

## The Need to Review and Reform Occupational Licensing in Oklahoma—Summary\*

By Byron Schlomach

Licensing is the most extreme form of occupational regulation short of an outright ban.

Occupational licensing is a throwback to medieval guilds, a system whose demise economist Milton Friedman characterized as an “indispensable early step in the rise of freedom in the Western world.”

Occupational licensing is ubiquitous and growing in the United States.

- Only 5 percent of the nation’s workforce was covered by licensing laws in 1950.
- Today, about 29 percent of the U.S. workforce is governed by licensing laws.
- The Institute for Justice ranks Oklahoma as having the 11th most burdensome licensing laws among the states.
- Oklahoma explicitly licenses hair braiding.
- Oklahoma licensed 91 job categories by 2007, more than 26 other states and more than its neighboring states except for New Mexico and Arkansas.

Licensing claims to protect public health and increase quality, but studies fail to confirm this.

Licensing reduces the supply of practitioners in licensed occupations compared to what it otherwise could be, increasing the cost of the occupation’s services and the income of licensed practitioners.

The impacts of occupational licensing include:

- Limiting work and employment opportunities of Oklahomans and others who would move here.
- The effective redistribution of income from lower income consumers to higher income practitioners.
- Increasing the cost of living – If Oklahoma reduced the percentage of its population that is licensed by 3.3 percentage points, Oklahomans’ purchasing power would rise by approximately \$780 per capita due to the reduction in the cost of living.
- Limiting innovation, especially in how services are provided.
- More licensing – new occupations that spring up, but touch on a licensed occupation’s scope of practice must, themselves, be licensed in order to avoid being harassed by licensing authorities.

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This paper, in its entirety, can be found at [www.1889institute.org/cronyism.html](http://www.1889institute.org/cronyism.html)

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The legislature should:

- Reduce or eliminate useless and irrelevant education requirements for licensed occupations, depending on relevant and rigorous examinations, instead.
- Subject current and proposed licensing laws to rigorous sunrise/sunset cost-benefit analysis with a presumption that licensing is not necessary. (The paper includes an appendix that proposes a decision-tree to aid in such analyses.)
- Where some type of occupational regulation is considered necessary, institute gentler regulations rather than licensing, such as private certification (model legislation included in an appendix of the paper), inspections, bonding, or registration.
- Reform licensing boards to reduce the number of members who are part of the licensed industry and increase the number who have no pecuniary interest in the industry.