

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Board for Barbers and Cosmetology
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	18 VAC 41-20 18 VAC 41-50 18 VAC 41-60 18 VAC 41-70
<b>VAC Chapter title(s)</b>	Barbering and Cosmetology Regulations (18 VAC 41-20) Tattooing Regulations (18 VAC 41-50) Body Piercing Regulations (18 VAC 41-60) Esthetic Regulations (18 VAC 41-70)
<b>Action title</b>	Easing licensing requirements for grandfathered licensees failing to renew licensure
<b>Date this document prepared</b>	March 22, 2023 (revised July 3, 2023 and December 6, 2023)
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Fast-Track

**Cost Benefit Analysis**

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p>Under the proposed amendment, individuals who qualified for licensure under a “grandfathering” provision, but who fail to reinstate an expired license must apply for a new license. However, such individuals would be able to qualify for the license examination by demonstrating five years of licensed experience; and would not be required to complete training.</p> <p>Direct Costs: \$0</p> <ul style="list-style-type: none"> <li>• There are no new monetizable direct costs associated with the regulatory amendment.</li> </ul> <p>Indirect Costs: \$0</p> <ul style="list-style-type: none"> <li>• There are no new monetizable indirect costs associated with the regulatory amendment.</li> </ul> <p>Direct Benefits: \$27,500</p> <ul style="list-style-type: none"> <li>• A grandfathered individual who reapplies for licensure would not need to assume the cost to take training to qualify for the license examination. Such individual would save \$2,750 on average.</li> <li>• It is estimated that about 10 such individuals will reapply for licensure each year.</li> <li>• Estimated direct benefit: \$27,500 (Training cost x number of applicants) per year.</li> </ul> <p>Indirect Benefits: \$170,000</p> <ul style="list-style-type: none"> <li>• A grandfathered individual who reapplies for licensure would not experience lost wages due to being unable to practice while taking training. Such individual would save an estimated \$17,000 in lost income.</li> <li>• It is estimated that about 10 such individuals will reapply for licensure each year.</li> <li>• Estimated indirect benefit: \$170,000 (Saved wages x number of applicants) per year.</li> </ul>	
<p>(2) Present Monetized Values</p>	<p>Direct &amp; Indirect Costs</p>	<p>Direct &amp; Indirect Benefits</p>

	(a) \$0	(b) \$ 987,500
(3) Net Monetized Benefit	\$ 931,627	
(4) Other Costs & Benefits (Non-Monetized)	<p>Affected individuals would assume time and administrative costs to provide proof of licensed experience.</p> <p>Affected individuals would receive the benefit of time that would have otherwise been spent taking training to meet training requirements.</p>	
(5) Information Sources	<p>The revenue projections and fee analysis used in this research came from the budget section of DPOR and the Imagine America Foundation. The number of applicants predicted by the revenue section stems from historic and expected data. The Imagine America Foundation provided information on the average cost of cosmetology schools.</p> <p><a href="https://www.imagine-america.org/much-cosmetology-school-cost/#:~:text=Beauty%20school%20isn't%20cheap,cost%20from%20%2410%2C00%20to%20%2420%2C000.">https://www.imagine-america.org/much-cosmetology-school-cost/#:~:text=Beauty%20school%20isn't%20cheap,cost%20from%20%2410%2C00%20to%20%2420%2C000.</a></p>	

