A woman with long braids is styling another woman's hair in a salon. The woman being styled is wearing a yellow sweater and has her hair in a ponytail. The woman styling her hair is wearing a grey sweater and a brown apron. The background is a dark blue wall with a shelf of hair products.

DR. EDWARD TIMMONS
& CONOR NORRIS

THE RIGHT TO EARN A LIVING

REFORMING OCCUPATIONAL LICENSING
IN NORTH CAROLINA

locke 

MARCH 2025

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Executive Summary

Like employers in most states in the U.S., North Carolina businesses are facing several significant challenges in the labor market. Some of those challenges are particularly acute in North Carolina. As of Dec. 2024, labor force participation in North Carolina (59.9 percent) is 2.6 percentage points lower than the national average (62.5 percent).¹ The U.S. Chamber of Commerce ranks North Carolina's worker shortage as "more severe" nationally — there are only 55 workers for every 100 open jobs in the state.²

Why should ordinary North Carolina residents be concerned about these labor market issues? A lack of workers prevents businesses from expanding, which could limit job opportunities and advancements for existing workers. Further, a lack of workers limits the ability of businesses to expand production and innovate, potentially limiting consumer choice.

Although there are many factors contributing to existing challenges in the North Carolina labor market, excessive regulation is without a doubt a contributing factor. One of the most stringent and pervasive labor market regulations is occupational licensing. Occupational licensing is not as well known as other prominent labor market policies and institutions, such as unionization and the minimum wage. Yet excessive occupational licensing is just as harmful and costly as those, and it directly affects many more workers. Thankfully, simple reforms that have been enacted in several other states can reduce the costs associated with licensing

laws, freeing the North Carolina economy and making it easier for residents to find work. The reforms we discuss include:

- Right to Earn a Living Act
- Licensing review commission
- Licensing budget
- Universal recognition
- State-to-state comparisons

In this paper, we discuss occupational licensing in the U.S. with a special focus on its extent and effects in North Carolina. We highlight six specific cases where North Carolina is uniquely stringent and offer several recommendations for reform that will not harm North Carolina citizens but will instead eliminate unnecessary barriers to work that are holding back the Tar Heel State. The six specific cases are:

- Irrigation contractor
- Soil scientist
- Locksmith and apprentice locksmith
- Auctioneer and apprentice auctioneer
- Optician and optician apprentice
- Sign language interpreter

Introduction

Occupational licensing is a very costly and restrictive regulation that makes it illegal for an aspiring worker to enter a profession before meeting minimum entry requirements set by law. These minimum entry requirements often include achieving certain levels of education and training, passing exams, paying fees, and meeting a variety of other requirements. Supporters of licensing laws claim they are designed to improve the quality of services and protect consumers from incompetent or unscrupulous professionals. The entry requirements, at least in theory, help professionals build skills and prevent unskilled individuals from entering the profession. Occupational licensing is most often found at the state level, but there are instances of both federal and local-level licensing restrictions.

State-level licensing results in significant variation across states. There are more than 20 occupations nationally for which all states issue licenses. They include medical professions (such as doctors and nurses), the legal profession (lawyers), and service professions (such as barbers and cosmetologists). Even though those professions may be licensed in every state, the regulations governing them can differ considerably from state to state. Many other occupations are licensed in most — but not all — states. Some examples here include athletic trainers, massage therapists, and radiologic technologists. A handful of occupations are licensed in fewer than five states. Interior designers, for example, are licensed only in Louisiana, Nevada, and Washington, D.C.³

In the 1950s, less than 5 percent of U.S. workers were licensed.⁴ Today, that figure has grown more than fourfold to 21.6 percent of employed workers.⁵ It is worth highlighting that the share of workers with licenses in the U.S. is nearly 20 times the proportion receiving the federal minimum wage (1.1 percent).⁶ It is also more than double the proportion of workers who belong to a union (10 percent).⁷ Not only does licensing cover more workers than minimum wages or labor unions, but it also affects a wider array of industries and different types of workers.

