

SF3363 - 0 - Hair Technician Licensing

Chief Author: **Carla Nelson**  
 Committee: **State Government Finance and Policy and Elections**  
 Date Completed: **3/11/2022 1:20:12 PM**  
 Lead Agency: **Cosmetologist Examiners Board**  
 Other Agencies:  
     Administrative Hearings

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Administrative Hearings</b>	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
<b>Cosmetologist Examiners Board</b>						
General Fund	-	-	107	(20)	(20)	
<b>State Total</b>						
Administrative Hearings	-	-	-	-	-	-
General Fund	-	-	107	(20)	(20)	
<b>Total</b>	-	-	<b>107</b>	<b>(20)</b>	<b>(20)</b>	
<b>Biennial Total</b>			<b>107</b>			<b>(40)</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Cosmetologist Examiners Board					
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Joel Enders      **Date:** 3/11/2022 1:20:12 PM  
**Phone:** 651-284-6542      **Email:** joel.enders@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>	<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Cosmetologist Examiners Board					
General Fund	-	-	107	(20)	(20)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>(20)</b>	<b>(20)</b>
<b>Biennial Total</b>			<b>107</b>		<b>(40)</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	2	-	-
Cosmetologist Examiners Board					
General Fund					
Expenditures	-	-	133	78	9
Absorbed Costs	-	-	(26)	(69)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>9</b>	<b>9</b>
<b>Biennial Total</b>			<b>109</b>		<b>18</b>
<b>2 - Revenues, Transfers In*</b>					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	2	-	-
Cosmetologist Examiners Board					
General Fund	-	-	-	29	29
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>29</b>	<b>29</b>
<b>Biennial Total</b>			<b>2</b>		<b>58</b>

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 Agency: **Cosmetologist Examiners Board**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	107	(20)	(20)	
<b>Total</b>	-	-	<b>107</b>	<b>(20)</b>	<b>(20)</b>	
<b>Biennial Total</b>			<b>107</b>		<b>(40)</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	107	(20)	(20)	
<b>Total</b>		-	-	<b>107</b>	<b>(20)</b>	<b>(20)</b>
<b>Biennial Total</b>				<b>107</b>		<b>(40)</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund						
Expenditures	-	-	133	78	9	
Absorbed Costs	-	-	(26)	(69)	-	
<b>Total</b>		-	-	<b>107</b>	<b>9</b>	<b>9</b>
<b>Biennial Total</b>				<b>107</b>		<b>18</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund						
<b>Total</b>		-	-	-	<b>29</b>	<b>29</b>
<b>Biennial Total</b>				-		<b>58</b>

**Bill Description**

This bill creates a new license to be administered by the Board of Cosmetologist Examiners a hair technician license. Hair technician means a person who performs services such as cutting the hair and the application of dyes, bleach, reactive chemicals, keratin, or other preparations to color or alter the structure of the hair.

**Assumptions**

This legislation is effective July 1, 2022, however, it will take 18 months for the Board to implement due to the volume of work required to create a new type of license. This bill also does not appropriate any funds to the agency to perform regulatory functions once license fees are collected. The Board will need to modify its existing database to support additional practitioner, manager, and instructor license types. Additionally, the Board will need to write rules governing hair technicians.

The implementation of this legislation would be a multi-year process for the cosmetology schools operating in Minnesota. Currently, there are 38 schools licensed by the Board. Schools would need time to create curriculum for a hair technician license. In addition, students must take a written exam, theory exam, state law exam, and a practical skills test prior to licensure. Changes will need to be made to each of these tests to create tests specific to a hair technician license. The Board is under contract with a testing vendor who will make these changes. Previous changes to these tests have been made by an advisory committee of subject-matter experts in consultation with the vendor and Board staff. The updating of these items takes many months.

The Board is unable to determine how many licensees would choose a hair technician license over a full cosmetology license and consulted with several states (Oregon, Utah, Georgia, Missouri, Maryland, Nevada and Ohio) to determine an estimate for licensure volume. A full cosmetology license includes the services that a hair technician license would provide as well as esthology and nail technology services. A cosmetology license requires more training hours.

It is assumed that existing staff expertise would allow the board to absorb costs associated with application revision, website updates, processing new applications, and reviewing new curriculum.

**Expenditure and/or Revenue Formula**

Expenditures

The Board will need to make modifications to the internal and external functionality of the database and website. In FY23, the Board will need to create three application types (practitioner, manager and instructor), three license types (practitioner, manager and instructor), financial depositing and reporting, and inspection processing and reporting, which will require internal and external database changes. The Board estimates this to take 10 projects with our database vendor GL Suite which will cost \$6,064.23 each for a total of \$60,642.30 (\$6,064.23 x 10 projects). The Board expects to utilize approximately 150 hours a State Program Administrator Supervisor Senior to coordinate database change operations at a rate of \$43.60 for salary and fringe for a total of \$6,540 (\$43.60 x 150 hours). In FY24 and beyond, ongoing maintenance of the new license is estimated to be 10 tasks per year which cost \$900 each for a total of \$9000 each year (\$900 x 10 tasks). The costs for changes to the Board’s licensing database are provided per MN State Contract No. 19624, Amendment No. 9, release no. C-1036(5).

