

**TITLE 16. BOARD OF BARBERING AND COSMETOLOGY
DEPARTMENT OF CONSUMER AFFAIRS**

INITIAL STATEMENT OF REASONS

Hearing Date: No hearing scheduled.

Subject Matter of Proposed Regulations: SB 1451 Hairstylist Licensing Fees

Section Affected: Section 998 of Title 16 of the California Code of Regulations (CCR)

Background and Statement of the Problem:

The Board of Barbering and Cosmetology (Board) licenses, regulates, and investigates complaints against barbers, cosmetologists, manicurists, estheticians, hairstylists, electrologists, barber apprentices, cosmetology apprentices, electrology apprentices, and the establishments where they work in California, totaling over 59,000 establishments and over 588,000 individuals. It is the Board's duty to enforce and administer the Barbering and Cosmetology Act (Chapter 10 (commencing with section 7300) of Division 3 of the Business and Professions Code (BPC)) (Act). The Board is authorized to establish necessary rules and regulations in aid or in furtherance of the Act in accordance with the Administrative Procedure Act. (BPC § 7312.)

Existing law authorizes the Board to prepare and administer examinations that evaluate an applicant's skill in, and knowledge of, the practice of the occupation for which a license is sought and shall include written tests as applicable to the practice for which the applicant has applied for licensure (BPC §§ 7338 and 7340). In addition, the Board is required to set fees in amounts necessary to cover the expenses of the Board in performing its duties, including the actual costs of developing, purchasing, grading, and administering examinations (BPC §§ 7421 and 7423). Each application for admission to examination and licensure must contain the required fee set by the Board for examination and licensure (BPC § 7337).

In its 2018 Sunset Review report, the Board reported that the Board's Cosmetology Curriculum Review working group recommended that the Board explore the establishment of a Hairstylist license. The Board acknowledged the need to reduce the curriculum hours required for individuals to obtain a professional license at Board meetings and recommended adopting a new hairstylist license category in its 2018 Sunset Review report (see Underlying Data, p. 103).

Senate Bill 803 (Roth), Chapter 648, Statutes of 2021, established the requirements for hairstyling licensure, including a fee structure effective January 1, 2022. However, the statutorily \$50 dollar fee limit set by SB 803 for hairstylist applications and examinations do not reflect the actual costs for developing, purchasing, grading, and administering the examination and to cover the expenses of the Board in performing its duties. Effective January 1, 2025, BPC section 7423 was amended to address this issue per SB 1451 (Ashby), Chapter 481, Statutes of 2024, by striking the \$50 dollar fee limit and authorizing the Board to charge the actual cost for developing, purchasing, grading, and administering the examination (see BPC § 7423(h)). SB 1451 also provides effective January 1, 2025, that a hairstylist's initial license fee shall be no more than fifty dollars (\$50) at BPC sections 7423(i), while BPC section 7423(g) caps all renewal fees at no more than fifty dollars (\$50) for all practitioners.

The Board is seeking to adopt Hairstylist licensing fees regulations to establish an application and examination fee, set the initial license and renewal fees as well as provide notice of all fees for hairstylist licensees in one convenient location in the Board's regulations. Effective January 1, 2025, SB 1451, requires the Board to establish an application and examination fee based on the actual costs of developing, purchasing, grading, and administering the exam, while setting the initial license fee at no more than \$50 dollars. This updated language from SB 1451 aligns the hairstylist fee structure with those of other license types under the Board's authority. Existing regulations do not set the hairstylist application and examination and initial license and renewal fees pursuant to this new authority; this proposal would adopt those fees within this section. The Board's staff, with the assistance of the Department of Consumer Affairs (DCA) Budget Office, has provided a workload analysis to establish the fees for both the application and examination fee at \$75 and the initial license and renewal fees at \$50, respectively.

