

BOARD OF COSMETOLOGY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	929,147	971,159	961,159	1,022,754	996,698
TOTAL	\$ 929,147	\$ 971,159	\$ 961,159	\$ 1,022,754	\$ 996,698
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 929,147	\$ 971,159	\$ 961,159	\$ 1,022,754	\$ 996,698

Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(3.3)	4.5	3.4	5.3	3.7
FTE Positions	10.0	8.0	8.0	7.0	7.0
Non-FTE Perm.Uncl.Pos.	3.3	5.3	5.3	6.3	6.3
TOTAL	13.3	13.3	13.3	13.3	13.3

AGENCY OVERVIEW

The eight-member Board of Cosmetology regulates cosmologists, permanent cosmetic technicians, esthetics, tattoo artists and body piercers, as well as salons/facilities and educational institutions. The purpose of the agency is to encourage and maintain standards and requirements for entrance into the profession consistent with the need for protection of the health, safety, and welfare of the public; to provide standardized national testing; to inspect new schools, salons, clinics, tanning facilities, tattooing facilities and body piercing facilities; to investigate complaints; and to recommend legislation and promulgate regulations to protect the general public.

The Board licenses cosmetology schools, instructors, cosmologists, electrologists, senior cosmologists, manicurists, cosmetology technicians, estheticians, body piercers, tattoo artists, and all cosmetic facilities. Instructors are required to obtain continuing education hours to maintain their certification. The Board also contracts with an exam company to administer national standardized written and practical examinations to license students training in the cosmetology and body art fields.

MAJOR ISSUES FROM PRIOR YEARS

In **1996**, under HB 2916, permanent color technicians, tattoo artists and persons engaged in body piercing were required to be licensed and regulated by the Kansas State Board of Cosmetology.

In **1998**, the number of Board members was increased from five to seven members by adding a member who is a licensed permanent color technician and tattoo artist or a licensed body piercer and an additional member of the general public. Four members of the Board are required be licensed cosmologists after the effective date of the bill. Under the prior law, only two members had to be both licensed cosmologists and operators of a shop. Furthermore, the Board was granted the authority to issue cease and desist orders against persons violating a Board order; to seek injunctions against persons practicing or teaching without a valid license; and to assess fines for a number of violations.

In **1999**, persons at least 25 years of age and who were licensed as apprentice cosmologists as of May 21, 1998 who also had not graduated from high school or earned a GED were permitted to take the licensing examination.

In **2000**, the locations in which a cosmologist could provide cosmetology services was expanded to include a customer's home or office assuming certain qualifications are met. In addition, the definition of cosmetology was modified to exclude persons involved in hair braiding and the Secretary of Kansas Department of Health and Environment was to develop a brochure to educate those practicing hair braiding on infection control.

In **2002**, SB 643 expanded the powers of the Board of Cosmetology regarding the licensing and regulation of persons licensed to practice as cosmologists, aestheticians, manicurists, nail technologists, and electrologists and the regulation of beauty shops and schools of cosmetology. It also expanded the scope of practice of certain persons licensed under the cosmetology laws by amending definitions and created a new category of licensees. The Board was reorganized to require three, rather than four, members to be licensed under the provisions of KSA 65-1901 through 65-1912 at least two of whom shall be licensed cosmologists; one member who is a licensed permanent color technician and tattoo artists or body piercer; one person who holds a valid school license or is involved in the day-to-day operation of a school licensed by the Board; and two members of the general public. Under prior law, four members were required to be licensed cosmologists.

In March **2009**, the agency implemented an enhanced licensure database. Among its additional capabilities, an on-line renewal process became available for licensees and facility owners. This on-line process not only facilitated the renewal application and fee payment process for licensees, but also streamlined the accounting process for Board staff. Therefore, this on-line process allows for a quicker "turnaround" whereby the license is issued and sent to the licensee in a shorter time frame than the mail-in process. The mail-in renewal option was maintained for those who do not have computer availability.

