



Asa Hutchinson
GOVERNOR

Michael Preston
SECRETARY OF COMMERCE

December 8, 2020

Elizabeth Smith, Secretary
Department of Inspector General
323 Center Street, Suite 1200
Little Rock, AR 72201

RE: Return of CARES Act Funding

Dear Secretary Smith:

On June 15, 2020, the CARES Act Steering Committee recommended \$8,716,220.00 in funding for UI IT Modernization. These payments were necessary for the standardization and modernization of the Unemployment Insurance Program Systems to support the Pandemic Unemployment Assistance (PUA) program serving the critical needs of self-employed, independent contractors and GIG economy workers not served by the traditional unemployment insurance program. PUA was developed specifically to address the impact of COVID-19. UI Modernization (unsupported infrastructure only): Approximately \$5,000,000 in funding will remain unexpended after the current Dec. 30, 2020, deadline passes. These funds directly support rewriting unemployment insurance applications that are hosted on out of date and out of support infrastructure. The applications hosted on the out of support infrastructure allow DWS to provide unemployment insurance benefits to Arkansas citizens whose employment was impacted by the COVID 19 global pandemic.

If funding is extended, DWS would be able to mitigate the risk of unsupported UI system infrastructure, increased cyber security risks, and increase the ability of DWS to continue to administer current CARES Act UI programs and allow for agility with implementing any future COVID related UI programs. Unlike the existing (and planned) limited funding from the DOL, these funds are immediately available and could be utilized for immediate risk mitigation and system improvement.

Estimated timeframe: Six to 12 months

On July 8, 2020, the committee recommended \$7,844,021.00 in funding for the Development Disabilities Provider Emergency Loan program. This program was for providers negatively impacted by the economic effects of the COVID-19 pandemic and because of their size they were not eligible for loans under the SBA's Paycheck Protection Program. Approximately \$118,300 of these will not be expended are will be available to return to the CARES Steering Committee.

On August 5, 2020, the committee recommended \$100,000,000.00 in funding for Arkansas Rural Connect. The department identified the need for expanded broadband deployment in the State to address the critical delivery needs of telemedicine, K-12 education and telework capabilities. The Arkansas Rural Connect program is an integral component of the state's response to the COVID-19 public health

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emergency. Approximately \$12,624,557.42 in funding will remain unexpended after the current Dec. 30, 2020, deadline passes. These funds directly support the construction and provision of telecommunications facilities that provide high-speed Internet service to end-users/customers in targeted, rural communities across Arkansas.

If funding is extended, additional rural communities could be served by local service providers through the construction and provision of high-speed Internet service telecommunications facilities. Unlike existing (and planned) funding from the FCC, these funds are immediately available and could be utilized for expedited provisioning.

Estimated timeframe: Three to six months

Approximately \$3,488,658.54 in funding will remain unexpended after the current Dec. 30, 2020, deadline passes. These funds are currently used for program support, including administrative salaries, the technical review of proposed plans and designs by selected suppliers that have provided proposals for the provisioned high-speed Internet service, and follow-up monitoring of completed construction and provisioning to ensure completeness and successful deployment to end-users/customers.

If funding is extended, along with program funding, ongoing administrative functions could continue, which would support the expedited provisioning of high-speed Internet service to rural communities.

Estimated timeframe: Three to six months

The department has determined that the following amounts from these programs can be returned to the Coronavirus Relief Fund:

Developmental Disabilities Provider Emergency Loans	\$118,300.00
UI IT Modernization	\$5,000,000.00
Rural Connect Emergency Coronavirus Program	\$12,624,557.42
Rural Connect Emergency Coronavirus Program Administrative Costs	\$3,488,658.54
TOTAL	<hr/> \$21,231,515.96

Please let me know if you have any questions concerning this matter.

Sincerely,



Michael Preston
Secretary
Department of Commerce