There are notable differences across states in the proportions of licensed workers. According to a national analysis, Nevada has the highest share of licensed workers (26.6 percent), while Georgia has the lowest (14.4 percent).⁸ North Carolina ranks 27th nationally in terms of the proportion of licensed workers (18.9 percent).



ALTERNATIVES TO LICENSING

Today, occupational licensing is synonymous with regulation. But a common misconception is that occupational licensing is the only way to regulate an occupation. In fact, there are many ways to regulate that do not involve making it a crime to begin working before meeting mandated entry requirements. Article 1, Section 1, of the North Carolina State Constitution recognizes the right to the enjoyment of the fruits of one's labor, and professional regulation should be designed to be consistent with that fundamental right. The General Assembly's Program Evaluation Division recommended a dozen instances where licensing could be replaced with certification.⁹ There are a number of less restrictive regulatory alternatives to occupational licensing that North Carolina could use to protect consumers.¹⁰ They range from voluntary measures to less costly regulations. Figure 1 illustrates the layers of policy alternatives that can be used instead of licensing. North Carolina should start at the top layer, only turning to more stringent regulations as the potential for harms increases.

FIGURE 1: LAYERS OF POLICY ALTERNATIVES



Source: Jon Sanders, "Occupational Licensing," North Carolina Policy Solutions, 2024–25, John Locke Foundation.

The first layer of policy alternatives involves limited government interference. Markets themselves can serve as regulators, and often effectively do so. If a business provides poor quality service, markets will discipline the provider. Customers can learn of the seller's reputation via word of

mouth. It can be argued that customers may not have access to information regarding the seller's reputation. In other words, information about the seller's reputation may not be readily accessible to the consumer. In economics terminology, we would say that there is an asymmetric information problem.¹¹ The flow of information has improved considerably, however, with the introduction of online reviews. Ratings platforms like Yelp can provide better assessments of quality than licensing laws,¹² and even social media can help reviews proliferate, reducing the information asymmetries. Researchers note that online reviews from peers help considerably reduce the asymmetric information problem.¹³ Additionally, firms can use self-disclosure, guarantees, and quality assurance as other means to signal their quality to consumers.

Sometimes it may take a long time for information about a business to spread, or service quality may be difficult to determine. Nevertheless, there are many alternatives before turning to the most restrictive option of licensing. Voluntary certification offered by a third party is one such alternative. The certificate offered by a private entity can serve as a signal to consumers that the service provider has met the requirements for third-party approval. Voluntary certification can effectively identify quality professionals.¹⁴ Voluntary certification is prevalent in the market for auto mechanics, for example. Supplemented with word-of-mouth and online reviews, the market functions very well without mandatory government licensing. Voluntary certification can demonstrate the quality of service providers without imposing barriers to entry. The state government can be used in its normal function to prevent and punish fraud or deceptive practices, including falsely claiming to have a voluntary certification.

"Voluntary certification can demonstrate the quality of service providers without imposing barriers to entry."

In some cases, government intervention may be warranted, but consumer protection can be accomplished without denying individuals the ability to work. Licensing can be a blunt instrument when the potential harms the government seeks to protect against are specific. Rather than relying on licensing, states can use regulations that are narrowly tailored to remedy specific problems. This approach is less costly and more effective. In the restaurant industry, for example, the specific problem is cleanliness. Inspections are used to help improve the level of cleanliness — particularly for parts of the restaurant that cannot be observed directly

by consumers. Helped also by market competition and online reviews, consumers can easily perceive the quality of services being offered and make informed choices in the marketplace. Government licensing of restaurant staff is not necessary.

Even if the risks warrant government regulation of the profession, licensing is not the only option that states can turn to. State certification can overcome the problem of asymmetric information by signaling that professionals designated as “certified” have met certain standards. Under state certification, only those professionals that have met the requirements for certification can be called “certified” professionals. Unlike licensing, state certification allows those who have not yet met the certification standards to practice, which reduces many of the costs of licensing. For instance, when states regulate interior design through certification, anyone can offer basic interior design services, but only those who are certified by the state can use the title “certified interior designer.”

