

JIM HENDREN
PRESIDENT PRO TEMPORE
SENATOR
2ND DISTRICT
OFFICE: 479-787-6222
jim.hendren@senate.ar.gov

1607 HWY 72 SOUTHEAST
GRAVETTE, ARKANSAS 72736-9438



**THE SENATE
STATE OF ARKANSAS**

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August 5, 2020

Elizabeth Thomas Smith, JD
Chair
Arkansas CARES Act Steering Committee
323 Center Street, Suite 1200
Little Rock, Arkansas 72201

**RE: CARES Act Funding Request for Broadband
Arkansas Rural Connect, \$100 Million**

Dear Madam Chair:

The purpose of this letter is to voice my support for a request of \$100 Million for the Arkansas Rural Connect (ARC) program. I have heard from numerous colleagues in the Senate who believe providing broadband to underserved areas of the state must be a priority during this pandemic. The bulk of this funding will be used primarily for grant awards in the rural communities of Arkansas with an estimated \$5 million for administrative costs.

The ARC program will provide grants to internet service providers (ISPs) and Electric Coops that partner with ISPs to deploy or complete infrastructure in the rural areas of Arkansas. Local entities and ISPs will co-apply for the grant; however, funding will go directly to the ISPs. As described below, the grant proceeds will be in the hands of the ISPs and fully expended no later than December 30, 2020, which will meet the CARES Act requirements.

The Emergency Coronavirus Rule is now active. This rule empowers the ARC program to accelerate the administration of the program and the spending of dedicated funds, while still having in place the accountability built into the original ARC Rules. Under the ARC Coronavirus Rules, applications could be reviewed and funded quickly, and all monies would be paid to ISPs upon award. This will help ISPs to deploy more rapidly by allaying any immediate cash flow and/or financing constraints that might otherwise slow deployment.

PAGE TWO

**Letter – Senator Jim Hendren
August 5, 2020**

The ARC program currently has \$5.7 million in general revenue. Approximately \$1 million was set aside for administration and technical services, and \$250,000 has been allocated for technical review by UAMS Institute of Digital Health and Innovation (IDHI). This leaves a balance of approximately \$4.7 million for grant funding using general revenue. The ARC program has also received \$19.3 million from the CARES Act Steering Committee that is currently and solely used for grant funding.

The Arkansas Economic Development Commission (AEDC) would receive the CARES Act money. AEDC would obtain any necessary appropriation for the \$100 million. This fund along with the audit requirements of the Coronavirus Rules will help monitor CARES Act funds for federal audit purposes. The Broadband Office and UAMS IDHI will review projects as soon as they are received and, awards will be made on an ongoing basis. Grant awards will be made early enough to ensure the Department of Commerce can account for the CARES Act funds it distributes.

Deployment of broadband will vary by the technology utilized; however, UAMS IDHI will verify construction plans and timelines to ensure buildouts are timely. They will also be providing spot checks on deployment sites to ensure the construction is being done as prescribed.

I hope that the CARES Act Steering Committee will grant the ARC program the requested \$100 million to get the rural areas of Arkansas connected during this pandemic.

Respectfully,



Jim Hendren
President Pro Tempore
District 2