

Redbook

LBO Analysis of Executive Budget Proposal

Cosmetology and Barber Board

Tom Wert, Senior Budget Analyst
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LBO Redbook

Cosmetology and Barber Board

Quick look...

- The State Cosmetology and Barber Board (COS) licenses approximately 148,000 individuals, businesses, and beauty and barbering schools. Licenses are renewed biennially in odd-numbered fiscal years.
- The Board is governed by 13 members appointed by the Governor. Daily operations are overseen by an executive director.
- The Board employs a staff of 41, including 16 field inspection staff, eight exempt management positions, six examination schedulers and examiners, three customer service personnel, three licensing staff, three administrative action staff, and two fiscal staff.
- The Board receives no money from the GRF; it is entirely supported by licensing fees and related revenues. The executive recommended budget provides funding of \$5.4 million in FY 2022 and \$5.7 million in FY 2023.

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
State Board of Cosmetology – Fund 4K90 ALI 879609, Operating Expenses					
\$4,218,428	\$5,265,839	\$4,943,759	\$5,626,944	\$5,416,852	\$5,716,944
% change	24.8%	-6.1%	13.82%	-3.73%	5.54%
Ohio State Barber Board – Fund 4K90 ALI 877609, Operating Expenses					
\$486,863	\$0	\$0	\$0	\$0	\$0
% change	-100.0%	N/A	N/A	N/A	N/A

Note: The Ohio State Barber Board’s operations were merged with those of the State Board of Cosmetology beginning in January 2018, the midpoint of FY 2018. The combined operations are now funded under Fund 4K90 ALI 879609, Operating Expenses.

Overview

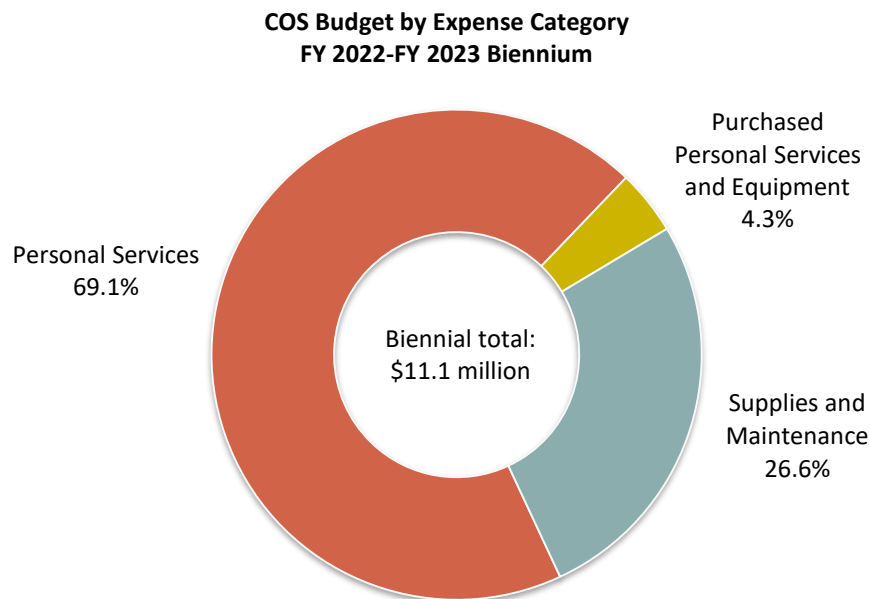
The Cosmetology and Barber Board (COS) is responsible for establishing and maintaining sanitary and professional standards in beauty salons. The Board licenses individuals who provide cosmetology services and related services such as manicuring, esthetics, hair design, natural hair styling, as well as cosmetology schools. In addition, the Board has oversight over the indoor tanning industry through regulation of ultraviolet radiation devices. The Board also oversees barbers, barbershops, and barber schools as a result of the consolidation of the State Board of Cosmetology and the Ohio State Barber Board under H.B. 49, the main operating budget act for the FY 2018-FY 2019 biennium. That consolidation occurred in January 2018. The Board’s operations are funded entirely by licensing fees and associated revenue and appropriated under line item 879609, Operating Expenses, within the Occupational Licensing and Regulatory Fund (Fund 4K90).

Analysis of FY 2022-FY 2023 budget proposal

Executive recommendations by expense category

The chart below shows how the recommended funding for the FY 2022-FY 2023 biennium is allocated by expense type. Of the executive recommended budget for FY 2022-FY 2023, approximately \$7.7 million (69.1%) is for personal services (i.e., payroll and fringe benefits), while approximately \$3.0 million (26.6%) is for supplies and maintenance. The remaining \$475,000 (4.3%) is for purchased personal services and equipment.

