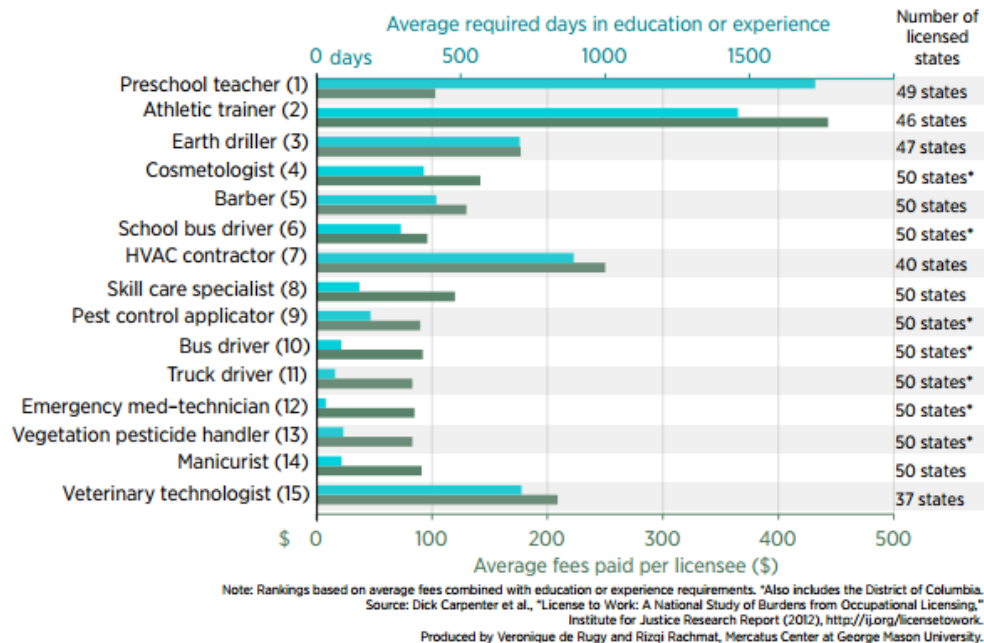


Occupational Licensing: Bad for Competition, Bad for Low-Income Workers

Low-Income Occupations Ranked by Number and Burden of Licensing



Licensing can become a powerful tool to limit innovation and competition and act to limit upward mobility. The recent spat in New Jersey, where the auto dealers sought to keep out innovative electric manufacturer Tesla, which does not use the dealership model in the distribution of its vehicles, might have attracted more attention, but the more insidious damage is done by various local occupational licensing schemes, which prohibit employment without a government license. Such schemes are pervasive, and sweep a vast variety of vocations, which could be the path to economic stability for many poor Americans, into their net, making the climb out of poverty that much more difficult.

