

Greenbook
LSC Analysis of Enacted Budget

**State Cosmetology
and Barber Board**

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State Cosmetology and Barber Board

- Consolidates the Ohio State Barber Board and State Board of Cosmetology effective January 21, 2018
- Funding of approximately \$4.9 million in FY 2018 and \$5.3 million in FY 2019 for combined operations
- One of the largest licensing boards, overseeing more than 123,000 active cosmetology and barber licenses

OVERVIEW

Agency Overview

The State Board of Cosmetology (COS) and the Ohio State Barber Board (BRB) were both created in the early 1930s to establish and maintain sanitary and professional standards in beauty salons and barber shops, respectively. COS 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. The Board is the state's second largest licensing board, overseeing nearly 113,000 active licensees. BRB licenses barbers, barber shops, and barber schools. It oversees more than 11,000 active licenses. H.B. 49 consolidates the functions and responsibilities of BRB with COS effective January 21, 2018. Under the bill, the combined boards would be renamed the State Cosmetology and Barber Board (COS). Governance of the new board will consist of the existing 11 members of the State Board of Cosmetology and, under the merged entity, two barbers.

Appropriation Overview

Since BRB operations are to be consolidated within COS just over midway through FY 2018, Table 1 below shows the combined appropriations for both licensing boards during the FY 2018-FY 2019 biennium.

Fund Group	FY 2017*	FY 2018	% change	FY 2019	% change
Dedicated Purpose	\$4,457,808	\$4,895,910	9.8%	\$5,348,760	9.2%

*FY 2017 figures represent actual expenditures of COS and BRB combined.

For FY 2018, H.B. 49 provides funding of approximately \$4.9 million. Of this amount, about \$4.5 million will support COS operating expenses for the entire year. The remaining approximately \$400,000 is for BRB operating expenses prior to the

January 21, 2018 consolidation. Funding in FY 2019 for the consolidated boards is just over \$5.3 million, or about 9.2% more than the FY 2018 appropriations.

Fee Schedule Changes under H.B. 49

Table 2 below shows the license and fee types and corresponding amounts charged by the Board, as well as changes to those fees under H.B. 49. Currently, fees are set at specific amounts by statute. Under the bill, the Board would be required to review fee amounts every two years and establish the fee amounts by rule. Fees would be capped at specific amounts. Note, however, that continuing law allows the Board, with Controlling Board approval, to increase fees beyond the maximum amounts by as much as 50%.

Fee Type	Previous Fee Amount	H.B. 49 Amount
Issuance of a practicing, advanced, or instructor license for any branch of cosmetology	\$45	Not more than \$75
Renewal of practicing, advanced, or instructor license for any branch of cosmetology	\$45	Not more than \$70
Issuance of a salon license; ownership or name change	\$75	Not more than \$100
Salon license renewal	\$60	Not more than \$90
Issuance of a duplicate license	\$20	Not more than \$30
Independent contractor	\$75 (established by rule)	Unchanged by the bill
Issuance of a reciprocal license	\$70	Not more than \$70
Issuance or renewal of private cosmetology school license	\$250	Not more than \$250
Tanning facility license	\$65	Unchanged by the bill
Temporary pre-examination work permit	\$7.50	Not more than \$15
Initial application to take an examination/retake an examination after failing	\$31.50	Not more than \$40
Examination after previously failing to show	\$40	Not more than \$55
Lapsed renewal fee	\$45	Not more than \$45
Mailing license to another state	\$50	Not more than \$50

Active Licenses

Table 3 below shows the number of active licenses issued by COS and BRB as of the end of FY 2016 and FY 2017. Overall, the number of active licenses decreased by 12.8% between these years, from 142,144 in FY 2016 to 123,991 in FY 2017.

