ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
2001 - 2003

The Arkansas State Board of Cosmetology operates from two appropriations; Disciplinary Hearings (C03) – a cash fund account and Cosmetology Operations (053) – a special revenue account.

DISCIPLINARY HEARINGS (C03) – FUND SOURCE (331)

This appropriation is used to support the Board's enforcement program. When warranted, respondents in disciplinary matters are assessed civil penalties in lieu of suspension or revocation of licenses. A.C.A. 17-26-323 requires that funds derived from penalties assessed by the Board be used to offset the costs of disciplinary hearings and other enforcement activities. As such, this appropriation 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 (SXC)

The Board uses this appropriation to cover operating expenses to conduct examinations; maintain a system for issuing certificates of registration and licenses; conduct health and safety inspections and operation 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.

The 2001-03 biennium budget request reflects a base level of $474,480 in FY02 and $481,158 in FY03. This request covers 10 positions and with anticipated receipts there is sufficient funds in the Board's operating fund (SXC) to cover base level operations. An increase in the Board's base level operation is needed to address the legal defensibility of the Board's licensure examination program; to provide the Board with its own facility to administer licensure examinations as opposed to leasing a private school of Cosmetology for this purpose; and to cover general cost increases in operating expenses needed to continue the Agency's level of operation. To support these changes, the Board is requesting an additional $369,522 in FY02 and $72,022 in FY03. The Board's total budget request for the 2001-03 biennium for Cosmetology Operations is $844,002 in FY02 and $553,180 in FY03. Anticipated receipts and the use of surplus funds in the Board's SXC (operation) and SXD (construction) funds will be sufficient to support the Board's biennium budget request.

CHANGE LEVEL 01 – RANK 01: The Cosmetology Code requires applicants for licensure by examination to pass both a written and practical examination. Prior to 1989, the Board developed, in house, all written and practical examinations administered to examination candidates for all licensure types. Concerned about the defensibility of its credentialing program, the Board began administering written examinations, developed by a professional testing company, to candidates for licensure in specialty areas (Manicure, Aesthetics, Instructors and Electrology). In FY01, the Board extended this program to include the practical examinations administered in specialty areas. The cost to continue the program for the specialty licensure areas is $5,500 in each year of the biennium. Due to the scope and total cost for the services provided by the testing company, the Office of Accounting has advised that this expense should be reflected under Character 10. Hence, we are requesting that the $5,500 needed each year to continue this program be transferred from the base level request for Printing by Private Vendor, Character 02, to Administrative Fees for Professional Services, Character 10.

Change Level 01 (Rank 01) – Continued:

To ensure that all the examinations administered by the Board are legally defensible, we are requesting to expand the testing program currently used for the specialty licensure areas to include the 675+ candidates who apply for the Cosmetologist licensure examination each year. The cost for the examination for all licensure types is $12.50 for the written and $15 for the practical examinations. The fee charged for the examinations include written and practical examination test booklets, candidate information bulletins defining content areas covered on the examinations; scoring and reporting of grade results to the Board for dissemination to candidates and schools; conducting inter-rater reliability studies after each examination; quarterly examiner consistency reports to monitor examiners' performances; quarterly assessment reports for schools to assist in analyzing candidates strengths and weaknesses in each content domain; and the testing company assumes the responsibility of the defense, if necessary, of the content and construct validity, the reliability and the standardization of the examinations. The Board is requesting an additional $19,250 in each year of the biennium to include the Cosmetologist examination candidates under a national testing program. An additional $582 is requested each year to cover express mail expenses needed to expedite the turnaround time in scoring and reporting the examination results.

An added benefit of participating in a testing program based on national standards, developed in accordance with psychometric testing principles, is in the area of reciprocity. There are approximately 42 states that participate in a national testing program. Several states have enacted legislation that denies licensure to out-of-state applicants who have not passed an examination based on national standards. The mobility of Arkansas licensees to practice their occupation in other states will be greatly enhanced if all the examinations administered by the Board are recognized on a national level.

