

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), Board of Barbers and Hairdressers (BBH), September 30, 2010.

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of BBH to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BBH should be reestablished. Currently, under AS 08.03.010(c)(4), the board will terminate on June 30, 2011, and will have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

BBH should continue to regulate barbers, hairdressers, estheticians, manicurists, tattooists/permanent cosmetic colorists, and body piercers. The board is serving the public interest by promoting the competence and integrity of those who provide services to the public under these professions. We recommend the legislature extend the board's termination date to June 30, 2019.

DCCED, Division of Corporations, Business and Professional Licensing's investigation unit did not address all investigations in a timely manner.

The current public board member is a licensed practitioner and therefore does not meet the statutory requirements.

FINDINGS AND RECOMMENDATIONS

1. The division's chief investigator should take steps to ensure complaints and cases are investigated timely.
2. The current public board member should either surrender her license or be removed from the public board member position.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

October 26, 2010

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Barbers and Hairdressers (BBH), and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT BOARD OF BARBERS AND HAIRDRESSERS

September 30, 2010

Audit Control Number
08-20068-10

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Under AS 08.03.010(c)(4), the board will terminate on June 30, 2011. If the legislature does not extend the termination date, the board will have one year to conclude its administrative operations. In our opinion, BBH's termination date should be extended until June 30, 2019. The board is serving the public interest by promoting the competence and integrity of those who provide services to the public as licensed barbers, hairdressers, estheticians, manicurists, tattooists/permanent cosmetic colorists, and body piercers.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.



Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions.....	5
Findings and Recommendations.....	7
Analysis of Public Need	9
Agency Response	
Office of the Governor.....	17
Department of Commerce, Community, and Economic Development.....	19
Board of Barbers and Hairdressers	21

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Barbers and Hairdressers (BBH) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BBH should be reestablished. Currently, under AS 08.03.010(c)(4), the board will terminate on June 30, 2011, and will have one year from that date to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of BBH should be extended.
2. To determine if BBH is operating in the public's interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed barbers, hairdressers, estheticians, manicurists, tattooists/permanent cosmetic colorists, and body piercers.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for BBH.

Scope and Methodology

The major areas of our review were board proceedings, licensing, complaint investigations, and resolution functions for fiscal years ending June 30, 2005 through June 30, 2010. During the course of our examination we reviewed and evaluated the following:

- Applicable statutes and regulations related to the licensing of barbers, hairdressers, estheticians, manicurists, instructors, tattooists/permanent cosmetic colorists, and body piercers.
- Minutes of BBH meetings.
- Annual reports issued BBH.

- Complaints filed with the Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing (DCBPL), Office of the Ombudsman, and the Alaska Human Rights Commission.
- Financial records related to the revenues generated and the operating costs incurred by BBH.
- Files related to applicants for, and holders of, licenses issued by BBH.
- Complaint and related investigative case files maintained by the investigative unit of the DCBPL.
- Files related to applicants for board member seats maintained by the Division of Boards and Commissions with the Office of the Governor.

Additionally we interviewed DCBPL staff.

ORGANIZATION AND FUNCTION

The Board of Barbers and Hairdressers (BBH) is established under the authority of AS 08.13.010. It was established in 1980 as a result of the legislature combining the Board of Barbers and the Board of Hairdressing and Beauty Culture Examiners. In 2000, the board size was increased from five to six with the sixth member being an individual licensed to practice either body piercing or tattooing/permanent cosmetic coloring.

The six member board is appointed by the governor to four-year terms. Terms are staggered in order to promote continuity and enhance historical perspective.

The board is made up of two barbers; two hairdressers (one of whom must also be a licensed esthetician); an individual licensed to practice either body piercing or tattooing/permanent cosmetic coloring;¹ and one public member. (For the current board members, see Exhibit 1.)

BBH evaluates the qualifications of candidates, administers examinations, issues certificates and licenses to practice, promulgates rules of professional conduct, and takes disciplinary action.

Licensing Requirements

In general, under state law, a person may not practice barbering, hairdressing, esthetics, body piercing, or tattooing/permanent cosmetic coloring without a license, temporary permit, temporary license, or student permit issued by the board.² All such practice must take place in a licensed shop or school licensed under terms set by statute and the board. BBH also regulates school operations related to barbering, hairdressing, or esthetics.

