

Table of Contents
Board of Cosmetologist Examiners

<i>Agency Profile</i>	1
Agency Expenditure Overview	3
Agency Financing by Fund	4
Agency Change Summary	5
<u>Change Item(s)</u>	6
<i>Maintain Current Service Levels</i>	6

<https://mn.gov/boards/cosmetologist-examiners>

AT A GLANCE

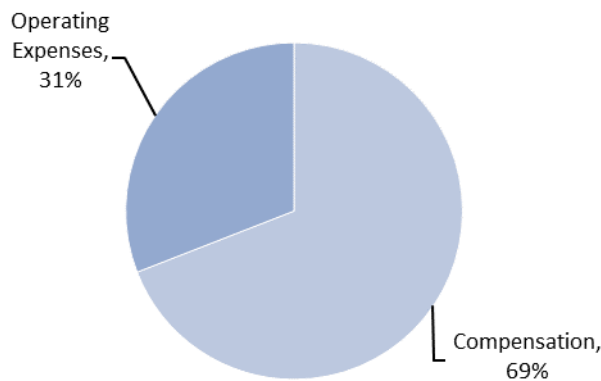
- As of July 2022, there were 33,987 practitioners and 5,338 establishments licensed in Minnesota
- The Board issued 14,514 total licenses, including initial licenses and license renewals, in fiscal year 2022
- The Board performed 5,266 salon and 89 school inspections in fiscal year 2022
- 120 investigations completed in fiscal year 2022 with 94 investigations open at year close

PURPOSE

The Board of Cosmetologist Examiners (“Board”) credentials, licenses, inspects, disciplines, and educates Minnesotans who provide cosmetic hair, nail, or skin care services and education. Businesses and consumers rely on the Board for essential functions related to the safe practice of cosmetology. The Board’s mission is to constantly strive to serve and care for our licensees, applicants, and the public by being committed to public protection, superior service, excellence, and continuous improvement.

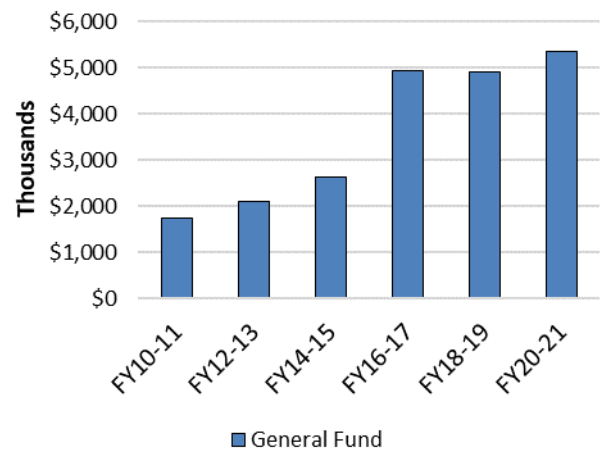
BUDGET

**Spending by Category
FY 2021 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board receives a direct appropriation from the general fund to cover operational expenses and does not receive funding from any other source. All receipts collected by the Board are deposited into the general fund.

STRATEGIES

The Board contributes to the State of Minnesota by:

- Assisting salon and school owners and license applicants through in-person, email, and telephone correspondence in answering questions related to the licensing process and other general topics, which results in more successful licensees.
- Educating licensees on proper infection control practices through inspections and outreach, resulting in better and safer services that protect Minnesotans.

- Implementing reasonable, rational regulation with the aim of reducing barriers that are unnecessary for public protection. This promotes continued participation in the cosmetology industry and Minnesota economy.
- Requiring continuing education for license renewal.
- Continuously updating licensing exams to ensure minimum competency is tested for and met by all individuals receiving licenses.
- Ensuring public availability of salon and school inspection reports, license status, and formal disciplinary action to help consumers make informed decisions.
- Reaching voluntary resolution of violations and offering remedial education when necessary to ensure licensing and safety standards are met.
- Routinely updating cosmetology laws and rules to align with appropriate and effective national standards. The Board actively promotes participation in rulemaking, which encourages individuals to remain active and engaged in Board activity and accountability.
- Conducting routine inspections of salons and schools to ensure safety, infection control, and education standards are met. Inspectors provide educational materials in conjunction with inspections to improve awareness and results.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Licenses, Permits, Registrations Issued Per Quarter	3,008	3,722	2020 Q2; 2022 Q2
Quantity	Number of Inspections Performed Per Quarter	105	860	2020 Q2; 2022 Q2
Quantity	Number of Complaints Investigated Per Year	339	294	FY20; FY22
Quality	Average Application Processing Time (in business days)	10	6	2020 Q2; 2022 Q2
Quality	Percent of Salons Inspected Per Quarter	56%	72%	2020 Q2; 2022 Q2
Quality	Percent of Complaints Receiving Disciplinary Action	76%	50%	FY20; FY22

Source: Minnesota Board of Cosmetology Databases (GL Suite and Laserfiche)

* Data from 2020 was affected by COVID-19. Salon inspections were temporarily put on hold March 16 - June 21, 2020. No salon or school inspections were completed at this time.

