

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1600 (Delegate Jones)
 Economic Matters

State Board of Cosmetologists - License Renewal - Continuing Education

This bill requires, beginning October 1, 2018, an individual renewing a license from the State Board of Cosmetologists to complete at least six credit hours of continuing education (CE) approved by the board. The board must adopt regulations that set standards for the CE courses that, at a minimum, require two hours of training in health, safety, and welfare subjects and four hours of training in general elective courses.

Fiscal Summary

State Effect: General fund expenditures for the Department of Labor, Licensing, and Regulation (DLLR) increase by at least \$70,600 in FY 2018 for staff and programming expenses necessary to implement the bill’s requirements. Future years reflect annualization and the elimination of one-time costs. As the bill does not authorize the board to exempt licensees from the CE requirement under any circumstances, general fund revenues may decrease beginning in FY 2019 if licensees do not meet the CE requirement.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	\$0	(-)	(-)	(-)	(-)
GF Expenditure	\$70,600	\$117,300	\$123,000	\$129,100	\$135,500
Net Effect	(\$70,600)	(\$117,300)	(\$123,000)	(\$129,100)	(\$135,500)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Potential meaningful. The bill does not allow for any exemptions or a phase-in of the new requirement for six CE hours every two years at renewal.

Analysis

Current Law/Background: The State Board of Cosmetologists issues two full-service licenses (cosmetologist and senior cosmetologist) and four limited licenses (hairstylist, blow-drying, nail technician, and esthetician). A cosmetologist or senior cosmetologist license authorizes the licensee to provide hair, nail, and esthetic services. The other licenses authorize the licensee to provide just that service. The board also registers apprentices. The bill applies to approximately 44,000 licensees.

There is no CE requirement for any license issued by the board. Licenses must be renewed every two years.

State Fiscal Effect: The bill establishes a CE requirement for existing license renewals beginning October 1, 2018. Licenses are valid for two years and are issued on a staggered basis. Therefore, DLLR must verify CE completion for approximately 16,500 individuals in fiscal 2019, which accounts for the bill's October 1, 2018 start date for the CE requirement, and at least 22,000 individuals annually thereafter as the number of licensees increases over time.

The board must establish a process to track compliance with the bill. This requires programming changes to DLLR's database system, which is done through the services of an outside vendor at a cost of about \$6,000 in fiscal 2018 and \$1,000 annually thereafter.

The board, which shares staff with the State Board of Barbers, cannot handle the additional administrative burden associated with continuously verifying CE completion with existing staff. In addition to the director, only three other staff are assigned to the boards and their combined 55,000 licensees. The minimal resources available to the boards are due to years of cost containment measures, which have hampered the boards' abilities to carry out even basic regulatory duties.

Renewal licensees must have completed the required CE before October 1, 2018, which means that the board must develop the required criteria for the courses, issue regulations, and allow time for CE courses to take place. As a result, the Department of Legislative Services believes that staff must be in place by January 1, 2018, in order to carry out all of these duties.

Therefore, general fund expenditures increase by at least \$70,599 in fiscal 2018, which accounts for a January 1, 2018 start date for new staff. This estimate reflects the cost of hiring one full-time and one half-time administrative staff to oversee implementation and administration of the CE requirement. It includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and programming expenses as discussed above.

Positions	1.5
Salaries and Fringe Benefits	\$56,030
Programming Costs	6,000
Other Operating Expenses	<u>8,569</u>
Total FY 2018 State Expenditures	\$70,599

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses. This estimate does not include any costs associated with outreach to licensees in fiscal 2018 or 2019.

As the bill does not authorize the board to exempt licensees from the CE requirement under any circumstances, general fund revenues may decrease beginning in fiscal 2019 if licensees do not meet the CE requirement. The amount cannot be reliably estimated at this time.

Additional Comments: The bill does not require or authorize the board to review and approve CE courses that meet the requirements established in regulations by the board. The Maryland Higher Education Commission advises that it approves CE courses offered by community colleges, but other courses offered by private or nonprofit entities likely must be approved by the board, depending on the regulatory requirements. To the extent that the board must exercise a review and approval function with respect to CE courses, and depending on the volume of submissions from entities wishing to provide CE courses, the board may require additional staff to carry out those functions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland Higher Education Commission; Department of Legislative Services

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