Mandatory government licensing should be a last resort, used only when less costly alternatives fail to protect consumers. Licensing boards comprise established members of the respective licensed fields. State policymakers should be very cautious about granting monopoly power and broad discretion to existing market participants regarding who can and who cannot work in a profession. As we show in the next section, research clearly shows that occupational licensing has significant and measurable costs, but the evidence on its benefits is much more limited.



THE EFFECTS OF OCCUPATIONAL LICENSING

Before new professionals are legally allowed to offer services in a licensed profession, they must meet licensing requirements. Mandatory education programs, hands-on training under licensed professionals, and licensing exam requirements create hurdles for aspiring professionals. The additional time and cost of meeting these entry requirements reduce the number of professionals by an average of 17 to 27 percent.¹⁵ Licensed professions are less responsive to changes in consumer demand. When consumer demand grows, licensed professions grow more slowly because of the requirements that must be met before practicing.¹⁶ As a result, licensing slows the economy, and it can slow the recovery from recessions or natural disasters.¹⁷

Licensing laws make it more difficult for professionals — licensed or not — to move to a new state. Because licensing laws are passed at the state level, professionals moving to a new state that requires a license in their field

"Licensing laws make it more difficult for professionals ... to move to a new state."

must apply for licensure in their destination, unless the state recognizes out-of-state licenses. Any differences in licensing requirements between states complicates this process, making a move more costly. In fact, state licensing reduces interstate migration by 7 percent.¹⁸

The relative shortage of licensed professionals results in less convenient services for consumers. Importantly, they also increase the prices that consumers pay for those same services.¹⁹ Reducing the supply of workers increases wages for professionals, but it does so through inconveniencing consumers through fewer choices. While the estimates vary, in general, the the licensing wage premium is around 17 percent.²⁰

Higher wages are generally not bad news for workers. When wage increases result from professionals becoming more productive or offering higher quality services, professionals and consumers alike are made better off. The licensing wage premium, however, is a result of the shortage created by occupational licensing, not better services. In effect, licensed professionals gain at the expense of consumers and potential competitors who are legally barred from entering the market.

"Estimates suggest that occupational licensing raises the prices of services by anywhere from 3 to 16 percent."

In fact, estimates suggest that occupational licensing raises the prices of services by anywhere from 3 to 16 percent.²¹

Licensing requirements can impact where licensed professionals choose to practice and where their businesses are located. One paper finds that increases in licensing fees are associated with related businesses hiring fewer licensed employees.²² That study also finds evidence that businesses are more likely to leave the state and open in a nearby state to avoid more demanding education and training requirements. Licensing requirements may incentivize professionals near state borders to practice in neighboring states with less stringent regulations.

Not only do licensing laws create significant costs, but they also typically fail to improve the quality of services for consumers. Most of the research on the effects of occupational licensing on quality does not find evidence that it improves the quality of services.²³ There is some evidence that specific teacher requirements improve quality in some settings and that early midwifery licensing was effective, but the vast majority of the

22 studies that have tried to estimate the effect of licensing on quality did not find an effect.