The Board will need to revise applications, update the website, and answer customer questions regarding the new hair technician license. The Board estimates this to take 1040 hours and will utilize an Office and Admin Specialist Senior to these tasks at a cost of \$39,218 (\$37.71 salary and fringe x 1040 hours = \$39,218).

In 2017, a new license was created for eyelash technicians. Based on that experience, we anticipate that we will see initial application submissions for 2-4 new hair technician schools. An initial school application takes approximately 120 hours for a State Program Administrator Intermediate to review and issue. This is a cost of \$8,210.40 (120 hours x 2 applications x \$34.21 (salary and fringe)). In addition, existing schools would most likely want to add a hair technician training program in their school. We anticipate that 20 of our currently 38 licensed schools would apply to add a hair technician training program to their current curriculum. A curriculum review takes approximately 60 hours for a State Program Administrative Intermediate to review and approve. This is a cost of \$41,052 (60 hours x 20 curriculums x \$34.21 (salary and fringe)).

To implement this bill, the Board will need to write administrative rules. Work on the rules will begin immediately and is estimated to take 18 months. The Board expects to expend \$46,305 on this small rulemaking package. This is based on the Estimated Costs for Rulemaking found in the Minnesota Rulemaking Manual (August 2020).

Revenue

Revenues:

The Board anticipates issuing three types of hair technician licenses: individual practitioner (operator) licenses, individual salon manager licenses, and instructor licenses.

Each initial, or first-time, application is eligible for an optional expediting fee. Based on historical data, it is expected that approximately ten applicants would choose this additional cost to have their application reviewed within 5 business days, rather than the standard 15 business days.

Description	Fee Amount	Number Paying	FY 2022	FY 2023	FY 2024	FY 2025
Initial Practitioner and Manager License Fee	\$195	100	0	0	\$19,500	\$19,500
Expedited Initial Individual Application Fee	\$150	10	0	0	\$1,500	\$1,500
Initial School Fee	\$4,000	2	0	0	\$8,000	\$8,000
Total Revenue	-	-	0	0	\$29,000	\$29,000

Expenditures:

Description	FY 2023	FY 2024	FY 2025
FT Salaries and fringe for revising applications, updating the website, and answering customer questions	\$19,609	\$19,609	0
FT Salaries and fringe for database changes	\$6,540	0	0
Database Changes and ongoing maintenance	\$60,642	\$9,000	\$9,000
FT Salaries and fringe for processing new hair technician school applications	0	\$8,210	0
FT Salaries and fringe for approving new hair technician curriculums	0	\$41,052	0
Rulemaking	\$46,305	0	0

Total Expenses	\$133,096	\$77,871	\$9,000
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The expenditures are based on an effective date of January 1, 2024.

**Long-Term Fiscal Considerations**

It is difficult to determine the volume or interest in this license type, as this license is a subset of a current license structure. By using the volume of inquiries regarding this license and general indications, the numbers listed in the Revenues section are as accurate as possible.

**Local Fiscal Impact**

N/A

**References/Sources**

Gina Fast  
Board of Cosmetology staff

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 Committee: **State Government Finance and Policy and Elections**  
 Date Completed: **3/11/2022 1:20:12 PM**  
 Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Administrative Hearings	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Administrative Hearings	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Joel Enders      **Date:** 3/10/2022 7:58:30 AM  
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**State Cost (Savings) Calculation Details**

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<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
Administrative Hearings	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Administrative Hearings	-	-	2	-	-	-
<b>Total</b>	-	-	<b>2</b>	-	-	-
<b>Biennial Total</b>			<b>2</b>			-
<b>2 - Revenues, Transfers In*</b>						
Administrative Hearings	-	-	2	-	-	-
<b>Total</b>	-	-	<b>2</b>	-	-	-
<b>Biennial Total</b>			<b>2</b>			-

**Bill Description**

HF3155 provides for the creation of a hair technician license overseen by the Board of Cosmetologist Examiners (Board) and authorizes the Board to conduct rulemaking to implement the provisions of 155A.30, Sec. 10, Subd. 2, Standards.

**Assumptions**

The Board assumes a small rulemaking at \$46,305 for the requirements of this fiscal note in FY23. Based on past practices, OAH assumes that a small rulemaking under chapter 14 will require an estimated 10 hours of ALJ time for activity related to rulemaking procedures. Of the estimated rulemaking amount of \$46,305, \$2,150 is for the estimated 10 hours of ALJ time for a small rulemaking.

OAH currently bills ALJ time for rulemaking at the MMB-approved billable rate of \$215 per hour (see Minn. Stat. § 16A.126, subd. 1 (2020)).

**Expenditure and/or Revenue Formula**

Estimated 10 hours of ALJ time @ \$215/hr = \$2,150 for the requirements related to implementing 155A.30, Sec. 10, Subd. 2, Standards.

**Long-Term Fiscal Considerations**

The estimated costs associated with the rulemaking activities are a one-time occurrence.

**Local Fiscal Impact**

**References/Sources**

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**Agency Fiscal Note Coordinator Signature:** Denise Collins

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