

# THE RIGHT TO EARN A LIVING

## REFORMING OCCUPATIONAL LICENSING IN NORTH CAROLINA



### WHAT IS OCCUPATIONAL LICENSING?

- Occupational licensing laws require people to undergo a specified amount of training, education, and fees to practice their chosen profession
- These requirements are barriers to entry – making it more difficult for people to just earn a living, especially low-income workers

### OCCUPATIONAL LICENSING IN NORTH CAROLINA

- North Carolina requires licensing for 186 occupations, 11th most of any state
- Roughly 1 in 5 North Carolina workers are licensed
- Estimates from the Institute for Justice suggest that occupational licensing costs the state more than 42,500 jobs and \$112 million annually

### NEGATIVE IMPACTS OF OCCUPATIONAL LICENSING

- The additional time and cost of meeting these entry requirements reduce the number of professionals by an average of 17 to 27 percent.
- These restrictions on the labor market lower the supply of services, and research estimates licensing raises consumer costs by anywhere from 3 to 16 percent
- Defenders of occupational licensing claim they are needed to ensure quality of services, but the vast majority of studies that have tried to estimate the effect of licensing on quality did not find an effect

## SOLUTIONS

### North Carolina legislators should pass a Right to Earn a Living Act, which would:

- Make occupational licensing the regulation of last resort
- Shift the burden onto the licensing boards to prove the license is narrowly tailored to accomplish a compelling government interest
- Require licensing boards to perform a comprehensive review of their licensing regulations and define which public health or safety objective the regulation serves, and explain why the regulation is necessary to achieve that goal

### Additional options legislators should consider include:

- Creating an independent commission to systematically review the worthiness of existing licensing boards as well as newly proposed licensing requirements.
- Setting specific targets for reducing the number of occupations requiring licensing
- Establishing universal recognition of occupational licensing – which would recognize occupational licenses from other states