



NORTH CAROLINA STATE BOARD OF BARBER EXAMINERS

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Minutes for Public Meeting

Held December 11, 2017, at 8:30 a.m.
5809 Departure Drive, Suite 102
Raleigh, North Carolina

Board Members

Don Beal, Chair
Jamie Norton, Vice Chair
Gary Gardner
Steffon Sharpless
Valerie Willis

Executive Director

Dennis Seavers

Counsel to the Board

Palmer Sugg

The meeting of the North Carolina State Board of Barber Examiners was called to order at 8:32 a.m., on December 11, 2017, at the board's office at 5809 Departure Drive, Suite 102, Raleigh, North Carolina.

The following board members were present during the meeting: Gary Gardner, Jamie Norton, Steffon Sharpless (by telephone), and Valerie Willis. The following board members were absent: Don Beal.

Also in attendance were Dennis Seavers, Executive Director, and Palmer Sugg, Counsel to the Board.

OPEN SESSION

Ethics awareness and conflict of interest

Mr. Norton read the statement required by N.C.G.S. § 138A–15(e) on ethics awareness and conflicts of interest. No board members indicated that they had any potential or actual conflicts.

Minutes from previous meeting

Mr. Sharpless made a motion to approve the minutes from the November 15, 2017 meeting. Mr. Gardner seconded the motion, which passed, 3–0. (Ms. Willis was not present for this portion of the meeting.)

Executive director report

Mr. Norton referred board members to Mr. Seavers's December 6, 2017 report (see Attachment 1). The report included a proposal to revise the fiscal year 2018 budget so that an aging telecommunications system could be replaced. Mr. Gardner made a motion to approve the budget revisions, and Mr. Sharpless seconded. The motion passed, 3–0. (Ms. Willis was not present for this portion of the meeting.)

Administrative hearings

Daniel King had submitted an appeal regarding various issues, including the assessment of civil penalties that he had paid and a staff decision that he would have to reapply for an apprentice license. Mr. Sugg presented evidence to the board and asked Mr. King questions. Mr. King presented evidence in support of his appeal and answered questions from the board members.

Felony petitions

Richard Smith was given notice to appear before the board but failed to appear.

The North Carolina Department of Public Safety (NCDPS) had submitted documentation in support of Henry Humphreys receiving a registered barber license. Sophia Feaster of NCDPS presented information about Mr. Humphreys's record and offered testimony in support of Mr. Humphreys.

Kristopher S. Stallings had submitted a student-permit application. He appeared and was sworn in. Mr. Sugg presented evidence to the board and asked Mr. Stallings questions. Mr. Stallings offered testimony and answered questions from the board.

Terry Williamson had submitted a student-permit application. He appeared and was sworn in. Mr. Sugg presented evidence to the board and asked Mr. Williamson questions. Mr. Williamson offered testimony and answered questions from the board.

CLOSED SESSION

Ms. Willis made a motion to go into closed session under N.C.G.S. § 143–318.11, and Mr. Gardner seconded. The motion passed, 4–0. Mr. Norton reminded board members that matters discussed in closed session are confidential and must not be discussed outside of the closed session. The board went into closed session at 9:43 a.m. and returned to open session at 10:01 a.m.

DETERMINATIONS

The board denied Daniel King's appeal.

The board ordered that Henry Humphreys be offered a consent order with terms and conditions, including five years of probation.

The board ordered that Kristopher S. Stallings be offered a consent order with terms and conditions, including five years of probation and proof of having completed a 40-hour substance-abuse program.

The board determined that Mr. Williamson should not be permitted to have a license until he is removed from the sex-offender registry.

Mr. Norton adjourned the meeting at 10:02 a.m.

Minutes approved on February 20, 2018 by:

Don Beal

Jamie Norton

Gary Gardner

Sherod Holloway

Steffon Sharpless



NORTH CAROLINA BOARD OF BARBER EXAMINERS

Memo

TO: Board members

FROM: Dennis Seavers

DATE: December 6, 2017

SUBJECT: Executive director's report

Below is the executive director's report for the board's December 11, 2017 meeting. If there are other areas of finances or operations that the board is interested in, or if board members have questions about this report, please feel free to contact me.

Fiscal year 2019 budget report

Attachment A shows the board's expenditures and revenues for fiscal year (FY) 2018 from July 1 to November 30.¹ The attachment shows the amounts budgeted for the first five months only, not for the entire fiscal year.

