

State Budget Office
Office of Regulatory Reinvention
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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RISCBA)**

PART 1: INTRODUCTION

Under the Administrative Procedures Act (APA), 1969 PA 306, the agency that has the statutory authority to promulgate the rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) at orr@michigan.gov no less than 28 days before the public hearing.

1. Agency Information

Agency name:	Licensing and Regulatory Affairs		
Division/Bureau/Office:	Bureau of Professional Licensing		
Name, title, phone number, and e-mail of person completing this form:	Rick Roselle Senior Policy Analyst 517-335-1769 roseller1@michigan.gov		
Name of Departmental Regulatory Affairs Officer reviewing this form:	Liz Arasim Department of Licensing and Regulatory Affairs		

2. Rule Set Information

ORR assigned rule set number:	2018-065 LR
Title of proposed rule set:	Barbers – General Rules

PART 2: KEY SECTIONS OF THE APA

24.207a “Small business” defined.

Sec. 7a. “Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated, and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.

24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).

Sec. 40. (1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

- (a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
 - (b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
 - (c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
 - (d) Establish performance standards to replace design or operational standards required in the proposed rule.
- (2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.

(3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:

- (a) 0-9 full-time employees.
- (b) 10-49 full-time employees.
- (c) 50-249 full-time employees.

(4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.

(5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

MCL 24.245 (3) Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** which shall contain specific information (information requested on the following pages).

[**Note:** Additional questions have been added to these statutorily-required questions to satisfy the **cost-benefit analysis** requirements of Executive Order 2011-5].

MCL 24.245b Information to be posted on office of regulatory reinvention website.

Sec. 45b. (1) The office of regulatory reinvention shall post the following on its website within 2 business days after transmittal pursuant to section 45:

- (a) The regulatory impact statement required under section 45(3).
 - (b) Instructions on any existing administrative remedies or appeals available to the public.
 - (c) Instructions regarding the method of complying with the rules, if available.
 - (d) Any rules filed with the secretary of state and the effective date of those rules.
- (2) The office of regulatory reinvention shall facilitate linking the information posted under subsection (1) to the department or agency website.

PART 3: AGENCY RESPONSE

Please provide the required information using complete sentences. **Do not answer any question with “N/A” or “none.”**

Comparison of Rule(s) to Federal/State/Association Standards:

1. Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

Each state establishes its own requirements with respect to barbers. There are no parallel federal rules or standards set by a state or national licensing agency or accreditation association.

A. Are these rule(s) required by state law or federal mandate?

The rules are required to be promulgated under state law by MCL 339.205, 339.308, 339.1110, and 339.1112 and by Executive Reorganization Order Nos. 1991-9, 1996-2, 2003-1, 2008-4, and 2011-4, MCL 338.3501, 445.2001, 445.2011, 445.2025, and 445.2030.

B. If these rule(s) exceed a federal standard, identify the federal standard or citation, describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The rules do not exceed a federal standard or law.

2. Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

Each state in the Great Lakes region is responsible for implementing its own laws and rules pertaining to barbers. Each Great Lakes state has statutory provisions allowing for administrative regulations pertaining to barber sanitation requirements. In addition, each Great Lakes state, except New York, has statutory provisions that establish the minimum number of training hours that licensed barber schools must provide, which cannot be reduced through administrative regulation. However, each state, except New York, has statutory provisions that allow administrative regulations for establishing subjects that must be included in the minimum training hours. New York law allows barber schools to determine the required number of hours of training and required subjects.

Michigan: The proposed rules provide the following changes:

R 339.6031: This rule pertains to sanitation requirements of a premises used by a licensee. The proposed rule adds work surfaces among areas that must be kept clean, allows the use of plastic bags in waste containers and requires keeping waste containers covered, and prohibits locating a washbasin that is used to satisfy the sanitation requirements under the rules in a restroom or out of view of the work area where services are performed on patrons.