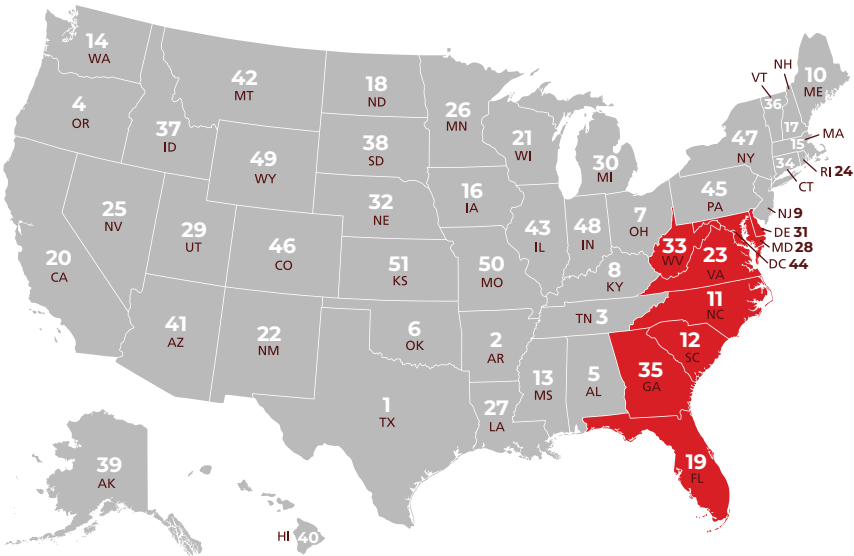
What can explain these findings? A potential answer is competition, which, according to economic theory, improves quality over time. Because licensing limits entry into professions, it stymies competition, reducing the pressure to improve services as professionals try to draw consumers from competitors. Another answer could be that licensing requirements are designed to restrict new entrants instead of building skills. Some of the education may be unnecessary or focus on unnecessary subjects. Standardized education can prevent the adoption of new, better methods of service and slow the adoption over time.



OCCUPATIONAL LICENSING IN NORTH CAROLINA

We now turn to how occupational licensing affects North Carolina specifically. According to the 2024 edition of the State Occupational Licensing Index, North Carolina is ranked 11th nationally, meaning that North Carolina licenses more occupations than 39 other states and the District of Columbia.²⁴ North Carolina makes it illegal to work without obtaining a license for 186 of the 284 occupations covered in the report.²⁵ North Carolina licensing covers 12 more occupations than the national average and 50 more occupations than Kansas, the least licensed state. In the South Atlantic region, North Carolina is ranked first — licensing more occupations than the other 8 states in the region. The District of Columbia licenses the fewest occupations in the region (157) and ranks 44th nationally.

RANKING OF STATES WITH THE MOST LICENSED OCCUPATIONS



Noah Trudeau, Edward Timmons, and Sebastian Anastasi, "State Occupational Licensing Index 2024," Archbridge Institute Report, Aug. 2024, <https://www.archbridgeinstitute.org/state-occupational-licensing-index-2024/>.

The extent of occupational licensing in North Carolina is costly. Estimates from the Institute for Justice suggest that occupational licensing costs the state more than 42,500 jobs and \$112 million annually.²⁶ Some aspiring professionals spend more time and money to enter licensed professions, while others decide to not enter, choosing other, lower-paying professions or leaving the labor force entirely. Many consumers are forced to pay higher prices, while some are forced to forego these more expensive services. Businesses grow more slowly and have difficulties hiring workers. In short, licensing imposes significant costs on consumers and the local economy in general.

Unique Licenses in North Carolina

We now turn to specific examples in which occupational licensing is used to regulate a profession in North Carolina that is not subject to licensing in most U.S. states. We detail licensing requirements for North Carolina and provide some comparisons to other U.S. states before offering our suggestions for further reform.

1. Irrigation Contractor

Irrigation contractors in North Carolina are licensed by the NC Irrigation Contractors' Licensing Board and subject to North Carolina General Statutes (N.C.G.S.) Chapter 89G.²⁷ Aspiring irrigation contractors in the state are required to have a minimum of three years of experience before being eligible for a state license. Up to two years of formal education in irrigation contracting can be substituted for on-the-job training. Irrigation contractors are also required to pass a written exam and be at least 18 years old before they are eligible to obtain a license.

Only three other states (Louisiana, New Jersey, and Texas) issue a distinct irrigation contractor license.²⁸ In five other states (California, Connecticut, Oregon, Illinois, and Rhode Island), the practice of irrigation contracting is covered by another license. In other words, irrigation contractors must obtain a broader license to be legally authorized to work as an irrigation contractor.

"In 41 states and the District of Columbia, irrigation contractors are not required to obtain a state license."