The **2013 Legislature** maintained funding for salaries and wages at FY 2013 levels, after adjusting for both committee action and KPERs increases for FY 2014 and FY 2015. The reductions totaled \$44,879, all from the Cosmetology Fee Fund, for FY 2014, and \$45,329, all from the Cosmetology Fee Fund, for FY 2015.

The **2014 Legislature** approved budget for the Board of Cosmetology in FY 2015 totaled \$937,055, all from the Board of Cosmetology Fee Fund, a decrease of \$23,644, or 2.5

percent, below the FY 2014 final approved budget. The Legislature added \$120,000 in FY 2014 and \$108,000 for FY 2015 to upgrade the agency's licensing database and convert paper records to electronic records. Additionally the Legislature added \$3,594, all from the Board of Cosmetology Fee Fund, for FY 2015 for FY 2015 employee bonuses of \$250 for all non-elected employees.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** estimates FY 2016 operating expenditures of \$971,159, all from the Cosmetology Fee Fund. The estimate is the same as the approved amount. The estimate includes 8.0 FTE positions, which is 3.0 less FTE positions than the approved amount. The agency converted 2.0 FTE positions into non-FTE positions and eliminated 1.0 FTE position. The estimate also includes a transfer of \$700,000, all from the Cosmetology Fee Fund, as part of the Governor's July 30th Allotment. The transfer does not impact agency expenditures but is a reduction in its fee fund balance.

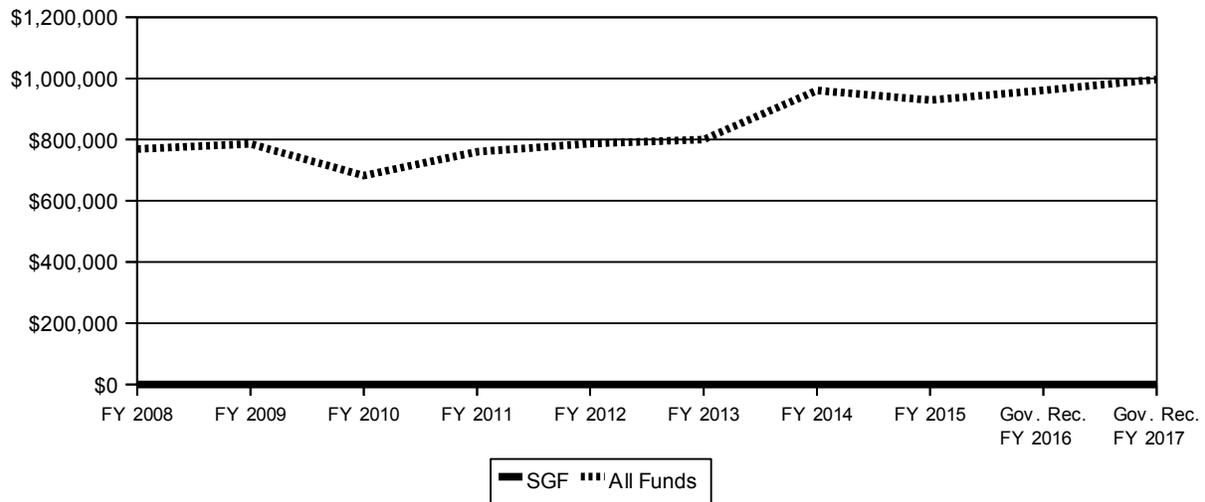
The **Governor** recommends FY 2016 operating expenditures of \$961,159, all from the Cosmetology Fee Fund. The recommendation is a decrease of \$10,000, or 1.0 percent, below the agency's estimate. The decrease is attributable to the Governor reducing contractual service expenditures. The agency was originally approved to pay a software maintenance fee of \$45,000 to the Office of Information Technology (OITS) to assist the agency in upgrading its licensing system. OITS subsequently stated it will not provide this service and the State Finance Council agreed to let the agency pay a \$70,000 fee to the Board of Healing Arts to host its online licensing system. The Governor concurs with the agency's estimate to reallocate a portion of the original \$45,000 and lapses the remaining \$10,000.

