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BEFORE THE ARKANSAS STATE BOARD OF COSMETOLOGY

BOARD MEETING
JULY 21, 2008

BE IT REMEMBERED that on Monday, the 21st day of July 2008, before the Arkansas State Board of Cosmetology and its department staff, at 9:00 a.m. in the South Basement Conference Room of the Main Street Mall, located at 101 East Capitol Avenue, Little Rock, Pulaski County, Arkansas, the business meeting was held, as follows:

SUSAN B. WHITSON, CCR
Arkansas Supreme Court Certificate No. 158
9810 woodland Drive
Mabelvale, Arkansas 72103
(501) 455-1170
whitsonCCR@aol.com

SUSAN B. WHITSON, CCR, INC. (501) 455-1170

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1 APPEARANCES:

2 Board Members:

- 3 CATHY CAVER-BLADE (not present)
- BARBARA WARD
- 4 ANN PHILYAW
- SCOTTIE BURCHETT
- 5 ACIE FOREMAN
- TRACY AKARD
- 6 SUSAN COLLINS-BURROUGH
- NELLIE HOPPER
- 7 JOYCE SMITH

8 Staff Members Present:

- 9 MAURICE SHIRLEY - Executive Director
- ANGELA FRIERSON

10

11 Board Inspectors Present:

- 12 SHEILA CAUDLE
- ROSE HORNER
- 13 PAT BLAND JACKSON
- LAVONNE GREEN
- 14 BRENDA MORGAN

15 ON BEHALF OF THE BOARD:

- 16 ERIKA GEE, ESQ.
- Assistant Attorney General
- 17 323 Center Street, Suite 200
- Little Rock, Arkansas 72201

18

19 ALSO PRESENT:

- 20 Paul Louthian, Arkansas Department of Finance and Administration
- Juanita Hughes
- 21 Chris Strawn
- Veda Traylor
- 22 Tina Bardwell

23 Court Reporter:

- 24 Susan B. Whitson, CCR
- Arkansas Supreme Court Certificate No. 158

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1

I N D E X

2 AGENDA ITEM

PAGE

3 CAPTION

2

4	APPEARANCES	2
5	CALL TO ORDER - Roll Call	4
6	BUSINESS	
7	Board's Treasurer Report	4
8	Review and Approval of Minutes	4
9	Director's Report	5
10	Blytheville Academy of Cosmetology	78
11	Tina Bardwell, Request for new school approval	78
12		
13	Reporter's certificate	88

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P R O C E E D I N G S

MS. BURCHETT: I would like to call this meeting to order, the regular meeting of the Board of Cosmetology.

MS. COLLINS-BURROUGH: Secretary can take roll.

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MS. BURCHETT: We don't have a secretary.
So I see Tracy Akard and Acie Foreman are not present.

MS. SMITH: who's box is that?

MS. BURCHETT: Have you heard from either of them?

MR. SHIRLEY: Mr. Foreman did indicate he would be here and I haven't spoken to Tracy.

MS. BURCHETT: we'll go ahead with the treasurer report.

MS. WARD: we had 281.13 last month. we collected 30 in dues, and it's 311.13 as of today.

MS. BURCHETT: Okay. Has everyone had an opportunity to look over the minutes from the last meeting?

It would have been June 16th.

Do I have a motion to approve the minutes?

MS. PHILYAW: I make a motion we approve them.

MS. WARD: Second.

MS. BURCHETT: Okay. All those in favor of approving the minutes for June 16th.

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(Three hands raised.)
MS. BURCHETT: Any oppositions?
(One hand raised.)
MS. BURCHETT: Okay. Ms. Nellie, did you approve or --
MS. HOPPER: Oh, approve.
MS. BURCHETT: Okay. I'm sorry. I missed your hand.

9 MS. HOPPER: Well, I didn't do it.
10 MS. BURCHETT: Okay. Minutes stand approved.
11 And now we're ready for our director's report.
12 MR. SHIRLEY: All right. Good morning.
13 BOARD MEMBERS: Morning.
14 MR. SHIRLEY: Since the last board meeting I have
15 spent a great deal of time looking at things, and I've
16 got some handouts for you in a couple of moments.
17 But I want to go back, and although I've only been
18 here three months, I've spent some time trying to
19 figure out what we've got and where we're at today as
20 far as the budget is concerned.
21 And just a brief note on the history lesson that
22 I've learned is 2003 legislative session there was a
23 transfer of \$741,000-plus from what was labeled the
24 Cosmetology Construction Fund to the Cosmetology
25 Operating Fund. And even behind that, my understanding

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1 was that those funds at some point came out of the
2 penalty fund for the board, and had been placed in a
3 construction fund with the anticipation that we may
4 build a building at some point, and that did not
5 happen. So those funds were transferred into your
6 operating fund. And since that time, our operating
7 expenses have actually exceeded revenues from year to
8 year. So what we in effect have been doing for at
9 least the last five years is living off of those funds
10 that were transferred in to make up the difference.

11 Someone should have told you-all that you needed
12 to look at increasing your fees a long time ago.
13 That's just to kind of lay a foundation for some of the
14 discussions we've got today.

15 I note that you-all have in the last session
16 reviewed several sections of the rules and approved --
17 initially have approved some increases in those various
18 fees that we charge, and that will take care of the
19 issue in the future. But as of today, we are still in
20 a dilemma about what to do with our budget. So I just
21 wanted to give you that information so that you would
22 know that what we've been doing is -- has not been
23 generating expenses in excess of revenues when the
24 funds weren't there, but where the source of those
25 funds were coming from to actually take care of

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1 operations from year to year.
2 We began this fiscal year, FY09, with \$563,000 in
3 our operating fund, and in the penalty fund we've begun
4 the year with \$424,000. Our budget for this year is
5 \$579,000. And that is with quite a bit of cost cutting
6 and eliminating any further development in technology,
7 if you will, in this office. So that's, I believe,
8 pretty much bare bones budget for us to operate on, to
9 cover operations and salaries of \$579,000.
10 So what we are looking at is we need to generate
11 at least \$116,000 during FY09 for this fiscal year
12 alone, and that would, with that amount of money, we
13 would end the year with no carryover to the next fiscal

14 year, which of course this year, as I've just said, we
15 began with over half a million dollars in operating
16 fund.

17 I've got a couple of handouts that I will pass
18 around to you at this point so that you can take a look
19 at what some of our options are.

20 And I have extra copies if anyone in the audience
21 would like copies of them.

22 Given the data that's available to us, what I've
23 done is generated some projections for this fiscal year
24 on licenses. We are projecting, under the current fee
25 structure -- again, although you've approved some fee

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1 increases, those have not become effective yet and
2 still have to go through some procedural processes
3 before they are effective. But the current fee
4 structure with the licenses due for -- new licenses and
5 renewals, we would generate in the neighborhood of
6 \$23,000; in student permits would be \$26,000. And some
7 of these, of course, in looking at student permits, for
8 example, we're making projections based upon the actual
9 revenue that was generated in fiscal year 2008.

10 Reciprocities, we're expecting \$23,000 in revenue;
11 and then there is miscellaneous income of 6,500. That
12 will generate a total revenue of seventy-eight-five,
13 when, as I've said already, we need \$116,000. That
14 would leave us with a shortfall of thirty-seven-five.

15 One of the options that has been talked about in

16 this -- in the previous meetings, is the staff resuming
17 the responsibility for administration of the practical
18 and written exams. That would generate \$39,000, which
19 if we did that would leave us with a net revenue end of
20 year of \$1,500.

21 Now, the second column that you see is FY09, and
22 that is if you -- if we go to the revised fees, and
23 that's a projection, they start at approximately three
24 months out from now, after going through administrative
25 reviews and implementation. That would generate 46,000

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1 instead of the 23. We could go to 39,000 for student
2 permits, reciprocity would go up to 31, and the
3 miscellaneous income would be relatively unaffected by
4 those fee changes. That would generate total revenue
5 of a hundred-twenty-two-five. With the revenue needed
6 of 116,000, that would leave end of year 6,500. And,
7 again, if we took on administering the staff doing the
8 testing, that would bring us up to a total of 45,500.

9 So those are some projections for just this year,
10 and then the bottom half we can go into in a moment,
11 but I don't want to get too far down the road, if you
12 have some questions about those and the possibilities
13 of even the staff test administration.

14 We do have the second sheet that you got is
15 addressing the financial projections for staff
16 administration of exams. This year just ended
17 June 30th. There were 971 exams that were
18 administered. And projecting a very modest increase in

19 that, I just rounded that up to 1,000 exams
20 administered over this fiscal year. And currently the
21 fees for students taking that exam is \$115, which would
22 be 115,000 in revenue. The expenses to administer a
23 thousand exams, the NIC material would be \$30,000; then
24 we would be looking at travel, meals, and lodging of
25 26,000 with staff cost, and this is salary cost of

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1 twenty-three-five. And that would be total expenses of
2 seventy-nine-five, which would generate a net revenue
3 of thirty-five-five.

4 The net revenue for eight months would be the
5 23,785 that you see at the bottom of that column.

6 Now, moving to the right-hand column, all of the
7 numbers are essentially the same except that I left out
8 salaries, because we're going to incur those salaries
9 regardless of whether the testing is occurring through
10 our staff or not. That would change the net revenues
11 to thirty-nine-five for these, this fiscal year.

12 So you can see where I got the staff test
13 administration at 39,000, or thirty-nine-five would be
14 a little bit more precise number on that.

15 So this is the situation that we're in today
16 budget wise. We have money in the bank at this point,
17 but we need more money just to make our budget through
18 the end of this fiscal year.

19 MS. BURCHETT: Let me just see if I understand
20 what you just said.

21 Over the last five years, the only reason we have
22 not operated in the red was because the funds were
23 transferred from the building fund. Is that what you
24 just said?

25 MR. SHIRLEY: Yes, ma'am. That's it.

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1 MS. BURCHETT: Are there any -- any other
2 questions for Mr. Shirley about what he just presented?

3 MR. SHIRLEY: One of the -- now, one of the things
4 that I've just put on the table is the possibility of
5 the staff resuming administration of the exams.

6 I did look at the PCS contract and there was some
7 question about the PCS and LaserGrade contracts.

8 The PCS contract has a clause in it that allows
9 termination of that contract with a 90-day notice,
10 which would take us to November, which would coincide
11 almost perfectly with the time frame for the rater
12 training that we have set for November 1st, 2nd, and
13 3rd, which would allow our staff to get the rater
14 training that they have to have in order to be able to
15 take -- to begin administering these exams.

16 I think the problem that we've got, and I'll ask
17 Erika to speak to this, is the LaserGrade contract.

18 Now, one of the things I want to make sure
19 everybody understands, neither one of these contracts
20 just by terminating them on the face is going to save
21 us any money because we're not paying any money out of
22 the agency's budget. The student bears the cost for
23 the administration of these exams. What we're looking

24 at is we would be terminating those contracts and then
25 having that money come to the agency itself for the

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1 administration.

2 MS. GEE: well, I did have one thought on the
3 LaserGrade contract. And I think we've talked before
4 about how there is not a provision in LaserGrade like
5 there is with PCS to terminate with a certain amount of
6 days notice.

7 But I was looking at the LaserGrade contract again
8 and it does have a provision that LaserGrade has the
9 exclusive right to administer computer-delivered tests.
10 So it may be that one way to get around that provision
11 would be to have the board administer written tests on
12 paper, which would not -- theoretically speaking,
13 LaserGrade would still have the rights to administer
14 any tests that were done by computer, but other than by
15 computer, that could be one way to go with LaserGrade.