R 339.6033: This rule pertains to sanitation requirements of tools and equipment. The proposed rule removes a reference to the Michigan Department of Public Health and replaces the United States Department of Agriculture with the United States Environmental Protection Agency (EPA) as the federal agency used for determining registration of chemical that are acceptable for sanitizing tools and equipment. The proposed rule also requires maintaining tools and equipment in a sanitary and safe condition and storing certain tools and equipment in covered containers.

R 339.6037: This rule pertains to patron protection requirements. The proposed rule requires disposing of used cloth neck strips in covered containers.

339.6041: This rule pertains to barber college construction standards and required equipment. The proposed rule requires adequate toilet facilities to meet the needs of the number of enrolled students while eliminating design requirements pertaining to separate facilities for men and women, lighting and ventilation, and water supply. In addition, the proposed rule removes requirements for barber schools to provide a chalkboard, a chart of the skin and hair, and a standard dictionary and medical dictionary.

R 339.6047: This rule pertains to curriculum requirements of a barber college. The proposed rule adds state board examination preparation as a new subject and adjusts the required theory and practical hours of various subjects. The proposed rule also clarifies that a total of 1,800 hours of training is required, which is the minimum amount required under statute.

Illinois: Barbershops must maintain clean work stations and use covered waste containers. Barbershops must provide licensees with running hot and cold water for sanitation, the source for which cannot be located in the restroom. Licensees must use chemicals registered by the EPA and store tools and equipment that come in contact with clients separate from used items. However, storage in covered containers is not required. Licensees must dispose of used neck strips after each use. Barber schools are not required to provide a chalkboard, a chart of the skin and hair, or a standard dictionary or medical dictionary. Barber schools are required to provide two restrooms, but Illinois' barber regulations do not impose other restroom construction requirements. Barber schools must provide a minimum of 1,500 hours of theory and practical training in subjects listed under Illinois' barber regulations, but state board examination and preparation is not a required subject.

Indiana: Barbershops must maintain clean furniture, equipment, tools, utensils, floors, walls, and ceilings. Although, Indiana's barber regulations do not specifically list work surfaces. There are no requirements pertaining to waste containers or access to washbasins. Licensees must sterilize all instruments. However, Indiana does not require the use of specific chemicals for sterilizing or require storing instruments in covered containers. Indiana does not provide regulations pertaining to the disposition of used neck strips. Barber schools must provide a blackboard, a chart of the skin and hair, and one standard dictionary and one medical dictionary. Barber schools must provide restrooms for men and women, but Indiana's barber regulations do not impose other restroom construction requirements. Barber schools must provide 1,500 hours of theory and practical training in subjects listed under Indiana's barber regulations, but state board examination and preparation is not a required subject.

Minnesota: Barbershops must maintain clean walls, ceilings, and furniture. Although, Minnesota's barber regulations do not specifically list work surfaces. There are no requirements pertaining to waste containers. Barbershops must provide a sink in each room, booth, stall, compartment, or immediate area in which barbers work and provide each barber with free access to the sink without obstruction from other chairs, partitions, wall dividers, or other barriers. Licensees must sanitize items that come in contact with the head, neck, or face using a bactericide solution. The bactericide solution does not have to contain chemicals registered by any agency or organization. Sanitized items must be stored in closed compartments provided and used for sanitized items. Used neck strips must be disposed in containers for soiled towels. Barber schools must provide a chart of the skin and hair but not a chalkboard, standard dictionary, or medical dictionary. Barber schools must provide restrooms for men and women, but Minnesota's barber regulations do not impose other restroom construction requirements. Barber schools must provide 1,500 hours of theory and practical training in a curriculum filed with the Minnesota Board of Barber Examiners. Minnesota does not require a subject pertaining to state board examination and preparation.

