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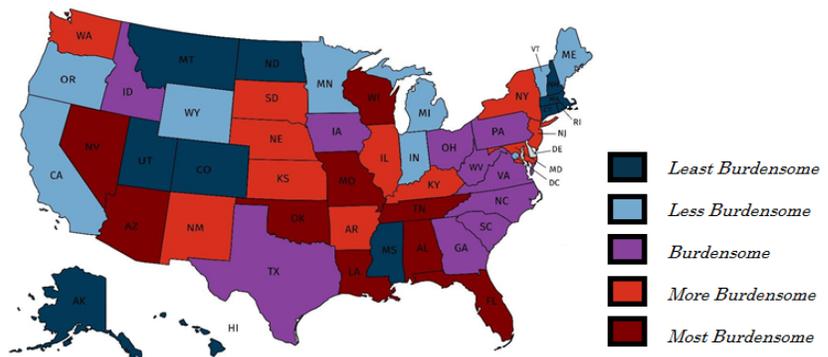
RE: The Effect of Occupational Licensing Regulations on Employment

We work at the Wisconsin Institute for Law & Liberty (WILL), a law and policy center based in Milwaukee that advocates for, among other things, economic freedom and opportunity. We have authored three studies on occupational licensing and appreciate the opportunity to explain our findings to the Federal Trade Commission's Economic Liberty Task Force.

Occupational licensing laws, the focus of the work of this task force, serve as a major barrier to entry for workers in America. For aspiring cosmetologists, manicurists, massage therapists, and aestheticians, licensing requirements can mean thousands of hours of training, tens of thousands of dollars for school, and regular fees to the state. These laws force people with skills and aspirations to take on debt they cannot afford, defer their dreams, or conduct their trade underground with the accompanying threat of fines and prosecution.

In 1950, just 1 in 20 workers required a license to work, now close to 1 in 4 do. With more professionals, and aspiring professionals, running into licensing laws, the case for reform has found an increasingly broad and diverse audience. Coalitions of liberal and conservative activists and policy experts, Democrat and Republican governors, and the Obama and Trump administrations have all embraced the cause of licensing reform. And while progress has been made in this reform movement, rigorous research into the effects of licensing on workers and the broader economy are still in their infancy.

In October 2017, WILL issued a report, *Land of the Free? 50 state study (See Attachment B)* on how professional licensing laws lead to fewer jobs, to measure and score the burdens of occupational licensing regulations in all 50



states plus the District of Columbia. This peer-reviewed study examines, for the first time, the impact of licensing requirements across the country on ten low and moderate income professions. Using publicly available data from the Institute for Justice and the Bureau of Labor Statistics, this study created a Red Tape Index to score and measure the license requirements, i.e. fees, training hours, exams required, and minimum age, for the following ten professions: aesthetician, athletic trainer, cosmetologist, manicurist, veterinary technician, emergency medical technician, private detective, pest control worker, locksmith, and massage therapist. The findings include:

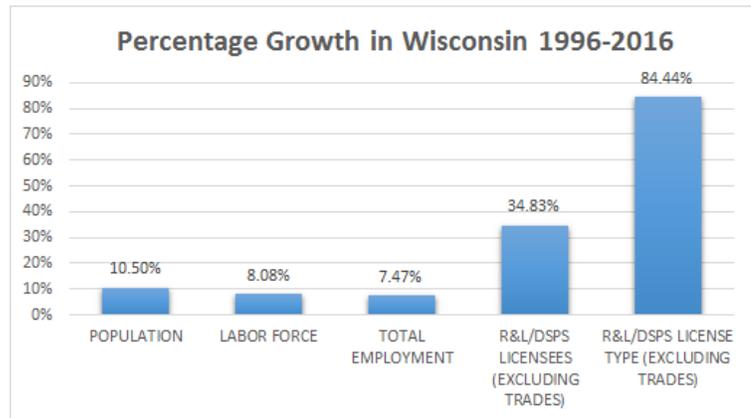
1. States with more burdensome licensure requirements (fees, training hours, exams, and age requirements) had significantly lower employment in the ten professional occupations.
2. Employment in the U.S. for those ten professions would increase by 4.5% if licensing regulations were reduced to the level of the least burdensome state (Hawaii).
3. 23 states could see employment growth of 5% or above for these ten professions if they lowered their licensing laws to those of the least burdensome state – Hawaii.
4. Tennessee, Alabama, Nevada, Florida, and Wisconsin are ranked as the most burdensome states for the professions under study. Hawaii, Massachusetts, Connecticut, Rhode Island, and Utah are ranked as the least burdensome states for the professions under study.