To carryout its goal to provide legally defensible licensure examinations, the Board is also requesting an additional $2000 in each year of the biennium to provide ongoing training for current and new examiners to administer the practical examinations for all licensure areas covered under the Code. The reliability of a practical examination is dependent upon not only the observations made as part of the examination, but also upon the performance of the raters (examiners). It is critical that the raters who examine candidates for the licensure examination use the same criteria and that they are consistent from candidate to candidate and from administration to administration. To assure the reliability, and thus the validity, of the practical examinations administered by the Board, workshops need to be conducted to train examiners how to rate a candidate correctly and consistently. Re-certification workshops are also needed periodically to ensure that examiners have maintained consistency; the frequency of the workshops being based on inter-rater (examiner) reliability studies conducted after each examination. To hold down the cost of training, a certified rater trainer from the testing company holds training workshops within the State at the Board's office. The trainer also presents, to the schools, an overview of the testing program at no additional cost.

The purpose of this request is to ensure that all the licensure examinations administered by the Board are legally defensible. A by-product of this request is that the mobility of Arkansas licensees to practice their occupation in other states will be greatly enhanced. Hence, the Board has ranked this request as its number one priority for the 2001-03 biennium. A total of $21,832 is needed each year of the biennium to cover the cost for this request. Anticipated receipts and the fund balance in the Board's operating fund (SXC) are sufficient to fund this request.

CHANGE LEVEL 02 – RANK 02: The Cosmetology Construction Fund was created in 1961 for the purpose of accumulating funds for the Board to purchase or construct a building to house its office and examination facility. From 1961 to 1991 all unencumbered revenue remaining in the Board's operating fund at the end of each fiscal year was transferred to the Construction Fund. Legislation was passed in 1991 to eliminate this practice. During the 30 years the fund was active the Board accumulated $1,105,054 in the Construction Fund. Requests for appropriations to utilize the Construction Fund were submitted in 1990 to develop architectural plans for a building and again in 1992 to cover leasing expenses for the Board's office and examination facilities; both requests were denied. Hence, subsequent requests of this nature were tabled pending a directive from the Governor and/or the Legislature.

When the Agency presented its 1999/01 biennium budget request to the Joint Budget Committee, inquiries were made as to why the Board had not utilized its Construction Fund to acquire its own facility. The Agency was admonished for its practice of leasing a private school of Cosmetology to conduct written and practical examinations. The Committee expressed its concern over the Board leasing a school that it regulates due to the appearance of a conflict of interest. The Board assured the Committee that it would address this issue when it prepared its budget for the 2001-03 biennium.

In response to the concerns raised by the Committee, the Board contacted State Building Services (SBS) to obtain costs projections to construct, and the initial expenses associated with owning, a new building to house an office and examination facility. The cost projections provided by SBS for a 6000 square foot building ranged from a low of $1,138,160 to a high of $1,351,190. These projections included the costs for land, site improvements, general construction, fixtures, and architectural/engineering fees. Other costs associated with owning a building were estimated at $12,000 a year for utilities and $17,500 a year for building maintenance. SBS advised that the Board should also consider the cost of contracts for maintenance of heating and air conditioning, landscaping and grounds upkeep, janitorial services, waste management, property insurance, etc. Upon talking with another Agency with a comparable facility, the estimates for the latter would approach $12,000 a year. Based on these estimates, the costs associated with owning a new building would approach $42,000 a year. The Board determined that it did not have sufficient funds in its Construction Fund to pursue this option. SBS stated that it would be difficult to provide cost estimates to purchase and renovate a building due to various contingencies that would effect the total cost of this option. The contingencies included location, the availability of small buildings on the market in FY02, structural changes needed to adapt the building for the Board's specific needs, etc. Another consideration was the cost of utilities and the maintenance and upkeep which would approach $49,000 or more a year depending on the age and condition of the building. As such, the Board did not pursue this option due to its inability to provide realistic cost projections to purchase a building and given the estimated costs to maintain an older building.

The Board decided that the best option available is to expand at its current location and remodel the facility to provide an examination site. The Board currently leases space from SBS for its office. The Board is requesting to lease an additional 2,530 square feet from SBS for an examination site; an additional $24,218 above the base level requests for rent will be needed in each year of the biennium. Based on cost estimates provided by SBS, the Board is requesting $320,000 in FY02 to remodel the space to provide classroom and clinic facilities to conduct written and practical examinations. The Board is also requesting $22,500 in FY03 for the equipment and furniture needed to furnish the examination site plus $240 in each year of the biennium for additional insurance to cover the fixtures, furnishing and equipment. Currently, examinations for Cosmetology and Specialty areas are held on alternating months meaning that the examinations for each area are held once ever two months. Under all the options considered, the Board scaled back on the amount of floor space and equipment it would need to accommodate the number of candidates it normally examines at any one time in order to hold down the costs for the proposed examination facility. To compensate for this reduction in capacity, the Board plans to hold examinations at least twice a month; this change in operation will reduce the time some candidates must wait to take the licensure examination by as much as two months. Further, it may be possible to offset some of the ongoing cost to lease the additional space by sharing this facility with other Agencies such as the Barber Board who also conducts examinations to determine the qualifications of candidates for Barber licenses.

