

State Board of Cosmetology

- Executive recommendation
\$2,474,189 | FY 2002;
\$2,674,059 in FY 2003
- Fee increase for re-take examinations will reduce Board's expenses in subsidizing test fees

OVERVIEW

The Ohio General Assembly created the State Board of Cosmetology in 1932 to establish and maintain sanitary and professional standards in the beauty salon industry. In FY1998 the Board licensed over 116,000 individuals, salons, and schools in the following branches of cosmetology: hair, nails, esthetics, and indoor tanning.

For the first time in FY1997 the Board began to require four hours of continuing education as a condition for license renewal. The Board reported that about 12,000 licensees chose not to renew. The Board believes that many were non-practicing cosmetologists who had been keeping their licenses active but had no intention of practicing again. For the FY1999 renewal cycle, the continuing education requirement increased to 8 hours per two-year period.

Over the past few years the Board has seen rapid growth in the nail and tanning industry. Salon/spa facilities are also becoming more popular. Salons have found that they can increase their competitiveness by increasing the number of services they provide.

ADDITIONAL FACTS AND FIGURES

State Board of Cosmetology Staffing Levels						
Program Series/Division	1998	1999	2000	2001	Estimated	
					2002	2003
Board Members	7	7	7	7	7	7
Administrative Staff	19	20	20	20	20	20
Investigators	14	14	14	14	15	15
Totals	40	41	41	41	42	42

The Board performed over 25,000 salon inspections in FY2000. In addition 500 complaints were also investigated. All salons are inspected at least once per year.

Number of Licensees

License Type	FY2000
Cosmetologist	83,849
Manicurist	11,629
Esthetician	620
Beauty Salon	9,734
Nail Salon	964
Esthetic Salon	60
Tanning Facility	3,414
Cosmetology School	155

Overall licenses: FY1999 = 106,447 FY2000 = 110,425

The overall increase in licenses reflects a growing number of Independent Contractor licenses and the new students licensed during the year. The increase in Independent Contractor category is caused by a reclassification, as they were known as “booth renter” salons in prior years.

Inspections in FY2000

Salons	25,564
Tanning Facilities	18,847
Schools	221
Miles Driven	252,313
Miles per Inspection	9.86

Current License Fees - Licenses are renewed every two years.

	<i>Date of Last Fee Increase</i>	<i>New</i>	<i>Renewal</i>
Cosmetologist	7/99	\$30	\$30
Manicurist	7/99	\$30	\$30
Esthetician	7/99	\$30	\$30
Hair Designer	7/99	\$30	\$30
Natural Hair Stylist	7/99	\$30	\$30
Beauty Salon	7/99	\$60	\$50
Nail Salon	7/99	\$60	\$50
Esthetic Salon	3/99	\$60	\$50
Hair Design Salon	7/99	\$60	\$50
Natural Hair Stylist Salon	7/99	\$60	\$50
Tanning Facility	7/84	\$65	\$50
Cosmetology School	7/91	\$250	\$250
Cosmetology Instructor	7/99	\$30	\$30
Manicuring Instructor	7/99	\$30	\$30
Esthetics Instructor	7/99	\$30	\$30
Hair Design Instructor	7/99	\$30	\$30
Natural Hair Stylist Instructor	7/99	\$30	\$30

Total Receipts and Expenditures for FY1998 and FY1999

FY 1998			FY 1999			Revenue FY98-FY99	Expenditures FY98-FY99	Two-Year Net
Revenue	Expenses	Net	Revenue	Expenses	Net	% Change	% Change	
\$696,350	\$1,849,659	(\$1,153,309)	\$3,182,083	\$2,104,886	\$1,077,197	457.0%	13.8%	(\$76,112)

Total Receipts and Expenditures for FY2000 and FY2001

FY 2000			FY 2001 (Estimated)			Revenue FY00-FY01	Expenditures FY00-FY01	Two-Year Net
Revenue	Expenses	Net	Revenue	Expenses	Net	% Change	%Change	
\$722,868	\$2,136,417	(\$1,413,549)	\$4,896,140	\$2,198,147	\$2,697,993	677.3%	2.9%	\$1,284,444

ANALYSIS OF EXECUTIVE PROPOSAL

State Board of Cosmetology

Purpose Establish and maintain sanitary and professional standards in the beauty salon industry.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
4K9	879-609	Operating Expenses	\$2,474,189	\$2,674,059
Total funding: State Board of Cosmetology				

State Board of Cosmetology

Program Description: In accordance with Section 4713 of the ORC, the State Board of Cosmetology maintains sanitary and professional standards in cosmetology by licensing and regulating individuals and salons.