FY 2017 – Budget Year. The **agency** estimates revised FY 2017 operating expenditures of \$1.0 million, all from the Cosmetology Fee Fund. The estimate is an increase of \$43,133, or 4.7 percent, above the approved amount. The estimate includes enhancements totaling \$43,133 to convert classified positions into unclassified positions, upgrading a part-time inspector position to full-time, and reallocating an administrative office position into an assistant director position. **Absent the supplementals**, the agency estimates operating expenditures of \$979,621, which is the same as the approved amount. The estimate includes 7.0 FTE positions, which is 1.0 less FTE position than the approved amount. The agency converted 1.0 FTE position to a non-FTE position.

The **Governor** recommends FY 2017 operating expenditures of \$996,698, all from the Cosmetology Fee Fund. The recommendation is a decrease of \$26,056, or 2.5 percent, below the agency's estimate. The decrease is attributable to the Governor reducing contractual service expenditures. The agency was originally approved to pay a software maintenance fee of \$45,000 to the Office of Information Technology (OITS) to assist the agency in upgrading its licensing system. OITS subsequently stated it will not provide this service and the State Finance Council agreed to let the agency pay a \$70,000 fee to the Board of Healing Arts to host its online licensing system. The Governor concurs with the agency's estimate to reallocate a portion of the original \$45,000 and lapses the remaining \$26,056.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 769,456	16.7 %	12.0
2009	0	--	785,914	2.1	12.0
2010	0	--	682,355	(13.2)	12.0
2011	0	--	760,284	11.4	12.0
2012	0	--	786,827	3.5	11.0
2013	0	--	800,281	1.7	11.0
2014	0	--	960,555	20.0	11.0
2015	0	--	929,147	(3.3)	10.0
2016 Gov. Rec.	0	--	961,159	3.4	8.0
2017 Gov. Rec.	0	--	996,698	3.7	7.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 227,242	29.5 %	(5.0)

Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 929,147	\$ 971,159	\$ 1,022,754	\$ 51,595	5.3 %	\$ 961,159	\$ 996,698	\$ 35,539	3.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 614,974	\$ 653,834	\$ 718,422	\$ 64,588	9.9 %	\$ 653,834	\$ 718,422	\$ 64,588	9.9 %
Contractual Services	234,203	267,375	277,182	9,807	3.7	257,375	251,126	(6,249)	(2.4)
Commodities	30,931	24,150	26,450	2,300	9.5	24,150	26,450	2,300	9.5
Capital Outlay	49,039	25,800	700	(25,100)	(97.3)	25,800	700	(25,100)	(97.3)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 929,147	\$ 971,159	\$ 1,022,754	\$ 51,595	5.3 %	\$ 961,159	\$ 996,698	\$ 35,539	3.7 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 929,147	\$ 971,159	\$ 1,022,754	\$ 51,595	5.3 %	\$ 961,159	\$ 996,698	\$ 35,539	3.7 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Cosmetology Fee Fund	929,147	971,159	1,022,754	51,595	5.3	961,159	996,698	35,539	3.7
TOTAL	\$ 929,147	\$ 971,159	\$ 1,022,754	\$ 51,595	5.3 %	\$ 961,159	\$ 996,698	\$ 35,539	3.7 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$901,159 for the Board of Cosmetology for FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$70,000, all from the Cosmetology Fee Fund, as a result of the State Finance Council on July 2, 2015, increasing the agency's FY 2016 expenditure limitation by \$70,000 to fund expenditures associated with Board of Healing Arts hosting the agency's online licensing system.