Change Level 02 (Rank 02) continued:

A total of $344,458 in FY02 and $46,958 in FY03 is needed to fund the Change Level 02 request. Anticipated receipts and the fund balance in the Board's operating fund (SXC) are not sufficient to fund this request in FY02. And given the Agency's current and projected levels of operation, the Board is requesting special language to authorize a transfer of funds from the Construction Fund to the Board's operating fund to lease, remodel and furnish the additional space needed for an examination facility. Specifically, the Board is requesting to transfer $344,218 in FY02 and $46,718 in FY03 to fund all of the Change Level 02 request except the request for additional insurance coverage which will be covered under the Board's operating fund. Any funds not expended as specified would be transferred back to the Construction Fund.

It is acknowledged that when the law was written in 1961, the language contained in the Act stated that the Construction Fund was to be used by the Board for construction or purchase of facilities for its use. Based on the estimates provided by SBS, the Board does not have sufficient funds in its Construction Fund to construct a new building. In considering the options of constructing or purchasing and remodeling a building for its use, the Board did not find either approach a practical option since the costs associated with owning a building are basically equivalent to the cost of leasing office and examination space from SBS. Other factors considered were the costs associated with relocating the Board's office, staffing demands to manage a building, and the fact that at its Main Street Mall location, the Board's office and proposed examination site are centrally located in a facility that houses several other Boards and Commissions. The latter is a convenience for those licensees who conduct business with other Agencies. Since the purpose of the Construction Fund is to provide for office and examination facilities, it is the Board's position that using this fund to cover the cost to lease and furnish this facility does substantively comply with the intent of the Act. As such, the Board is requesting that it be allowed to utilize the Construction Fund, via special language, to lease, remodel and furnish the additional space it needs for an examination facility.

CHANGE LEVEL 08 (RANK 03)

A nominal increase of $300 in each year of the biennium is requested to cover price increases for data processing supplies. Data processing services are currently provided by DIS for hardware and software maintenance and upgrading software due to program changes as needed. An additional $1,182 is requested in each year of the biennium to continue programming services with DIS to include modifying and enhancing application programs as warranted due to proposals to expand the scope of specialty licensure areas and to change the Board's Cosmetology examination program. Further, this increase should help to absorb increases in programming costs when programming services are outsourced to other contractors by DIS. DIS has advised that outsourced projects will cost $17 to $27 more an hour over DIS's normal programming rates. Anticipated receipts and the fund balance in the Board's operating fund (SXC) are sufficient to fund this request.

CHANGE LEVEL 03 (RANK 04)

The Board is requesting $1,750 in each year of the biennium to cover expected increases in operating expenses for postage ($775), maintenance on aging office equipment ($490) and stationery and office supplies ($485). Anticipated receipts and the fund balance in the Board's operating fund (SXC) are sufficient to fund this request.

ARKANSAS STATE BOARD OF COSMETOLOGY
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1999

Assets				Liabilities			
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	Total Equity
$ 1,608,389	$ 91,623	$ 26,440	$ 1,726,452	$ 0	$ 12,041	$ 12,041	$ 1,714,411

Revenues					Expenditures					
Intergovern-mental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	Other Sources (Uses)
$ 0	$ 0	$ 447,894	$ 8,685	$ 456,579	$ 246,134	$ 0	$ 0	$ 167,738	$ 413,872	$ 602

Findings	Recommendations
None	None

Audited by Division of Legislative Audit
SA0722799

ARKANSAS BUDGET SYSTEM
EMPLOYMENT SUMMARY
AS REQUIRED BY ACT 358 OF 1993
(A.C.A 19-4-307)

AGENCY TITLE 227 - STATE BOARD OF COSMETOLOGY

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	0	6	6	86%
BLACK EMPLOYEES	0	1	1	14%
EMPLOYEES OF OTHER RACIAL MINORITIES	0	0	0	0%
TOTAL EMPLOYED AS OF 08/05/00 (DATE)			1 (TOTAL MINORITIES)	14%
			7 (TOTAL EMPLOYEES)	100%

