

EMPOWER MISSISSIPPI



BETTER JOBS MISSISSIPPI

Smart Regulation of Occupations

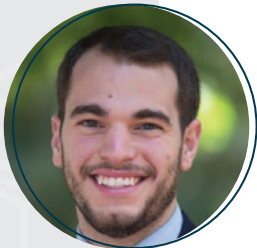


ABOUT THE AUTHORS



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Russ Latino is President of Empower Mississippi. Prior to joining Empower in 2020, Latino ran economic and health care initiatives for Stand Together and Americans for Prosperity, nationally. He was the founding State Director of Americans for Prosperity-Mississippi and is a business and constitutional law litigator. In 2017, Latino drafted Mississippi's Occupational Licensing Review Commission Act, a first-in-the-nation attempt to comprehensively reform occupational licensing. Latino's research and writing has been featured in outlets such as the Wall Street Journal, USA Today, and National Review.



EXECUTIVE SUMMARY

At **Empower Mississippi** we are focused on helping all Mississippians rise to reach their full potential by removing barriers to opportunity. We believe that a vital part of this mission is ensuring that people have access to meaningful work, with income that allows them to take care of themselves and their families. Regulation of work has a profound impact on the economic environment.

There was a time when work was relatively simple. Someone offered a service or product in exchange for compensation and another person agreed to pay. Over time, it was determined that some professions posed heightened risks to the public and that government had an interest in ensuring people who engaged in the profession were qualified and safe in carrying out the duties of the job.

Enter regulations called “occupational licenses.” An occupational license stated simply is a government permission slip to work in a regulated industry. When done

correctly, they can be useful in protecting the public. When done poorly, they can prevent people from working in the profession of their choosing, limit economic mobility, and drive up prices for consumers.

In the 1950s, very few professions were regulated through occupational licenses—doctors, lawyers, airline pilots, and such. As the decades passed, more and more occupational licenses were created with heftier and heftier regulations associated with each license. In many cases, advocates for new licenses and new regulations were the industries themselves, who in some cases saw the regulation less through the lens of public safety and more through the lens of protecting people already in the industry from competition. Occupational licenses, once created, are mostly governed by unelected boards comprised of people already in the profession, creating both expertise and potential conflict of interests.

Today, one in five American workers require an occupational license from the government to work. Professions regulated by the government now include a wide array of both low to mid-income professions that pose little risks to public safety. In 2014, the U.S. Supreme Court became involved, ruling that a professional licensing board in North Carolina did not enjoy government immunity from anti-competitive lawsuits. The case exposed some of the downsides to over-regulation of work.

In 2017, report author Russ Latino worked with the Institute for Justice and then-Governor Phil Bryant to write and ultimately pass a law that would provide oversight to occupational licensing boards in Mississippi. The Occupational Licensing Review Commission (“OLRC”), run by the office of the Governor, Attorney General and Secretary of State, was charged with reviewing proposed occupational regulations to ensure that they were not anti-competitive, that there was a substantial public safety issue that warranted the regulation, and that they were crafted in the least restrictive manner possible. In 2019, the Legislature expanded the purview of the OLRC to not only include



prospective occupational regulations, but to allow for retroactive review.

In this report, we will explore the history of occupational licenses, its role in protecting the public, and its impact on the larger economy, on mobility, and on disadvantaged

populations. Additionally, we will look at alternatives to heavy licensing burdens, the current occupational regulation environment in Mississippi, and do deep dive on ten Mississippi occupational licenses that fall under the review of the OLRC, with comparisons to other states and suggestions of how those licenses might be reformed.



OVERVIEW: WHAT IS OCCUPATIONAL LICENSING?

Occupational licensing laws are passed by states, setting minimum standards for workers to enter a profession. These required qualifications include education, training, job experience, exams, and fees. Occupational licensing can be thought of as a permission slip from the government to work, because it is illegal to practice without first meeting the requirements and obtaining a credential.

Occupational licenses are contemplated as a form of consumer protection. The motivation for these requirements is to protect the health and safety of consumers, ensuring that they receive high quality services. To accomplish this, licensing laws require that aspiring professionals demonstrate confidence before practicing. Low skilled professionals or charlatans are prevented from being able to practice and harm consumers.

Typically, market competition effectively rewards skilled professionals and drives low skilled ones from the market. But due to the nature of some services, the risk of harm to consumers is great enough that competition could leave

many injured before the market process is able to work. In these cases, low quality services pose such a threat to the health and safety that some form of government regulation is appropriate. For example, nearly all professions within healthcare require a license. Low quality healthcare services pose a serious risk to patients, where one mistake can cause permanent injury or death and it is difficult for patients to know the quality of their healthcare provider. Rather than wait for the healthcare provider to make mistakes, they try to ensure quality through licensure.

Proponents of occupational licensing cite two additional benefits. First, licensing laws improve the human capital, or skill, of workers.¹ These more highly skilled professionals are likely to provide higher quality services. Additionally, licensing reduces information asymmetry, or a difference in knowledge about the transaction, between buyers and sellers. It is more difficult to discern the quality of a service than a product before a purchase, so licensing helps consumers know that a professional is qualified. Because consumers are able to have more confidence in the quality of service providers, they are more likely to participate in the market.

Occupational licensing has steadily grown to become the most significant labor market regulation in the US. In the 1950s, roughly 5 percent of workers needed a license to work. Now, more than 20 percent of workers do.² The growth in licensing can be seen in figure 1 below. Though much contentious debate surrounds both minimum wage and unionization laws, licensing effects more workers than both of those areas combined.³

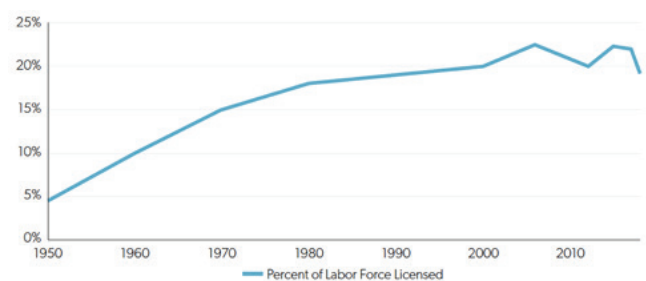


Figure 1: The Growth of Occupational Licensing

Source: Norris, Conor, Josh Smith, and Edward Timmons. (2020). "How to Reform Occupational Licensing." The Center for Growth and Opportunity Policy Paper.



Some of the increase is due to a growth in the service sector of the economy. But most of it is licensing requirements being extended to a growing list of professions. From 1993 through 2012, on average, states added licensing requirements for 31 professions that required less than a bachelor's degree.⁴

Not only has the number of licensed professions grown, the entry requirements for professions have increased, becoming more difficult over time. This trend can be seen

across professions, but it is most prominent in healthcare. For example, in the 1990s, Physical Therapists required a bachelor's degree to obtain a license, which increased to a master's degree by the 2000s, and a doctorate today. The ratcheting up of licensing requirements increases the time and cost of entering a licensed profession, making it more difficult for aspiring professionals. However, it is important to note that current professionals are typically grandfathered in, so they do not need to meet new requirements.



IMPACT ON CONSUMER PRICES

Because licensing requirements make it more difficult to enter a profession, it restricts the supply of workers. The upfront investment in education and training is a barrier to entry that increases the cost for aspiring workers. Economists find that this has a significant effect. Estimates of the reduction in supply of professionals caused by licensing range from 11 to 27 percent.⁵ Additionally, licensed professions grow more slowly, relative to the rest of the economy. This can harm consumers, who receive less convenient services and longer wait times.

It also increases wages for professionals. The estimates vary, but economists tend to find that the licensing premium is around 17 percent, even after accounting for worker characteristics.⁶ For some highly skilled professions with substantial licensing requirements, the wage premium is even higher. When higher wages result

from professionals becoming more productive or offering higher quality services, both consumers and professionals are made better off. However, the licensing wage premium is primarily a result of the shortage created by occupational licensing, not better services. In effect, licensed professionals increase their wages by making consumers worse off. According to a study performed by economists Morris Kleiner and Evgeny Vortnikov, the higher wages are passed on to consumers as higher prices—as much as 15 percent higher.⁷ In total, Kleiner and Vortnikov estimate that licensing costs the economy between \$183.9 and \$197.3 billion due to the higher prices and misallocated resources.