The budget has been updated to reflect the legislatively required salary increases (enacted in the state budget) and other mandated increases in benefits. The chart below identifies the increases; unlike the amounts in Attachment A, which only include the first five months of FY 2018, the amounts in the chart below are annualized.

FY 2018 Legislative and Actuarial Revisions

Expense category	Board-approved budget	Mandated changes	Revised amounts
Salaries	\$ 249,060.96	\$ 5,000.04	\$ 254,061.00
Social Security	\$ 18,163.17	\$ 386.07	\$ 18,549.24
Retirement	\$ 42,265.59	\$ 2,968.05	\$ 45,233.64
Total increase		\$ 8,354.16	

¹ At the time I prepared this report, November 2017 had not yet been closed out for accounting purposes. Statewide policy requires the close-out to occur by December 14. However, I don't expect any revisions to the amounts listed.

Expenditures were under budget—94% of the expenditures budgeted for the first four months of the fiscal year. There were some areas of higher spending; two unbudgeted areas are highlighted in Attachment A and explained below. Board members should feel free to contact me if they have questions about other areas of spending.

- 531472 – bonus/incentive wages; 5314120001 – straight-time overtime. Two positions at the board had been misclassified several years ago as exempt from the Fair Labor Standards Act by the then-executive director, under the guidance of the Office of State Human Resources (OSHR). I requested that OSHR and the Office of State Controller reclassify the positions because the current classification wasn't consistent with federal law and the board otherwise would have been liable. The compensatory time that had been accrued for those two employees was updated as overtime accrual and paid out for the past two years, an amount of time required by federal law. This is a one-time payout and has now resolved the classification error.

Although the report shows that revenues are lower than projected, the board should expect its revenues to increase when the renewal period begins. I don't believe that the board has reason at this point to think that revenues will be lower than expected.

Attachment B shows the board's fund balance over the past few years and the projected fund balance through the end of the fiscal year. (Portions that are slightly grayed out represent projections for future months.)

Budget revisions to replace the telecommunications system

The board has previously discussed the need to improve its telecommunications system—both its aging phone system and its Internet service. The staff is proposing that the board authorize expenditures (both one-time and recurring) to replace the existing telecommunications system.

The most immediate reason for the system replacement is because there have been two notable interruptions in the phone system, the second of which makes it a high priority to replace the system.

- In 2015, there was an equipment failure that made the voicemail system unavailable for a few days. As a result, the staff was unable to retrieve messages until the equipment was replaced.
- Last month, one line went down, which was the line with an auto-attendant. As a result, the phone would ring without getting the auto-attendant or a voicemail message. Although AT&T was able to get the line restored, the failure emphasized the need to replace the aging system.

Other reasons for a project to replace the telecommunications system include the following:

- The phone equipment consists entirely of end-of-life products, meaning that any equipment that fails can't be replaced.
- The board has no maintenance contract, so if repairs are possible, the board must wait until a technician becomes available—only after other customers with maintenance contracts have been served. In case of a catastrophic failure, the system would likely take many days or even weeks to replace.
- In my opinion, there are several steps the board can take to improve its network security by transferring functions to the Department of Information Technology (DIT). This transfer would also increase service coverage so that any repair tickets will be resolved quickly.

Attachment C describes a proposal to completely replace the existing telecommunications system. The bulk of the project costs appear in the sections above the black line; these sections deal with current one-time and recurring costs. (The other two sections, dealing with possible future costs, are discussed with below.)

The proposal includes a notable increase in spending for recurring costs, largely because the board has had an old system with no maintenance support. In addition, the proposal would increase bandwidth and replace a copper-wire telephone system with Voice over Internet Protocol (VoIP). There are cheaper options available, though all would increase costs. However, even with the cheaper options, the board would be required to shift to VoIP in the next few years, probably by 2020. More importantly, the replacement would include maintenance and on-call service for the entire system; in contrast, the existing system only has support for the broadband provided by Spectrum, and only for the equipment up to the cable modem.

The two sections below the thick black line deal with future costs, some of which are potential costs unrelated to this project.

- For the current project, there will be some one-time costs associated with on-site cabling and service hours, but estimates won't be available until the equipment arrives and technicians can do a site analysis.
- There will also be costs for telephone equipment that would be covered by a maintenance contract and would include an equipment refresh.
- The remaining services under the "future" sections are for upcoming projects to finalize the transfer of services to DIT. These potential costs would reduce overall spending, so the board wouldn't need to take action to approve those expenditures. In the case of printers, the replacement project wouldn't occur until the end of the existing private contract. I'm including the information here about these areas of future costs and savings solely for informational purposes.