Exhibit 1

**Board of Barbers and
Hairdressers
(As of September 30, 2010)**

Debra Long
Hairdresser/Chairperson

Glenda Ledford
Barber

Jynal C. Radziukinas
Hairdresser/Esthetician

Lorenda Brittan
Tattooist/Permanent Cosmetic
Colorist/Body Piercer

Carol J. Hernley
Barber

Kelley Sherman
Public Member

¹ Alaska Statute 08.13.220(13) defines *tattooing* and *permanent cosmetic coloring* as “the process by which the skin is marked or colored by insertion of nontoxic dyes or pigments into the dermal layer of the skin so as to form indelible marks, figures, or decorative designs for nonmedical purposes.”

² Under AS 08.13.160(d)(1), the licensing and permit provisions do not apply to a person practicing barbering, hairdressing, manicuring, or esthetics in a community having a population of less than 1,000 people that is not within 25 miles of a community of more than 1,000 people and who uses only chemicals available to the general public.

Department of Commerce, Community and Economic Development (DCCED), Division of Corporations, Business and Professional Licensing (DCBPL)

DCBPL provides administrative and investigative assistance to BBH. Administrative assistance includes budgetary services and functions such as: collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates that DCCED, with the concurrence of BBH, adopt regulations to establish the amount and manner of payment of fees for applications, examinations, licenses, registration, permits, investigations, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers DCBPL with the authority to conduct an investigation on its own initiative or in response to a complaint.

The division may:

1. Conduct an investigation if it appears a person is engaged, or is about to engage, in a prohibited professional practice.
2. Bring an action in superior court to enjoin the act.
3. Issue subpoenas for the attendance of witnesses and records.

REPORT CONCLUSIONS

The Board of Barbers and Hairdressers (BBH) is operating in an efficient and effective manner and should continue to regulate the professions it governs. We believe the board is safeguarding public's interest by ensuring the competence and integrity of those who present themselves to the public as licensed barbers, hairdressers, estheticians, manicurists, tattooists/permanent cosmetic colorists, and body piercers.

BBH has conducted its business in a satisfactory manner. It continues to propose changes to regulations to improve the board's effectiveness and ensure that professionals are properly licensed.

Under AS 08.03.010(c)(4), BBH is scheduled to terminate on June 30, 2011. If not extended by the legislature, under AS 08.03.020, the board will have a one-year period to administratively conclude its affairs. We recommend the legislature extend the board's termination date to June 30, 2019.

(Intentionally left blank)

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Division of Corporations, Business, and Professional Licensing's (DCBPL) chief investigator should take steps to ensure complaints and cases are investigated timely.

The division's investigation section often does not complete investigations in a timely manner. The section's effectiveness is further diminished by the outdated and unreliable Enforcer database system currently in use.

It is the division's responsibility to provide investigative support for The Board of Barbers and Hairdressers (BBH). Investigators examine and research each complaint to determine jurisdiction and whether a violation exists. If the complaint meets these qualifications, a case is opened and a priority level is assigned. The priority level reflects the degree of imminent danger to the public.

During the period beginning July 1, 2006, and ending March 31, 2010, there were a total of 106 complaints and 197 cases active. Of the 20 files inspected, 6 cases were inactive for over a year.

Investigative staff attributed the delays to higher priority cases and tasks taking precedence. The staff also believes the investigative database contributed to the problem. The database does not have a user-friendly mechanism for flagging inactive cases. Consequently, supervisors and investigators are not effectively monitoring caseloads. Ineffective monitoring leads to unnecessary delays.

Complaints and cases that are inactive for lengthy periods may allow an individual who is licensed in a low risk profession to perform high risk procedures such as a licensed hairdresser practicing permanent cosmetic coloring.

Cases with life threatening repercussions should take priority. However, it is still reasonable for the public to expect that all complaints against licensees will be addressed as efficiently as possible. We recommend the division's chief investigator establish procedures to ensure:

- Consistent treatment of complaints and cases in the priority levels assigned.
- Priorities within each assigned level are outlined.
- Cases and complaints with periods of inactivity are identified and addressed.