An illustrative example of the effect of occupational licensing on consumers is the “Cadillac Effect.” In a situation where the government mandated only the highest quality, luxury car can be sold, what would happen? Some consumers who were willing to buy a basic economy car, would now buy the more expensive luxury car. But, other consumers would be unable to purchase a car, because the Cadillac exceeds their budget. The average quality of cars would be higher in this world, but many consumers would be left worse off, either by paying more for cars that do not meet their needs or not being able to purchase one. Licensing works in much the same way, forcing some potential consumers out of the market, and increasing prices for others.



IMPACT ON MOBILITY

What's more, because licensing laws are passed at the state level, they make it more difficult for people to move between states. A licensed professional who wants to move from Tennessee to Alabama would have to apply for licensure in Alabama, filling out forms, paying fees, taking exams, and sometimes undergoing training. The process can take months, forcing people out of work when they need income the most, making moving too difficult for some. Economists estimate that licensing laws reduce movement between states by about 7 percent.⁸

A number of states, including Mississippi in 2021, have attempted to address the mobility problem by passing so-called “universal recognition” laws that permit an individual licensed in one state to have that license recognized by another state when they move. These laws,



while a positive development, are only as good as their design. For instance, they are often designed so that the licensing boards in the new state have sole discretion in determining whether they think a license issued in another state is equivalent and warrants endorsement. The effect could be the appearance of endorsement on paper, but the actual hurdles for professionals attempting to move between states remain in place.

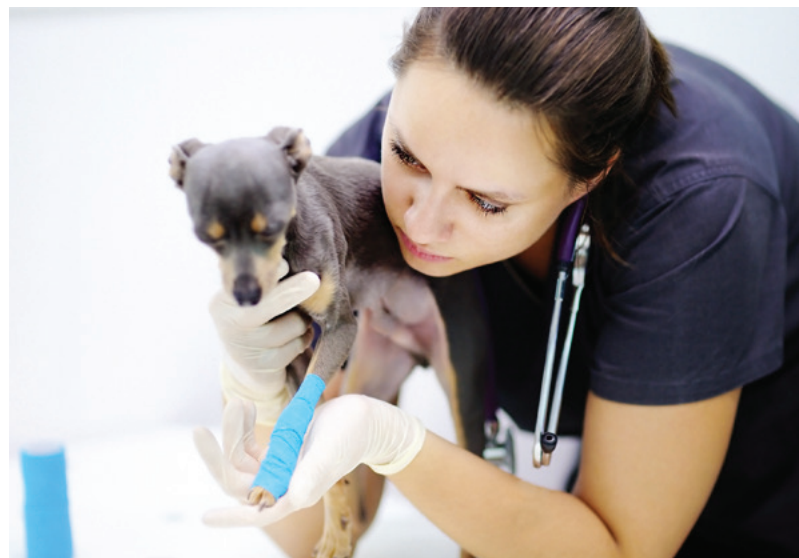


THE COST OF LICENSING FALLS HARDEST ON DISADVANTAGED POPULATIONS

The costs of licensing are not born equally. Licensing has a disproportionate impact on the disadvantaged. According to the Institute for Justice, 102 professions with less than a college degree are licensed.⁹ Because occupational licensing requires training and education before being able to practice, it is a barrier to those from low-income backgrounds. Too often, the opportunity cost of the time and the cost of education makes licensure prohibitively expensive for those without the means to forego an income for an extended period of time. This removes a pathway to the middle class for many without a college degree.

Furthermore, there is evidence that licensing is a greater barrier to employment for racial or ethnic minorities. Black and Hispanic individuals are less likely to earn a college degree than whites or Asians, yet many occupational licenses require one. For instance, Black and Hispanic interior designers are 30 percent less likely to hold a bachelor's degree.¹⁰ States that mandate a license for interior designers disproportionately exclude them. Immigrants face these barriers as well. Typically, boards do not accept education, training, or experience from other countries, forcing them to undergo training again or find another occupation. Additionally, many professions require English language proficiency and calls for exams to only be offered in English.

Finally, many licensing statutes contain "Good Moral Character" provisions, which preclude those with criminal convictions. These are overly broad, covering crimes completely unrelated to public safety or quality. This barrier to work contributes to higher unemployment for those with a criminal record. It also makes communities less safe. Finding employment after incarceration is the key to preventing recidivism. Research has found that states with more professions licensed have higher rates of recidivism, as occupational licensing locks them out of work in many professions.¹¹





DOES OCCUPATIONAL LICENSING PROTECT THE PUBLIC?

Despite the costs associated with occupational licensing, it still may be the appropriate level of regulation. Occupational licensing exists to ensure quality of service and protect health and safety. In some cases, the benefits of properly designed licensing regulations may outweigh the costs. But any analysis will require an estimation of the effect of licensing on quality and safety. Occupational licensing has become the standard form of professional regulation, but policymakers need to consider the costs and the benefits to determine the proper level of regulation and whether less restrictive alternatives would be more appropriate.

A number of studies have examined the effects of occupational licensing laws. Quality can be difficult to measure for many services, so the professions covered are limited. On the whole, there is little evidence that occupational licensing improves the quality of services or protects the public health and safety. Table 1 below summarizes the literature on occupational licensing and quality since 1980. Only one piece finds evidence that licensing has a positive effect on quality.

AUTHOR	PROFESSION	TYPE OF LICENSING RESTRICTION	FINDINGS
Barrios	CPA	Stringency of Requirements	No effect on quality
Bowlblis and Smith	Social Workers	Nursing home Licensing Requirement	No effect on quality of patient care, lifespan, or social services
Carpenter	Florists	Licensing Requirements	No effect on judges' rating of quality
Deyo, Hoarty, Norris, and Timmons	Massage Therapists	Licensing Requirements	No effect on STD or rape
Farranato, Fradkin, Larsen, and Brynjolfsson	Online Services	Licensing Requirement	No effect on consumer rating
Kane, Rockoff, and Staiger	Teachers	Licensing Requirements	No effect on test scores
Kleiner and Kurlde	Dentistry	Stringency of Requirements	No effect on tooth health
Kleiner, Marier, Park, Wing	Nurse Practitioners	SOP expansion	No effect on infant mortality or malpractice insurance
Kleiner and Petree	Teachers	Licensing Requirements	Unclear effect on test scores
Larsen	Teachers	Stringency of Requirements	Positive effect on student test scores in high income areas, no effect in low income areas
Maurizi	Contractors	Number of schools	Slight increase in consumer complaints
Powell and Vorotnikov	Real Estate Agents	Continuing Education	No effect on complaints
Timmons and Mills	Opticians	Licensing Requirements	No effect on vision insurance or malpractice insurance

Table 1: Summary of Research Findings for occupational Licensing and Quality



According to the Federal Trade Commission, “Occupational regulation can be especially problematic when regulatory authority is delegated to a board controlled by active market participants,” which is precisely what occurs under occupational licensing as currently designed.¹² Members of the regulatory authority, the licensing board, are almost exclusively composed of members of the profession in that field.¹³ Some expertise is warranted. For instance, some knowledge of medicine is necessary for members of the medical board to design appropriate standards. However, having members with a financial interest in the regulation and enforcement actions of the board will likely result in self-serving decisions, ones that protect professionals rather than the public, even if the board members are well meaning.

Licensing boards can adjust licensing standards, making them more onerous. For instance, boards have been found to adjust the pass rates of licensing exams in response to a larger pool of applicants. This allows them to directly limit the size of the profession, increasing their wages. Additionally, they can use the state legislature to limit competition. State professional associations, especially those backed by the legitimacy of a licensed profession, are in a good position to lobby legislatures. Each member of a licensed profession stands to gain much more than a member of the public from increasing requirements. Thus, professionals have a greater interest in applying political pressure.¹⁴ One of the most important factors determining whether a profession is licensed is the degree of political influence the profession places on the legislature.¹⁵

While boards are designed to ensure quality through the monitoring of professionals, they often fail to live up to this purpose. Boards often do not directly observe professionals, instead relying on complaints from the public. Of these complaints, only a small fraction are investigated and result in disciplinary action.¹⁶

There are also cases where occupational licensing can cause quality to deteriorate or make consumers less

safe. Because occupational licensing increases the costs of services, some consumers are forced to go without. Others will perform the tasks themselves, or have an unlicensed friend perform them. For instance, in places where licensing reduces the number of journeyman electricians offering their services, the number of electrocutions is higher.¹⁷ Thus, we have evidence that licensing can reduce quality by forcing consumers to perform services themselves. In a similar estimation for plumbers, they found that in locations with fewer plumbers, there were higher retail sales of plumbing supplies per house. This suggests that again, individuals are performing plumbing services themselves, with the assumption that the services will be lower quality than from a professional plumber.

