

# **State Board of Cosmetology**

**Senate Finance and Financial Institutions Committee**

*Carol Robison, Budget Analyst*

*Legislative Service Commission*

*April 22, 2003*

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**LSC Redbook**  
**for the**  
**State Board of Cosmetology**

**Senate Finance and Financial Institutions Committee**

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**TABLE OF CONTENTS**

**Overview ..... A1**  
**Analysis of Executive Proposal..... A2**  
**Additional Facts and Figures..... A3**  
**Permanent and Temporary Law..... A7**  
**Requests Not Funded ..... A8**  
**Catalog Of Budget Line Items..... COBLI 1**  
***Attachment: LSC Budget Spreadsheet By Line Item***

*April 22, 2003*

# State Board of Cosmetology

- Executive recommendation: \$2,681,359 for FY 2004 and \$2,822,359 for FY 2005
- Cosmetology Board is one of the first licensing boards to implement the electronic license renewal system from DAS

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## 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 FY 1998 the Board licensed over 116,000 individuals, salons, and schools in the following branches of cosmetology: hair, nails, esthetics, and indoor tanning. After a recent peak of 123,012 active licenses in FY 2001, the Board recorded 115,076 licenses in FY 2003, representing a decrease in total licenses of 6.5% between FY 2001 and FY 2002.

Amended Substitute House Bill 415 of the 124th General Assembly revised cosmetology law, created new license types, and increased some license fees among its provisions.

The Ohio State Board of Cosmetology is one of the first licensing boards to be using the new licensing system provided through the Department of Administrative Services' MIS division. The cosmetology board has implemented online renewals through the <http://mylicense.ohio.gov> web site. The most recently collected data shows that 4,883 licenses were renewed online in January 2003. The new system links together multiple licenses, which simplifies processing and the ability to answer questions.

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. Among the newest services are those that merge some medical practices with cosmetic treatments in a spa environment. In these cases, the doctor nurse, or other licensed professional would be working under the statutes and rules of their appropriate licensing boards.

## **ANALYSIS OF EXECUTIVE PROPOSAL**

### **State Board of Cosmetology**

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**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.

<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2004</b>	<b>FY 2005</b>
4K9	879-609	Operating Expenses	\$2,681,359	\$2,822,359
<b>Total funding: State Board of Cosmetology</b>				

### **State Board of Cosmetology**

**Program Description:** In accordance with Chapter 4713. of the Revised Code, 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 24 occupational licensing boards is placed in Fund 4K9 and deposited in each board's account. Each board must raise enough revenue through its license fees to cover its expenses.

**Line Item:** 879-609, Operating Expenses

**Implication of the Executive Recommendation:** The executive recommendation for the State Board of Cosmetology for FY 2004 of \$2,681,359 reflects a decrease of 1.7% from the FY 2003 estimated spending of \$2,728,359. The executive recommendation of \$2,822,359 for FY 2005 reflects an increase of 5.3% over the FY 2004 recommendation.

The Cosmetology Board anticipates the purchase of one new car in FY 2004 and two new cars in FY 2005.

## ADDITIONAL FACTS AND FIGURES

State Board of Cosmetology Staffing Levels						
Program Series/Division	2000	2001	2002	2003	<i>Estimated</i>	
					2004	2005
Board Members	7	7	7	7	7	7
Administrative Staff	20	20	19	19	18*	18*
Investigators	14	14	15	15	15*	15*
<b>Totals</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>40</b>	<b>40</b>

- Anticipated reduction of one full-time employee is expected in FY 2004 and FY 2005. It is likely that the reduction will be made to the administrative staff, but it could potentially come from the investigator group. The personnel category to ultimately see the reduction will be determined by factors associated with the implementation of the electronic licensing system.

### Inspections in FY 2002

Salons	22,095
Tanning Facilities	7,560
Schools	229
<b>TOTAL</b>	<b>29,884</b>

The Cosmetology Board performed over 29,800 salon inspections in FY 2002. In addition, approximately 500 complaints were also investigated. All salons are inspected at least once per year.

Inspection of beauty salons, nail salons, esthetic salons, tanning facilities, and cosmetology schools continues to be a priority of the Cosmetology Board. The Cosmetology Board has also changed the procedure in handling violations. Inspectors now revisit any salon in violation within a short period of time. If the violations have been corrected, no further action is taken. This process has greatly reduced the number of administrative actions taken by the Board. This process also results in sanitation issues being addressed immediately and provides a cleaner and healthier environment for licensees and the public. The primary issues that the Board now pursues for administrative action are identification of individuals working without proper licenses and resolution of repeat sanitation violations.