Recommendation No. 2

The current public member should surrender her hairdresser license or be removed from the public member board position.

The public member appointed on January 29, 2008, was, and is currently, a licensed hairdresser.

According to AS 08.13.10, BBH is to be composed of six members – two barbers; two hairdressers (one of whom must also be a licensed esthetician); an individual licensed to practice either body piercing or tattooing/permanent cosmetic coloring; and one public member. Alaska Statute 08.29.010 requires the Office of the Governor to appoint both public and professional board members. Alaska Statute 08.01.025 states:

A public member of the board may not (1) be engaged in the occupation that the board regulates; (2) be associated by legal contract with a member of the occupation that the board regulates except as a consumer of the services provided by a practitioner of the occupation; or (3) have a direct financial interest in the occupation that the board regulates.

Furthermore, AS 08.13.220(10) defines a practitioner as someone who is licensed to practice barbering, hairdressing, manicuring, esthetics, tattooing/permanent cosmetic coloring, or body piercing.

The Office of the Governor erroneously believed that since the licensee was not actively practicing hairdressing, she met the statutory requirements for a public member.

The professional members of the board provide technical expertise, while the public member provides a consumer perspective. Since the public member appointed did not meet statutory requirements, the consumer perspective has not been represented. Accordingly, we recommend that the current public board member either surrender her hairdresser's license or be removed from the public board member position.

ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050(c). The analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The Board of Barbers and Hairdressers (BBH) has operated in the public interest by licensing qualified individuals. The board established licensing requirements and minimal practice standards that licensed professionals must adhere to in the course of practice. BBH has established regulations governing its duties and licensure requirements, enforced laws for issuing licenses in a uniform and consistent manner, held meetings, and administered examinations in accordance with statutory requirements.

The public board member did not meet statutory requirements for the board appointment; as of October 19, 2010, the board member holds a current hairdresser license. Since the public member appointed did not meet statutory requirements, the consumer perspective has not been represented. (See Recommendation No. 2 for more details.)

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Under AS 08.01.065(c), The Department of Commerce, Community, and Economic Development must “*establish fee levels... so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs of the occupation.*” BBH reviews and provides feedback on changes to fees proposed by the division.

BBH revenues come from licensing and renewal fees. Renewals are conducted on a biennial basis. This creates a two-year cycle in board revenues, with BBH receiving most of its revenues during the even-numbered fiscal years. We reviewed the division’s internal records to identify BBH revenues and expenditures. Exhibit 2 (on the following page) presents the board’s revenues and expenditures for FY 07 through FY 10.

Exhibit 2

State of Alaska Board of Barbers and Hairdressers FY 07 – FY 10 Schedule of Revenues and Expenditures (Unaudited)					
		FY 07	FY 08	FY 09	FY 10
Revenue	\$	234,785	698,753	225,094	546,695
Direct Expenditures					
Personal Services		126,621	122,627	100,909	111,935
Travel		6,677	9,995	13,031	15,475
Contractual		24,663	24,394	28,166	46,021
Supplies		304	108	4,917	352
Equipment		-	-	-	-
Total Direct Expenses		158,265	157,124	147,023	173,783
Indirect Expenses		289,296	280,508	290,651	379,185
Total Expenses		447,561	437,632	437,674	552,968
Annual Surplus (Deficit)		(212,776)	261,121	(212,580)	(6,273)
Beginning Cumulative Surplus (Deficit)		235,654	22,878	283,999	71,419
Ending Cumulative Surplus (Deficit)	\$	22,878	283,999	71,419	65,146

By the end of FY 08, BBH’s biennial roll-forward balance was \$283,999. In response to the surplus, licensing fees for the FY 10 renewal cycle were reduced from \$135 to \$100 for practitioners; from \$450 to \$400 for schools; from \$195 to \$150 for instructors; and from \$175 to \$150 for shop owners.

