

**OHIO STATE BOARD OF COSMETOLOGY
LICENSING BRANCHES OF COSMETOLOGY SALONS, INDIVIDUALS,
AND
TANNING FACILITIES**



**FY 2015
ANNUAL REPORT**

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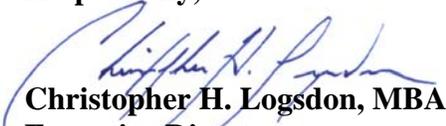
EXECUTIVE SUMMARY

Pursuant to Section 4713.07 (D) of the Ohio Revised Code, the Ohio State Board of Cosmetology (hereafter referred to as “the Board”) is required to file an annual report to the Governor. The annual report, by law, must discuss the current condition of branches of Cosmetology in Ohio, a summary of the Board’s proceedings during the prior year, and the revenue collected. Although the statute only requires the Board to report on these elements, the Board believes the annual report is an opportunity to present the Board’s achievements in the prior year and its strategic goals for the future.

The Board’s annual report strives to inform the Governor and the public of all its activities and actions taken during the prior year. The report is written to cover all aspects of the Board’s operations: regulatory, financial, and judicial. The Board is committed to full public disclosure and accountability at all levels of operations.

On behalf of the Ohio State Board of Cosmetology, I would like to thank the Office of the Governor and the citizens of Ohio for allowing us to serve them.

Respectfully,



Christopher H. Logsdon, MBA
Executive Director

LETTER TO THE GOVERNOR AND OHIO GENERAL ASSEMBLY

Dear Governor Kasich:

On behalf of the Ohio State Board of Cosmetology, it is my pleasure to submit our annual report for Fiscal Year 2015. This report reflects the efforts made by the Ohio State Board of Cosmetology to ensure that all persons offering to provide cosmetology services, regardless of what branch of cosmetology is practiced, all salons and tanning facilities, and all cosmetology educational programs are properly qualified to provide these services to the citizens of Ohio. This report also summarizes the licensure and enforcement activities undertaken during fiscal year 2015, demonstrating the Ohio State Board of Cosmetology's important influence on providing safe beauty and hair services to Ohioans. This report will provide information about the cosmetology industry in Ohio, our methods of operation, the accomplishments, and actions of the agency, and the dedication of the Board members and its staff. Finally, this report establishes the future goals of the Board and provides suggestions for improving the cosmetology industry in Ohio.

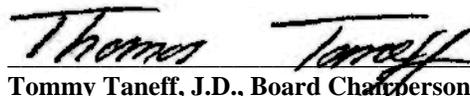
The Ohio State Board of Cosmetology would like to thank you for supporting a budget that allows the Ohio State Board of Cosmetology to meet its legislative objectives and address the many challenges faced by Ohio State Board of Cosmetology to protect the safety and welfare of Ohioans through effective regulation of this industry.

Respectfully submitted,

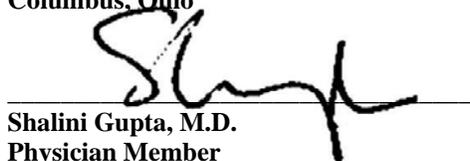


Tommy Taneff, J.D.
Chairperson, Ohio State Board of Cosmetology

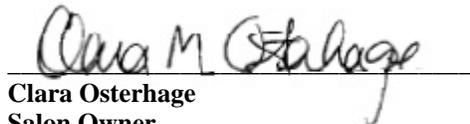
Board Members



Tommy Taneff, J.D., Board Chairperson
Public Member
Columbus, Ohio



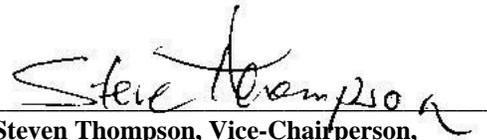
Shalini Gupta, M.D.
Physician Member
Cincinnati, Ohio



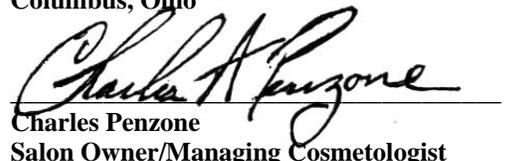
Clara Osterhage
Salon Owner
Centerville, Ohio



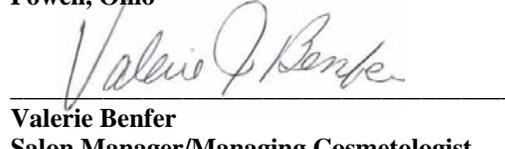
Luke Hanks,
Cosmetology School Owner
Orient, Ohio



Steven Thompson, Vice-Chairperson,
Independent Contractor/Salon Owner Member
Columbus, Ohio



