



February 23, 2018

Chairman Dave Brat
U.S. House of Representatives
Subcommittee on Economic Growth, Tax and Capital Access
2361 Rayburn House Office Building
Washington, DC 20515

RE: Occupational Hazards: How Excessive Licensing Hurts Small Business

Dear Chairman Brat and Honorable Subcommittee Members,

Thank you for the opportunity to participate in this very important hearing regarding the impact of excessive occupational licensing on small business. Thank you for all the work you do as a committee. I view the committee, the members, and programs as an important resource. I look forward sharing and learning from the dialogue with you and my fellow witnesses.

I am here - first and foremost - representing myself; a small business owner from Massachusetts. I own and operate a third-generation salon business. Zona employs approximately 75 people across three locations in suburban Boston. We are stuck at 75 people in part due to licensing - which I'll explain as I go along.

Inside the industry I'm an active member of the Professional Beauty Association (PBA). PBA is a national nonprofit trade association that represents all segments of the professional beauty industry including manufacturers, distributors, salon and spa owners, and licensed beauty professionals. This diversity in membership makes it difficult for me to adequately represent each segment. The view of a for-profit school owner is different than a self-employed stylist. A manufacturer or distributor who moves product through the salon channel has probably never sat in a state board meeting. So, I am going to approach this as a salon employer looking to grow employment.

In the past, I've testified to the House Ways & Means committee on tip income reporting, I've served on the Massachusetts Taskforce on the Underground Economy, and I've served on the board of cosmetology for the State of Massachusetts. Outside the industry I'm a board member of Work Inc. a leader in the field of providing **work** opportunities for individuals with disabilities. In each of these roles, my focus has always been on how to get people in — not keep them out.

NORWELL
10 Washington Street
Norwell, MA 02061

HINGHAM SQUARE
65 South Street
Hingham Square, MA 02043

WEYMOUTH
1132 Main St
Weymouth, MA 02190



Since I'm testifying for myself, let me describe my business: Our revenue is derived from services and retail in a 90/10 split. These percentages are not unusual. Retail used to be bigger, but has been reduced by e-commerce. Where I am less usual is that I employ my workers. Eighty-seven percent of workers in my industry are classified as self-employed. This worker classification landscape creates a lot of movement in the industry, and the movement has implications to labor, taxes, and licensure.

My business offers health insurance, disability, retirement, training and development. We're looking now at a student loan assistance program, but challenged by the fact that we're already committing .65 cents of every dollar to cost of labor. None of this changes the fact that if I want to grow Zona, it comes down to growing employee headcount. As the members of this committee well know, growing headcount is hard for all businesses in a 4% unemployment environment. Add licensing and now we're looking for a thin slice of 4% - available workers who happen to hold a cosmetology license - and want an employment situation.

Low unemployment. Worker classification. High turnover. Here's another problem: There's only one way into the industry: through a school program leading to a licensure exam. In Massachusetts that's a 1000-hour program. This is the fewest hours in the country, but it still converts to spending the better part of a year in school and spending between \$12,000 - and \$22,000.

Since our business model is upper mid-market, the preparation a license provides requires our own additional training program that includes not only more advanced technical training, but the soft skills that lead to a higher level of professionalism. Our "entry level" duties include shampooing and blow-drying and assisting established stylists. Our model drives higher earnings. However, I cannot fill these entry-level jobs. As you all know, for-profit education is being scrutinized and further regulated on both the Federal and State levels. Putting the politics of for-profit education aside, there are 30% fewer schools today than there were just a few years ago. In my own state, there are 10 fewer schools. I personally attempted to purchase a school and exited because it's too much risk. But that still leaves salon employers almost entirely dependent on something they have no control over.

So, what do we do about it? I'm not prepared to say that licensing should go away. I need the foundation and the commitment. But employers should be designed in - particularly at the entry level. Let's create reform where appropriate to better fit the current realities of trades and professions.

NORWELL
10 Washington Street
Norwell, MA 02061

HINGHAM SQUARE
65 South Street
Hingham Square, MA 02043

WEYMOUTH
1132 Main St
Weymouth, MA 02190



I believe we need boards with industry participants - with the right controls. I do not think the Federal Government should be dictating to States, but there's legitimacy to the Federal Government's economic freedom and competitive concerns.

