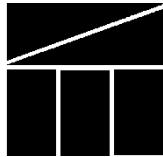


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes¹ Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget **Economic Impact Analysis**

18 VAC 41-20 Barbering and Cosmetology Regulations

18 VAC 41-70 Esthetics Regulations

Department of Professional and Occupational Regulation

Town Hall Action/Stage: 5296 / 8643

July 10, 2019

Summary of the Proposed Amendments to Regulation

The Board for Barbers and Cosmetology (Board) proposes to: 1) require that proof of apprenticeship registration, rather than apprenticeship cards, be displayed, and 2) no longer require that each apprentice wear a badge clearly indicating his status.

Background

The current *Barbering and Cosmetology Regulations* and *Esthetics Regulations* both specify, “All apprenticeship cards issued by the Department of Labor and Industry (DOLI) shall be displayed in plain view of the public either in the reception area or at individual work stations of the shop or salon.” DOLI Division of Registered Apprenticeship has notified the Board that it will no longer utilize apprenticeship cards for its registered apprenticeships, and will instead send letters as proof of apprenticeship.

The two regulations also both currently specify, “The apprentice sponsor shall require each apprentice to wear a badge clearly indicating his status as a DOLI registered apprentice.”

¹ Adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined.

Estimated Benefits and Costs

The Board proposes to replace the words “All apprenticeship cards” with “Proof of apprenticeship registration,” so that the sentence in the two regulations would read “Proof of apprenticeship registration issued by the Department of Labor and Industry (DOLI) shall be displayed in plain view of the public either in the reception area or at individual work stations of the shop or salon.”² The Department of Professional and Occupational Regulation has indicated that the letters sent by DOLI would serve as proof of apprenticeship registration. Since apprenticeship cards will no longer be issued, amending the requirement to something that can actually be displayed in practice is beneficial.

For both regulations, the Board proposes to eliminate the sentence “The apprentice sponsor shall require each apprentice to wear a badge clearly indicating his status as a DOLI registered apprentice.” This would moderately reduce compliance costs for the barbershops, nail salons, cosmetology salons, and esthetics spas that employ apprentices in the Commonwealth.

Businesses and Other Entities Affected

The proposed amendments potentially affect the 863 barbershops, 687 nail salons, 5,139 cosmetology salons, 655 esthetics spas licensed in the Commonwealth.³ The proposed amendments would particularly affect those that employ apprentices. The proposed elimination of the requirement that apprentices wear a badge that identifies as a registered apprentice moderately reduces compliance costs.

Localities⁴ Affected⁵

The proposed amendments apply throughout the Commonwealth, and do not disproportionately affect particular localities. The proposed amendments do not introduce costs for local governments. Accordingly, no additional funds would be required.

Projected Impact on Employment

The proposed amendments are unlikely to affect total employment.

² For the *Esthetics Regulations*, the Board also proposes to replace “shop or salon” with “spa.” This is a clarifying change.

³ Data source: Department of Professional and Occupational Regulation

⁴ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁵ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

Effects on the Use and Value of Private Property

The proposed amendments do not substantially affect the use and value of the barbershops, nail salons, cosmetology salons, and esthetics spas subject to the regulations. The proposed amendments do not affect real estate development costs.

Adverse Effect on Small Businesses⁶:

The proposed amendments do not adversely affect small businesses.

Types and Estimated Number of Small Businesses Affected

All 863 barbershops, 687 nail salons, 5,139 cosmetology salons, 655 esthetics spas licensed in the Commonwealth are likely small businesses.

Costs and Other Effects

The proposed elimination of the requirement that apprentices wear a badge that identifies as a registered apprentice moderately reduces compliance costs for these firms.

Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 14 (as amended, July 16, 2018). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving

⁶ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.