AGENCY DIRECTOR

CASH FUND BALANCE DESCRIPTION
AS OF JUNE 30, 2000

AGENCY: Arkansas State Board of Cosmetology (227)

ACCOUNT INFORMATION			
FUND ACCT.	**BALANCE**	**TYPE**	**LOCATION**
Disciplinary	$56,846	Checking	Bank of America
Hearings	$55,577	C.D.	Bank of America
(C03)	$55,577	C.D.	Bank of America

STATUTORY/OTHER RESTRICTIONS ON USE:
A.C.A. 17-26-323 requires that funds derived from penalties assessed by the Board shall be maintained in a separate bank account and shall be used exclusively to defray the costs of disciplinary hearings and any other enforcement action, including the investigation thereof.

STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:
A.C.A. 17-26-322(b) authorizes the Board to assess penalties, in lieu of a suspension or revocation of license, in an amount not to exceed $500.

REVENUE RECEIPTS CYCLE:
Penalties are collected throughout the year.

FUND BALANCE UTILIZATION:
As stated above, this fund is used for on-going expenses incurred to conduct investigations, disciplinary hearings and for other enforcement activities. Except that, when authorized by special language, this fund has been used for one-time expenses for capital purchases.
(Note: all funds over $100,000 are collateralized.)

ACCOUNT INFORMATION			
FUND ACCT.	**BALANCE**	**TYPE**	**LOCATION**

STATUTORY/OTHER RESTRICTIONS ON USE:

STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:

REVENUE RECEIPTS CYCLE:

FUND BALANCE UTILIZATION:

STATE AGENCY PUBLICATIONS

2001-2003 Biennium

Act 1276 of 1999

AGENCY: Arkansas State Board of Cosmetology **AGENCY #** 227

NAME OF PUBLICATION	STATUTORY AUTHORIZATION ACT # OR A.C.A.	REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED & DISTRIBUTED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
Rules and Regulations	A.C.A. 17-26-205(a)(D		1500	Required by law. A copy of the regulations is given to all new licensees. Licensees are required by law to comply with the rules and regulations promulgated by the Board. As such, a copy of the regulations should be made available to them.
Annual Report	A.C.A. 15-1-105(b)(26		11	Required by law. One copy is sent to the Legislative Council and one copy is sent to each member of the Board.

ARKANSAS BUDGET SYSTEM
DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE Board of Cosmetology	1999-01 Expenditures				2001-03 Biennium Request				2001-03 Executive Recommendation			
Appropriations Code Name	Actual 1999-00	No. of Pos.	Budgeted 2000-01	No. of Pos.	Year 1 1999-00	No. of Pos.	Year 2 2000-01	No. of Pos.	Year 1 1999-00	No. of Pos.	Year 2 2000-01	No. of Pos.
C03 Disciplinary Hearings	$4,803		$4,814		$4,814		$4,814		$4,814		$4,814	
053 Operations	399,039	10	464,609	10	844,002	10	553,180	10	844,002	10	553,180	10
TOTALS	$403,842	10	$469,423	10	$848,816	10	$557,994	10	$848,816	10	$557,994	10
Funding Sources		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances	$558,226	53.6%	$638,324	58.9%	$613,901	43.8%	$553,303	53.0%	$613,901	43.8%	$553,303	53.0%
General Revenues												
Special Revenues	454,645	43.6%	420,000	38.8%	419,000	29.9%	419,000	40.1%	419,000	29.9%	419,000	40.1%
Federal Funds												
Const. & Fiscal Agency Fund												
State Central Services Fund												
Non-Revenue Receipts												
Cash Funds	29,295	2.8%	25,000	2.3%	25,000	1.8%	25,000	2.4%	25,000	1.8%	25,000	2.4%
Other					344,218	24.5%	46,718	4.5%	344,218	24.5%	46,718	4.5%
Total Funding	1,042,166	100.0%	1,083,324	100.0%	1,402,119	100.0%	1,044,021	100.0%	1,402,119	100.0%	1,044,021	100.0%
Excess Appro./ (Funding)	(638,324)		(613,901)		(553,303)		(486,027)		(553,303)		(486,027)	
TOTAL	$403,842		$469,423		$848,816		$557,994		$848,816		$557,994	

DEPARTMENT	DIRECTOR	DEPARTMENT APPROPRIATION SUMMARY
BOARD OF COSMETOLOGY (227)	Debra Norton	BR 40

The Board of Cosmetology is authorized under Arkansas Code Annotated §17-26-208 to initiate investigations and conduct administrative disciplinary hearings and 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 Agency requests Base Level for each year of $4,814.