Percent Employment Change through Reduced Licensure Requirements

State	% Employment Change	State	% Employment Change
Alabama	4.126%	Montana	3.743%
Alaska	3.032%	Nebraska	7.196%
Arizona	5.813%	Nevada	8.488%
Arkansas	6.194%	New Hampshire	2.611%
California	3.963%	New Jersey	4.120%
Colorado	2.657%	New Mexico	5.524%
Connecticut	0.734%	New York	5.396%
Delaware	2.083%	North Carolina	5.206%
District of Columbia	6.190%	North Dakota	3.088%
Florida	6.505%	Ohio	3.953%
Georgia	5.161%	Oklahoma	8.377%
Hawaii	0.000%	Oregon	3.841%
Idaho	6.089%	Pennsylvania	2.929%
Illinois	5.286%	Rhode Island	2.581%
Indiana	5.656%	South Carolina	4.408%
Iowa	6.089%	South Dakota	5.303%
Kansas	6.658%	Tennessee	9.331%
Kentucky	6.185%	Texas	5.824%
Louisiana	8.309%	Utah	2.664%
Maine	2.899%	Vermont	2.791%
Maryland	4.305%	Virginia	4.865%
Massachusetts	0.703%	Washington	4.884%
Michigan	5.121%	West Virginia	4.160%
Minnesota	3.082%	Wisconsin	6.687%
Mississippi	3.891%	Wyoming	4.080%
Missouri	6.877%		

Another study published by WILL, *Fencing Out Opportunity (See Attachment C)*, documents the growth of occupational licensing and license holders in Wisconsin. The State of Wisconsin requires hundreds of different government credentials for hundreds of thousands of Wisconsinites who simply want to work. They range from auctioneers, dance therapists, interior designers, barbers, cosmetologists, manicurists, and sign language interpreters just to name a few.

Unfortunately, the problem in Wisconsin has been getting worse. Our data shows that since 1996, the number of traditional license holders has grown by 34% as the state legislature has added 76 new credentials. Also, from 1996 to 2016, the number of license types has grown from 90 to 166 – an 84% increase in the last 20 years. As the chart to the right highlights, this growth in both licenses and licensees in Wisconsin (administered by the former



state Department of Regulation & Licensing, R&L, and current Department of Safety and Professional Development, DSPS) has far outpaced the growth in population, labor force, and employment in Wisconsin.

Today, the Department of Safety and Professional Services (DSPS), the state agency primarily responsible for professional licensing, regulates more than 440,000 licensees for 240 different licenses. According to our calculations, this translates to an estimated 31,000 fewer jobs and a \$1.93 billion annual price tag for consumers in Wisconsin.

These studies add an important statistical analysis to an already robust body of research on the burdens of occupational licensing. Armed with statistical evidence that rigorous licensing burdens result in less employment in certain regulated professions, it is incumbent on policymakers to evaluate the necessity of licensing laws and regulations. If protected interests cannot offer clear and substantiated proof that current licensing regulations are critical to protecting the public, policymakers must consider the forgotten men and women that those lower employment figures represent. They must consider the individuals who, perhaps, considered a new career and then had their dreams deferred in the face of burdensome rules, requirements, and fees.

We commend the FTC for undertaking such a worthy cause. It is our hope that our research will assist the task force in their exploration of occupational licensing.

Sincerely,

Richard M. Esenberg, President and General Counsel

Collin Roth, Research Fellow