



Occupational Licensing in Wisconsin

JLC Study Committee on Occupational Licensing



Occupational Licensing

- A system of government-mandated credentials
- Requires a minimum level of education, experience and training, payment of fees
- Essentially a government permission slip to work
- WI Department of Safety and Professional Services regulates over 75% of these licenses
- Licensing boards and advisory councils establish standards and requirements



Dramatic Growth

- In 1950, just 5% of the American workforce needed a license to work.
- That number is now between 20% and 25%
- Wisconsin currently requires 1 million workers to secure certification for 280 credential types.
- Includes anyone seeking to become: an auctioneer, animal trainer, dance therapist, landscape architect, butter maker, manicurist, bartender, elevator helper, barber, taxidermist and soil erosion inspector – just to name a few.



The Impact: Stuck on the Sidelines

The Story of Meggan
Thompson

The Impact: Fenced Out

- “Economic studies have demonstrated far more cases where occupational licensing has reduced employment and increased prices and wages of licensed workers than where it has improved the quality and safety of services.”

- *Morris Kleiner, professor of labor policy at the University of Minnesota*



- “Because people need to get licenses for so many kinds of jobs, it’s becoming harder for them to break into certain occupations. That’s especially true for low-income workers.”

- *Morris Kleiner, professor of labor policy at the University of Minnesota*



The Impact: Higher prices for consumers

- A study by Morris Kleiner estimated that licensing increases costs for U.S. consumers by \$203 billion – *annually*.
- A 2016 Wisconsin Institute for Law & Liberty study estimated that licensing costs Wisconsin nearly \$2 billion in higher consumer prices every year.



The Impact: Limits Labor Supply

- When the Institute for Justice conducted a nationwide study of 102 low- to moderate-income occupations, they found that Wisconsin licenses 42 of them.
- Another Institute for Justice study found that licensing costs the nation's economy between 1.8 million and 1.9 million jobs annually — including as many as 37,000 jobs in Wisconsin.



The Impact: Hinders Worker Mobility

Licensing requirements can produce a patchwork of regulations that often makes it difficult for licensed professionals to rejoin the workforce when they relocate.



The Impact: Little Evidence of Enhanced Safety

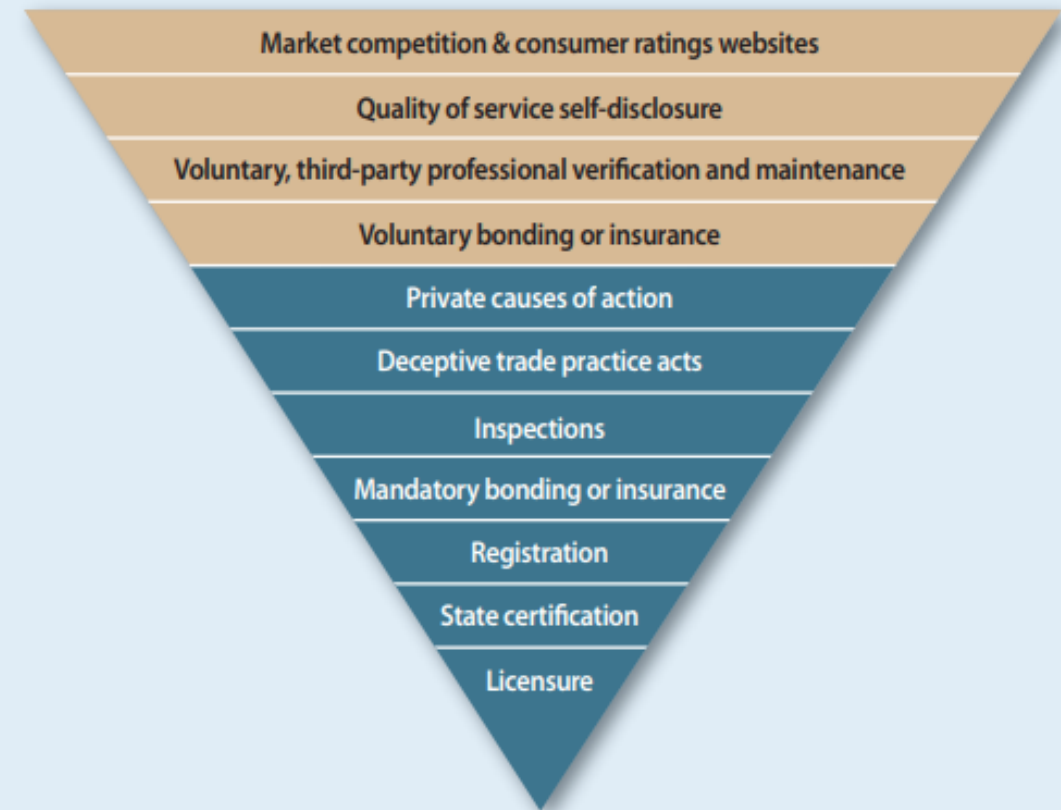
- The training requirements for a licensed cosmetologist range from 2,300 hours in Oregon to 1,000 hours in New York.
- Wisconsin requires 1,550 hours of training.
- There is no evidence that increased training hours produce better or safer services.

