

STATE BOARD OF COSMETOLOGY

Enabling Laws

Act 97 of 2005
A.C.A. §17-26-205

History and Organization

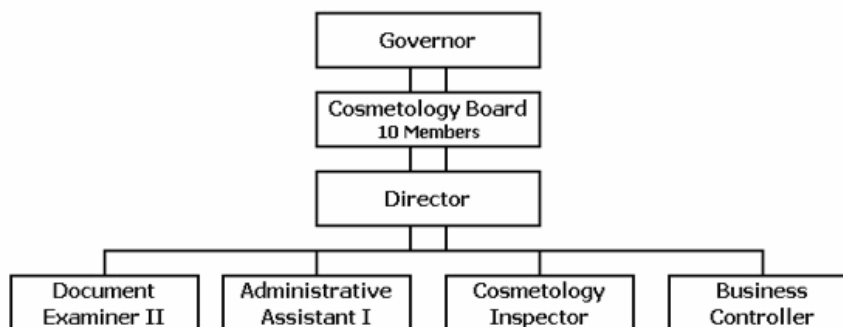
The Arkansas State Board of Cosmetic Therapy was created in 1925 to protect the public through the regulation of the practice of Cosmetology. Act 358 of 1955 created the State Board of Cosmetology and provides the basic authority from which the Board operates today.

The mission is to protect the public welfare by establishing, maintaining and enforcing appropriate standards of competency and practice in the Cosmetology Profession.

Statutory Responsibility is to regulate the vocation of cosmetic therapy; develop and maintain a curriculum of study; develop and conduct examinations for registration and licensing of applicants; register and regulate the conduct and sanitation of cosmetological establishments and schools; adopt rules and regulations to carry out the provisions of the Cosmetology Code; and determine penalties for violation of the Code and regulations promulgated by the Board.

The primary activities: 1) Administer the licensure examination on a weekly basis to qualified applicants pursuing licensure in the following occupational areas (Cosmetologists, Aestheticians, Electrologists, Manicurists, Cosmetology and Electrology Instructors); (2) Grant certification to those who pass the examinations and otherwise qualify; (3) Determine whether those who apply for license by reciprocity are qualified to practice; (4) Annually register and issue licenses to practitioners and cosmetological establishments; (5) Inspect cosmetological establishments and schools for compliance with licensing code and health and safety regulations; (6) Investigate violations of the Cosmetology Act and where appropriate take disciplinary action after conducting a hearing; (7) Monitor mandatory continuing education on Instructors who hold licenses to practice.

The Board is not affiliated with any oversight and/or advisory Board or Commission.



Agency Commentary

The Arkansas State Board of Cosmetology operates from two appropriations, Disciplinary Hearings (850) - a cash fund and Cosmetology Operations (053) - a special revenue account.

Disciplinary Hearings (850)- Fund Source (NBC0000)

This fund source is used for administrative hearing expenses (court reporter, subpoenas, witnesses, expenses, etc.), the costs for other enforcement actions and related administrative expenses, (process servers, court fees, transcripts, postage, etc.). The Base Level request for this appropriation is \$4,814. The Board is requesting an overall increase of \$7,000 in FY08 and FY09 for Operating Expenses, of which \$1,050 is requested as a reallocation from the Disciplinary Hearings line item. Anticipated receipts and the current fund balance in the Board's cash fund account are sufficient to support this request.

Cosmetology Operations (053) - Fund Source (SXC0100)

The Board uses this fund source to cover operating expenses to conduct examinations; maintain a system for issuing certificates of registration and licenses; conduct health and safety inspections and operations audits; conduct meetings; maintain a principle office and provide the administrative support the Board needs to carryout its duties and responsibilities as prescribed in the Cosmetology Code.

An increase in the Board's Base Level of operations is needed to cover general cost increases in operating expenses to continue the Board's current level of operations. Change Level requests total \$40,902 each year of the biennium. In order to assist with statewide inspections of beauty schools and businesses, the Board is requesting an additional Cosmetology Inspector position. Total cost for the position is \$27,492 each year of the biennium.