In my industry, I think we need to move beyond the public safety argument. It's also public welfare. The beauty industry is a people business and will stay that way. The labor intensiveness of it not only triggers legitimate safety concerns, but other public interest concerns. It's not as simple as calling licensure a complete barrier. In an unregulated environment, entry into an occupation is not barrier-free. Movement is not barrier-free. There are workplace barriers, informational barriers, social network barriers, cultural barriers, and discriminatory barriers. Occupational licensing if reformed where appropriate and applied properly can improve my industry and help individuals and businesses grow.

I look forward to our conversation.

Respectfully,

Frank Zona
Owner, Zona Salons

Attached Documents:
Economic Snapshot of the Salon Industry
National Industry Profile
National Infographic
Post-Election Findings
Witness Disclosure Form
Written Testimony

NORWELL
10 Washington Street
Norwell, MA 02061

HINGHAM SQUARE
65 South Street
Hingham Square, MA 02043

WEYMOUTH
1132 Main St
Weymouth, MA 02190

Growing a Strong Economy

THE U.S. SALON INDUSTRY IS **VIBRANT AND GROWING.**

WITH THE RIGHT LICENSING MODEL IN PLACE, THE BEAUTY SALON INDUSTRY WILL CONTINUE TO **CREATE JOBS.**



\$50.5B

generated in annual sales.



1.2M

salon industry establishments.
A majority of beauty and cosmetology salons are considered local small businesses.

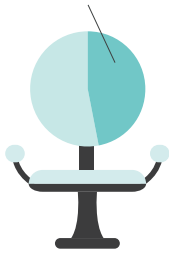


101M

employment opportunities for women and minority entrepreneurs.

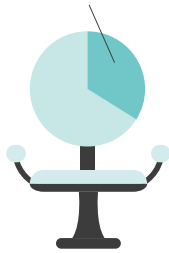
DIVERSITY IN THE **SALON INDUSTRY**

47%



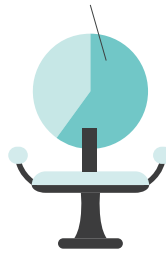
of the salon industry workforce are minorities.

34%



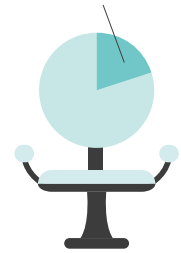
of the overall U.S. workforce are minorities.

60%



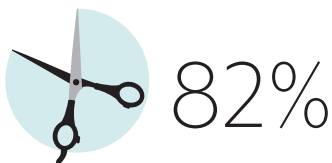
of salon businesses are owned by women.

20%



of all private sector businesses are owned by women.

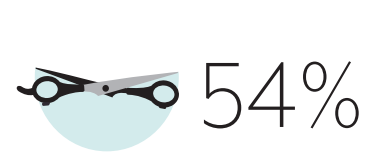
COSMETOLOGY LICENSING **MATTERS TO PUBLIC SAFETY**



of Americans say they support the licensing of beauty professionals.



of Americans say that requiring a license protects the public either "a lot" or "some."



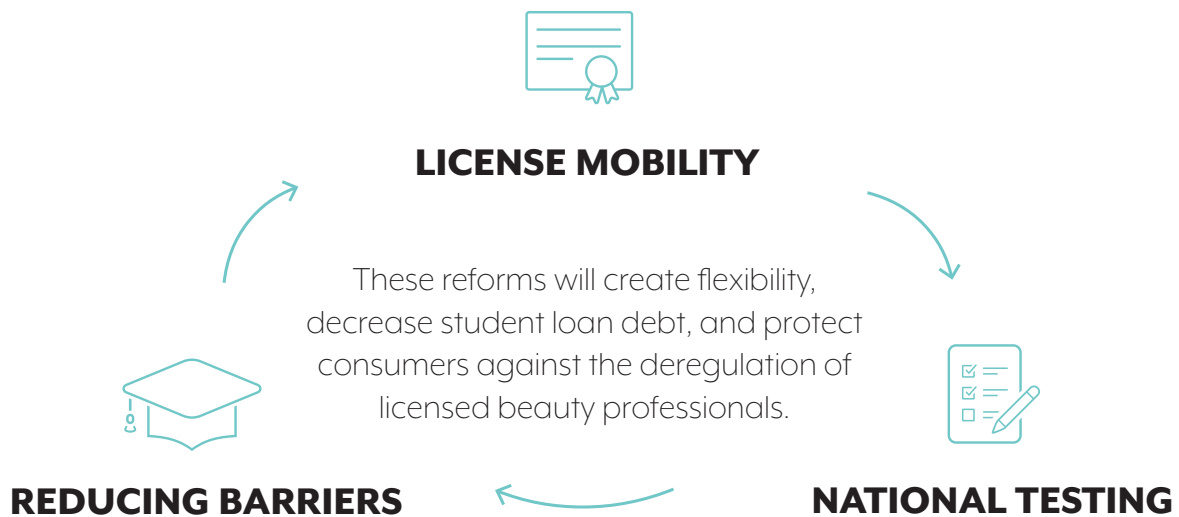
believe that state licensing helps "protect the public a lot."

