

CARES ACT STEERING COMMITTEE MEETING MINUTES
ZOOM Meeting
Wednesday, December 9, 2020 – 3:30pm

IN ATTENDANCE

STEERING COMMITTEE MEMBERS

Chair, Elizabeth Smith, Secretary of the Department of Inspector General
Vice Chair, Dr. Greg Bledsoe, Surgeon General (Department of Health Designee)
Larry Walther, Secretary of the Department of Finance and Administration
Mike Preston, Secretary of the Department of Commerce
Cindy Gillespie, Secretary of the Department of Human Services
Amy Fecher, Secretary of the Department of Transformation & Shared Services
Jami Cook, Secretary of the Department of Public Safety
Johnny Key, Secretary of the Department of Education
Bill Gossage, Governor's Office Representative
Senator Missy Irvin
Senator Will Bond
Senator David Wallace
Representative Michelle Gray
Representative Fred Allen
NOTE: Representative Lane Jean was not in attendance

ADDITIONAL ATTENDEES

Paul Louthian, Deputy Director, Department of Finance & Administration
Stephanie Williams, Chief of Staff, Department of Health
Pearl McElfish, Vice Chancellor, UAMS Northwest Regional Campus
Austin Booth, Chief of Staff & CFO, Department of Veterans Affairs

AGENDA

- 1) Welcome and opening remarks: Secretary Smith
 - a. Approval of Minutes from 12/02/20
 - b. Requests to return funds
 - i. Department of Agriculture - IT cost reimbursement
 - ii. Department of Commerce - Developmental Disabilities
 - iii. Department of Public Safety - PPE & sanitization
 - iv. Department of Health
 1. Black Hall of Fame
 2. Marshallese Community
 - v. Department of Human Services: Pediatric Providers
 - c. Requests to reallocate funds within programs
 - i. Department of Health/Northwest Arkansas Council – Stephanie Williams
 - ii. Department of Commerce/ADWS – Secretary Preston
 - d. Requests for extension past 12/30/20 deadline
 - i. Department of Commerce
 1. UI IT Modernization
 2. Rural Connect Broadband

3. Rural Connect Admin expenses
 - ii. Department of Health
 1. Northwest Arkansas Council
 2. Health Equity Mobil Health Unit
 - iii. Public Broadcasting System
- 2) Department of Finance & Administration: cities and counties update – Paul Louthian
- 3) Department of Finance & Administration: report on available funds – Secretary Walther
 - a. Assuming congress provides extension past 12/30/20 deadline
 - b. Assuming no extension past 12/30/20 deadline
- 4) Department of Veterans Affairs – Austin Booth

WELCOME & OPENING REMARKS

Secretary Elizabeth Smith presented the minutes from the CARES Act Steering Committee meeting on December 2, 2020. Secretary Mike Preston motioned to approve; Secretary Amy Fecher provided a second; Secretary Smith called for a vote; the minutes were approved.

REQUESTS TO RETURN FUNDS

Secretary Smith noted \$8,772,340 is the total amount of funds to be returned at this time, as listed on today's agenda, and there is no action to be taken by the committee regarding receiving those funds.

Secretary Smith noted the Department of Human Services (DHS) is also working to figure out an additional amount of funds that will be returned, in addition to the \$8 million that is coming back from pediatric providers, and that will be sent to the committee when DHS knows the figure. Secretary Cindy Gillespie confirmed that there will likely be about \$6-\$7 million being returned from the emergency response payments, and her team is working on a final review of those.

REQUESTS TO REALLOCATE FUNDS

Secretary Smith noted there are two requests to reallocate funds within the programs the Steering Committee has already approved.

Department of Health/Northwest Arkansas Council

Secretary Smith noted 2,000 flu vaccinations have been administered through the Northwest Arkansas Council's work fighting COVID for the target population, and they would like to reallocate \$31,000 to support those flu shots. Chief of Staff Stephanie Williams noted Dr. Romero and the Department of Health are in full support of this request.

Secretary Preston motioned to approve; Senator Missy Irvin provided a second; Secretary Smith called for a vote; the motion passed.

Department of Commerce/Division of Workforce Services

Secretary Smith noted the Arkansas Division of Workforce Services (ADWS) is requesting to reallocate the \$2.18 million remaining from the Lost Wage Assistance (LWA) program to the Unemployment Insurance (UI) Maximus contract for call centers.

Secretary Preston reminded that LWA was the additional \$300 per week that was needed for the match, which was previously approved by the committee, and those final payments are going out and there is approximately \$2.18 million remaining. Secretary Preston noted, because of the LWA program and the continuing Pandemic Unemployment Assistance (PUA) program, the contract with Maximus needed to be extended to support call centers through the end of the year, and this reallocation this would help with those contract costs.

Secretary Larry Walther motioned to approve; Senator Irvin provided a second; Secretary Smith called for a vote; the motion passed.

REQUESTS FOR EXTENSION PAST 12.30.20 DEADLINE

Secretary Smith noted there are requests for an extension of time past the deadline to complete the projects if we receive an extension from Congress related to the Coronavirus Relief Funds.