This adjustment changes the FY 2016 approved budget to \$971,159. That amount is reflected in the table below as the currently approved FY 2016 budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	971,159	971,159	0	961,159	(10,000)
TOTAL	\$ 971,159	\$ 971,159	\$ 0	\$ 961,159	\$ (10,000)
FTE Positions	11.0	8.0	(3.0)	8.0	(3.0)

The **agency** estimates FY 2016 operating expenditures of \$971,159, all from the Cosmetology Fee Fund. The estimate is the same as the approved amount. The estimate includes 8.0 FTE positions, which is 3.0 less FTE positions than the approved amount. The agency converted 2.0 FTE positions into non-FTE positions and eliminated 1.0 FTE position. The estimate also includes a transfer of \$700,000, all from the Cosmetology Fee Fund, as part of the Governor's July 30th Allotment. The transfer does not impact agency expenditures but is a reduction in its fee fund balance.

The **Governor** recommends FY 2016 operating expenditures of \$961,159, all from the Cosmetology Fee Fund. The recommendation is a decrease of \$10,000, or 1.0 percent, below the agency's estimate. The decrease is attributable to the Governor reducing contractual service expenditures. The agency was originally approved to pay a software maintenance fee of \$45,000 to the Office of Information Technology (OITS) to assist the agency in upgrading its licensing system. OITS subsequently stated they will not provide this service and the State Finance Council agreed to let the agency pay a \$70,000 fee to the Board of Healing Arts to host its online licensing system. The Governor concurs with the agency's estimate to reallocate a portion of the original \$45,000 and lapses the remaining \$10,000.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
Fee Fund Transfer	\$ 0	\$ 0	0.0
November Allotment			
	\$ 0	\$ 0	0.0
TOTAL	\$ 0	\$ 0	0.0

The Governor recommends a transfer of \$700,000, all from the Cosmetology Fee Fund, as part of the July 30th Allotment. The transfer does not impact agency expenditures but is a reduction in its fee fund balance.

B. FY 2017 – Budget Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$909,621 for the Board of Cosmetology for FY 2017. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$70,000, all from the Cosmetology Fee Fund, as a result of the State Finance Council on July 2, 2015, increasing the agency's FY 2017 expenditure limitation by \$70,000 to fund expenditures associated with Board of Healing Arts hosting the agency's online licensing system.

This adjustment changes the FY 2017 approved budget to \$979,621. That amount is reflected in the table below as the currently approved FY 2017 budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	979,621	1,022,754	43,133	996,698	17,077
TOTAL	\$ 979,621	\$ 1,022,754	\$ 43,133	\$ 996,698	\$ 17,077
FTE Positions	11.0	7.0	(4.0)	7.0	(4.0)

The **agency** estimates revised FY 2017 operating expenditures of \$1.0 million, all from the Cosmetology Fee Fund. The estimate is an increase of \$43,133, or 4.7 percent, above the approved amount. The estimate includes enhancements totaling \$43,133 to convert classified positions into unclassified positions, upgrading a part-time inspector position to full-time, and reallocating an administrative office position into an assistant director position. **Absent the supplementals**, the agency estimates operating expenditures of \$979,621, which is the same as the approved amount. The estimate includes 7.0 FTE positions, which is 1.0 less FTE position than the approved amount. The agency converted 1.0 FTE position to a non-FTE position.

The **Governor** recommends FY 2017 operating expenditures of \$996,698, all from the Cosmetology Fee Fund. The recommendation is a decrease of \$26,056, or 2.5 percent, below the agency's estimate. The decrease is attributable to the Governor reducing contractual service expenditures. The agency was originally approved to pay a software maintenance fee of \$45,000 to the Office of Information Technology (OITS) to assist the agency in upgrading its licensing system. OITS subsequently stated they will not provide this service and the State Finance Council agreed to let the agency pay a \$70,000 fee to the Board of Healing Arts to host its online licensing system. The Governor concurs with the agency's estimate to reallocate a portion of the original \$45,000 and lapses the remaining \$26,056.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Convert Classified						
Employees to Unclassified	\$ 0	\$ 22,637	0.0	\$ 0	\$ 22,637	0.0
Reallocate Administrative						
Officer to Assistant Director	0	6,748	0.0	0	6,748	0.0
Convert part-time inspector						
position to full-time	0	13,748	0.0	0	13,748	0.0
TOTAL	\$ 0	\$ 43,133	0.0	\$ 0	\$ 43,133	0.0

