



Virginia Next for Occupational Licensing Reform

The state will fast-track applicants who have out-of-state credentials or experience.

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The General Assembly of Virginia this month approved a proposal to recognize out-of-state occupational licenses and work experience as per se qualifications for in-state credentials.

To qualify, the applicant must have held her out-of-state license for at least three years and reside in good standing with that state's board. Individuals seeking a Virginia license for a profession that was not licensed in their previous state can qualify with three years of work experience and an examination. Both provisions will, in many cases, allow workers to avoid excessive time and money costs associated with seeking a license in a new state.

"Universal license recognition will assist in resolving worker shortages while at the same time benefiting consumers through reduced costs of goods and services," Virginia Gov. Glenn Youngkin said in a statement last week. Youngkin's conclusions are well-founded. "Standard economic models imply that the restrictions from occupational licensing can result in up to 2.85 million fewer jobs nationwide, with an annual cost to consumers of \$203 billion," Morris M. Kleiner, a professor at the University of Minnesota, wrote in 2015.

Occupational licensing's economic impacts are due largely to the practice's widespread popularity. In 2021, more than a fifth of U.S. jobs required a license. Policy makers justify licensing regimes as necessary consumer protections, but many of them are purely protectionist measures meant to inflate the wages of already licensed workers and stave off competition. Indeed, in the newly released *Empowering the New American Worker: Market-Based Solutions for Today's Workforce*, Chris Edwards of the Cato Institute argues that "large interstate differences [in which professions require licenses] suggest that rules are not based on analyses of health or safety but rather reflect differences in state and local politics."

What's more, research shows that occupational licensing fails at its own prescribed task.

"Licensing, and progressively stricter forms of it, is not associated with greater service quality across any of our nine comparisons," reads a 2022 report from the Institute for Justice. "In fact,

in eight of the nine comparisons, we find no statistically significant difference in quality at all. In the ninth—our comparison of tree trimmers in licensed Maryland and unlicensed Virginia—quality is higher in unlicensed Virginia and statistically significantly so."

While the logic of licensing high-skill, high-risk occupations is defensible—though not undisputed—many regulated professions have no need for bureaucratic oversight. Virginia's regulated professions, for instance, include "apprentice tattooer[s]," estheticians, "martial artists," "wax technicians," and "temporary wrestler[s]." This is hardly a cohort from which the public requires economy-killing regulatory protections. Virginia's reform—accelerating the licensing process for already credentialed or experienced workers—is laudable, but a full-scale review of the larger system is in order.

"Every American has the right to 'life, liberty, and the pursuit of happiness,'" Edwards concludes. "Freedom to use one's labor in a chosen occupation is central to that pursuit."