

Wisconsin Institute for Law & Liberty: Occupational licensing requirements decrease employment

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March 15, 2017 - Milwaukee, WI - With Governor Walker and the state legislature discussing occupational licensing reform, a new peer-reviewed study by the Wisconsin Institute for Law & Liberty (WILL), [Fencing Out Opportunity: The Effect of Licensing Regulations on Employment](#), finds a significant and negative relationship between burdensome occupational licensure laws and employment in ten regulated professions, including cosmetology, massage therapy, athletic trainer, and aestheticians.

The new WILL study examines ten low and moderate income professions and measures how the 50 state patchwork of licenses, training requirements, age requirements, exams, and fees impact employment using publicly available data from Institute for Justice and the Bureau of Labor Statistics. Each state was then ranked according to a Red Tape Index which measured how burdensome each state's licensure regulations are in relation to one another. Our findings include:

- States with more burdensome licensure requirements (fees, training hours, exams, and age requirements) have significantly lower employment in the ten occupations examined.

- Wisconsin is the 5th most burdensome state for the ten professions. Most burdensome in the Midwest.
- **Wisconsin can increase employment in these professions by 7.06% if regulations match the least burdensome state, and 2.42% if regulations match the national average.**

A [previous WILL study released in November 2016](#) found that the number of workers impacted by occupational licensure in Wisconsin had grown by 34% over the last two decades. This growth was accompanied by an 84% increase in license-types regulated by the Department of Safety and Professional Services (DSPS) since 1996. Licensing is estimated to cost Badger State consumers close to \$2 billion each year in higher costs.

“This new study provides critical evidence that when states enact burdensome occupational licensure laws, it serves to hurt employment,” said Collin Roth, Research Fellow at the Wisconsin Institute for Law & Liberty. “Policymakers must now consider if the current protections that licensing provides are worth the price in lower employment.”

“The findings of our study show that occupational licensing laws, or state permission slips to work, serve as a major barrier to entry for workers in America. It is a clear call for reform in Wisconsin and other states that make it harder to earn a living,” said Will Flanders, Ph.D., Research Director at WILL.

This study underwent a double-blind review process by two university-based scholars.