

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

May 21, 2021

The Arkansas Legislative Council met at 9:00 a.m., Friday, December 18, 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.

Revenue Report

Co-Chair Wardlaw recognized Mr. Richard Wilson to present the November 2020 General Revenue Report (Exhibit C). Mr. Wilson began by reporting after five (5) months of the new Fiscal Year 2020-2021, collections of gross general revenues year-to-date have increased by \$332 million or 12%. The net is above at \$275 million with a growth rate of 11.4%. Mr. Wilson further reported, looking at the graph, the state is \$283 million above the official forecast. The gross receipts in taxes for the five (5) month period are up 8.8% and income taxes are up 15% due to the time shift. This concluded the revenue report.

Co-Chair Wardlaw recognized Senator Jonathan Dismang for questions. Senator Dismang asked, in regard to an article that he read stating Arkansas has one of the steepest declines in the country in personal income, what impact would it have on the state moving forward in relation to collections and revenue. Mr. Wilson responded he had not read the article but stated personal income is one of the main drivers of the revenue forecast. If you were to derive an equation that said Arkansas revenue is a function of Arkansas income, it would have a negative impact on general revenue outlook.

Co-Chair Wardlaw recognized Mr. John Shelnett, Economic Analysis and Tax Research, DFA to further respond. Mr. Shelnett stated he did view the components of the report for Arkansas. Its a quarterly number and contain anomalies in the components. In this case, it revolves around farm income that the Bureau of Economic Analysis (BEA) takes directly from USDA, without any adjustments. It does have swings that affect states in the Midwest. Regarding wage and salary growth, Arkansas actually out performs the national average, seeing no need to change the forecast. Senator Dismang asked Mr. Shelnett if he could compare the current numbers with the numbers from the past three (3) years. Mr. Shelnett responded, he will.

Co-Chair Wardlaw recognized Senator Joyce Elliott for questions. Senator Elliott asked, however the number was determined in income, does it include those who are newly or recently unemployed. Mr. Shelnett responded, also included in that report are swing and transfer payments from Washington, to the states, to individuals, including stimulus payments. Those are considered transfer payments and with the quarterly reporting of those numbers, it was still a positive number. It is about to swing the other way, but we have anticipated that.

Co-Chair Wardlaw recognized Senator Gary Stubblefield for questions. Senator Stubblefield asked if the report reflects all the agricultural subsidy payments that have been paid out this year. Mr. Shelnett responded, regarding the Bureau of Economic Analysis's (BEA) reporting of those payments, he is unsure of the answer to that question.

Report of a Standing Subcommittee

Administrative Rules Subcommittee

Co-Chair Wardlaw recognized Representative Dan Sullivan to present the report of the Administrative Rules Subcommittee (Exhibit E.1). Representative Sullivan reported that the Administrative Rules Subcommittee met on Wednesday, December 16, 2020. At the agency's request, one rule was pulled from consideration prior to the meeting, a DHS rule concerning the Children's Health Insurance Program State Plan Amendment for Parity and Therapy Units. All other rules were reviewed and approved. The subcommittee also received an agency update on delinquent rulemaking under Act 517 of 2019. This concluded the report for Administrative Rules Subcommittee, and there were no questions.

Representative Dan Sullivan moved that the report of the Administrative Rules Subcommittee be adopted. The motion was seconded and passed by voice vote.

Report of the Executive Subcommittee

Co-Chair Wardlaw recognized Co-Chair Cecile Bledsoe to present the report of the Executive Subcommittee (Exhibit D). Co-Chair Bledsoe reported that the Executive Subcommittee met on Friday, December 18, 2020. The subcommittee reviewed Rule 122 regarding prior authorization waivers for post-acute transfers as an emergency rule for the Arkansas Insurance Department. The emergency rule was reviewed and approved upon adjournment of the Arkansas Legislative Council (ALC) on December 18, 2020. This concluded the report of the Executive Subcommittee, and there were no questions.

