

**WHY IT MATTERS**

**Burdensome
licensing requirements
hurt Wisconsin
workers and make the
state a less attractive
place to live.**

In 1950, **5%** of the American
workforce
needed a license to work
compared to today's
20-25%

Wisconsin
requires
1 million
citizens to secure
occupational certification for
280 different
credential types.

In early 2020,
at least **27**

**professional licensing
boards & advisory councils**
were in outright violation of
public representation law.

Occupational Licensing: Get Out of the Way of Work

Wisconsin prohibits over 1 million citizens from working unless they have government permission.

This is the root of the backlogs plaguing Wisconsin's Department of Safety and Professional Services (DPS), the agency authorized by state law to review, approve and regulate most occupational licenses. These delays — sometimes months or longer — force many people to sit on the sidelines after they move to our state or graduate from their training, unable to work in their chosen field, serve others with their skills or earn paychecks commensurate with their education and experience.

Some blame the delays on bureaucracy and inefficiency. Others say DPS is underfunded and short-staffed. There may be merit to both claims, but the underlying cause is the dramatic growth of professions requiring state licensure in Wisconsin.

Between 1996 and 2016, the number of fields requiring government certification increased by 84%. The state's population grew just over 10% during that same period.

The state currently requires certification for 280 credential types, meaning government permission is required for anyone seeking to become an auctioneer, animal trainer, dance therapist, landscape architect, butter maker, manicurist, bartender, elevator helper, barber, taxidermist and soil erosion inspector — to name a few.

Each applicant must jump over numerous government hurdles. To obtain a license, an aspiring worker may have to acquire a minimum level of education, experience and training, and pass state-sanctioned exams. DPS often requires application and renewal fees.

Scholars like Morris Kleiner at the University of Minnesota have found that licensing creates barriers to entry into the field, especially for low-income aspirants; reduces employment and competition; inflates prices and the wages of licensed workers; stifles innovation; and limits mobility.

These negative effects on workers and consumers, and the increased opportunity for self-dealing by market participants, might be justified if licensing improved public health and safety. For licenses that don't apply to healthcare professionals, there is scant evidence that state certification improves either.

Reform Recommendations

Alternatives to Licensing – When a new license is proposed, legislative debates often focus on a binary choice: To license or not to license. The Institute for Justice has compiled a list of alternatives that can address public safety concerns without the unintended consequences (*see other side*). These options include voluntary, third-party professional certification; inspections; voluntary or mandatory bonding; or insurance and registration.

Universal Licensure Recognition – Over the past five years, 18 states have passed →

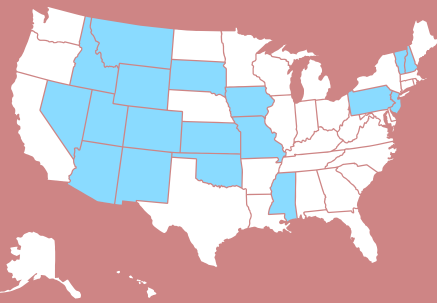
An occupational license

is a government permission slip to work in a particular field.

Over the past five years,

18
STATES

have adopted some form of universal licensure recognition.



Arizona, Colorado, Idaho, Iowa, Kansas, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Oklahoma, Pennsylvania, South Dakota, Utah, Vermont and Wyoming

Licensing costs the U.S. economy nearly **2 million jobs annually** — including up to **37,000 jobs in Wisconsin.**

licensing reforms that make it easier for those who move across state lines to continue working in their licensed professions.

Sunrise Review Laws – When a licensing bill is introduced, a sunrise review allows an entity (ideally the Legislative Audit Bureau) to assess evidence of significant harm to the public from the unregulated practice of the profession, whether the public would benefit from the occupation being licensed, the least restrictive regulation that would address the real harm and an analysis of requirements for the occupation in other states. At least 14 states have sunrise review laws.

Sunset Review Laws – Sunset reviews require an examination of all existing licenses or licensing boards after a set number of years. If it cannot be demonstrated that the lack of an existing license or licensing board would pose a danger to the public, the license or board would be eliminated or re-examined to determine if a less restrictive form of regulation would suffice. Thirty-six states have some form of sunset review process.

Right to Earn a Living Act – The act allows the judiciary to serve as a check on policymakers and regulators who create and maintain overly burdensome regulations. If an individual believes certain restrictions are infringing on her right to earn a living, she may challenge them in court.

Repeal Unnecessary Licenses – A good starting point would be to eliminate those that have no personal requirements related to education or experience.

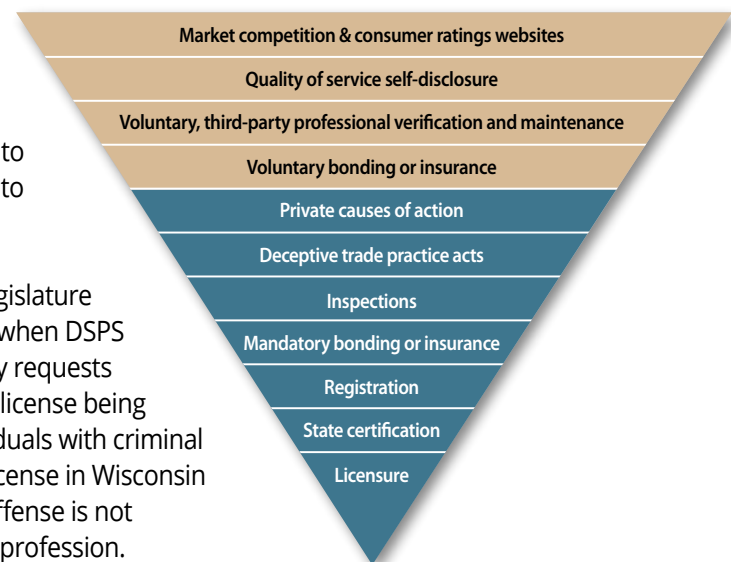
Provisional Licensing – Until universal licensure recognition becomes law in Wisconsin, allow DSPS to grant a temporary license to applicants so they can begin to practice and earn a living.

Lookback Practices – The Legislature should clarify in statute that when DSPS reviews an application, it only requests information pertinent to the license being sought. In most cases, individuals with criminal backgrounds can receive a license in Wisconsin as long as their underlying offense is not “substantially related” to the profession.

Licensing Board Transparency – Require public transparency of licensing boards’ activities and enforce laws requiring public membership on boards.

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.



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For more research, stories and recommendations about occupational licensing, visit

badgerinstitute.org/licensing