



Estimated Economic Effect and Small Business Impact for Proposed Changes to Nevada Administrative Code Chapter 644

The Nevada State Board of Cosmetology made a concerted effort to determine whether the proposed changes to Chapter 644 of the Nevada Administrative Code was likely to impose a direct and significant economic burden upon a small business or would directly restrict the formation, operation, or expansion of a small business. This evaluation considered the majority of the more than 2,500 existing cosmetological establishments along with all of the independent contractors that work within them. The Board consulted with these entities during a series of public workshops held on July 20th, August 10th, and October 5th of 2015 through video conference facilities in both Carson City, Reno and Las Vegas. No small business owners spoke against any of the proposed regulations or raised any concerns about small business impacts during any of these meetings. Even though we heard no testimony on the impact to small businesses during these workshops, the Board elected to perform a detailed analysis to determine if any material impact would be imposed on small businesses as a result of the adoption of the proposed regulations. This document contains the analysis and conclusions of this endeavor. In addition to these impacts the Board analyzed the economic impact to all businesses and the public of the proposed regulations and included these findings within this document as well.

Impact on Businesses Regulated by the Proposed Regulations

Beneficial Impacts

The proposed regulations will provide several significant beneficial impacts for the businesses regulated by them. The positive impacts will provide for the following:

1. Existing small businesses will be able to hire shampoo technologists to achieve higher profitability within their cosmetological establishments. The ability to hire a person to perform simple shampoo services will free up the more skilled cosmetologists and hair designers to perform the more difficult chemical and hair cutting services. This allocation of simple services provided by lower labor cost personnel and technical services provided by higher labor cost personnel will increase the profitability of the salon through this optimized labor allocation model.
2. Existing independent contractor cosmetologists and hair designers can extend their career through the hiring of shampoo technologists. One of the common problems experienced by older cosmetologists and hair designers is back pain while leaning over the shampoo



bowl to provide shampoo services to their clients. When their clients are serviced by a person who is specialized in providing shampoo services and eliminate the bending motion that inflicts pain on them, they are able to extend their cosmetology career. This is proven with empirical evidence from other states where shampoo technologists are allowed to practice.

3. The ability for existing licensed cosmetologists, hair designers, aestheticians, and nail technologists to receive a limited license will open up a large amount of business that is currently being performed illegally by either licensed or unlicensed persons. A licensed cosmetology professional who receives a limited license will be able to legally and safely perform limited cosmetology services at a wide variety of venues for a diverse number of events. Some of these events include weddings, proms, fairs, festivals, conventions, seminars, and other celebrations. The venues include, but are not limited to, wedding chapels, hotels, resorts, convention centers, offices, public buildings, private buildings, and homes. The events and venues available to a licensee who holds a limited license will provide a significant potential source of income that would otherwise be unavailable to any licensee. The 84,000 weddings held annually in Las Vegas alone will provide an opportunity to provide services for these events that does not exist prior to the proposed regulations.
4. The ability for a registered makeup artist to practice within a licensed cosmetological establishment will provide a working venue unavailable prior to the proposed regulations. The makeup artists working as independent contractors and the cosmetological establishments where they will be working will benefit from the ability to provide makeup services without the extensive training required to become a licensed aesthetician. This will provide a benefit of having a low cost of entry for an occupation with a significant earning potential.
5. The proposed regulations will allow, but not require, licensees to attend advanced training courses, continuing education courses, or seminars offered by, but not limited to, manufacturers, vendors, distributors, schools, conferences, conventions, online information providers, or cosmetological establishments. This will provide licensees the opportunity to learn post licensure skills from a wide variety of educational resources outside of a traditional licensed cosmetology school. The licensees will be able to keep abreast of the latest techniques and chemicals to provide contemporary services to the public which should enhance their ability to increase their compensation.
6. The proposed regulations will allow cosmetologist students to achieve licensure with 200 less hours than currently required. This will provide the benefit of entering the workforce sooner and with less student debt. Based on a typical 40 hour training week the cosmetologist students will be eligible for licensure 5 weeks earlier.