New York: Licensed barber shop owners must maintain clean and sanitary conditions in the barber shop. Although, New York's barber regulations do not specifically list work surfaces. Barber shop owners must maintain covered waste containers and provide an adequate supply of hot and cold water, but there are no restrictions pertaining to the location of the water source. Licensees must clean tools that come in contact with customers using a soap, detergent, or other equally efficient disinfectant, which does not have to be registered by the EPA. Licensees must keep tools clean and sanitary at all times but are not required to store them in covered containers. New York does not provide regulations pertaining to the disposition of used neck strips. Barber schools are not required to provide a chalkboard, a chart of the skin and hair, or a standard dictionary or medical dictionary. Barber schools are required to provide restrooms, but New York's barber regulations do not impose other restroom construction requirements. Barber schools are permitted to determine their own curriculum and training hour requirements.

Ohio: Barbershops must maintain a clean interior and exterior. Although, Ohio's barber regulations do not specifically list work surfaces. Barbershops are required to use covered waste containers and provide licensees with access to hot and cold water within 5 feet of each barber chair. Licensees must sanitize tools that come in contact with human skin or hair by using chemicals specifically listed in Ohio regulations or germicidal sanitizing solutions approved by the EPA. Licensees must store sanitized tools in covered containers. Ohio does not provide regulations pertaining to the disposition of used neck strips. Barber schools must provide a chalk board but not a chart of the skin and hair or dictionaries. Barber schools are required to provide separate toilet facilities for men and women with at least two toilets in each restroom with dividers between each toilet. Barber schools are required to provide 1,800 hours of theory and practical hours in subjects listed under Ohio's barber regulations Ohio, but state board examination preparation is not a required subject.

Pennsylvania: Barbershops must be kept in a sanitary condition. Although, Pennsylvania’s barber regulations do not specifically list work surfaces. Barbershops must provide a covered waste container for each barber chair and provide running hot and cold water at a convenient point within each barber shop. Licensees must sanitize tools that come in contact with a patron’s skin, scalp, or hair using a disinfectant registered by the EPA. Sanitized tools must be stored in closed containers. Towels placed around the neck to prevent hair cloths from touching the skin must be discarded in a receptacle. Barber schools must provide a blackboard, a chart on the skin, bones, muscles, nerves, and circulatory system, and one medical dictionary but not a standard dictionary. Barber schools must provide one lavatory for men and one for women, but Pennsylvania’s barber regulations do not impose other restroom construction requirements. Barber schools must provide 1,250 hours of theory and practical training in subjects listed under Pennsylvania’s regulations, but state board examination and preparation is not a required subject.

Wisconsin: Barbershops must be kept clean and sanitary. Although, Wisconsin’s barber regulations do not specifically list work surfaces. There are no requirements pertaining to waste containers. Barbershops must provide at least one washbasin but there are no restrictions pertaining to its location. Licensees must sanitize tools used for services in an establishment by using soap and water or dry heat or a steam sterilizer. Sanitized tools must be stored in covered containers. Wisconsin does not provide regulations pertaining to the disposition of used neck strips. Wisconsin does not require barber schools to provide a blackboard, a chart of the skin and hair, and dictionaries, or restrooms under its barber regulations. Barber schools must provide 1,000 hours of theory and practical training in subjects listed under Wisconsin’s barber regulations, but state board examination and preparation is not a required subject.

A. If the rule(s) exceed standards in those states, explain why and specify the costs and benefits arising out of the deviation.

The technical requirements found in administrative regulations pertaining to sanitation, equipment, and curriculum standards differ from state to state. However, overall, the standards in the proposed rules do not exceed those of other Great Lake states. The proposed rules fulfill the board’s statutory responsibility to promulgate rules setting forth standards for barber training, barber college equipment, and sanitation of a premises used by a licensee. The proposed rules update standards and eliminate ambiguous and outdated language that provides greater clarity to licensees and assist them with understanding and complying with the requirements under the rules.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s).

There are no laws, rules, or other legal requirements that duplicate, overlap, or conflict with the proposed rules.

A. Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

Applicable statutory law was reviewed to avoid unnecessary duplication in the rules.

Purpose and Objectives of the Rule(s):

4. Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter.

R 339.6031: This rule pertains to sanitation requirements of a premises used by a licensee. The proposed rule clarifies the areas that must be kept clean, updates standards for maintaining waste containers, and ensures licensees have adequate access to washbasins.

R 339.6033: This rule pertains to sanitation requirements of tools and equipment. The proposed rule updates the state and federal agencies cited in the rule and clarifies the storage methods of certain tools and equipment.

R 339.6037: This rule pertains to patron protection requirements. The proposed rule clarifies the requirements for handling a cloth neck strip after it is used on a patron.

R 339.6041: This rule pertains to barber college construction standards and required equipment. The proposed rule removes outdated requirements that impose unnecessarily restrictive requirements on barber colleges.

R 339.6047: This rule pertains to curriculum requirements of a barber college. The proposed rule updates the subjects, and the hours required in each subject, to reflect the minimum training the board believes is necessary to protect the public. The proposed rule also clarifies the total number of training hours required under the curriculum.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s).

The promulgation of rules pertaining to sanitation standards and barber college requirements is required under statute. The proposed rules update standards and eliminate ambiguous and outdated language to provide greater clarity to licensees and assist them with understanding and complying with the requirements under the rules.

B. Describe the difference between current behavior/practice and desired behavior/practice.

R 339.6031: This rule pertains to sanitation requirements of a premises used by a licensee. The proposed rule adds work surfaces to the list of areas that must be kept clean, adds a requirement to keep waste containers covered and includes a new option for maintaining a waste container by lining it with a plastic bag, and adds a new restriction to prohibit locating a washbasin that is used to satisfy the sanitation requirements under the rules in a restroom or out of view of the work area where services are performed on patrons.

R 339.6033: This rule pertains to sanitation requirements of tools and equipment. The proposed rule removes a reference to the Michigan Department of Public Health because its successor agency does not regulate the use of germicidal lamps. The proposed rule also updates the federal agency used for determining registration of acceptable chemicals to the United States Environmental Protection Agency because the United States Department of Agriculture does not register chemicals adequate to satisfy the sanitation requirements. Furthermore, the proposed rule requires only tools and equipment used on patrons that are capable of storage in a covered container to be stored in a covered container and clarifies the need to maintain tools and equipment in a sanitary and safe condition.

R 339.6037: This rule pertains to patron protection requirements. The proposed rule adds cloth neck strips among the items that must be placed in a covered container.

R 339.6041: This rule pertains to barber college construction standards and required equipment. The proposed rule requires colleges to maintain adequate restrooms to meet the needs of the number of enrolled students while eliminating specific requirements pertaining to restroom construction. In addition, the proposed rule eliminates requirements to provide a chalkboard, a chart of the skin and hair, and a medical and standard dictionary, because these items are not considered necessary for meeting the training needs of students.

R 339.6047: This rule pertains to curriculum requirements of a barber college. The proposed rule adds a new subject, state board examination preparation, and adjusts the curriculum hours of

subjects to meet the total minimum hours of training required under statute. The proposed rule also clarifies that 225 theory hours and 1,575 practical hours of training are required, which is equal to the 1,800 hours required under statute. This change eliminates ambiguity created by a provision in the rule that allows for a 10% variance in the required hours.

C. What is the desired outcome?

R 339.6031: This rule pertains to sanitation requirements of a premises used by a licensee. The desired outcome of the proposed rule is to improve sanitary conditions of the premises, provide licensees with less restrictive options for maintaining waste, and ensure licensees have better access to water used for satisfying sanitation requirements.

R 339.6033: This rule pertains to sanitation requirements of tools and equipment. The desired outcome of the proposed rule is to provide licensees with accurate guidance for determining which chemicals and equipment are acceptable and provide licensees greater clarity over the storage requirements of certain tools and equipment.

