



STATE OF ARKANSAS

*House of Representatives*

NINETY-SECOND GENERAL ASSEMBLY  
STATE CAPITOL  
500 WOODLANE STREET, SUITE 350  
LITTLE ROCK, ARKANSAS 72201-1089  
(501) 682-7771

MATTHEW J. SHEPHERD, SPEAKER

August 5, 2020

Ms. Elizabeth Smith, JD, Chairperson  
CARES Act Steering Committee  
c/o Office of the Medicaid Inspector General  
323 Center Street, Suite 1200  
Little Rock, Arkansas 72201

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

Dear Madam Chair:

Please consider this letter as my request of the CARES Act Steering Committee to approve \$100 million for the Arkansas Rural Connect (“ARC”) program. Given the increasing utilization of working and studying remotely, this request is of tremendous importance to our State as the majority of this funding will be used for grant awards to deploy, complete, or improve broadband infrastructure across Arkansas. It is estimated that \$5 million will be utilized for administrative costs.

The ARC program will provide grants to internet service providers (“ISPs”) and Electric Cooperatives that partner with ISPs to deploy or complete infrastructure. 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 should be able to be fully expended no later than December 30, 2020, which will meet the current CARES Act requirements.

Further, the Emergency Coronavirus Rule is now active. This rule allows 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.

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 funding that is currently and solely used for grant funding.

Ms. Elizabeth Smith, JD, Chairperson  
CARES Act Steering Committee  
Page 2  
August 5, 2020

The Arkansas Economic Development Commission (“AEDC”) would receive the CARES Act money. AEDC would need to request any necessary appropriation for the \$100 million. This fund along with the audit requirements of the Coronavirus Rules will help in monitoring 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 favorably consider this request and approve \$100 million for the ARC Program in order to bolster the connectivity of Arkansas.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'MJS', written in a cursive style.

Matthew J. Shepherd  
Speaker of the House