16 MS. BURCHETT: So if the board decided to only
17 give written tests on paper --

18 MS. GEE: Uh-huh.

19 MS. BURCHETT: -- you know, then --

20 MS. GEE: That's one option. You can say,
21 LaserGrade, we're no longer going to do a
22 computer-based test, we're going to do it by paper,
23 we're going to do it ourselves. So in the event we
24 change our mind at some point during the term of this
25 contract and decide to do computer-based testing again,

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1 we will go through you, because you have the exclusive
2 right to administer computer-based tests.

3 MS. HOPPER: Until their contract runs out?

4 MS. GEE: Until their contract runs. That is an
5 idea.

6 The other idea is, I guess, other than that your
7 options are to cancel PCS and continue with LaserGrade;
8 or cancel both of them and see what happens. I mean we
9 can't really predict what LaserGrade's response might
10 be.

11 So, it just kind of depends on what you-all want
12 to do. And we'll certainly help you to the best of our
13 ability whatever it is that you decide to do.

14 So I'm sure you have questions.

15 MS. BURCHETT: So if the board chose to stop PCS,
16 cancel the contract, from the way it reads, all we
17 would have to do is write a letter and give them 90
18 days notice?

19 MS. GEE: Right.

20 MR. SHIRLEY: Correct.

21 MS. GEE: Right.

22 MS. HOPPER: I think we should. I think that we
23 need to generate money and this is one way that we can,
24 even though it's not but eventually it will.

25 But I think that we need to get back control of

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1 the testing --
2 MS. SMITH: Right.
3 MS. HOPPER: -- in our corner.
4 MS. SMITH: Right.
5 MS. HOPPER: I'm sorry.
6 MS. BURCHETT: Are you putting that in the form of
7 a motion?
8 MS. HOPPER: Yeah, I will.
9 MS. PHILYAW: I second that.
10 MS. BURCHETT: Okay. We have a motion and a
11 second to cease our contract with LaserGrade.
12 And are you asking Erika to write a letter?
13 MS. HOPPER: Please.
14 MS. GEE: With PCS?
15 MR. SHIRLEY: With LaserGrade or PCS?
16 MS. BURCHETT: With PCS.
17 MS. WARD: I think you have to do them separately.
18 MS. HOPPER: Are we doing both of them?
19 MS. BURCHETT: With PCS?
20 MS. HOPPER: Okay. I make a motion.
21 MS. BURCHETT: Is there any further discussion?
22 Is -- can we do that for LaserGrade and PCS?
23 MS. COLLINS-BURROUGH: Mine --
24 MS. BURCHETT: Because she said take control of
25 the test with the same motion.

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1 Is that what you were saying? Okay.

2 (Acie Foreman joined the proceedings.)

3 Okay.

4 MS. GEE: Maybe we should make it separate
5 motions.

6 MS. BURCHETT: Okay.

7 MS. WARD: I've got a question first.

8 Do we have some kind of a practical exam we can
9 give them, or do we have to look into that in order to
10 have that --

11 MR. SHIRLEY: what we're looking at in this, in
12 the numbers that I've presented to you --

13 MS. WARD: No. I meant what kind of written exam
14 are we going to give? Do we have something in mind or
15 are we going to go back to what we were giving before
16 or --

17 MS. CAUDLE: NIC.

18 MS. WARD: NIC. You were going to give that one?
19 Okay.

20 MR. SHIRLEY: NIC. That's the cost and materials,
21 NIC materials, that was the cost of the written
22 materials. I've already looked into that.

23 MS. WARD: Okay.

24 MS. GEE: And I also have a question. What date
25 would you have to cancel after so you would have people

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16

1 to qualify for giving the exam? The practical?

2 MR. SHIRLEY: November 1st and 2nd is the date
3 that we have on schedule already to do the rater
4 training.

5 MS. GEE: Okay. Do you want to have it effective
6 November 1st?

7 MR. SHIRLEY: November 1st. I would say make it
8 effective that day, our staff could be rater trained on
9 those two days, and then we can immediately begin
10 administering the exams that month.

11 MS. GEE: Okay. And if you wouldn't mind making
12 that a part of that motion.

13 MS. HOPPER: Okay. I make the motion for --

14 MS. BURCHETT: Sheila?

15 MS. CAUDLE: If you do away with it on
16 November 1st, PCS is the one who is doing that rater
17 training on November the 1st. You may want to make it
18 a little after that date.

19 MS. BURCHETT: But don't we pay them to do that
20 training?

21 MS. CAUDLE: We do pay them to do that, but they
22 are the ones that have arranged and are the ones coming
23 here.

24 MS. BURCHETT: You don't want them to be mad at
25 you.

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1 MS. CAUDLE: And it doesn't matter if it's one in
2 the class or 50 in the class, it's the same cost. So
3 instead of doing it on November 1st, it may be better
4 to go the week after or something --

5 MR. SHIRLEY: Give them a few more days.

6 MS. WARD: Give them five days.

7 MS. CAUDLE: -- so that we can get our rater
8 training.
9 MS. BURCHETT: But they are going to receive the
10 letter?
11 MS. CAUDLE: They're going to receive the letter,
12 but that is not going to cancel out the rater training.
13 There needs to be an understanding in there that the
14 rater training still needs to take place.
15 MS. COLLINS-BURROUGH: That's it. They are going
16 to pay --
17 MS. CAUDLE: And there may be some legal things to
18 work out there.
19 MR. SHIRLEY: Scratch the part --
20 MS. BURCHETT: I think that's two separate things.
21 MS. GEE: That's not part of the contract, is it?
22 The rater training?
23 MS. CAUDLE: Yes. We pay for the rater training.
24 We actually pay for the rater training, but PCS is the
25 one who scheduled that.

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1 MS. BURCHETT: But is that not separate from our
2 contract? Because the contract is just for testing the
3 students?
4 MS. CAUDLE: It's for testing the students only.
5 Right.
6 MS. GEE: So that's a separate agreement.
7 MS. CAUDLE: If we're going to send them a letter
8 telling them we no longer need their services, then
9 they -- something needs to be put in there to make it

10 understood we need the rater training.

11 MS. TRAYLOR: Well, you need to contract Kirby for
12 that.

13 MR. SHIRLEY: And if they don't do it, who would
14 do it?

15 MS. CAUDLE: Kirby, at the NIC.

16 MS. BURCHETT: It's my --

17 MR. SHIRLEY: But Kirby was involved in the
18 discussion about moving it to the 1st and 2nd anyway.

19 MS. CAUDLE: Right. It's already scheduled and we
20 don't want to lose that schedule, is all I'm getting
21 at.

22 MS. GEE: Okay. It says -- it does -- it is in
23 the contract, it says it's going to be done on an
24 annual basis with no cost to the board.

25 MS. CAUDLE: Right.

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1 MS. GEE: Okay.

2 MR. SHIRLEY: We may need to negotiate that. If
3 we're going to be canceling this contract, they may
4 want to be paid for providing the service.

5 MS. CAUDLE: Uh-huh.

6 MS. GEE: Okay.

7 MS. BURCHETT: So let me see if I have your motion
8 correct.

9 MS. HOPPER: Okay.

10 MS. BURCHETT: You made the motion to ask Erika to
11 write a letter to PCS --

12 MS. HOPPER: Uh-huh.

13 MS. BURCHETT: -- and to LaserGrade to cancel our
14 contracts, effective November 5th, 2008, and to include
15 in the letter to LaserGrade -- I'm sorry -- to PCS that
16 we still need our rater training on November 1st and
17 2nd?

18 MS. HOPPER: Correct.

19 MS. BURCHETT: Is that your motion?

20 MS. HOPPER: That's my motion.

21 MS. BURCHETT: Is that the motion you seconded,
22 Ms. Ann?

23 MS. PHILYAW: I seconded. Yes.

24 MS. BURCHETT: Okay. Does everyone understand the
25 motion?

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1 Is there any further discussion on the motion?

2 All those in favor of her motion, please raise
3 your hand.

4 (Hands raised.)

5 MS. BURCHETT: Thank you.

6 No oppositions. Motion passed.

7 MR. SHIRLEY: Okay.

8 MS. BURCHETT: Erika, do you have a problem with
9 any of that?

10 MS. GEE: No. I'm just thinking.

11 Do -- are we -- do you want to cancel the
12 LaserGrade or do you want to tell them we're doing
13 written test?

14 MS. BURCHETT: Well, to --

15 MS. GEE: How exactly do you want --
16 MS. BURCHETT: How ever we need to word it. I
17 mean, ultimately we're canceling our contract, but
18 however it needs to be worded to get out of the
19 contract is what we need to do.
20 We say cancel you say whatever it needs to say.
21 MS. GEE: Okay. I'll do my best.
22 MS. BURCHETT: Go do it.
23 MS. WARD: With the LaserGrade.
24 MS. GEE: Thank you.
25 MR. SHIRLEY: All right. I suppose, moving right

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21

1 along, the bottom of the page titled Budget Projections
2 for FY09, if you will look back at that, we talk about
3 FY10, 2010, and this is based upon revised fees. This
4 would be your beginning -- this would be July of 2009
5 forward.

6 The beginning balance, again we're talking about
7 revised fees, so come from the FY09 revised fees
8 column, the right-hand column there, we're bringing
9 down \$45,500 as our beginning balance. License new and
10 renewals during that period of time would generate
11 420,000; student permits under the revised fee schedule
12 would be 52,000; reciprocity would generate 45,000;
13 miscellaneous income, I still made no changes to that,
14 it would be incremental -- incidental if it does
15 change, 6,500; staff test administration for a full
16 year then would become \$59,000 that we would be looking

17 at. That would generate for us a total revenue of
18 \$628,000.

19 Now, I gave you a figure a few minutes ago of
20 569,000, I believe it was, for this fiscal year.
21 That -- or 669,000, excuse me. That changes with the
22 next biennium. There are a number of changes -- things
23 that we're anticipating. One is the increased rental
24 cost of our facilities here. The other is some travel,
25 mileage, hotel fees, those kinds of things for

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22

1 inspectors, as well as conference fees that may be
2 increased. Tried to do a little increase in
3 projections there.

4 (Tracy Akard joined the proceedings.)

5 Also there is a pay grade revision that's underway
6 for the entire state government. Anticipating those
7 changes, that is going to change our salaries here by,
8 my best estimate is between 30 and \$40,000 for the ten
9 staff who are here, so we've got to figure that in.

10 So our total revenue needed for the next biennium
11 would be 730,000 per year. That leaves us, even with
12 the new fees, a shortfall of \$102,000.

13 So we've solved part of our problem by making the
14 change that you-all just voted to make. That gets us
15 through this next 12 months. But we've still got some
16 problems that we've got to overcome budget wise
17 beginning July 1 of next year.

18 And the next proposal that I would have for you
19 is, at the beginning of this year, as I said, we've

20 started the operations this year with 563,000. Our
21 penalty fund started this year at \$424,000. That is
22 not something that we can just automatically go access
23 it if we need it. We've got to have some
24 appropriations language that will allow us to access
25 that fund for operations purposes.

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1 Again, trying to complete the circle here for you,
2 that takes me all the way back to 2003 when there were
3 some appropriations. The appropriations bill then had
4 some language in it that moved funds from another fund
5 over into the operations fund. And I have asked Erika
6 to draft for us some language that could go into that
7 operations -- the appropriations budget bill that would
8 allow us, then, to access some of those funds. So that
9 is my solution, I suppose I would say, that I'm putting
10 on the table for you--all is that, that's the best
11 option that I can see, unless we go back and totally
12 revisit all of the fees that we've already determined
13 and talked about in the last meeting, and it would take
14 some sizable changes to those to make that happen. If
15 we can go in through the appropriations process and be
16 able to access that fund, that would solve our concern
17 for that particular budget year.