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

Reports of the Standing Subcommittees *(continued)*

Hospital and Medicaid Study Subcommittee

Co-Chair Wardlaw recognized Representative Fredrick Love to present the report of the Hospital and Medicaid Study Subcommittee (Exhibit E.6). Representative Love reported that the Hospital and Medicaid Study Subcommittee met on Thursday, December 17, 2020, and discussed the status of the COVID-19 pandemic in the state. The subcommittee also discussed the spread of the virus and its impact on the availability of intensive care beds in the state. Additionally, vaccines and vaccine roll-out were discussed. This concluded the report of the Hospital and Medicaid Study Subcommittee, and there were no questions.

Representative Fredrick Love moved that the report of the Hospital and Medicaid Study Subcommittee be adopted. The motion was seconded and passed by voice vote.

Litigation Reports Oversight Subcommittee

Co-Chair Wardlaw recognized Representative Lanny Fite to present the report of the Litigation Reports Oversight Subcommittee (Exhibit E.7). Representative L. Fite reported that the Litigation Reports Oversight Subcommittee met on Wednesday, December 16, 2020, and reviewed seven (7) litigation cases, including one (1) administrative appeal by the APERS Board of Trustees; three (3) cases involving the Public Service Commission; three (3) compensation claims by the Division of Labor and Licensing Board on behalf of workers seeking compensation from former employees; and three (3) settlement cases, two (2) from DF&A and one (1) from Arkansas Department of Community Correction. This concluded the report of the Litigation Reports Oversight Subcommittee, and there were no questions.

Representative Lanny Fite moved that the report of the Litigation Reports Oversight 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 E.8). Senator Maloch reported the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on Tuesday, December 15, 2020, and approved requests for various temporary appropriations, CARES Act appropriation requests, a rainy day fund transfer request, a restricted reserve fund transfer request, and a reallocation of resources. The subcommittee reviewed several other items and received monthly reports.

Co-Chair Wardlaw requested DF&A to come forward to give a short update on CARES Act funds to members. Co-Chair Wardlaw recognized Mr. Jake Bleed, Director, DFA-Office of Budget, to report. Mr. Bleed reported, the state was given a large amount of funding by the federal government under the CARES Act and given a deadline of December 30, 2020 to have the funds expended. There is about \$41.9 million that has not been allocated and is available for distribution. In addition, there is about \$205 million that has been allocated to agencies who anticipated it will be spent, but has not yet been spent. It's anticipated that Congress will give an extension on the December 30, 2020 deadline, but they have not yet acted. In the event that Congress does not act, the state needs to be sure it does not forfeit any funding and use the remaining funding to best help the state going forward. At one time, DF&A had proposed a \$300 million appropriation, which would allow the State, in the event that Congress did not act, to sweep any remaining money over to the Unemployment Insurance (UI) Trust Fund. Lately, we have been made aware of certain information and have seen numbers in the fight against COVID-19 that make us think the amount that will be transferred over to the UI Trust Fund will be significantly less. The numbers for positive cases, hospitalizations, and deaths continue to grow. Therefore, between now and December 30th, the state may get requests and may identify needs for which CARES Act monies can be used to support. If any emergency request for appropriations were presented to the legislative body, assuming the request is approved, it would reduce the amount of money that is available to distribute. In addition, we have identified costs that the agencies incurred, which under recent guidance from the treasury department, we would be able to use the CARES Act money to reimburse agencies for their cost, putting the state in a better position for next year. Also, there are some limitations that we have been made aware of, for instance, how much we can transfer over to the UI fund, which would limit how it is handled at the end of the year.

Co-Chair Wardlaw recognized Senator Bond for questions. Senator Bond asked, if the legislative body gave DF&A authority to expend the funds, would they then have to come back before the legislature to do so. Mr. Bleed responded, that would be correct. However, all this is contingent upon Congress not giving an extension, but it's anticipated it will happen.