Charles Penzone
Salon Owner/Managing Cosmetologist
Powell, Ohio

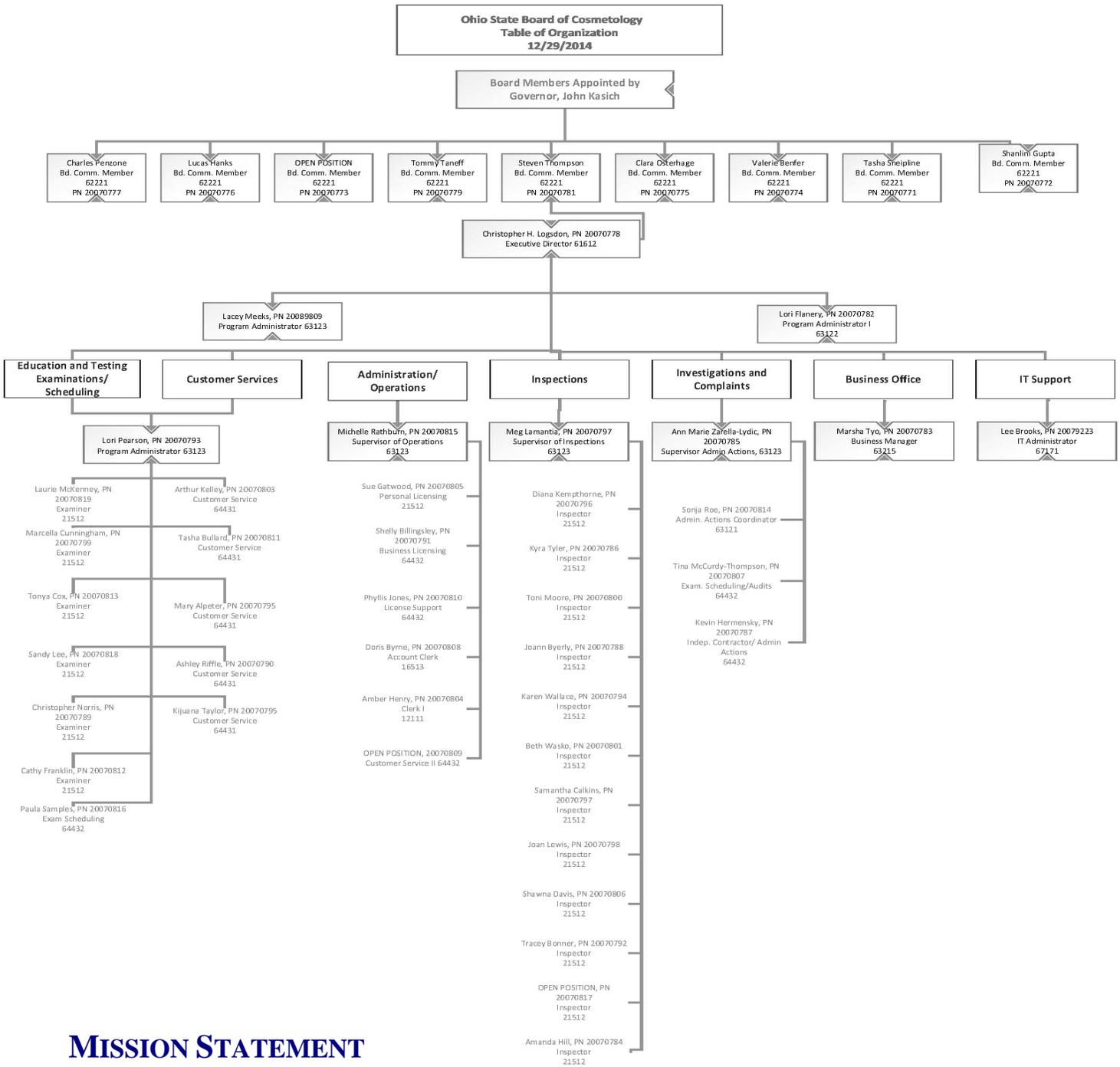


Valerie Benfer
Salon Manager/Managing Cosmetologist
Willard, Ohio



Tasha Sheipline
Cosmetology Instructor
Wapakoneta, Ohio

BOARD ORGANIZATION



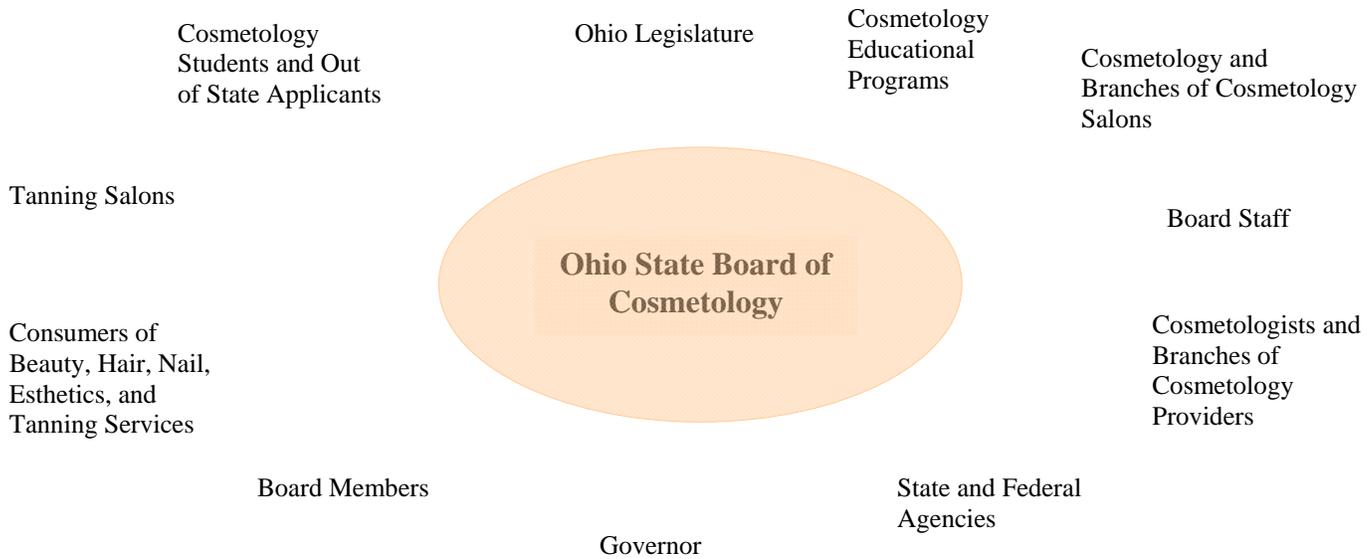
MISSION STATEMENT

The mission of the Ohio State Board of Cosmetology is to protect and support the public through regulation and education while promoting the integrity of the industry.

VISION STATEMENT

Leading the industry and elevating the professional standards in the art and science of cosmetology.

STAKEHOLDERS



BOARD BACKGROUND, AUTHORITY AND FUNCTIONS

- The Board

The Ohio State Board of Cosmetology was established in 1934 under Chapter 4713 of the Ohio Revised Code. The Board is composed of nine members who are appointed by the Governor, with the advice and consent of the Ohio Senate. The Board is a diverse group of persons, geographically representative of the Cosmetology industry, Cosmetology Educational programs, Cosmetology Salons, Medical Practice, and the public. The makeup of the Board is as follows:

- (1) **One** person holding a current, valid cosmetologist, managing cosmetologist, or cosmetology instructor license at the time of appointment;
- (2) **Two** persons holding current, valid managing cosmetologist licenses and actively engaged in managing beauty salons at the time of appointment;
- (3) **One** person who holds a current, valid independent contractor license at the time of appointment or the owner or manager of a licensed salon in which at least one person holding a current, valid independent contractor license practices a branch of cosmetology;
- (4) **One** person who represents individuals who teach the theory and practice of a branch of cosmetology at a vocational school;
- (5) **One** owner of a licensed school of cosmetology;
- (6) **One** owner of at least five licensed salons;
- (7) **One** person who is either a certified nurse practitioner or clinical nurse specialist holding a certificate of authority issued under Chapter 4723. of the Revised Code, or a

physician authorized under Chapter 4731. of the Revised Code to practice medicine and surgery or osteopathic medicine and surgery;

(8) One person representing the general public.

