

# STATE BOARD OF COSMETOLOGY

## Enabling Laws

Act 69 of 2003  
A.C.A. § 17-26-205

## History and Organization

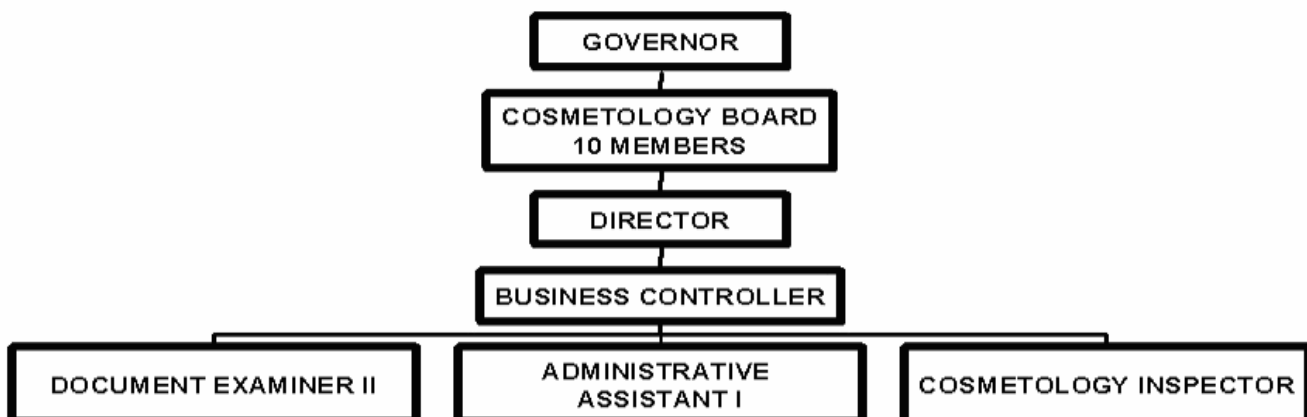
The Arkansas State Board of Cosmetic Therapy was created in 1925 to protect the public through the regulation of the practice of Cosmetology. Act 358 of 1955 created the State Board of Cosmetology and provides the basic authority from which the Board operates today.

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 hear; (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-Cash in Treasury

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 continuation of its Base Level request in each year of the biennium. Anticipated receipts and the current fund balance in the Board's cash fund account are more than sufficient to support this request.

### Cosmetology Operations (053)-Fund Source-Special Revenue

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 for operations is needed to cover general cost increases in operating expenses needed to continue the Agency's level of operation. Change Level requests total \$21,981 for FY06 and \$21,981 FY07.

### Professional Fees & Services:

An additional \$22,750 is requested in FY06 and FY07 to cover the increased cost of Board exams and the reporting requirements for reporting to the Board.

### IT Appropriation:

Enhancements and upgrades for the IT equipment and software total an additional \$27,500 for FY06 and FY07. This additional expense is necessary to continue with maintenance on both hardware and software and to purchase new computers in FY06 and FY07.

### Capital Outlay:

An additional \$2,800 is requested in FY06 to replace office furniture that was purchased in 1994 and 1995.

Anticipated special revenue generated from operations is sufficient to support the Board's biennium budget request.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF COSMETOLOGY  
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	0	6	6	75 %
Black Employees	0	2	2	25 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	25 %
Total Employees			8	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.

# ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM

## Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
053 Operations	571,408	10	622,126	10	624,986	10	664,708	10	664,708	10	670,817	10	670,817	10
850 Disciplinary Hearings-Cash/Treas	12,088	0	4,814	0	4,814	0	4,814	0	4,814	0	4,814	0	4,814	0
<b>Total</b>	<b>583,496</b>	<b>10</b>	<b>626,940</b>	<b>10</b>	<b>629,800</b>	<b>10</b>	<b>669,522</b>	<b>10</b>	<b>669,522</b>	<b>10</b>	<b>675,631</b>	<b>10</b>	<b>675,631</b>	<b>10</b>

Funding Sources			%		%		%		%		%		%	
Fund Balance	4000005	734,279	34.1	1,571,280	79.5		1,348,886	76.9	1,348,886	76.9	1,083,910	72.8	1,083,910	72.8
Special Revenue	4000030	455,330	21.1	352,546	17.8		352,546	20.1	352,546	20.1	352,546	23.7	352,546	23.7
Cash Fund	4000045	251,049	11.7	52,000	2.7		52,000	3.0	52,000	3.0	52,000	3.5	52,000	3.5
Transfer from Construction	4000505	714,118	33.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0
Transfer from Cash Fund	4000555	9,500	0.4	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Operations	4000670	(9,500)	-0.4	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>2,154,776</b>	<b>100.0</b>	<b>1,975,826</b>	<b>100.0</b>		<b>1,753,432</b>	<b>100.0</b>	<b>1,753,432</b>	<b>100.0</b>	<b>1,488,456</b>	<b>100.0</b>	<b>1,488,456</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,571,280)		(1,348,886)			(1,083,910)		(1,083,910)		(812,825)		(812,825)	
<b>Grand Total</b>		<b>583,496</b>		<b>626,940</b>			<b>669,522</b>		<b>669,522</b>		<b>675,631</b>		<b>675,631</b>	