Anticipated receipts generated from operations are sufficient to support the Board's biennial budget requests.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF COSMETOLOGY
FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

None

None

Employment Summary

| | Male | Female | Total | % |
|-------------------------|------------------|--------|-------|-------|
| White Employees | 1 | 7 | 8 | 80 % |
| Black Employees | 0 | 2 | 2 | 20 % |
| Other Racial Minorities | 0 | 0 | 0 | 0 % |
| | Total Minorities | | 2 | 20% |
| | Total Employees | | 10 | 100 % |

Publications

A.C.A 25-1-204

| Name | Statutory Authorization | Required for | | # Of Copies | Reason (s) for Continued Publication and Distribution |
|-----------------------|----------------------------|--------------|------------------|-------------|---|
| | | Governor | General Assembly | | |
| Rules and Regulations | A.C.A. 17-26-205 (a)(D) | N | N | 1,200 | Required by Law. All new licensees receive copy. |

Department Appropriation

| Appropriation | Historical Data | | | | | | Agency Request and Executive Recommendation | | | | | | | |
|---------------------------|-----------------|-----|-----------|-----|------------|-----|---|-----|-----------|-----|-----------|-----|-----------|-----|
| | 2005-2006 | | 2006-2007 | | 2006-2007 | | 2007-2008 | | | | 2008-2009 | | | |
| | Actual | Pos | Budget | Pos | Authorized | Pos | Agency | Pos | Executive | Pos | Agency | Pos | Executive | Pos |
| 053 Operations | 606,374 | 10 | 674,366 | 10 | 670,817 | 10 | 738,824 | 11 | 690,430 | 10 | 738,824 | 11 | 690,430 | 10 |
| 850 Disciplinary Hearings | 46,156 | 0 | 4,814 | 0 | 4,814 | 0 | 10,764 | 0 | 10,764 | 0 | 10,764 | 0 | 10,764 | 0 |
| Total | 652,530 | 10 | 679,180 | 10 | 675,631 | 10 | 749,588 | 11 | 701,194 | 10 | 749,588 | 11 | 701,194 | 10 |

| Funding Sources | | % | | % | | % | | % | | % | | % | | |
|--------------------------------|---------|-------------|-------|-------------|-------|---|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| Fund Balance | 4000005 | 1,349,124 | 72.4 | 1,210,707 | 69.8 | | 1,056,527 | 66.8 | 1,056,527 | 66.8 | 831,939 | 61.3 | 880,333 | 62.6 |
| Special Revenue | 4000030 | 474,765 | 25.5 | 485,000 | 27.9 | | 485,000 | 30.7 | 485,000 | 30.7 | 485,000 | 35.7 | 485,000 | 34.5 |
| Cash Fund | 4000045 | 39,348 | 2.1 | 40,000 | 2.3 | | 40,000 | 2.5 | 40,000 | 2.5 | 40,000 | 3.0 | 40,000 | 2.9 |
| Total Funds | | 1,863,237 | 100.0 | 1,735,707 | 100.0 | | 1,581,527 | 100.0 | 1,581,527 | 100.0 | 1,356,939 | 100.0 | 1,405,333 | 100.0 |
| Excess Appropriation/(Funding) | | (1,210,707) | | (1,056,527) | | | (831,939) | | (880,333) | | (607,351) | | (704,139) | |
| Grand Total | | 652,530 | | 679,180 | | | 749,588 | | 701,194 | | 749,588 | | 701,194 | |

The FY06 Actual expenditures exceed the Authorized amount in the Disciplinary Hearings-Cash account (850) due to a transfer received from the DFA Cash Holding Account. The FY07 Budgeted amount in the Operations account (053) exceeds the Authorized amount due to the increase in the Public Employees Retirement Rate.

Agency Position Usage Report

| FY2004-2005 | | | | | | FY2005-2006 | | | | | | FY2006-2007 | | | | | |
|-------------------|----------|----------|-------|------------|------------------------|-------------------|----------|-------|--------|------------|------------------------|-------------------|----------|-------|--------|------------|------------------------|
| Authorized in Act | Budgeted | | | Unbudgeted | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted | % of Authorized Unused |
| | Filled | Unfilled | Total | Total | | | Total | Total | Filled | Unfilled | | | Total | Total | Filled | Unfilled | |
| 10 | 10 | 0 | 10 | 0 | 0.00% | 10 | 10 | 0 | 10 | 0 | 0.00% | 10 | 10 | 0 | 10 | 0 | 0.00% |