The board's current budget—what it adopted in June, plus the mandated increases in salaries and benefits—anticipated about \$107,000 in net income. By approving the new telecommunications system, the board would reduce that net income. The board's fund balance would continue to increase, though at a slower rate. Nonetheless, I don't believe the board can continue to delay this replacement.

Barber exams

Below is information about the pass rates for barber exams for the first five months of fiscal year 2018.

Apprentice exams

The two tables below show the results by number and percentage for written and practical exams. (The total counts won't match because some apprentice applicants only needed to retake one or the other exam.)

Apprentice Written Exams July 2017 to November 2017

Result	Count	Percentage
Pass	155	60.08%
Did not appear	56	21.71%
Fail	47	18.22%
Total	258	

Apprentice Practical Exams July 2017 to November 2017

Result	Count	Percentage
Pass	147	46.82%
Did not appear	65	20.70%
No model	39	12.42%
Model rejected	32	10.19%
Fail	30	9.55%
Improper dress	1	0.32%
Total	314	

Registered exams

The table below shows the results by number and percentage for practical exams. A number of people were unable to attend the September exam because of hurricane-related storms, so the failure-to-appear rate is relatively high.

Registered Practical Exams July 2017 to November 2017

Result	Count	Percentage
Pass	95	56.89%
Did not appear	35	20.96%
Model rejected	25	14.97%
Fail	11	6.59%
No model	1	0.60%
Total	167	

Budget vs. Actual
July through November 2017
Cash Basis

December 11, 2017 minutes
ATTACHMENT 1

	Jul - Nov 17	Budget	\$ Over Budget	% of Budget
Income				
433 - investment income				
433121 - STIF interest income	\$ 2,357.87	\$ 625.00	\$ 1,732.87	377.26%
Total 433 - investment income	\$ 2,357.87	\$ 625.00	\$ 1,732.87	377.26%
435 - fees, licenses, and fines				
435100 - business license fees				
435100059 - duplicate license	\$ 200.00	\$ 458.31	\$ (258.31)	43.64%
435100060 - individual license	\$ 88,714.42	\$ 86,000.00	\$ 2,714.42	103.16%
435100061 - school permit	\$ 1,950.00	\$ 1,950.00	\$ -	100.0%
435100062 - bus/shop permit	\$ 35,482.00	\$ 33,500.00	\$ 1,982.00	105.92%
435100063 - student permit	\$ 11,125.00	\$ 10,000.00	\$ 1,125.00	111.25%
435100064 - renewal-individual	\$ 36,091.00	\$ 40,000.00	\$ (3,909.00)	90.23%
435100 - business license fees - Other	\$ (87,326.88)	\$ -	\$ (87,326.88)	100.0%
Total 435100 - business license fees	\$ 86,235.54	\$ 171,908.31	\$ (85,672.77)	50.16%
435300 - certification fees				
435300016 - instructor exam fee	\$ 1,980.00	\$ 3,070.00	\$ (1,090.00)	64.5%
435300017 - registered exam fee	\$ 10,510.00	\$ 9,600.00	\$ 910.00	109.48%
435300018 - apprentice exam fee	\$ 37,230.00	\$ 20,000.00	\$ 17,230.00	186.15%
435300019 - apprentice certific	\$ 11,450.00	\$ 16,500.00	\$ (5,050.00)	69.39%
435300020 - instructor certific	\$ 3,060.00	\$ 5,000.00	\$ (1,940.00)	61.2%
Total 435300 - certification fees	\$ 64,230.00	\$ 54,170.00	\$ 10,060.00	118.57%
435400 - inspection/exam fees	\$ 9,140.00	\$ 13,000.00	\$ (3,860.00)	70.31%
435500 - fines, pen, assess fee	\$ 6,295.00	\$ 7,500.00	\$ (1,205.00)	83.93%
435800 - tuition and fees				
435830 - other fees	\$ 200.00	\$ 250.00	\$ (50.00)	80.0%
Total 435800 - tuition and fees	\$ 200.00	\$ 250.00	\$ (50.00)	80.0%
Total 435 - fees, licenses, and fines	\$ 166,100.54	\$ 246,828.31	\$ (80,727.77)	67.29%
437 - miscellaneous				
437127 - procuremnt card rebate	\$ -	\$ -	\$ -	0.0%
437990 - other misc revenue	\$ 2,554.46	\$ 5,000.00	\$ (2,445.54)	51.09%