In 41 states and the District of Columbia, irrigation contractors are not required to obtain a state license. Policymakers in North Carolina should review and reconsider whether irrigation contractor licensing is necessary and in the public's best interest. Private certification offered by the Irrigation Association can provide consumers and employers information regarding the qualifications of aspiring irrigation contractors. Licensing is not the right regulatory tool for irrigation contractors.

2. Soil Scientist

Soil scientists are regulated by the North Carolina Board of Licensed Soil Scientists²⁹ and N.C.G.S. Chapter 89F.³⁰ Soil scientists study earth and how to improve the productivity of soil. They are required to complete a bachelor's degree with at least 30 credit hours in relevant science courses and 15 credit hours in soil science. Soil scientists must also complete a three-year apprenticeship under the supervision of a licensed soil scientist. In total, the state requires seven years of education and training for someone to obtain a soil scientist license — nearly as much time as it takes to become a physician and the same length of time as it takes to become a lawyer. Aspiring soil scientists are also required to pass an exam and annually complete 15 hours of continuing education

to maintain an active license. Both the practice and title of “soil scientist” are protected by North Carolina law, and the unlicensed practice or use of the protected title is a misdemeanor.

In 40 other states and the District of Columbia, soil scientists are not required to obtain a state license. Policymakers in North Carolina should review and reconsider whether soil scientist licensing is necessary and in the public’s best interest. Private certification offered by the Soil Science Society of America can provide consumers and employers information about the qualifications of aspiring soil scientists. Licensing is not the right regulatory tool for soil scientists.

3. Locksmith and Apprentice Locksmith

According to the North Carolina Locksmith Licensing Board and N.C.G.S. Chapter 74F, locksmiths are required to pass an exam to practice legally in North Carolina.³¹ The fee to obtain a license is not trivial — currently \$300 for the application fee and \$200 for the exam fee.³²

North Carolina is one of only 12 states requiring locksmiths to obtain a license to work. Both Tennessee and Nebraska eliminated licensing requirements for locksmiths in 2021. Most states regulate locksmiths at the establishment level, requiring businesses to pay a fee before they are eligible to operate. Policymakers in North Carolina should review and reconsider whether locksmith licensing is necessary and in the public’s best interest.

4. Auctioneer and Apprentice Auctioneer

Auctioneers and apprentice auctioneers are both required to obtain licenses to work in North Carolina. The North Carolina Auctioneer Licensing Board was established by N.C.G.S. Chapter 85B.³³ To obtain a license to work as an auctioneer in North Carolina, applicants must complete either 80 hours of classroom instruction in auctioneering or a two-year supervised apprenticeship (after obtaining an apprentice auctioneer license). Auctioneers also must pass a written exam in order to be legally authorized to practice.

Today, there are 27 states that do not require auctioneers to obtain a state license to practice.³⁴ Rhode Island eliminated auctioneer licensing in 2015.³⁵ Legislation proposed in Virginia in 2023 would have eliminated auctioneer licensing (as well as regulations governing several other

professions) but failed to advance out of committee.³⁶ North Carolina is one of just 12 states issuing a separate license for an auctioneer apprentice. Policymakers in North Carolina should review and reconsider whether auctioneer licensing and auctioneer apprentice licensing are necessary and in the public's best interest. Private certification offered by several professional bodies can provide consumers and employers information regarding the qualifications of aspiring auctioneers. Licensing is not the right regulatory tool for auctioneers.

5. Opticians and Optician Apprentices

Opticians and optician apprentices are both licensed in North Carolina. The North Carolina Board of Opticians was established in N.C.G.S. Chapter 90.³⁷ There are three pathways for opticians to obtain a license: completing an approved associate's degree and six additional months working as an intern, completing a four-year degree with required optician courses and six months of internship experience, or working two and a half years as an apprentice followed by an additional six months of internship experience. Opticians are also required to pass exams from the American Board of Opticianry and National Contact Lens Examiners.