18 Paul?

19 MR. LOUTHIAN: Just so we're all on the same page,
20 the first six months of 2010 will be July of 2009
21 through December 31st of 2009, and without using this

22 fund, you will not have money to operate that six
23 months on.

24 MR. SHIRLEY: All right.

25 MR. LOUTHIAN: There won't be enough fees coming

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24

1 in from new students. Whatever those minor fees are,
2 reciprocal licenses and stuff, you're going to have to
3 have 350 to \$375,000 of cash to operate that six
4 months. The two year renewals start in 2010.

5 MR. SHIRLEY: Right.

6 MR. LOUTHIAN: And you do not have that nor will
7 you have that.

8 So it's not a matter of if you really want to do
9 this or not, it's really a matter of you have no
10 choice. We're in the situation where cash is not
11 available and funds are not going to come in through
12 fee structures to carry you through that six months.
13 Okay?

14 MR. SHIRLEY: (Nodding head up and down.)

15 MR. LOUTHIAN: I would like to paint the picture a
16 different way, but there is no other color to put on
17 it. You don't have a choice.

18 MS. BURCHETT: We don't have a choice, we have to
19 do what?

20 MR. LOUTHIAN: You have to access this money, if
21 it's available to you.

22 MR. SHIRLEY: We've got to go after the
23 appropriation fund language --

24 MS. SMITH: Right.
Page 22

25 MR. SHIRLEY: -- to be able to access the penalty

SUSAN B. WHITSON, CCR, INC. (501) 455-1170

25

1 fund itself.

2 MS. BURCHETT: So when would we be able to access
3 the money?

4 MR. LOUTHIAN: My suggestion would be that you
5 write in the language an emergency clause that upon
6 signing you have the availability of accessing that
7 money, and that would be sometime in the January to
8 roughly first of May time frame in 2009, while the
9 legislature is in session. That's the only way you can
10 access the money.

11 MR. SHIRLEY: Right.

12 MR. LOUTHIAN: Is to have them revise the language
13 and pass a law that says you can. And that's your only
14 chance.

15 MS. GEE: And that's what I was going to point
16 out. Right now you're prohibited from using that money
17 for those things.

18 MR. LOUTHIAN: Operations.

19 MS. GEE: For operations.

20 MR. SHIRLEY: Yeah.

21 MS. WARD: What is that money being used for?

22 MS. GEE: The way the law reads now, that penalty
23 fund, where -- should be used to defray the cost of
24 disciplinary hearings, enforcement actions, and
25 educational training for staff. which I don't know

1 what it has specifically been used for.

2 MR. SHIRLEY: It really has not been used.

3 There -- each biennium there has been some -- a
4 budget put in place for that, but in fact when I got
5 here, that's one of the things I visited with Paul
6 about a week or two ago. The fact of the matter is
7 even our court reporter in a lot of cases, because we
8 bring them in for hearings, those fees should have been
9 charged to that penalty fund and they have not been.
10 Under my predecessors, they were never charged to that
11 penalty fund. So there was probably that and office
12 expenses. And any time we get those penalties in, or
13 the write ups from inspectors and we send out notices
14 of order and hearings, those all go by certified mail,
15 and none of those expenses have ever been charged to
16 this penalty fund. If that were the case, we would
17 have had, over the last three years or so, probably
18 \$40,000 a year.

19 That was my projection when I looked at the
20 budget, that we could have charged probably \$40,000 a
21 year to that fund, that would still leave 120 more in
22 your operating fund today than what you've got.

23 MS. BURCHETT: And then staffing, it says staffing
24 needs for educational training purposes. That would be
25 NIC training, wouldn't it? So that should have come

1 out when we were still doing that.

2 MR. SHIRLEY: Uh-huh.

3 MS. HOPPER: How much money is in the penalty
4 fund?

5 MR. SHIRLEY: Well, that's the 424,000 at the
6 beginning of this month.

7 MS. HOPPER: Okay. Got you.

8 MR. SHIRLEY: So what I think we need from you
9 today is another motion that we can move forward with
10 some appropriation language that would allow us to
11 access that on an emergency basis, as soon as the
12 legislature -- legislation is approved. And that would
13 carry us through that period where we really have
14 nothing in the bank to carry us for that last six
15 months of next year.

16 Once we hit 2010, with the new fees in place, as
17 well as the renewal cycle, that's when our -- all of
18 those that we've done this spring for a two-year
19 period, they will all come due again, or most of them
20 will come due in 2010, and that will put us back on a
21 solid footing. As far as generating revenues that
22 equal expenses, I expect that to pretty much be a
23 balance at that point, hopefully a little ahead from
24 the new year, and then you will have already increased
25 graduated increases in the renewal fees, so that would

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28

1 take care of increases as we go up to a certain point.
2 But we certainly have to be much more proactive in

3 looking at our budget and bringing that information to
4 you, to all of you.

5 MS. WARD: Then actually we don't know what they
6 have been using that fund for, because -- in the past,
7 do we?

8 MR. LOUTHIAN: Sure you do. It was a matter of
9 not generating the revenues to cover your just
10 operating expenses. You had more salaries, wages, and
11 other costs --

12 MS. WARD: Yeah, but you --

13 MR. LOUTHIAN: -- than what you were bringing in
14 every year, and nobody ever added two and two and got
15 four. Because the balance was so big and the way it's
16 presented, you start off with a big balance, it would
17 be a little bit less each year, and nobody actually
18 said, okay, if the revenue and expenses don't equal,
19 then I'm losing cash flow and I'm eventually going to
20 run right in the ground.

21 Now, I think there is another piece of this, and
22 I've talked to Maurice about this, and I might as well
23 just tell you-all. Just simple terms, okay, because
24 that's all I can understand. If I had 475 to \$500,000
25 in fees a year in my licensing, renewals, and

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29

1 reciprocal licenses, whatever those things were, when I
2 look back over the years, I see 485, 490, 500,000 a
3 year in revenue. When I renewed licenses this year, I
4 would have expected to have seen roughly a million
5 dollars. 950, you know, a million, or 950,000 to a

6 million dollars in revenue, because we went to a
7 two-year license. Okay? we ended the year 660, 680,
8 something like that, roughly. So some 250 to 300,000
9 short in revenue this year.

10 At some point somebody has got to figure out how
11 many people hadn't renewed and are operating illegally,
12 that's a possibility. How many people decided not to
13 renew, because the hassle was more than it was worth to
14 them. They had held a license so they could go to the
15 supply house and buy, but they weren't practitioners
16 anymore, or they had held a license just in case they
17 wanted to go back, and now the burden of having to do
18 that with the photograph and other things that came
19 into play, they simply said forget it. And so that,
20 that revenue stream is gone. And if you raise the fees
21 again, it's gone forever. Okay?

22 So, in doing these projections and thinking about
23 where you're going to be and what your budget needs to
24 be for 2010, 2011, we have a very, very short window to
25 make sure that we've got that analogy down to where it

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30

1 needs to be and we know, when we raise these fees, that
2 we're going to have enough revenues going forward. And
3 I think at this point all you can do is look and see
4 what you renewed, and you can figure if they renewed
5 this year, they will renew next year, and if you happen
6 to have some people come back, that's all the better.
7 But the scary part of it is, what happened to that

8 \$300,000 and what's the real answer as to why we didn't
9 collect it. Okay. I don't think it's going to be all
10 that somebody just didn't renew. I think there is
11 going to be some of it that they didn't renew and they
12 are not ever going to renew. And it's not that they
13 are out there operating illegally.

14 So you-all know your business, I don't, but that's
15 where I would be hunting right now for a solution to my
16 money, my money problems and my fee structure going
17 forward.

18 MR. SHIRLEY: Okay.

19 MS. BURCHETT: Ms. Veda?

20 MS. TRAYLOR: It's still not clear to me and to a
21 lot of other people, are we renewing the next time on
22 your birthday or is it two years?

23 MR. SHIRLEY: It will be on your birth date that
24 month is due for renewing. And that's the way we're
25 doing the projections for this budget is based upon

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31

1 birth date renewals for --

2 MS. TRAYLOR: I don't think anyone understands
3 that, that that's -- that it's going to be renewable on
4 your birthday.

5 MS. COLLINS-BURROUGH: That's what it says in
6 the -- on your license.

7 MS. BURCHETT: On your license, the expiration
8 date is your birth date in 2010.

9 MS. TRAYLOR: Well, who can read what's on those
10 little tiny licenses?

11 MS. COLLINS-BURROUGH: Well, get your magnifying
12 glass.

13 MS. TRAYLOR: Nobody bothers to look at that.

14 MS. BURCHETT: Just like a driver's license, it
15 says on it when it expires, and that's when it --
16 that's when it has to be renewed.

17 MS. TRAYLOR: But you're good for two years?

18 MS. BURCHETT: Right.

19 MS. MORGAN: For practitioners. Some of the
20 salons renewed two years.

21 MS. CAUDLE: What's your birthday, veda?

22 MS. TRAYLOR: September.

23 MS. CAUDLE: September of 2010 your license will
24 expire.

25 MR. SHIRLEY: Some actually get a longer period of

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32

1 time than just 24 months, based upon that.

2 If you renew January '08 and your birthday is in
3 January of 2010, you've got 24 months. If it's beyond
4 that time frame, you get 25. Somebody is going to --
5 if somebody's birth date is in December, they are going
6 to have 35 months on that. If they renewed in January
7 of 2008, they get almost a three-year license.

8 MS. BURCHETT: But that's only going to happen one
9 time?

10 MS. TRAYLOR: But there goes the revenue, too.

11 MR. SHIRLEY: Right. That's only a one-time
12 thing, and after that it will be every two years.

13 The projections you have in front of you are based
14 upon those numbers of people who did renew this year
15 and what our database is showing when they are due for
16 renewal in 2010.

17 So if we get -- if we can go back, and I've got,
18 Sheila and I have actually talked and she's looked at
19 some of this with me, and I've got my other inspectors
20 who don't know this yet, but we've got -- we've got a
21 research project to do because I've got to have them
22 look and tell me on a printout from the database who is
23 new and who -- who's renewed, who is not, who should be
24 off of this list that's closed permanent and those kind
25 of things and clean that up a little bit, because there

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33

1 are some things that are still not totally functional.
2 we -- the database is working for us but it's not
3 there yet, but we're getting there, and we're going to
4 get there, I'll say that. I think we will. But it's
5 going to take some literally reviewing by those
6 inspectors who are in the field who know who is in
7 their areas to look at some printouts from that and
8 tell us who else is out there, who should be renewed,
9 who is showing as not renewed at this point so we can
10 go visit those shops, tell them they need to pay up.

11 MS. AKARD: Well, when you did do your
12 projections, you did do it on -- I'm assuming you did
13 do it on the renewals that we did have take place this
14 year?

15 MR. SHIRLEY: Yes, ma'am. That's right.

16 That -- there are no projections in here that are
17 based on --

18 MS. AKARD: Previous years?

19 MR. SHIRLEY: -- any of that, unknowns or previous
20 years. I went to the database, and it will generate
21 for me from month to month those numbers that are due
22 for renewal, cosmetologists, manicurists, aesthetician,
23 shops, schools that are due for renewal in any given
24 month. And it's given me those numbers and that's the
25 basis for these projects for the next couple of years.

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34

1 MS. BURCHETT: Okay. So I think -- I think what
2 the board needs to do now before we get off track is
3 some -- make a motion concerning the penalty fund,
4 accessing the penalty fund.

5 MS. WARD: I make a motion that Erika puts in the
6 right terminology to have an emergency to access the
7 penalty fund.

