

**Opposition Testimony to HB 542
Before the Senate Government Oversight and Reform Committee
Patrick J. Thompson
November 30, 2022**

To: Chairman Roegner, Vice Chairman McColley, Ranking Member Craig and Members of the Senate Government Oversight and Reform Committee.

My name is Patrick J. Thompson, and I am writing to offer my strong opposition to House Bill 542, as amended by this Committee.

I have been involved in the beauty industry for over 25 years. I have experience in almost every aspect of the beauty and cosmetology industries, including education, sales, manufacturing, distribution and retail and salon/spa operations. My professional experience includes serving as the Vice President of Sales and Education and Vice President of Salon/Spa Development for Aveda Corporation, a division of the Estee Lauder Companies, and as General Manager and General Counsel for Fredric's Corporation, an Ohio-based distributor of beauty products. In 2004, I left the corporate world to fulfill a life-long dream to become an entrepreneur. I currently am the owner of two Nurtur Salons in Columbus, Ohio, the Aveda Institute Columbus, a cosmetology school located on Bethel Road in Columbus, the Aveda Fredric's Institute in West Chester, Ohio, and Nurtur Holdings LLC, based in Loveland, Ohio, which owns 3 other Aveda Institutes in Indiana and North Carolina. These Ohio-based businesses employ over 240 team members, of which the majority are licensed professionals, and most of whom reside and pay taxes in the State of Ohio.

I respectfully ask that you consider my experience and credentials in reviewing my testimony and when casting your vote on this bill, as amended.

I am strongly opposed to the amendments to HB 542 in all aspects. However, I would like to address a few key issues that cause me the greatest concern. They include: 1) lack of evidence supporting that the reduction in hours is in the best interest of the student or leads to better education and employment outcomes; 2) the negative impact on the portability of an Ohio cosmetology license; 3) the increased financial burden on small business; 4) the disproportionately negative impact on women; and 5) the negative impact on low income students.

LACK OF EVIDENCE SUPPORTING THAT REDUCTION OF HOURS IS IN THE BEST INTEREST OF THE STUDENT OR LEADS TO BETTER EDUCATION AND EMPLOYMENT OUTCOMES

A cosmetology license in the State of Ohio is a bundled license, consisting of a hair design license (currently 1200 hours), an esthetician's license (currently 600 hours) and a manicuring license (currently 200 hours). The Bill seeks to reduce significantly the number of clock hours required for licensure as a cosmetologist from 1500 to 1000 hours. However, the reduction in hours is not backed by any research or definitive studies that conclude that the reduced number of hours will lead to better educational or employment outcomes.

In fact, the two major curriculum providers to the cosmetology school industry, Pivot Point and Milady's, have withdrawn their support from the Future of the Beauty Industry Coalition, the group formed to advocate for the change to a 1000-hour curriculum nationwide. Both Pivot Point and Milady's have concluded, like 46 other states, that 1000 hours are not a sufficient number of hours to ensure the requisite skill set for licensure and success in the field of cosmetology. Likewise, Steve Sleeper, the Executive Director of the Professional Beauty Association, recently testified against House Bill 2476 in Arizona, a similar bill to HB 542 introduced

in Arizona and aimed at reducing the number of hours required for cosmetology licensure in Arizona to 1000 hours.

Even where cosmetology students are offered the opportunity to participate in a competency-based curriculum such as in Oregon, the average student takes between 1400 and 1600 hours to complete a full cosmetology curriculum. Academic and industry experts involved in this pilot program in Oregon conducted under the supervision of the Department of Education have concluded that a competency-based curriculum would result in most graduates taking 1500 hours to complete the full cosmetology curriculum consisting of hair, skin and nails. Curriculum experts and Industry experts agree that 1000 hours is not enough education to produce a cosmetologist with all of the necessary competencies to ensure long-term success in the industry.

Most persuasive is the fact that average incomes of recent graduates in states with 1500 hours or more exceed average incomes of recent graduates from New York and Massachusetts, two 1000-hour states, by 50-100%. Professional cosmetology and beauty industry experts and the data conclusively demonstrate that 1000 hours is simply not enough education to ensure acceptable educational and employment outcomes.

The proponents of HB 542 have not offered any evidence to support that a 1000-hour cosmetology course would lead to better educational or employment outcomes for cosmetology students. In fact, the proponents have not offered any testimony from any academic professionals or from the very students who would be most directly impacted if HB 542 were to pass.

I ask you to consider the negative impact on the quality of student education and student income outcomes that will result if HB 542 is passed. Ohio would move from one of the leaders in quality of education and outcomes in the cosmetology industry to the bottom like New York and Massachusetts, where students graduating cosmetology school are forced to work under the supervision of a master stylist for 2 years before being eligible for a full cosmetology license.