More stringent licensing standards for real estate brokers are associated with inferior service (longer times to sell properties) in rural areas. This suggests that in situations where licensing standards causes a large shortage, the shortage can cause quality deterioration, the exact opposite of the purpose of licensing.

There is also growing evidence that the public does not care about licensing status when they have access to other information about service providers. With the growth of peer-to-peer rating websites, consumers now have access to much more detailed information about professionals. Recent research has examined how much consumers weigh licensing status compared to reviews from past consumers.¹⁸ Using data from an online platform for residential home services, they find that licensing status has no impact on consumers’ decision-making process. Rather, consumers largely based their decisions on the service provider’s review rating and prices. In a poll of consumers from the platform, only 61 percent knew the licensing status of their professional, and most consumers learned about licensing status when signing the contract, not while reaching the decision to offer the job to that contractor.



ALTERNATIVES TO OCCUPATIONAL LICENSING

Although it has become the default, occupational licensing is not the only form of regulation that can be used to ensure the quality of services. Policymakers have a range of alternatives that can be tailored to the specific harms licensing is currently being used to address. Occupational licensing is a blunt instrument with substantial costs and should only be used when the benefits to licensure outweigh those costs. Before imposing new licensing requirements or when reviewing existing licensing laws, policymakers should find evidence of harm and use the least restrictive form of regulation to reduce that harm.

The Institute for Justice designed The Inverted Pyramid, which provides a hierarchy of the alternatives to licensing. The options range from market competition

with no regulation to the strongest form of regulation, occupational licensing. The first four options are voluntary and non-regulatory, that can encourage quality services with little government involvement. Sometimes, this is all that is needed to protect consumers. If government intervention is necessary, as is the case sometimes, there are seven additional options of increasing stringency.

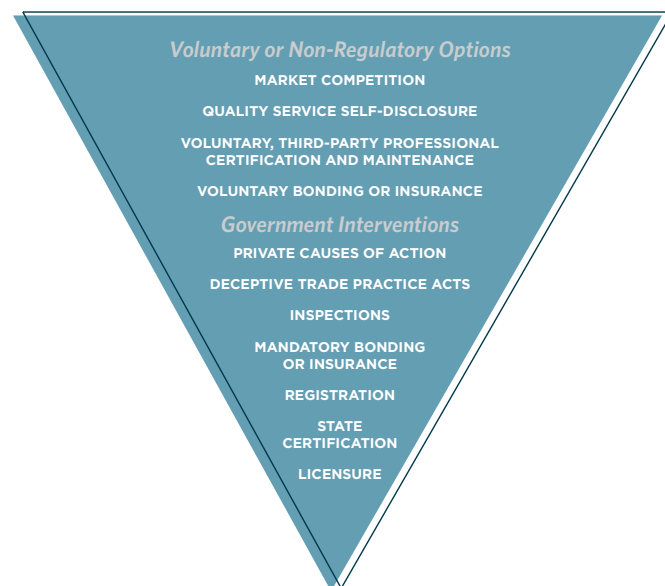


Figure 2: The Inverted Pyramid

Source: Ross, John. (2017). "The Inverted Pyramid: 10 Less Restrictive Alternatives to Occupational Licensing." Institute for Justice.

MARKET COMPETITION

When service providers are forced to compete against each other for consumers' business, the lower quality providers will be driven out as consumers stop patronizing them and switch to higher skilled providers.

QUALITY SERVICE SELF-DISCLOSURE

Professionals help inform consumers about their quality by making their reviews from past consumers easily available, allowing consumers to compare the satisfaction between providers.



VOLUNTARY CERTIFICATION

Professionals can obtain voluntary credentials from 3rd party organizations that attest to their education and experience, demonstrating their quality without erecting barriers to entry into the profession.

VOLUNTARY BONDING OR INSURANCE

In services that pose a greater risk to consumers, professionals can obtain bonding or insurance to guarantee consumers protection from their failure to fulfill an obligation or losses from a mistake.

VOLUNTARY CERTIFICATION

Professionals can obtain voluntary credentials from 3rd party organizations that attest to their education and experience, demonstrating their quality without erecting barriers to entry into the profession.

PRIVATE CAUSES OF ACTION

Allowing consumers to bring lawsuits against service providers who injure them, or making it easier for them by allowing them to sue in small claims court or collect court and attorney fees, can force providers to adopt standards that prevent harm or drive the low skilled providers from the market.

DECEPTIVE TRADE PRACTICES ACT

All 50 states currently have deceptive trade practices acts that protect consumers from predatory or negligent practices by service providers, so these can be used to hold low quality professionals accountable if their negligence harms consumers.

INSPECTIONS

The inspection of facilities or the work of service providers can be used in lieu of occupational licensing to ensure that they meet minimum standards of quality and safety without the high costs of licensing.

MANDATORY BONDING OR INSURANCE

In cases where the services provided pose a serious threat to consumers and 3rd parties, states can mandate that professionals obtain bonding or insurance to compensate for any damages while not limiting entry into the profession.

REGISTRATION

Requiring services providers to provide the state with their information can aid consumers in bringing a private cause of action and deter bad actors by making lawsuits easier.

MANDATORY CERTIFICATION

A government agency provides credentials to professionals that meet certain education and experience standards. Anyone can practice in the profession, but only those with a certification can use the title, demonstrating their quality to consumers.

OCCUPATIONAL LICENSING

The strongest form of occupational regulation, licensing requires that service providers meet numerous standards before they are legally allowed to offer services.



MISSISSIPPI'S CURRENT BURDEN

Mississippi requires licenses for 66 of the 102 professions that do not require a traditional 4-year college degree.¹⁹ From 1993 to 2012, Mississippi added licensing requirements for 49 professions, which was 18 above the national average.²⁰ This ranks Mississippi as the 15th most widely licensed state. Around 19 percent of workers in the state are required to obtain a license in order to work. The average licensed worker in Mississippi in these 66 professions pay an average of \$130 in fees, spend 160 days in education, and take two exams, which is better than the average state.

Occupational licensing laws present significant costs for Mississippi residents. Because of the barriers to entry created by licensing requirements, economists have estimated that licensing reduces the number of

jobs in Mississippi by 12,942.²¹ This helps contribute to Mississippi's second lowest labor force participation rate in the country.²² Because of the reduced supply of workers offering their services, wage cost increases of 12 percent associated with licensing are passed on to consumers in the form of higher prices.

Because licensing reduces the supply of workers and increases prices for the services that consumers receive, it results in less of the services being consumed. Economists refer to the cost of the lost transactions that do not occur as deadweight loss. They estimate that the total deadweight loss from licensing laws in the state of Mississippi is \$37 million. Unfortunately, the total economic cost of licensing is even greater. Not only do some customers forego the more expensive services, licensing also causes a misallocation of resources between industries. For instance, people spend more money than necessary on education, go into professions that they are not best suited for, and lobby for increased requirements instead of productive activities as a result of licensing. The total cost of misallocated resources from licensing in Mississippi is around \$1.2 billion.²³





MISSISSIPPI'S SUCCESS STORIES

Melony Armstrong



Melony Armstrong moved to Tupelo with her husband Kevin to start a church. With a new ministry and a growing family, she needed to help provide. She was working for other people when she decided she wanted to learn a skill that would enable her to open her own business. She loved the idea of natural hair care and took

a short course in hair-braiding. She was hooked. She taught herself and practiced on people for free. As she gained skills, she began braiding out of her home. But she wanted a legal business, one that she could grow and develop.

As things began to take off, she began to worry about whether she might run into any legal issues with her business. So she called the Mississippi Board of Cosmetology. At first, she was told that in order to braid hair legally, she would have to get a cosmetology license, which requires 1,500 hours of class. Melony had neither the time nor money to do that. Worse still, nothing in the cosmetology curriculum teaches hair braiding, a skill Melony had already developed.

After months of additional phone calls, she finally learned that she could get a “wigology” license instead. A wigology license requires only 300 hours of class, which was less of a burden, but also did not teach natural hair braiding. Desperate to get her business off the ground legitimately, Melony looked for a wigology program and discovered that, out of the more than 40 cosmetology schools in Mississippi, only two offered wigology. The closest was one hour away, but with kids at home, Melony couldn’t spend two hours in the car every day to go to class. Eventually, she convinced a local cosmetology instructor to teach her wigology. When she finished the class, she took the required exam and became a licensed wigologist in 1999.