No more than two members, at any time, shall be graduates of the same school of cosmetology. Each member serves a five-year term. Members are paid for each day employed in the discharge of official duties. All members are reimbursed according to state travel rules for travel expenses. The current membership is:

Name	Residence	Previous Appointments	Current Term Appointment	Current Term Expiration
Tommy Taneff J.D. Public Member	New Albany, Oh	May 5, 2006 – Oct. 31, 2008 Nov. 1, 2008 – Oct. 31, 2013	Nov. 4, 2013	Oct. 31, 2018
Steven Thompson Independent Contractor	Columbus, Oh	July 15, 2003 – Oct.31, 2006 Jan. 2, 2007 – Oct. 31, 2011	Jan. 6, 2012	Oct. 31, 2016
Clara M. Osterhage Owner- more than 5 salons	Dayton, Oh	Oct. 31, 2009 – Oct. 31, 2014	Dec. 4 , 2014	Oct. 31, 2019
Charles A. Penzone Managing Cosmetologist	Delaware, Oh	Dec. 6, 1994 – Oct. 31, 1999 Nov. 18, 1999 – Oct. 31,2004 Nov. 15, 2004 –Oct. 31, 2009	Jan. 24, 2013	Oct. 31, 2017
Luke Hanks Private School Owner	Orient, Oh		Jan. 24, 2013	Oct. 31, 2017
Tasha L. Shepline Career Tech School Rep	Wapakoneta, Oh		March 15, 2013	Oct. 31, 2017
Shalini Gupta M.D. Physician Member	Cincinnati, Oh		May2, 2013	Oct. 31, 2017
Valerie Benfer Salon Owner	Willard, Oh	Nov. 23,1998 – Oct. 31, 2003 Nov. 7, 2003 – Oct. 31, 2008	Jan. 4, 2012	Oct. 31, 2016

The Ohio State Board of Cosmetology meets on a monthly basis. In addition to regular board meetings, the Board has established several committees to improve efficiency and focus the board to address specific actions and recommendations. Among these are:

1. **Curriculum Review Committee** – The Curriculum Review Committee is tasked with reviewing each of the educational program courses required for cosmetology and each branch of cosmetology. Educational curriculums are reviewed to assure the programs provide the coursework necessary for students to take and pass the entry-level competency examination for each type of license issued by the Board. The Committee recommends the new curriculums to the Board for approval.
2. **License Taskforce Committee** – The License Taskforce is responsible for reviewing the rules and regulations that affect licensing of the cosmetology industry and branches of cosmetology. Currently, the Committee is considering regulatory changes to improve licensing portability.
3. **Administrative Review Committee** – the Administrative Review Committee is staffed by one Board member who works with staff and legal counsel to review complaints and investigations. The Administrative Review Committee is charged with determining if the findings of an investigation warrant the issuance of a Notice of Opportunity for Hearing or if the matter should be dismissed as non-jurisdictional to the agency’s authority or unfounded. Additionally, the Administrative Review Committee routinely reviews settlement agreement conditions, proposed Notices of Opportunity for Hearing to determine if the inspection report findings correlate to violations alleged in the notice, and other actions taken by the Board.

- Function

The Ohio State Board of Cosmetology is a multi-dimensional agency that is responsible for the licensing of individuals engaged in providing cosmetology services or specialized branches of cosmetology services (e.g. Manicuring, Esthetics, Hair design, and Natural Hair Styling). The Board also licenses salons engaged in the retail cosmetology services and/or specialized branch of cosmetology services and in addition, tanning services. The Board is responsible for the licensure of educational programs designed to prepare persons for careers in the cosmetology arts or specialized branches of cosmetology.

In addition to its licensing duties, the Board routinely inspects businesses engaged in the provision of cosmetology services, specialized branches of cosmetology, and tanning facilities. Inspectors issue reports in real-time using a web-based inspection system. Violations are noted and salons/tanning facilities are required to post their inspection findings in a conspicuous place that is accessible to the public. Inspectors may issue a warning for some violations, based upon guidance established by the Board that takes into consideration the criticality of the violation. Other findings may result in the issuance of a formal Notice of Opportunity for Hearing issued under Chapter 119 of the Ohio Revised Code. Additionally, the Board also receives and processes complaints from the public. Complaints may result in a formal investigation or follow-up inspection depending upon the nature of the complaint. An investigation may also lead to the issuance of a formal Notice of Opportunity for Hearing issued under Chapter 119 of the Ohio Revised Code. In all respects, persons (including individuals, salons, or tanning facilities) alleged to have committed a violation of Chapter 4713 of the Ohio Revised Code, or rules thereunder, are afforded an opportunity to be heard under the provisions of law.

Following an adjudication hearing held pursuant to Chapter 119 of the Revised Code, the Board may take action against a licensed cosmetologist, manicurist, esthetician, hair designer, or natural hair stylist, related salon, and/or tanning facility licensed by the Board. Within the parameters of the law, the Board may deny a license, suspend, or revoke a license. Additionally, the Board may also levy fines.

If a person or facility is found practicing without a license or permit, the Board may seek an injunction or appropriate restraining order for such practice in the county where the violation occurred. The Office of the Ohio Attorney General, upon the Board's request, may pursue appropriate relief through the court of common pleas in the county in which the violation occurred.

Official actions of the Board are journalized in the minutes of each meeting. In FY 2015, the Board held ten regular meetings. Board meeting minutes are available to the public by mail, e-mail, and a full year or more of minutes are maintained on the Board's website. The Board disseminates information concerning its activities, forms, notices, and Board member profiles on its state webpage: www.cos.ohio.gov.

- Funding

The Board is self-sustained through fees generated from applications for initial licensure, renewal fees, fines, and other miscellaneous sources. Most of the Board's fees are deposited into the Occupational and Professional Licensing Fund (called the "4K9" fund) consisting of

revenue from twenty-seven commissions and professional licensing boards. Persons restoring an expired license are required to submit a lapsed license fee, which shall be deposited to the General Revenue Fund. Each agency in the fund is required to generate sufficient revenue to meet its own expenses. Although the 4K9 fund serves as the funding source for the Board, it is not a rotary fund and the Board is funded through the standard biennial budget process. Hence, the Ohio General Assembly establishes the Board's biennial budget. Each year, the Board reviews licensure fees and budget requirements to determine if fee adjustments are necessary.