The decrease in fees was proposed based on a fee setting analysis containing several errors in the accounting information. Also, after the FY08 renewal cycle, the Department of Law (LAW) determined that BBH was not required to follow the Department of Labor and Workforce Development’s (DLWD) determination that individuals renting chairs from business owners must also obtain a shop owner’s license. Combined, these two matters have put the board at risk of experiencing a significant cumulative deficit for FY 11.

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

The professions of tattooing/permanent cosmetic coloring and body piercing are relatively new to BBH as regulatory responsibilities. The board continues to add regulations as well as revise existing ones in order to provide further protection to the public.

Specifically, for tattooing/permanent cosmetic coloring, BBH revised regulation 12 AAC 09.185. The revisions included outlining the trainer's responsibilities for student documentation as well as training requirements.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The locations, dates, and times of upcoming board meetings and notices of proposed changes in regulations are published in the Anchorage Daily News, the board's website, and the State's on-line public notice website. The State also offers a subscription service whereby the State e-mails subscribers the requested public notices. Meeting minutes and agendas indicate time is set aside for the board to take public comment. BBH minutes also reflect public participation throughout the meetings. Proposed regulations are circulated to those affected through professional trade journals, public notice advertisements, or direct mail correspondence from the Division of Corporations, Business, and Professional Licensing.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Public notices of proposed regulations are published in major newspapers. Meetings are adequately advertised, and time is set aside for public testimony.

On several occasions, there was evidence of extensive participation from the public in the continued development of board regulations related to the tattooing/permanent cosmetic coloring and body piercing professions.

Also, from August 2004 to January 2005, there was substantial public comment regarding chair rentals in salons. There was opposition to requiring individuals renting chairs from business owners to obtain shop owner licenses. The majority of the public believed it was the shop owner's responsibility rather than the individual renting the chair's responsibility to obtain a shop owner license. Some shop owners believed that since they were not providing any service other than renting out chairs, they should not be required to obtain a shop owner license – thereby putting the responsibility on the person renting the chair. This issue was brought up by DLWD when they were considering economic dependence for labor related

statutes and regulations. There was evidence of DLWD and BBH working together to find a solution; however, LAW ruled that BBH did not have to follow DLWD’s determination.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims’ rights or the office of the ombudsman have been processed and resolved.

As of late March 2010, there were 106 complaints and 197 cases active during the time period beginning July 1, 2006, and ending March 31, 2010. Exhibit 3 summarizes the actions taken for those complaints and cases.

Exhibit 3

Complaints	Number of Actions
Case Opened	94
Dismissed (no violation, insufficient evidence, etc.)	8
Corrective Action Taken	4
Total Complaints	106
Cases	
Advisement Letter	119
Dismissed (no violation, insufficient evidence, etc.)	21
License Action	42
Corrective Action Taken	9
Other	4
Case Still Open	2
Total Cases	197

Of these, we inspected 7 complaints and 13 cases for a more in-depth analysis. The analysis indicated the need for timely investigations. (See Recommendation No. 1.)

No complaints or investigations specifically involving the actions and activities of BBH were received or undertaken by either the Office of the Ombudsman or the Office of Victim’s Rights within the past six fiscal years.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

BBH is adequately regulating entry into the professions of barbers, hairdressers, estheticians, manicurists, tattooists/permanent cosmetic colorists, and body piercers. Controls are in place and consistently performed to ensure BBH presents only qualified applicants to serve the public. When received, the applications are subjected to a checklist to verify that all required documentation, such as test scores and proof of education or experience, are present.

Exhibit 4 (on the following page) summarizes new licenses and permits issued by BBH for the period beginning July 1, 2005, and ending June 30, 2009. This information was compiled from annual reports issued by the board.

Exhibit 4

New Permits Issued (Exclusive of Renewals)	FY 05	FY 06	FY 07	FY 08	FY 09	Total Licenses (as of June 30, 2009)
Barbers	5	10	7	6	9	191
Hairdressers	191	173	142	141	172	2,447
Estheticians	56	37	63	70	41	420
Instructors	9	15	11	14	7	190
Manicurists	140	141	156	177	218	927
Body Piercers	6	2	1	3	4	26
Tattooists	7	7	6	18	12	79
Shop Owners	100	109	202	282	104	1,043
Schools	1	4	1	3	1	17

In FY 07 and FY 08, the licenses for shop owners experienced a sharp increase in the number of new licenses in comparison to other fiscal years. This was due to DLWD determining that individuals renting chairs were required to obtain a shop owners license. LAW later ruled that the board was not required to follow DLWD’s ruling and several fees were refunded.

