

— TOP TAKEAWAYS —

## Occupational Licenses

### OCCUPATIONAL LICENSES HAVE GROWN OUT OF CONTROL

- Nearly **30 percent** of U.S. jobs require a state license, up from less than 5 percent in the 1950s.
- States vary in which occupations they license and the requirements for each license.
- Every state requires licenses for dentists, lawyers, and physicians to practice, but some states also license florists, interior designers, preschool teachers, and hairstylists.
- Occupational licenses are purportedly justified to protect public health and safety and to ensure a high level of quality in services. But not all licensed occupations pose public threats, and there are less restrictive ways to demonstrate quality.

### LICENSES CAN DO MORE HARM THAN GOOD

- Licenses increase the cost of goods and services to consumers, discourage entrepreneurship, stifle market competition, reduce job growth, and limit job opportunities—by approximately **3 million jobs** nationwide. This especially hurts people who are just starting out and need opportunity most.
- Occupational licenses can require costly, time-consuming training and education, fees, exams, and paperwork that lower-income workers are less able to afford.
- Because some states do not recognize out-of-state licenses, the licensing process restarts after a move to a new state. This creates particular challenges for people who move frequently, such as military spouses.
- Licensing laws may include blanket exclusions for those with criminal records, regardless of whether their records are relevant to the job or how much time has passed since their offense.
- Unlicensed workers face cease and desist orders, fines, or in some cases, prosecution and incarceration.

### REFORMS WILL FREE WORKERS TO PURSUE OPPORTUNITY

Policymakers should:

- Eliminate unnecessary licenses or scale back onerous licensing requirements.
- Consider alternatives to licensing such as public or private certification, registration, and inspections that can address quality or public health concerns.
- Consider interstate compacts, such as reciprocity agreements, universal licensing recognition, or multi-state licenses with a common set of qualifications, that allow workers to practice across state lines.



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