NEGATIVE IMPACT ON PORTABILITY OF AN OHIO COSMETOLOGY LICENSE

As previously stated, the Bill seeks to reduce significantly the number of clock hours required for licensure as a cosmetologist from 1500 to 1000 hours. Currently, a newly licensed cosmetologist in the State of Ohio can seek licensure in 35 states without the need of investing in any additional education. If HB 542 becomes law, newly licensed cosmetologists in the State of Ohio would be left with being able to transfer to only 5 states - New York, Massachusetts, California, Texas, Vermont. HB 542 is hardly a "common-sense" reform as alleged by the proponents if newly licensed Ohio cosmetologists can seek employment in only 5 states versus 35.

INCREASED FINANCIAL BURDEN ON SMALL BUSINESS

Nearly two-thirds of salons and spas are small, independently owned entrepreneurial businesses that employ less than 5 people and operate on an incredibly modest profit margin of less than 10%. All of these businesses were deeply impacted by the COVID-19 Pandemic. HB 542 would force these small, independent businesses to absorb an additional cost of between \$5,500 and \$8,000 per new hire to replace the training that is now provided to each newly licensed cosmetologist in the State of Ohio. The average salon or spa is not in a financial position, particularly as they recover from the destructive impacts of COVID-19 to bear the burden of the increased training that would be required if the hours for each professional license were decreased. Even most larger salons and spas would not be in a position to absorb these increased costs, especially after suffering the effects of the loss of business and being subject to forced shutdowns and occupancy restrictions during the last few years. The proponents of HB 542 are owners, franchisees, or officers of large, chain salon operations that stand to benefit from the demise of the small, independently owned salon and spa that is not able to bear the increased financial burden of educating its professional staff for up to 500 additional hours.

DISPROPORTIONATELY NEGATIVE IMPACT ON WOMEN TO THE BENEFIT

The professional beauty industry is dominated by female workers and owners. Nearly 95% of beauty professionals and 85% of licensed cosmetologists are women, while women represent only 47% of the workers in all US industries. Likewise, women own 61% of independent salons, whereas women own only 30% of businesses in all private sectors. While the proponents of HB 542 argue that the “common-sense reforms” proposed in HB 542 are necessary to position the Ohio cosmetology industry for survival, the truth is that HB 542, if passed into law, will result in the closing of numerous female-owned businesses and in less choice for Ohio female licensees who currently are free to relocate to 35 other states.

Contrary to what the proponents allege, HB 542 is not legislative reform “necessary to position the Ohio cosmetology industry for survival.” Instead, it is an attempt by the proponents and the large chain salons to use legislation to advance their own interests and harm smaller and independent competitors already suffering as a result of the COVID-19 Pandemic and the increased costs due to record inflation. The unintended consequence of this legislation, if passed, would result in an uneven playing field, allowing the large chain salons to be the “winners” and the small salons and spas and the independent stylists who go straight from cosmetology school to behind the chair to be the “losers.”

NEGATIVE IMPACT ON LOW INCOME STUDENTS

Currently, low-income cosmetology students who are eligible for federal Pell grants receive \$11,492 in grant money that does not have to be repaid. Likewise, low-income barbering students are eligible for \$13,790 in federal Pell grants. If HB 542 were to become law in Ohio, low-income cosmetology students would lose \$3,831 in Pell grants and low-income barbering students would lose \$6,129. One of the arguments that the proponents argue for passage of HB 542 is that the proposed law would reduce student debt. This would not be the case for those students demonstrating the highest need for financial aid as one of the unintended consequences of the passage of HB 542 is that federal Pell grants for low-income Ohio students would be reduced by up to 44.4%.

SUMMARY

In summary, if passed, House Bill 542, as amended, has at least four unintended consequences. One, it will foreclose students from pursuing salon ownership as an independent owner directly out of cosmetology school and leave students seeking to open their own business unprepared for success in the career. Second, it will increase the training burden on small businesses already struggling to recover from the devastating impacts of COVID-19 and record inflation. Third, it will increase the debt burden on students and reduce the amount of Pell Grants available to those most truly in need. Finally, it will result in the legislature “picking winners and losers,” as the Bill is designed to benefit large chain salon corporations and their franchisees instead of small and independent business operators.

Finally, I ask you to consider one question – when is less education more beneficial to a student seeking to become a professional?

Respectfully submitted,

/s/ PATRICK J. THOMPSON

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BREAKDOWN OF FINANCIAL IMPACT ON PELL GRANTS AND DIRECT LOAN AMOUNTS* FOR ELIGIBLE STUDENTS IF HOURS FOR COSMETOLOGY AND BARBERING ARE REDUCED TO 1000 HOURS

Cosmetology - Independent 0 EFC			
	1500 Hours	1000 Hours	Difference - Reduction
Pell Grant	\$11,492	\$7,661	(\$3,831)
Direct Loans	\$16,500	\$10,667	(\$5,833)

Barbering - Independent 0 EFC			
	1800 Hours	1000 Hours	Difference - Reduction
Pell Grant	\$13,790	\$7,661	(\$6,129)
Direct Loans	\$20,000	\$10,667	(\$9,333)

*2022-23 Data

Interest on Direct Loans

4.99% for Direct Subsidized and Unsubsidized Loans

Career Training Smart Option Student Loan through Sallie Mae:

Variable rates 4.62% - 14.96% APR

[The Sallie Mae Smart Option Student Loan](#)