COMMON SENSE REFORM

COMMON SENSE LICENSING STANDARDS ARE CRUCIAL TO GROWING OPPORTUNITIES IN THE INDUSTRY AND **PROTECTING PUBLIC SAFETY**.

The Future of the Beauty Industry Coalition is proactively advocating for reforms and standards that **protect the consumer** and **maintain the accountability** of the licensed beauty professional. The first step is to **strengthen and streamline** the entry process for a progressive career in the professional beauty industry.

FOR AN INDUSTRY THAT IS ALREADY LEADING THE U.S. IN JOB GROWTH, THE BUREAU OF LABOR STATISTICS PROJECTS A **10% JUMP** IN CAREER OPPORTUNITIES FOR **BARBERS, HAIR STYLISTS, AND COSMETOLOGISTS** OVER THE NEXT 10 YEARS – WELL ABOVE THE NATIONAL AVERAGE.



A successful career is built over time and influenced by experience, training, and continuing education. Cosmetology graduates and beauty professionals overwhelmingly **desire license mobility**.

For more information read the full report at fbic.org

Post-Election Professional Licensing Findings

Currently, licensing for hair stylists, barbers, nail technicians, and estheticians is very popular. More than nine in ten (94%) 2012 general election voters say they support requiring licenses, including 97% of Democrats, 92% of Republicans, and 92% of independent voters. Voters say that professional licenses protect the public as well as improve quality and safety. While support is very broad, the strongest support is from women, older voters, African Americans, and voters with low household income.

To the degree there is room to improve, it's important to stress the public health benefits from licensing. While voters know that becoming a hair stylist, barber, or a related profession requires attending cosmetology school and passing a test, the public does not currently see the connection to public health issues like lice and scalp disease as strongly as other requirements. Our findings suggest the most compelling message focuses on how licensing ensures proper sanitation and cleanliness. Over two in three (67%) voters said the message was very compelling, including voters of all political affiliations and ages. The best way to talk about the benefits of professional licensing is below:

Voters believe licensing requires education; less aware about skills, public health benefits

Four in five (80%) 2012 presidential election voters say that stylist, barber, nail technician, or esthetician has to attend school in order to receive a license. Three in four (74%) voters say that learning proper techniques for handling tools and chemicals is a requirement, including 86% of African American voters. Voters were least likely to know that training in preventing the spread of disease was necessary, though almost three in five (59%) did identify it as a requirement.

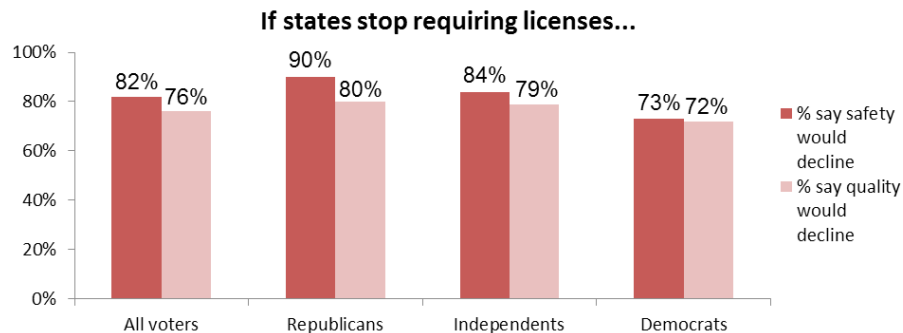
Public thinks safety and quality would decline with law change

The vast majority of voters say quality and safety would decline if states ended licensing professions like hair stylists, barbers, nail technicians and estheticians. More than four in five (82%) say safety would decline and more than three in four (76%) voters say quality would decline without licensing.