8 MS. SMITH: Second.

9 MS. BURCHETT: Okay. So we have a motion and a
10 second to -- for Erika to draft the language to allow
11 us to access the penalty fund and make sure that we
12 have the emergency clause in that language.

13 Is there any further discussion on the motion?

14 Okay. All those in favor, please raise your hand.

15 (Hands raised.)

16 And the motion passes unanimously.

17 Thank you.

18 MR. SHIRLEY: And we will be working on that --

19 MS. COLLINS-BURROUGH: How soon --

20 MR. SHIRLEY: -- with the language that it has the
21 emergency clause in there and the legislature passes it
22 with that clause, then we can begin to access it.

23 MS. GEE: The earliest possible time would be
24 January.

25 MS. COLLINS-BURROUGH: Right.

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35

1 MS. AKARD: What do we need to do to put in place
2 so that we are -- start doing it correctly to -- to use
3 our money for that emergency fund for the office
4 expenses or -- or the things that -- what do we need to
5 do so that we are using that money that's appropriated
6 for the expenses that we're not doing at this
7 particular time?

8 MS. GEE: Well, the way that we have this drafted,
9 and I think the way that it was done in 2003 is kind of
10 what we modeled it after, is just to eliminate the
11 penalty fund entirely, put all that money into the
12 operating fund, and that would be how it would be going
13 forward.

14 MS. AKARD: Okay.

15 MS. GEE: That there wouldn't be two separate
16 funds.

17 MS. AKARD: Okay.

18 MS. GEE: That all of the penalties would just go
19 into operating expenses.

20 Isn't that how you wanted to do it?

21 MR. SHIRLEY: No. Actually that wasn't what I had
22 in mind.

23 MS. GEE: Okay. Well, then Maurice and I have to
24 talk about it.

25 MS. AKARD: Okay.

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36

1 MS. GEE: That's what I thought he wanted to do.

2 MS. AKARD: Okay.

3 MR. SHIRLEY: I think that the concern that I've
4 got and the reason I say that is, I'm not sure that the
5 legislature envisioned when they set them up with two
6 different funds, that they envisioned us for just using
7 that for operations, because then, to use a term that
8 I've heard Paul use, then you get into the risk of us
9 sending inspectors out, okay, we need a little more
10 money, you-all go write some more penalties, so we
11 don't want to do that.

12 MS. GEE: Okay. So you're talking a one-time
13 transfer?

14 MR. SHIRLEY: We're talking one time.

15 MS. GEE: Okay. That's not how this got set up.

16 MR. SHIRLEY: Yes, Paul?

17 MR. LOUTHIAN: Okay. Yeah. I think you're going
18 to have to finesse this, quite frankly, to get this
19 through. And you can set it up as a one-time transfer.
20 Or you might think about saying that you would ask to
21 be able to do this with a review of counsel; meaning
22 that you would have the authority to do it after you

23 went to peer committee and said, you know, this is our
24 situation, this is why we need to move this money, and
25 we will come before the legislative committee that

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37

1 oversees this and ask permission to do this, when we
2 explain why we need it. That may be your fall -- may
3 need to be your fall-back position and the one that
4 might have the best chance of going through.

5 MR. SHIRLEY: Right.

6 MR. LOUTHIAN: It still gives them some review
7 control and some ability to understand what's going on
8 before they let you have that transfer of cash.

9 Now, if I was going to write it, I would write it
10 as a one-time pop to make my six months, and then from
11 that point forward a review of the transfer would be
12 appropriate.

13 MS. AKARD: Then what do we need to put in place
14 so that we can use that money like it is appropriated
15 for in the future? For expenses, like you said, for
16 court reporting, for our education, what do we need to
17 do in the office so that we are using that money
18 correctly?

19 MR. SHIRLEY: I think that falls on my shoulders
20 to make sure that that happens. Just an awareness at
21 this point that we've had budget items, expenditures
22 that should have been charged to that haven't been, was
23 my first step in realizing that that's what needed to
24 happen. And I will be working with Gordon, of course,
25 who is the guy that helps write the checks in the

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38

1 office and make sure that we review from month to month
2 what expenditures that should in fact go directly to
3 the penalty fund as opposed to being charged to regular
4 operating expenses.

5 MS. AKARD: So that will be something that we'll
6 start seeing in our budget or something like that,
7 start to see that we are actually withdrawing the money
8 or something like that?

9 MR. SHIRLEY: Yes. I will be glad to report back
10 to you what we're doing.

11 MS. AKARD: Okay. Well, I was just asking, you
12 know, that --

13 MR. SHIRLEY: Sure.

14 MS. AKARD: -- you know, we want to make sure that
15 we're using our moneys.

16 MR. SHIRLEY: I assure you, this has been quite an
17 experience, the first three months, figuring out that
18 I've inherited something like this in this office,
19 but --

20 MS. AKARD: Well, I think I already know the
21 answer to this, but I'll ask it anyway.

22 I don't suppose that there is any way that we can
23 go back and recoup?

24 MR. LOUTHIAN: No, ma'am.

25 MR. SHIRLEY: I don't think so.

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1 MR. LOUTHIAN: Could have prior to June 30th.
2 MS. AKARD: I think after the year is done the
3 year is done?
4 MR. LOUTHIAN: Yes, ma'am.
5 MS. AKARD: Okay.
6 MR. LOUTHIAN: We explored those possibilities.
7 Believe me.
8 We thought about lying, to sign it --
9 MR. SHIRLEY: I wish I had stumbled across this
10 piece two months ago when I first got here.
11 MS. AKARD: Yeah.
12 MR. SHIRLEY: And that would have helped us some
13 at this period of time. It took a little bit of
14 learning time for me --
15 MS. AKARD: Okay.
16 MR. SHIRLEY: -- doing my homework.
17 MR. LOUTHIAN: We can sit down and come up with an
18 aggressive approach to make that happen. I mean, you
19 should be allocating the salaries, there is a lot of
20 things that ought to be going back against that if you
21 do some cost accounting, and I have some folks that can
22 help with that.
23 MS. AKARD: Good.
24 MR. LOUTHIAN: So we'll -- we'll make that happen.
25 MS. AKARD: Good.

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1 MS. BURCHETT: Okay. Moving right along with the
Page 36

2 director's report.

3 Okay. Pardon on me. I'm not trying to rush you,
4 sort of.

5 MR. SHIRLEY: Okay. I think we've addressed for
6 today at least those budget items that I have prepared
7 for your review and discussion. If there is any other
8 specific questions on budget, it might be the time to
9 entertain those now, otherwise I want to move to some
10 other issues.

11 You-all should have a -- a page titled Civil
12 Penalties Paid. These are some of the penalties that
13 we have now sent out notices of penalties and asked for
14 payment, and these are those that have been paid, and I
15 understand that you-all review that as a board and
16 approve the acceptance of these penalties that have
17 been paid by these individuals for these
18 establishments.

19 MS. BURCHETT: I think -- do we need to do that
20 now, Erika?

21 MS. GEE: You don't have to do that now, but
22 you'll need to do it --

23 MS. COLLINS-BURROUGH: Yeah.

24 MS. GEE: -- to approve the penalty.

25 MS. BURCHETT: Okay. why don't we do it now,

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□

41

1 while we're looking at it.

2 MS. COLLINS-BURROUGH: Right. I so move.

3 MS. PHILYAW: I second that.

4 MS. BURCHETT: So a motion has been made and
5 seconded to approve the penalties on this report.
6 Is there any discussion?
7 All those in favor?
8 (Hands raised.)
9 MS. BURCHETT: Thank you.
10 Motion carries unanimously.
11 MS. COLLINS-BURROUGH: Maurice, how much is that
12 in total?
13 MR. SHIRLEY: Total is \$7,387.
14 MS. COLLINS-BURROUGH: Is that how much just for
15 this month or what?
16 MR. SHIRLEY: This -- since my arrival here, of
17 course, this is the first time that I've had the
18 opportunity to bring this to you, so this would be
19 actually for the last 60 days, those that we've mailed
20 out. The first month I was here, we didn't do any
21 mailouts on penalties.
22 Now, it may have covered an actual -- the length
23 of time that the inspectors have been writing things up
24 may have been longer than that two months. And right
25 now -- one of the things that I will say on this is,

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1 I've met with Erika and we've gone over the penalty
2 process, the way those things are handled
3 administratively once they come into this office.
4 And, again, at some point that process was
5 changed. The format, the language in the notices was
6 revised, and I don't think, based upon my discussion

7 with her, that it really was meeting all the technical
8 requirements that it should have. And I've asked Erika
9 to give us a revised Order and Notice of Hearing that
10 we can send out on these, and I think it will also
11 expedite the process.

12 what had been happening was there was just an
13 informal letter, if you will, that was sent out
14 notifying a shop or an individual of a violation and
15 telling them that they had a fine that they should pay,
16 and then if they responded, we determined at that point
17 whether to send them an Order and Notice of Hearing in
18 order to actually conduct a hearing before this board.
19 And that greatly slowed down the process of moving this
20 forward and getting it resolved for them and for us, as
21 well.

22 And I don't think it -- again, I don't think it
23 met some technical requirements under the law, as I
24 understood it from Erika. And she might be able to
25 more clearly articulate that than I am.

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43

1 But with this new process, what we expect to do is
2 to send one notice by certified mail and by regular
3 mail saying, here is your penalty, here is the reason
4 for the penalty, you can pay it or we'll set it for a
5 hearing at the next board date. And we'll send that in
6 enough time that they are noticed at that point that
7 they need be prepared to come to you for a hearing at
8 your next board meeting.

9 I think we'll see a lot more response to that,
10 because the informal letter is just -- it's so much of
11 a throw away that it -- I suspect it's been ignored.

12 MS. COLLINS-BURROUGH: Uh-huh.

13 MS. SMITH: Uh-huh.

14 MS. BURCHETT: And I do know that there have been
15 people come to the board that didn't understand what
16 the letter actually said, and they were -- would have
17 been happy to just pay it and go on, but they thought
18 they had to come. So --

19 MR. SHIRLEY: Okay.

20 MS. BURCHETT: -- that's great, I'm glad to see
21 that revised.

22 MR. SHIRLEY: So what we're looking forward to now
23 is the next board meeting will be September, so getting
24 that letter from Erika, getting that -- that first
25 round of the new letters prepared and mailed out in

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44

1 enough time that we may have a big agenda in September
2 or we may have a lot bigger number than this to bring
3 to you for approval.

4 MS. COLLINS-BURROUGH: Will we get to see those
5 letters before they are handed down for the board?

6 MR. SHIRLEY: If you would like to see a draft of
7 it, I think I have e-mails for all of you, if you would
8 like to review that and read it and provide comment.

9 MS. COLLINS-BURROUGH: I would like to see it.

10 MR. SHIRLEY: I will send it to you.

11 MS. PHILYAW: I would, too.

12 Mr. Shirley, I have one more question on this.

13 How much money would it save the board for all of
14 the people that owe penalties just to pay them instead
15 of coming before the board and having them -- the lady
16 here that handles all of that, how much money would
17 that save us per -- have you thought about that?

18 And if you haven't, would you have an answer for
19 us next meeting in September?

20 MS. TRAYLOR: You're taking away their rights.

21 MS. PHILYAW: Pardon?

22 MS. TRAYLOR: You're taking away their rights to
23 defend themselves.

24 MS. PHILYAW: Right.

25 But if they choose to pay their fine.

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45

1 MS. TRAYLOR: They can do that now.

2 MS. GEE: They can do that.

3 MS. PHILYAW: So you think it will be clear
4 enough, if we discontinue the letter, that will --

5 MS. GEE: We're trying to streamline it to make it
6 more clear to people that they can just not contest it
7 but just pay the penalty.