The Executive Recommendation provides for the Agency Request.

01	02	03	04	05	06	07	08	09	10	11	12	13	14
CHARACTER TITLE	------EXPENDITURES------- 99-00 ACTUAL	00-01 BUDGETED	00-01 AUTHORIZED APPRO	----------01-02 FISCAL YEAR---------- BASE	CHANGE LEVEL	TOTAL REQUEST	----------02-03 FISCAL YEAR---------- BASE	CHANGE LEVEL	TOTAL REQUEST	----------RECOMMENDATIONS---------- EXECUTIVE 01-02	02-03	LEGISLATIVE 01-02	02-03
OPERATING EXPENSES	3,753	3,764	3,764	3,764	0	3,764	3,764	0	3,764	3,764	3,764		
EXPENSES	1,050	1,050	1,050	1,050	0	1,050	1,050	0	1,050	1,050	1,050		
TOTAL	4,803	4,814	4,814	4,814	0	4,814	4,814	0	4,814	4,814	4,814		
PROPOSED FUNDING SOURCES			**********										
FUND BALANCES	163,138	187,630	**********	207,816		207,816	228,002		228,002	207,816	228,002		
GENERAL REVENUES			**********										
SPECIAL REVENUES			**********										
FEDERAL FUNDS			**********										
STATE CENTRAL SERVICES FUND			**********										
NON-REVENUE RECEIPTS			**********										
CASH FUNDS	29,295	25,000	**********	25,000		25,000	25,000		25,000	25,000	25,000		
OTHER			**********										
TOTAL FUNDING	192,433	212,630	**********	232,816		232,816	253,002		253,002	232,816	253,002		
EXCESS APPRO/ (FUNDING)	(187,630)	(207,816)	**********	(228,002)		(228,002)	(248,188)		(248,188)	(228,002)	(248,188)		
TOTAL	4,803	4,814	**********	4,814		4,814	4,814		4,814	4,814	4,814		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS

AGY 227 STATE BOARD OF COSMETOLOGY

APPRO C03 DISCIPLINARY HEARINGS -- CASH

FUND 331 BOARD OF COSMETOLOGY CASH(227)

APPROPRIATION SUMMARY

BR 215

Arkansas Code Annotated § 17-26-201 created the State Board of Cosmetology consisting of ten (10) members appointed by the Governor. The members of the Board may not be directly or indirectly connected to the wholesale business of the manufacture, rental, sale, or distribution of cosmetological appliances or supplies. The Board is responsible for holding examinations, issuing certificates of registration and licenses, register cosmetological establishments and schools of cosmetology, approve disbursement of funds, adopt rules and regulations, and enforce the rules and regulations adopted. Funding is derived from special revenues derived from the collection of license fees, with all funds remaining at the end of each fiscal year carried forward. This appropriation is utilized for operating expenses for examinations, certification, licenses, inspections, and all other Board related activities. The request for the Board of Cosmetology reflects a Base Level of $474,480 in FY02 and $481,158 in FY03, and ten (10) positions. Base Level includes a payplan increase of 2.6% each year over the 2001 salary levels for all incumbents plus appropriate Personal Services Matching costs. Base Level positions that were authorized by the 82nd General Assembly for the Career Ladder Incentive Program (CLIP) are reflected at the maximum authorized classification with additional appropriation only and in accordance with CLIP Guidelines.

Changes Levels total $369,522 in FY02 and $72,022 in FY03. Increases in Operating Expenses total $341,590 in FY02 and $21,590 in FY03 and include postage, utilities, express freight mail, furniture and equipment maintenance, building insurance and lease, office and data processing supplies and a reduction of $5,500 in printing costs. The most notable increase is a request for $320,000 in FY02 for renovation of additional space at the agency's current location at the Main Street Mall to utilize as a licensure examination facility. The agency staff has worked with Arkansas State Building Services to determine the most prudent utilization of funds and secure an appropriate and practical facility that meets the agency's needs. Through this joint effort a determination was made that renovation rather than new construction would be the most cost effective. Conference Fees and Travel change level is for $2,000 each year for educational and training seminars and Professional Fees and Services increases total $24,750 each year, however, $5,500 is through a reallocation of resources from Operating Expenses for appropriate expenditure coding. The balance of the request is to cover examinations cost for the Cosmetology program. An increase in Data Processing of $1,182 each year is requested for increased costs of supplies and continued programming services by the Department of Information Services for licensure and credentialing programs. Capital Outlay of $22,500 is requested in FY03 only for furniture and equipment for the new examination facility.