The **agency** requests supplementals totaling \$43,133, all from the Cosmetology Fee Fund. The supplemental request includes the following:

- **Employee Conversion.** The agency requests \$22,637 for a 5.0 percent salary increase for all employees to allow them to convert from classified to unclassified status;
- **Reallocate Position.** The agency requests \$6,748 to reallocate the administrative officer position into an assistant director position to coincide with the position's current duties and responsibilities; and
- **Inspector Increase.** The agency requests \$13,748 to convert a part-time inspector position from 0.75 FTE to 1.0 FTE. The agency states this will help alleviate inspection pressure from Johnson and Sedgwick counties due to the increasing number of facilities.

The **Governor** concurs with the agency's supplemental requests.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Cosmetology Fee Fund	100.0	100.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

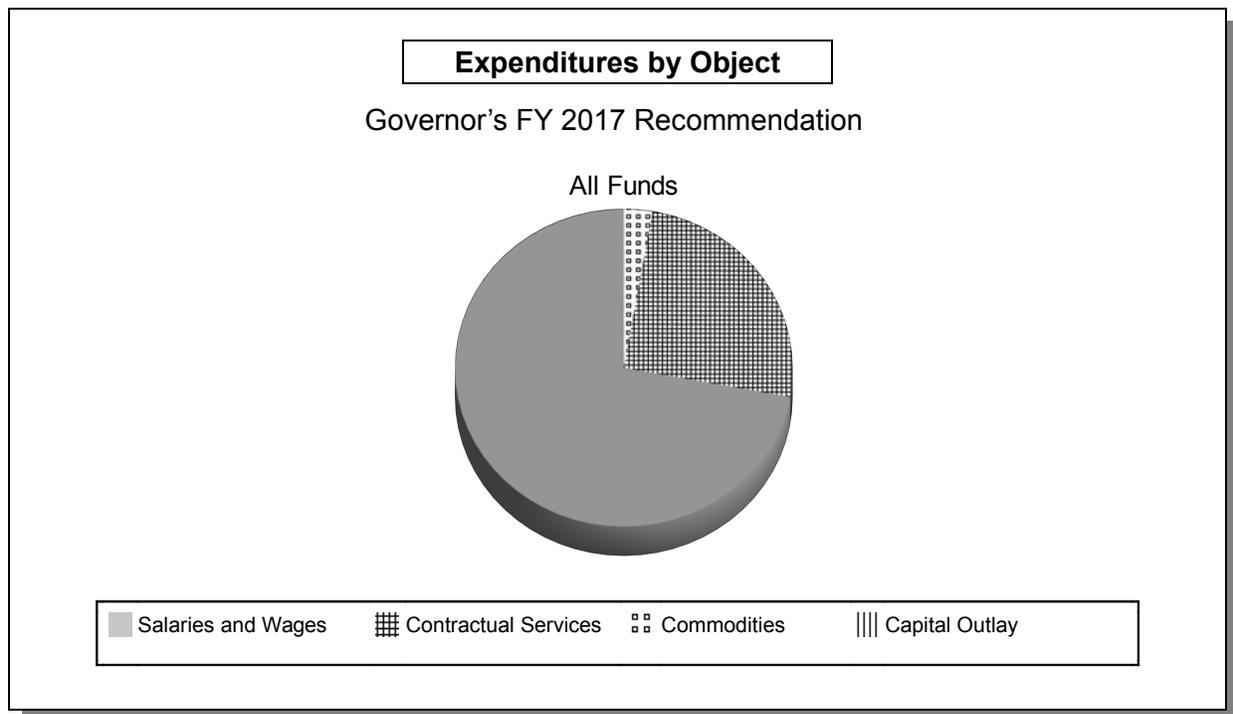
Cosmetology Fee Fund Analysis

The Board of Cosmetology is a fee-funded agency. The revenue received provides financing for all agency operations, with 90.0 percent being retained by the agency and 10.0