Budget vs. Actual
July through November 2017
Cash Basis

December 11, 2017 minutes
ATTACHMENT 1

	Jul - Nov 17	Budget	\$ Over Budget	% of Budget
Total 437 - miscellaneous	\$ 2,554.46	\$ 5,000.00	\$ (2,445.54)	51.09%
Total Income	\$ 171,012.87	\$ 252,453.31	\$ (81,440.44)	67.74%
Expense				
531 - personal services				
531112 - EPA regular salaries	\$ 105,858.80	\$ 105,858.75	\$ 0.05	100.0%
531412 - overtime pay-receipts	\$ 2,542.92	\$ -	\$ 2,542.92	100.0%
531412001 - straight-time OT	\$ 669.46	\$ -	\$ 669.46	100.0%
531462 - longevity - receipts	\$ -	\$ -	\$ -	0.0%
531472 - bonus/incentive wages	\$ -	\$ -	\$ -	0.0%
531512 - Social Security	\$ 7,766.78	\$ 7,728.85	\$ 37.93	100.49%
531522 - regular retirement	\$ 18,268.20	\$ 18,847.35	\$ (579.15)	96.93%
531562 - medical insurance	\$ 11,987.00	\$ 12,227.10	\$ (240.10)	98.04%
531576 - flexible spending acct	\$ 224.25	\$ 270.85	\$ (46.60)	82.8%
531651 - comp to board members	\$ 500.00	\$ 1,000.00	\$ (500.00)	50.0%
Total 531 - personal services	\$ 147,817.41	\$ 145,932.90	\$ 1,884.51	101.29%
532 - purchased services				
532110 - legal services	\$ 4,925.00	\$ 5,772.90	\$ (847.90)	85.31%
532120 - financial/audit svcs	\$ 10,050.00	\$ 9,670.00	\$ 380.00	103.93%
532140 - other IT services	\$ -	\$ -	\$ -	0.0%
532145 - managed server support	\$ 14,455.32	\$ 14,455.32	\$ -	100.0%
532170001 - prof testing serv	\$ 3,888.00	\$ 4,583.31	\$ (695.31)	84.83%
532184 - janitorial services	\$ 1,750.00	\$ 1,750.00	\$ -	100.0%
532199 - misc contract services	\$ 7,387.82	\$ 7,258.90	\$ 128.92	101.78%
532210 - electrical service	\$ 3,040.50	\$ 3,846.65	\$ (806.15)	79.04%
532220 - natural gas/propane	\$ 94.48	\$ 112.38	\$ (17.90)	84.07%
532430 - maint agrmnt - equip	\$ -	\$ -	\$ -	0.0%
532490 - maint agreemnt - other	\$ 1,221.86	\$ 1,346.00	\$ (124.14)	90.78%
532512 - rental of bldg/prop	\$ 29,257.68	\$ 29,351.72	\$ (94.04)	99.68%
532524 - general office equip	\$ 3,108.80	\$ 3,208.80	\$ (100.00)	96.88%
532714 - ground trans in-state	\$ 5,732.91	\$ 7,779.15	\$ (2,046.24)	73.7%

Budget vs. Actual
July through November 2017
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December 11, 2017 minutes
ATTACHMENT 1