In 28 states and the District of Columbia, opticians are not required to obtain a license. Requirements for licensing in North Carolina are also stricter than in other states that license the profession. Sixteen of the 22 states that license the profession require two years of education and training or less with no required six-month internship. North Carolina is one of just 18 states that issues a separate license for an optician apprentice.

Policymakers in North Carolina should review and reconsider whether optician licensing and optician apprentice licensing are necessary and in the public's best interest. Private certification offered by several professional bodies can provide consumers and employers information regarding the qualifications of aspiring opticians. Licensing is not the right regulatory tool for opticians.

6. Sign Language Interpreters

The North Carolina Interpreter and Transliterators Licensing Board was created to license sign language interpreters in the state in N.C.G.S. Chapter 90D.³⁸ The law offers three pathways to licensure: becoming nationally certified by the Registry of Interpreters for the Deaf; obtaining Testing, Evaluation and Certification Unit national certification in cued

language transliteration; or obtaining a current Cued Language Transliterator State Level Assessment level 3 or above classification. Applicants must also have an associate's degree to be eligible for a license. Each pathway for licensing requires successful passage of at least one exam. The Registry of Interpreters for the Deaf requires only one exam, but applicants must have a bachelor's degree or equivalent level of education.

Twenty-eight states and the District of Columbia do not license sign language interpreters. Eight of the 22 states that license the profession do not have minimum education requirements. Policymakers in North Carolina should review and reconsider whether sign language interpreter licensing is necessary and in the public's best interest. Private certification offered by several professional bodies can provide consumers and employers information regarding the qualifications of aspiring sign language interpreters — the state is primarily duplicating the services offered by these private entities with a state mandated license. Licensing is not the right regulatory tool for sign language interpreters.

A close-up photograph of a person's hands holding a pair of glasses. The person has red-painted fingernails and is wearing a white collared shirt. The background is blurred, showing what appears to be a computer monitor in an office setting.

LICENSING REFORM RECOMMENDATIONS

As the costs associated with licensing laws have become more apparent, reforms have grown in popularity. North Carolina can turn to a number of effective policy options that have been adopted in other states.

It is critical, of course, for any reform to strike a balance between maintaining necessary consumer protections while also fostering competition and economic growth. Licensing should be used only as a last resort when no other regulation can offer the necessary protection to consumers from possible harm. Currently, as evidenced in the preceding section, there are many instances in which North Carolina regulation seems to be overly stringent.

In addition to reconsidering each of the licenses described above, there is a range of reforms for North Carolina that can improve the state's economic well-being without sacrificing consumer protection.

**"Licensing should be used...
when no other regulation
can offer the necessary
protection to consumers
from possible harm."**

1. The Right to Earn a Living Act

The Right to Earn a Living Act can be used to limit occupational licensing to professions for which it is proven necessary to achieve public health, safety, or welfare objectives. It places the burden on the state to demonstrate the necessity of licensing, and it assumes that individuals have a right to work without the impediment of regulation. Under the Right to Earn a Living Act, occupational licensing is the regulation of last resort. Licensing laws must be legitimate, demonstrably necessary, and narrowly tailored to a specific risk.

Currently, courts judge the constitutionality of a licensing law under the rational basis test, which presumes that government regulation is justified and constitutional. It places the burden on the victim to demonstrate that it is onerous. The Right to Earn a Living Act, however, requires that courts judge the constitutionality of licensing laws under strict scrutiny. This much higher standard requires the government to prove that the restriction is narrowly tailored to accomplish a compelling government interest.

After passing the Right to Earn a Living Act, all licensing boards will have one year to ensure that their regulations comply with the act. They will be required to perform a comprehensive review of all licensing regulations, define which public health or safety objectives the regulation serves, and explain why the regulation is necessary to achieve that goal. After that point, individuals will have standing to petition a licensing board to repeal or modify regulations, and the board will be required to respond within 90 days by repealing the requirement, reforming it, or stating the compelling interest for the regulation. If the board does not grant the petition and keeps the requirement, the individual will have standing to sue, and the board must be able to demonstrate how the regulation is both necessary to prevent specific harms and the least restrictive measure to do so. If the regulation is not, the court will prevent its enforcement. Importantly, the court will use strict scrutiny to evaluate the degree of restriction. The regulation will not stand if it is not necessary or if it can be accomplished with less burdensome means. For instance, if facility inspections are enough to prevent consumer harm, licensing will be removed, and licensing boards can replace it with inspections.

