

POLICY NOTE

Remove occupational license barriers to work for immigrants, offenders, and low-skill workers

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Key Findings

1. Washington has the 11th highest percentage of workers with occupational licenses in the country.
2. An Obama Administration report found that occupational licenses put the greatest burden on those who need jobs, especially low-income workers and immigrants.
3. Research shows occupational licenses do little to protect consumers.
4. Evidence in Washington state shows licenses are enforced primarily to block competition rather than to enforce health and safety guidelines.
5. Washington should remove work restrictions on people with unrelated criminal records to help them find jobs.
6. Washington should eliminate unnecessary licenses for low-risk professions. When not eliminated, rules should be reduced to allow workers to gain entry into an industry.
7. Washington should recognize out-of-state licenses, which would aid military families who move frequently.

Introduction

For immigrants and low-skill workers looking for work, Washington state policymakers have erected barriers that make it difficult for them to achieve the American Dream. The state requires many people to get an occupational license, requiring them to receive hundreds, even thousands, of hours of training before they are allowed to work at jobs that frequently carry little risk. These strict and often unnecessary regulations lock people out of job opportunities, and there is bipartisan agreement that reform is necessary.

Findings by the Obama Administration

The problems with excessive occupational licenses are well known and the Obama Administration released an excellent overview in 2015, citing the need for reform.¹ The report made several key points.

First, occupational licenses create barriers for people who want to find jobs. The report notes, “Lower-income workers are less likely to be able to afford the tuition and lost wages associated with licensing’s educational requirements, closing the door to many licensed jobs for them.”

These barriers are particularly hard on immigrants. The Obama Administration lamented that:

“Immigrants must often complete duplicative and costly requirements in order to acquire a U.S. license in their chosen career. In many cases, the training or experience that these immigrants acquired overseas does not count toward fulfilling the relevant licensing requirements.”

Many of the licensing requirements are excessive and irrational. In Washington state, a manicurist must pay for 600 hours of training to qualify for a license. A license for “hair design” requires a minimum of 1,400 hours.²

1 “Occupational Licensing: A framework for policymakers,” The White House, prepared by the Department of the Treasury Office of Economic Policy, the Council of Economic Advisors, and the U.S. Department of Labor, July 2015, at https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf.

2 “How to get your WA license: Graduate of a school or apprenticeship program,” Washington State Department of Licensing, accessed September 2019, at https://www.dol.wa.gov/business/cosmetology/get_school.html.

By way of comparison, I received my pilot's license after fewer than 50 hours of flight time. A tattoo artist requires zero hours of training. For people who need a job and have little money, state rules that require them to spend hundreds of hours and thousands of dollars make it more difficult to become self-sufficient. In fact, state policymakers may actually set workers back by burdening them with debt.

These burdens are particularly acute in Washington state. A 2018 report found that Washington ranks 11th highest in the nation, with 21.5% of workers having some kind of occupational license.³

Licensing rules provide little protection for consumers

Additionally, despite the claim that occupational licenses are necessary for consumer protection, the research shows they don't deliver the health and consumer protection they promise. The White House report found that:

“Stricter licensing was associated with quality improvements in only 2 out of the 12 studies reviewed.” This conclusion is backed up by other research as well. The Brookings Institution noted in a 2015 study, occupational licensing has impacts that, “impose net costs on society with little improvement to service quality, health, and safety.”⁴

The research also shows that licensing boards don't enforce health and safety guidelines. Instead they focus on blocking access to work. The Obama Administration report points out,

“There is also evidence that many licensing boards are not diligent in monitoring licensed practitioners, which contributes to a lack of quality improvement under licensing. These boards often rely on consumer complaints and third-party reports to monitor practitioner quality.”

Our research in Washington state demonstrates that most third-party complaints come from current, licensed workers who are trying to block unlicensed workers from working. For example, the vast majority of complaints to the board overseeing landscape architects are related to unlicensed companies, not safety or competence. More complaints are registered with the Better Business Bureau or online at places like Yelp, than with the state licensing board.

Four ways to remove barriers

Legislators should take four important steps to remove the barriers or reduce the burden.