Co-Chair Wardlaw recognized Senator Joyce Elliott for questions. Senator Elliott asked, if the schools say they don't have the equipment they need to remain safe during this pandemic, can the legislature be content that money from the CARES Act fund will support their request, since later down the line, after giving authority to DFA for disbursement, the legislature may not have a say so. Mr. Bleed responded, the Department of Education is aware of the need and they have been assessing that issue regularly. The issue has also been raised by the CARES Act Steering Committee. Mr. Bleed continued, stating he received a note from Mr. Greg Rogers, Department of Education, who said there are funds set aside for personal protection equipment (PPE) for public schools. Senator Elliott asked for the amount of the funds. Mr. Bleed stated he did not have that information and Mr. Rogers was not in attendance, but he would get that information to her.

Co-Chair Wardlaw recognized Senator Missy Irvin for questions. Senator Irvin asked Mr. Bleed to explain his statement(s) related to the limitations of how much money can be swept into the UI Trust Fund. Mr. Bleed responded, stating CARES Act monies were given to the state to respond to Covid-19 and it was limited to that purpose. DF&A has distributed a fair amount of money out of the UI Trust Fund over the last three (3) months and all of that funding was related to Covid-19. However, some was estimated to not be Covid-19 related. The amount of \$165 million has already been moved. The trust fund has paid out about \$300 million, in which \$175 million has already been repaid. About \$100 million more would fully reimburse the trust fund for all that was paid out. After that, any additional funding would not be an allowable use of CARES Act money. Senator Irvin stated small businesses will be hit hard from the second quarter of the 2020 unemployment numbers, and some businesses will have a hard time paying the high tabs. That was the intention of putting more money into the Unemployment Trust Fund, to prevent the small businesses from receiving a high unemployment formula insurance which the government forced upon them by ordering business closure. Senator Irvin asked is the money going towards reimbursement. Mr. Bleed responded they are looking at things that they could do in the case that congress does not act and to make the best use of the existing dollars. He further stated, the CARES Act guidance has changed since the funding was first provided. One of those guidance instructions allows the state and local entities to be reimbursed for costs that the agencies have incurred in response to the coronavirus. Mr. Bleed stated the best way to put certain agencies back on their feet is to reimburse them for salary costs. Senator Irvin requested for the Department of Education to provide a report to Arkansas Legislative Council (ALC) on all federal monies that have been sent from the federal government.

(Co-Chair Wardlaw stepped away from the chair).

Co-Chair Bledsoe recognized Senator Trent Garner for questions. Senator Garner asked, if the money was appropriated and congress pushed the deadline back, are there any legalities that would stop DF&A from moving that money over to the UI trust fund. Mr. Bleed responded, being unsure if it is legal or not, a letter was submitted stating in the event that congress does not extend the date, DF&A would forfeit the appropriation.

Co-Chair Bledsoe recognized Senator Kim Hammer for questions. Senator Hammer asked for clarification, if there is no congressional approval and ALC does not take action at the meeting today, what would happen with the money. Mr. Bleed responded the money from the federal government would potentially be forfeited unless another use was found for it. DF&A is trying to avoid not utilizing the funds that were given. Senator Hammer asked of the Chair, would it be the intent to handle the request through the emergency process or through the full Arkansas Legislative Council (ALC). Co-Chair Bledsoe deferred the question to BLR staff. Ms. Marty Garrity, Director, Bureau of Legislative Research (BLR), responded that it would be a decision of the chairs, but with the limited time, between now and December 30, 2020, the requirement that ALC gives six days' notice prior to calling a meeting and not knowing when to anticipate the request from DF&A, time is too limited for a meeting.

Co-Chair Bledsoe recognized Representative Jim Dotson for questions. Representative Dotson asked if there is a total of the funding that was applied for and if DF&A looked into funding them an additional way if the amount is larger than what was approved. Co-Chair Bledsoe recognized Secretary Elizabeth Smith, Chair, CARES Act Steering Committee, to respond. Secretary Smith responded \$213 million was requested, the amount that was set aside was \$15 million.

