

LSC Greenbook

Analysis of the Enacted Budget

State Board of Cosmetology

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 Budget Spreadsheet By Line Item

State Board of Cosmetology

- Funding of \$3.5 million in both FY 2014 and FY 2015
- State's second largest licensing board oversees more than 119,000 active licenses
- License amnesty program generated almost \$58,000 in fees transferred to the GRF in FY 2013

OVERVIEW

Agency Overview

The State Board of Cosmetology (COS) was created in 1932 to establish and maintain sanitary and professional standards in the beauty salon industry. The Board is charged with ensuring the health, safety, and sanitation of the beauty industry and its patrons through licensing and regulation of salons and individual licensees. In addition, the Board has oversight over the indoor tanning industry through regulation of ultraviolet radiation devices. COS is the state's second largest licensing board, overseeing more than 119,000 active licenses as of the end of FY 2013. The Board consists of nine members representing various facets of the beauty salon industry who are appointed by the Governor. The day-to-day licensing and regulatory responsibilities are managed by an executive director. As of June 2013, the Board has 37 full-time employees. The Board receives no funding from the GRF. Rather, its operations are funded entirely by fees and other amounts paid by licensees. As with many of the state's licensing boards, these revenues are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).

Appropriation Overview

Table 1 below shows the amounts appropriated for Board operations during the FY 2014-FY 2015 biennium. Overall, H.B. 59 provides COS with funding of \$3.47 million in each fiscal year, a negligible increase over FY 2013 spending of \$3.46 million. As noted above, COS funding is derived from license fees, fines, and penalties that are deposited into Fund 4K90.

| Fund Group | FY 2013* | FY 2014 | % change | FY 2015 | % change |
|------------------|-------------|-------------|----------|-------------|----------|
| General Services | \$3,460,204 | \$3,474,030 | 0.4% | \$3,474,030 | 0.0% |

*FY 2013 figures represent actual expenditures.

Recent Operating Results

The table below shows operating revenues and expenditures over the previous three biennia, encompassing three renewal cycles. Notice that COS's biennial renewal cycle results in significant fluctuations in the amount of revenue received on a year-to-year basis, with the vast majority of revenue coming in odd-numbered fiscal years when licenses are renewed. Overall, receipts in the odd-numbered fiscal years cover the deficit created in even-numbered fiscal years when little license fee revenue is received.

| State Board of Cosmetology Revenues and Expenditures, FY 2008-FY 2013 | | | | | | |
|---|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
| Revenue | \$1,148,055 | \$6,401,918 | \$1,303,845 | \$6,807,499 | \$1,923,913 | \$7,425,471 |
| Expenditures | \$3,550,509 | \$3,329,024 | \$3,068,468 | \$3,311,219 | \$3,548,260 | \$3,460,204 |
| Net | -\$2,402,454 | \$3,072,894 | -\$1,764,623 | \$3,496,280 | -\$1,624,347 | \$3,965,267 |

License Amnesty Program

In addition to license fees deposited into Fund 4K90, under the Board's license amnesty program, a portion of COS's fee revenue is deposited into the GRF. License amnesty allows cosmetologists, estheticians, manicurists, hair designers, and natural hair designers who have allowed their licenses to lapse to regain their licenses by fulfilling certain continuing education requirements instead of retaking the licensing exam. Under the license amnesty program, the holder of a lapsed license is required to pay back fees and a fine in order to have the license reinstated. If a license has been lapsed for more than two renewal cycles (four years), practicing and managing license holders must also participate in continuing education courses. The minimum amount required to reinstate a license, in a situation where the license was lapsed for one renewal cycle, is \$135 (\$45 original license fee + \$45 current license fee + \$45 late fee). In FY 2013, the license amnesty program generated \$57,785 in revenues, all of which was transferred to the GRF.

ANALYSIS OF ENACTED BUDGET

COS's operations are funded by a single line item appropriation from the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the funding for the Board's operations during the FY 2014-FY 2015 biennium.

| Appropriations for the State Board of Cosmetology | | | | |
|---|--------------|--------------------|-------------|-------------|
| Fund | ALI and Name | | FY 2014 | FY 2015 |
| General Services Fund | | | | |
| 4K90 | 879609 | Operating Expenses | \$3,474,030 | \$3,474,030 |

Fund 4K90 line item 879609, Operating Expenses, supports all of COS's administrative costs. H.B. 59 appropriates approximately \$3.47 million in each fiscal year to cover the Board's operating needs. The Board employs a full-time staff of 37, including examiners, inspectors, customer service, and administrative staff. Board inspectors inspect each type of salon regulated by the Board once annually. Cosmetology schools regulated by the Board are inspected twice a year. The staff is responsible for overseeing over 119,000 licenses, including individual cosmetologists, manicurists, estheticians, as well as beauty salons, nail salons, cosmetology schools, and tanning facilities. In all, there are 23 types of licenses issued by the Board, with the bulk of licenses related directly to the field of cosmetology. The Board's headquarters is located in Grove City.

COS.docx/jc

FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

| | | | Appropriation | FY 2013 to FY 2014 | Appropriation | FY 2014 to FY 2015 |
|--|--------|--------------------|-------------------------|---------------------|---------------------|--------------------|
| | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
| | | | | | % Change | % Change |
| Report For Main Operating Appropriations Bill | | | Version: Enacted | | | |
| COS State Board of Cosmetology | | | | | | |
| 4K90 | 879609 | Operating Expenses | \$ 3,548,260 | \$ 3,460,204 | \$ 3,474,030 | 0.40% |
| General Services Fund Group Total | | | \$ 3,548,260 | \$ 3,460,204 | \$ 3,474,030 | 0.40% |
| State Board of Cosmetology Total | | | \$ 3,548,260 | \$ 3,460,204 | \$ 3,474,030 | 0.40% |