Counted within the supplies and maintenance category are charges for COS's use of the eLicensing system, an online tool used by many other licensing boards that allows for applications and renewals to be processed and stored electronically. COS paid roughly \$378,000 for eLicensing in FY 2020 and expects FY 2021 charges to total nearly \$404,000. The Board's share of the cost for eLicensing is estimated to be just over \$500,000 in FY 2022 and nearly \$560,000 in FY 2023.



Operating revenues and expenses

Table 1 on the following page shows the license and fee types and corresponding amounts charged by the Board. Under current law, the Board is required to review fee amounts every two years and establish the fee amounts by rule. Current law caps fees established by the bill at specific amounts; however, the Board is permitted, with Controlling Board approval, to increase fees beyond the maximum amounts by as much as 50%.

Table 1. License Fees by Type		
License Type	Current Fee	Statutory Maximum
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	\$55	Not more than \$70
Issuance of a salon license; ownership or name change	\$75	Not more than \$100
Salon license renewal	\$70	Not more than \$90
Issuance of a duplicate license	\$20	Not more than \$30
Independent contractor	\$75	Established by rule
Independent contractor renewal	\$70	Established by rule
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 permit	\$75	Established by rule
Tanning facility permit renewal	\$70	Established by rule
Temporary pre-examination work permit	\$10	Not more than \$15
Initial application to take an examination/retake an examination after failing	\$40/\$31.50	Not more than \$40
Examination after previously failing to show	\$45	Not more than \$55
Lapsed renewal fee	\$45	Not more than \$45
Mailing license to another state	\$50	Not more than \$50
Special Occasions Work Permit	\$50	Established by rule

Table 2 below shows operating revenues and expenditures over the FY 2015-FY 2020 span, encompassing three previous biennial renewal cycles. Note that there can be 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 less license fee revenue is received.

Table 2. Revenues and Expenditures, FY 2015-FY 2020						
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue	\$8,904,834	\$1,780,398	\$8,463,854	\$1,755,523	\$8,566,248	\$1,371,113
Expenses	\$4,093,081	\$4,265,500	\$4,457,807	\$4,705,291	\$5,265,839	\$4,943,759
Net	\$4,811,753	-\$2,485,102	\$4,006,047	-\$2,949,768	\$3,300,409	-\$3,572,646

License oversight

Table 3 below shows the number of active licenses issued by COS as of the end of FY 2019 and FY 2020. Overall, the number of active licenses increased by 16.8% between these years, from 126,636 in FY 2019 to 147,904 in FY 2020.

Table 3. Active Licenses, FY 2019 and FY 2020			
License Type	FY 2019	FY 2020	Percent Change
Advanced Cosmetologist	40,327	45,730	13.4%
Advanced Esthetician	3,284	3,801	15.7%
Advanced Hair Designer	113	121	7.1%
Advanced Manicurist	7,107	8,018	12.8%
Advanced Natural Hair Stylist	36	41	13.9%
Assistant Barber Teacher	16	32	100.0%
Barber	8,026	8,436	5.1%
Barber School	21	21	0.0%
Barber Shop	2,771	3,159	14.0%
Barber Teacher	120	128	6.7%
Beauty Salon	9,631	11,230	16.6%
Boutique Services Registration	1,284	2,316	80.4%
Boutique Services Salon	58	116	100.0%
Chair Rental License (Barber)	92	107	16.3%
Cosmetologist	20,253	25,492	25.9%
Cosmetologist Instructor	2,821	3,780	34.0%
Cosmetology School	168	165	-1.8%
Esthetic Salon	830	1,034	24.6%
Esthetician	1,698	2,257	32.9%
Esthetician Instructor	112	147	31.3%
Hair Designer	163	198	21.5%
Hair Designer Instructor	4	4	0.0%
Hair Designer Salon	336	377	12.2%
Independent Contractor	19,561	21,913	12.0%
Manicurist	5,277	6,286	19.1%
Manicurist Instructor	124	164	32.3%

Table 3. Active Licenses, FY 2019 and FY 2020			
License Type	FY 2019	FY 2020	Percent Change
Nail Salon	1,129	1,286	13.9%
Natural Hair Stylist	9	11	22.2%
Natural Hair Stylist Instructor	1	2	100.0%
Natural Hair Stylist Salon	16	23	43.8%
Tanning Facility	1,159	1,333	15.0%
Temporary Event Salon License	89	176	97.8%
Total	126,636	147,904	16.8%

Investigation and enforcement statistics

To carry out its regulatory mission the Board conducts random inspections of cosmetology facilities and takes administrative actions, including issuing warnings, fines, or settlements when violations are discovered. In FY 2020, the Board conducted 11,400 random inspections during which it found 708 violations resulting in approximately \$179,000 in revenue from fines and settlements. Fines and settlements are deposited into Fund 4K90.