- Staffing

The Board employs 41 full time staff and one intermittent staff to complete the work of the Board. The staff consists of one Executive Director 1.0 FTE, seven exempt Supervisory/Administrative staff 7.0 FTE, four Customer Service staff 4.0 FTE, five Examiners 5.0 FTE, twelve field Inspectors 12.0 FTE, three Administrative Action staff 3.0 FTE, and nine administrative/fiscal staff 9.0 FTE. The office is located at 1929 Gateway Circle, Grove City, Ohio. The agency business hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday.

FY 2015 PROGRAM HIGHLIGHTS AND STATISTICS

Board Meetings

In order to conduct business, the Board must meet on a regular basis in an open, public meeting.

The Ohio State Board of Cosmetology met on the following dates in fiscal year 2015:

- **July 8, 2014**
- **August 12, 2014**
- **September 9, 2014**
- **November 12, 2014**
- **December 9, 2015**
- **February 10, 2015**
- **March 10, 2015**
- **April 14, 2015**
- **May 12, 2015**
- **June 9, 2015**

In fiscal year 2015, the Board was able to conduct its business during one-day meetings. Meeting dates are posted on the Board's website and meeting notices and agendas are posted no less than 5 days prior to a scheduled meeting. Following Board approval at each meeting, the minutes are posted to the agency's website for public review. Like most meetings, the Board's business agenda follows a regular process that includes approval of prior meeting minutes, officer, and staff reports, committee meeting reports, new business, and old business. As required, the Board must also address administrative matters under Chapter 119 of the Revised Code, including administrative disciplinary hearings.

- Summary of 2015 Significant Board actions

- **In September 2014:**
 - **The Board hired an Executive Director. The agency had been under interim leadership since August 2013. The new Executive Director began his employment on November 2, 2014.**

- **In November 2014:**
 - **The Board's Executive Director presented revised rules for consideration, which addressed active duty military member applications, out of state applicants, and testing fraud. The rules were drafted to improve clarity and understanding, unbundle subject matter, and improve location logic under the Ohio Administrative Code. The Board moved to file proposed draft rules 4713-1-1: Definition of board of cosmetology, 4713-1-14: Trafficking education, 4713-7-08: Applications to practice branches of cosmetology from active duty military members, spouses of active duty military members, or veterans, Rescind 4713-7-09, New 4713-7-09: Out of state license holder applications for Ohio licenses, 4713-7-10: Testing fraud, 4713-11-10: Services that may be provided in a salon, and 4713-19-14: Training of operators and employees.**

- **In December 2014:**
 - **The Board moved to file proposed draft rules 4713-5-17: Licensed instructors on premises, rescind 4713-5-20: Duty of instructors, 4713-5-20: Instructor limitations, 4713-7-02: No communication between applicants during examination, 4713-8-09: Offering advanced practice, advanced techniques or unregulated services, 4713-21-04: Licensure renewal procedures, 4713-21-05: Continuing education extension program.**

 - **The Board approved the creation and offering of a free continuing education hour on Human Trafficking. The program is available on the Board's website at no cost to the student or to schools that would like to use the program.**

- **In February 2015:**
 - **The Board hired a new position for Policy Coordinator.**
 - **Approved a 3-year strategic plan, and**
 - **Revised the agency's administrative action procedures.**

- **In March 2015:**
 - **The Board approved the program curriculums for Esthetics and Manicuring.**
 - **The Board began a process of re-evaluating the basic cosmetology examination in an effort to validate that the system content was current with the scope of services taught in the educational programs and the system tested appropriately for minimum competency.**
 - **The Board revised its office policy and procedure manual.**
 - **The Board created an Administrative Review Committee to review and act upon inspections and complaints, including administrative actions proposed.**

- **In May 2015:**

- **The Board approved a revised records retention schedule for all records held and maintained by the agency.**
- **In June 2015:**
 - **The Board approved for filing tanning consent rules in compliance with H.B. 131.**
 - **The Board approved reasonable Violation Guidance standards taking into consideration the criticality of found violations and assigning risk to each. The Board's objective is to improve consistency and predictability of inspections statewide, while reasonably applying the standards with persons licensed by the Board.**

Licensure

The Ohio State Board of Cosmetology is responsible for licensing individuals engaged in providing cosmetology services or specialized branches of cosmetology services (e.g. Manicuring, Esthetics, Hair design, and Natural Hair Styling) and private or career tech educational programs that offer training in cosmetology or specialized branches of cosmetology. The Board also licenses salons engaged in the retail cosmetology services and/or specialized branch of cosmetology services and in addition, tanning services.

Cosmetology Schools

The Ohio State Board of Cosmetology is responsible for the licensing of educational programs offering education in cosmetology or specialized branches of cosmetology in the State of Ohio. Three distinct types of schools offer educational programs: Adult Education – Career Technical Schools, Career Technical Schools, and Private Schools.

Career Technical Schools are affiliated with the Public School system offering a comprehensive approach in completing both primary education requirements and training in technical theory and practical skills in cosmetology or specialized branches of cosmetology. Adult Education through a Career Technical School, on the other hand, is offered by the Career Technical School as an afterhours program for adult learners returning to increase their skills in a particular career track, specifically, cosmetology.

Private Schools are proprietary systems offering to provide education and training in technical theory and practical skills in cosmetology or specialized branches of cosmetology. Most of these schools are accredited by the National Accrediting Commission of Cosmetology Arts and Science (NACCAS); however, accreditation is not a specific requirement under Ohio laws and rules.

The Ohio State Board of Cosmetology currently licenses 89 Career Technical Schools, 18 Adult Education programs, and 84 Private Schools. (See Attachment #1).