R 339.6037: This rule pertains to patron protection requirements. The desired outcome of the proposed rule is to improve sanitation by providing clarity over the disposition of cloth neck strips.

R 339.6041: This rule pertains to barber college construction standards and required equipment. The desired outcome of the proposed rule is to remove unnecessarily restrictive requirements pertaining to the construction of restrooms and eliminate requiring equipment that is unnecessary for meeting the training needs of students.

R 339.6047: This rule pertains to curriculum requirements of a barber college. The desired outcome of the proposed rule is to provide students with the minimum training the board determined is necessary to protect the public and ensure each student obtains the minimum number of hours required under statute.

5. Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule.

R 339.6031: This rule pertains to sanitation requirements of a premises used by a licensee. The requirements of the rule protect the public by ensuring the conditions of a premises are sanitary. However, unsanitary conditions are more likely to develop without the proposed changes requiring covered waste containers, clean work surfaces, and better access to washbasins used for sanitation.

R 339.6033: This rule pertains to sanitation requirements of tools and equipment. Requiring licensees to use equipment approved by a state agency that does not approve equipment and requiring the use of chemicals registered by a federal agency that does not register chemicals used in the profession creates a continuing conflict for licensees attempting to comply with the rules. In addition, not all tools and equipment can be stored as required by the current rules. The changes are needed to ensure licensees can maintain sanitary conditions without violating the requirements of the rules.

R 339.6037: This rule pertains to patron protection requirements. Unsanitary conditions are more likely to develop without changes to clarify the disposition of cloth neck strips used on patrons.

R 339.6041: This rule pertains to barber college construction standards and required equipment. Imposing specific requirements pertaining to restroom construction and requiring equipment that is no longer relevant to training students places unnecessary restrictions that do not further the interest of protecting the public.

R 339.6047: This rule pertains to curriculum requirements of a barber college. Updating the subjects, and the hours required in each subject, ensures students receive the minimum level of training the board determined is necessary to protect the public. In addition, clarifying the total theory and practical hours required ensures licensees do not unintentionally receive more or less than the 1,800 hours of training required under statute, which can occur without clarifying application of the 10% variance in hours provided under the rule.

A. What is the rationale for changing the rule(s) instead of leaving them as currently written?

The rationale for changing the rules is to eliminate ambiguous and outdated language and update standards to ensure sanitary conditions and provide licensees with clarity that will assist them with understanding and complying with the requirements under the rules.

6. Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The proposed rules provide regulatory requirements pertaining to sanitation and training standards for the practice of barbering. To protect Michigan's citizens, it is important for the proposed rules to provide licensees with clarity regarding sanitation and licensure requirements, and for the proposed rules to have updated minimum standards that reflect the current environment of the profession.

7. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

No rule was rescinded for being obsolete or unnecessary.

Fiscal Impact on the Agency:

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It does not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

8. Describe the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings).

There is no expected fiscal impact on the agency for promulgating the proposed rules.

9. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

No agency appropriation has been made and no funding source has been provided for any expenditures associated with the proposed rules.

10. Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The proposed rules are required by statute to provide regulatory requirements for the practice of barbering. The proposed rules are written to impose no more burden on individuals than is necessary to accomplish the statutory requirement of providing the rules. There is no burden on individuals as a result of the proposed rules.

A. Despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

There is no burden on individuals as a result of the proposed rules.

Impact on Other State or Local Governmental Units:

11. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for such other state or local governmental units as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

The proposed rules are not expected to increase or decrease revenues to other state or local governmental units or increase or reduce costs on other state or local governmental units.

- A. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

The proposed rules are not expected to increase or decrease revenues to other state or local governmental units or increase or reduce costs on other state or local governmental units.

12. Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s).

The proposed rules do not impose any program, service, duty, or responsibility upon any city, county, town, village, or school district.

