

Occupational Licensing in Missouri and the U.S.

Facts and Findings

History and Context

- Occupational licensing requirements have risen from five percent of the U.S. workforce holding a license in the 1950's to about twenty-six percent of the workforce holding a license in 2016.¹
- Missouri is one of the least licensed states along with Kansas and Washington.² Missouri licensing fees and average education requirements are some of the lowest in the nation.³
- The Missouri Division of Professional Registration oversees 41 boards and commissions in the state which license numerous professions. Some professional licenses are overseen by different state agencies and entities, for example in Missouri, EMTs are licensed by the Missouri Department of Health and Senior Services, teachers are licensed by the Missouri Department of Elementary and Secondary Education, pesticide handlers are licensed by the Missouri Department of Agriculture, and lawyers are licensed by the Supreme Court of Missouri.

Impact

- In the US, in 2015, employed women were more likely to hold a certification or license than employed men (28.1% and 23.2%, respectively).⁴
- People with a certification or license earned about 1/3 more than those without these credentials.⁵
- Research indicates that some licensing requirements can present a barrier to entry into licensed professions. Requirements can reduce total employment in that profession. As a consequence, economic and income inequality is created.⁶
- Because occupational licensing regulations are enforced and controlled by each state throughout the nation, there are varying requirements and qualifications. Disparities among states can create barriers for people working in licensed professions to reenter the same profession in another state.⁷
- Workers who hold a license are less likely to move across state lines than those who do not.⁸
- New, innovative services and shared economies like Uber and Lyft have forced policymakers to reevaluate the current regulatory structure of taxi drivers and develop new policies.

Alternatives to Occupational Licensing

- Occupational licensing alternatives like certification, registration, mandatory bonding, and direct regulation place varying degrees of burden on professionals, all of which are less than the requirements of full licensure.⁹
- In professions where the risk to public safety is low, certification or registration could provide an effective and less burdensome alternative to full licensure.

Policy Considerations

- A thorough cost-benefit analysis conducted through sunrise or sunset statutes could provide valuable information to states that are considering occupational licensing reform.
- Reciprocity could be expanded through national or regional compacts to reduce barriers to new state residents.
- Fees could be waived for low-income job seekers to reduce the burden of entering the profession.
- Data could be systematically collected, analyzed, and shared with administrators, policymakers, and the public to identify issues and trends to find efficiencies and improve systems.

References

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- ⁶ The White House Report. (2015). *Occupational Licensing: A Framework for Policymakers*. Retrieved from https://www.whitehouse.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf
- ⁷ Summers, Adam. (2007). *Occupational Licensing: Ranking the States and Exploring Alternatives*. Retrieved from <https://www.nachi.org/documents2012/Occupational-Licensing.pdf>
- ⁸ Furman, Jason & Giuliano, Laura. (2016). *New Data Show that Roughly One-Quarter of U.S. Workers Hold an Occupational License*. Retrieved from: <https://obamawhitehouse.archives.gov/blog/2016/06/17/new-data-show-roughly-one-quarter-us-workers-hold-occupational-license>
- ⁹ Gittleman, M., Klee, M., & Kleiner, M. (2015) *Analyzing the Labor Market Outcomes of Occupational Licensing*. National Bureau of Economic Research. Retrieved from: <http://www.nber.org/papers/w20961.pdf>