Melony opened Naturally Speaking, the only natural haircare establishment in Tupelo. Business was good, but remembering how difficult it was to get her license, she decided to teach braiding herself. She called the Board again and discovered yet another regulatory hurdle. Mississippi does not allow wigology schools. To learn wigology, students must go to a cosmetology school. To teach wigology, instructors must get a cosmetology instructor’s license.

To braid legally in Mississippi, Melony had to spend 300 hours in a wigology program that doesn’t teach braiding. Now, to teach braiding legally in Mississippi, Melony



would have to spend 3,200 hours in a cosmetology program (1,200 hours) and a cosmetology instructor program (another 2,000 hours), neither of which teach braiding.

To make matters worse, after finally getting a cosmetology instructor license, Melony would have to open a full-blown cosmetology school, with all of the equipment to perform manicuring, makeup and chemical services on hair, even though she would not teach any of those skills—an expensive proposition for a small entrepreneur who just wants to teach braiding.

She'd had enough. In 2004, with the help of the Institute for Justice, Melony filed a lawsuit against the state. After the lawsuit, the Mississippi legislature voted to set hair braiders free, creating a new hair braiding certificate that only cost applicants \$25 without all the unnecessary training and fees.

On the day Melony's law took effect, 400 women signed up to become hair braiders. Today, there are over 4,000 women in Mississippi helping to take care of themselves and their families through hair braiding, many of which have been trained by Melony.

OCCUPATIONAL LICENSING REVIEW COMMISSION

Melony's story became an inspiration for other licensing reform, including Mississippi's first-in-the-nation comprehensive reform that created the Occupational Licensing Review Commission in 2017.

The OLRC was created in response to the Supreme Court's decision in *North Carolina State Board of Dental Examiners v. FTC*, which held that an occupational licensing board comprised of active market participants could not garner government immunity from anti-competition lawsuits unless there was a clear delegation of authority from the state's legislature for them to promulgate regulations and there was active supervision by the state in how that authority was used. The OLRC, comprised of the Governor, the Secretary of State, and

the Attorney General, was established to provide active supervision of licensing boards' as they promulgated new regulations. The oversight was designed to increase economic opportunity by preventing unnecessary and burdensome professional regulation. All changes proposed by licensing boards must be approved by the OLRC and there must be evidence of a substantial public safety threat that warrants the regulation and evidence that the proposed regulation is the least restrictive means of protecting the public.

Following the passage of the OLRC Act, other states began to duplicate and build on the model, including Nebraska, Ohio and Arizona. Recently, the Mississippi legislature expanded the authority of the OLRC to include review of not only newly proposed regulations, but all existing regulations created by licensing boards managed by active market participants. Successful actions from the commission include relaxing rules for out of state dentists and dental hygienists, reducing compliance costs for CPAs, and updating continuing education for architects.

UNIVERSAL RECOGNITION

In 2021, the state legislature passed universal recognition of out of state licenses. Mississippi is the 12th state and the first in the south to pass some form of universal recognition. This law allows people with a license in another state to move to Mississippi and begin working without a long delay. Typically, when a professional moves to a new state, they must apply for licensure before working, which can take months. However, that is no longer the case for those moving to Mississippi. Professionals who have been licensed and practiced for one year without complaints or disciplinary actions and meet Mississippi's minimum requirements will have their out of state license recognized. The law also accepts work experience if the professional comes from a state that does not require a license and has three years of experience.



OCCUPATIONAL PROFILES

In this section, we highlight ten professions currently licensed in Mississippi where reform is possible. This is not an exhaustive list of every profession licensed in Mississippi, or every profession where reform is possible. Rather, they were chosen because Mississippi's regulatory environment makes the state an outlier compared to other states or represent a unique burden to Mississippi's citizens. For each profession identified, we explain why the profession was licensed by the state and chosen for inclusion in this report, provide a comparison to states within the region, and offer alternative forms of regulation that could be more effective in both protecting the public and providing more economic opportunity.

MASSAGE THERAPISTS

Massage therapists perform therapeutic massage, the manipulation of deep tissue to provide relief from discomfort or injuries. Although the procedure is similar to healthcare procedures, like physical therapy and chiropractic, it is typically provided without a prescription or referral and not paid for through insurance. The industry is separate from healthcare and massage therapists are regulated differently.

Massage therapists are not licensed in every state, despite the growth in recent decades. Today, 46 states and the District of Columbia require a license before an aspiring massage therapist is legally able to practice. But as recently as 2000, just 26 states licensed massage therapists. New licensing laws were supported by professional associations seeking legitimacy for the profession, rather than public outcry over poor services. Massage therapy offers a well-paying career for those without a college degree. There are currently over 103,300 massage therapists in the United States, and the median annual income is \$45,000.²⁴ Not only do massage therapists working in clinics have good careers, massage therapy is a path for entrepreneurship for the owners of facilities.

There is a low risk of injury associated with massage therapy. The procedures are not invasive and research has found that patients are unable to discern a difference between licensed and unlicensed massage therapists. There is evidence that licensing impacts wages for massage therapists. Economists estimate that massage therapy licensing increases their earnings between 10 and 15 percent.²⁵ They also find some evidence that the wage gains are primarily caused by a reduction in the supply of massage therapists. The reason for licensing massage therapists is the historical association of the profession with prostitution, and many provisions, like good moral character provisions, are designed in an effort to prevent prostitution. However, research has been unable to find an impact of massage therapy licensing on prostitution or related sex crimes.²⁶



Compared to other states, Mississippi has higher than average licensing burdens for massage therapists. Compared to five neighboring states in the region, Mississippi has the highest education requirement at

700 hours, which is above the national average as well. Massage therapists in Mississippi are forced to pay the highest initial licensing fees in the region. A regional comparison of requirements can be found in table 2

BURDEN RANK	STATE	STATES LICENSED	FEE	TRAINING	EXAM	MINIMUM AGE	GOOD MORAL CHARACTER
1	Mississippi	47	\$280	700 hours	1	18	Yes
2	Tennessee	47	\$280	500 hours	1	18	Yes
3	Alabama	47	\$125	650 hours	1	18	Yes
4	Arkansas	47	\$180	500 hours	1	18	Yes
5	Florida	47	\$155	500 hours	1	18	Yes
6	Louisiana	47	\$75	500 hours	1	18	Yes

Table 2: Massage Therapist

Supporters of massage therapy licensing cite two primary concerns about the profession.

1. Quality: The typical objection to delicensure of a profession is concerns about the erosion of quality without regulation. For massage therapy, there is a low risk of quality substantially falling. A Vermont agency reviewed the existing studies of massage therapy, and they concluded that it posed little safety risk. One study found only 11 cases of harm from massage therapy from 1965 to 2003. They also found no evidence of a difference in quality between licensed and unlicensed massage therapists.

2. Prostitution: Because of the historical association of prostitution with massage therapy, it remains a concern and a focus of regulation. However, occupational licensing is a blunt instrument, posing a barrier to entry into the profession for any aspiring massage therapist. The requirements fall on all applicants, not only those seeking to engage as prostitution using massage therapy as a front. Additionally, the existing research on massage therapy licensing and prostitution find no evidence of licensing reducing prostitution or related crimes. More direct measures seeking to limit prostitution would likely be more effective.

The Inverted Pyramid offers alternatives that can address these concerns without the negative effects on the price and supply caused by occupational licensing.

Reduce Requirements in Line with Other States: The simplest reform the state could enact would be to reduce licensing requirements in line with the national or regional average. For instance, massage therapists in Mississippi are required to complete a 700-hour training program before being able to practice. This is the highest in the region and one of the highest in the nation. Reducing the number of hours of training to 500 would bring Mississippi in line with other states, reducing the barrier to entry into the profession, without reducing the training to lower than many other states.

State Certification: State certification is similar to occupational licensing, but somewhat less restrictive. In practice, certification would require that all professionals meet certain requirement to receive a credential from the government to use the title “certified massage therapist.” However, unlike licensing, one does not need the certification in order to practice. This means that it would remove the barrier to entry into massage therapy for aspiring massage therapists, allowing more to easily



enter the profession and begin working. At the same time, massage therapists can demonstrate their skill and training by using the title, certified massage therapist. It removes most of the costs of licensing while still giving consumers knowledge about the skill level of their massage therapist.