Programs taught include:

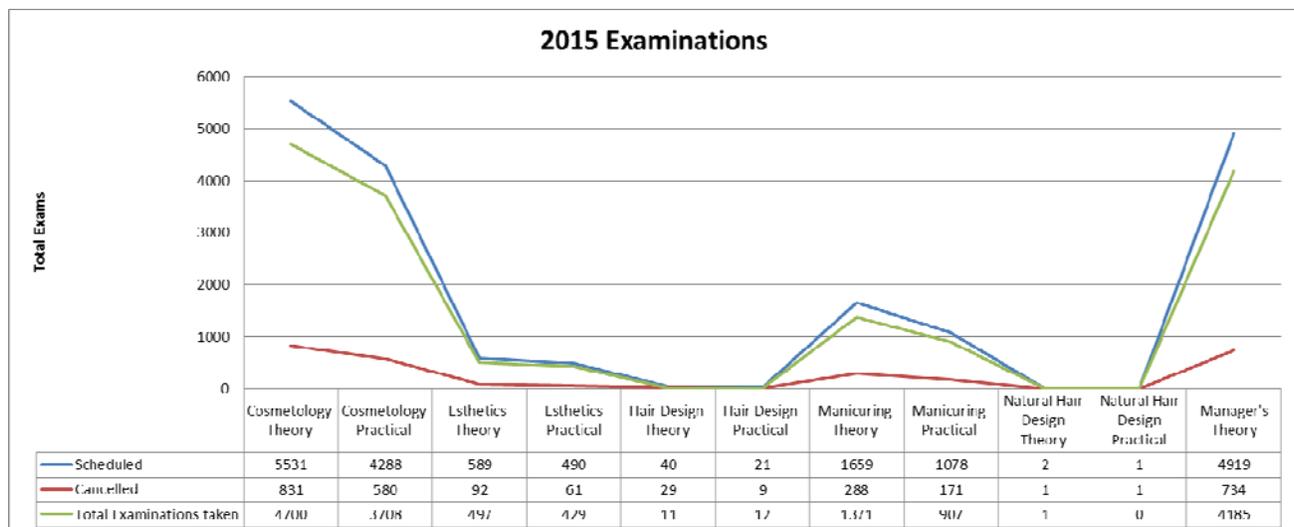
- (1) Cosmetology, which includes all branches of cosmetology.**
- (2) Esthetics, which includes the application of cosmetics, tonics, antiseptics, creams, lotions, or other preparations for the purpose of skin beautification and includes**

preparation of the skin by manual massage techniques or by use of electrical, mechanical, or other apparatus.

- (3) Hair design, which includes embellishing or beautifying hair, wigs, or hairpieces by arranging, dressing, pressing, curling, waving, permanent waving, cleansing, cutting, singeing, bleaching, coloring, braiding, weaving, or similar work. The practice of hair design also includes utilizing techniques performed by hand that result in tension on hair roots such as twisting, wrapping, weaving, extending, locking, or braiding of the hair.
- (4) Manicuring, which includes manicuring the nails of any person, applying artificial or sculptured nails to any person, massaging the hands and lower arms up to the elbow of any person, massaging the feet and lower legs up to the knee of any person, or any combination of these four types of services.
- (5) Natural hair styling includes utilizing techniques performed by hand that result in tension on hair roots such as twisting, wrapping, weaving, extending, locking, or braiding of the hair.

Examinations

The Ohio State Board of Cosmetology develops and administers examinations in cosmetology and each specialized branch of cosmetology. Candidates are scheduled for examination throughout the year, resulting in approximately 30 – 50 candidates taking examinations each day of the week. In April, May, and June, the Board also administers examinations on Saturdays to accommodate the volume of candidates seeking licensure. Two examinations are administered: (1) a written theory-based examination that tests minimum competency on subject matter required to safely practice, and (2) a practical examination that tests actual technique used to competently render services, including applying infection control procedures. Upon completion and passing both the theory examination and practical examination, the Board issues a license on the same day the examinations were complete. This same day service allows licensees to enter their professional tracks immediately after successfully completing their competency examination for their intended careers. In FY 2015, the Ohio State Board of Cosmetology had a total of 6,580 persons take the written theory examination for cosmetology or a specialized branch of cosmetology. Additionally, 4,185 persons took the manager’s examination to obtain a manager’s license in cosmetology or a branch of cosmetology. During this same time, a total of 5,056 persons took the practical examination for cosmetology or a specialized branch of cosmetology.

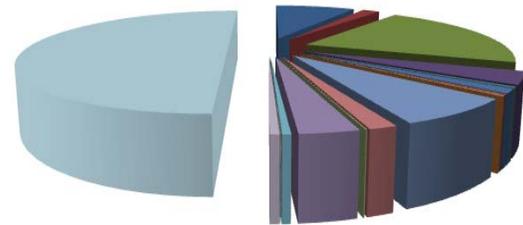


2015 Licensing Activity

The Ohio State Board of Cosmetology is responsible for the issuance and management of a number of professional licenses. Three primary practice licenses are issued to provide services in Cosmetology or any specific branch of cosmetology: Practice License, Manager’s License, and/or an Instructor’s License. Additionally, the Board issues Independent Contractor licenses to persons that rent booth space in salons.

Salon licenses are issued by the Board and are designated according to the service rendered: Cosmetology, Esthetics, Manicuring, Hair Design, and Natural Hair Styling. Additionally, the Ohio State Board of Cosmetology issues permits to Tanning Facilities. Tanning facilities, pursuant to provisions of law, must restrict access based upon the age of the person seeking to use the tanning services. Persons under the age of sixteen must have parental or legal guardian consent signed prior to each session attended and the parent or legal guardian must be present during the tanning session (see ORC 4713.50 (B)(3)). Persons older than sixteen, but less than eighteen years old must have parental or legal guardian consent signed every ninety days and Ohio law restricts the individual’s exposure. Persons older than eighteen are required to sign a consent form, but there are no limits on exposure. Consent forms developed by the Ohio State Board of Cosmetology clearly state the risk factors associated with tanning and skin exposure to radiation produced by light sources used in tanning systems.

Credential	Active
Cosmetologist	20408
Cosmetologist Instructor	4293
Cosmetologist Manager	49531
Cosmetologist Salon	9052
Esthetics	886
Esthetics Instructor	137
Esthetics Manager	2936
Esthetics Salon	689
Hair Designer	136
Hair Design Instructor	4
Hair Design Manager	134
Hair Design Salon	318
Independent Contractor	17993
Manicurist	3815
Manicurist Instructor	166
Manicurist Manager	7947
Manicurist Salon	1159
Natural Hair Stylist	3
Natural Hair Stylist Instructor	3
Natural Hair Stylist Manager	35
Natural Hair Stylist Salon	8
Tanning Salon	1291
Total	120,945



Additionally, 193 schools held active licenses during FY 2015.

