

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB2091

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Keam

3. Committee: General Laws

4. Title: Board for Barbers and Cosmetology; limits practice of laser hair removal to master estheticians.

5. Summary: Limits the practice of laser hair removal to individuals licensed as master estheticians by the Board for Barbers and Cosmetology. The bill has a delayed effective date of July 1, 2016.

6. Budget Amendment Necessary: Yes. Item 117 of HB1400 and SB800.

7. Fiscal Impact Estimates: Preliminary. See tables 7a., and 7b. and item 8, below.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	0.0	n/a
2016	\$58,344	1.0	Dedicated Special Revenue (0900)
2017	\$77,078	1.0	Dedicated Special Revenue (0900)
2018	\$77,078	1.0	Dedicated Special Revenue (0900)
2019	\$79,478	1.0	Dedicated Special Revenue (0900)
2020	\$79,478	1.0	Dedicated Special Revenue (0900)
2021	\$79,478	1.0	Dedicated Special Revenue (0900)

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	\$0	n/a
2016	\$0	n/a
2017	\$83,500	Dedicated Special Revenue (0900)
2018	\$83,500	Dedicated Special Revenue (0900)
2019	\$97,435	Dedicated Special Revenue (0900)
2020	\$97,530	Dedicated Special Revenue (0900)
2021	\$110,005	Dedicated Special Revenue (0900)

8. Fiscal Implications: This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring the Board for Barbers and Cosmetology to add laser hair removal to the scope of practice granted to

licensed Master Estheticians. Under existing law, use of laser technology either falls under the jurisdiction of licensed health care professionals or is unregulated activity.

This bill will require the Board to amend the esthetics regulations and to implement additional processes for the ongoing administration of the laser hair removal program. DPOR estimates that initially approximately 1,500 additional individuals offering laser hair removal services will apply for the Master Esthetician license. The approximately 1,150 currently licensed Master Estheticians and other statutorily exempt individuals (e.g. physicians, funeral directors, etc.) would be authorized to offer laser hair removal under this bill's provisions.

Expenditure Impact: This legislation will require one classified Band 3 position to serve as a licensing and regulatory specialist for the esthetics program to process new applications, renewals and reinstatements; respond to telephone and e-mail inquiries from the regulants and general public; prepare written correspondence with applicants, licensees, and the public; and process the necessary curriculum amendments from esthetics schools that add laser hair removal to their training programs. The cost of salary and benefits for this position, based on the mid-point for the band 3 salary range, is expected to be \$13,704 in FY2016 (assuming 5 pay periods) and \$65,778 annually beginning in FY 2017. These are recurring costs that will continue into future biennia.

In FY2016 the following estimated costs are expected. DPOR will need to purchase furniture and equipment for the new position at an estimated cost of \$7,000. A revised Master Esthetician examination will need to be developed at an approximate cost of \$12,500. At least two mailings at a total cost of about \$9,700 will be needed to notify current esthetics individuals, schools, and spas.

DPOR estimates that seven work sessions, with DPOR staff and two board members, and one additional board meeting will be needed to develop regulation changes, identify and amend training curricula, evaluate competencies, and revise standards of conduct. The travel and related costs for conducting these meetings is estimated at \$4,140. These are one-time expenditures that will not continue into future years. Other operating costs beginning in FY 2016 and recurring in future years include telephone, employee development, computer operating support, and supplies. These costs are estimated at \$11,300 each year.

DPOR anticipates additional investigations and enforcement activity as a result of adding laser hair removal to the Master Esthetician license. Based on current enforcement activity growth and the increased new regulants, an additional investigator position may be required in future years. At a minimum, DPOR anticipates additional investigator travel expenses of approximately \$2,400 per year, beginning in FY2019.

Revenue Impact: In accordance with the provisions of Section 54.1-113 (Callahan Act), 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. Initially, approximately 750 new Master Esthetician and 25 new esthetics spa applications are expected in each of the first two years of FY 2017 and FY2018. Approximately 205 new Master Esthetician and 4

new esthetics spa applications are expected each year thereafter. DPOR estimates that approximately 90% of the new licenses will be renewed in FY2019 and subsequent years.

Master Esthetician application and renewal license fees are currently \$105 for a two year license, or \$52.50 per year. Esthetic spa application and renewal license fees are currently \$190 for a two year license, or \$95 per year. Individuals who desire a Master Esthetician license are required to complete 1,200 hours of training from a board-approved school, where costs range from \$15,000 to \$20,000. Written and practical examinations are also required at an additional total expense of at least \$190.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation, the Board for Barbers and Cosmetology.

10. Technical Amendment Necessary: No.

11. Other Comments: None.