Professional Beauty Employment Coalition

Dec 11, 2023

Chairwoman John, Vice Chair Dean, Ranking Member Brennan and members of the Ohio House State and Local Government Committee, my name is Frank Zona. I am submitting testimony on behalf of the Professional Beauty Employment Coalition. PBEC is an association of beauty industry employers from various states who share common interests on employment topics such as workforce development, occupational licensure, and worker classification.

I offer this testimony not only as an association representative, but as a third-generation salon and barbershop owner with three family-run locations in Massachusetts. Over the last 125 years, my family has owned and operated barbershops, salons, and a school. I attended cosmetology school using a student loan after my father had exited the school business. I have served on a state board. I serve in various government affairs roles both inside and outside the professional beauty industry. I've testified to Congress on occupational licensure and, separately, tip income compliance.

Our organization supports licensing reforms that reduce barriers to entry. This includes reducing unnecessary program lengths. We attempt to provide some high-level workforce points that we hope will lead to informed debate and good public policy:

- 1. Licensing affects nearly 3 out of 10 workers in the United States, making it one of the most important labor topics in the entire economy. It affects more workers than minimum wage and unionization combined. Because licensing affects nearly *100%* of the beauty workforce and involves billions of dollars of public funds, industry employers play a crucial role in helping lawmakers make informed decisions related to entry into the industry.
- 2. Licensing often restricts employment more than is necessary for public safety. This is welldocumented and is among the reasons occupational licensing has become a priority across three presidential administrations, the National Council of State Governments, the NGA, and countless non-partisan research and advocacy groups¹. It's one of the few areas of public policy today where lawmakers generally agree.
- 3. Excessive requirements make access to the formal industry more difficult than it needs to be, fostering a large and often undocumented informal sector that operates outside regulatory frameworks. Informal activity results in lower formal earnings and raises concerns around workforce protections and public safety².

¹ <u>https://www.ncsl.org/labor-and-employment/the-national-occupational-licensing-database</u>

² https://www.minneapolisfed.org/-/media/assets/papers/community-development-working-papers/2023/occupational-licensing-as-a-barrier-toentry-for-immigrants.pdf

- 4. Arguments that 1000 hours states face more consumer safety issues are false. The evidence of public safety being achieved in 1000-hour states is the time-tested existence of 1000-hour states. New York and Massachusetts are 1000-hour states. Neither state has increased education hours based on public safety or any other reason.
- 5. Arguments that correlate lower hour states to lower earnings are false. This was made clear in 2017 when the American Association of Cosmetology Schools sued the US Dept of Education for its Gainful Employment Rule, arguing that schools should not be held accountable for the earnings of graduates because graduates underreport their income³. They won their case and in doing so emphasized an income underreporting problem that makes earnings data unreliable.
- 6. Cosmetology education is among the most scrutinized segments of higher education due to its overwhelming reliance on students who use federal financial aid to pay for tuition. If the new Gainful Employment Rule were implemented today, 98% of cosmetology programs would not pass⁴. While schools are likely to sue again, it's hard not to imagine (and prepare for) a new education landscape involving less public money and less appetite for lengthy programs.
- 7. Schools don't help the situation by labeling "chain" or "franchise" employers as antieducation. No employer benefits from an unprepared workforce, and its chain *school* actions that have required millions of dollars of taxpayer forgiveness to students who the government deemed were misled by education groups⁵. Now is the time to recognize the role of all employers in providing formal payroll earnings.
- 8. Universal license recognition among states makes common sense, making it easier for people with relevant experience to find formal employment. This type of reform is particularly essential to consumers, workers, and employers who operate near state borders.

In closing, we believe that consumers and professionals experience the industry the same no matter the state or the difference in hours. Federal policymakers seem to agree, raising the question of who will be paying for longer programs in the future.

Respectfully,

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³ https://www.govinfo.gov/content/pkg/USCOURTS-dcd-1_17-cv-00263/pdf/USCOURTS-dcd-1_17-cv-00263-0.pdf

⁴ <u>https://tcf.org/content/report/cosmetology-training-needs-a-make-over/?session=1</u>

⁵ https://www.ed.gov/news/press-releases/department-education-approves-borrower-defense-claims-related-three-additional-institutions