Co-Chair Bledsoe recognized Representative Jim Wooten for questions. Representative Wooten asked what's the balance that has not been allocated from CARES Act money. Mr. Bleed responded, \$41.9 million, which is included in the \$300 million. He further stated, the \$300 million was a combination of everything that wasn't allocated and all that was allocated but the agencies hadn't yet spent. If the money isn't expended by December 30, 2020, it will be forfeited. Representative Wooten asked if there will be funding left for the schools. Mr. Bleed responded, once the money is transferred to the UI Trust fund, it can only be used for the insurance fund's purpose.

(Co-Chair Wardlaw returned to chair).

Co-Chair Wardlaw recognized Senator Linda Chesterfield for questions. Senator Chesterfield stated that monies had been expended to the northwest Arkansas Marshallese and Latino communities, but asked, what has been done in minority communities that are not located in northwestern Arkansas. Secretary Smith responded, the work northwest Arkansas performed, did include the Latino population across the state. They were not able to include the Marshallese population across the state because of the language barrier and a lot of interaction with the Marshallese was by in-person contact. There was also a community outreach grant presented by DHS and they are working specifically with minority populations with that. Senator Chesterfield asked how much money has been expended for that. Secretary Smith stated she believed the amount was \$5 million and all the counties across Arkansas received funding directly to assist with their community. Secretary Smith further stated there was a process through DF&A, for the cities and counties to apply for those funds without reimbursement, if they were able to do so.

Co-Chair Wardlaw recognized Representative Jack Ladyman for comments. Representative Ladyman stated that small businesses, if not given the proper funds to cover the large unemployment, would have to pay in the first quarter of next year, which means most small businesses would go under. Therefore, he supports the money being allocated to education, minorities, and small businesses.

Co-Chair Wardlaw recognized Senator Irvin for questions. Senator Irvin asked if there is an appropriation for an increased hospital bed capacity. Mr. Bleed responded that he does not think there is a specific appropriation laid out to address that. Senator Irvin stated bed capacity and opening up more beds and ICU's is her number one priority, while small businesses is her second priority. Senator Irvin stated she would like to make a motion in reference to the funds.

Co-Chair Wardlaw stated that an appropriation would have to be set with an excess amount, in order to have leeway to fulfill those needs if it was done today. Mr. Bleed's issue was that he wanted to request an exact amount, therefore, requesting through the emergency process. Mr. Bleed responded. He stated any requests would be contingent upon the Steering Committee's review.

Co-Chair Wardlaw recognized Senator Chesterfield for questions of clarification. Senator Chesterfield asked for clarification as to who has the final approval of appropriating and approving the release of the funds. Mr. Bleed responded that the legislative body would approve the appropriation but the money itself would come from the CARES holding fund and the process, as it was setup before, is that the Steering Committee would oversee the release of those funds. Co-Chair Wardlaw further explained. The CARES Act Steering Committee would defer those appropriations to ALC for final action. We are working with arrears today, because if any motion passes today that has not been approved by the CARES Act Steering Committee would have to go back to the CARES Act Steering Committee for their approval. Senator Chesterfield asked if state legislators are the last arbiter. Co-Chair Wardlaw responded, no.

Co-Chair Wardlaw recognized Representative Michelle Gray for questions. Representative Gray expressed her concerns with it being December 18 and the state having to spend the money by December 30, which leaves twelve (12) days to expend the funds to make sure money isn't left on the table, unless another meeting is called right before the holiday. Representative Gray further expressed, while she appreciates Senator Irvin's intent, she does not think there's anything they can functionally do in the next twelve (12) days.

(Co-Chair Wardlaw stepped away from the chair).

Co-Chair Bledsoe recognized Representative Mary Bentley for questions. Representative Bentley asked for a response from the CARES Act Steering Committee to the comments made by Representative Gray. Secretary Smith responded, DHS received \$50 million for hospitals and nursing homes to be utilized for coronavirus needs. They can use those dollars for bed expansion and they are also working to incentivize the right amount of staff. Mr. Bleed stated the bed capacity was just an example, but explained that it is a difficult situation as it may require additional funding and require us to move quickly on it. After further comments by Mr. Bleed, Representative Bentley stated, as a small business owner and also a voice, they have not received a bulk of money like the schools, hospitals, etc. Representative Bentley stated she agrees with moving forward putting the monies in the UI Trust fund.