Analysis of Budget Request

Appropriation: 053 - Operations

Funding Sources: SXC - Cosmetology Operating

Arkansas Code Annotated §17-26-201 authorized the State Board of Cosmetology consisting of ten members appointed by the Governor. The members of the Board may not be directly or indirectly connected to the wholesale business or the manufacture, rental, sale, or distribution of cosmetological appliances or supplies. The Board is responsible for holding examinations, issuing certificates of registration and licenses, registering cosmetological establishments and schools of cosmetology, approving disbursement of funds, adopting rules and regulations, and enforcing the rules and regulations adopted. Funding is derived from special revenues received from the collection of license fees, and all funds remaining at the end of each fiscal year carry forward. This appropriation is utilized by the Board for operations, examinations, certifications, licenses, inspections, and all other Board related activities.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$246,741 for FY08 and \$246,741 for FY09 for Regular Salaries does include board member Stipend payments. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

This is the operating appropriation for the Cosmetology Board. Appropriation for ten full-time employees and supporting operating costs is reflected at a Base Level amount of \$670,430 each year of the biennium. The Board requested an additional Cosmetology Inspector position to assist with statewide inspections of beauty schools and businesses as well as \$40,902 each year to cover rising operating costs in postage, telecommunications wireless, office rent, office equipment rent and building and contents insurance.

The Executive Recommendation denies the Board's request for the additional position and provides an additional \$20,000 increase each year in Operating Expenses.

Appropriation

Appropriation: 053 Operations
Funding Sources: SXC - Cosmetology Operating

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------------|------------------|------------------|----------------|------------------|------------------|------------------|----------------|----------------|----------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 246,682 | 246,741 | 251,395 | 246,741 | 265,644 | 246,741 | 246,741 | 265,644 | 246,741 |
| #Positions | 10 | 10 | 10 | 10 | 11 | 10 | 10 | 11 | 10 |
| Personal Services Matching 5010003 | 82,581 | 93,863 | 85,660 | 97,427 | 106,016 | 97,427 | 97,427 | 106,016 | 97,427 |
| Operating Expenses 5020002 | 222,101 | 230,981 | 230,981 | 230,981 | 271,883 | 250,981 | 230,981 | 271,883 | 250,981 |
| Conference & Travel Expenses 5050009 | 2,846 | 6,349 | 6,349 | 6,349 | 6,349 | 6,349 | 6,349 | 6,349 | 6,349 |
| Professional Fees 5060010 | 37,781 | 47,500 | 47,500 | 47,500 | 47,500 | 47,500 | 47,500 | 47,500 | 47,500 |
| Data Processing 5090012 | 10,629 | 41,432 | 41,432 | 41,432 | 41,432 | 41,432 | 41,432 | 41,432 | 41,432 |
| Capital Outlay 5120011 | 3,754 | 7,500 | 7,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 606,374 | 674,366 | 670,817 | 670,430 | 738,824 | 690,430 | 670,430 | 738,824 | 690,430 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 987,368 | 855,759 | | 666,393 | 666,393 | 666,393 | 412,569 | 412,569 | 460,963 |
| Special Revenue 4000030 | 474,765 | 485,000 | | 416,606 | 485,000 | 485,000 | 416,606 | 485,000 | 485,000 |
| Total Funding | 1,462,133 | 1,340,759 | | 1,082,999 | 1,151,393 | 1,151,393 | 829,175 | 897,569 | 945,963 |
| Excess Appropriation/(Funding) | (855,759) | (666,393) | | (412,569) | (412,569) | (460,963) | (158,745) | (158,745) | (255,533) |
| Grand Total | 606,374 | 674,366 | | 670,430 | 738,824 | 690,430 | 670,430 | 738,824 | 690,430 |

The FY07 Budgeted amount in Personal Services Matching exceeds the Authorized amount due to the increase in the Public Employees Retirement Rate.