Funding Source: GSF Fund 4K9 – All revenue from the 22 occupational licensing boards is placed in Fund 4K9 and the reallocated to each board. Each board must raise enough revenue through its license fees to cover its expenses.

Line Items: 879-609 Operating Expenses

Implication of the Executive Recommendation: The Executive recommendation for the State Board of Cosmetology includes an overall increase in FY2002 of 12.6 percent and an increase in FY2003 of 8.1 percent. The Executive recommends a total appropriation of \$2,474,189 in FY2002 and \$2,674,059 in FY2003.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

Permanent Law Provisions

Re-Take Examination Fee Increase (ORC section 4713.10(B))

This fee increase for the Retake Exam from \$14 to \$21 will offset part of the increased cost of computerized national examinations. The examination process does not pay for the costs of providing the service. While the Board desires to keep the costs to retake the examination as low as possible, the boards also wants to continue to subsidize these costs. The increase will decrease the amount of money the Board subsidizes.

Temporary Law Provisions

There are no temporary law provisions with fiscal effects on this agency.

REQUESTS NOT FUNDED

The State Board of Cosmetology made four requests for additional funding that were not funded through the initial budget request process at OBM.

- Two of the four requests for funding for Licensing 2000 items have been carefully reviewed and the Board will make necessary changes to fund this area through alternative means.
- Two of the four requests were appealed and subsequent to that appeal funding was approved by OBM.
 - A. Eleven staff positions were reclassified because outdated position definitions did not reflect the duties performed. This appropriation adds \$20,300 in FY2002 and \$21,900 in FY2003 to the Board's core budget.
 - B. Two new inspector positions were requested and initially denied. The Board appealed; and OBM approved the addition of one inspector to be added to the Board's staff. Budget authority was granted to the Board for \$60,000 in FY 2002, (\$35,000 for personnel expense, and \$25,000 for auto, equipment, and administrative expense). Net appropriation is for a \$60,000 increase in FY2002 and a \$37,500 (personnel expense) increase in FY2003 to the Board's core budget. The addition of the inspector will enable the Board to increase their ratio of salon inspections.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Revised Estimated 2001</i>	<i>As Introduced 2002</i>	<i>House Sub Bill 2002</i>	<i>% Change Est. 2001 to House 2002</i>	<i>As Introduced 2003</i>	<i>House Sub Bill 2003</i>	<i>% Change House 2002 to House 2003</i>
<i>COS Cosmetology, State Board of</i>									
4K9	879-609	Operating Expenses	\$2,198,147	\$ 2,474,189	\$ 2,474,189	12.6%	\$ 2,674,059	\$ 2,674,059	8.1%
General Services Fund Group Total			\$ 2,198,147	\$ 2,474,189	\$ 2,474,189	12.6%	\$ 2,674,059	\$ 2,674,059	8.1%
Total All Budget Fund Groups			\$ 2,198,147	\$ 2,474,189	\$ 2,474,189	12.6%	\$ 2,674,059	\$ 2,674,059	8.1%

General Services Fund Group

4D3 879-601 Cosmetology Adjudication

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$5,494	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GSF: fines

Legal Basis: Originally established by H.B. 322 of the 119th G.A.

Purpose: The Board may impose fines of up to \$100 per violation. Effective FY 1998, this line is transferred to 879-609, Operating.

4K9 879-609 Operating Expenses

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$1,849,661	\$2,104,888	\$2,129,060	\$2,198,147	\$2,474,189	\$2,674,059
	13.8%	1.1%	3.2%	12.6%	8.1%

Source: GSF: Revenue received by the occupational licensing boards is deposited into Fund 4K9

Legal Basis: Originally established by Am. Sub. H.B. 152 of the 120th G.A.

Purpose: Funds in this line item are used for general operating expenses, including payroll, supplies, and equipment of the Ohio State Cosmetology Board. The Board licenses and regulates individuals and salons in the fields of cosmetology, esthetics, manicuring, and tanning.

As Introduced*

In House Finance and Appropriations

Permanent Law Changes**Subject: Reexamination Fee for Cosmetologists****section: 4713.10**

Increases from \$14 to \$21 the fee for retaking the examination for a license to practice cosmetology or any of its branches.

The fiscal effect, if not enacted, would be insufficient revenues because the cost of the computer-based national written exam will be more than twice the current revenues received from the candidates.

No change.