The license renewal delinquency fee is required to be calculated by statute at \$50 for renewal at \$25, for the license renewal delinquency fee (see BPC § 7423(j) as amended by SB 1451) which is half the biennial renewal fee of \$50 as proposed by this rulemaking; this fee is proposed to be added to the regulations for ease of reference. The Board is seeking to amend section 998 of Title 16 of the CCR to implement the updated statute that became effective January 1, 2025, under SB 1451 and to specify the above-referenced fees.

Anticipated benefits from this regulatory action:

The Board has determined that the regulatory proposal will provide greater notice and transparency in how the Board will administer the hairstylist licensing fees. Specifically, this proposal would list the application and examination fee, the initial license fee, license renewal fee and license renewal delinquency fee in CCR section 998.

This proposal also ensures the Board is able to set fees in amounts necessary to cover the expenses of the Board including the actual costs of developing, purchasing, grading, and administering the exam and processing initial licenses and renewals. This regulatory proposal will benefit California residents by ensuring that the hairstylist fees will enable the Board to carry out its statutory mandate of public protection by accurately setting fees that fund the operations of the Board, including its licensing, regulatory and disciplinary functions (BPC §§ 7421, 7303.1). Setting these fees ensures the Board's regulated public is aware of the fees and creates a consistency among the Board's other licensing fee structures that allows the Board to fully fund regulation of its licensees for the protection of the public.

Specific purpose of, and rationale for, each adoption, amendment, or repeal:

Amend Section 998 of Division 9 of Title 16 of the California Code of Regulations.

1. Adopt subsection (j) Hairstylist Title and new subsections:

A. Purpose:

The purpose is to adopt a new title and subsection "(j) Hairstylist" with new paragraphs (1)-(4) for this new subsection as specified below to inform and give advance notice of the fees governing this new license to applicants, licensees, and the public.

Subsection (j)(1) informs individuals of the Application and examination fee set at \$75 dollars.

Subsection (j)(2) informs individuals of the Initial license fee set at \$50 dollars.

Subsection (j)(3) informs individuals of the License renewal fee set at \$50 dollars.

Subsection (j)(4) informs individuals of the License renewal delinquency fee set at \$25 dollars.

B. Rationale:

This proposed adoption provides greater notice of the Hairstylist license fees associated with this license and the fees the Board is authorized to recover for the services provided in establishing this new license category. SB 803 (Roth), Chapter 648, Statutes of 2021, established the requirements for hairstyling licensure, including a fee structure effective January 1, 2022; these fees are proposed to be added to the regulations for ease of reference and to enable the Board to recover its costs for the provision of these services in accordance with the authority provided by BPC sections 7421 and 7423. The State of California State Administrative Manual (SAM), section 9210, provides that it is state policy for departments to recover full costs whenever goods or services are provided to others. Section 9210 of the SAM specifies that full costs include “all costs attributable directly to the activity plus a fair share of indirect costs which can be ascribed reasonably to the good or service provided.”

(j)(1): This proposed adoption provides greater notice regarding the Hairstylist Application and examination fee, which would be set at \$75 and would allow the Board to recover its costs of administering the examination. SB 1451 (Ashby), Chapter 481, Statutes of 2024, amended BPC section 7423 to permit the Board to establish fees based on the actual costs associated with developing, purchasing, grading, and administering the exam. To determine these costs, the Board collaborated with DCA Budget Office to conduct a workload analysis, which calculated that the total costs, including exam development, grading, administration, and staffing, amount to \$75 (see Underlying Data).

(j)(2): This proposed adoption provides greater notice regarding the Hairstylist Initial license fee, which is set at \$50.00 and would allow the Board to recover most of the costs of issuing this license, as discussed below. SB 1451 (Ashby), Chapter 481, Statutes of 2024, amended BPC section 7423 to allow the Board to establish the Initial license fee at a maximum of \$50. To determine the staffing costs involved in processing Hairstylist license applications, the Board collaborated with DCA Budget Office to conduct a workload analysis (see Underlying Data). The applications are handled by Program Technician II (PTII) staff and require approximately 50 minutes for

processing. While the true cost to the Board is \$59 for Board staff to process initial licenses, the Board proposes to set the fee at \$50 as the Board's cost recovery is capped by statute at BPC section 7423(i) at no more than \$50.