The Executive Recommendation provides for the Agency Request.

01	02	03	04	05	06	07	08	09	10	11	12	13	14
CHARACTER TITLE	------EXPENDITURES------		00-01	----------01-02 FISCAL YEAR----------			----------02-03 FISCAL YEAR----------			----------R E C O M M E N D A T I O N S----------			
	99-00 ACTUAL	00-01 BUDGETED	AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	EXECUTIVE 01-02	EXECUTIVE 02-03	LEGISLATIVE 01-02	LEGISLATIVE 02-03
REGULAR SALARIES	181,927	211,249	213,471	218,274	0	218,274	223,948	0	223,948	218,595	224,277		
NUMBER OF POSITIONS	10	10	10	10	0	10	10	0	10	10	10		
PERSONAL SERV MATCHING	60,171	65,451	70,087	68,297	0	68,297	69,301	0	69,301	68,354	69,359		
OPERATING EXPENSES	144,698	168,310	168,310	168,310	341,590	509,900	168,310	21,590	189,900	509,900	189,900		
CONF FEES & TRAVEL	3,738	4,349	4,349	4,349	2,000	6,349	4,349	2,000	6,349	6,349	6,349		
PROF FEES & SERVICES	0	0	0	0	24,750	24,750	0	24,750	24,750	24,750	24,750		
CAPITAL OUTLAY	0	0	0	0	0	0	0	22,500	22,500	0	22,500		
DATA PROCESSING	8,505	15,250	15,250	15,250	1,182	16,432	15,250	1,182	16,432	16,432	16,432		
TOTAL	399,039	464,609	471,467	474,480	369,522	844,002	481,158	72,022	553,180	844,380	553,567		
PROPOSED FUNDING SOURCES			xxxxxxxxxxxx										
FUND BALANCES	395,088	458,694	xxxxxxxxxxxx	406,085		406,085	325,301		325,301	406,085	325,301		
GENERAL REVENUES			xxxxxxxxxxxx										
SPECIAL REVENUES	454,645	420,000	xxxxxxxxxxxx	393,696	25,304	419,000	393,696	25,304	419,000	419,000	419,000		
FEDERAL FUNDS			xxxxxxxxxxxx										
STATE CENTRAL SERVICES FUND			xxxxxxxxxxxx										
NON-REVENUE RECEIPTS			xxxxxxxxxxxx										
CASH FUNDS			xxxxxxxxxxxx										
COSMETOLOGY CONSTRUCTION FUND TRANS			xxxxxxxxxxxx		344,218	344,218		46,718	46,718	344,218	46,718		
TOTAL FUNDING	849,733	879,694	xxxxxxxxxxxx	799,781	369,522	1,169,303	718,997	72,022	791,019	1,169,303	791,019		
EXCESS APPRO/ (FUNDING)	(450,694)	(406,085)	xxxxxxxxxxxx	(325,301)		(325,301)	(237,839)		(237,839)	(324,923)	(237,452)		
TOTAL	399,039	464,609	xxxxxxxxxxxx	474,480	369,522	844,002	481,158	72,022	553,180	844,380	553,567		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
AGY 227 STATE BOARD OF COSMETOLOGY
APPRO 053 COSMETOLOGY -- OPERATIONS

FUND SXC COSMETOLOGY CONTINGENCY(227)

APPROPRIATION SUMMARY

BR 215

PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
					------EXPENDITURES-------		----------2001 - 03 BIENNIUM REQUESTS----------								----------RECOMMENDATIONS----------			
				D			----------FY 2001 - 02----------					----------FY 2002 - 03----------						
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	E S	---ACTUAL--- 99-00	--BUDGETED-- 00-01	----------REQUEST------					----------REQUEST------			--------EXECUTIVE-------- 2001-02	2002-03	-------LEGISLATIVE------- 2001-02	2002-03
000		SXC	227 053	B	399,039 10	464,609 10	474,488 10					481,158 10			474,858 10	481,545 10		
001		SXC	227 053 010 ADMINISTRATION	C01			21,832 0					21,832 0			21,832	21,832		