8 MS. PHILYAW: Okay.

9 MS. COLLINS-BURROUGH: They have the opportunity
10 to.

11 MR. SHIRLEY: But we're not trying by any means to
12 try to take away their right to come before you for a
13 hearing.

14 MS. COLLINS-BURROUGH: Right.

15 MR. SHIRLEY: We're just trying to simply say,
16 here it is, this is the penalty. If you want to pay
17 it, pay it; otherwise be prepared to come to the board
18 to a hearing --

19 MS. PHILYAW: Okay. Right.

20 MR. SHIRLEY: -- on this date.

21 MS. PHILYAW: Thank you.

22 MR. SHIRLEY: Okay.

23 MS. BURCHETT: Before we go to the next session,
24 could we take a ten minute break?

25 MR. SHIRLEY: Ten minute break.

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46

1 MS. BURCHETT: Okay. We'll recess for a ten
2 minute break

3 (WHEREUPON, a break was held from 9:55 a.m. to
4 10:05 a.m.)

5 MS. BURCHETT: Okay. Everyone is not back in
6 place, but our ten minutes is up and we really need to
7 call this meeting back to order.

8 So as soon as the director walks in the door,
9 we'll finish his report.

10 MS. SMITH: But the board members aren't here.

11 Tracy can grab them.

12 MS. BURCHETT: Okay. We're ready to resume our
13 director's report.

14 MR. SHIRLEY: All right. The next item that I
15 have for you is the -- what I'm calling the revised
16 licensing process.

17 Two months ago when we met we discussed and
18 you-all made the decision then that we will move away
19 from the plastic ID card type licenses that you have
20 now, and I've been looking at different options. I've
21 talked to different ones in this office about -- or in
22 this building, other agencies about what they do. And
23 the best alternative that I've come up with, other than
24 going back to the standard format that you-all used
25 before, just printing on an 8 1/2 by 11 piece of paper

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47

1 and creating the perforations, which we've still got
2 the equipment in the office to do all of that, so we
3 can go back to the original format and just revise how
4 it's laid out on the page to create, as in the course
5 of -- if I can just -- if that's all right.

6 MS. GEE: I'm sorry.

7 MR. SHIRLEY: And as an example, Texas has
8 their -- their license format like this. Basically
9 it's not -- it's maybe a quarter size, quarter size of
10 a piece of paper, and they have the box here on the
11 right-hand side and they simply require that -- that
12 their license holders put their own picture on that
13 once they receive it in their shop. So that -- that's
14 just an example from another state.

15 But what this license format would allow you to
16 do, I met with a gentleman from Bank and Business
17 Solutions, and the Pathology Board upstairs, Arkansas
18 Psychology Board are a couple of those that are using

19 this. And basically what they do is create a pocket
20 card with this item here on the bottom that it's self
21 laminating, so once it's printed and it arrives to the
22 license holders, they can peel this piece off the back,
23 put it across the front of it so that it has a more
24 lasting --

25 MS. COLLINS-BURROUGH: Protected finish.

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48

1 MR. SHIRLEY: -- it will last them throughout the
2 year better than a piece of paper would. But then you
3 would still end up with effectively the same shape and
4 size of a license that you've had in years past with
5 your license, and then a renewal notice that we could
6 go back to basically that same format on this type of
7 document.

8 I do not have a proposal for you, he is working on
9 that as to exactly what it would cost us. But
10 somewhere around 30 cents per license, I think, to use
11 this type of paper as opposed to the couple of dollars
12 apiece just for the plastic card itself.

13 Now, again, this is nicer than what you've done in
14 the past, but it's a whole lot less expensive than what
15 we're doing right now. At the same time, if you choose
16 to, we can go back to just a standard piece of paper
17 and color code it from year to year like you've done in
18 the past and reformat the layout on here where that it
19 gives, just as the Texas license does, it creates a
20 little block so that each one of you, when you get your
21 license, you can put your photo on that.

22 MS. COLLINS-BURROUGH: How much does that cost?

23 MR. SHIRLEY: Whatever the stock paper that's got
24 color to it. It would be less than this.

25 MS. COLLINS-BURROUGH: Well, that's what I want to

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49

1 do.

2 MS. SMITH: I have -- I do have a question.

3 what helps out the inspectors? I mean, they are
4 the ones that have to look at it. I know the color
5 makes a difference, but as far as what helps you guys
6 out as far as -- because the little cards, I mean, if I
7 was still in a salon, I would have to dig them up, you
8 know, you would have to pick up my card and look at it
9 and that kind of thing.

10 MS. MORGAN: For myself the paper license, if you
11 color code it, that's just fine. I do like the fact of
12 having a place there for them to affix their own
13 picture.

14 Also, what I'm finding out in the field inspecting
15 right now is the fact that they have got it in their
16 wallet or they are taking it to the supply house, and
17 it does help to have that little card at the bottom of
18 that orange piece of paper, that they can take that to
19 the supply house. And that's -- that's important to
20 the practitioners out there, very important to them to
21 have something they can put in their pocket.

22 MS. SMITH: Right. Right.

23 MR. SHIRLEY: I will say that Mr. Burrell, when I

24 talked to him and I told him that you had used colored
25 paper in the past, he said one of the things that you

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50

1 can do, and I think there is some limit to the number
2 of colors, but you can change the color of the print,
3 the pre-printed information that would go on here. For
4 instance, the year 2007, 2008, 2010, whatever it is,
5 that could be pre-printed on here before we ever get
6 these, and it can be in color to make it easier for the
7 inspectors just to walk through the door, look at the
8 license, and they know, even if it's the same color of
9 paper, they can quickly glance at the corner of it and
10 see if it says 2010 in bright blue.

11 MS. MORGAN: Mr. Shirley, I missed out on the
12 first, on the -- the plain piece of paper. The license
13 would be at the top and the little --

14 MR. SHIRLEY: Right. There is a pocket card at
15 the bottom.

16 MS. MORGAN: Okay. That pocket card is good.
17 Uh-huh.

18 MR. SHIRLEY: Right. You can peel off and stick a
19 self-laminating piece on the top of it.

20 MS. COLLINS-BURROUGH: It's still going to cost
21 more.

22 MR. SHIRLEY: It will cost more than this will,
23 yes.

24 We can go -- we can go either direction that
25 you-all want to go. But that's -- that's the two

1 options that I'm bringing to you today. I think that's
2 your best options.

3 MS. AKARD: Even if the inspectors like colors,
4 this is -- this is not heavyweight card stock. It is
5 not expensive. You can get this, I'm sure, in other
6 colors, and if you find out what you want, you can get
7 this priced, do it on our own. I'm sure we could.

8 I mean, now that you have an idea.

9 MR. SHIRLEY: Uh-huh.

10 MS. AKARD: I'm sure you could.

11 You know, I think -- I think this is a good idea
12 and I think you're going to find people are going to
13 like this. But I think we can find the both -- both of
14 the worlds, you know, having the colors that they like
15 for the different --

16 MS. CAUDLE: I like the laminate on the back of
17 that, because when they get it, they put their picture
18 on there and there is no swapping of pictures.

19 MR. SHIRLEY: True.

20 MS. BURCHETT: But the photo wouldn't be on the
21 pocket card.

22 MR. SHIRLEY: Now, that's the thing that in
23 talking to the rep for this company, they said if you
24 put a photo under the laminate, that it will cause it
25 to bubble, so that's not going to be the place for the

1 picture.

2 MS. CAUDLE: Oh. So that's not going to be
3 possible?

4 MR. SHIRLEY: Right.

5 MS. AKARD: They just have their picture
6 elsewhere?

7 MR. SHIRLEY: Right.

8 MS. AKARD: I think -- I think we probably can.
9 I'm going take this with me --

10 MR. SHIRLEY: Okay.

11 MS. AKARD: -- and see if I can find --

12 MS. BURCHETT: So you say you think we can get
13 that somewhere --

14 MS. AKARD: Because this is not heavy stock.

15 MS. WARD: No. It's just --

16 MR. SHIRLEY: It's heavier than standard paper,
17 but --

18 MS. AKARD: But it's not heavy. I'll take it with
19 me and see what I can find.

20 MS. SMITH: But if we just discussed a budget --
21 if we just discussed a budget that we're having
22 problems with, why would we increase more? Why not --
23 we already have the machine for that, what we were
24 using was working, we went to the cards for the reason
25 of going two years, is that correct and then having a

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53

1 picture on it? What was our reason for leaving that
2 and going to the picture that we have now?

3 MS. PHILYAW: I agree. I think we should go to
4 colored paper.

5 MS. BURCHETT: I'm not sure. Nobody really knows.

6 MS. COLLINS-BURROUGH: We're cheap.

7 MS. SMITH: So, I mean, if we're having budget
8 problems and we're trying to figure out a budget and
9 have funds and things like that, I think if we go with
10 what we have, what we've been working with, the
11 inspectors said they like it, it's been working well,
12 why would we change it for something else just to have
13 a few more dollars, just because it's new.

14 MS. AKARD: I'm not really going with it because
15 it's new. The reason I'm kind of thinking of it is
16 because we're going up in our renewals, and I think the
17 people would like the heavier deal to put in their
18 purse and for it to last a little bit longer.

19 MS. SMITH: The card on the bottom of that is much
20 larger than this.

21 It's not the same size, it's larger.

22 MS. COLLINS-BURROUGH: Uh-huh.

23 MS. WARD: But we could do that on card stock like
24 this, that's not real heavy and go right through the
25 copier. That's --

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1 MS. SMITH: I mean, I understand exactly what
2 you're -- I know. I understand what you're saying.

3 MS. AKARD: But that's exactly it. It will hold
4 up.

5 MS. SMITH: But my thing is --

6 MS. WARD: Yeah. Because it's got to last two
7 years instead of a year. And mine at the end of the
8 year is pretty tattered.

9 MS. SMITH: It's that way because it's in your
10 purse. Is that why?

11 MS. WARD: It's in and out of my wallet, and they
12 are going to be taking the small one out of their
13 wallets.

14 MS. SMITH: Right. But you can take that -- they
15 can take that and get it laminated, if that's what they
16 really want. But my concern is what you discussed with
17 the budget, so I'm concerned about the budget.

18 MS. WARD: Okay. But you buy this paper, you
19 know, about this thickness, it's not going to be but a
20 couple of dollars for the whole 500 sheets different
21 than the other paper.

22 MS. SMITH: I understand what you're saying --

23 MS. WARD: Yeah.

24 MS. SMITH: -- but any occurrence of any other
25 income -- I mean, we just passed something that we're

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55

1 going to be able to go into the penalty, this emergency
2 fund. I don't think we should go any more into any
3 funds unless we've just got -- we have to.

4 MS. COLLINS-BURROUGH: well, let's get the price
5 and compare them.

6 MS. WARD: Yeah. Because I think it's going to be
7 just a couple of dollars difference between the two

8 reams of paper, and that's for 500 sheets, so I think
9 it's just going to be a couple of pennies more per
10 copy. So I don't think between this and just color
11 paper it's going to be that much difference.

12 Now, if you got the real thick card stock, it
13 would be, but the real thin won't.

14 MS. BURCHETT: Okay. Is -- is someone interested
15 in making a motion?

16 MS. AKARD: Are we to that point yet?

17 MS. WARD: Are we going to check the price?

18 MS. COLLINS-BURROUGH: We've got to check the
19 prices.

20 MS. WARD: We're going to check the prices first,
21 if we can.

22 MS. AKARD: Let me expense it until the next
23 meeting, so I can find a price, if we may.

24 MS. BURCHETT: Okay. At this time are we -- are
25 we continuing to do the cards?

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56

1 MR. SHIRLEY: Yes. We are.

2 The -- the schedule at this point is that the
3 plastic ID cards will continue to be used through this
4 license period, which what that means, to interpret it
5 for you, is the renewals will be due January 1, but
6 there will be those who will be sending in for renewal
7 beginning December, at least. So what we're projecting
8 is by December 1, to be ready to go to something like
9 this.