During FY 2015, the Board issued the following new licenses:

Type of License	FY 2015 New
Cosmetologist	2,677
Cosmetologist Instructor	331
Managing Cosmetologist	2,157
Beauty Salon	987
Esthetician	131
Esthetician Instructor	21
Managing Esthetician	362
Esthetic Salon	201
Hair Designer	18
Hair Designer Instructor	2
Managing Hair Designer	14
Hair Designer Salon	55
Independent Contractor	2,446
Manicurist	427
Manicurist Instructor	23
Managing Manicurist	570
Nail Salon	248
Natural Hair Stylist	1
Natural Hair Stylist Instructor	2
Managing Natural Hair Stylist	12
Natural Hair Stylist Salon	1
Cosmetology School	10
Tanning Facility	172

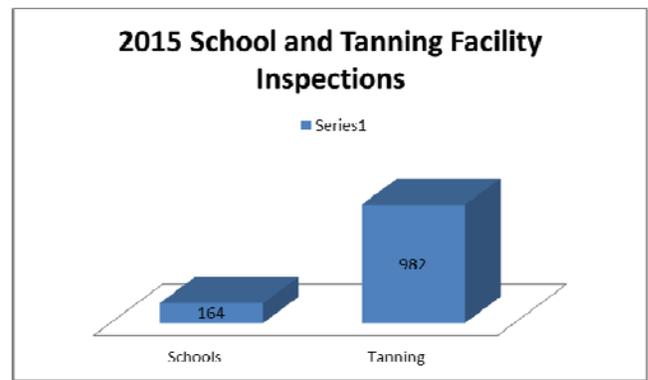
Inspections/Complaints/Administrative Action

The Ohio State Board of Cosmetology is authorized under ORC 4713 to inspect facilities licensed by the Board. Additionally, the Board may investigate complaints filed by consumers. Pursuant to the findings of inspections, the Board may impose disciplinary action against a licensed provider, salon, or tanning facility for violating standards of practice in the provision of services. Hearings are held in accordance with Section 119. of the Revised Code. Alternative settlement agreements (Consent Agreements) are regularly offered in lieu of hearing. Once approved by the Ohio State Board of Cosmetology, Settlement Agreements are entered upon the Board's journal as an Order of the Board.

The Ohio State Board of Cosmetology employs one investigative supervisor who, under the supervision of the Executive Director, investigates complaints filed by consumers or salons in the state of Ohio. Additionally, the Ohio State Board of Cosmetology employs 12 field

inspectors, who under the supervision of the Investigation Supervisor, conduct assigned and random inspections of cosmetology salons, branches of cosmetology salons (Manicuring salons, Esthetic salons, Hair Design salons, Natural Hair Styling salons), schools, and tanning facilities. Independent inspection findings can be issued directly to salons, independent contractors, and/or individual licensees or permit holders depending upon the inspection findings. Inspectors work from their home area and are assigned regional coverage. The three largest metropolitan areas (Cleveland, Columbus, and Cincinnati) have generally had two inspectors assigned to the metropolitan region and surrounding counties. On average, field inspectors completed approximately 930 inspections each during FY 2015. The investigator is responsible for statewide coverage.

In FY 2015, field inspectors issued 11,510 inspection reports, representing 7917 salons visited (Cosmetology - 6243, Hair Design - 250, Esthetics - 543, Manicuring - 877, and Natural Hair Styling - 4), 983 Tanning facilities, 164 Schools, and 2402 individual licensees (basic cosmetology and branches of cosmetology licensees, managers, and independent contractors), and 45 unlicensed salons or individuals. These inspectors reported 1198 violations of standards and inspectors gave 2744 warnings on found issues that did not warrant a violation. 7274 inspections were filed as approved inspections with no findings and inspectors reported 1751 “no contact” inspections, meaning inspections were attempted but the facility was not open.



The Ohio State Board of Cosmetology has developed standard guidance for field inspection staff on the laws and rules regarding the conduct of business, maintenance of licensure, and compliance with infections control standards for all regulated areas under the agency’s jurisdiction. Not all standards affect every licensed entity; however, in total, 211 standards have been identified that are used to measure compliance. While most inspected entities meet standards, the inspection staff did issue violations in FY 2015 involving 73 of these standards. The following is a list of the most common violated standards in FY 2015.

Violations exceeding 1% of the 1198 total issued:

	<u>Violation Type</u>	<u>FY 2015 Issued</u>
1.	Operating a tanning facility without a current, valid permit	36
2.	Failure to have a Tanning Operator with a current, valid certificate of training	67
3.	Failure to skin type patrons using tanning beds	15
4.	Aiding and abetting a person in the practice without a current, valid license	145

5.	Aiding and abetting a person in the practice without a current, valid independent contractor license	30
6.	Failure to clean and disinfect electrical equipment	20
7.	Failure to prepare service area for next patron	34
8.	Inactive/ineffective disinfectants	88
9.	Failure to prepare disinfectants daily	15
10.	Failure to disinfect circulating/whirlpool/vacuum equipment	17
11.	Employing a person without a current, valid license	86
12.	Operating a salon without a current, valid license	110
13.	Practicing a branch of Cosmetology without a current, valid license	150
14.	Practicing a branch of cosmetology in a salon while renting booth space without a current, valid independent contractor license	188

During FY 2015, the Ohio State Board of Cosmetology also received and conducted 111 investigations of complaints filed. Of those filed, the investigator issued 97 investigatory reports finding 29 sanitation violations, 33 unlicensed provider violations, and 35 unlicensed salon violations.

Administrative Action Summary:

During FY 2015, the Ohio State Board of Cosmetology held 11 hearings in accordance with Chapter 119 of the Ohio Revised Code. 278 cases cited did not request a hearing before the Board, resulting in an Order entered upon the Board's journal. 715 persons or salons entered into settlement agreements with the Board, which were approved and entered upon the Board's journal as Orders of the Board.

Board Administration

Administration responsibilities covered by the Board include fiscal, personnel, legal, information technology, and communications.

Fiscal

FY 2015 Final Disbursements as of 6/30/2015.

Expenses	FY 2015	FY 2014
Personal Service (Account ID 500 & 510)	\$ 2,786,708.87	\$ 2,698,588.12
Supplies & Maintenance (Account ID 520)	\$ 679,228.74	\$ 730,204.76
Equipment (Account ID 530)	\$ 6,723.66	\$ 41,564.74
Settlements, Bonds (Account ID 590)		\$ -
Transfers & Non-Expense (Account ID 595)	\$ 210.50	\$ 95.00
Total	\$ 3,472,871.77	\$ 3,470,452.62

These expenditure numbers are from the Expenditure by Fund by Account Report OHGLR027 6/30/15 monthly report in OAKS FIN)

FY 2015 Revenue Collected as of 6/30/2015.