Older voters and women are the most concerned demographic groups. Among 50+ voters, 88% say safety will go down and 91% say quality will decline. Among female voters, 87% say it will be less safe and 81% say quality will go down.

Younger voters are relatively more skeptical that ending licensing would impact safety and quality than older voters. Without licensing, six in ten (62%) voters under 35, say that quality would decline and nearly seven in ten (69%) say quality would decline.

As shown in the graph below, these concerns are held by voters of all political persuasions, with strong majorities of Republicans, independents and Democrats saying the procedures will be less safe and lower quality.



More African Americans say safety would decline (82%) than quality would decline (53%). Hispanics are the reverse, with more saying quality would decline (73%) than safety (56%). White voters are more likely to expect quality (83%) and safety (85%) to decline than either Hispanics or African Americans.

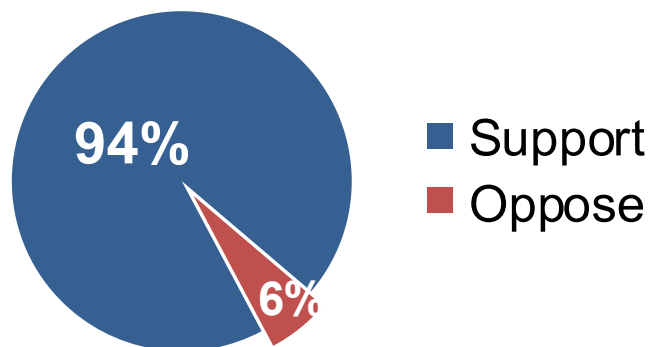
Voters see benefit of licensing

More than nine in ten (94%) voters say they support requiring their stylist, barber, nail technician or esthetician to be licensed. This is a bi-partisan policy with 97% of Democrats, 92% of Republicans, and 92% of independents supporting licensing.

While support for licensing is widespread, there are differences in intensity. Nearly three in four (73%) older voters strongly support licensing, compared to just three in five (60%) voters under 35. Voters with household income under \$30,000 per year (72% strongly support) are also stronger supporters of licensing than voters with household incomes over \$75,000 (64% strongly support).

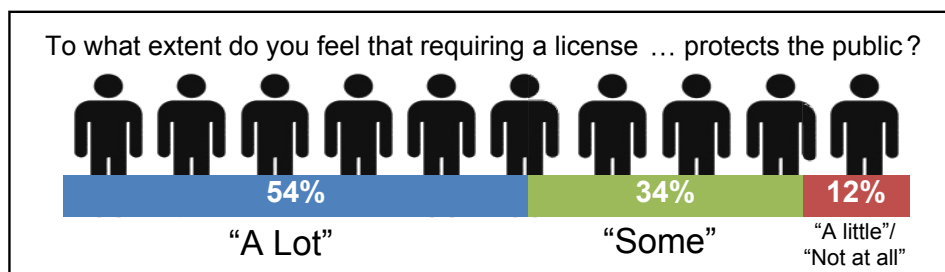
The strongest support is from African Americans (79% strongly support), women (76% strongly support) and Democrats (74% strongly support).

Widespread support for professional licensing



Public sees benefit to professional licensing

Nearly eight in nine (88%) voters say that requiring a license protects the public either "a lot" or "some". A majority of voters (54%) believe that state licensing helps protect the public a lot.



Methodology

The results are taken from the 2012 Penn Schoen Berland (PSB) National Post-Election Study. The study was conducted online from November 9-10, 2012 among n=1,202 Americans who voted in the 2012 presidential election. The margin of error for the study is +/- 2.83% at the 95% confidence level and larger for subgroups. Certain questions were split sampled to reduce respondent fatigue.