(Co-Chair Wardlaw returned to chair).

Co-Chair Wardlaw stated that after conferring with leadership and the co-chair, it's been decided to call an ALC meeting on December 29, 2020 to handle all change items or new appropriations that's needed, if congress does not extend the deadline. If congress does extend the deadline all the items can be handled the first week of session, in Joint Budget Committee (JBC). Seeing no

objections to this, this concluded the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee.

Senator Bruce Maloch moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee, including the appropriation for the UI transfer be adopted. The motion was seconded, and passed by voice vote.

Review Subcommittee

Co-Chair Wardlaw recognized Senator Scott Flippo to present the report of the Review Subcommittee (Exhibit E.10). Senator Flippo reported the Review Subcommittee met on Tuesday, December 15, 2020 and reviewed various methods of finance, discretionary grants, and professional/consultants service agreements. No items were held. This concluded the report of the Review Subcommittee, and there were no questions.

Senator Scott Flippo 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 E.11). Senator Wallace reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on Tuesday, December 15, 2020, and received and discussed various reports that required no action, listed as Items 1-5 on the report. The subcommittee reviewed the actionable items, listed as Items 6-11 on the report, with discussion on Item 12. This concluded the report of the Uniform Personnel Classification and Compensation Plan Subcommittee, and there were no questions.

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.

Lottery Oversight Subcommittee

Co-Chair Wardlaw recognized Senator Joyce Elliott to present the report of the Lottery Oversight Subcommittee (Exhibit E.12). Senator Elliott began by introducing the new director for the Arkansas Lottery Commission, Mr. J. Eric Hagler, Director. Senator Elliott reported that the Lottery Oversight Subcommittee met on Thursday, December 17, 2020, and heard testimony regarding recommendations for the Arkansas Academic Challenge Scholarship Program, with testimony from Dr. Maria Markham, Director, Arkansas Division of Higher Education. The subcommittee reviewed the Department of Finance and Administration (DF&A) - Office of the Arkansas Lottery report and approval of the ALC Lottery Oversight Subcommittee Annual Report to the Arkansas Legislative Council. The final report is attached to the Lottery Oversight report (Exhibit E.12). This concluded the report of the Lottery Oversight Subcommittee, and there were no questions.

Senator Elliott made a motion that the report of the Lottery Oversight 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 E.13). Senator Dismang reported that the Highway Commission Review and Advisory Subcommittee met on Wednesday, December 15, 2020. Senator Dismang reported the subcommittee received and discussed the following reports from the Arkansas Department of Transportation:

- Report on annual expenditure of revenues from additional wholesale sales tax on fuel, additional vehicle registration fees on hybrid and electric vehicles, and casino gaming receipts/Restricted Reserve Fund transfers as required by ACA § 26-64-104(b);
- Report on congested routes, crash history, expenditures, and highway system mileage as required by ACA § 27-65-147;
- Report on proposed legislation for filing during the Regular Session as required by ACA § 27-65-146; and
- Report on quarterly progress on public road construction projects of ten million dollars (\$10,000,000) or more as required by § 27-65-107(a)(19).

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

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

Arkansas Health Insurance Marketplace Oversight Subcommittee

Co-Chair Wardlaw recognized Senator Kim Hammer to present the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee (Exhibit E.14). Senator Hammer reported that the Arkansas Health Insurance Marketplace Oversight Subcommittee met on Thursday, December 17, 2020, to discuss the current enrollment trends over the last few years under the Health Insurance Marketplace. The subcommittee also discussed how Arkansas continues to have the lowest healthcare insurance cost in the region. This concluded the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee, and there were no questions.