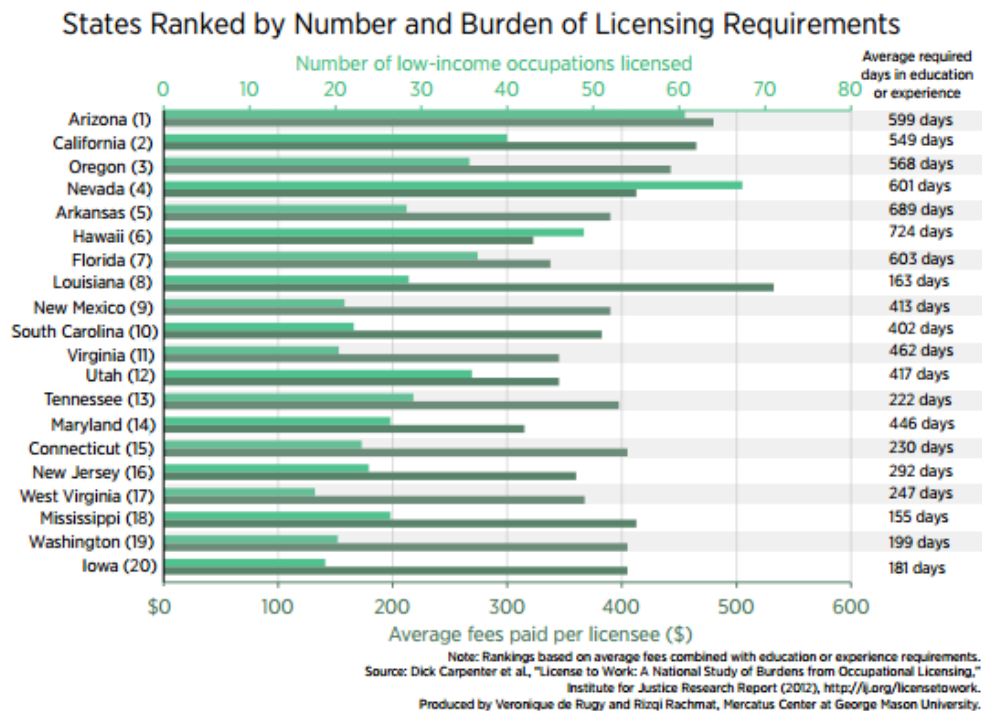
Occupational licensing has grown significantly since the 1950s, when roughly [one out of every 20 workers](#) were required to obtain a government license. Economists Morris Kleiner and Alan Krueger estimate that an astounding [one out of every three US workers](#) needs government permission before they are legally allowed to work today. Many of these occupations have traditionally provided low-income Americans with a path to self-sufficiency and upward mobility. By erecting barriers to entry to these occupations, we erect barriers to entry to achieving the American dream.

This week's charts use data from the Institute for Justice's 2012 report, [License to Work: A National Study of Burdens from Occupational Licensing](#), which presents and analyzes data on occupational licensing from the [US Department of Labor](#), the [Bureau of Labor Statistics](#), and various state

licensing bodies. The study represents the first holistic look at the burdens and breadth of licensing laws targeting [102 low- to moderate-income occupations](#) in all 50 states and the District of Columbia.

The first chart displays the 15 occupations that suffer the broadest regulations and highest burdens according to the IJ report. The average fees that potential licensees must pay are displayed along the primary horizontal axis, and the average number of days of education or experience required is displayed along the secondary horizontal axis at the top. The number of states that require licenses for each occupation are displayed next to the bars.

As the chart shows, the burden of these requirements can quickly become prohibitively high for many of these otherwise-promising job opportunities. Some entry-level occupations, like bus drivers, truck drivers, pest control applicators, and cosmetologists, require occupational licenses in all 50 states plus the District of Columbia. Some of these licenses can be quite expensive. Athletic trainers, for instance, must shell out over \$400 in fees before they can legally work. Other occupations come attached with large education or experience prerequisites. Preschool teachers, for example, must accrue an average of 1,728 days of relevant training to procure a license to teach four-year-olds.



The second chart displays the 20 worst states when it comes to regressive occupational licensing laws. The primary horizontal axis displays the average fees required to obtain licenses in each state while the secondary horizontal axis shows the number of [low-income occupations](#)—such as travel planning, make-up artistry, and bartending—licensed in each state along the top. The average

numbers of days required to obtain licenses in each state are listed next to the bars.

As the chart shows, these states place the burdens of occupational licensing on a large number of low-income occupations. Arizona, the state with the most onerous licensing regime, licenses more than 60 low-income occupations and charges an average of \$450 in fees for the privilege. Iowa, the least burdensome of the 20 states listed, still requires licenses 54 low-income occupations. Compared to states with stricter licensing regimes, like California and Nevada, Iowa charges relatively low average fees of \$141 and requires a mere 181 days' worth of education or experience. Still, for low-income Americans who are trying their best to support their families, every small cost counts. By placing barriers to entry on jobs that could otherwise be performed by low-income individuals, these states remove the bottom rung of the ladder of opportunity for the citizens who need it the most.

Occupational licensing stifles competition and raises prices while limiting options for consumers. More important, it hurts low-income Americans who are most in need of gainful employment. It is time for states to end these regressive practices.