Revenue 4K90	FY 2015	FY 2014
	7,061,126.66	1,322,308.35
Intragov. Service/ISTV (Account ID 470800)		
Sales & Service (Account ID 430047)	-	-
Fines & Penalties (Var. Accounts)	472,033.20	545,583.62
Recoveries (Var. Accounts)	553.67	-
Refunds & Other Reimb. (Var. Accounts)	34.53	-
Licenses & Fees/ISTV (Account ID 470200)	2,274.00	2,013.00
Total	7,536,022.06	1,869,904.97
Transfer In (Account ID 885600)	13,200.00	26,031.00
4K90 Revenue + Transfers In (4K90)	7,549,222.06	1,895,935.97

Revenue GRF	FY 2015	FY 2014
Business Licenses & Fees (Var. Accounts)	71,650.00	55,935.00
Intragov. Service/ISTV (Account ID 470800)	-	-
Transfer In (Account ID 885600)	-	-
Total	71,650.00	55,935.00

Fees and Other Receipts

Name of Fee or Revenue Source	Current Fee (as of 6-30-15)	# Paying Fee in FY2015	Total Fees Collected FY2015
Cosmetology School-New License	\$250	10	\$2,500.00
Cosmetology School - License Renewal	\$250	5	\$1,250.00
Beauty Salon - New License	\$75	987	\$74,025.00
Beauty Salon - License Renewal	\$60	511	\$30,660.00
Nail Salon - New License	\$75	248	\$18,600.00
Nail Salon - License Renewal	\$60	16	\$960.00
Esthetics Salon - New License	\$75	201	\$15,075.00
Esthetics Salon - License Renewal	\$60	10	\$600.00
Hair Design Salon - New License	\$75	55	\$4,125.00
Hair Design Salon - License Renewal	\$60	27	\$1,620.00
Natural Hair Stylist Salon - New License	\$75	1	\$75.00
Natural Hair Stylist Salon - License Renewal	\$60	1	\$60.00
Independent Contractor - New License	\$75	2,446	\$183,450.00
Independent Contractor - License Renewal	\$60	404	\$24,240.00

Tanning Facility - New License	\$65	172	\$11,180.00
Tanning Facility - License Renewal	\$50	65	\$3,250.00
Cosmetologist - New License	\$45	2,677	\$120,465.00
Cosmetologist - License Renewal	\$45	839	\$37,755.00
Managing Cosmetologist - New License	\$45	2,157	\$97,065.00
Managing Cosmetologist - License Renewal	\$45	2,345	\$105,525.00
Cosmetology Instructor - New License	\$45	331	\$14,895.00
Cosmetology Instructor - License Renewal	\$45	147	\$6,615.00
Manicurist - New License	\$45	427	\$19,215.00
Manicurist - License Renewal	\$45	145	\$6,525.00
Managing Manicurist - New License	\$45	570	\$25,650.00
Managing Manicurist - License Renewal	\$45	240	\$10,800.00
Manicurist Instructor - New License	\$45	23	\$1,035.00
Manicurist Instructor - License Renewal	\$45	10	\$450.00
Esthetician - New License	\$45	131	\$5,895.00
Esthetician - License Renewal	\$45	52	\$2,340.00
Managing Esthetician - New License	\$45	362	\$16,290.00
Managing Esthetician - License Renewal	\$45	62	\$2,790.00
Esthetics Instructor - New License	\$45	21	\$945.00
Esthetics Instructor - License Renewal	\$45	2	\$90.00
Natural Hair Stylist - New License	\$45	1	\$45.00
Natural Hair Stylist - License Renewal	\$45	-	\$0.00
Managing Natural Hair Stylist - New License	\$45	12	\$540.00
Managing Natural Hair Stylist - License Renewal	\$45	-	\$0.00
Natural Hair Stylist Instructor - New License	\$45	2	\$90.00
Natural Hair Stylist Instructor - License Renewal	\$45	-	\$0.00
Hair Designer - New License	\$45	18	\$810.00
Hair Designer - License Renewal	\$45	3	\$135.00
Managing Hair Designer - New License	\$45	14	\$630.00
Managing Hair Designer - License Renewal	\$45	1	\$45.00
Hair Designer Instructor - New License	\$45	2	\$90.00
Hair Designer Instructor - License Renewal	\$45	-	\$0.00
Late Fee	\$45	1,007	\$45,315.00
License Restoration	---	-	-
Duplicate License	\$20	555	11,100.00
Reciprocity	\$70	75	5,250.00
Board Certification	\$50	895	44,750.00
Examination	\$31.50	8,786	276,759.00
Retake Examination	\$31.50	4,126	129,969.00
No Show Examination	\$40	408	16,320.00
Work Permit	\$7.50	3,116	23,370.00

Work Permit	\$50.00	2	100.00
Continuing Education-Online/Corr/Tan	\$250	47	11,750.00
Continuing Education-Workshop/Demo	\$100	818	81,800.00
License Reinstatement	\$30	80	2,400.00
Overage	---	-	(544.66)
Less Bad Debt	---	-	(4,402.50)
Bad Debt Paid	---	-	6,361.82
Bad Check Penalty Fee	\$30	103	3,090.00
Violation Fines	---		468,943.20
Other Revenue	---		588.20
Intra-State Transfer Voucher			2,274.00
Subtotal (Collected At Board Office For Fund 4K90)			\$1,973,593.06
Standard Renewals Collected Via Internet Transactions	---		\$ 5,562,429.00
Total 4K90 collected for Fiscal Year 2015			\$7,536,022.06

Performance Measures

Three-year strategic plan

In FY 2015, the Board approved a three-year strategic plan to address solutions to business needs. The Board believes this plan will lead to better management of the agency, improved compliance with the laws and rules that regulate the cosmetology and tanning industries, improved communications, greater security of information, and lean/higher performing quality standards. The following is a summary of the steps identified in the Board's strategic plan.

Building Upon a Culture of Success – Creating an Ethics Driven/High Performing Agency

The Ohio State Board of Cosmetology has proven itself to be a model for success and innovation as an agency of the State of Ohio; however, every agency experiences complacency through the status quo. The Board must continually strive to reshape its workforce, addressing underutilization of its capacity. Specifically, staffing levels, staff assignments and position description updates, training, and technology must be evaluated to determine if the current needs and future states are being addressed. The Board must periodically evaluate systems and processes to challenge entrenched assumptions that lead to underutilization or under performance in its systems.

