

# Ohio State Board of Cosmetology

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- Enacted budget of \$2.93 million for FY 2006
- Licensed over 115,000 individuals, salons, individual contractors, schools, and tanning facilities in FY 2004
- Planned consolidation within the Department of Commerce in FY 2007

## OVERVIEW

### Duties and Responsibilities

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. The Board 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's oversight authority is located in Chapter 4713. of the Revised Code.

### Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
40	\$2.93 million	\$0	\$0	\$0	Am. Sub. H.B. 66

\*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

### 4K9 Fund

The State Board of Cosmetology is supported by fees that are deposited within the Occupational and Professional Licensing Fund (Fund 4K9), which serves as a repository for license fees and other assessments collected by the state's occupational licensing and regulatory boards. The 4K9 Fund allows the agencies that it funds the ability to maintain operations during years where licenses are not renewed and revenue is much lower. However, the philosophy of the 4K9 fund is that each board must generate enough revenue to cover their expenses. Yet, it is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

### Licensure

The State Board of Cosmetology handles the administrative work for roughly 115,000 individuals, salons, schools, and tanning facilities. The Board renews its licenses biennially with estimated revenue of \$5.45 million versus \$5.30 million in expenditures over the two-year period from FY 2004 to FY 2005. This has resulted in a net gain of \$154,809 to the 4K9 fund in that span. The Cosmetology Board's enacted budget appropriates a total of \$2.93 million for FY 2006, but does not make

an appropriation for FY 2007, as the board is slated for consolidation within the Department of Commerce.

### **Board Consolidation**

The enacted budget recommended that 20 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the enacted budget does not appropriate funding in FY 2007 for the boards and commissions included in the consolidation proposal. The specifics of the consolidation plan will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, the Department of Administrative Services, the Office of Budget and Management (OBM), and three individuals selected by the boards included in the consolidation proposal. According to the plan, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentives will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the designated agency. Board and commission members for each agency will be retained and continue to serve in the manner in which they were appointed.

### **Relocation of Office**

A provision in the enacted budget requires the State Board of Cosmetology to establish an office within Franklin County, Ohio instead of in Columbus, Ohio. The Board notes that the Real Estate division within the Department of Administrative Services is currently in negotiations with several lessors. The Board also reported that the move of its offices could occur by January of 2006 at a cost of approximately \$100,000. No additional funds were appropriated for the move, which may result in the Board having to go before the Controlling Board to receive an appropriation increase.

### **Vetoed Provisions**

The Governor did not veto any provisions affecting the State Board of Cosmetology.

## ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Cosmetology Board is considered a single program series agency and its activities are not subdivided into separate programs.

### Program Series 1

### Operating Expenses

**Purpose:** To establish and maintain sanitary and professional standards in the beauty salon industry.

The following table shows the line items that are used to fund the State Board of Cosmetology as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Services Fund</b>				
4K9	879-609	Operating Expenses	\$2,929,630	\$0
<b>Total Funding: State Board of Cosmetology</b>			<b>\$2,929,630</b>	<b>\$0</b>

**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

**Implication of the Enacted Budget:** The State Board of Cosmetology received \$2.93 million for FY 2006, but did not receive an appropriation in FY 2007 as the Board is slated for consolidation into the Department of Commerce. The enacted budget held the Board to a flat funding level while the number of licensees is increasing approximately 6%-8% per year. The Board notes that, at the current funding level, it cannot meet its standards in service and that complaints could increase because of the increase in time for processing applications, licenses, calls, etc. Therefore, the Board has indicated that it will go before the Controlling Board for a fee increase and an increase in appropriation to cover office-moving costs, envisioned January 2006.