

Ohio State Barber Board

Senate Finance and Financial Institutions Committee

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Legislative Service Commission*

May 2, 2007

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LSC Redbook
for the
Ohio State Barber Board

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ATTACHMENTS:

 Catalog of Budget Line Items

 LSC Budget Spreadsheet By Line Item: Executive to House Passed

May 2, 2007

Ohio State Barber Board

- Licensed over 12,400 barbers, barber school teachers, barber shops, and barber schools in FY 2006
- Executive recommendation of \$608,045 in FY 2008 and \$628,264 in FY 2009

OVERVIEW

The Ohio State Barber Board was established in 1934 to ensure that the consuming public was protected from communicable diseases. The Board requires all barbers to attend a licensed barber school, after which they must pass an examination to determine their ability and competence. Additionally, licensed barbers must possess knowledge of skin diseases. In addition to licensing barbers, the Board also regulates barber schools and barber shops. Other activities undertaken by the Board include the inspections of barber shops and schools, setting standards for licensure and enforcement of those standards through examinations, investigations, and disciplinary actions.

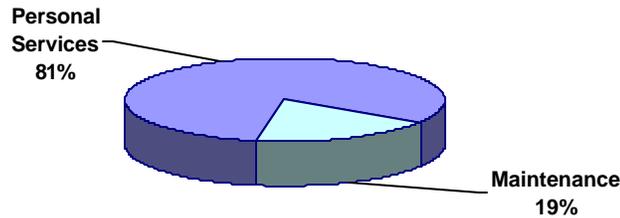
The Ohio State Barber Board is part of the Occupational Licensing and Regulatory Fund (Fund 4K9). The 4K9 Fund is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

Executive Recommendation for FYs 2008-2009

The Executive recommends funding for the Board of \$608,045 for FY 2008, representing an increase of 0.2% over FY 2007 adjusted appropriations of \$607,119. For FY 2009, the Executive recommended \$628,264, a 3.3% increase from the recommended amount for FY 2008.

The following pie chart illustrates the Barber Board's executive recommendation for FYs 2008-2009 by object code. Like many other licensing and regulatory boards, the vast majority of the Barber Board's expenses are for personal services, such as payroll, health care, and fringe benefit costs. The Governor's recommendation holds personal service spending essentially flat in FY 2008 in comparison to FY 2007 adjusted appropriations for this purpose and increases such appropriations by 4.0% in FY 2009 over the FY 2008 allotment. The Barber Board did not request spending authority for purchased services or equipment for the FY 2008-2009 biennium. The executive recommendation also increased maintenance spending by approximately \$10,804 (10.2%) over FY 2007 adjusted appropriations to accommodate the Board's biennial renewal cycle. In even-numbered fiscal years, the Board incurs extra costs for postage and printing related to license renewals.

FYs 2008-2009 Recommended Budget By Object Code



Revenues and Expenditures

The Board renews its licenses biennially. According to data submitted to LSC for the *Occupational Licensing and Regulatory Boards Annual Report for Fiscal Year 2006*, the Board's expenditures for the FYs 2005-2006 renewal cycle were \$1,011,750. Compared with revenue of \$1,509,328 for the two-year span, the Board realized a net gain of \$497,578. The table below illustrates the Board's revenues and expenditures by renewal cycle from FY 2001 to FY 2006. The substantial increase in revenue between the last two renewal cycles reflects a fee increase granted to the Board that went into effect in October 2003.

Barber Board Revenues by Renewal Cycle			
	FYs 2001-2002	FYs 2003-2004	FYs 2005-2006
Revenue	\$1,013,510	\$1,066,701	\$1,509,328
Expenditures	\$900,641	\$939,875	\$1,011,750
Net	\$112,869	\$126,826	\$497,578

Summary of FYs 2008-2009 Budget Issues

Cost-Savings Measures

In the current biennium, the Board purchased a Global Positioning System (GPS) unit for one of the Board's four inspectors. This GPS unit has cut down travel time for the inspector by 20% and has allowed the Board to increase the number of inspections by 10%. While the Board states that it needs an additional inspector, the GPS unit has helped delay the need for the inspector by increasing the inspector's efficiency. The Board is exploring the possibility of adding GPS units to the cars for the other three inspectors in the upcoming biennium through the Board's automobile lease program, which would increase efficiency even further. Each GPS unit costs approximately \$600.

Unlicensed Barber Shops

The Barber Board is currently attempting to address a situation that is occurring within the barbering craft in the state of Ohio. The Board has found that many foreign individuals are coming to Ohio looking for employment and are in need of barbering services. As such, there are a number of unlicensed individuals cutting hair, posing a potentially serious problem concerning public health and safety. In addition, the Board states that these illegal shops are resulting in lost income tax revenue to the state. The Board expects that with the continuing growth in the immigrant population, the number of unlicensed shops may increase slightly. However, the Board reported that progress has been made, as there are a number of licensed shops serving Somali and Hispanic populations that have become good examples to others in the communities they serve. As such, the barbering professionals in these communities have begun to police themselves by providing tips to the Board about unlicensed shops.