(j)(3): This proposed adoption provides greater notice of the Hairstylist License renewal fee of \$50. The biennial license renewal for the individual practitioner license is required to be calculated by statute at no more than \$50 per license renewal (BPC § 7423(g)). This fee is proposed to be set at \$50, which is necessary to adequately fund the Board's costs to implement and retain regulatory oversight over this new license category based on an analysis of the Board's current fund condition. While the true fee to support agency operations should be \$53, the Board proposes to set the fee at \$50 as the Board's cost recovery is capped by statute at BPC section 7423(g) at no more than \$50.

(j)(4): This proposed adoption provides great notice of the Hairstylist License renewal delinquency fee of \$25 dollars. The license renewal delinquency fee is required to be calculated by statute at 50% of the renewal fee in effect of the date of renewal (see BPC § 7423(j) as amended by SB 1451). For the convenience of the regulated community, the Board "does the math" to set the fee at \$25, which is half of the \$50 renewal fee. This adoption also permits the Board to list all fees related to this new license category in one convenient location in the Board's regulations.

2. Amend Authority cited:

A. Purpose:

The purpose is to amend the Note at the end of the regulation for the Authority cited for the existing citation to BPC section 7337.5 by striking the ".5" from the reference so that it would read "7337".

B. Rationale:

This cleanup of CCR section 998 is due to BPC section 7337.5 being repealed under SB 803 and is being removed as unauthorized and inconsistent with the Act, since the Board no longer has the authority to adopt or enforce regulations regarding prelicensure examinations, fees, or determinations. The Board will retain the reference to BPC section 7337 as it mandates that all applications for examination and licensure must include proof of the applicant's qualifications and the required fee prior to the

admittance to the examination.

Underlying Data

1. California State Board of Barbering and Cosmetology Sunset Review Report 2018, Volume 1
2. Senate Bill 803 (Roth), Chapter 648, Statutes of 2021
3. Senate Floor Analysis for SB 803 (Roth), September 3, 2021
4. Senate Bill 1451 (Ashby) Chapter 481, Statutes of 2024
5. Senate Floor Analysis for SB 1451 (Ashby), August 31, 2024
6. Hairstylist Licensing Fees Workload Analysis Tables for Application and Examination, Initial License and License Renewal fees
7. Board Meeting Agenda, Relevant Meeting Materials and Minutes of November 4, 2024 Board Meeting

Business Impact

The Board has made the initial determination that the proposed regulation will not have any significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

This initial determination is based on the following facts:

This proposal will establish an application and exam fee of \$75, plus initial and renewal license fees of \$50 per individual, which are considered minor compared to the income of most applicants and licensees in this profession. Fees collected for the proposed functions are collected from individual applicants for the examination and initial license. The license renewal and license renewal delinquency fee are collected from individual licensees according to current law. This proposal does not require any significant new expense or reporting, recordkeeping, or compliance measures on the part of businesses or licensees.

Economic Impact Assessment

This Board has determined that this regulatory proposal will have the following effects:

This regulatory proposal will not create or eliminate jobs, create new businesses or eliminate existing businesses within the State of California, and will not affect the expansion of businesses currently doing business within the State of California. This regulatory package aligns the Board's regulations with the Board's updated statutes,

and imposes no significant new expense or reporting, recordkeeping, or compliance measures on the part of businesses. The costs are also minor as discussed in the Business Impact Estimates section of this document.

This regulatory proposal will benefit California residents by ensuring that the Hairstylist licensing fees are set at an amount to enable the Board to carry out its statutory mandate of public protection. Setting these fees ensures the Board's regulated public is aware of the fees and creates a consistency among the Board's other licensing fee structures that allows the Board to fully fund regulation of its licensees for the protection of the public.