The Inverted Pyramid

The state should be predisposed to allowing individuals to earn a living with the fewest government-imposed burdens. Given that an occupational license is the most restrictive form of government regulation of work, it should be the option of last resort.

The Inverted Pyramid: A hierarchy of less restrictive alternatives to licensing

The Institute for Justice offers options to occupational licensing, ranging from the least restrictive at the top to the most restrictive at the bottom.





Calls for Reform: A bipartisan movement

“The practice of licensing can impose substantial costs on job seekers, consumers, and the economy more generally. This is particularly true when licensing regulations are poorly aligned toward consumer protection and when they are not updated to reflect a changing economy.”

- President Obama’s Council of Economic Advisers, July 2015



Recommended Reforms: Universal licensure recognition

- Over the past five years, 18 states have passed licensing reform laws making it easier for those who move across state lines to continue working in their licensed professions.
- Arizona has the most comprehensive reform law
- Other states include Iowa (2020), Colorado (2020), Kansas (2021), Pennsylvania (2019), New Hampshire (2018), New Jersey (2018), Mississippi (2021), South Dakota (2021), Nevada (2017) and Missouri (2020).



Other Recommended Reforms

- Repeal unnecessary licenses
- Sunrise/Sunset review legislation
- Right to Earn a Living law



Other Recommended Reforms: Streamline the Process

- Provisional licensing
- Lookback practices
- Licensing board transparency



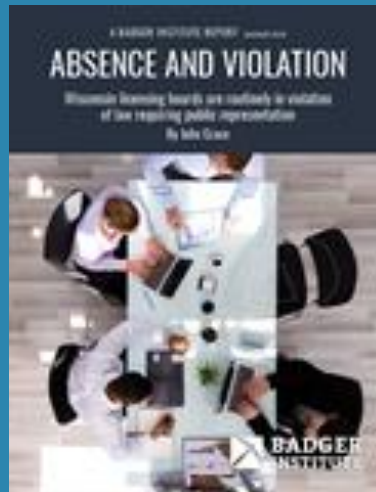
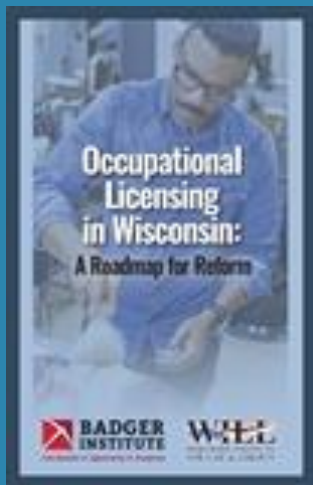
Too Many Licenses

It is a disservice to Wisconsinites to maintain a licensing regime that causes so much distress, imposes economic hardship, fences people out of their dream jobs and drives up cost to consumers.



No License Required

A Wisconsinite does not need a license, minimum level of education or training of any kind to be governor, attorney general or a member of the Legislature.



Badger Institute Resources

- Government's Love for Licensure
- A Primer on Occupational Licensure (WILL)
- Absence and Violation
- Occupational Licensing in Wisconsin: A Roadmap for Reform (WILL)
- More resources at badgerinstitute.org/BI/Initiatives/Licensure-reform.htm