- A. Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

The proposed rules do not impose any program, service, duty, or responsibility upon any city, county, town, village, or school district.

13. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

The proposed rules do not require state or local governmental units to make additional expenditures. Therefore, no appropriation or funding source is necessary.

Rural Impact:

14. In general, what impact will the rule(s) have on rural areas?

The proposed rules are not expected to have a disparate impact on rural areas.

- A. Describe the types of public or private interests in rural areas that will be affected by the rule(s).

Public or private interests in rural areas are not expected to be affected because the proposed rules do not impact rural areas.

Environmental Impact:

15. Do the proposed rule(s) have any impact on the environment? If yes, please explain.

The proposed rules will have no impact on the environment.

Small Business Impact Statement:

16. Describe whether and how the agency considered exempting small businesses from the proposed rule(s).

The proposed rules provide the minimum amount of regulation necessary to ensure licensees comply with training and sanitation requirements that are designed to protect the public. Although the Occupational Code provides for licensure of barber colleges and barbershops, some of which may qualify as small businesses, the statute does not allow the rules to exempt small businesses. Exempting businesses would create disparity in the regulation of the profession and reduce protections to members of the public who visit exempted businesses.

- 17.** If small businesses are not exempt, describe (a) how the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below, per MCL 24.240(1)(a)-(d), or (b) the reasons such a reduction was not lawful or feasible.

The statute does not allow the rules to exempt small businesses. Exempting businesses would create disparity in the regulation of the profession and reduce protections to members of the public who visit exempted businesses. However, the proposed rules minimize the impact on licensees who qualify as a small business because they are written to provide the minimum amount of regulation necessary to protect the public.

- A.** Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

As of December 1, 2018, there are 1,510 licensed barbershops and 5 licensed barber colleges in the state. The department does not determine which licensed barbershops may be affiliated with a single company owning other licensed barbershops to allow for determining which licenses are part of a small business. In addition, the department does not determine the annual gross sales or number of full-time employees associated with each barber shop license to allow for determining the number of small businesses. However, the impact on licensees who qualify as a small business is minimized in the proposed rules because they are written to provide the minimum amount of regulation necessary to protect the public.

- B.** Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

The department did not establish different requirements for small businesses because the statute does not allow the rules to exempt small businesses. Exempting small businesses would create disparity in the regulation of the profession and reduce protections to members of the public who visit exempted businesses. However, the proposed change to R 339.6031 pertaining to the location of washbasins takes effect 180 days after promulgation of the rule to allow affected licensees with adequate time to account for costs and planning associated with compliance.

- C.** Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

The department did not consolidate or simplify any requirements for small businesses because the statute does not allow the rules to exempt small businesses. Exempting small businesses would create disparity in the regulation of the profession and reduce protections to members of the public who visit exempted businesses.

- D.** Describe how the agency established performance standards to replace design or operation standards required by the proposed rule(s).

The department did not establish performance standards to replace design or operation standards.

- 18.** Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

The proposed rules are not expected to have a disproportionate impact on small businesses because of the size or geographic location of small businesses.

- 19.** Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rule(s).

The proposed rules do not require any reports.

20. Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

All licensees, including licensees who qualify as small businesses, may incur nominal costs associated with refitting or replacing waste containers and relocating washbasins. However, only licensees who have uncovered waste containers, or washbasins located in the restroom or out of view of the work area where services are performed, are affected by the proposed changes. No other costs for equipment, supplies, labor, and administration are expected to be incurred by small businesses.

Generally, the cost of a new covered waste container ranges from \$10 to \$50, depending on type and quality. There are no expected labor costs associated with installing covered waste containers. The cost of a new washbasin starts at \$100, which can increase depending on type and quality. Installing or relocating a washbasin may require professional plumbing services, which is estimated to cost between \$100 and \$500. Covered waste containers and washbasins can be purchased online or in person at general merchandise stores, specialty stores, and hardware stores.

21. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

There are no expected increased costs for small businesses concerning legal, consulting, or accounting services.

22. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

The proposed rules provide all licenses with 180 days to satisfy the new requirements pertaining to the acceptable location of washbasins. This timeframe grants affected licensees with additional time to make necessary arrangements for compliance with the proposed changes.

23. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

The statute does not allow the rules to exempt or set lesser standards for compliance by small businesses. As a result, there is no increased cost estimated for the department to administer or enforce a rule that exempts or sets lesser standards for compliance by small businesses.

24. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

The statute does not allow the rules to exempt or set lesser standards for compliance by small businesses. The proposed rules provide the minimum amount of regulation that is necessary to ensure sanitary conditions that are adequate to protect the public.

25. Describe whether and how the agency has involved small businesses in the development of the proposed rule(s).

The proposed rules were developed in consultation with the Michigan Board of Barbers, whose members consist of small business owners and small business employees.

- A. If small businesses were involved in the development of the rule(s), please identify the business(es).

The proposed rules were developed in consultation with the Michigan Board of Barbers, whose members consist of small business owners and employees.

Cost-Benefit Analysis of Rules (independent of statutory impact):

26. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

The cost of compliance with the proposed rules is estimated to impose nominal costs on licensees who currently use uncovered waste containers or use a washbasin located in the restroom or out of view of the work area where services are performed.

Generally, the cost of a new covered waste container ranges from \$10 to \$50, depending on type and quality. There are no expected labor costs associated with installing covered waste containers. The cost of a new washbasin starts at \$100, which can increase depending on type and quality. Installing or relocating a washbasin may require professional plumbing services, which could cost between \$100 and \$500. Covered waste containers and washbasins can be purchased online or in person at general merchandise stores, specialty stores, and hardware stores.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s).

Licensees who currently use uncovered waste containers or use a washbasin located in the restroom or out of view of the work area where services are performed will bear the cost associated with becoming compliant with the proposed rules.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

The cost of compliance with the proposed rules is expected to impose nominal costs on licensees who currently use uncovered waste containers or use a washbasin located in the restroom or out of view of the work area where services are performed.

Generally, the cost of a new covered waste container ranges from \$10 to \$50, depending on type and quality. There are no expected labor costs associated with installing covered waste containers. The cost of a new washbasin starts at \$100, which can increase depending on type and quality. Installing or relocating a washbasin may require professional plumbing services, which could cost between \$100 and \$500. Covered waste containers and washbasins can be purchased online or in person at general merchandise stores, specialty stores, and hardware stores.

27. Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The proposed rules are not expected to increase costs for education, training, application fees, examination fees, license fees, accounting, or recording keeping for individual licensees. The proposed rules may impose nominal equipment and labor costs on individual licensees who currently use uncovered waste containers or use a washbasin located in the restroom or out of view of the work area where services are performed.

Generally, the cost of a new covered waste containers ranges from \$10 to \$50 and the cost of a new washbasin starts at \$100, which can increase based on quality and type. There are no expected labor costs associated with installing new covered waste containers. Installing or relocating a washbasin may require professional plumbing services that can cost \$200 or more. New covered waste containers and washbasins can be readily purchased online or in person at general merchandise stores, specialty stores, and hardware stores.

A. How many and what category of individuals will be affected by the rules?

The proposed rules are not expected to increase costs for education, training, application fees, examination fees, license fees, accounting, or recording keeping for individual licensees. The proposed rules may impose nominal equipment and labor costs on individual licensees who

currently use uncovered waste containers or use a washbasin located in the restroom or out of view of the work area where services are performed.

B. What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

The proposed rules are not expected to increase costs for education, training, application fees, examination fees, license fees, accounting, or recording keeping for individual licensees. The proposed rules may impose nominal equipment and labor costs on individual licensees who currently use uncovered waste containers or use a washbasin located in the restroom or out of view of the work area where services are performed.

28. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

R 339.6031: This rule pertains to sanitation requirements of premises used by a licensee. The proposed rule provides licensees the option to use plastic bags in waste containers, which may reduce the labor and supply costs associated with physically cleaning and disinfecting waste containers each day.

R 339.6041: This rule pertains to barber college construction standards and required equipment. The proposed rule eliminates the requirement for barber colleges to purchase or maintain a chalkboard, a skin and hair chart, and a standard and medical dictionary. In addition, the proposed rule eliminates the requirement for barber colleges to meet specific construction standards for restrooms. Eliminating these requirements may reduce the labor and supply costs associated with complying with the current rule.

29. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Provide both quantitative and qualitative information, as well as your assumptions.

The proposed rules update standards and eliminate ambiguous and outdated language to provide greater clarity to licensees and assist them with understanding and complying with the requirements under the rules. The updated, clear, and concise language allows the public and licensees to better understand the requirements for the profession.

30. Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

The proposed rules are not expected to have any notable impact on business growth or job creation in Michigan.

31. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

The proposed rules are not expected to have a disproportionate effect on any individuals or businesses as the result of their industrial sector, segment of the public, business size, or geographic location.

32. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s).

Illinois
<https://www.idfpr.com/profs/barber.asp>

Indiana
<https://www.in.gov/pla/barber.htm>

Minnesota

<https://mn.gov/boards/barber-examiners/>

New York

<https://www.dos.ny.gov/licensing/barber/barbering.html>

Ohio

<https://cos.ohio.gov/>

Pennsylvania

<https://www.dos.pa.gov/ProfessionalLicensing/BoardsCommissions/BarberExaminers/>

Wisconsin

<https://dsps.wi.gov/pages/Professions/barber/Default.aspx>

<https://www.amazon.com>

<https://www.homeadvisor.com>

<https://www.homedepot.com>

<https://www.target.com>

<http://www.walmart.com>

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

The estimated costs for waste containers and washbasins were derived from the websites of various general merchandise stores, specialty stores, and hardware stores, including the following:

- <https://www.amazon.com>
- <https://www.homedepot.com>
- <https://www.target.com>
- <http://www.walmart.com>

The estimated cost for labor for installing washbasins was derived from estimates provided at <https://www.homeadvisor.com>

It was assumed that no cost of labor is associated with installing covered waste containers and many, if not most, licensees currently use covered waste containers. It was further assumed that many, if not most, licensees currently use washbasins located within the work area and do not rely on a single washbasin located in the restroom or out of view of the work area where services are performed.

Alternatives to Regulation:

33. Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. Include any statutory amendments that may be necessary to achieve such alternatives.

The proposed rules are written to provide the minimum amount of regulation necessary to protect the public. No reasonable alternatives to the proposed would achieve the same or similar goal.

A. In enumerating your alternatives, include any statutory amendments that may be necessary to achieve such alternatives.

The proposed rules are written to provide the minimum amount of regulation necessary to protect the public. No reasonable alternatives to the proposed would achieve the same or similar goal.

34. Discuss the feasibility of establishing a regulatory program similar to that in the proposed rule(s) that would operate through private market-based mechanisms. Include a discussion of private market-based systems utilized by other states.

Since the proposed rules are required by statute, private market-based systems cannot serve as an alternative. The licensing and regulation of barbers are state functions, so a regulatory program independent of state intervention cannot be established.

35. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

Since the rules are required by statute, there are no reasonable alternatives to the proposed rules. There were no alternatives that the department considered to achieve the intended changes. They are necessary for the administration and enforcement of the profession.

Additional Information:

36. As required by MCL 24.245b(1)(c), describe any instructions on complying with the rule(s), if applicable.

The instructions for compliance are included in the rules.

 ↓ To be completed by the ORR ↓

PART 4: REVIEW BY THE ORR

Date RISCBA received:	2-1-2019
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Date RISCBA approved:	2/7/19
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Date of disapproval:	
Explanation:	