This regulatory proposal does not affect worker safety because it does not involve worker safety.

This regulatory proposal does not affect the state's environment because it does not involve the environment.

The regulation only concerns Hairstylist licensure fees and ensures the Board is able to set fees based on the actual costs to the Board.

This proposal will establish an application and exam fee of \$75, as well as initial and biennial renewal license fees of \$50 per individual. The Board estimates approximately 136 individuals will apply and take the exam and 114 will be approved for initial licensure per year, which results in annual costs ranging from approximately \$15,900 to \$38,700 per year and up to \$273,000 over a ten-year period as follows:

Board of Barbering & Cosmetology Hairstylist Application, Exam, Initial & Renewal License - Economic Impact (Costs)												
Registration Type	Fee Amount	Applicants Per Year	Years Ongoing									
			1	2	3	4	5	6	7	8	9	10
Application & Exam	\$75	136	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200
Initial License	\$50	114	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700
Biennial Renewal License	\$50	Various	-	-	\$5,700	\$5,700	\$11,400	\$11,400	\$17,100	\$17,100	\$22,800	\$22,800
Total Costs:			\$15,900	\$15,900	\$21,600	\$21,600	\$27,300	\$27,300	\$33,000	\$33,000	\$38,700	\$273,000

Fiscal Impact Assessment

Expenditures: The Board estimates approximately 136 individuals will apply and take the exam with costs of \$75 per applicant and 114 will apply for initial licensure with costs of \$59 per applicant and biennial renewal workload costs of \$53 per application, which results in annual workload costs ranging from approximately \$16,900 to \$53,600

and up to \$340,700 over a ten-year period as follows:

Board of Barbering & Cosmetology Hairstylist Application, Exam, Initial & Renewal License - Fiscal Impact (Costs)													
Registration Type	Costs	Applicants Per Year	Years Ongoing*										
			1	2	3	4	5	6	7	8	9	10	Total
Application & Exam	\$75	136	\$10,200	\$10,506	\$10,821	\$11,146	\$11,480	\$11,825	\$12,179	\$12,545	\$12,921	\$13,309	\$116,932
Initial License	\$59	114	\$6,726	\$6,928	\$7,136	\$7,350	\$7,570	\$7,797	\$8,031	\$8,272	\$8,520	\$8,776	\$77,106
Biennial Renewal License	\$53	Various	-	-	\$6,410	\$6,602	\$13,601	\$14,009	\$21,643	\$22,293	\$30,615	\$31,534	\$146,707
Total Costs:			\$16,926	\$17,434	\$24,367	\$25,098	\$32,651	\$33,631	\$41,854	\$43,110	\$52,057	\$53,618	\$340,744

*3 percent annual salary growth factor

The Board will also incur one-time information technology workload costs of \$3,500 to update application and cashiering systems.

Revenues: The Board projects revenues ranging from approximately \$15,900 to \$38,700 per year and up to \$273,000 over a ten-year period as follows:

Board of Barbering & Cosmetology Hairstylist Application, Exam, Initial & Renewal License - Fiscal Impact (Revenues)													
Registration Type	Fee Amount	Applicants Per Year	Years Ongoing										
			1	2	3	4	5	6	7	8	9	10	Total
Application & Exam	\$75	136	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$102,000
Initial License	\$50	114	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$57,000
Biennial Renewal License	\$50	Various	-	-	\$5,700	\$5,700	\$11,400	\$11,400	\$17,100	\$17,100	\$22,800	\$22,800	\$114,000
Total Revenues:			\$15,900	\$15,900	\$21,600	\$21,600	\$27,300	\$27,300	\$33,000	\$33,000	\$38,700	\$38,700	\$273,000

The regulations do not result in costs or savings in federal funding to the state.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

No such alternatives have been proposed, however, the Board welcomes comments from the public.

Description of reasonable alternatives to the regulation that would lessen any adverse impact on small business:

No such alternatives have been proposed, however, the Board welcomes comments from the public.