Senator Kim Hammer moved that the report of the Arkansas Health Insurance Marketplace Oversight 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 Tuesday, December 15, 2020, and discussed and adopted the final report. The report encompasses the work completed by the subcommittee to review and make recommendations regarding occupational authorizations within the first of six groups of

occupational entities for review under Act 600 of 2019. This concluded the report of the Occupational Licensing Review Subcommittee, and there were no questions.

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

Point of Personal Privilege

Co-Chair Wardlaw recognized Representative Matthew Shepherd, Speaker of the House of Representatives for a point of personal privilege. Speaker Shepherd stated it is a difficult day in the House, because the longtime assistant to the Speaker and assistant coordinator, Ms. Kaye Donham is retiring after providing 35 years of service to the House of Representatives. She has been an invaluable asset to the House and during his time as Speaker. The Speaker stated he wanted to make sure that he recognize her not only in the House but amongst the public, as well.

Reports of Interim or Special Committees

Special Subcommittee on Data-Sharing

Co-Chair Wardlaw recognized Senator Jane English to present the report of the Special Subcommittee on Data-Sharing (Exhibit F.1). Senator English reported that the Data-Sharing and Data-Driven Decision-Making Subcommittee met on Monday, December 14, 2020, via *Zoom*. The subcommittee approved the Data-Sharing and Data-Driven Decision-Making Subcommittee's final report of its recommendations as required by Arkansas Legislative Council Rule 5.(c). This concluded the report of the Data-Sharing and Data-Driven Decision-Making Subcommittee, and there were no questions.

Senator English moved that the report of the Data-Sharing and Data-Driven Decision-Making Subcommittee be adopted. The motion was seconded and passed by voice vote.

House and Senate Committees on Agriculture, Forestry, and Economic Development

Co-Chair Wardlaw recognized Representative Dan Douglas to present the report of the House and Senate Committees on Agriculture, Forestry, and Economic Development (Exhibit F.2). Representative Douglas reported that the House and Senate Committees on Agriculture, Forestry, and Economic Development, in compliance with Act 671 of 2019, met on Tuesday, September 10, 2019, and heard reports from agencies and individuals involved in the ATV tourism industry. There were people who profited from ATV tourism who were in favor in expanding and supporting the promotion of ATV tourism; however there were private owners who were in opposition of it. This concluded the report of the House and Senate Committees on Agriculture, Forestry, and Economic Development, and there were no questions.

Representative Dan Douglas moved that the report of the House and Senate Committees on Agriculture, Forestry, and Economic Development 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 G.1, G.4(c), G.6, and G.10(b) and noted that action by the Legislative Council is needed for those items.

Co-Chair Wardlaw made a motion to review the communications. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item G.1 –

1. **Arkansas Teacher Retirement System**, Request for the Legislative Council's review of the following investments, submitted pursuant to A.C.A. § 19-11-1302:
 - a. Mesa West Real Estate Income Fund V GP, LP; and
 - b. Conversion of existing investment in Highland Pellets, LP.

Co-Chair Bledsoe made a motion to file as reviewed Item G.1 for the Arkansas Teacher Retirement System. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item G.4(c) -

4. **Department of Commerce, Arkansas Economic Development Commission:**
 - c. Request for the Legislative Council's approval of the Wildlife Conservation Education Grants, submitted pursuant to Section 41 of Act 876 of 2019.

Co-Chair Bledsoe made a motion to file as approved Item G.4(c) for the Department of Commerce, Arkansas Economic Development Commission. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item G.6 -

6. **Department of Education, Division of Higher Education, UAMS Institute for Digital Health & Innovation**, Request for the Legislative Council's approval of the following seven (7) Rural Broadband I.D. grant awards, submitted pursuant to Section 29 of Act 139 of 2020:
 - a. Little River County - Award Amount \$75,000;
 - b. Eagle Ridge Property Owners Association - Award Amount \$75,000;
 - c. City of Tull - Award Amount \$40,000;
 - d. City of Ward - Award Amount \$75,000;
 - e. City of Sherwood - Award Amount \$75,000;
 - f. Perry County - Award Amount \$75,000;
 - g. Kick Start Sheridan (City of Sheridan, Grant County) - Award Amount \$75,000.

