



INSTITUTE FOR JUSTICE

April 23, 2024

Michigan House Committee on Regulatory Reform  
Michigan Legislature  
124 North Capitol Avenue, Room 519  
Lansing, Michigan 48933

Re: Letter in opposition to SB 702

Dear Chair Carter, Vice Chairs Liberati and Mueller, and Members of the Committee:

Thank you for the opportunity to submit this letter in opposition to SB 702, which would significantly raise the minimum training hours for estheticians, manicurists, and cosmetology instructors. My name is Alasdair Whitney, and I am a legislative counsel at the Institute for Justice (IJ). IJ is a nonprofit law firm that works to protect civil liberties, including economic liberty.

IJ encourages the committee to oppose this bill because it is a solution in search of a problem. SB 702 will not make the cost of education more affordable for esthetician, manicurist, and cosmetology instructor students. To the contrary, raising the required minimum training hours for licensure in these occupations will likely prompt educational institutions to raise tuition and fees. Some institutions in Michigan charge over \$6,000 for a 400-hour program in esthetician and manicurist training.<sup>1</sup> This bill will only make those programs more expensive for students. IJ's research shows that fewer than one-third of cosmetology students graduate on time and incur thousands of dollars of high interest debt to obtain a license to work.<sup>2</sup> And longer programs cost more, take longer to complete, and produce no tangible benefit to the graduate, including no difference in earnings.<sup>3</sup>

Not only will this bill make the cost of obtaining a license more expensive, but it will outweigh any benefit students *might* obtain. Proponents of SB 702 have argued that United States Department of Education (DOE) regulations anticipated to take effect this summer will eliminate Pell Grant eligibility for esthetician, manicurist, and cosmetology instructor students. But they are mistaken. These regulations stipulate that educational institutions seeking Title IV financial aid funding, which includes both Pell Grants and direct loans, must align their training programs with the minimum hours required for licensure under state law.<sup>4</sup> For instance, if a state

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<sup>1</sup> *Esthetician License Requirements and Training Schools in Michigan*, Estheticianedu.org available at <https://www.estheticianedu.org/michigan/>; *Gainful Employment Disclosures – 2019, Michigan College of Beauty – Monroe*, Michigan College of Beauty, <https://michigancollegebeauty.com/nail-technician-disclosures/#:~:text=This%20program%20will%20cost%20%246%2C425,supplies%20and%20equipment%20are%20%242%2C075.>

<sup>2</sup> Menjou, M., et al., *Beauty School Debt and Drop-Outs: How State Cosmetology Licensing Fails Aspiring Beauty Workers*, Institute for Justice (July 2021), <https://ij.org/wp-content/uploads/2021/07/Beauty-School-Debt-and-Drop-Outs-July-12-WEB.pdf>.

<sup>3</sup> See Fast, C., et al., *Cosmetology Training Needs a Make-Over*, The Century Found. (July 2022), available at <https://tcf.org/content/report/cosmetology-training-needs-a-make-over/>.

<sup>4</sup> Antoinette Flores, Deputy Assistant Sec'y for Policy, Planning, and Innovation, Office of Postsecondary Education, U.S. Dep't. of Educ., Dear Colleague Letter: Implementation of Program Length Restrictions for Gainful Employment (GE)

mandates 1,000 hours for cosmetology training, institutions offering 1,200-hour programs would lose eligibility for Title IV funds. Notably, the changes will not directly impact Pell Grant eligibility per se; students in esthetician, manicurist, and cosmetology instructor programs under 600 hours have never been eligible for Pell Grants due to existing DOE regulations.<sup>5</sup> And even with the implementation of the new regulations, these students will remain ineligible for Pell Grants under current Michigan law.

Granted, if this bill becomes law, esthetician, manicurist, and cosmetology instructor students would be eligible for Pell Grants, but at a great cost. As already noted, mandating higher training hours will force educational institutions to increase the price of tuition and fees to cover the expenses associated with more training, thereby subsuming any grant award a student *may* receive. For example, if a 400-hour esthetician program costing \$6,000 increases to 750 hours (an 87.5% increase) and the tuition increases concomitantly by 87.5% to \$11,250, a student would need to receive a \$5,250 Pell Grant award to just cover the increase in tuition. For reference, in recent years, the average Pell Grant award for cosmetology students in this State was \$4,447.<sup>6</sup> In such a scenario, the student would be paying more, not less, for their education. And, critically, not every student is eligible for Pell Grants. Educational institutions, many of which are for-profit, would be the *only* beneficiaries of this bill—not students.

IJ understands that the purpose of this bill is to make these programs more affordable for students. But it will not. Rather than increasing the training hours for these programs, this committee should instead consider lowering the minimum training hours required for licensure in these professions. Reducing the state’s minimum training hours is a surefire way to make the cost of education more affordable, and it would allow students to graduate, enter the workforce, and start small businesses earlier. For example, 23 states, including Michigan’s neighbors Ohio and Wisconsin, recognize this and require far fewer training hours for manicurist students.<sup>7</sup> And there is no evidence to suggest that students are unable to afford the cost of education or ill-prepared to enter the profession in those states.

In sum, this bill, at best, will make little difference in lowering the cost of education for students seeking licensure in these professions. At worst, it will make obtaining a license a costlier and more time-consuming process. We encourage the committee to oppose this bill.

Thank you for your time and thoughtful consideration of this issue.

Sincerely,

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www.ij.org

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Programs (Apr. 15, 2024), <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2024-04-15/implementation-program-length-restrictions-gainful-employment-ge-programs>.

<sup>5</sup> *See id.*

<sup>6</sup> Menjou, M., et al., *supra*.

<sup>7</sup> Knepper, L., et al., *License to Work: A National Study of Burdens from Occupational Licensing*, Institute for Justice (3d ed.) (Nov. 2022), available at <https://ij.org/report/license-to-work-3/>.