Secretary Smith noted more information will potentially be given regarding an extension on December 18, which is also the day that the Arkansas Legislative Council (ALC) meets. Secretary Smith emphasized that she wants to make the committee aware of the amount of money that will potentially not be spent if we do not get an extension, and these are funds in addition to what we have not yet allocated.

Senator Will Bond asked for clarification on whether the committee is being asked to approve these extensions. Secretary Smith noted each of these items has appropriation from the state to expend these dollars within the state fiscal year, so there is no Arkansas legislative action that needs to be taken, but the committee approved all of these projects pending completion by December 30, so there could be a motion made to extend in the event that Congress allows an extension. Secretary Smith listed the items for which an extension is being requested from the Department of Commerce, the Department of Health, and the Public Broadcasting System.

Secretary Walther motioned to approve the extension of these projects into 2021, contingent on an extension of the deadline by Congress. Senator Irvin provided a second.

Senator Irvin pointed out that the committee just approved for the Northwest Arkansas Council to reallocate \$31,000 for flu vaccinations, but under this current motion, \$500,000 is listed for the Northwest Arkansas Council. Senator Irvin asked if those two amounts are part of the initial monies for contact tracing that the committee approved. Secretary Smith answered yes.

Chief Stephanie Williams confirmed the \$31,000 is a reallocation of part of the original award, and the \$500,000 is the projection - after the adjustment of \$31,000 - that the Northwest Arkansas Council thinks they will not be able to spend before December 30.

Senator Irvin asked what specifically the \$500,000 would be spent on. Chief Williams noted the same work would continue to be executed that was approved by the committee, such as flu shots, contact tracing, testing, and support services.

Secretary Gillespie asked Secretary Walther if any funds need to be extended to support personal protective equipment (PPE) and cleaning purchases by state agencies if Congress does allow an extension. Secretary Walther noted the Department of Finance and Administration (DFA) does

have some additional money, but if we get the extension, there will need to be a discussion about future needs.

Secretary Smith noted there is a motion and a second, then called for a vote. The motion passed.

DEPARTMENT OF FINANCE & ADMINISTRATION: CITIES AND COUNTIES

Paul Louthian noted the deadline for cities and counties to file their requests for payments and provide documentation is Tuesday at midnight. Mr. Louthian listed the below updates:

- 11 applications open for revision: 3 counties and 8 cities, which total \$2.2 million that is held up while waiting for information to come in from cities and counties
- 24 pending requests for information: 7 counties and 17 cities, totaling \$5.3 million, for which applications have been received but DFA is waiting on answers to questions
- 75 applications that no payment requests have been made for: totaling about \$12 million, in which the city or county has filed an application and DFA has approved the project, but DFA is waiting on them to request for the payment to be made and submit their documentation.

Mr. Louthian noted DFA has made exhaustive efforts to contact the cities and counties, and he asked the committee members to reach out to mayors or county judges so they understand they need to contact DFA to file those requests for payment or submit information for review by Tuesday night. Mr. Louthian noted if the information is not received by the deadline, about \$20 million could potentially come back to the Steering Committee, but that number is changing on an hourly basis.

Mr. Louthian noted there was about \$6 million that was not applied for in total, so when adding the \$6 million to the \$20 million, there is a balance of about \$26 million. Mr. Louthian noted the process is being finalized for how the money for convention bureaus and advertising promotion boards will be applied for, and there is a total of about 49 of those entities. Mr. Louthian noted there may need to be a restrictive method for funding those which may limit the amount of money being reimbursed to those entities. Mr. Louthian estimated that up to \$5 million would be used out of the \$10 million that was set aside, so there may be a total recoupment by the Steering Committee of \$15-\$20 million, depending on how much is used by convention bureaus and advertising entities, and also depending on the finalization of payments to cities and counties.

Senator Irvin suggested that the Governor's staff or liaisons contact the legislators that represent the areas pending information so the legislators can call those county judges and mayors. Secretary Smith agreed with Senator Irvin's idea.

DEPARTMENT OF FINANCE & ADMINISTRATION: AVAILABLE FUNDS

Discussion assuming Congress provides extension past the 12/30/20 deadline:

Secretary Smith noted there is \$18,971,990.20 of unallocated funds remaining, and if we assume Congress provides an extension past the deadline, adding the \$18.9 million of unallocated funds to the \$8.7 million being returned, there would be at least \$27.7 million available for the Transformation and Shared Services (TSS)/Division of Information Systems (DIS) cybersecurity

data center optimization project. Secretary Smith reiterated that the committee will likely receive additional money back from cities and counties, as well as from DHS.

Secretary Smith reminded that the committee previously approved the TSS/DIS cybersecurity request for up to \$33.4 million and the committee also approved, then withheld, \$50 million for the Unemployment Insurance (UI) Trust Fund, so those will need to be reviewed and discussed.

Senator Bond reminded that the committee has not voted on the health and safety payments for teachers and staff proposal, which recommended \$1,000 for each teacher and certified staff, principal, and vice principle, and \$500 for each classified staff, and that totaled \$54 million. Senator Bond noted if that is reduced to \$500 for both classifications, it would be \$34.5 million. Senator Bond motioned for the committee to consider and vote on this proposal and for that to be funded before the cybersecurity proposal.