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7. The proposed regulations will allow all licensees to receive a 4 year license if they choose to. This will reduce the administrative cost of submitting the information for a license and also remove the chance of the licensee being cited for operating with an expired license for a 4 year time frame.
 8. The proposed regulations will reduce the costs for opening and operating a specialty cosmetology school. The regulations are being modified to require only the square footage, students, equipment, and curriculum for the types of cosmetology license training that are being offered at the school. Prior regulations required all schools to provide the square footage, students, equipment, and curriculum for every license type whether it was offered at the school or not. The curricula were updated to reflect the current training requirements from the National Interstate Council of State Boards of Cosmetology which ensures the students are being taught the subject matter that will be a part of the national examination for licensure.
 9. The regulations for apprentice programs were expanded to include the requirements for hair designer apprentices, aesthetician apprentices, and nail technologist apprentices. This will provide a benefit for those persons who live more than 60 miles from a licensed school of cosmetology and wish to receive training to enter the cosmetology profession. The benefit will be to allow persons living in the rural areas of the state to train in a location near their residence rather than traveling long distances or having to relocate in order to receive training.
 10. The proposed regulations will provide for registered shampoo technologists, makeup artists, and threaders to practice within a licensed cosmetological establishment. This will provide an opportunity for the registrants to work within a licensed establishment and allow the cosmetological establishment owner the ability to diversify the services offered in their business.
 11. The removal of the requirement for dry fumigants will protect the health and safety of all licensees. The use of dry fumigants contains chemicals that do not provide a sufficient level of protection for the instruments and may have detrimental health effects for the licensees.
 12. The inclusion of contemporary foot spa procedures will be beneficial to the licensees in demonstrating clean, safe procedures to their customers. There are no incremental costs involved as the procedures can be accomplished between clients and at the end of the work day. These procedures have been approved by the EPA and field tested for effectiveness.
 13. The listing of banned devices will reduce the liability of the licensees who will no longer be using devices. This will provide both the cosmetological establishment owner and the licensees with reduced liability.
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14. The proposed regulations in NAC 644.700 define new citations and fines that will protect licensees from the unfair business practices of those who violate the laws and regulations found in Chapter 644 of the Nevada Revised Statutes and the Nevada Administrative Code. The ability for licensees to practice without the unfair competition of those licensed and unlicensed practitioners is a benefit to all licensees who obey the laws and regulations.

Adverse Impacts

The proposed regulations will not provide any material adverse impacts on the businesses regulated by them. The Board's analysis of these adverse impacts found all of them to be de minimis to the operation of the business. The minor business impacts are:

1. The shampoo technologist will be required to pay a fee of \$25 per year. The Board performed a very conservative analysis of the typical shampoo technologist workload. Based on empirical evidence gathered from practitioners in other states a conservative estimate would be for a shampoo technologist to perform services for 3 clients per hour during an 8 hour work day for a total of 24 clients per day. The Board reduced this number to 20 clients per day to use a very conservative estimate. Based on an average of 5 work days per week and 50 work weeks per year the total number of clients serviced by a shampoo technologist would be 20 clients/day X 5 work days/week X 50 work weeks/year = 5,000 clients per year. If you divide the number of clients by the annual cost of the license the cost per client is \$25 license per year / 5,000 clients per year = \$0.005 per client. The cost of one half cent per client was considered de minimis to the shampoo technologist.
2. The registered threader will be required to pay a fee of \$25 per year. The Board performed a very conservative analysis of the typical threader. Based on a Board estimate for a threader to perform services for 3 clients per hour during an 8 hour work day for a total of 24 clients per day. The Board reduced this number to 20 clients per day to use a very conservative estimate. Based on an average of 5 work days per week and 50 work weeks per year the total number of clients serviced by a threader would be 20 clients/day X 5 work days/week X 50 work weeks/year = 5,000 clients per year. If you divide the number of clients by the annual cost of the license the cost per client is \$25 license per year / 5,000 clients per year = \$0.005 per client. The cost of one half cent per client was considered de minimis to the threader.
3. The registered makeup artist will be required to pay a fee of \$25 annually. The Board performed a very conservative analysis of the typical makeup artist. Based on a Board estimate for a makeup artist to perform services for 2 clients per hour during an 8 hour work day for a total of 16 clients per day. The Board reduced this number to 15 clients per day to use a very conservative estimate. Based on an average of 5 work days per



week and 50 work weeks per year the total number of clients serviced by a makeup artist would be 15 clients/day X 5 work days/week X 50 work weeks/year = 3,750 clients per year. If you divide the number of clients by the annual cost of the license the cost per client is \$25 license per year / 3,750 clients per year = \$0.007 per client. The cost of seven tenths of one cent per client was considered de minimis to the makeup artist.