Inspections: In order to prevent prostitution, authorities can take a more direct approach and conduct random inspections of massage facilities. This regulation will allow law enforcement to focus on the public health and safety concerns, rather than other licensing requirements. It will also improve the enforcement of massage regulations, as the inspections will be more proactive than licensing boards waiting for complaints. These inspections would be similar to health inspections for restaurants, which are designed to focus on a narrow goal.

Criminal Background Checks: Another more direct approach to prevent prostitution is requiring criminal background checks for massage therapists. It is currently part of the licensing requirement, and can be used in conjunction with other regulations to prevent those with a history of prostitution from practicing as massage therapists.

Voluntary Certification: To ensure quality and signal competency to consumers, massage therapists could voluntarily obtain a certification from a private credentialing organization, like the AMTA. Voluntary certifications will allow free entry into the profession, removing a barrier to entry that excludes people from licensed professions. This will help reduce the costs of licensing, while at the same time allowing certified professionals to demonstrate their quality to consumers.

Market Competition: The strongest deregulatory action would be to remove all professional regulations and allow the market to regulate professionals. Market competition improves quality over time and drive low quality providers from the market. Because massage therapy does not pose an immediate safety risk, consumers do not face the risk

of injury and death while the competitive process works. People who have received low quality massages refuse to return to that massage therapist and share the knowledge of their bad experience with others. Review websites help aggregate and disseminate the knowledge of service quality, helping consumers make informed choices.

BARBERS

Barbers are personal appearance professionals who cut and style hair and shave and trim beards. Traditionally, barbers tend to be male and serve a mostly male clientele. Depending on the state, some barbers also offer hair coloring or dying services.

Barber licensing has a long history, and today they are licensed in every state. In 1983, the state of Alabama removed their licensing requirement, which was not reinstated until 2013. Despite the ubiquity of barber licensing, there is considerable variation in the requirements between states. Furthermore, most of the barber licensing statutes were lobbied for and often written by professional associations and unions representing barbers.²⁸ Early barber licensing laws were designed to restrict entry into the profession, as barbering schools were graduating a large influx of incompetent barbers.

Today, there are almost 15,000 people employed as barbers in the US. A traditional, four-year college degree is not necessary, although a shorter training program specifically focused on barbering is. The early barber licensing laws were upheld by the court system to protect public health and safety. However, an in-depth analysis of barber training requirements in all 50 states finds that roughly 25 percent of the required training focuses on safety.²⁹

The annual median income of a barber is around \$32,500 per year, excluding tips, although owners of successful barbershops can earn much more in a year.³⁰ Barbering



offers an avenue for entrepreneurs, as roughly 50 percent of barbers own their own shop. Although not as expensive as a bachelor's degree, the cost of barber training programs are substantial. As a result, the requirement restricts entry into the profession, and reduces the number of barbershops.³¹ Barbers earn an estimated 11 percent wage premium as a result of licensing, which is passed on to consumers as higher prices.³²

Mississippi has an average level of burden compared to other states. All 50 states and DC have licensed barbers since 2013. Most states require 1,000 or 1,500 hours of training, and Mississippi requires 1,500. A comparison of Mississippi and other states in the region can be found below in Table 3.

BURDEN RANK	STATE	STATES LICENSED	LICENSING FEES	EXPERIENCE	NUMBER OF EXAMS	GOOD MORAL CHARACTER
1	Alabama	51	\$255	1,000 hours	2	No
2	Arkansas	51	\$125	1,500 hours	2	Yes
3	Florida	51	\$173.50-\$223.50	1,000 hours	1	Yes
4	Louisiana	51	\$72	1,500 hours	2	Yes
5	Mississippi	51	\$100	1,500 hours	1	Yes
6	Tennessee	51	\$60	1,500 hours	1	Yes

Table 3: Barber

Supporters of occupational licensing requirements for barbers cite two main concerns about the profession.

1. Public health and safety: This is the primary concern cited by licensing advocates. Without proper training in the safe use of chemicals and the cleaning of instruments, consumers can be put at risk for injuries or disease. However, only a quarter of the content in barber training programs are focused on safety and cleanliness. There is no evidence that this training is able to protect safety.

2. Quality: Another concern about barbering without a license is that quality may suffer. While a poor haircut is undesirable, it does not pose a safety risk, constitutes a small portion of an individual's budget, and can be fixed in a short period of time. Licensing imposes substantial costs which are much larger than the costs of a low quality haircut.

Licensing barbers may not be the most appropriate form of regulation to meet these concerns, but the Inverted Pyramid offers some alternatives.

Alternative Pathways: Rather than forcing all aspiring barbers to attend the same training programs, states can allow multiple pathways into the profession. For instance, Alabama gives applicants the option to serve as an apprentice in a barbershop for 2,000 hours. This gives applicants the ability to earn some income while learning the skills necessary to provide quality services as a barber. Apprenticeships can remove most of the barrier to entry, while still providing a required training that meets both safety and quality concerns.

State Certification: State certification is another option that is similar to the current licensing standards, but can reduce some of the costs that prevent aspiring barbers from entering the profession. In order to practice as a "Certified Barber," applicants would need to meet certain educational and experience requirements. However, non-certified barbers would not be prevented from offering their services to consumers who were not concerned about the potential lower quality or less experience. High quality barbers would still have a method of demonstrating their quality, and consumers would be aware of who meets the standard to judge quality.



Inspections for Barbershops: In order to ensure safe conditions and reduce the threat of disease being spread by unclean utensils, the state could take a more direct approach and conduct regular or random inspection of barbershops. Inspections would allow regulators to focus on the main threat to consumers, instead of indirectly enforcing it through licensing. Regular inspections would provide more frequent and regular information than waiting for consumer complaints to be filed to the licensing board.

Voluntary Certification: Another alternative is to move to a regime of voluntary certification. The state would allow anyone to practice barbering, and those who wished to signify their quality could do so by obtaining credentials from a private, third party organization designed to test barber quality. Aspiring barbers could easily enter the market and offer services, and consumers would still have a means of determining quality without patronizing barbers or asking for recommendations from others.

Market Competition: The last deregulatory action would be to remove all professional regulations and allow market competition to reward quality barbers and for low-quality ones from the market. Over time, the market process works effectively to improve quality. Consumers face little risk of serious harm or death from barbering while competition drove out low quality barbers. Additionally, online review sites are a low cost and simple way to find the quality of a barber before choosing to patronize one. Currently, when people are dissatisfied with their barber, they patronize a different barber, and likely tell their friends or write an online review. Without licensing, this will continue to occur. These sources of service quality can provide consumers with enough information to make informed decisions.

COSMETOLOGIST

Cosmetologists are personal appearance professionals who provide a variety of hair related services. These include cutting and styling hair, applying cosmetic procedures, dying hair, and services for nails and skin.

Although similar to barbers, they often provide a wider range of services. Traditionally, both cosmetologists and their patrons were women, although over time the gender split has lessened. In some states, barbers and cosmetologists are regulated by the same board and have the ability to offer the same services, in other states, they have different boards and perform different functions based on their training.

Cosmetologists are licensed in all 50 states. Licensing laws were supported by professional associations, who continue to support licensure. There are currently 302,410 cosmetologists in the US.³³ The median wage for a cosmetologist is \$27,380. Although it is an avenue for entrepreneurship in owning a salon, the majority of cosmetologists work as employees of a salon.

Cosmetology requires considerable training before obtaining a license, although there is still wide variation between states, ranging from 1,000 to 2,000 hours, and two states require applicants to complete an apprenticeship.³⁴ The tuition is expensive; the average cosmetology school costs \$14,611 in tuition.³⁵ On the one hand, this is much lower than the average cost of a bachelor's degree. On the other hand, the annual median salary of a cosmetologist is only \$13,000 more than the cost of tuition. As a result, 17 percent of cosmetologists default on their student loans.³⁶

Despite concerns about the health and safety of customers, just 25 percent of cosmetology training is related to health and safety procedures, like barbers.³⁷ Cosmetologists are far more likely than barbers to use chemicals or heat in the services they provide consumers, yet safety has the same focus. A comprehensive report from the American Institutes for Research found no impact of cosmetology licensing on the quality of services provided, although there were data limitations.³⁸ The effect on consumers is clearer, however. Research has found that stricter cosmetology licensing requirements is associated with an increase in prices by as much as 19 percent.³⁹ In total, consumers spend about \$1.7 billion more thanks to occupational licensing of cosmetologists.⁴⁰



Compared to other states in the region, Mississippi does not stand out as more stringent. Two of the neighboring states in the sample have shorter training requirements,

with only 1,200 hour programs instead of 1,500 hours. Table 4 below shows the specific requirements for the region.

