

**CALIFORNIA STATE BOARD
OF
BARBERING AND COSMETOLOGY**

LEGISLATION AND BUDGET COMMITTEE MEETING

MINUTES OF JANUARY 22, 2024

BOARD MEMBERS PRESENT

Reese Isbell, Chair
Colette Kavanaugh
Calimay Pham

STAFF MEMBERS PRESENT

Kristy Underwood, Executive Officer
Carrie Harris, Deputy Executive Officer
Sabina Knight, Board Legal Representative
Natalie Mitchell, Board Analyst

BOARD MEMBERS ABSENT

Megan Ellis

1. AGENDA ITEM #1: CALL TO ORDER / ROLL CALL / ESTABLISHMENT OF QUORUM

Reese Isbell, Committee Chair, called the meeting to order at approximately 11:00 a.m. and confirmed the presence of a quorum.

2. AGENDA ITEM #2: DISCUSSION AND POSSIBLE APPROVAL OF THE SEPTEMBER 11, 2023, COMMITTEE MEETING MINUTES

Motion: Calimay Pham moved to approve the minutes from the September 11, 2023, Committee Meeting. Colette Kavanaugh seconded the motion.

Public Comment: There were no public comments received.

Motion to approve the September 11, 2023, Committee Meeting Minutes carried: 3 yes, 0 no, and 0 abstain, per the following roll call vote:

Committee Members voted "Yes": Reese Isbell, Colette Kavanaugh, and Calimay Pham

3. AGENDA ITEM #3: DISCUSSION, UPDATE AND POSSIBLE RECOMMENDATION REGARDING PROPOSED BILLS

Kristy Underwood provided an overview of the current status of several bills held over from the previous year. AB 1328, introduced by Assembly Member Gibson, relates to the Cosmetology Licensure Compact. An informational public hearing is scheduled for February to discuss compacts more broadly, given that they are a new concept for California's regulatory framework. A formal hearing for this bill is anticipated in early spring.

SB 451 (Nguyen), concerning the worker classification for licensed manicurists, and SB 817 (Roth), dealing with barbering and cosmetology application, examination, and licensing fees, were also mentioned. Ms. Underwood noted that there has been no recent movement on these bills, but assured the committee that updates would be shared as they progress through the legislative process.

Public Comment: No public comments were received.

4. AGENDA ITEM #4: DISCUSSION AND POSSIBLE RECOMMENDATIONS REGARDING THE FEE STUDY AND CALIFORNIA CODE OF REGULATIONS SECTION 998 SCHEDULE OF FEES

Kristy Underwood presented a summary on the fee study and updates to the California Code of Regulations. She began by referencing a memo in the committee packet, outlining the board's efforts to examine its licensing and examination fees following a 2019 internal audit. This audit highlighted that the board charged the same fee for both initial and re-examination exams, despite operational changes like the elimination of practical exams and related facilities.

The fee study aimed to assess the actual costs of administering examinations, taking into account the processing times for various application pathways, staff salaries, and the costs associated with examination administration and development. This comprehensive analysis revealed that the board's costs for processing initial exams and re-exams were \$97 and \$71, respectively, surpassing the \$75 fee charged for both. However, these figures did not fully account for additional operational costs, such as mailroom staffing and cashiering services for non-online applications, indicating that the real cost to the board might be even higher.

Despite the findings suggesting the need for a fee increase, Ms. Underwood explained that the board, in consultation with the Department of Consumer Affairs' budget office, decided against raising fees at the current time. The board's stable financial status, with 10.2 months of operational reserves, and considerations of California's budget deficit influenced this decision. The board's budget also benefits from other sources of revenue, including licensing renewal fees and licensing application fees. As a result, the board and the budget office concluded that the current fee structure is adequate and does not require adjustment.

Reese Isbell inquired about the frequency of reviewing and updating fee numbers, to which Ms. Underwood confirmed it's essential to regularly monitor these figures. She highlighted that the last significant review occurred in 2006, indicating a need for ongoing assessment to ensure fees align with operational costs and budgetary requirements. This continuous review would help in adjusting to changes and managing budget reserves effectively.

Calimay Pham sought further clarity on how the broader state budgetary constraints might influence the board, particularly given California's current fiscal challenges and the board's efforts to implement cost-saving measures. Kristy Underwood clarified that, despite the board's self-funded nature through licensing fees, it adheres to the same fiscal directives issued to all state agencies, including spending and hiring freezes. These measures aim to ensure fiscal responsibility across the board, affecting both special and general-funded entities. She explained the board's current travel and purchasing restrictions and mentioned a procedure for obtaining exemptions for necessary, mission-critical expenses.

Furthering the discussion, Reese Isbell inquired about the board's response to the 2019 internal audit that precipitated the fee study and whether a future audit was anticipated. Kristy Underwood detailed the procedure for addressing the audit's findings, noting that all of the issues identified had been resolved, with only two pending. She outlined the board's ongoing communication with the internal audit office to update on progress and confirmed that a follow-up audit would verify the implementation of recommended changes.

Public Comment: There were no public comments submitted.

5. AGENDA ITEM #5: PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

No public comments were submitted regarding items not listed on the agenda.

6. AGENDA ITEM #6, SUGGESTIONS FOR FUTURE AGENDA ITEMS

No future agenda items were proposed and there were no public comments received.

Kristy Underwood mentioned she has been in discussions with several legislative offices about potential legislation that could affect the board. She noted that the committee typically convenes monthly, particularly when proposed legislation is on the horizon. She committed to promptly informing the committee of any proposed legislation to quickly schedule a meeting for discussion.

7. AGENDA ITEM #7: ADJOURNMENT

There being no further business to discuss, the meeting adjourned at approximately 11:25 a.m.