Concerned about the defensibility of its credentialing program, the Board began, in 1989, administering written examinations, developed by a professional testing company, to candidates for licensure in specialty areas. The Board extended the program to include practical examinations in specialty areas in FY01. To ensure that all examinations administered are legally defensible, we request to expand this program to include the Cosmetology licensure examination. Due to the scope of services provided by the test provider, Office of Accounting has advised that the cost for this program should be reflected in Character 10. Hence, the $5,500 needed each to year to continue the program for the specialty licensure areas is being transferred from the base level request for Printing by Private Vendor to Admin. Fees for Prof. Services. An additional $19,250 is requested each year to cover the testing costs (written & practical examinations) for the Cosmetology Program. To expedite the turnaround time to score the examinations and report grade results an additional $582 is requested each year for freight express. To assure the reliability, and thus the validity, of the practical examinations administered by the Board, workshops are needed to train examiners how to rate candidates correctly and consistently. Re-certification workshops are needed periodically to ensure that examiners have maintained consistency. $2000 is requested each year to provide ongoing training for current and new examiners as needed.

002		SXC	227 053 010 ADMINISTRATION	C02			344,458 0					46,958 0			344,458	46,958		

When the Agency presented its 1999/01 budget request to the Joint Budget Committee, it was admonished for leasing a private school of Cosmetology to conduct examinations. The Committee expressed its concern over the Board leasing a school that it regulates and the inherent implication of a conflict of interest. The Board assured the Committee that it would address this issue. In response to the concerns raised by the Committee, the Board is requesting to expand the space it currently leases from SBS to house examination facilities. The cost to lease the additional space is $24,218 in each year of the biennium. SBS has estimated and thus the Board is requesting in FY02 an appropriation in the amount of $320,000 for renovation/construction costs. The Board is also requesting $22,500 in FY03 for the equipment and furniture needed to conduct written and practical examinations. Currently, the Board conducts examinations for Cosmetology and Specialty areas on alternating months meaning that exams for each area are held once every two months. To compensate for this reduction in capacity, the Board plans to hold examinations at least twice a month; this change in operation will reduce the waiting period some candidates must wait to take the licensure examination by as much as two months. Further, it may be possible to offset some of the ongoing cost to lease the additional space by sharing this facility with other Agencies such as the Barber Board who also conduct examinations to determine the qualifications of candidates for Barber licenses.

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
AGY 227 STATE BOARD OF COSMETOLOGY
APPRO 053 COSMETOLOGY -- OPERATIONS

FUND SXC COSMETOLOGY CONTINGENCY(227)

RANK BY APPROPRIATION

BR 264

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
					EXPENDITURES		2001 - 03 BIENNIUM REQUESTS								RECOMMENDATIONS			
							FY 2001 - 02					FY 2002 - 03			EXECUTIVE		LEGISLATIVE	
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	DES	ACTUAL 99-00	BUDGETED 00-01	REQUEST					REQUEST			2001-02	2002-03	2001-02	2002-03
003		SXC	227 053 A90 INFORMATION TECHNOLOGY	C08			1,482	0				1,482	0		1,482	1,482		

A nominal increase of $300 in each year of the biennium is requested to cover price increases for data processing supplies. All services currently provided by DIS are reflected under Object Code 28100, which include hardware and software maintenance and upgrading software due to program changes. An additional $1,182 is requested in each year of the biennium to continue programming services with DIS to include modifying and enhancing application programs as warranted due to proposals to expand the scope of specialty licensure areas and the Board's Cosmetology licensure credentialing program.

004		SXC	227 053 010 ADMINISTRATION	C03			1,750	0				1,750	0		1,750	1,750		

The Agency is requesting $1,750 in each year of the biennium to cover expected increases in operating expenses for postage ($775), maintenance on aging office equipment ($490) and stationery and office supplies ($485).

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
AGY 227 STATE BOARD OF COSMETOLOGY
APPRO 053 COSMETOLOGY -- OPERATIONS

FUND SXC COSMETOLOGY CONTINGENCY(227)

RANK BY APPROPRIATION

BR 264