BURDEN RANK	STATE	STATES LICENSED	LICENSING FEES	TRAINING	NUMBER OF EXAMS	GOOD MORAL CHARACTER
1	Alabama	51	\$255	1,500 hours	2	No
2	Louisiana	51	\$75	1,500 hours	2	No
3	Tennessee	51	\$60	1,500 hours	2	No
4	Mississippi	51	\$50	1,500 hours	2	No
5	Arkansas	51	\$125	1,200 hours	2	No
6	Florida	51	\$64	1,200 hours	2	No

Table 4: Cosmetologist

Supporters of licensing cosmetologists have two concerns about an unregulated profession.

1. Public Health and Safety: Because cosmetologists work with chemicals, there is some risk for customers. An overwhelming majority, 82 percent, of the voting population believes that licensing requirements improves safety.⁴¹ However, there is no evidence that the length in training requirements has impact on safety or quality. The portion of training that is directly related to the safety of consumers is relatively small. More direct measures relating to these specific concerns may be a better alternative than licensing requirements.

2. Quality: The level of quality is another common rationale used to support licensing requirements. There is no evidence that stricter licensing restrictions improve quality as measured by complaints. Additionally, low-quality hair cutting and styling poses no risk of harm or long-term effects. Although the more complex services offered by cosmetologists often take considerably longer than services from barbers to regrow. Similar to barbers, cosmetologists' services are a small portion of a customer's overall budget, and small compared to the overall cost of occupational licensing.

There are numerous alternatives from the Inverted Pyramid that can be used to regulate the profession and ensure consumer safety, with lower costs than occupational licensing. These alternatives are similar to those that can be used for barbering.

Alternative Pathways: Giving cosmetologists multiple pathways into the profession would reduce the current barriers to entry. Currently, some states require an apprenticeship, so their requirement can serve as a model for the new pathway. Apprenticeships allow aspiring professionals to learn the skills necessary for employment, without the substantial up-front costs of education. The cost of the education programs and the length of time without an income often presents a barrier for those who wish to obtain a license.

State Certification: State certification retains much of the structure of occupational licensing, and the requirements can even remain exactly the same. However, certification removes a barrier to entry into the profession, encouraging competition and allowing people to begin practicing that would be unable to under the current licensing regime. In order to legally be called a "Certified Cosmetologist," they would still need to meet the requirements set forth by the board. Others would be



free to offer cosmetology services without the title. Those using the title Certified Cosmetologist would be able to use that to demonstrate their quality to consumers.

Inspections: In instances where safety and clean working conditions are the primary rationale for licensing, a more direct approach is more likely to be effective. Rather than relying on the blunt instrument of licensing cosmetologists before being able to practice, states can rely on regular or random inspections of the working area. Inspections will allow the regulators to find problems that could impact customer safety.

Voluntary Certification: Voluntary certification is similar to state certification in practice, only the credential issuing organization is private instead of public. Cosmetologists would be able to demonstrate their quality through the certification, providing consumers with information about their quality. It creates the same signal as state certification.

Market Competition: The strongest form of deregulation would be to remove all professional regulations, allowing market competition to reward the high quality service providers. For professions with a low risk of harm and low cost services, this may be ideal. Online peer review cites can aggregate consumer ratings and allow consumers to comparison shop beforehand.

SHAMPOOER

Shampooers shampoo and rinse consumers' hair in a beauty parlor. They perform fewer services than a cosmetologist, but work alongside them. Currently, just 7 states require a specific license to be able to work as a shampooer, and 30 more require a full cosmetology license. In 14 states, one does not need a license to be able to work as a shampooer.

Shampooers are analogous to assistants, working with cosmetologists instead of competing against them. They are able to increase the number of customers served by a cosmetologist, by performing some of the simpler tasks, freeing cosmetologists up for the tasks that require more expertise. The profession is a path to gain some experience before training to become a cosmetologist. It does not pay as well as a cosmetologist, so states that require a cosmetologist license effectively prevent anyone from becoming a shampooer.

Shampooing is a safe practice. They are limited in the chemicals they use, unlike a cosmetologist. Additionally, they are overseen by cosmetologists, who hire and manage them. The cosmetologists are responsible for ensuring beauty parlors maintain safe environments. Because cosmetologists, who are able to discern quality more easily than the public, hire shampooers, there is not the information asymmetry that exists for most licensed professions.

BURDEN RANK	STATE	STATES LICENSED	LICENSED UNDER	FEES	TRAINING	EXAMS
1	Mississippi	37	Cosmetology	\$50	1,000 hours	2
2	Tennessee	37	Shampooer	\$50	300 hours	2
3	Arkansas	37	Barber Assistant/ Technician	\$35	160 hours	1
4	Alabama	37	Shampooer	\$75	0	0
5	Louisiana	37	Shampooer	\$0	40 hours	0
Not Licensed	Florida					

Table 5: Shampooer



Mississippi stands out as the only state in the comparison group to require shampooers to obtain a cosmetology license to work. The training lasts 1,000 hours, 700 more than the next most stringent state, Tennessee.

The primary reason to support licensing of shampooers would be health and safety concerns. However, shampooers only perform tasks that carry a low risk of injury. Cosmetologists, not the public, hire shampooers, and cosmetologists have the knowledge about these treatments to judge shampooer's ability.

Alternatives to the current licensing regime would begin with creating a license specifically designed for shampooers, like the other states in region have. This should only focus on the tasks that would be performed by shampooers, instead of everything a cosmetologist does. The shortened education would also reduce the cost, making it easier for someone to be willing to work as a shampooer.

Inspections: In place of licensing, the state could require regular inspections of beauty parlors. This would ensure that shampooers work areas were safe and the utensils were clean, to prevent injury to clients. Moreover, the inspections could ensure that shampooers were only offering the services they are skilled enough to perform, not those reserved for cosmetologists, if there were limited changes to the current cosmetology licensing regime.

Market Competition: The state could choose to rely on market competition to ensure shampooers presented no risk to the public. Cosmetologists are able to observe the quality of those applying to be hired as a shampooer. Shifting the regulatory focus from professionals to establishments in order to ensure health and safety would preclude the need for licensing shampooers.

WIGOLOGIST

Wigologists provide services for hairpieces or wigs. Their tasks include arranging, dressing, curling, cleaning, coloring, and cutting and shaping the wig. There is no risk to consumer safety from services for wigs. Additionally, there have been no new licenses issued since 2013. There is limited demand for wigologists, because of the small number of people that wear hairpieces, making it difficult to perform wigology as a full-time profession. Instead, it is better suited to be one multiple services being offered.

Two of the regional comparison states do not require a license to offer the services of a wigologist. Mississippi has a license for wigologist, but it is rarely used. In other states, it can only be practiced with a cosmetology license.

BURDEN RANK	STATE	STATES LICENSED	LICENSED FEES	MINIMUM AGE	TRAINING	NUMBER OF EXAMS
1	Louisiana	Licensed under cosmetology	\$75	16	1,500 hours	2
2	Tennessee	Licensed under cosmetology	\$60	16	1,500 hours	2
3	Florida	Licensed under cosmetology	\$63.50	16	1,200 hours	2
4	Mississippi	Licensed under Wigologist	\$50	17	300 hours	2
Not Licensed	Alabama		None			
Not Licensed	Arkansas		None			

Table 6: Wigologist



For those concerned about health and safety, wig cutting and styling involves few chemicals or heat that hair styling can have. The services also do not occur on the individual's body. In general, wig styling poses little risk to the safety of the consumer.

There are alternatives to the current licensing requirements.

Expand Service to Other Hair Professionals: Allow barber, cosmetologists, shampooers, anyone that offers hair cutting and styling services to do the same on wigs, without any additional training. This would expand the number of people offering wig services, making it easier for consumers to find a professional. It would still limit the services to those who have experience with hair cutting and styling.

Market Competition: Without a threat to injury, and with low quality services being so inexpensive relative to a consumer's budget, market competition is enough to prevent poor service. This will allow anyone with the necessary skills to offer the services, without forcing them to undergo training.

