

Less Regulation Is More Opportunity

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Funeral attendants in Maine. Florists in Louisiana. Hair shampooers in Tennessee. Disparate though these occupations may be, they all have one thing in common—they all require a license to practice.

An occupational license is a government permission slip to work. People know their doctor needs a license to practice, but in some states they would likely be surprised to learn the local auctioneer does, too. So do sign language interpreters, upholsterers, and travel agents.

Licensure proponents – almost always current practitioners seeking protection from competition – portray licensing as necessary to protect public health and safety. With no more evidence than a handful of anecdotes (real or imagined), legislators comply with proponents' requests and too often adopt laws that create extensive requirements to enter a raft of occupations, effectively keeping newcomers out.

Often, these burdensome requirements are imposed on occupations well-suited for job-seekers just entering or re-entering the economy and in sectors ideal for new small business creation. And while the public health and safety benefits from such laws are tenuous, the costs can be significant. Licensing laws make it harder for people to find jobs and to build new businesses that create jobs, with a particularly harsh impact on minorities, those of lesser means, and those with less education.

To quantify the burdens licensure imposes, my colleagues and I [gathered](#) the license requirements of about 100 low- to moderate-income occupations in all 50 states and D.C. The results indicate the burdens imposed on job-seekers and would-be entrepreneurs are often severe, arbitrary, and irrational.

On average, these laws require more than \$200 in fees, one exam, and about nine months of training and experience. Interior designer tops the list as the most difficult occupation to enter. But it is licensed in only three states and D.C. So although it is onerously licensed, it is not the most widely licensed.

The top 15 occupations that are both difficult to enter and widely licensed include styling hair, driving buses and trucks, controlling pests and weeds, and cleaning and styling finger nails.

The inconsistencies in licensing laws may be our most striking finding. Many of the occupations we studied are licensed in just a handful of states. For example, only five states require licenses for shampooers, but it is highly unlikely that conditions in those five states differ from the other 46 (D.C. included) that do not license shampooers. This means that for the majority of licensed occupations we studied, many people practice elsewhere without government permission and without widespread harm.

The requirements to obtain an occupational license are inconsistent across states as well. To work as a manicurist, for example, 10 states require four months or more of training. Yet Alaska demands only about two days and Iowa about nine days. This high degree of variation prevails throughout the occupations. In 39 occupations, the difference between the state that requires the least amount of education and experience and the state that requires the most is nearly three years. Another 23 occupations vary by more than two years. Such inconsistencies suggest the purported health and safety risk is not truly present—or that a free market or less-intrusive regulation can work instead.

The professions requiring the most training aren't even necessarily those where it would seem most essential. Emergency medical technicians (EMT) hold lives in their hands, yet 66 other occupations have greater average licensure burdens than EMTs. By way of perspective, the average cosmetologist spends 372 days in training; the average EMT a mere 33.

Licensing reform can expand economic opportunities, particularly for those on the first rungs of the economic ladder. Governors in several states have [already](#) initiated reviews of current licenses, with an eye toward identifying those that are unnecessary or overly burdensome. And Paul Ryan (R-WI)

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endorsed occupational licensing reform in his July [anti-poverty plan](#)—a proposal that received support from some typically on the other side of the aisle, such as [Cass Sunstein](#).

These are positive first steps, but the important work is still ahead. When considering new or reviewing existing licenses, policymakers should demand proof of a clear, likely, and well-established danger that would justify burdens imposed on would-be practitioners. State leaders should also consider whether less-restrictive options – including simply letting consumers decide for themselves – can keep the public safe while creating new opportunities for workers. Viable alternatives to full licensure include private civil action, inspections, bonding or insurance, registration, or certification through the state or professional associations.

The 10th U.S. Circuit Court of Appeals once observed, “While baseball may be the national pastime of the citizenry, dishing out special economic benefits to certain in-state industries remains the favored pastime of state and local governments.” If elected officials were truly interested in job creation, they would eschew dishing out licenses to special interests and allow would-be entrepreneurs to focus on earning a living instead of earning a license.

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