10 Now, if we were to go with this particular piece
11 with the laminate, we need to have a decision by
12 September for them to put it into actually place the
13 order and do any preprinting on the face of it that we
14 would want done, for instance a year, that type of
15 thing.

16 So we do have, I would say, we have -- you have,
17 one more meeting prior to us running out of time, even
18 if we decide to go with this particular product. So
19 that will give us time to do some further research on
20 basic common paper, heavier card stock, what the costs
21 are. I just wanted you-all to see today what we're
22 looking at, some options. And I'll bring to you some
23 actual proposals with your September meeting.

24 MS. BURCHETT: So do we design what goes on the
25 face?

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57

1 Either -- either whether we use this one or that
2 one?

3 MR. SHIRLEY: Right. We can -- we can make a
4 determination what we want it to look like. Yes.

5 MS. BURCHETT: Okay. Does that -- doesn't that
6 need to happen before the next meeting?

7 Because -- and -- and the company wouldn't be able
8 to give us a quote without knowing what they are going
9 to put on the front of it anyway, because that's going
10 to increase the cost, if they preprint something.

11 MR. SHIRLEY: I'll confirm this with him, but my
12 understanding is unless we really get dramatic with

13 what we're putting on the front of it, it's not going
14 to be very significant one way or the other.

15 MS. BURCHETT: Okay.

16 MR. SHIRLEY: The standard printing with the
17 border with some dates, some standard -- the Arkansas
18 State Board of Cosmetology, blank license, that, the
19 standard language is all going to be on here. He has
20 this as a sample to work from.

21 MS. BURCHETT: Okay.

22 MR. SHIRLEY: So based on that, I don't -- I think
23 printing cost is going to be negligible, even if we
24 make some decision changes with format or the -- even
25 some of the language that's on there would not be

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58

1 dramatic.

2 MS. BURCHETT: Okay. So when you -- when you
3 receive a proposal from him, would you e-mail that to
4 the board?

5 MR. SHIRLEY: Okay.

6 MS. BURCHETT: And then, Tracy, if you --

7 MS. AKARD: I'll be in contact with him.

8 I have a wonderful marketing person that works
9 with me, and has been doing a bunch of stuff for me,
10 that works directly in my office. So I'll be in
11 contact with him.

12 MS. BURCHETT: Okay. That would be great.

13 MS. AKARD: And we'll sum it up here real quick.

14 MS. WARD: Can you give us -- kind of do a draft

15 of what it's going to look like so we will have an
16 idea?

17 MR. SHIRLEY: Okay.

18 MS. WARD: Because you're going to have to have a
19 place there for the picture.

20 MR. SHIRLEY: Right.

21 In fact, based on my discussion with him, he may
22 come back to me with some sample. We'll see.

23 MS. WARD: Okay.

24 MS. BURCHETT: So if we have information sent to
25 us before the next board meeting, then we'll be ready

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59

1 to move right on with that, and that needs to happen.

2 MS. WARD: Yeah.

3 MR. SHIRLEY: Okay.

4 MS. WARD: Okay. Next?

5 MR. SHIRLEY: Next item on the agenda is the
6 Access Database.

7 Again, I did mention this in passing earlier. We
8 are continuing to use the Access Database. I continue
9 to meet weekly with Lance, who is our programmer on
10 that. We've made progress in some areas. There are
11 other areas that are still not functioning as they
12 should. But I'm hopeful that we will get it where it
13 needs to be over the next few months, and that's -- I
14 would like to have it there today, but it's not.

15 And looking around, again, at other agencies and
16 what they are using, GLSuite, which is what we were
17 using here prior to going to Access, there is one board

18 in particular in this building, the Pharmacy Board,
19 that's still with them that, if they can burn somebody
20 in effigy I think they would with regard to GLSuite,
21 they just despise the system that they are using in
22 spite of all their best efforts to get it fixed.

23 So I've gotten -- from no source have I gotten a
24 positive endorsement of GLSuite. And there is -- I get
25 mixed feedback when I talk to those in this office from

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60

1 Sheila and Gordon, different ones, who have had some
2 experience using it.

3 There is another alternative that is called CAVU.
4 Off the top of my head now, I can't tell you what that
5 stands for. But INA, which is the networking agency
6 for the State, the Internet service provider for us,
7 even for our website, is a partner with CAVU in other
8 states, and they have a database that's designed
9 specifically for services such as what we provide.

10 INA indicates that they are looking at
11 developing -- that they are in the process of
12 developing a business plan to bring CAVU into Arkansas
13 because they, as I said, partner with them in other
14 states, but they do not even have or are beginning to
15 have a time line as to when CAVU would be available in
16 this state. For the foreseeable future, my
17 recommendation to you is that we continue to work with
18 Access and keep our options open and I'll continue to
19 watch for and look, communicate with INA. And if we

20 have that become available us to, then we'll take a
21 real serious look at what CAVU can do for us as opposed
22 to Access and whether it would be feasible for us.
23 Right now, Access is not costing us any money, it's
24 paid for. Even the work that Lance does from week to
25 week in trying to fix problems or improve things as we

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61

1 need them or prepare, produce reports for us, those
2 kinds of things, are not costing us any money, and
3 we've got that available us to, I believe, through
4 March 2009?

5 MS. CAUDLE: GL?

6 MR. SHIRLEY: No. No. The current Access
7 contract.

8 MS. CAUDLE: Access?

9 MR. SHIRLEY: We extended that right after I
10 got --

11 MS. CAUDLE: December.

12 MR. SHIRLEY: Just December at this point?

13 But we've got prepaid hours there and I don't
14 think there is a problem of extending that again if
15 we've still got hours available. So my recommendation
16 is that we can maintain the status quo at this moment
17 until we find something, something better comes along.

18 And the other consideration is, right now Access
19 doesn't cost us anything. Going to CAVU or back to
20 GLSuite is going to cost us some money to do that.

21 And we're making the system work even when we run
22 into a problem. I think those of you who are with the

23 schools are probably seeing the biggest problem with
24 guys being able to record and send -- record student
25 hours and send reports back to you.

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62

1 MS. AKARD: Besides that, what else do we use this
2 computer for?

3 MR. SHIRLEY: Well, Access is the -- the format
4 that we are keying in all of the licenses, any renewal
5 that comes in. So we are maintaining that in that
6 database, all of your licenses and the renewal dates
7 and all the personal information that's there regarding
8 each individual license holder.

9 MS. AKARD: And how is it doing on that end?

10 MR. SHIRLEY: It's doing okay. It's performing
11 satisfactorily in that area.

12 MS. AKARD: So it does fine for that, it just
13 doesn't do well with the student hours?

14 MR. SHIRLEY: Right.

15 This problem, the student hour piece, is the
16 biggest problem that we've got. And we're looking at
17 that now to see exactly what information that we've got
18 to put in there. If we don't have to record those
19 hours month to month into that database, we'll just
20 turn the switch off on that part of it.

21 MS. AKARD: So --

22 MR. SHIRLEY: And if we need to report or provide
23 hours back to you-all, then we'll figure out a format
24 in which we can do that.

25

MS. AKARD: So it's just --

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63

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MR. LOUTHIAN: Where --

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MS. AKARD: So it's just the month to month hours that we have problems with? Doing it every month?

3

MR. SHIRLEY: It --

4

MS. CAUDLE: Yes.

5

MR. SHIRLEY: Terry -- yes. Terry enters those hours from month to month. You-all report the hours.

6

MS. AKARD: Right.

7

MR. SHIRLEY: They have got to be keyed in. And there is formulas in there that calculate an ongoing number of hours for each student, whether it's certified or uncertified, and then it's got to tie it back to the individual school.

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So you've got so many variables in there, is my best explanation, as a noncomputer expert, that you've got so many variables in there that it is not pulling the information across the board the way it's supposed to and tying this student to that school, here is the number of hours, and here is also a permit out here. So the numbers -- every student gets a permit number, and from that permit number then everything else kind of --

23

MS. AKARD: Okay. Well, I'm going to --

24

MR. SHIRLEY: -- flows out from that.

25

MS. AKARD: All right. I'm going to step out of

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1 the box just a little bit, because I don't know if this
2 would have anything to do with our problems, and this
3 is really stepping out of the box of this is how we've
4 always done it. But what does our law say about -- and
5 I should have looked at this, but well I'm just kind of
6 going off the top of my head, about doing hours?

7 Not the rules. Our laws.

8 MS. CAUDLE: It just says that it has to be
9 reported to the office by the 10th of each month.

10 MS. AKARD: That's what the law says?

11 MS. CAUDLE: Uh-huh.

12 I don't know if it's law or the rule.

13 MS. AKARD: Okay. That's what I'm saying. What
14 the law says?

15 MS. CAUDLE: I don't think the law says anything.
16 I think it's the rule and regulation book.

17 MS. AKARD: Do you know what the law says?

18 MS. GEE: I'm going to look.

19 well, it says that the school has to keep a daily
20 record of attendance.

21 MS. AKARD: Okay.

22 MS. CAUDLE: I think it's in the rule and
23 regulation, is the only place it is, Tracy.

24 MS. AKARD: Because -- because if we're having
25 problems with -- and again, just I'm stepping out here

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1 on new territory. But if the law doesn't say we have
2 to do it on a month to month, why do we have to do it
3 on a month -- send it to the office on a month to
4 month?

5 MS. GEE: It doesn't say that.

6 MR. SHIRLEY: I appreciate that question.

7 I -- actually I've remained silent for a couple of
8 minutes here, but that's been a question I have and
9 I've pursued that, and I don't see --

10 MS. AKARD: If that's a problem in having that
11 with the computer --

12 MR. SHIRLEY: Right.

13 MS. AKARD: -- then why would the school have to
14 report to the office on a month to month? why could
15 the school not report except when the student completes
16 with that --

17 MS. CAUDLE: It's only in the rule and regs.

18 MS. AKARD: Okay. Well, we can change the rules
19 and the regs.

20 would that not simplify -- and this is new
21 territory. You know, I know I've been doing it this
22 way for 24 years and I know -- and I know that might be
23 the way we like to do it, but would that not make it --

24 MR. SHIRLEY: My question -- if I may, my question
25 has been along this line of, even if you-all continue

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1 to report to us, what requires us to put it into that
2 database and then send hours back to you from month to
3 month saying, okay, this is what your total is this

4 month compared to what your total is a month ago. And
5 I don't see -- that's where I've come up short. I
6 don't see where that requirement is in our rules and
7 our regs, our statute. It's -- and it has led me to
8 question, is there some federal law that dictates to
9 all of you as school owners that you need a state
10 agency confirming or documenting your hours?

11 MS. AKARD: No.

12 MR. SHIRLEY: If that's not there, then there is
13 no reason for us to plug anything into that database
14 until you send us a student's final hours when they
15 drop or complete your course work, and then those hours
16 then are certified or uncertified hours.

17 MS. AKARD: No. There is nothing in, and it
18 varies from state to state who certifies the student's
19 hours. Some states the school certifies the student's
20 hours. In our particular state, our state certifies
21 the school's hours. So it would not -- it would not
22 matter, unless it matters to the state law. It would
23 be perfectly acceptable if we just send them -- send
24 them in, you know, if the school is -- if the student
25 is registered and we have them registered, if we sent

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67

1 them in when -- upon the student's completion.