ART THERAPIST

Art therapy uses patient art making to apply psychotherapy to help patients, especially children, process and discuss issues or trauma. Art therapy can be used for many goals, including improving cognitive and sensorimotor functions, fostering self-esteem, cultivating emotional resilience, enhancing social skills, and resolving conflicts. Sessions can be conducted in clinical and non-clinical settings, based on the goal of the services and state regulations. In 8 states, art therapy is a licensed profession, and it falls under professional counselling licenses in an additional 5 states.

Art therapy is increasingly being recognized as a valid form of therapy and becoming more widely used. In



general, occupational licensing laws restricts entry into a profession, making it more difficult for patients to receive treatments. Because patients receive art therapy in a variety of settings and for a multitude of goals, regulation should be designed to ensure flexibility and minimize the restriction of supply. While art therapists in a clinical setting may benefit from traditional licensing requirements for professional counsellors, those requirements may not be appropriate for those working with patients with physical and intellectual disabilities to develop motor skills and cognition.

Additionally, mental health has been worsening. The number of people reporting mental illness and substance abuse issues have been increasing. Mississippi currently ranks 37th in adult prevalence of mental health issues and access to mental healthcare.⁴² For children, Mississippi ranks 48th for prevalence of mental health issues and access to mental health treatment. For access to mental health treatments, Mississippi ranks last in the nation. Any professional regulations related to mental health should be designed to avoid restricting the supply of professionals to ensure that patients have adequate access to treatment.



Mississippi is one of just three states in the comparison group that requires a license to practice art therapy. The other two, Alabama and Arkansas, license art therapists under professional counsellor. In the nation, Mississippi

is only one of 13 states that require a license to practice art therapy. All three states require a master's degree. The requirements can be found in Table 7 below.

BURDEN RANK	STATE	STATES LICENSED	FEES	EDUCATION	EXAMS	CONTINUING EDUCATION
1	Alabama	13	\$350	Master's Degree	1	40 hours Covered Under Licensed Professional Counsellor
2	Arkansas	13	\$250	Master's Degree	1	24 hours Covered Under Licensed Professional Counsellor
3	Mississippi	13	\$100	Master's Degree	1	40 hours Covered under Art Therapist License
Not Licensed	Florida					
Not Licensed	Louisiana					
Not Licensed	Tennessee					

Table 7: Art Therapist

Supporters of licensure cite quality of care as the primary concern about the profession. In general, research has been unable to find an effect of licensing on the quality of services that consumers receive, but no direct study has been done for art therapy. However, there is no evidence of wide spread patient harm occurring in states without licensure, and the push for licensure has been driven by professional associations, rather than the public.

There are currently alternatives to licensure from the Inverted Pyramid that can balance access to care with ensuring quality professionals.

State Certification: One of the goals of licensure is to encourage professionalization, so that patients consider art therapy as an alternative when seeking treatment. This can be accomplished through state certification, where any art therapist who meets the requirements can use the title "Certified Art Therapist." However,

unlike licensing, certification will allow people to offer art therapy services without the credential. For some settings, licensure may not be necessary, and in practice may prevent services from being offered in those settings because of the reduction in supply or increased cost. Under a state certification, these settings can still offer the services, while others can use the credentialed professionals. Certification would provide flexibility and improve access.

Voluntary Certification: Currently, many states rely on voluntary certification through private, 3rd party organizations. Art therapists can demonstrate their quality through private certification, but those without the certification are not prevented from practicing. This simple method uses a light touch to allow some to signal their quality, while allowing others to gain experience through practice and improve access.



FAMILY CHILD CARE HOME OPERATORS

Family child care homes attend to a small number of children at the operator’s residence. They perform a variety of childcare tasks. In order to operate a family child care home, an individual has to obtain a license. Currently, 35 states require a license to operate a family child care home. However, there is a wide variation in licensing requirements between states, ranging from a year of education and experience to just 2 hours.

Running a child care home is a path for entrepreneurship, which licensing makes difficult. In general, licensing restricts the supply of professionals, making it more difficult for consumers to find cost effective and

convenient services. Mississippi has the highest percentage of households led by single mothers in the United States.⁴³ Ensuring they have access to affordable child care is essential to ensure they are able to provide for their children. Because of its low cost and flexible hours, it also allows parents to work outside the home, even if their shifts are irregular.

Compared to other states in the comparison group, Mississippi has the most stringent requirements. In addition to the highest licensing fee, family child care home operators in Mississippi are required to have an associate’s degree, the highest in the nation. Only 35 states require a license, and 9 additional states require registration to operate a family child care home. More information can be found in Table 8 below.

BURDEN RANK	STATE	STATES LICENSED	FEES	TRAINING	AGE
1	Mississippi	44	\$130	Associate degree	21
2	Florida	44	\$70	40 hours of training	18
3	Alabama	44	\$49	High School Degree + 24 hours of training	19
4	Arkansas	44	\$50	High School Degree + 15 hours of training	21
5	Tennessee	44	\$100	high school diploma	18
Not Licensed	Louisiana				

Table 8: Family Child Care Homes

The main reason for licensure of family child care operators is to ensure the health and safety of children in their care. However, the actual requirement vary wildly. While Mississippi requires an associate’s degree, around half of the states that license family child care home operators require fewer than 24 hours of training. Most states require very little or no training, without systematic problems.

Another concern of licensing is the reduction in supply of childcare providers. For working parents unable to afford day care programs who still need to find child care, they

may turn to less suitable arrangements with friends, neighbors, or family members, or even leaving children in the home. This could end up putting those kids at a greater risk than an unlicensed family child care home.

But there are other types of regulations besides licensing that can be used to ensure child safety while reducing some of the costs of licensing, based on the Inverted Pyramid.

Inspections: In order to ensure safe conditions and adequate facilities for the child, Mississippi could opt for



state inspections of family child care facilities. This would remove the barrier to entry, allowing more people to offer small-scale child care, while still safeguarding children. Inspections are a more direct approach to ensure quality, especially when the facilities are a concern.

Registration: Currently, 9 states require the registration of family child care home operators. Registration makes it easy for parents to bring a lawsuit against the operator if the child is harmed in any way. It can also be combined with a criminal background check, to ensure that the operator does not have a record of criminal activity that would likely put the child at risk of harm.

VETERINARY TECHNICIAN

Veterinary technicians work in private clinical practices under the supervision of veterinarians. They perform lab tests and assist the veterinarian with diagnostic tests. Veterinary technicians do not require high levels

of education to work, with an associate's degree being the most common. The median salary for veterinary technicians is \$36,260, and there are 114,400 veterinary technicians in the United States.

Veterinary technicians pose a small risk to the public. They are hired and supervised by veterinarians. Veterinarians have the necessary knowledge to judge the quality of the veterinary technicians they hire. They also work alongside one another, so veterinarians are able to monitor their technician's performance. The asymmetric information problem between consumers and professionals is not an issue when the professionals are hired by other professionals with greater expertise, as is this case.

Mississippi is one of 36 states to require a license for veterinary technicians. They are tied for the highest fees in the region. Table 9 below shows the details for the regional comparison states.

BURDEN RANK	STATE	STATES LICENSED	TYPE OF REGULATION	LICENCING FEES	TRAINING	NUMBER OF EXAMS
1	Mississippi	36	Licensed	\$100	Associate's degree	1
2	Alabama	36	Licensed	\$100	Associate's degree	1
3	Tennessee	36	Licensed	\$75	Associate's degree	1
4	Louisiana	36	Licensed	\$65	Associate's degree	1
5	Arkansas	36	Licensed	\$40	Associate's degree	1
6	Florida	36	Not Regulated			

Table 9: Veterinary Technicians

For those concerned about the quality of veterinary technicians, licensing is not the only alternative. Because veterinary technicians are overseen by the veterinarians who also hire them, there are already mechanisms in place to ensure quality.

Market Competition: The best alternative to licensure would be market competition. Ending the professional regulation would not mean an end to schooling. Because veterinarians hire technicians, they set the standard for the proper level of education.



AUCTIONEERS

Auctioneers appraise and estimate the value of items for loans, insurance, or sales purposes and may sell items at auction. In 24 states, auctioneers are required to obtain a license in order to legally practice. Most of these laws were passed in the 1970s and 1980s, and were primarily lobbied for by professional associations.⁴⁵ The laws were designed to increase public confidence in auctioneers by preventing fraud and deception.

There is a wide variation of licensing requirements between states. At one extreme, four states require

applicants to have over a year of experience, while two require only a week of education. An additional 6 states require that auctioneers be registered with the state, with no education or training requirements or examinations. Some states license auctioneers at the county level instead of the state level.