Increased Enforcement Activities

In FY 2006, the Board made 7,642 random inspections of barber shops resulting in 128 actual violations being written. The Board also completed 130 investigations. As a result of the inspections and investigations, a total of \$14,140 was received from fines imposed for violations. In the current biennium, the Barber Board has increased its enforcement activities significantly. For instance, compared to FY 2004, the Board made almost 1,000 more random inspections and more than tripled the number of investigations. The Board attributes the increase in enforcement activities to an increasing number of situations where barbers are faced with a lack funds and do not pay for license renewals on time as well as a higher number of cases where a barber's license is suspended for nonpayment of child support.

Staffing Levels

Ohio State Barber Board Staffing Levels						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
Board Members	3	3	3	3	3	3
Administrative Staff	3	3	3	3	3	3
Investigators	4	4	4	4	4	4
Totals	10	10	10	10	10	10

FACTS AND FIGURES

Active Licensees

The table below displays the number of active licensees by license type in FY 2006.

Barber Board Licensees by License Type	
License Type	FY 2006
Barbers	9,195
Barber Shop	3,152
Barber School Teacher	67
Barber Schools	18
TOTALS	12,432

Fee Schedule

The table below lists the Board's fee structure. The most recent increase in fees occurred in October 2003.

Barber Board Fee Structure	
Barber Board License/Fee	Fee Amount
School - Initial License Fee	\$1,000
School Renewal	\$1,000
School Restoration of License Fee	\$1,000
School - New Inspection Fee	\$750
Reciprocal Barber License	\$300
Teacher/Assist. Teacher License Restoration + Each Year Lapsed (not to exceed \$300/teacher)	\$225 + \$60/year
Teacher - Exam and New License Fee	\$185
Barber Expired License Restoration Fee + Each Year Lapsed (not to exceed \$460/student)	\$150 + \$75/year
Teacher Renewal	\$150
Barber Exam and New License Fee	\$120
Barber Renewal	\$110
Shop Inspection and Issuance of License	\$110
Shop License Restoration	\$110
Shop Renewal	\$75
Barber Re-Take Exam Fee	\$45
Barber or Shop Duplicate License Fee	\$45
Student Registration Fee	\$40
Provision of licensing information to applicant	\$40

ANALYSIS OF EXECUTIVE PROPOSAL

Single Program Series

Operating Expenses

Purpose: License and regulate barbers, barber shops, and barber schools

The following table shows the line items that are used to fund the Ohio State Barber Board as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	877-609	Operating Expenses	\$608,045	\$628,264
General Services Fund Group Subtotal			\$608,045	\$628,264
Total Funding: Ohio State Barber Board			\$608,045	\$628,264

Program Description: In accordance with Chapter 4709. of the Revised Code, the Ohio State Barber Board licenses barbers, barber shops, and barber schools and teachers; conducts health, sanitation, and safety-related inspections of shops and schools; sets the standards for licensure; and enforces its standards through examinations, investigations, and disciplinary actions.

Funding Source: License fees and other assessments

Line Items: 877-609, Operating Expenses

Implication of Executive Recommendation: The executive recommendation does not fully fund the Barber Board's budget request for FY 2008 or FY 2009. The Governor recommends \$608,045 in FY 2008, which is \$60,488 less than what the Barber Board requested for that year. This amount comes completely out of the Board's maintenance spending request while the Executive fully funded the Board's personal services request for FY 2008. The Board indicated that it may be able to handle FY 2008 expenses at the recommended level, but that there could also be an impact on service levels during the Board's biennial renewal season. For instance, it may be that revised rulebooks will not be able to be printed for licensees.

In FY 2009, the Executive recommended \$628,264, which is \$65,269 less than what the Board requested for that year. As in FY 2008, maintenance spending is impacted the most in FY 2009, but a portion (approximately \$15,000) of the Board's request for personal services was not granted in the Governor's proposal. The Board indicated that the executive recommendations could impact service levels in FY 2009.

Temporary and Permanent Law Provisions

None

REQUESTS NOT FUNDED

Barber Board - Operating Expenses						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
4K9 877-609	\$668,533	\$608,045	(\$60,488)	\$693,533	\$628,264	(\$65,269)

The executive recommendation does not fully fund the Barber Board's request in either FY 2008 or FY 2009. The amount not recommended in FY 2008 comes entirely out of the Board's maintenance spending request while the Executive fully funded the Board's personal services request. The Board indicated that it may be able to handle FY 2008 expenses at the recommended level, but service levels may be reduced during the Board's biennial renewal season. It may be that revised rulebooks cannot be printed for licensees.

As in FY 2008, maintenance spending is impacted the most in FY 2009, but a portion (\$14,645) of the Board's request for personal services was not granted in the Governor's proposal. The Board indicated that the executive recommendations could impact service levels in FY 2009.

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General Services Fund Group

4K9 877-609 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$464,379	\$495,624	\$516,126	\$567,119	\$608,045	\$628,264
	6.7%	4.1%	9.9%	7.2%	3.3%

Source: GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 4709.04 and 4743.05; Section 231.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation is used to support general operating expenses, including payroll, supplies, and equipment for the Ohio State Barber Board.

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund ALI ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
BRB Barber Examiners, Board of							
4K9 877-609 Operating Expenses	\$567,119	\$ 608,045	\$ 608,045	7.2%	\$ 628,264	\$ 628,264	3.3%
General Services Fund Group Total	\$ 567,119	\$ 608,045	\$ 608,045	7.2%	\$ 628,264	\$ 628,264	3.3%
Total All Budget Fund Groups	\$ 567,119	\$ 608,045	\$ 608,045	7.2%	\$ 628,264	\$ 628,264	3.3%