## **Analysis of Budget Request**

**Appropriation / Program:** 053 - Operations

**Funding Sources:** SXC - Cosmetology - Special Revenue

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 for the operating expenses for examinations, certifications, licenses, inspections, and all other Board related activities.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for ten (10) Base Level positions. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Cosmetology Board is requesting an increase in the Operating Expenses line item of \$29,481 in FY06 and \$26,981 in FY07. This request is to sustain the Board's level of operation, and to replace 4 office desks and computer hutches. The Board is requesting an increase in the Professional Fees line item of \$22,750 each year. This request is due to the significant increase in students enrolling in the cosmetology profession, which has caused an increase in exams given. The Board is also requesting an increase in the Data Processing line item of \$15,000 each year to upgrade subscriptions for the licensing system users. Finally, the Board is requesting an increase in the Capital Outlay line item of \$7,800 in FY06 and \$7,500 in FY07 to replace office furniture, purchase new computers and maintain equipment and software.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 053 Operations  
**Funding Sources:** SXC - Cosmetology - Special Revenue

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	216,295	234,577	239,228	243,894	243,894	243,894	251,395	251,395	251,395
<b>#Positions</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching 5010003	74,594	77,758	75,967	84,252	84,252	84,252	85,660	85,660	85,660
Operating Expenses 5020002	221,596	204,000	204,000	204,000	233,481	233,481	204,000	230,981	230,981
Travel-Conference Fees 5050009	5,022	6,349	6,349	6,349	6,349	6,349	6,349	6,349	6,349
Professional Fees and Services 5060010	22,293	24,750	24,750	24,750	47,500	47,500	24,750	47,500	47,500
Data Processing 5090012	25,528	26,432	26,432	26,432	41,432	41,432	26,432	41,432	41,432
Capital Outlay 5120011	6,080	48,260	48,260	0	7,800	7,800	0	7,500	7,500
<b>Total</b>	<b>571,408</b>	<b>622,126</b>	<b>624,986</b>	<b>589,677</b>	<b>664,708</b>	<b>664,708</b>	<b>598,586</b>	<b>670,817</b>	<b>670,817</b>
<b>Funding Sources</b>									
Fund Balance 4000005	442,033	1,049,573		779,993	779,993	779,993	467,831	467,831	467,831
Special Revenue 4000030	455,330	352,546		277,515	352,546	352,546	280,315	352,546	352,546
Transfer from Construction 4000505	714,118	0		0	0	0	0	0	0
Transfer from Cash Fund 4000555	9,500	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>1,620,981</b>	<b>1,402,119</b>		<b>1,057,508</b>	<b>1,132,539</b>	<b>1,132,539</b>	<b>748,146</b>	<b>820,377</b>	<b>820,377</b>
Excess Appropriation/(Funding)	(1,049,573)	(779,993)		(467,831)	(467,831)	(467,831)	(149,560)	(149,560)	(149,560)
<b>Grand Total</b>	<b>571,408</b>	<b>622,126</b>		<b>589,677</b>	<b>664,708</b>	<b>664,708</b>	<b>598,586</b>	<b>670,817</b>	<b>670,817</b>

The FY05 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2003-05 biennium.

## Change Level by Appropriation

**Appropriation / Program:** 053-Operations

**Funding Sources:** SXC - Cosmetology - Special Revenue

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>589,677</b>	<b>10</b>	<b>589,677</b>	<b>100.0</b>	<b>598,586</b>	<b>10</b>	<b>598,586</b>	<b>100.0</b>
C01	Existing Program	47,531	0	637,208	108.0	44,731	0	643,317	107.4
C08	Technology	27,500	0	664,708	112.7	27,500	0	670,817	112.0

### Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>589,677</b>	<b>10</b>	<b>589,677</b>	<b>100.0</b>	<b>598,586</b>	<b>10</b>	<b>598,586</b>	<b>100.0</b>
C01	Existing Program	47,531	0	637,208	108.0	44,731	0	643,317	107.4
C08	Technology	27,500	0	664,708	112.7	27,500	0	670,817	112.0

### Justification

C01	The increases are for Operating Expenses to sustain the Board's level of operation and to replace 4 office desks and computer hutches. An increase of \$22,750 each year in Professional Fees is due to a significant increase in the number of students enrolling in the Cosmetology profession, resulting in more exams being given.
C08	The increases are to purchase new computers, upgrading subscriptions for licensing system users, and maintain equipment and software.

## **Analysis of Budget Request**

**Appropriation / Program:** 850 - Disciplinary Hearings-Cash/Treas

**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 Base Level for the 2005-07 biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation / Program Summary

**Appropriation / Program:** 850 Disciplinary Hearings-Cash/Treas  
**Funding Sources:** NBC - Cash in Treasury

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	3,653	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764
Travel-Conference Fees 5050009	0	0	0	0	0	0	0	0	0
Professional Fees and Services 5060010	7,385	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Exp. of Disciplinary Hearings 5900046	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
<b>Total</b>	<b>12,088</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>
<b>Funding Sources</b>									
Fund Balance 4000005	292,246	521,707		568,893	568,893	568,893	616,079	616,079	616,079
Cash Fund 4000045	251,049	52,000		52,000	52,000	52,000	52,000	52,000	52,000
Transfer to Operations 4000670	(9,500)	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>533,795</b>	<b>573,707</b>		<b>620,893</b>	<b>620,893</b>	<b>620,893</b>	<b>668,079</b>	<b>668,079</b>	<b>668,079</b>
Excess Appropriation/(Funding)	(521,707)	(568,893)		(616,079)	(616,079)	(616,079)	(663,265)	(663,265)	(663,265)
<b>Grand Total</b>	<b>12,088</b>	<b>4,814</b>		<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>	<b>4,814</b>

Actual exceeds Authorized Appropriation in Professional Fees and Services due to a transfer from the Cash Fund Holding Account.