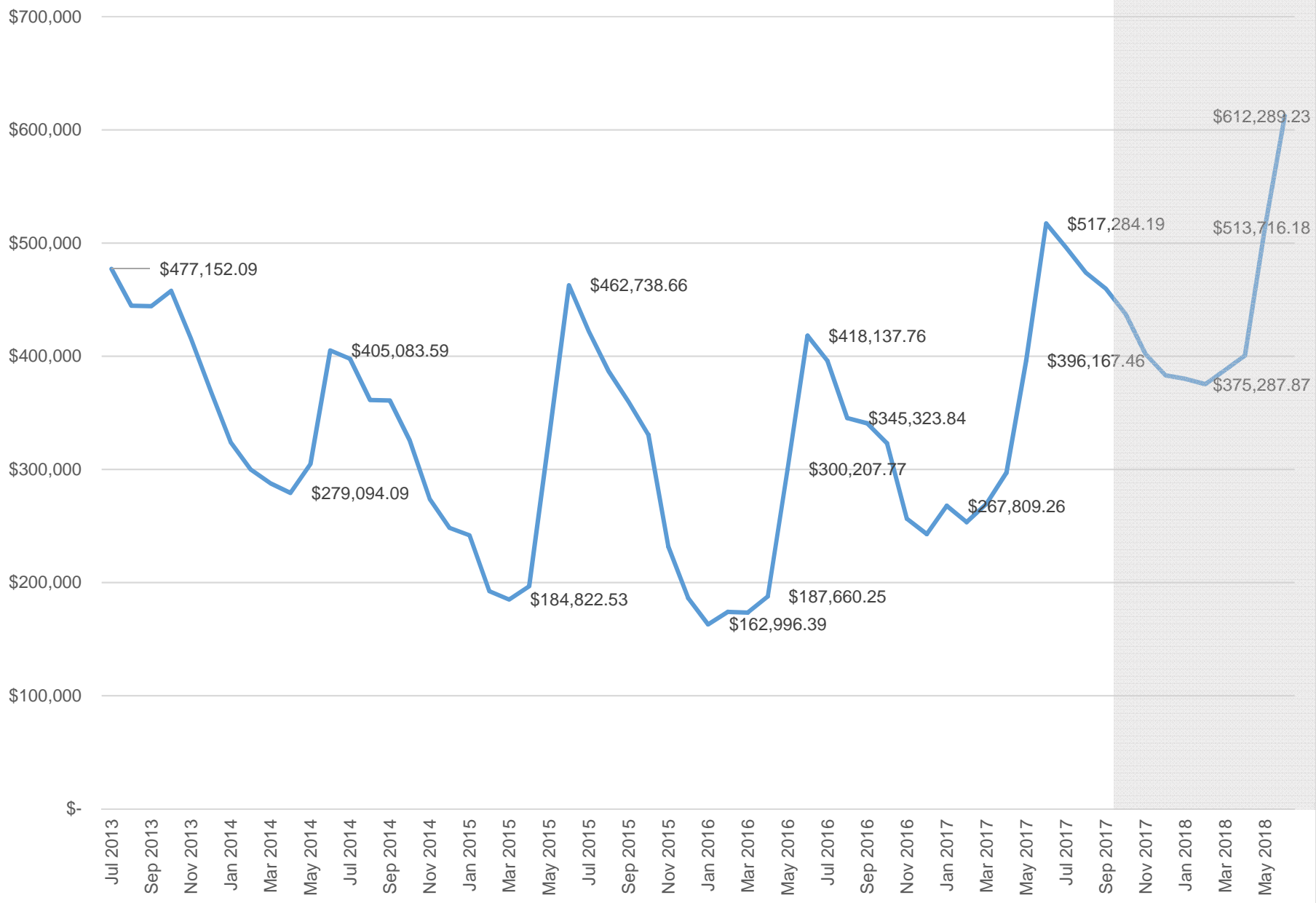
	Jul - Nov 17	Budget	\$ Over Budget	% of Budget
532721 - lodging in-state				
532721900 - workshop/conference	\$ -	\$ -	\$ -	0.0%
532721 - lodging in-state - Other	\$ 4,179.69	\$ 6,708.31	\$ (2,528.62)	62.31%
Total 532721 - lodging in-state	\$ 4,179.69	\$ 6,708.31	\$ (2,528.62)	62.31%
532724 - meals in-state	\$ 2,581.50	\$ 4,583.31	\$ (2,001.81)	56.32%
532731 - board/non-emp transpor	\$ 312.83	\$ 620.00	\$ (307.17)	50.46%
532732 - board/non-emp subsist	\$ 546.33	\$ 966.66	\$ (420.33)	56.52%
532811 - telephone service	\$ 3,638.21	\$ 3,750.00	\$ (111.79)	97.02%
532814 - cellular phone service	\$ -	\$ -	\$ -	0.0%
532815 - email and calendaring	\$ -	\$ -	\$ -	0.0%
532817 - ISP charge	\$ 707.70	\$ 591.65	\$ 116.05	119.62%
532819 - telephone wiring srvc	\$ -	\$ -	\$ -	0.0%
532822 - managed LAN svc charge	\$ 185.00	\$ 185.00	\$ -	100.0%
532826 - software subscriptions	\$ -	\$ -	\$ -	0.0%
532840 - postage & delivery	\$ 4,400.25	\$ 8,333.31	\$ (3,933.06)	52.8%
532850 - printing, binding, dup	\$ 2,128.85	\$ 2,916.65	\$ (787.80)	72.99%
532911 - insurance - property	\$ 16,694.00	\$ 24,800.00	\$ (8,106.00)	67.32%
532942 - other emp trng expense	\$ -	\$ -	\$ -	0.0%
Total 532 - purchased services	\$ 120,286.73	\$ 142,590.02	\$ (22,303.29)	84.36%
533 - Supplies				
533110 - general office supply	\$ 3,382.49	\$ 3,333.35	\$ 49.14	101.47%
533120 - data process supplies	\$ 4,500.00	\$ 4,500.00	\$ -	100.0%
533150 - security & safety supp	\$ 2,923.00	\$ 2,916.65	\$ 6.35	100.22%
533190 - other admin supplies	\$ -	\$ -	\$ -	0.0%
533210 - janitorial supplies	\$ -	\$ -	\$ -	0.0%
Total 533 - Supplies	\$ 10,805.49	\$ 10,750.00	\$ 55.49	100.52%
534 - property, plant, & equip				
534511 - office equipment	\$ -	\$ -	\$ -	0.0%
534521 - PC software	\$ -	\$ -	\$ -	0.0%
534534 - PC and printer purch	\$ -	\$ -	\$ -	0.0%