Applicants can apply for licensure by examination or by waiver (credentials). When applying for licensure by examination, barber, hairdresser, and esthetician applicants are required to take both a written and practical examination. Three people, with at least one being a board member, score the practical examination. For body piercers and tattooists/permanent cosmetic colorists, licensure by examination applicants are only required to pass an administered written exam. In order to obtain a license by credential, applicants must prove they have met the requirements of another state, including that state’s exam, as well as prove that they have fulfilled Alaska’s practical hour requirements.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that BBH was not in compliance with state personnel practices, including affirmative action, in qualifying applicants. In no instances has BBH denied an applicant a license based on a person’s attributes.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

BBH made several recommendations for statutory changes in its FY 09 annual report. The report listed the following recommendations:

1. Separate licenses. The board would like to license tattooing and permanent cosmetic coloring separately. Currently, these two professions are under the same license.
2. Increase practical hours and exam requirements. BBH recommended that manicurists be required to pass a National Manicurist written exam and increase the number of practical hours to 350.
3. Increase the size of the board. BBH made a similar recommendation in FY 04, where they were asking for the board to be increased to nine. In FY 09, the board recommended that a position be added to represent body piercing.³
4. Raise instructor requirements. BBH recommends that the instructor requirements be modified to include 5 years of work experience, or 3 years work experience and 600 hours of student instructor training.

To date, these recommendations have not been acted upon.

This report makes no recommendations for statutory, regulatory, or budgetary changes.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

BBH has met its purpose and objectives effectively and efficiently during the period under review.

BBH enacted a number of regulation changes. Most significantly, it passed regulations to continue required Department of Environmental Conservation inspections on body piercing, tattooing, and cosmetic coloring establishments – a clear step toward protecting the public health.

Other enacted regulations include:

- Inspection requirements for school premises.
- Requiring documents pertaining to remedial training after a written exam was failed multiple times.
- Requiring all temporary licensing applicants to pay for all licensing fees at the time of application. This prevents individuals with no intention of getting an Alaska license from obtaining a temporary license.

³Current statute designates that one seat on BBH be filled by either a licensed tattooist/permanent cosmetic colorist or body piercer; the current incumbent is a tattooist. The board's proposal would eliminate the necessity that the two professions share a seat.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

We did not find evidence of other state or private agencies that duplicate the efforts of the board.

The board is a member of two national organizations, the National Association of Barber Boards and the National Interstate Council of State Boards of Cosmetology. Both of these organizations provide channels for state boards to obtain information pertaining to the professions. They do not have regulatory capabilities; therefore, the board is not duplicating the activities of another governmental agency or the private sector.

(Intentionally left blank)

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532



550 West 7th Avenue # 1700
Anchorage, Alaska 99501
907- 269-7450
fax 907- 269-7463
www.gov.alaska.gov
Governor@alaska.gov

Office of Governor Sean Parnell
STATE OF ALASKA

November 22, 2010

RECEIVED

NOV 22 2010

LEGISLATIVE AUDIT

Ms. Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson,

This letter is in response to your October 29, 2010 letter to Governor Parnell regarding the "CONFIDENTIAL" preliminary audit report on the Board of Barbers and Hairdressers (BBH).

Recommendation No. 2: The current public member should surrender her hairdresser license or be removed from the public member board position.

The public member has decided to surrender her license to practice barbering. This decision resolves the disagreement about whether or not the member violates the provisions of AS 08.01.025 regarding public member qualifications.

If you need additional information, please contact me at 907-465-3934.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Hooley".