Change Level by Appropriation

Appropriation: 053-Operations
Funding Sources: SXC - Cosmetology Operating

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 670,430 | 10 | 670,430 | 100.0 | 670,430 | 10 | 670,430 | 100.0 |
| C01 | Existing Program | 68,394 | 1 | 738,824 | 110.2 | 68,394 | 1 | 738,824 | 110.2 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 670,430 | 10 | 670,430 | 100.0 | 670,430 | 10 | 670,430 | 100.0 |
| C01 | Existing Program | 20,000 | 0 | 690,430 | 102.9 | 20,000 | 0 | 690,430 | 102.9 |

Justification

| | |
|-----|---|
| C01 | Agency is requesting additional maintenance and operations appropriation of \$40,902 each year to cover the increased costs of Postage, Rent of Facilities, Rent of Office Equipment, Telecommunications and Building and Contents Insurance. Also requesting one new Cosmetology Inspector position to assist with statewide inspections of beauty schools and businesses. |
|-----|---|

Analysis of Budget Request

Appropriation: 850 - Disciplinary Hearings

Funding Sources: NBC - Cash in Treasury

The Board of Cosmetology is authorized under Arkansas Code Annotated §17-26-208 to initiate investigations and conduct administrative disciplinary hearings. This appropriation allows the agency to pay expenses of administrative hearings of licensed cosmetologists. In settlement of some disciplinary matters, penalties are assessed rather than license suspension or revocation.

The Board is requesting an overall increase of \$7,000 in Operating Expenses for FY08 and FY09, of which \$1,050 each fiscal year is requested as a reallocation from the Disciplinary Hearings line item. The request is needed to cover court reporter and transcription costs. A court reporter is required to record and transcribe all minutes from administrative hearings.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation

Appropriation: 850 Disciplinary Hearings
Funding Sources: NBC - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | Agency Request and Executive Recommendation | | |
|---------------------------------------|---------------------|---------------------|-------------------------|---|----------------|----------------|---|----------------|----------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 12,072 | 3,764 | 3,764 | 3,764 | 10,764 | 10,764 | 3,764 | 10,764 | 10,764 |
| Conference & Travel Expenses 5050009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees 5060010 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing 5090012 | 18,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 11,084 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exp. of Disciplinary Hearings 5900046 | 0 | 1,050 | 1,050 | 1,050 | 0 | 0 | 1,050 | 0 | 0 |
| Total | 46,156 | 4,814 | 4,814 | 4,814 | 10,764 | 10,764 | 4,814 | 10,764 | 10,764 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 361,756 | 354,948 | | 390,134 | 390,134 | 390,134 | 419,370 | 419,370 | 419,370 |
| Cash Fund 4000045 | 39,348 | 40,000 | | 34,050 | 40,000 | 40,000 | 34,050 | 40,000 | 40,000 |
| Total Funding | 401,104 | 394,948 | | 424,184 | 430,134 | 430,134 | 453,420 | 459,370 | 459,370 |
| Excess Appropriation/(Funding) | (354,948) | (390,134) | | (419,370) | (419,370) | (419,370) | (448,606) | (448,606) | (448,606) |
| Grand Total | 46,156 | 4,814 | | 4,814 | 10,764 | 10,764 | 4,814 | 10,764 | 10,764 |

The FY06 Actual expenditures exceed the Authorized amount due to a transfer received from the DFA Cash Holding Account.

Change Level by Appropriation

Appropriation: 850-Disciplinary Hearings

Funding Sources: NBC - Cash in Treasury

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|--------------|----------|--------------|--------------|--------------|----------|--------------|--------------|
| BL | Base Level | 4,814 | 0 | 4,814 | 100.0 | 4,814 | 0 | 4,814 | 100.0 |
| C01 | Existing Program | 5,950 | 0 | 10,764 | 223.6 | 5,950 | 0 | 10,764 | 223.6 |
| C04 | Reallocation | 0 | 0 | 10,764 | 223.6 | 0 | 0 | 10,764 | 223.6 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|--------------|----------|--------------|--------------|--------------|----------|--------------|--------------|
| BL | Base Level | 4,814 | 0 | 4,814 | 100.0 | 4,814 | 0 | 4,814 | 100.0 |
| C01 | Existing Program | 5,950 | 0 | 10,764 | 223.6 | 5,950 | 0 | 10,764 | 223.6 |
| C04 | Reallocation | 0 | 0 | 10,764 | 223.6 | 0 | 0 | 10,764 | 223.6 |

Justification

| | |
|-----|--|
| C01 | The additional \$5,950 in Maintenance and Operations is requested to cover costs of a court reporter to attend and record our monthly disciplinary hearings. |
| C04 | Request to reallocate \$1,050 from the Disciplinary Hearings line item to Operating Expenses to cover court reporter and transcription costs. |