

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1779 HB	<b>Title:</b> Esthetics	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Business and Professions Account-State 06L-1	7,605	7,410	15,015		
<b>Total \$</b>	7,605	7,410	15,015		

### Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
<b>Account</b>					
Business and Professions Account-State 06L-1	165,653	0	165,653	0	0
<b>Total \$</b>	165,653	0	165,653	0	0

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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Agency Preparation: Robert Press	Phone: 360-902-4023	Date: 02/14/2013
Agency Approval: Sam Knutson	Phone: (360) 902-3644	Date: 02/14/2013
OFM Review: Jim Albert	Phone: (360) 902-0419	Date: 02/14/2013

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years					
A-Salaries and Wages	1,800		1,800		
B-Employee Benefits	138		138		
E-Goods and Other Services	148,923		148,923		
G-Travel	14,792		14,792		
Total:	\$165,653	\$0	\$165,653	\$0	\$0

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Information Services (200)	54,645		54,645		
Business and Professions (700)	111,008		111,008		
Total \$	165,653		165,653		

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

## Part II: Explanation

This bill changes the scope of practice and increases the required school hours for estheticians. The bill creates a new endorsement for master estheticians including a definition of scope of practice and an increase in required school hours for this new endorsement.

### II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 1 amends RCW 18.16.020 to:

- include master esthetics/esthetician within the following definitions “Apprenticeship program”, “Practice of esthetics”, “Instructor-trainee”, “School”, “Student”, “Shop/Salon”, “Personal services”, “Individual license”, “Mobile unit” and “Curriculum”.
- add definitions for “Practice of master esthetics” and “Master esthetician”.
- increase the minimum required number of school curriculum hours for estheticians from 600 hours to 750 hours.
- add a new endorsement for Master esthetician, and require the minimum required number of school curriculum hours of either 1,200 hours; or an esthetician license plus 450 hours of training; or 1,400 hours for master estheticians under an apprenticeship program.

Section 5 amends RCW 18.16.130 to give the director authority to issue a master esthetician license.

Section 11 allows active esthetician licensees to apply for a master esthetician license prior to January 1, 2015 who are in good standing and meet certain requirements. The department is to define in rule which organizations offer accepted diplomas or certifications.

The bill is effective 90 days sine die.

**Note:** The department proposes an implementation date of January 1, 2014 to allow time for system modifications and the development of policies and rules.

<u>Workload Indicator</u>	<u>FY 14</u>	<u>FY 15</u>	<u>13-15 Total</u>	<u>15-17 Total</u>	<u>17-19 Total</u>
Licensees, Active & Inactive	61,719	-	61,719	-	-
Esthetician licensee	988	-	988	-	-
Esthetician School license	40	-	40	-	-

### II. B – Cash Receipt Impact

The Department of Licensing (DOL) assumes there will be a small impact to revenue during the grandfathering period from duplicate fees. The revenue collected will be from licensees and schools wanting to get a copy of their license with this master esthetician endorsement before their normal renewal cycle.

The department estimates that 988 instructor/operators and operators with esthetician endorsements will apply for Master Esthetician endorsement. The department anticipates that 50 percent of the licensees will apply in the first year and the other half in the second year. DOL assumes licensees will want a copy of their license with this endorsement before their normal renewal cycle. A one-time duplicate fee of \$15 will be charged for the printing of the license.

The department estimates 13 (or one third) of the 40 currently licensed schools who teach esthetics will want a copy of their license showing approval from DOL to offer training in the master esthetician curriculum before their normal renewal cycle. Each school will be charged a one-time duplicate fee of \$15 for the printing of their license.

<b>Cash Receipts</b>	<b>FY 14</b>	<b>FY 15</b>	<b>13-15 Total</b>	<b>15-17 Total</b>	<b>17-19 Total</b>
Business & Profession	7,605	7,410	15,015	-	-
<b>Total Revenue</b>	<b>7,605</b>	<b>7,410</b>	<b>15,015</b>	<b>-</b>	<b>-</b>

No licensing fees received by the Department of Licensing will increase as a result of this legislation as there is a sufficient fund balance to cover the increased cost to implement the changes.

## II. C – Expenditures

The department assumes there will be an increase in staff workload resulting from the changes in practice for an esthetician and the addition of a new endorsement for master esthetician. The workload includes licensing, customer service and a possible increase in investigations and audits resulting from complaints. However, the department expects that much of the new workload will replace some of the existing workload related to esthetics licensing. Any additional work can be managed by existing staff within their normal workload.

The department will need to request a one-time increase in appropriation of \$151,000 to cover the initial cost to implement this bill. There is no need for a fee increase because there is sufficient fund balance to cover these expenses. Costs involve rule making, stakeholder outreach and system development. Expenses include board travel, Attorney General support in rule making, and the printing and mailing of three rule revision notices and a notice of law change to 61,719 licensees. RCW 18.16.030 (9) requires the department to produce and mail informational notices regarding statutory and regulatory changes to each licensee in good standing or on inactive status in the affected class whose mailing address is on record

There is a one-time cost for programming and testing of DOL's computer systems to implement the master esthetics endorsement that is estimated to take two months. The project is estimated at a cost of \$49,677. In addition, a ten percent project contingency is added of \$4,968 for a total cost of \$54,645.

## Part III: Expenditure Detail

### III. A – Expenditures by Object or Purpose

	<b>FY 14</b>	<b>FY 15</b>	<b>13-15 Total</b>	<b>15-17 Total</b>	<b>17-19 Total</b>
FTE Staff Years					
Salaries and Wages	1,800		1,800		
Employee Benefits	138		138		
Goods and Services	148,923		148,923		
Travel	14,792		14,792		
<b>TOTAL</b>	<b>165,653</b>		<b>165,653</b>		

### III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

<b>Object E Breakdown:</b>	<b>FY 14</b>	<b>FY 15</b>	<b>13-15 Total</b>	<b>15-17 Total</b>	<b>17-19 Total</b>
EB Postage	81,469		81,469		
EF Printing	8,888		8,888		
EM Attorney Gen Svcs/Costs	2,421		2,421		
ER Application Programmers	54,645		54,645		
EZ Other Goods & Svcs	1,500		1,500		
<b>Total Goods &amp; Svcs</b>	<b>148,923</b>		<b>148,923</b>		

### III. A (2) – Detail of Expenditures by Fund

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3644.

### III. B – Expenditures by Program (optional)

Program	FY 14	FY 15	13-15 Total	15-17 Total	17-19 Total
200 - Information Services	54,645		54,645		
700 - Business & Professions	111,008		111,008		
<i>Total</i>	165,653	-	165,653	-	-

### Part IV: Capital Budget Impact

None

### Part V: New Rule Making Required

New rules are needed to address the requirements for the practice of estheticians and the endorsement for master esthetician.