability Program, submitted pursuant to A.C.A. §19-5-1263 and Act 226 of 2022;
2. **Department of Energy and Environment**, Request for approval of a Cash Appropriation to distribute funds for the Used Tire Recycling and Accountability Program, submitted pursuant to A.C.A. §8-9-405;

Representative Gray stated, to be included with her following two motions, she would like to move to allow Arkansas Legislative Audit to continue with its investigation as it was requested by ALC in August 2022 and provide the final report to the Joint Budget Committee in January 2023.

Continuing with her motion, Representative Gray moved to approve the request from the Department of Energy and Environment, for a Restricted Reserve Fund Transfer for the Used Tire Recycling and Accountability Program, and to include allowing Arkansas Legislative Audit to continue with its investigation as requested by ALC in August 2022 and to provide the final report to the Joint Budget Committee in January 2023.

Co-Chair Rice recognized Senator Kim Hammer for questions on the motion.

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

Representative Gray then moved to file as reviewed the request from the Department of Energy and Environment, a Cash Appropriation to distribute funds for the Used Tire Recycling and Accountability Program, and to include allowing Arkansas Legislative Audit to continue with its investigation as requested by ALC in August 2022 and to provide the final report to the Joint Budget Committee in January 2023. The motion was seconded and passed by voice vote.

Reports of the Standing Subcommittees *(continued)*

Review Subcommittee

Co-Chair Rice recognized Senator Scott Flippo to present the report of the Review Subcommittee (Exhibit F.10). Senator Flippo reported that the Review Subcommittee met on Monday, October 17, 2022, and reviewed methods of finance, discretionary grants, and services contracts. All items were reviewed with two (2) exceptions: the ALC Review Subcommittee adopted a motion to not review the in-state contract for the Department of Health with the Arkansas Foundation for

Medical Care; and additionally, an in-state contract for Arkansas Teacher Retirement with Arkansas Capital Corporation was held for additional information and was later revised to reflect a new total: \$720,000. This concluded the report of the Review Subcommittee.

Senator Scott Flippo moved that the report of the Review Subcommittee be adopted, including the review of the revised contract for Arkansas Teacher Retirement System with Capital Corporation.

Co-Chair Rice recognized Representative Frances Cavanaugh for questions. Because her questions were directed to the agency, Senator Flippo withdrew his motion to adopt the report, to allow agency representatives to come forward to respond to questions.

Co-Chair Rice recognized Mr. Clint Rhoden, Executive Director, and Mr. Rod Graves, Deputy Director, with the Arkansas Teacher Retirement System to respond to questions. After questions from members, Co-Chair Rice recognized Representative Cavanaugh for a motion.

Representative Cavanaugh moved to refer the Arkansas Teacher Retirement System contract back to the ALC Review Subcommittee and adopt the remaining report of the Review Subcommittee.

Co-Chair Rice recognized Senator Jimmy Hickey, Jr. and Senator Linda Chesterfield for a question/comment on the motion. While Senator Hickey requested clarification of the action to be taken on the item, Senator Chesterfield made a request to receive the researched information that Representative Cavanaugh referenced in her remarks. Representative Cavanaugh stated she will send that information to BLR staff to distribute to members.

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

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Rice recognized Mr. Tony Robinson, BLR Administrator, to present a request from the University of Central Arkansas (UCA) that was sent to the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Mr. Robinson stated UCA submitted a request to establish a salary adjustment of more than two percent (2%), provided for some classified employees for Fiscal Year 2022-23, due to a lump sum payment of \$700 for all classified, non-classified, and faculty employees. This concluded the request of the Uniform Personnel Classification and Compensation Plan Subcommittee, and there were no questions.

Senator Linda Chesterfield moved that the request from UCA to the Uniform Personnel Classification and Compensation Plan Subcommittee be approved. The motion was seconded and passed by voice vote.

Reports of Interim or Special Committees

Co-Chair Rice recognized Representative Stephen Meeks, to present the report of the House and Senate Interim Committees on State Agencies and Governmental Affairs (Exhibit G.1). Representative Meeks reported that the House and Senate Interim Committees on State Agencies and Governmental Affairs met on Thursday, August 19, 2021, and on Tuesday, September 20, 2022, to discuss the election technology study and biometric data and ballot tracking, pursuant to

Act 421 of 2021. This concluded the report of the House and Senate Interim Committees on State Agencies and Governmental Affairs, and there were no questions.

Representative Stephen Meeks moved that the report of the House and Senate Interim Committees on State Agencies and Governmental Affairs be adopted. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Rice referred members to the communications listed on the agenda as Items H.01 - H.11 and noted that action by the Legislative Council was needed for Items H.2(a), H.2(b), and H.4(c).

H.02. Arkansas Teacher Retirement System (ATRS):

- a. Request for the Legislative Council's retrospective review of the imminent need partial equity ownership investments, submitted pursuant to A.C.A § 19-11-1303;
 - i. Greenbriar Equity Fund VI, L.P.
- b. Request for Legislative Council's review of an Investment Summary, submitted pursuant to A.C.A. §19-11-1302.
 - i. JFL Equity Investors VI, L.P.

Co-Chair Rice recognized Mr. Clint Rhoden, Executive Director, and Mr. Rod Graves, Deputy Director, ATRS, to give a brief summary of their request. After the presentation and questions, Co-Chair Rice requested a motion on Item H.2(a) and H.2(b).

Senator Bill Sample moved to file both requests received from the Arkansas Teacher Retirement System, as reviewed. The motion was seconded and passed by voice vote.

H.04. Department of Commerce:

- c. **Division of Rural Services**, Proposed approval of funding for Rural Community Grants for Cycle 1 of Fiscal Year 2023 and Rural Services Block Grant for Cycle 1 of Fiscal Year 2023 submitted pursuant to Section 48 of Act 1010 of the 2021 Regular Session.

Co-Chair Rice recognized Mr. Jim Hudson, Chief of Staff, Department of Commerce, and Ms. Becca Caldwell, Director, Division of Rural Services, to give a brief summary of their proposal. Members were then recognized for questions. Senator Kim Hammer requested to receive and have distributed to members, a list of Rural Community Grants for fire departments and their corresponding ISO rating. After questions, Co-Chair Rice requested a motion on Item H.4(c).

Senator Bill Sample moved to file the request for approval of funding from the Division of Rural Services, as reviewed. The motion was seconded and passed by voice vote.

Review of Communications *(continued)*

Co-Chair Rice then recognized Mr. Mark White, Deputy Director and Chief of Staff, Legal, and Legislative Affairs, of Department of Human Services (DHS), to present the report regarding assisted living facility reimbursements rates under the Living Choices Assisted Living Waiver. After the presentation, there were no questions, and this concluded the DHS report.

Adjournment

At 10:00 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Terry Rice
Co-Chair, Senate

Marty Garrity
Executive Secretary