percent being deposited in the State General Fund. In addition, 10.0 percent of all fines collected are deposited in the State General Fund. K.SA 65-1904 allows for the collection of revenue by the agency. The fee fund analysis also includes a transfer of \$700,000, all from the Cosmetology Fee Fund, as part of the Governor's July 30th Allotment.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,017,367	\$ 980,792	\$ 980,792	\$ 329,633	\$ 339,633
Revenue	892,572	1,020,000	1,020,000	1,020,000	1,020,000
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 1,909,939	\$ 2,000,792	\$ 2,000,792	\$ 1,349,633	\$ 1,359,633
Less: Expenditures	929,147	971,159	961,159	1,022,754	996,698
Transfers Out	0	700,000	700,000	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 980,792</u>	<u>\$ 329,633</u>	<u>\$ 339,633</u>	<u>\$ 326,879</u>	<u>\$ 362,935</u>
Ending Balance as Percent of Expenditures	105.6%	33.9%	35.3%	32.0%	36.4%
Month Highest Ending Balance	June <u>\$ 1,091,073</u>	June <u>\$ 1,051,849</u>	June <u>\$ 1,051,849</u>	June <u>\$ 353,514</u>	June <u>\$ 316,734</u>
Month Lowest Ending Balance	May <u>\$ 948,775</u>	May <u>\$ 214,666</u>	May <u>\$ 214,666</u>	May <u>\$ 307,409</u>	May <u>\$ 316,734</u>

OBJECT DETAIL



Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 718,422	72.1 %	\$ 0	-- %
Contractual Services	251,126	25.2	0	--
Commodities	26,450	2.7	0	--
Capital Outlay	700	0.1	0	--
TOTAL	\$ 996,698	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	10.0	8.0	8.0	7.0	7.0

<u>Board of Cosmetology Fees</u>	<u>Current Fee</u> (in dollars)	<u>Statutory Limit</u> (in dollars)
Cosmetologist Licenses (original and renewal)	\$ 45	\$ 60
Cosmetologist Instructor License	75	100
Cosmetologist Instructor License renewal	50	75
Cosmetologist Technician License (renewal)	45	60
Electrologist License (original and renewal)	45	60
Esthetician License (original and renewal)	45	60
Esthetics Instructor License	75	100
Esthetics Instructor License Renewal	50	75
Nail Technician License (original and renewal)	45	60
Nail Technician Instructor License	75	100
Nail Technician Instructor License (renewal)	50	75
Body Piercing License	100	*
Body Piercing License renewal	50	*
Tattooist License	100	*
Tattooist License renewal	50	*
Cosmetic/Permanent Tattoo Artist License	100	*
Cosmetic/Permanent Tattoo Artist License renewal	50	*

** Body Piercing, Tattooist, and Cosmetic/Permanent Tattoo Artist licenses have no statutory maximum.*

PERFORMANCE MEASURES				
<u>Measure</u>	<u>Gov. Rec.</u> <u>for FY 2015</u>	<u>Actual</u> <u>FY 2015</u>	<u>Gov. Rec.</u> <u>FY 2016</u>	<u>Gov. Rec.</u> <u>FY 2017</u>
Percent of licensed facilities inspected	95.0%	95.0%	95.0%	95.0%
Number of inspections conducted	5,250	5,067	5,500	6,000