Secretary Smith reminded that the committee has already approved the cybersecurity proposal, pending an extension and the availability of funds, so to consider Senator Bond's requests there may need to be a motion to undo the cybersecurity approval.

Representative Fred Allen asked if it would be possible to pull out one or two components from the cybersecurity project that could meet the needs of state agencies, and if not, he agrees that Senator Bond's proposal is worth considering.

Senator Irvin inquired about how the committee is categorizing which proposals are a priority, and she reminded that the \$50 million for the UI Trust Fund was approved and was in motion to get approval through the Arkansas Legislative Council (ALC), and that is being held. Senator Irvin noted the committee has not acted on that, but that was held because of the need presented by DHS for hospitals and nursing homes. Senator Irvin shared that her priorities are the healthcare industry as number one, small businesses as number two, and the cybersecurity proposal is further down her list of priorities. Senator Irvin noted she is not comfortable deciding on how to deal with this until there is an absolute answer on the deadline.

Secretary Smith noted the \$50 million for the UI Trust Fund is not contingent on an extension and that is already allocated, so that should have been above the cybersecurity proposal. Senator Irvin agreed.

Secretary Smith noted the committee should be receiving additional funding back, more than the \$27 million, and the UI Trust Fund will need at least \$50 million to reach the threshold.

Secretary Smith revisited Senator Bond's motion to hear the proposal for health and safety payments for teachers and staff. Representative Allen provided a second.

Senator Bond noted, based on the money available, he feels it would be appropriate to do \$500 for all public schoolteachers and staff, which would be \$34.5 million. Senator Bond noted it is important to consider whether the executive branch is going to approach the UI Trust Fund issue with a different method, either by executive order or during legislative session.

Senator Bond asked for the teacher and staff proposal to be considered at the \$34.5 million level, which would be approximately equal to the cybersecurity proposal, and the legislature could consider the cybersecurity issue during the normal budget process.

Secretary Smith called for a vote on the motion to hear the proposal; seven committee members opposed; the motion did not pass.

Discussion assuming no extension past the 12/30/20 deadline:

Secretary Smith referenced the amount listed on the agenda of \$50,742,441.96, which is the total of the three areas that have already been discussed, and noted that if we do not get an extension, the committee has already allocated \$50 million for the UI Trust Fund, and we do know that there will be additional funds coming back.

Secretary Smith listed a couple of ideas, one being to allow some funds to be utilized for expenses that have been incurred within the state that have not been requested or reimbursed. Secretary Smith noted the remaining funds, in the final sweep if there is no extension, could be moved into the UI Trust Fund, and an appropriation would be needed for that. Secretary Smith noted an appropriation would not be needed for the reimbursement of state funds that have already been spent.

Secretary Smith suggested the committee discuss having a blanket, umbrella-type appropriation for the UI Trust Fund if there is not an extension past the December 30 deadline.

Representative Allen asked, in the event that there is more than \$50 million left, if it would be possible to consider Senator Bond's proposal for teachers. Representative Allen also asked if it would be possible to pull some software components out of the cybersecurity proposal to be deployed to various agencies across the state. Secretary Amy Fecher clarified that there is no software in the cybersecurity proposal.

Senator Bond suggested the committee could find a time to meet again when they know more about these numbers and about the extension, rather than making this decision to sweep it all right now.

Secretary Walther reminded that the ALC meets next Friday, and DFA would like to request an appropriation that would be able to cover certain amounts in case there is no extension. Senator Bond noted that if all the funds are swept into the UI Trust fund, that would put over \$215 million into the trust fund. Secretary Smith emphasized that is not the intention. Secretary Walther noted DFA would try to find other expenses that have occurred in state government over the last 9-10 months and cover those expenses, then the remainder would go into the UI Trust Fund. Senator Bond noted there is an emergency procedure for the ALC if it comes down to that and if the deadline is not extended.

Secretary Preston motioned for the appropriation to go into the UI Trust Fund, pending all other avenues that the committee has discussed. Dr. Greg Bledsoe provided a second.

Representative Allen agreed with Senator Bond that this should not be rushed, and he noted there are other needs that could be met with this money. Secretary Smith clarified that the remainder would only be swept into the UI Trust Fund after addressing additional needs.

Secretary Smith called for a vote; Senator Bond opposed; Representative Allen abstained from the vote; the motion passed.

DEPARTMENT OF VETERANS AFFAIRS: REIMBURSEMENT

Secretary Smith noted the Arkansas Department of Veterans Affairs (ADVA) is requesting \$134,075.62 for reimbursement of COVID-related expenses.

Senator Dave Wallace motioned to approve; Senator Irvin provided a second; Secretary Smith called for a vote; the motion passed.

CLOSING DISCUSSION

Secretary Gillespie noted DHS is working on the Community Outreach Grants and they plan to allow the recipients to spend that money up until December 20 instead of December 13, unless the committee objects.

Secretary Smith motioned to allow for that deadline; Senator Irvin provided a second; Secretary Smith called for a vote; the motion passed.

The meeting was adjourned.