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Senate Bill 702 (as enacted)
Sponsor: Senator Sam Singh
Senate Committee: Regulatory Affairs
House Committee: Regulatory Reform

PUBLIC ACT 78 of 2024

Date Completed: 10-15-24

RATIONALE

The U.S. Department of Education adopted rules that, beginning July 1, 2024, require that cosmetology students be eligible for Federal financial aid only up to and for the number of hours of training that the State requires for licensure. According to testimony before the Senate Committee on Regulatory Affairs, while statute previously required only 400 hours of training for a manicurist to receive a license, some large educational institutions in the State require 600 hours of training to complete their programs. These educational institutions claim that 600-hour programs result in better qualified employees and higher wages in the workforce. Under the new rules, students would not have received Federal financial aid for training after the first 400 hours previously required by statute. Testimony also indicated that Federal financial is important to Michigan's cosmetology industry because over 80% of Michigan's cosmetology students receive Pell Grants, which are awarded to students who display exceptional financial need. Accordingly, it was suggested that the State increase the number of hours required for licensure to the number of hours required by some educational programs in the State to ensure that cosmetology students do not lose Federal financial aid or access to a quality education.

CONTENT

The bill amended the Occupational Code to increase the number of hours of training required to receive an occupational license for cosmetology instructors, manicurists, and estheticians.

The bill took effect on July 8, 2024.

The Code requires the Department of Licensing and Regulatory Affairs (LARA) to issue a license as a cosmetology instructor to an individual who meets all the following requirements:

- Is of good moral character.
- Has a high school diploma or its equivalent.
- Is licensed as a cosmetologist under the Code.
- Has at least three years of practical experience in natural hair cultivation, hair care services, skin care services, and manicuring services, at least one year of which must be in a cosmetology establishment.
- Has passed an examination approved by LARA.

Additionally, the Code previously required an individual to complete at least 500 hours of instructor training. Instead, the bill requires an individual who begins instructor training on or after July 1, 2024, to complete at least 600 hours of instructor training.

The Department is required to issue a license as a manicurist to an individual who fulfills all the following:

- Is at least 17 years of age.
- Is of good moral character.
- Has had an education equivalent to the completion of the ninth grade.
- Has passed an examination prescribed by LARA.

Additionally, the Code previously required an individual to complete at least 400 hours of training, either in a licensed school of cosmetology or as an apprentice for at least six months in a licensed cosmetology establishment where manicuring is practiced. Instead, the bill requires an individual who begins training on or after July 1, 2024, to complete at least 600 hours of such training.

The Department is required to issue a license as an esthetician to an individual who fulfills all the following:

- Is at least 17 years of age.
- Is of good moral character.
- Has had an education equivalent to the completion of the ninth grade.
- Has passed an examination prescribed by LARA.

Additionally, the Code previously required an individual to complete at least 400 hours of training, either in a licensed school of cosmetology or as an apprentice for at least six months in a licensed cosmetology establishment where manicuring is practiced. Instead, the bill requires an individual who begins training on or after July 1, 2024, to complete at least 750 hours of such training.

MCL 339.1206 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Well-trained cosmetologists, manicurists, and estheticians benefit Michigan's economy. According to testimony before the Senate Committee on Regulatory Affairs, about 3,200 students annually in Michigan are trained in these three beauty industries. Of those 3,200 students, 85% to 95% become employed in Michigan after graduation, directly benefiting the Michigan economy. Testimony also indicated that if the bill were not passed, nearly 50% of students in these three beauty industries would face financial barriers to accessing necessary training programs. Currently, Michigan is experiencing a worker shortage in the salon industry, and the loss of 50% of Michigan's beauty students would only exacerbate the existing shortage. This would slow down many of the positive benefits that cosmetologists, manicurists, and estheticians provide to the Michigan economy, and so the bill should have been passed.

Opposing Argument

The bill fails to make the cost of education more affordable for esthetician, manicurist, and cosmetology instructor students; instead, raising the required minimum training hours for licensure will likely result in educational institutions raising tuition and fees by a proportionate amount, making programs less affordable for students. According to testimony submitted to the House Committee on Regulatory Reform, longer programs cost more and produce no tangible benefit to the graduate, including no difference in earnings. Additionally, increasing program hours may cause the costs of the program to increase more than the financial aid to the program. While the bill will maintain esthetician, manicurist, and cosmetology instructor students as eligible for Pell Grants, if tuition and fees increased by a proportionate amount to

the required minimum training hours for these students, tuition and fees will increase more than Pell Grants would cover, resulting in the program becoming more expensive for the student. Since not all students are covered by Pell Grants, students that do not receive this Federal funding will incur more student debt. Rather than increase the minimum hours for licensure, they should be lowered to make the cost of education more affordable for students.

Licensing requirements for estheticians, manicurists, and cosmetologists have a history of being financial barriers in the beauty industry. Increasing the number of education hours to obtain licensing in the State likely will exacerbate several barriers currently present in the industry. Firstly, according to testimony submitted to the House Committee on Regulatory Reform, licensing requirements tend to disproportionately exclude minorities, increase income inequality, and decrease economic mobility in the industries. Secondly, only one-third of beauty school students graduate on time, resulting in beauty school graduates taking on more student debt. Many beauty school graduates also do not make enough income after graduation to cover the costs of their student debt. Finally, due to the downsides of increased licensing requirements for the beauty industry, many other states have campaigned to reduce licensing requirements. Since 2012, 19 states have decreased licensing requirements for cosmetologists; since 2017, six states have decreased education hours for estheticians and five states have decreased education hours for manicurists. Passing the bill resulted in Michigan breaking away from the national trend that beauty industry licensing requirements should be decreased to benefit beauty school graduates. Minimum licensing requirements for the beauty industry should not have been increased to protect students from these harmful consequences.

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.