There are currently three states (Arizona, Tennessee, and Louisiana) that have passed some version of this reform. In 2022, Louisiana became the most recent state to do so.³⁹

2. Licensing Review Commission

Due to the difficulty of reforming individual occupational licenses through the legislature, North Carolina could turn to a special commission to insulate its decisions from political influence. The commission's goal should be to rely on the least restrictive form of regulation to oversee the targeted professions. The independent commission should have two separate tasks. The first task should be to review existing licensing regulations systematically. The commission should review 20 percent of the licensed professions yearly so that every profession is considered in a five-year period. A retrospective analysis would allow the commission to use existing data to measure the impact of these laws on the state's economy and on such things as prices, the supply of workers, in-state migration, and tuition costs, which are publicly available.

"A retrospective analysis would allow the commission to use existing data to measure the impact of these laws on the state's economy and on such things as prices, the supply of workers, in-state migration, and tuition costs."

The second task of the commission should be to review all newly proposed licensing laws or regulatory changes to existing licenses. The commission should review newly proposed legislation that would require a new license or increase requirements for existing licenses. It should also have the authority to review changes proposed by licensing boards themselves. An effective commission would evaluate licensing requirements by examining whether they would address risks to consumer or public safety, leaving in place requirements that are absolutely necessary to protect consumers from demonstrated harm and removing only those for which the costs exceed the benefits. Giving the commission, instead of the legislature, the systematic and regularly scheduled authority to review all existing and newly proposed licensing requirements would reduce the power of interest groups to maintain current licensing restrictions.

The U.S. Supreme Court's decision in *North Carolina State Board of Dental Examiners v. FTC* underscored the importance for states to provide independent oversight of licensing boards.⁴⁰ In the decision, the Supreme Court made explicit that state supervision is necessary when active market

participants are involved in the regulation process. Mississippi, Nebraska, Ohio, Arizona, and Louisiana have some form of an independent review commission. An additional 18 states have some form of sunrise review (i.e., a review of a proposed regulation before it takes effect).⁴¹

3. Licensing Budget

A reform that can be coupled either with a review commission or with the legislature is setting a specific target for delicensing. With this reform, the legislature would create a licensing budget with a clear reform goal, such as reducing the total number of occupational licenses by a specified percentage or reviewing a certain number of licenses annually. Setting a target can help the legislature resist pressure from interest groups, thereby increasing the likelihood of successful reform.

Implementing a licensing budget would mirror the approach taken by the federal government and numerous states, which have similar types of regulatory budgets for reducing regulations in general or removing existing regulations to make room for adding new ones. The bordering state of Virginia provides an example with their Office of Regulatory Management, established in 2022 via Executive Order 39 by Gov. Glenn Youngkin.⁴² The new office set a target of reducing regulations by 25 percent — a key budgeting goal targeting occupational licensing as well as several other regulations. We are suggesting something similar for North Carolina, with a focus on ensuring that licensing is one of the targets for regulatory reduction.

4. Universal Recognition

Universal recognition is a reform that allows individuals who hold valid licenses in one state to transfer their credentials to another state with minimal bureaucratic hurdles. A licensing board must recognize a license issued by another state so long as the license holder meets certain minimal experience requirements. The specific experience requirement differs between states, but in general, individuals must have been licensed for at least a year with no disciplinary actions.

Currently, when education or training requirements differ between states, applicants are forced to make up for any deficit in them, adding to the time and cost of obtaining a new license. But even when the requirements are consistent between states, the application process for a licensed professional can take several months. Not only is that inconvenient for any

professional, but it also adds to the cost and uncertainty after a move and is enough to discourage many from moving entirely.

