

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 501 (Delegate Chang, *et al.*)
 Economic Matters

Business Occupations and Professions - Barber and Cosmetology Professionals - Domestic Violence and Sexual Assault Awareness Education

This bill prohibits the State Board of Barbers and the State Board of Cosmetologists, beginning June 1, 2018, from renewing a license for the first time unless the licensee meets specified continuing education (CE) requirements or has the requirements waived by the relevant board for specified reasons. To qualify for the first renewal of a license, a licensee must complete one hour of domestic violence and sexual assault awareness education provided through programs that the respective board approves. A licensee that completes these requirements as a condition of license renewal may not be held civilly or criminally liable for acting in good faith or failing to act on information obtained during the course of employment concerning potential domestic violence or sexual assault. Each board must adopt regulations that set the bill’s CE requirement as a condition of license renewal.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: No effect in FY 2017. General fund expenditures for the Department of Labor, Licensing, and Regulation (DLLR) increase by \$40,800 in FY 2018 for staff and programming expenses necessary to implement the bill’s CE requirements. Out-year effects reflect annualization. Revenues are not materially affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	40,800	64,100	67,100	70,300	73,700
Net Effect	(\$40,800)	(\$64,100)	(\$67,100)	(\$70,300)	(\$73,700)

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

Local Effect: None.

Small Business Effect: Minimal. The bill adds an additional requirement for some cosmetology and barber licensees, who may be small business owners or self-employed. However, the overall requirement of one hour of CE for a first license renewal is minimal.

Analysis

Current Law/Background: The State Board of Cosmetologists issues several licenses: cosmetologist, senior cosmetologist, hairstylist (limited license), blow-drying (limited license), nail technician (limited license), and esthetician (limited license). 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. Similarly, the State Board of Barbers issues barber and barber-stylist (limited) licenses. The barber license encompasses the full scope of barbering, while the barber-stylist license applies solely to the hair portion of barbering. The boards also register apprentices.

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

State Expenditures: Assuming the bill grandfathers most existing licensees and only applies to those individuals who are renewing for the first time beginning June 1, 2018, the bill affects approximately 1,650 licensees. This amount will adjust over time if there is a change in the rate of new licensees.

For purposes of this fiscal and policy note, it is assumed that funding for the program begins in fiscal 2018 and that State finances are not affected in fiscal 2017 despite the bill's June 1, 2017 effective date.

To effectively implement the CE requirements in the bill, the boards must establish a process to track licensees for compliance. 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.

DLLR advises that the boards, which share staff, cannot handle the additional administrative burden associated with adopting and verifying CE standards 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.

Therefore, general fund expenditures increase by \$40,790 in fiscal 2018, which accounts for a seven-month start-up delay and still allows staff to be in place to implement the CE requirement. This estimate reflects the cost of hiring one administrative staff to oversee CE requirements for both boards. It includes a salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and minimal programming expenses as discussed above.

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Salary and Fringe Benefits	\$30,427
Other Operating Expenses	<u>10,363</u>
Total FY 2018 State Expenditures	\$40,790

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 10, 2017
mm/mcr

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