First, Washington should remove barriers to people with criminal records who are trying to enter the work force and rebuild their lives. This step would help reduce recidivism rates. Research from Arizona State University found,

“Successful entry into the labor force has been shown to greatly increase the chances that a prisoner will not recidivate. Yet government-imposed barriers to

⁴ “Reforming Occupational Licensing Policies,” by Morris M. Kleiner, The Hamilton Project, Discussion Paper 2015-01, March 2015, at https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf.

reintegration into the labor force -- particularly occupational licensing requirements -- can be among the most pernicious barriers faced by ex-prisoners seeking to enter the workforce.”¹

States like Illinois² and Tennessee have adopted reforms saying that licensing boards,

“...shall not deny an application for a license, certificate, or registration, or refuse to renew a license, certificate, or registration, solely or in part due to a prior criminal conviction that does not directly relate to the applicable occupation, profession, business, or trade.”³

The legislation includes provisions that include allowing an ex-offender to petition a licensing board at any time, including before spending money on training, for a determination that the ex-offender will not be disqualified from gaining a license because of his criminal record, and limiting disqualifications to convictions directly related to the license.

Reduce the number of required licenses

Second, remove or significantly reduce licenses in many areas. License requirements for many occupations do not reflect the difficulty or risk of the job and are instead used by incumbents to lock out competition. This is true of many cosmetology licenses, where hour requirements could be replaced with a test of safety and health knowledge. Other licenses, such as boxing referee, animal massage, and auctioneers, could simply be eliminated.

Hourly requirements could be replaced by an online portal with consumer ratings, similar to Yelp. Such a system would be more public and would more effectively publicize questions about health and safety than the existing system which is seldom used, ineffective, and offers virtually no public notice.

Make sure licensing rules match real-world needs

Third, follow the lead of other states and require regular reviews and justification for occupational licenses. Nebraska recently adopted legislation to ensure licenses were meeting the intended goal.

The legislation included three parts.⁴ The Institute for Justice outlined the reforms.

First, there must be “present, significant, and substantiated harms” that warrant government intervention. Second, if such a problem exists, the legislators

5 “Turning shackles into bootstraps: Why occupational licensing reform is the missing piece of criminal justice reform,” Policy Report, No. 2016-01, Center for the Study of Economic Liberty at Arizona State University, by Stephen Slivinski, November 7, 2016, at <https://research.wpcarey.asu.edu/economic-liberty/wp-content/uploads/2016/11/CSEL-Policy-Report-2016-01-Turning-Shackles-into-Bootstraps.pdf>.

6 State of Illinois, “SB 1688 Enrolled,” Concerning state government, at <http://www.ilga.gov/legislation/publicacts/100/PDF/100-0286.pdf>.

7 State of Tennessee, “Senate Bill 2465,” To amend the Tennessee code, at <http://www.capitol.tn.gov/Bills/110/Bill/SB2465.pdf>.

8 “Nebraska Governor signs landmark reform for occupational licensing,” by Nick Sibilla, Press Release, Institute for Justice, April 23, 2018, at <https://ij.org/press-release/nebraska-governor-signs-landmark-reform-occupational-licensing/>.



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must first consider a regulation that is the “least restrictive” and imposes the lowest burdens and costs while still protecting consumers from the harm.

As part of the new law’s rigorous “sunset review” process, every year, legislative standing committees will examine one-fifth of the state’s occupational regulations to identify any rules or laws that should be repealed or modified so that they are the least restrictive.

Regular review would remove the burden of unnecessary licenses while providing the opportunity to guarantee and improve safety and other standards where necessary.

Accept licenses earned in other states

Finally, Washington state should recognize professional licenses issued by other states. Military families and others who move should not be required to start over when they have already demonstrated knowledge and skill acceptable in other states. Arizona recently passed legislation recognizing out-of-state licenses for those with at least one year of experience.⁹

Conclusion

Occupational licenses should not be used to deny work to immigrants, criminal offenders, and workers looking to gain new skills. State policymakers should not use the licensing system to block people from finding work or stop consumers from having access to services they want. Washington should reform and reduce these barriers, to give people the opportunity to earn the dignity and happiness that comes with self-sufficiency.

⁹ State of Arizona, “House Bill 2569,” Relating to occupational licensing, 2019, <https://www.azleg.gov/legtext/54leg/1R/bills/HB2569H.pdf>.