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Under the current regulations, individuals who qualified for licensure under a “grandfathering” provision, but who fail to reinstate an expired license must apply for a new license and meet current licensure requirements just like any new licensee. This would include costs to take required training and taking the license examination.</p> <p>Direct Costs: \$0</p> <ul style="list-style-type: none"> <li>• There are no new monetizable costs associated with maintaining the status quo.</li> </ul> <p>Direct Baseline Costs:</p> <ul style="list-style-type: none"> <li>• License application fee: \$90</li> <li>• Examination fee: \$172</li> <li>• Training (Average): \$2,750</li> </ul> <p>Indirect Costs: \$0</p> <ul style="list-style-type: none"> <li>• There are no new monetizable indirect costs associated with maintaining the status quo.</li> </ul>
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	<p>Indirect Baseline Costs:</p> <ul style="list-style-type: none"> <li>• Lost wages for a grandfathered individual who must complete required training: \$17,000.</li> </ul> <p>Direct Benefits: \$0</p> <ul style="list-style-type: none"> <li>• There are no new monetizable direct benefits associated with maintaining the status quo.</li> </ul> <p>Indirect Benefits: \$0</p> <ul style="list-style-type: none"> <li>• There are no new monetizable indirect benefits associated with maintaining the status quo.</li> </ul> <p>Total Baseline Costs (Direct + Indirect): \$20,012 per individual.</p> <p>According to the Board’s records, there are 798 individuals who have obtained licenses through grandfathering, and whose licenses are expired and no longer renewable. This number increases by an estimated 50 individuals per year.</p> <p>On average, about 10 such individuals per year attempt to requalify for licensure. The total projected direct cost per year is \$200,120.</p>	
(2) Present Monetiz ed Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$1,000,600	(b) 0
(3) Net Monetiz ed Benefit	-\$943,986	
(4) Other Costs & Benefits (Non- Monetiz ed)	<p>An individual must assume time and administrative costs to apply for licensure and to prepare for and take the license examination.</p> <p>The Department believes many individuals are choosing not to seek re-licensure because of the high cost of retraining (average retraining cost of \$2,750). It is difficult to calculate how many are staying out of the profession due to the reentry cost.</p>	
(5) Informat ion Sources	The revenue projections and fee analysis used in this research came from the budget section of DPOR and the Imagine America Foundation. The number of applicants predicted by the revenue section stems from historic and expected data.	

	<p>The Imagine America Foundation provided information on the average cost of cosmetology schools.</p> <p><a href="https://www.imagine-america.org/much-cosmetology-school-cost/#:~:text=Beauty%20school%20isn't%20cheap,cost%20from%20%2410%2C00%20to%20%2420%2C000.">https://www.imagine-america.org/much-cosmetology-school-cost/#:~:text=Beauty%20school%20isn't%20cheap,cost%20from%20%2410%2C00%20to%20%2420%2C000.</a></p>
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**Table 1c: Costs and Benefits under Alternative Approach(es)**

The board considered this item in July of 2022, and due to staffing changes in the section, this action is being filed now. The board did not consider a third option when they considered the change.

**Changes to Number of Regulatory Requirements**

*For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed. In the last row, indicate the total number for each column.*

**Table 5: Total Number of Requirements**

*Change in Regulatory Requirements*

VAC Section(s) Involved	Initial Count	Additions	Subtractions	Net Change
20-180	17	0	0	0
50-180	19	0	0	0
60-140	18	0	0	0
70-160	20	0	0	0

*Cost Reductions or Increases (if applicable)*

VAC Section(s) Involved	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
20-180 50-180 60-140 70-160	Individuals who were grandfathered must meet current entry requirements to qualify for the license	\$20,012 per applicant.	\$262 per qualifying applicant.	A qualifying applicant would save, on average, \$19,750 as a result of not being required to take training to qualify for the license

	<p>examination, just like any other new licensee.</p> <p>The application fee (\$90), examination fee (\$172), and cost of training (\$2,750 avg.) are costs assumed by such individuals.</p> <p>In addition, such individuals bear the cost of foregone wages because they cannot practice without a license; an estimated \$17,000 per individual.</p>			<p>examination and not having to forego wages.</p> <p>A savings of approximately 99%.</p>
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*Other Decreases or Increases in Regulatory Stringency (if applicable)*

<b>VAC Section(s) Involved</b>	<b>Description of Regulatory Change</b>	<b>Overview of How It Reduces or Increases Regulatory Burden</b>
20-180 50-180 60-140 70-160	Individuals with expired licenses who were previously grandfathered would not be required to complete training in order to qualify for the license examination.	<p>A grandfathered individual with an expired license would be required to take training, during which time the individual would not be earning income from providing services.</p> <p>The change will primarily affect tattooers and estheticians. The average earnings over the 600- and 750-hour training, respectively, is approximately \$17,000.</p>

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*Length of Guidance Documents (only applicable if guidance document is being revised)*

<b>Title of Guidance Document</b>	<b>Original Length</b>	<b>New Length</b>	<b>Net Change in Length</b>
N/A	N/A	N/A	N/A