Minnesota Statutes and Administrative Rules Governing Cosmetology:

- Minnesota Statute 155A, <https://www.revisor.leg.state.mn.us/statutes/?id=155A>
- Minnesota Rule Chapter 2105, <https://www.revisor.leg.state.mn.us/rules/?id=2105>
- Minnesota Rule Chapter 2110, <https://www.revisor.leg.state.mn.us/rules/?id=2110>

Cosmetologist Examiners, Board of

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	2,752	2,607	2,614	3,232	2,923	2,923	3,379	3,599
Total	2,752	2,607	2,614	3,232	2,923	2,923	3,379	3,599
Biennial Change				488		0		1,132
Biennial % Change				9		(0)		19
Governor's Change from Base								1,132
Governor's % Change from Base								19

Expenditures by Program

Cosmetology	2,752	2,607	2,614	3,232	2,923	2,923	3,379	3,599
Total	2,752	2,607	2,614	3,232	2,923	2,923	3,379	3,599

Expenditures by Category

Compensation	1,829	1,806	1,790	2,115	1,967	1,910	2,291	2,444
Operating Expenses	905	795	821	1,112	955	1,012	1,087	1,154
Capital Outlay-Real Property		0						
Other Financial Transaction	17	5	4	5	1	1	1	1
Total	2,752	2,607	2,614	3,232	2,923	2,923	3,379	3,599

Full-Time Equivalent

	25.53	23.69	22.78	26.00	23.00	21.00	26.00	26.00
--	-------	-------	-------	-------	-------	-------	-------	-------

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
1000 - General								
Balance Forward In		343		309				
Direct Appropriation	2,904	2,923	2,923	2,923	2,923	2,923	3,379	3,599
Cancellations		660						
Balance Forward Out	152		309					
Expenditures	2,752	2,607	2,614	3,232	2,923	2,923	3,379	3,599
Biennial Change in Expenditures				488		0		1,132
Biennial % Change in Expenditures				9		(0)		19
Governor's Change from Base								1,132
Governor's % Change from Base								19
Full-Time Equivalents	25.53	23.69	22.78	26.00	23.00	21.00	26.00	26.00

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	2,923	2,923	2,923	5,846
Forecast Base	2,923	2,923	2,923	5,846
Change Items				
Maintain Current Service Levels		456	676	1,132
Total Governor's Recommendations	2,923	3,379	3,599	6,978
 Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	2,856	2,677	2,976	5,653
Total Governor's Recommendations	2,856	2,677	2,976	5,653

Board of Cosmetologist Examiners

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	456	676	676	676
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	456	676	676	676
FTEs	3	5	5	5

Recommendation:

The Governor recommends additional funding of \$456,000 in FY 2024 and \$676,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Board of Cosmetologist Examiners (the Board).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For the Board, efficiencies have been implemented to help offset rising operating costs such as delayed hiring or not filling vacancies. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the Board, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff complement in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the current staff will have to be reduced and the services the Board delivers to Minnesotans will be impacted. Some examples of potential impacts include:

- **Inspections:** The Board aims to perform regular inspections of licensed salons at least once a year. Schools and salons that require closer attention are currently inspected at a higher rate in order to provide the greatest public protection impact. Current staffing levels paired with updated technology allow the Board to meet the need for more frequent inspections. A lack of funding in this division would mean that inspections cannot happen as regularly as is necessary.
- **Licensing:** The Licensing Division verifies credentials of new applicants, individuals transferring licenses, and continuing education course providers. The staff within the Licensing Division work hand-in-hand with small businesses, large corporations, students, workers, and retirees to provide the information necessary to be successful in their profession. Further, these staff mitigate fraud, which is an omnipresent issue in the cosmetology field, by thoroughly reviewing applications and documents and working with other states and agencies. These staff are the front lines of the Board’s customer service and any lack of funding in this division would result in longer wait times for the public and applicants.

- Investigations:** The Compliance Division manages and investigates alleged violations of law and rule by practitioners, the public, and businesses and is essential for enforcing measures to protect the public. The staff in this division hold non-compliant individuals accountable through an education-first approach, ensuring individuals and businesses are competent to safely provide services to the public. Investigations in this division include matters of infections, injuries, and allergic reactions, as well as fraudulent applications and falsified training materials. Without a fully staffed Compliance Division, the Board’s enforcement is limited and leaves a high number of complaints filed, but not investigated.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For the Board, this funding will cover required salary step adjustments, insurance rate increases, MNIT driven improvements and increases, travel, communications, and other general operational increases.

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quality	Application Processing Time (in business days)	15	6/30/22	22.5	15	6/30/25
Quantity	Number of Inspections Performed Per Quarter	860	6/30/22	287	860	6/30/25
Quantity	Number of Complaints Investigated Per Year	294	6/30/22	98	294	6/30/25