License Type	FY 2016	FY 2017	% Change
Beauty Salon	9,379	9,295	-0.9%
Cosmetologist	22,073	17,639	-20.1%
Cosmetologist Instructor	4,643	3,245	-30.1%
Cosmetology School	191	178	-6.8%
Esthetic Salon	816	806	-1.2%
Esthetician	1,032	982	-4.8%
Esthetician Instructor	163	121	-25.8%
Hair Designer	167	135	-19.2%
Hair Designer Instructor	6	5	-16.7%
Hair Designer Salon	328	359	9.5%
Independent Contractor	20,303	19,090	-6.0%
Managing Cosmetologist*	52,185	43,462	-16.7%
Managing Esthetician*	3,399	3,035	-10.7%
Managing Hair Designer*	145	127	-12.4%
Managing Manicurist*	8,566	7,429	-13.3%
Managing Natural Hair Stylist*	42	34	-19.0%
Manicurist	4,267	3,957	-7.3%
Manicurist Instructor	196	132	-32.7%
Nail Salon	1,272	1,216	-4.4%
Natural Hair Stylist	6	5	-16.7%
Natural Hair Stylist Instructor	3	1	-66.7%
Natural Hair Stylist Salon	16	14	-12.5%
Tanning Facility	1,265	1,100	-13.0%
Barber	8,663	8,094	-6.6%
Barber School	19	21	10.5%
Barber Shop	2,907	2,855	-1.8%
Barber Teacher	92	97	5.4%
TOTAL	142,144	123,434	-13.2%

*In FY 2017, S.B. 213 of the 131st General Assembly eliminated managing licenses and replaced them with "advanced" practicing licenses.

ANALYSIS OF ENACTED BUDGET

Operations for both BRB and COS are funded by licensing fees and related revenue that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). There are two line items listed in the table below. The first, 876609, Operating Expenses, provides funding for COS operations, while the second, 877609, Operating Expenses, provides funding for BRB operations until January 21, 2018, when that board is to be folded into COS.

Appropriations for the State Cosmetology and Barber Board				
Fund	ALI and Name		FY 2018	FY 2019
Dedicated Purpose Fund Group				
4K90	879609	Operating Expenses	\$4,462,105	\$5,348,760
4K90	877609	Operating Expenses	\$433,805	\$0
Total Funding: State Cosmetology and Barber Board			\$4,895,910	\$5,348,760

Fund 4K90 appropriation item 879609, Operating Expenses, supports all of COS's operating expenses. H.B. 49 appropriates \$4.5 million in FY 2018 and \$5.4 million in FY 2019 to cover COS's operating needs. In addition to these amounts, H.B. 49 appropriates \$433,805 in FY 2018 under Fund 4K90 appropriation item 877609, Operating Expenses, to support the FY 2018 operating expenses of BRB prior to consolidation with COS on January 21, 2018.

H.B. 49 specifies that all duties and employees of BRB are transferred to COS under the consolidation and establishes the process for assigning and reassigning personnel of the consolidated board. The bill specifies that employees of BRB retain their positions and benefits. However, during the period beginning January 21, 2018 and ending June 30, 2019, the bill authorizes the Executive Director of the consolidated board to establish, change, and abolish positions and assign, reassign, classify, reclassify, transfer, reduce, promote, or demote all exempt employees of the consolidated board. Prior to the merger, the bill allows BRB, with approval from the Office of Budget and Management (OBM), to establish a retirement incentive plan for eligible employees of BRB who are members of the Public Employees Retirement System. Not counting appointed board members, as of July 20, 2017, BRB employed a total of seven people, including two exempt and five bargaining unit employees, and COS employed 39 people, including seven exempt and 32 bargaining unit employees.

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			Appropriation	FY 2017 to FY 2018	Appropriation	FY 2018 to FY 2019		
			FY 2016	FY 2017	FY 2018	% Change	FY 2019	% Change
Report For Main Operating Appropriations Bill			Version: As Enacted					
COS Cosmetology and Barber Board								
4K90	879609	Operating Expenses	\$ 3,693,776	\$ 3,817,641	\$ 4,462,105	16.88%	\$ 5,348,760	19.87%
Dedicated Purpose Fund Group Total			\$ 3,693,776	\$ 3,817,641	\$ 4,462,105	16.88%	\$ 5,348,760	19.87%
Cosmetology and Barber Board Total			\$ 3,693,776	\$ 3,817,641	\$ 4,462,105	16.88%	\$ 5,348,760	19.87%

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2016	FY 2017	Appropriation FY 2018	FY 2017 to FY 2018 % Change	Appropriation FY 2019	FY 2018 to FY 2019 % Change
Report For Main Operating Appropriations Bill			Version: As Enacted					
BRB Ohio State Barber Board								
4K90	877609	Operating Expenses	\$ 571,725	\$ 640,167	\$ 433,805	-32.24%	\$ 0	-100.00%
Dedicated Purpose Fund Group Total			\$ 571,725	\$ 640,167	\$ 433,805	-32.24%	\$ 0	-100.00%
Ohio State Barber Board Total			\$ 571,725	\$ 640,167	\$ 433,805	-32.24%	\$ 0	-100.00%