Co-Chair Bledsoe made a motion to approve Item G.6 for the Department of Education, Division of Higher Education, UAMS Institute for Digital Health & Innovation. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item G.10(b) -

10. **Department of Parks, Heritage, and Tourism:**
 - b. **Office of the Secretary**, Business Interruption Grant Program, grant awards to

recipients who are "constitutional officers", submitted pursuant to Executive Order 98-04;

Co-Chair Bledsoe made a motion to approve Item G.10(b) for the Department of Parks, Heritage, and Tourism - Office of the Secretary. The motion was seconded and passed by voice vote.

Business Carried Over

Division of Workforce Services

Co-Chair Wardlaw recognized Dr. Charisse Childers, Director, Division of Workforce Services (DWS), to report on fraudulent unemployment claims.

Dr. Childers referred members to the PowerPoint presentation packet (Exhibit J.01). She reported that the mandatory weekend work has been discontinued in the local offices due to the decline in weekend call volume. Weekend work is on a voluntary basis. The DWS office will be closed Christmas Eve, Christmas Day, and the day after Christmas. Local office staff who have worked weekends or who have been designated as essential and unable to take vacation will be allowed to carry over annual leave hours in excess of 240 hours. Dr. Childers stated she's been working with the Office of Personnel Management to determine which individuals the leave would apply to.

Dr. Childers continued, reporting that as of November 14, 2020, the Unemployment Insurance (UI) fraud claims were 30,669 and the Pandemic Unemployment Assistance (PUA) fraud claims were 1,520; as of December 12, 2020 the UI fraud claims were 32,652 and the PUA fraud claims were 1,817. The dollar amount of fraudulent benefits paid out as of November 14, 2020 was \$12,290,804 and as of December 12, 2020, the amount was \$13,022,738. The recovery amount as of November 14, 2020 was \$1,027,402 and as of December 12, 2020, the recovery amount was \$1,082,882. Dr. Childers stated 59,739 PUA claims are flagged for review based upon DWS fraud detection algorithms. Beginning December 4, 2020 each flagged claimant received a letter and an email requiring the claimant to log onto an ID verification web site which captures a picture of the back of their driver's license. So far, 4,634 (8%) have responded and 2,514 claims have been released for processing. The low response rate confirms our suspicion that the majority of the flagged claims are likely fraudulent. Claimants who do not provide an identification within 10 days will have their claim deactivated. Dr. Childers further reported that as of November 14, 2020 there were a total of 26,187 claims pending in adjudication and 7,294 appeals pending. As of December 12, 2020 there were 26,474 total claims pending in adjudication and 8,103 appeals pending. Dr. Childers stated DWS is adding staff to claims adjudication and enabling local offices to resolve some of the issues without the involvement of claims adjudicators, as steps to increase claims adjudication productivity. In addition to those steps, we are also taking steps to address the adjudication and appeals backlog by increasing adjudication staff from 23 to 33; the Appeals Tribunal staff will increase from 14 to 46; and the Board of Review staff will increase from 8 to 18 by December 31. This concluded the report on fraudulent claims.

Co-Chair Wardlaw recognized Senator Mark Johnson for questions. Senator Johnson asked if there is a mechanism or will prosecution be pursued on those submitting fraudulent claims. Dr. Childers stated DWS is working with the Inspector General, the FBI, the Arkansas State Police, as well as federal and state agencies on these type of claims. However, prosecution has yet to be brought against anyone.

Co-Chair Wardlaw recognized several members to continue with questions of clarification and discussion on fraudulent claims and the adjudication process; Dr. Childers responded. There were no further questions.

Department of Finance and Administration

Co-Chair Wardlaw stated agenda item J.02 for Department of Finance and Administration was taken up and discussed with the PEER report earlier in the meeting. The \$50 million CARES appropriation request for the UI trust fund was included in the \$300 million which was discussed.

Adjournment

At 10:54 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