2 MR. SHIRLEY: Right.

3 MS. AKARD: Again, you know, this is
4 revolutionary, according to the way I've done it in 24
5 years, but I'm just having a discussion. And a lot of

6 it has to do with this --

7 MS. CAUDLE: We've had this discussion for a
8 couple of weeks.

9 MS. AKARD: -- you know, because of the computer
10 issue that we're having, and then, you know, we're
11 dealing with the manpower issue that could certainly be
12 used in --

13 MR. SHIRLEY: Right.

14 MS. AKARD: -- in a --

15 MS. WARD: Well, it consumes a great deal of time,
16 both for the board and for the --

17 MS. AKARD: Not just for us, but also for the
18 board that we could certainly be using in a more
19 effective manner --

20 MS. WARD: Yeah. And for the schools.

21 MS. AKARD: -- manner than entering in the hours.
22 You know, and then we are -- we are responsible
23 for the hours now.

24 MR. SHIRLEY: Uh-huh.

25 MS. AKARD: Totally responsible for those

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68

1 student's hours.

2 MS. WARD: And we have to keep the time cards
3 anyway, or it's done on the computer, either way. So
4 we've got it, it's recorded.

5 MS. AKARD: I mean, I don't care what you have. I
6 know what I have, and what I have, I'm 100 percent
7 comfortable with.

8 MR. SHIRLEY: The time that I would see it would
Page 62

9 be helpful to the board staff to have hours that you've
10 reported month to month is if we were to get a
11 complaint, or if we were to go out and just do a
12 standard audit, that we could actually take paper
13 documents that you've sent to us, or by e-mail, for
14 that matter, that's not the issue, whether it's paper
15 or electronic, that we've got something that you've
16 given us month to month leading up to that time when we
17 come to your school to do a complaint investigation or
18 an audit, to cross reference then with your time clock,
19 your time cards, those kinds of things, to verify that
20 we do or do not have a problem in that school, or just
21 for confirmation through some audit process, that we
22 are getting the correct information in this office.
23 But as far as documenting that into the database, I see
24 no functional reason for us to do that.

25 MS. AKARD: Well, if we were to -- if the school

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69

1 were to send them to the state board and you didn't put
2 them in a computer, where are you going to put them?
3 Because you could have a lot of stuff --

4 MR. SHIRLEY: If they come in an electronic
5 format, we can put a file on the --

6 MS. CAUDLE: For each school?

7 MR. SHIRLEY: -- on the server and maintain that
8 file.

9 MS. AKARD: So you could have them --

10 MR. SHIRLEY: Yes.

11 MS. AKARD: You could have them somewhere?

12 MR. SHIRLEY: And just keep them electronically.

13 I mean, it's already there. It's not something
14 that you-all send us and then we have to take that and
15 go over and key it in somewhere else. It's still
16 saving staff time even if you do send it to us.

17 MS. AKARD: But then you wouldn't have to
18 necessarily enter it into a computer system that we are
19 continually having issues with.

20 MR. SHIRLEY: Right.

21 MS. CAUDLE: Even if it's in a paper form, we can
22 scan that in and save it to Hot Springs Beauty College,
23 month --

24 MS. AKARD: So you do have a backup, if there is a
25 dispute.

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70

1 MR. SHIRLEY: Yes.

2 MS. AKARD: But you don't have to again enter it
3 into this computer.

4 MR. SHIRLEY: Right.

5 MS. AKARD: And that you have to be working on it
6 for eternity, and it continues to cost us with headache
7 and heartache and hard earned dollars that we can't
8 just seem to --

9 MS. BURCHETT: So, could the board make a decision
10 today to -- because we can't change the rule
11 immediately, but we would continue to send hours
12 monthly, you know, by the 10th of each month, and the
13 board would store them electronically, and but not --

14 not enter them into the system? I mean this doesn't
15 say they have to be entered. The board would just
16 store them electronically and stop what they are --
17 well, they are not doing it, they can't do it now,
18 so --

19 MS. AKARD: whatever you do with them, that's --
20 you do with them.

21 MR. SHIRLEY: Right.

22 MS. AKARD: we've done our part.

23 MS. CAUDLE: Uh-huh.

24 MS. WARD: And --

25 MS. AKARD: And you're doing with your part --

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71

1 what computer you put them in, I don't care, as long as
2 you have them for a reference point, that's your --
3 that's your -- your -- your deal.

4 MS. WARD: If it's done electronically, you're
5 going to have the errors by typing it in, because it's
6 so easy to --

7 MR. SHIRLEY: Right.

8 well, if you-all, and depending on the school, if
9 you want to send it to us in a paper format, that's
10 fine. If you want to send it us to electronically by
11 an e-mail attachment, that's fine. what we just would
12 like to move away from is having to take that data and
13 then keying it into the database otherwise. Because
14 that creates problems in itself plus it would be a cost
15 savings as far as staff time to not have to do that.

16 And we've got your records. If we need to pull records
17 and do some audit, then we've got the records you sent
18 us, we can pull that, come back and see you.

19 MS. CAUDLE: What Terry and I has discussed is
20 developing a form, similar to one of the other forms,
21 submit that form to you electronically or whatever, you
22 can fill in the names, you can add and drop or
23 whatever, put the hours in and submit it back. So you
24 would have a one-time form sent to you as a template,
25 if you will, to use.

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72

1 MS. AKARD: Well, then why don't we look at
2 exploring something that --

3 MS. BURCHETT: So, Tracy, are you making a motion?

4 MS. AKARD: Well, I don't really know what I would
5 be making a motion at, if you want to help lead me,
6 that's fine. But I think we need to find us a much
7 simpler way of doing this so that the computer, we're
8 not spending all this time trying to fix a computer
9 issue that may not really need to be --

10 MS. BURCHETT: Okay. So I --

11 MS. AKARD: -- fixed.

12 MR. SHIRLEY: Okay. Can I --

13 MS. BURCHETT: Go ahead.

14 MR. SHIRLEY: Let me say this: If you-all as
15 school owners tell me you don't need us to report
16 something back to you month to month, we will fix this
17 this month. We will fix this this month. We don't
18 need a board motion. If you want to do that, that's

19 your prerogative; but you don't have to give me a board
20 motion. We can fix it this month. We can send you a
21 format that you can use. If that doesn't work for you,
22 you can send us whatever format you would like, we can
23 store it for you.

24 MS. AKARD: We have several school owners I would
25 like to hear from. I know we've got one school owner,

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73

1 I would like to hear from other school owners, too.

2 Is there --

3 MS. CAUDLE: Ms. Hughes?

4 MS. AKARD: Well, I would like to hear from them,
5 their thinking.

6 MS. HUGHES: Sounds good to me. Let me send in my
7 hours and I'm done.

8 MS. PHILYAW: Well, we're -- as Scott -- I mean
9 Susan just said a little bit ago, Joyce, we're
10 cutting -- we're trying to cut money. So if this is
11 going to save money and time, why not?

12 MR. SHIRLEY: Okay.

13 MS. BURCHETT: Chris?

14 MS. STRAWN: I'm late and I apologize, but I
15 assume you're talking about us not reporting hours
16 every month to the board?

17 MS. CAUDLE: Uh-huh. Report them, but not record
18 them.

19 MS. BURCHETT: Well, the rule says we send them to
20 the board office by the 10th of each month. So we

21 would continue to send, in whatever format you want to
22 send them in, to the board by the 10th of each month,
23 and the board would just store them electronically, not
24 enter every hour individually. And then if there is a
25 dispute, they have a record of what we sent in every

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74

1 month.

2 MS. STRAWN: Uh-huh.

3 MS. BURCHETT: But, you know, there is really no
4 reason for them to store it into the computer until the
5 student drops.

6 MS. STRAWN: I actually did a little bit of
7 research on this, and there is not a law that requires
8 you guys to store and -- you know, we have to store it.

9 And then a couple of the states, I think Oklahoma,
10 I'm not sure, it's Oklahoma or Texas, one of them,
11 they -- they don't even send the hours in, they --
12 until they are done, until a student is done. And then
13 if there is a question, they come in and audit the
14 books, and you-all audit them anyway, so it's kind of
15 a -- more work for you guys and more work for the
16 schools. And I would love to see you-all do that.

17 MS. BURCHETT: Well, our rule says at this -- at
18 this time we still would have to send them in by the
19 10th of the month to the board office --

20 MS. STRAWN: Uh-huh.

21 MS. BURCHETT: -- unless we choose to change the
22 rule.

23 But they could change what they do right now,

24 because nothing says that they have to enter it in the
25 system.

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75

1 MR. SHIRLEY: Again, I haven't made a change in
2 the office because I didn't know what impact that would
3 have on individual schools. I didn't know what other
4 rules or requirements you-all might be facing, but I'm
5 hearing today that there isn't anything. With that
6 said, we're going to change the way we do things in the
7 office. We're not going to be putting that into the
8 Access Database. We'll maintain whatever records,
9 whether it's paper or electronic, that we get. When we
10 need those, we'll be able to have them available to do
11 audits.

12 MS. BURCHETT: So nothing is going to change as
13 far as we're concerned?

14 MR. SHIRLEY: Right.

15 MS. BURCHETT: We're going to still continue to
16 send our hours by the 10th of the month.

17 But Terry is going to send all the schools
18 electronic -- do all schools have e-mail?

19 MS. CAUDLE: All but two.

20 MS. BURCHETT: Okay. So those schools she would
21 have to send a paper copy of the -- of the form, of the
22 template that she's going to develop for us to put,
23 send our hours in. And we can use that or we can use
24 whichever format we choose, as long as we send them to
25 you monthly.

1 MR. SHIRLEY: Right.

2 All right.

3 MS. BURCHETT: I think we're done with that.

4 MR. SHIRLEY: Okay. The next item --

5 MS. AKARD: Okay. Do we have to make a motion on
6 anything?

7 MS. BURCHETT: He said --

8 MR. SHIRLEY: Not for me.

9 MS. BURCHETT: We're not changing rules. We're
10 not voting to change a rule or anything like that,
11 so...

12 MR. SHIRLEY: Right.

13 MS. CAUDLE: We're just changing the procedure.

14 MR. SHIRLEY: We're just changing office
15 procedure.

16 MS. AKARD: Okay.

17 MR. SHIRLEY: All right. The last item I have for
18 you is just discussion of renewals, just to give you a
19 report on that because that was a big issue for several
20 months.

21 As of this morning, I looked at the stack that was
22 on the desk, and it's about like that (indicating).
23 About a dozen or 20, maybe, that need to be done, just
24 prior to walking down here. So those should be done by
25 the time this day is out, unless there is a problem,

1 and they will be mailed back. And then the overall
2 renewal process, the office accounting control, we met
3 again with DFA, Maggie --

4 MR. LOUTHIAN: Garrett.

5 MR. SHIRLEY: -- Garrett. I don't know why --
6 Maggie Garrett from Paul's office is making some final
7 editing changes on that and then it's just a matter of
8 us coordinating with them and getting her over here for
9 a day or so to walk through some of those things,
10 implement use of what's called a Bangor machine, where
11 you actually stamp a serialized number on each piece of
12 paper that comes in, in an envelope, and then we've got
13 a -- a tracking system where we know that things are
14 getting tracked and we're not losing any kind of
15 documents. If we are, we'll be able to solve that.
16 There is a reconciliation process on the back end and
17 I'll be responsible for that part of it.

18 After funds come in, they are distributed to three
19 of the office staff who are responsible for processing
20 those, whether it's a renewal, a new shop, a shop
21 renewal, student fees. Then the actual receipts
22 themselves go to Gordon to prepare the deposits.