4. The proposed removal of banned devices will provide an economic impact to those who used the illegal devices as a part of their delivery of services. It is difficult to estimate the severity of the impact of the removal of these devices, but the revenues generated were from illegal activities which should never have been delivered. Removing these banned devices may provide a significant economic impact to those using these devices, but there will be no economic impact to any licensee who provides services within their legal scope of services with devices that are approved for use in cosmetological establishments.

Impact on Public by the Proposed Regulations

Beneficial Impacts

The proposed regulations will provide several significant beneficial impacts for the public. The positive impacts will provide for the following:

1. The public will be able to receive specialized shampoo services from shampoo technologists who are trained specifically to perform these services. The public will be able to receive these services through a lower cost provider since they do not require the training of a licensed cosmetologist or hair designer. This should lower the cost of the shampoo service, in theory.
2. The public will be able to continue to receive hair services from their chosen licensed cosmetologists and hair designers who may have their career extended through the utilization of shampoo technologists.
3. The public will be able to receive limited cosmetology services outside of a license cosmetological establishment. This will allow persons who require these limited services to safely receive them from licensed cosmetology professionals instead of from unlicensed persons who have not been properly trained in sanitation and infection prevention.
4. The public will be able to receive makeup services from a registered makeup artist who is practicing within a licensed cosmetological establishment. The public will be able to receive these services through a lower cost provider since they do not require the training of a licensed cosmetologist or aesthetician. This should theoretically lower the cost of the makeup service.



5. The public will be able to receive services from licensed cosmetology professionals who have been allowed to train in advanced techniques in venues outside of a traditional licensed cosmetology school. The proposed changes will ensure that these advanced techniques and services will continue to be provided by licensed cosmetology professionals who have been trained in sanitation and infection prevention.
6. The proposed regulations will reduce the costs for opening and operating a specialty cosmetology school. This should allow members of the public who wish to become students a less expensive alternative to receive a cosmetology education within a specialty license
7. The public will benefit from the proposed regulations for apprentice programs that are proposed to be expanded to include the requirements for hair designer apprentices, aesthetician apprentices, and nail technologist apprentices. In those areas that are located outside of metropolitan areas that may not be readily serviced by all cosmetology license types, the proposed changes will allow for persons living in a community to get trained within the community.
8. The inclusion of contemporary foot spa procedures will be beneficial to the public who utilized these services. The sanitation and infection prevention techniques developed by the EPA and proposed for inclusion in the regulations provide a significant health benefit to the public.
9. The proposed regulations requiring the removal of banned devices will significantly protect the health and safety of the public. The use of dangerous devices by persons who are not properly trained and licensed in the use of these devices poses a dangerous and potentially deadly scenario for an unsuspecting public.
10. The proposed regulations in NAC 644.700 define new citations and fines that will protect the public from receiving services that are either illegal or unlicensed persons from performing illegal services on the public.

Adverse Impacts

The proposed regulations will not provide any material adverse impacts on the public. The Board's analysis of these adverse impacts found all of them to be de minimis to the public. The minor public impacts are:

1. The shampoo technologist registration fee will add a nominal cost of one half of one cent to the cost of the services provided by the registrant. This was considered de minimis to the public.
2. The threader registration fee will add a nominal cost of one half of once cent to the cost of the services provided by the registrant. This cost was considered de minimis to the public.

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3. The makeup artist registration fee will add a nominal cost of seven tenths of one cent to the cost of the services provided by the registrant. The cost was considered de minimis to the public.

Summary

Based on the analysis performed by the Board there were no significant small business impacts found to be caused by the proposed regulations. The analysis also indicated that there would be no significant impact to businesses or the public by the passage of the proposed regulations. To the best of my knowledge and belief the information contained in this document was prepared properly and is accurate.

A handwritten signature in cursive script, reading "Gary K. Landry".

Gary K. Landry
Executive Director
Nevada State Board of Cosmetology

6/20/15

Date: 06-20-2015