Compared to states in the region, Mississippi does not have onerous requirements for auctioneers. However, the south tends to have some of the most stringent requirements in the country. Only 24 states have licensing laws for auctioneers. Other states use registration, or other direct methods of ensuring honesty without requiring professional licensing.

BURDEN RANK	STATE	STATES LICENSED	LICENSING FEES	DEGREE	NUMBER OF EXAMS	EXPERIENCE	GOOD MORAL CHARACTER
1	Alabama	24	\$300	Auctioneer School	1	2 years	Yes
2	Tennessee	24	\$225	Auctioneer School	1	2 years	Yes
3	Florida	24	\$445	Auctioneer School	1	1 year	Yes
4	Louisiana	24	\$300	Auctioneer School	1	1 year	Yes
5	Mississippi	24	\$300	Auctioneer School	1	none	Yes
6	Arkansas	24	\$300	None	2	none	Yes

Table 10: Auctioneers

The primary concern cited in favor of licensing requirements for auctioneers centers on quality and trustworthiness. In order for people to be willing to buy or sell at auction, they must trust that the auctions are fair and the values reflect the market price. But dishonest auctioneers could collude with buyer or sellers to influence the price, manipulating the market. However, auctioneering is an old profession, and licensing is a relatively new regulation. For much of the history of the profession, they relied on other means. Licensing laws are blunt instruments, and more targeted regulations or industry practices can effectively ensure quality and honesty without the costs of licensure. Based on the Inverted Pyramid, there are numerous alternatives.

Government Certification: Rather than relying on licensing, government certification would allow some auctioneers to demonstrate their quality and honesty through obtaining a government credential. Only they would be able to refer to themselves as “certified auctioneers.” For those concerned about the honesty of auctioneers in an unregulated market, they can rely on this credential as a sign of quality. However, people will still be free to enter the market and offer services as an auctioneer, without first obtaining a license.

Mandatory Bonding or Insurance: Some licensed states require auctioneers to secure bonding or insurance. However, bonding can also be used in place of licensure.



The insurance or bond will allow any party wronged by the auctioneer to be compensated for their losses as a result of dishonesty. This will encourage trust and participation in the market, without limiting entry into the profession.

Private Causes of Action: Another way to ensure trust in auctions is to allow private causes of action. These laws should make it as easy as possible for consumers to bring a lawsuit against auctioneers that wrong them. For instance, they may allow consumers to bring suit in small claims court, or may require that auctioneers found guilty pay court and attorney fees if they are found to have wronged the plaintiff. Private causes of action should drive out corruption and untrustworthy auctioneers, by punishing them for any instance of manipulating the sale prices.

Voluntary Certification: Auctioneers can voluntarily obtain credentials from private, third parties that can attest to their quality and honesty, without a legal requirement. This will allow free entry into the profession, yet still provide consumers a signal of quality. If consumers value the knowledge of trustworthiness, any auction of reasonable size will only use those that have received the voluntary certification.

Market Competition: A number of states do not use professional regulation, instead relying on market competition. Some have developed practices where auctioneers voluntarily demonstrate their trustworthiness, like pre-auction inspections of the goods. Some consider competition, along with laws against fraud, enough protection for consumers to be willing participate in auctions.

RESIDENTIAL PAINTING CONTRACTORS

Painting contractors paint walls, exteriors, buildings, bridges, and other structural surfaces for clients. These clients can be either residential or commercial. Some states require separate licenses for residential and commercial painting contractors, while others require the same license for either setting. Typically, only the contractor requires a license, not the painters working under them. This section will compare requirements for residential painting contractors.

Painting contractors are not uniformly licensed. In fact, just 28 states require some form of license. For the states that do license painting contractors, there is a wide variation of requirements. The licensing requirements are similar to registration in some states, while others require education and experience. However, there are only a handful of states that require education or experience. Operating a painting contractor’s business is an avenue for entrepreneurship with low educational requirements for aspiring entrepreneurs. Painting contractors do not present a safety risk for consumers, the concern is about trustworthiness and quality.

Compared to other states, Mississippi has one of the most stringent requirements for licensure. Mississippi requires licensees to pass two exams and have completed three jobs before being able to obtain a license. However, the application fee paid by painting contractors in Mississippi are tied for the lowest in the region. In the country, 28 states require some form of licensing, although many are more similar to registration than occupational licensing.

BURDEN RANK	STATE	STATES LICENSED	TYPE OF REGULATION	LICENSING FEES	NUMBER OF EXAMS	EXPERIENCE OR TRAINING	GOOD MORAL CHARACTER
1	Mississippi	28	Licensed	\$50	2	3 jobs in specialty	No
2	Tennessee	28	Licensed	\$250	1	none	No
3	Louisiana	28	Licensed	\$400	0	none	No
4	Alabama	28	Licensed	\$350	0	none	No
5	Arkansas	28	Licensed	\$50	0	none	No
6	Florida	24	None				

Table 11: Painting Contractor Residential



Supporters of licensing cite trustworthiness as the primary concern about painting contractors. Home renovation projects are expensive and a long-term commitment. Consumers need to be able to trust that a painting contractor is going to be willing and able to meet the demands of the contract. A fly-by-night operation taking an upfront payment and leaving the job, or a contractor quitting partway through is a considerable cost for consumers. However, licensing may not be the best way to increase trust between parties. For instance, consumers tend to favor online reviews of past work over the licensing status of contractors.⁴⁶ Additionally, the National Association of Home Buyers recommends that consumers first ask friends and family for recommendations before considering licensing status.⁴⁷

The Inverted Pyramid offers several alternatives to licensure that Mississippi should consider to ensure the trustworthiness of painting contractors without the costs of licensure.

Registration: Registration is a weaker form of professional regulation that does not carry the same costs of occupational licensing. However, in this case it may be sufficient. Having a contractor place their business information in a state register will make it easy for consumers to find contractors, their length of operation, and their contact information if they fail to uphold their end of the contract. Because of this, many of the states requiring licensing of contractors require little more than registration.

Insurance: Although painting contractors pose little risk to consumers' health and safety while performing their services, there is a risk of low quality jobs causing damage to the structure being painted. The damage resulting from a low quality job may not be likely, but it can be costly. Many states, including Mississippi, require that painting contractors carry insurance for this reason. Rather than occupational licensing, numerous states only require insurance to protect consumers. In the case of low quality services, consumers have a means of redress, without limiting entry into the profession.

Private Causes of Action: Alternatively, consumers who receive low quality services that damage their property could rely on private causes of action. Reducing the costs to plaintiffs, would make it easier to bring a suit against low quality professionals, who through lack of skill or negligence, caused damages to a consumer's property or failed to honor the contract.

Voluntary Certification: For the painting contractors that wish to demonstrate their trustworthiness and skill, they can rely on voluntary certification. Voluntary certification allows entrepreneurs to enter with fewer requirements. However, it still allows contractors to demonstrate their quality to consumers, providing consumers with valuable information.

Market Competition: For most homeowners considering home renovations, asking friends and family for recommendations is the first and most important step. A painting contractor who does not honor contracts will not last long. Nearly half of the states rely on market competition along with some specific regulations pertaining to the contractors work, like OSHA rules. Mississippi could join them relying primarily on market competition, with insurance requirements or private causes of action used to support consumers in cases where market competition is not enough.



CONCLUSION

Although occupational licensing is designed to protect consumers, it often fails to live up to that goal and entails significant costs for both consumers and professionals. Despite this failure, occupational licensing has grown in recent decades. Mississippi has not been immune to this trend, and is one of the most widely licensed states. The proliferation of licensing requirements poses significant costs—sacrificing economic activity, misallocating resources, reducing the number of jobs, and making it harder for consumers to find convenient services they can afford. Over-licensure makes it more difficult to live and to do business in Mississippi.

That said, Mississippi has taken several steps to reform occupational licensing. In 2017, the legislature passed the Occupational Licensing Review Commission, which has the power to review licensing laws and remove

them where they are unnecessary or to reduce the requirements that are too costly. The universal recognition law passed this year made it easier for professionals from other states to bring their license with them and begin working, helping Mississippi attract talent. Mississippi can build on these successful reforms. There are many cases where licensing laws are too costly, but other, less onerous forms of regulation would be more appropriate. Policymakers should consider the goal of licensing, and whether less costly forms of regulation would be better suited towards meeting these goals.





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