Budget vs. Actual
July through November 2017
Cash Basis

December 11, 2017 minutes
 ATTACHMENT 1

	Jul - Nov 17	Budget	\$ Over Budget	% of Budget
534535 - server purchases	\$ -	\$ -	\$ -	0.0%
534539 - other equipment	\$ -	\$ -	\$ -	0.0%
534730 - externally developed s	\$ -	\$ -	\$ -	0.0%
Total 534 - property, plant, & equip	\$ -	\$ -	\$ -	0.0%
535 - other expenses and adjust				
535830 - member dues & subcript	\$ -	\$ -	\$ -	0.0%
535900 - other expenses	\$ 107.34	\$ -	\$ 107.34	100.0%
Total 535 - other expenses and adjust	\$ 107.34	\$ -	\$ 107.34	100.0%
538 - intragovernmental transac				
538030 - fine/penalty transfer	\$ 7,381.00	\$ 5,416.65	\$ 1,964.35	136.27%
Total 538 - intragovernmental transac	\$ 7,381.00	\$ 5,416.65	\$ 1,964.35	136.27%
Total Expense	\$ 286,397.97	\$ 304,689.57	\$ (18,291.60)	94.0%
Net Income	\$ (115,385.10)	\$ (52,236.26)	\$ (63,148.84)	220.89%

Attachment B. Fund balance



Attachment C. Cost factors for IT replacement and upgrade

ONE-TIME COSTS

Service/product	Cost
Installation, 10M WAN circuit	\$ 500.00
Installation, LAN Service 24-port switch and WLAN	\$ 500.00
Total	\$ 1,000.00

RECURRING COSTS

Service/product	Current	New (estimate)	Services included	Services excluded
Broadband 2M	\$ 1,415.40	N/A	Internet only, maintenance for services up to cable modem	Maintenance of and services related to equipment beyond cable modem
10M WAN circuit	N/A	\$ 13,927.08	Maintenance and on-call service	N/A
LAN Service 24-port switch	N/A	\$ 2,654.76	Maintenance and on-call service; equipment refresh	N/A
Wireless LAN	N/A	\$ 292.20	Maintenance and on-call service; equipment refresh	N/A
Total	\$ 1,415.40	\$ 16,874.04		

FUTURE ONE-TIME COSTS/SAVINGS

Service/product	Cost	Comments
On-site cabling	TBD	A site visit will be necessary to determine existing cabling and infrastructure at the board office (street to building)
Service hours	TBD	Possible service hours associated with non-installation costs
Telephony equipment	\$ 3,402.00	Includes maintenance contract. Five-year costs will increase to \$5,802
Total	\$ 3,402.00	

FUTURE RECURRING COSTS/SAVINGS

Service/product	Current	New	Comments
Printers	\$ 7,377.12	\$ 5,849.20	

Attachment C. Cost factors for IT replacement and upgrade

Microsoft Office and state email service	\$ 2,524.97	\$	1,951.92	Requires changing to @nc.gov email domain. No proposal to make a similar change to the website address
Multifactor authentication service	N/A	\$	283.80	
Total	\$ 9,902.09	\$	8,084.92	