By eliminating the need for redundant training, testing, or education requirements, universal recognition benefits the professionals seeking to relocate, reducing the time and cost of relicensure. Today, 26 states, including Virginia, Georgia, and Florida, have passed universal recognition.⁴³ Research finds evidence that universal recognition increases migration into the state and also improves the state's labor market.⁴⁴

Some states do a better job with this universal recognition than others. When considering best practices, it is important that the reform does not exclude a large number of occupations from the policy. Further, the state should not require applicants to establish in-state residency before utilizing the reform, since visitors will be more likely to obtain a residence after they have obtained gainful employment. Finally, it is important that the reform does not contain a clause stipulating that licensing requirements from the other state must be "substantially similar" or "substantially equivalent" to the requirements in this state. Such a requirement would undermine the effectiveness of the reform by limiting the ability for new workers to transfer their licenses.

5. State-to-State Comparisons

Licensing requirements can vary considerably between states, but often legislators are unaware that their state's requirements stand out. To identify overly burdensome licensing requirements, North Carolina could also benchmark its licensing requirements against other states. For professions on which North Carolina has placed higher licensing requirements, those requirements should be reduced to the national average or to the lowest quartile. This can often be accomplished by reducing fees and training requirements, which can vary considerably between states for the same profession, without impacting the quality of services. Policymakers should also seriously consider eliminating licensing for any occupation that more than half the states leave unburdened by licensing and look into lesser forms of regulation.

Licensing requirements can vary substantially across states even for the same occupation. For instance, the training requirements for barbers and cosmetologists in neighboring Tennessee are half the length of programs in North Carolina. Fees for veterinarians in North Carolina are more than double the fees in surrounding states. North Carolina is one of 41 states

licensing veterinarian technicians and one of 24 states licensing auctioneers.⁴⁵ As noted earlier in this paper, there are several uniquely licensed professions in the state that could be delicensed or regulated using another method. Using other states as a comparison could help North Carolina bring its licensing requirements in line with surrounding states, removing unnecessary hurdles without exposing residents to risks.

Conclusion

Occupational licensing laws in North Carolina have grown significantly. While they may have been well-intentioned, the overreliance on unnecessary licensing laws contributes to North Carolina's tight labor market — making it tougher for businesses to find workers and hitting consumers in their pocketbooks. The accumulation of licensing laws is costly for consumers, professionals, and those looking to move to North Carolina. Protecting consumers is an important and admirable goal, but licensing is often costlier and less effective than other methods.

There are a number of reforms that North Carolina can adopt to reduce the burdens of licensing without sacrificing consumer protection. Licensing should be used only when appropriate — in other words, when only the policy extreme of licensing can address a legitimate state interest in protecting consumers — and also be narrowly tailored to address only that interest. A licensing review commission and a Right to Earn a Living Act can be effective ways to identify areas ripe for reform. Universal recognition can make the state a more attractive destination by making the move to North

"Universal recognition can make the state a more attractive destination by making the move to North Carolina easier for professionals."

Carolina easier for professionals. State comparisons are simple ways to identify burdensome requirements that professionals face. We have provided a head start by noting six instances in which North Carolina licensing requirements are unique: irrigation contractors, soil scientists, locksmiths, auctioneers, opticians, and sign language interpreters. All of these reforms would make life easier for workers, would make it easier for consumers to obtain and afford needed services, and would remove unnecessary barriers to meaningful work in North Carolina.

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The John Locke Foundation was created in 1990 as an independent, nonprofit think tank that would work “for truth, for freedom, for the future of North Carolina.” The Foundation is named for John Locke (1632-1704), an English philosopher whose writings inspired Thomas Jefferson and the other Founders. The John Locke Foundation is a 501(c)(3) research institute and is funded by thousands of individuals, foundations and corporations. The Foundation does not accept government funds or contributions to influence its work or the outcomes of its research.

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