Administrative Code Rule Revisions

Initiate a full review of rules promulgated under ORC 4713.

Engage stakeholder groups to review proposed new, rescinded, and amended rules.

By FY 2016, initiate filing sequenced by chapter reviewed.

Examination/Test development and test question bank management

Employ appropriate staff to develop test questions for inclusion in test question bank for each examination offered by the Ohio State Board of Cosmetology. Create panel of subject matter experts to review and amend questions. Test and maintain test question bank using acceptable validation techniques to assure each item tests and performs according to the standards of the Board. Initiate position development and fill by FY 2015, monitor program activity and report results to Board through FY 2018.

Program IT solutions

Review services provided to the Board by other agencies, vendors, and potential new service level requirements to identify cost effective alternatives or consider in-house solutions. Services under consideration would include: (1) IT services – data storage, records management, and security requirements; (2) Records retention, records storage and imaging systems; (3) Board meeting management software, including capabilities to electronically create, run, and document meeting actions; (4) Forms development and management software to create electronic, web-based, fillable forms.

Business Friendly Policy Development

Identifying alternatives to Board sanctions when the precipitating event is related to paperwork errors or when considering alternatives may lead to a more consumer friendly environment for the state. Evaluate and amend as appropriate the agency's compliance and violation grid to balance effective regulation with business friendly education on standards compliance. Consider alternatives to sanctions for violations of non-critical standards.

Administrative Action Procedures

Re-engineer administrative action procedures in compliance with the Ohio Revised Code to achieve sustainable compliance and effective monitoring of agency's inspection caseload.

Licensing

Align licensing system and issuance procedures to monitor and identify salon ownership and representative authorities. Develop methodologies to cross-reference salons ownership with salons owned. Develop methods to sub-code revenue intakes in the e-licensing system to track revenue sources, estimate revenue generation for budgeting purposes and analysis.

Records Management

Evaluate current records retention schedules to determine need to update, rescind, or create new.

Evaluate each schedule to conform to state of the art electronic records management systems used by the agency.

Evaluate current electronic records management process and system to assure compliance with state storage and disposal standards; evaluate alternative systems based on agency needs, costs, and end user processing.

Communications and Performance Measures

The Ohio State Board of Cosmetology believes the public and the regulated businesses and professionals are best served through informative, open, and transparent communication. During FY 2015, the Board the following activities promoting this philosophy:

- During FY 2015, the Board created and published on its website a free continuing education course on Human Trafficking. This information aligns with Governor's Kasich's Human Trafficking campaign and complies with Section 4743.07 of the Revised Code. To date, 1499 have taken and passed this course. Additionally, the Board is approving human trafficking programs created by private sources and pursuing and sponsoring additional continuing education opportunities to provide this information to our licensees.
- **Common Sense Initiative Outreach:** The Board treats all licensed and permitted entities as stakeholders in the rules drafting and hearing process. Draft materials for proposed amended, new, or rescinded rules are emailed via list-serve to all active license holders and interest groups. Comments were collected and used to finalize rule language. Prior to hearing, the draft rules are again emailed via list-serve to all active license holders and interest groups.
- The Ohio State Board of Cosmetology is currently updating its website. The Board is emphasizing simplifying site content, more information and communication opportunities, and navigational ease. The website will contain application instructions, FAQs, forms, position statements, newsletters, meeting minutes, news items, and important links.

INDUSTRY OUTLOOK AND CONDITIONS

As one of the oldest licensed industries, it is important that the Ohio State Board of Cosmetology be aware of trends to normalize licensing standards nationally and/or restrict regulatory aspects of the industry. While the Board has no pre-determined position on proposed regulatory changes, we believe positive involvement with lawmakers and stakeholder organizations leads to more rational, effective and consumer friendly policy. Members of the Ohio State Board of Cosmetology have identified the following issues being discussed in various workgroups and forums. The Board will monitor and engage in discussion on these issues to better educate our members and develop recommendations to address applicable Ohio concerns.

Reciprocity

Licensing requirements vary widely from state-to-state and not all states have reciprocal licensure. On a regional or national level, consideration of efforts to create a system that allows individual licensees to move from one state to another without delay or denial would

afford multi-state salon operators opportunity to move licensees to where they are needed. Persons that experience delays in getting licensed in different states are more prone to dropping out of the industry or “going underground,” performing services in competition with legitimate salons.

Hours Requirements

There is widespread discrepancy in the length of required courses of study (usually measured in classroom hours) in cosmetology and branches of cosmetology between states. Ranges in state requirements vary from 1,000 to 2,300 hours. While the state of Ohio is positioned in the mid-range of these variations, there are group discussions on normalizing these variations, which lends to national standards and reciprocal licensure.

Permit pre-graduation testing

Some argue that beauty school graduates choose to not get licensed due in large part to the time between graduation and licensure. Several states permit pre-graduate testing to allow students to meet the examination requirement for licensure prior to graduation. Upon graduation licenses could be issuance immediately: immediate issuance would minimize the drop-out rate, get the graduates into the workforce sooner so they can begin repaying their student loans, earning a living, and paying taxes, and license fees.

Some state permit pre-graduate testing when the student has completed 80% of the required hours. Ohio’s testing process is very expedient and appears to flow well, so it is not clear this type of policy would be necessary; however, additional data and monitoring may provide information to support the benefits of our process

Gainful employment regulations

Increasing percentages of federal funding for higher education is going to private for-profit colleges and schools. This has resulted in greater oversight by the Department of Education (DOE). Called “Gainful Employment” regulations, the DOE will measure whether a graduate is “gainfully employed” using a ratio of student debt payments to income reported to the IRS. Some are estimating that 30-40% of the private cosmetology schools are at risk of losing Federal funding after the conclusion of the third measurement period on July 1, 2017. The Board will monitor the impact of the DOE efforts on Ohio private schools.

License portability

Section 4713.56 of the Revised Code requires every holder of a practicing license, managing license, instructor license, or independent contractor license issued by the board to be displayed in a public and conspicuous place in the place of employment of the holder. To meet this standard, licensees must carry their license between places of employment. This places an unneeded burden upon the licensee. Developing regulations that permit license portability in the form of electronic licensure verification or official duplication of licenses through electronic means should be evaluated to accommodate licensees who work in multiple locations.