Number of Licensees

License Type	FY 2002
Cosmetology Salon	9,611
Manicuring Salon	1,045
Esthetics Salon	87
Tanning Facility	3,221
Cosmetologist	22,388
Managing Cosmetologist	51,967
Cosmetology Instructor	5,920
Manicurist	5,070
Manicuring Instructor	218
Managing Manicurist	6,787
Esthetician	342
Managing Esthetician	615
Independent Contractors	7,584
Esthetics Instructor	24
Hair Designer	26
Natural Hair Stylist	5
Managing Natural Hair Stylist	7
Cosmetology School	153
Hair Design Salon	2
Natural Hair Stylist Salon	2
Managing Hair Designer	2
<b>TOTAL LICENSES</b>	<b>115,076</b>

Overall licenses: FY 2001 = 123,012    FY 2002 = 115,076

**Current License Fees**

Licenses are renewed every two years.

<b>License Type*</b>	<b>Date of last Fee Increase</b>	<b>FY 2002 License Fee - NEW</b>	<b>FY 2002 License Fee – RENEWAL</b>
Cosmetology Salon	7/99	\$60	\$50
Manicuring Salon	7/99	\$60	\$50
Esthetics Salon	3/99	\$60	\$50
Tanning Facility	7/84	\$60	\$50
Cosmetologist	7/99	\$30	\$30
Managing Cosmetologist	7/99	\$30	\$30
Cosmetology Instructor	7/99	\$30	\$30
Manicurist	7/99	\$30	\$30
Manicuring Instructor	7/99	\$30	\$30
Managing Manicurist	7/99	\$30	\$30
Esthetician	7/99	\$30	\$30
Managing Esthetician	7/99	\$30	\$30
Independent Contractors	7/99	\$60	\$50
Esthetics Instructor	7/99	\$30	\$30
Hair Designer	7/99	\$30	\$30
Natural Hair Stylist	7/99	\$30	\$30
Managing Natural Hair Stylist	7/99	\$60	\$50
Cosmetology School	7/91	\$250	\$250
Hair Design Salon	7/99	\$60	\$50
Natural Hair Stylist Salon	7/99	\$60	\$50
Managing Hair Designer	7/99	\$30	\$30
Hair Design Instructor	7/99	\$30	\$30
Natural Hair Stylist Instructor	7/99	\$30	\$30

\* Am. Sub H.B. 415 of the 124th General Assembly revised cosmetology law, created new license types, and increased fees for rescheduled exams without prior notification of cancellation.

**Total Receipts and Expenditures for FY 2001 and FY 2002**

FY 2001			FY 2002			Revenue FY 2001-2002 % Change	Expenditures FY 2001-2002 % Change	Two-Year Net
Revenue	Expenses	Net	Revenue	Expenses	Net			
\$4,396,128	\$2,194,452	\$2,201,676	\$852,867	\$2,323,168	(\$1,470,301)	(80.6%)	5.9%	\$731,375

Due to biennial licensing, the State Board of Cosmetology experiences fee revenue peaks in the odd numbered fiscal years and fee revenue lows in the even numbered fiscal years.

## **PERMANENT AND TEMPORARY LAW**

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

### **Permanent Law Provisions**

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

### **Temporary Law Provisions**

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

## **REQUESTS NOT FUNDED**

If not fully funded, the Cosmetology Board would likely reduce the number of inspections and reduce the number of inspectors. A reduction in responses to complaints may also occur.

The State Board of Cosmetology requested \$2,728,359 for FY 2004 and the Governor's recommendation is \$2,681,359 or 98.3% of the requested amount.

The State Board of Cosmetology requested \$2,844,359 for FY 2005 and the Governor's recommendation is \$2,822,359 or 99.2% of the requested amount.

## General Services Fund Group

### 4K9 879-609 Operating Expenses

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
\$2,129,060	\$2,270,338	\$2,273,472	\$2,728,359	<b>\$2,681,359</b>	<b>\$2,822,359</b>
	6.6%	0.1%	20.0%	-1.7%	5.3%

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

**Legal Basis:** Sections 4713.10 and 35 of Am. Sub. H. B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** Funds in this line item are derived from fees and fines, and 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.

**LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005**

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2003</i>	<i>As Introduced 2004</i>	<i>House Sub Bill 2004</i>	<i>% Change Est. 2003 to House 2004</i>	<i>As Introduced 2005</i>	<i>House Sub Bill 2005</i>	<i>% Change House 2004 to House 2005</i>
<b>COS</b>		<b>Cosmetology, State Board of</b>							
4K9	879-609	Operating Expenses	\$2,728,359	\$ 2,681,359	\$ 2,681,359	-1.7%	\$ 2,822,359	\$ 2,822,359	5.3%
<b>General Services Fund Group Total</b>			<b>\$ 2,728,359</b>	<b>\$ 2,681,359</b>	<b>\$ 2,681,359</b>	<b>-1.7%</b>	<b>\$ 2,822,359</b>	<b>\$ 2,822,359</b>	<b>5.3%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 2,728,359</b>	<b>\$ 2,681,359</b>	<b>\$ 2,681,359</b>	<b>-1.7%</b>	<b>\$ 2,822,359</b>	<b>\$ 2,822,359</b>	<b>5.3%</b>