23 The staff who process those incoming pieces of
24 mail send me their -- copies of their reports. Gordon
25 will send me a copy of his deposit report, I've got to

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78

1 do the reconciliation on that to make sure we're

2 appropriately -- appropriately handling all the funds
3 that are in this office. And if I find discrepancies,
4 then I pretty much take my Sherlock Holmes hat on and
5 go to work and figure out where it's come --

6 MS. AKARD: Shirleylock Holmes.

7 MR. SHIRLEY: What's that?

8 MS. AKARD: Shirleylock Holmes.

9 MR. SHIRLEY: Okay. But that's my report. We are
10 up to date on renewals and those processes are shortly
11 to be implemented.

12 Back to you.

13 MS. BURCHETT: So those are -- that's your report.

14 MR. SHIRLEY: That is it.

15 MS. BURCHETT: Very good.

16 Any -- any final questions for Mr. Shirley
17 concerning his report?

18 At this time I believe we'll hear from Blytheville
19 Academy of Cosmetology. Do we have a representative
20 here for Blytheville Academy?

21 MR. SHIRLEY: I haven't seen anyone.

22 MS. BURCHETT: Okay. Moving right along, we have
23 Tina Bardwell from Mountain Home who would like to
24 address the board. And I believe, since we have time,
25 we can allow her to do that.

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79

1 MS. BARDWELL: Okay. Where do you want me?

2 MS. BURCHETT: We don't really have a chair.

3 MS. BARDWELL: I can pull up on the corner over
4 here.

5 MS. BURCHETT: That will be great.

6 MS. BARDWELL: Okay. I'm wanting to open --
7 process a new school application. And I mailed it in.
8 I'm not sure, do you have -- do you have it?

9 MR. SHIRLEY: Yes.

10 MS. BARDWELL: Okay.

11 MR. SHIRLEY: Not with me, but I have seen it.

12 MS. BARDWELL: Okay. I wanted to get approval for
13 a new school in Mountain Home, Arkansas. And I have my
14 floor plan and all the paperwork.

15 what I'm wanting to get is -- what I'm concerned
16 with is getting some type of approval that I can give
17 the Arkansas Rural Endowment so I can offer financial
18 assistance to students. Because I have all the
19 requirements except for the students.

20 MR. SHIRLEY: What is your time frame for opening?

21 MS. BARDWELL: I'm wanting to open in September,
22 September 15th.

23 And I'm wanting to go ahead and make the
24 commitment for the building. I have a building and a
25 gentleman is being nice enough to hold it for me right

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80

1 now, and -- because I wanted to talk to the board to
2 get somewhat of a go-ahead. And I didn't know if you
3 wanted to review things today or --

4 MR. SHIRLEY: What we will need to do is to have
5 the inspector for your area to come and do a physical
6 plan inspection, review the building, review that and

7 give you guidance on that as to whether it meets
8 requirements or does not.

9 MS. BARDWELL: Okay.

10 MR. SHIRLEY: From that, then -- and also they
11 would have an opportunity prior to doing that to look
12 at your proposed course material and discuss that with
13 you, as well.

14 MS. BARDWELL: So the inspector needs to look at
15 the floor plan --

16 MR. SHIRLEY: Yes, ma'am.

17 MS. BARDWELL: -- and so on before she comes to
18 the physical --

19 MR. SHIRLEY: Yes. And the inspectors are in the
20 office today. Once this meeting is concluded, you and
21 I both can meet with the inspector --

22 MS. BARDWELL: Okay.

23 MR. SHIRLEY: -- if you would like and go over all
24 the materials.

25 MS. BARDWELL: Okay. That's what I would like to

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81

1 do.

2 All right.

3 MS. BURCHETT: So, at this point, what action does
4 the board need to make?

5 MR. SHIRLEY: We can't make a good -- staff can't
6 make a recommendation to you because we have not seen
7 the physical plan. We have nothing to recommend for
8 your approval at this point.

9 MS. BARDWELL: Okay.

10 MR. SHIRLEY: But administratively, if I'm not
11 missing something, perhaps, Sheila, you know, if
12 everything is satisfactory and they can move forward
13 with their development and they get in to us all of the
14 student, the minimum of 25 student applications --

15 MS. BARDWELL: Uh-huh.

16 MR. SHIRLEY: -- we can administratively approve
17 them to go ahead on, if they are -- if they are ready
18 to go on September 15 and your next meeting I think is
19 like September 21st --

20 MS. CAUDLE: The board hasn't formally approved
21 the school to open yet.

22 MR. SHIRLEY: Right.

23 MS. PHILYAW: But do we have to legally?

24 I don't believe we have to, do we?

25 That's been brought up before.

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82

1 Erika -- Erika. Ms. Gee?

2 MS. GEE: Yes. The rules lay out that it requires
3 board approval --

4 MS. CAUDLE: Yes.

5 MS. GEE: -- at some point in the process. Yeah.

6 MS. BURCHETT: Yes.

7 MR. SHIRLEY: So what we're looking at at this
8 point would be September 21st.

9 MS. BARDWELL: Okay.

10 MS. BURCHETT: But she just has to make -- she's
11 made application --

12 MS. BARDWELL: Uh-huh.
13 MS. BURCHETT: -- to the board.
14 MS. BARDWELL: Uh-huh.
15 MS. BURCHETT: So, at this point, the board, I
16 think, would say yes or no to her moving forward.
17 MS. BARDWELL: Uh-huh.
18 MS. CAUDLE: Right.
19 MS. BURCHETT: Because until the board says yes,
20 you may move forward, then she can't do anything else.
21 MS. BARDWELL: Right --
22 MS. CAUDLE: Right.
23 MS. BURCHETT: -- to be inspected.
24 MS. BARDWELL: Right.
25 MS. BURCHETT: She has nothing to be inspected --

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83

1 MS. CAUDLE: Right. She has to get approval from
2 you guys first.
3 MS. BURCHETT: -- because she can't commit to the
4 building.
5 MS. PHILYAW: Is it proper for me to make a motion
6 that she continue forward?
7 MS. BURCHETT: Absolutely.
8 Is that your motion?
9 MS. PHILYAW: Okay. That's my motion.
10 MS. SMITH: I second.
11 MS. BURCHETT: Okay. Motion has been made and
12 seconded that we approve her to continue with the
13 process of applying for a new school.
14 MS. BARDWELL: Okay. Thank you so much.

15 MS. BURCHETT: And does the board have any other
16 discussion about it?

17 Okay. We need to take a vote.

18 Then, all those in favor of her moving forward
19 with this new school.

20 (Hands raised.)

21 Okay. Thank you.

22 Motion passes unanimously.

23 MS. BARDWELL: All right. Thank you so much.

24 MS. BURCHETT: Uh-huh.

25 Okay. Is there -- is there anything else that

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84

1 needs to be brought before the board at this time?

2 If not, I'll give you an opportunity -- but if
3 not, we will go into executive session. And then after
4 lunch we would go into the rule and statute revisions.

5 MS. PHILYAW: Can I ask a question?

6 Do you think we will finish that today?

7 Because we had -- last month when we met, we
8 thought there was going to be two days meeting. So do
9 you think we will finish that?

10 MS. BURCHETT: We need to finish it today.

11 MS. PHILYAW: Okay.

12 MS. BURCHETT: If we don't get this finished
13 and -- and get the draft, you know, we're -- we're not
14 getting anywhere.

15 MS. PHILYAW: Right.

16 MS. BURCHETT: We have to finish today.

17 MS. PHILYAW: Okay. Thank you.
18 That's what I want to know.
19 MS. BURCHETT: Yes. Thank you.
20 MS. PHILYAW: So my husband can cancel our
21 reservations for tonight.
22 MS. BURCHETT: Yes.
23 MS. PHILYAW: I mean, why spend money if you don't
24 have to have it.
25 MS. BURCHETT: Right.

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85

1 Chris?
2 MS. STRAWN: I requested to talk about the PCS or
3 something testing. Is now the time or --
4 MS. BURCHETT: Okay. Earlier we -- we voted to
5 write letters to discontinue PCS and LaserGrade.
6 MS. STRAWN: Praise God.
7 Okay. I don't need to comment then. I don't need
8 to say anything.
9 MS. PHILYAW: See what you missed by being late,
10 Chris?
11 MS. STRAWN: I know. But, hey, maybe if I had
12 been here -- okay. That's good. Yeah. You-all are --
13 yea.
14 Thank you.
15 MS. BURCHETT: Any -- any other comments?
16 Okay. Then -- see what time it is.
17 MS. MORGAN: Scottie, I have one comment about the
18 licenses, about the two different pieces of paper.
19 Some time ago we did have a problem with the

20 thickness of paper going through our copiers and our
21 machines, too.

22 Is that not correct?

23 MS. CAUDLE: Yeah. The yellow paper we used the
24 one year, which was extremely heavy; but --

25 MS. MORGAN: There was a thickness that didn't go

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86

1 through our machines that we have, and that has come to
2 our mind since we've talked about that, that perforates
3 it and folds it and stuffs it in the envelope. So we
4 have to be careful of the thickness of the paper that
5 goes through that, too. We don't want to have to --

6 MS. BURCHETT: Okay. Thank you.

7 MS. CAUDLE: It was a real heavy card stock.

8 MS. BURCHETT: Thank you for that. That's
9 important information.

10 Yes, ma'am?

11 MS. PHILYAW: Are we going to go into executive
12 session before lunch?

13 MS. BURCHETT: Well, what should we do?

14 It's 10:45.

15 MR. SHIRLEY: I don't know.

16 what you've got to talk about could take five
17 minutes.

18 MS. BURCHETT: What do you think?

19 MS. PHILYAW: I just I don't want to take an hour
20 and a half for lunch. That's what I was concerned
21 about. It's just ten until 11:00 right now.

22 72108CosBd
MS. BURCHETT: Right.

23 So how -- how about if we take care of executive
24 session and lunch and meet -- meet back in here with
25 everyone at one o'clock.

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87

1 MS. PHILYAW: Yeah. That would be good.

2 I mean, for me it would be good.

3 MS. BURCHETT: Does that sound good for everyone?

4 MS. PHILYAW: So we go into the executive session
5 and then --

6 MS. BURCHETT: Right.

7 So at this time we're going into executive
8 session. So I need to ask everyone to leave and we'll
9 reconvene at one o'clock.

10 (WHEREUPON, at 10:48 a.m., the above-entitled
11 proceedings were concluded.)

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88

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CERTIFICATE

2

3 STATE OF ARKANSAS)

4 COUNTY OF PULASKI)

5

6 I, SUSAN B. WHITSON, Certified Court Reporter and
7 notary public in and for Pulaski County, State of Arkansas, do
8 hereby certify that the business meeting of the Arkansas State
9 Board of Cosmetology, held July 21, 2008, was taken by me in
10 Stenotype and reduced to computer-generated typewritten form by
11 me or under my direction and supervision; and that the same is a
12 true and correct reflection of the proceeding that occurred, to
13 the best of my knowledge and ability.

14 I FURTHER CERTIFY that I am neither counsel for,
15 related to, nor employed by any of the parties to the action in
16 which this proceeding was taken; and, further that I am not a
17 relative or employee of any attorney or counsel employed by the
18 parties hereto, nor financially interested, or otherwise, in the
19 outcome of this action; and that I have no contract with the
20 parties, attorneys, or persons with an interest in the action
21 that affects or has a substantial tendency to affect
22 impartiality, that requires me to relinquish control of an
23 original transcript or copies of the transcript before it is
24 certified and delivered to the custodial attorney, or that
25 requires me to provide any service not made available to all

1 parties to the action.

2 SIGNED AND SWORN this _____ day of
3 _____ .

4

5

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SUSAN B. WHITSON, CCR, #158

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NOTARY PUBLIC IN AND FOR

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PULASKI COUNTY, ARKANSAS

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10 My Commission Expires: June 4, 2012.

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