The Economics of Occupational Licensure
The Scope of Licensure
Licensure & Quality
Licensure & Price
Disparate Impact
Political Economy
The Scope of Licensure

Share of Workforce Needing a License

1950: 5%
Today: 25%
The Scope of Licensure

1,100 Professions

Cosmetologist
Massage Therapist
Milk sampler
Travel guide
Interior design
Hair Braiding
Home entertaiment installer
Locksmith
Farm labor
Coach
Bill collector
Taxidermist
Locksmith
Massge therapist
Barber
Auctioneer
Fisher
Florist
Shampooer
Carpenter
Tour Guide
HVAC
Manicurist
Gaming supervisor
Home inspector
The Scope of Licensure

10 States Require Hair Braiding Licenses
The Scope of Licensure

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The Scope of Licensure

Cosmetologist

Licensed in: 50 states + DC
Average Fees: $177
Average number of exams: 2 exams
Average Required Training: 386 Days
The Scope of Licensure

**Average Required Training:**

- **EMT:** 34 Days
- **Cosmetologist:** 386 Days
The Scope of Licensure

Average Required Training:

- EMT: 34 Days
- Cosmetologist: 386 Days
- Residential Door Repairman: 343 Days
- Drywall Installers: 517 Days
The Scope of Licensure
The Scope of Licensure

![Diagram showing supply and demand curves]

- Supply
- Demand
- Quantity
- $/Q
- P

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The Scope of Licensure

[Graph showing supply and demand curves with a shaded area representing lost output between the curves.]
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1.8 - 1.9 Million lost jobs
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$190 - $204 Billion in lost output & misallocated resources

Lost Output

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Licensure & Quality

A Quality Gate

A Limit on Competition
Licensure & Quality

85%

Share of Boards Dominated by the Professions they Oversee
Licensure & Quality

- Positive Effects: 16%
- Negative Effects: 21%
- Mixed, Unclear, Neutral Effects: 63%
Licensure & Price
Licensure & Price

“The evidence on licensing’s effects on prices is unequivocal: many studies find that more restrictive licensing laws lead to higher prices for consumers.”
19/19 Studies: Licensure Raises Consumer Prices
Licensure & Price

Well-child checkup: 3-16%

Eye care: 5-13%

Dental visit: 7-11%
Disparate Impact

Diagram showing the relationship between supply, demand, and quantity.
Disparate Impact

Those with criminal records
Military spouses
Minorities
Immigrants
ESL
Collateral consequences that limit occupational licensing for those with criminal records.

15,000

These consequences affect 15,000 people.
Disparate Impact

Those with criminal records

6,000
Blanket or mandatory bars
Disparate Impact

Military spouses

- 35\% More likely to move across state lines
- 22\% Share of military spouses who say inability to transfer a license is the biggest challenge

Share of working military spouses licensed or certified

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Disparate Impact

Military spouses

National Unemployment Rate

Military Spouse Unemployment Rate
Studies finding a disparate impact on racial minorities

Disparate Impact

Minorities, Immigrants, and ESL

Mixed results

80%

20%
The Concentrated Benefits and Diffuse Costs of Licensure

Consumers and would-be competitors

Incumbent providers
The Concentrated Benefits and Diffuse Costs of Licensure
An Independent Commission
Requiring Least-Restrictive Means

1. Market competition
2. Third-party or consumer-created ratings and reviews
3. Private certification
4. Specific private civil cause of action to remedy consumer harms
5. Deceptive trade practices under the Uniform Deceptive Trade Practices Act
6. Mandatory disclosure of attributes of the specific goods or services
7. Regulation of the process of providing the specific goods or services to consumers
8. Inspection
9. Bonding or insurance
10. Registration
11. Government certification
12. Occupational licensure
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