Jason Hooley
Director
Boards and Commissions

cc: Mike Nizich, Chief of Staff, Office of the Governor

(Intentionally left blank)



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Office of the Commissioner

Sean Parnell, Governor
Susan Bell, Commissioner

November 19, 2010

RECEIVED

NOV 19 2010

LEGISLATIVE AUDIT

Ms. Katina Holmberg
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: Preliminary Report, Department of Commerce, Community Economic Development (DCCED)
Board of Barbers and Hairdressers (BBH)

Dear Ms. Holmberg:

Thank you for a copy of the preliminary report dated September 30, 2010 regarding audit conclusions and recommendations concerning the State Board of Barbers and Hairdressers. I appreciate your review and the opportunity to provide input into the process. In general, the department concurs with the report conclusion and recommendations and our comments are provided below.

Report Conclusion

DCCED agrees with the report conclusion that "BBH is operating in an efficient and effective manner and should continue to regulate the professions it governs. We believe the board is safeguarding the public interest by ensuring the competence and integrity of those who present themselves to the public as licensed barbers, hairdressers, estheticians, manicurists, tattooists, and cosmetic colorists, and body piercists." DCCED diligently strives to fulfill its duty of supporting licensed professionals and State boards to protect the public.

Recommendation No.1

DCCED concurs that the Division of Corporations, Businesses, and Professional Licensing (CBPL) chief investigator should take steps to ensure complaints and cases are investigated timely, and the division has already implemented positive measures toward that end. Specifically, the management letter recommends establishing procedures to ensure consistent treatment of complaints and cases in the priority levels assigned, that priorities are outlined and that cases and complaints with periods of inactivity are identified and addressed. The management letter also presents that staff believe the existing database did not have a user-friendly mechanism for flagging inactive cases and this contributed to delays.

Ms. Katina Holmberg
November 19, 2010
Page 2

CBPL was previously aware of the above described issues and took steps to improve timely investigations, including management changes, investments in updated technology, and staff training. A new Chief Investigator was hired in July 2010 and will be establishing procedures to outline priorities and to identify cases with inactive periods. In June 2010 CBPL implemented a new database system (GLSuite) that has significant functionality improvements over the prior outdated "Enforcer" system, including a more user-friendly mechanism for flagging inactive cases. In addition, staff training has and will continue to occur to maximize the utilization of the new system. CBPL expects that these steps will help ensure complaints and cases are investigated in a timely manner.

Recommendation No.2

CBPL supports the management letter comments that professional members of the board provide technical expertise, while the public member provides a consumer perspective. We will work with the BBH and the Office of the Governor Boards and Commissions to ensure that the public board member meets the requirements stated in AS 08.01.025 on a public member of the board.

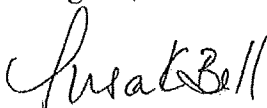
Analysis of Public Need

CBPL reviewed the information presented in this section of the preliminary report and has comments related to the budgetary information provided on Page 4 paragraph 3-6. We appreciate the discussion on the risk of experiencing a cumulative deficit due to the combined effect of errors in accounting information associated with fee setting and the impact resulting from Department of Law's determination that shop owner licenses do not need to be obtained by individuals renting chairs from business owners. The Department is reviewing the issues raised and their impact on licensing fees, and our systems and procedures.

We have no other comments on this section.

Again, thank you for an opportunity to provide input. We are pleased your review has, in general, found the Board of Barbers and Hairdressers to be working well. Should you have any questions about the contents of this letter, please do not hesitate to contact me at 907-465-2500.

Regards,



Susan Bell
Commissioner

Cc: Don Habberger, Director CBPL
JoEllen Hanrahan, Director ASD

ALASKA STATE BOARD OF BARBERS AND HAIRDRESSERS

Katina Holmberg
Senior Auditor
Division of Legislative Audit

RECEIVED

NOV 19 2010

RE: Audit Conclusions & Recommendations

LEGISLATIVE AUDIT

Thank you for your findings that BBH is operating efficiently and effectively and for the recommendation that legislature extend the board's termination date until 2019.

Concerning Recommendation # 1

The Investigative staff is working to improve treatment of cases and complaints. BBH has been assigned additional Investigator.


Regarding Recommendation # 2

Our current public member has consented to surrender her hairdressers license to remain on the board.

The BBH is aware of the budget problems and we are taking steps to lower our meeting and travel cost.

If I can be of further help feel free to contact me at 474-0448

Sincerely,



Debra Long
Chairperson