

## Department of Planning and Budget 2005 Fiscal Impact Statement

1. **Bill Number:** HB2510

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Welch

3. **Committee:** Health, Welfare, and Institutions

4. **Title:** Department of Professional and Occupational Regulation; Board for Barbers and Cosmetology; regulation of estheticians

5. **Summary/Purpose:** The engrossed bill provides for the licensure of estheticians. The bill defines estheticians and requires the Board for Barbers and Cosmetology to adopt regulations governing the practice of esthetics and schools of esthetics and instructors thereof within on or before July 1, 2007. The bill also increases from eight to 10 the membership of the board by adding two members who are licensed as estheticians, at least one of whom is an esthetics salon owner and one of whom may be an owner, operator, or designated representative of a licensed esthetics school. The board members must have practiced for at least five years and shall only vote on matters before the board related to esthetics until July 1, 2007.

6. **Fiscal Impact:** Estimates are preliminary.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2004-05	\$0	0.00	---
2005-06	\$56,736	1.00	NGF
2006-07	\$55,003	1.00	NGF

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2004-05	\$0	N/A
2005-06	\$55,000	NGF
2006-07	\$55,000	NGF

7. **Budget amendment necessary:** Yes; Item number 126 of House Bill 1500/Senate Bill 700, the Budget Bill.

8. **Fiscal implications:** The bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring the Board for Barbers and Cosmetologists to implement and administer a regulatory program for estheticians, with licensing categories for estheticians, esthetics schools, esthetics instructors, and esthetics spas. DPOR will require an increase in its nongeneral fund appropriation and one classified position to implement the provisions of this bill. Approximately 2,000 individuals and businesses will be regulated by this program.

Personal Service Costs: This legislation will require one classified Band 3 position to review applications for qualifications and eligibility, issue licenses, maintain license records, respond to telephone inquiries, prepare written correspondence, provide assistance with the licensing process, provide licensure or application status and Letters of Certification, and make information available to the public, applicants, and regulants. The cost of salary and benefits for this position, based on the mid-point of the band range, is expected to be \$45,720 in FY 2006 (assuming 23 pay periods) and \$48,987 in FY 2007. These are recurring costs that will continue into future biennia.

Operating Costs: In FY2006, DPOR will need to purchase furniture and equipment for the new position at an estimated cost of \$5,000. This is a one-time expenditure that will not continue into future years. Other operating costs include telephone, employee development, postage, printing, and supplies, and are estimated at \$3,200 each year. The cost of publishing regulations, mailing notices and distributing information for 2,000 additional licensees is estimated to be approximately \$1,170 annually. The legislation adds two additional members to the Board. Costs of travel and per diem for those additional board members for meetings and board activities are estimated at \$1,646 annually. These are recurring costs that will continue into future years.

Total costs are projected to be \$56,736 in FY 2006, and \$55,003 in FY2007 and future years.

Revenue: In accordance with the provisions of Section 54.1-113, Code of Virginia, licensing fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs. Assuming 2,000 new regulants, the Department expects an increase in revenue from licensing fees of approximately \$55,000 annually. These fees, with the Board's cash balance, will provide sufficient revenue to cover the increased expenditures associated with this legislation.

Cost to Regulants: Based on current fees for regulants of the Board, the cost to regulants would be \$27.50 annually. In addition, applicants must pass an examination in order to be eligible for licensure. The examination will be contracted out and applicants will pay the examination fee directly to the vendor. The cost of the examination to the applicant is expected to be between \$125 and \$175. In general, costs associated with being licensed are not considered to be prohibitive for practicing the profession.

**9. Specific agency or political subdivisions affected:** Department of Professional and Occupational Regulation, Board for Barbers and Cosmetologists.

**10. Technical amendment necessary:** No.

**11. Other comments:** The budget amendment is necessary to add the position to administer the program. The appropriation may be adjusted administratively as needed, but the position may not be added administratively.

**Date:** 2/17/05 kbs

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cc: Secretary of Commerce and Trade