

From: Pitts, Ted

To: Baker, Josh <JoshBaker@gov.sc.gov>

Stirling, Bryan <BryanStirling@gov.sc.gov>

Veldran, Katherine <KatherineVeldran@gov.sc.gov>

Date: 3/29/2013 8:53:41 AM

Subject: FW: Inspections

Attachments: Barber Projections.xlsx

Cosmo Projections.xlsx

---

FYI

---

**From:** Holly Pisarik [mailto:Holly.Pisarik@llr.sc.gov]

**Sent:** Thursday, March 28, 2013 7:06 PM

**To:** melaniethompson@aol.com; Cynthia Rodgers; stephanienye15@yahoo.com; Melanie Thompson; janicescurtis@yahoo.com; Selena Brown; BoardMembers: Real Estate; BoardMembers: Barber Examiners

**Cc:** thomasalexander@scsenate.gov; bill@sandifer.com; billsandifer@schouse.gov; AndyFiffick@schouse.gov; Pitts, Ted; LisaSox@scsenate.gov; Robbie Boland; Dean Grigg; Darra Coleman; Sara McCartha; shanemassey@scsenate.gov; asmlaw30@bellsouth.net; Grant Gillespie; Holly Beeson; Christa Bell

**Subject:** Inspections



Nikki R. Haley  
Governor

Holly G. Pisarik  
Director

South Carolina  
Department of Labor, Licensing and Regulation



March 28, 2013

Dear Board and Commission Members,

I am in the process of reviewing how and how often we conduct inspections for various professions. In addition, I am looking for ways to reduce Board deficits. We are not altering funeral, cemetery, or pharmacy inspections, and we are in **no way** eliminating inspections for cosmo or barber. Below is our revised inspection plan, which continues to protect the public and fulfils the Boards' and Agency's statutory and regulatory duties.

#### **Cosmo and Barber Boards**

Currently, we have 12 inspectors dedicated solely to Cosmo and Barber and schedule to annually inspect salons, barber shops, and schools. Annual inspections, however, are not statutorily required. Both practice acts and accompanying regs state that a Board representative may inspect at any time. Cosmo and Barber's practice acts specifically state that salons and shops will be inspected periodically. See §§ 40-7-330, 40-13-290, 17-50(1), 35-15(C), and 17-50(23). Of course, new schools, salons, and shops must and will continue to be inspected prior to opening. See §§ 35-1(F)(2)&(G)(7), 35-15(C), 35-20(A)(2), 40-7-320, 17-20, and 17-50(1)&(22).

Currently, both of your Boards run a deficit (Cosmo - \$1,194,649.82 and Barber - \$639,150.02). With the current dedicated inspectors, annually, Cosmo spends \$419,449 and Barber spends \$224,469 on inspector salary, fringe and

travel. In addition, each inspector has an assigned state car. As you can see, inspections are a major expense to your Boards.

Pharmacy is a profession that has inspections mandated for a certain time frame. Statutorily, pharmacies must be inspected every two years. Pharmacy has 3 dedicated inspectors to conduct these inspections.

I plan to cut back dedicated cosmo and barber inspectors to a total of 5 – 4 for routine and new salon and shop inspections and 1 dedicated solely to school inspections. Similar to the pharmacy inspection schedule, I plan to reduce routine salon and shop inspections to a minimum of every two years.

This change should reduce direct expenses to your Boards by at least \$185,238 for Cosmo and \$125,018 for Barber, annually. As you are aware, a savings in your direct expenditures also translates into a savings in the 10% remittance to the general fund (Proviso 65.3) at the end of the year. For example, if your direct expenditures are reduced by the number above, your remittance to the general fund would be reduced by \$18,523 for Cosmo and \$12,501 for Barber. **This one change would result in an annual savings of \$203,761 for Cosmo and \$137,519 for Barber. Based on the past two year's numbers, this one change alone should bring Barbers into the black for the two year renewal cycle and Cosmo much closer.** It will take several years, however, for the Boards to dig out of their cumulative deficit. See the attached spreadsheets as back up for this prediction. In addition, this would allow our agency to turn in several state assigned cars, saving both the Boards and the Agency.

I will continue to work to find ways to bring Cosmo into the black, without raising fees. So far this fiscal year, we have renegotiated LLR's lease, will not renew the Granicus contract when it expires in April, reduced agency and Board travel expenditures, and have returned three cars to the state fleet. These four changes alone will result in an annual savings to the Agency of over three quarters of a million dollars. (\$418,403 (lease) + \$25,524 (Granicus) + \$162,852 (reduction in LLR travel) + \$124,075 (reduction in Board travel) + \$21,382 (returned cars) = \$752,236). That does not take into account the cars that we will return by reducing the number of dedicated inspectors. We are also looking at centralizing office supply purchasing and networking all printers, faxes, and scanners. All of these savings will result in reduced indirect costs to all of the Boards, including Cosmo and Barbers, further reducing your deficits.

We are working to make reassignments of personnel now, and this change should be effective within the next months. Of course, we will continue to communicate regularly with your Boards about the outcome of our inspections.

For Cosmo, I have spoken to Melanie about this change, and she did not indicate that she has any issues with this. I have not spoken to a member of the Barber Board, so I welcome your feedback.

## **Real Estate Commission**

My plan is to reassign two of the Cosmo and Barbers inspectors to conduct real estate inspections. These two staff members will be in addition to the investigators and Board staff you currently have assigned to you. The authority to conduct these inspections is found in §40-57-180(C).

Of course, this transition cannot occur until the two inspectors have gone through intensive training to conduct real estate inspections. The Board has identified and we have reached out to Dianne Brouthers to conduct some of the training. In addition, several of you have offered to help with training, and we will take you up on that offer to do "in office" training. Our attorneys will train them on your practice act and regs. Several members of your profession have expressed an interest in hiring real estate licensees to conduct these inspections. As natural attrition occurs within the Agency we can move in this direction by encouraging through our job postings real estate licensees to apply for these positions.

Robbie and Dean will present a plan to your Commission at your April meeting, to include introductions to the two individuals, a proposed inspection form, a timeline, and a training schedule.

The addition of these inspections will result in an annual, direct cost to your Commission of appx. \$116,219 in salary, fringe, and travel, plus training costs. Your Commission can certainly absorb this cost based on your current budget.

Our agency has spoken with the Governor's Office, Senator Alexander, Chair of the Senate LCI Committee, and Representative Sandifer, Chair of the House LCI Committee, and they are in support of this plan. As always, I value our partnership, so please let me know if you have questions or concerns.

Thanks, Holly

Holly G. Pisarik, Director  
South Carolina Department of Labor, Licensing and Regulation  
110 Centerview Drive  
Columbia, SC 29210  
(803) 896-4390