



DESERTING WORKERS?

BARRIERS TO WORK IN NEW MEXICO

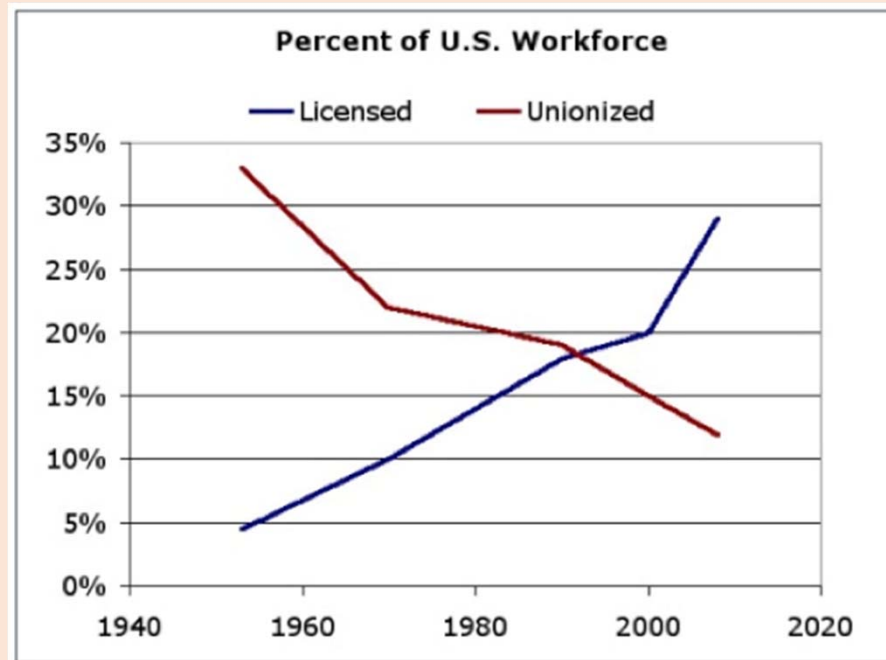
Barriers to Work in New Mexico

- What is occupational licensing?
- Why is occupational licensing deserting workers in New Mexico and beyond?
- What can be done?

What is occupational licensing?

- Government permission slip to work.
- Public safety or private profit?





Source: Kleiner and Krueger (2010)

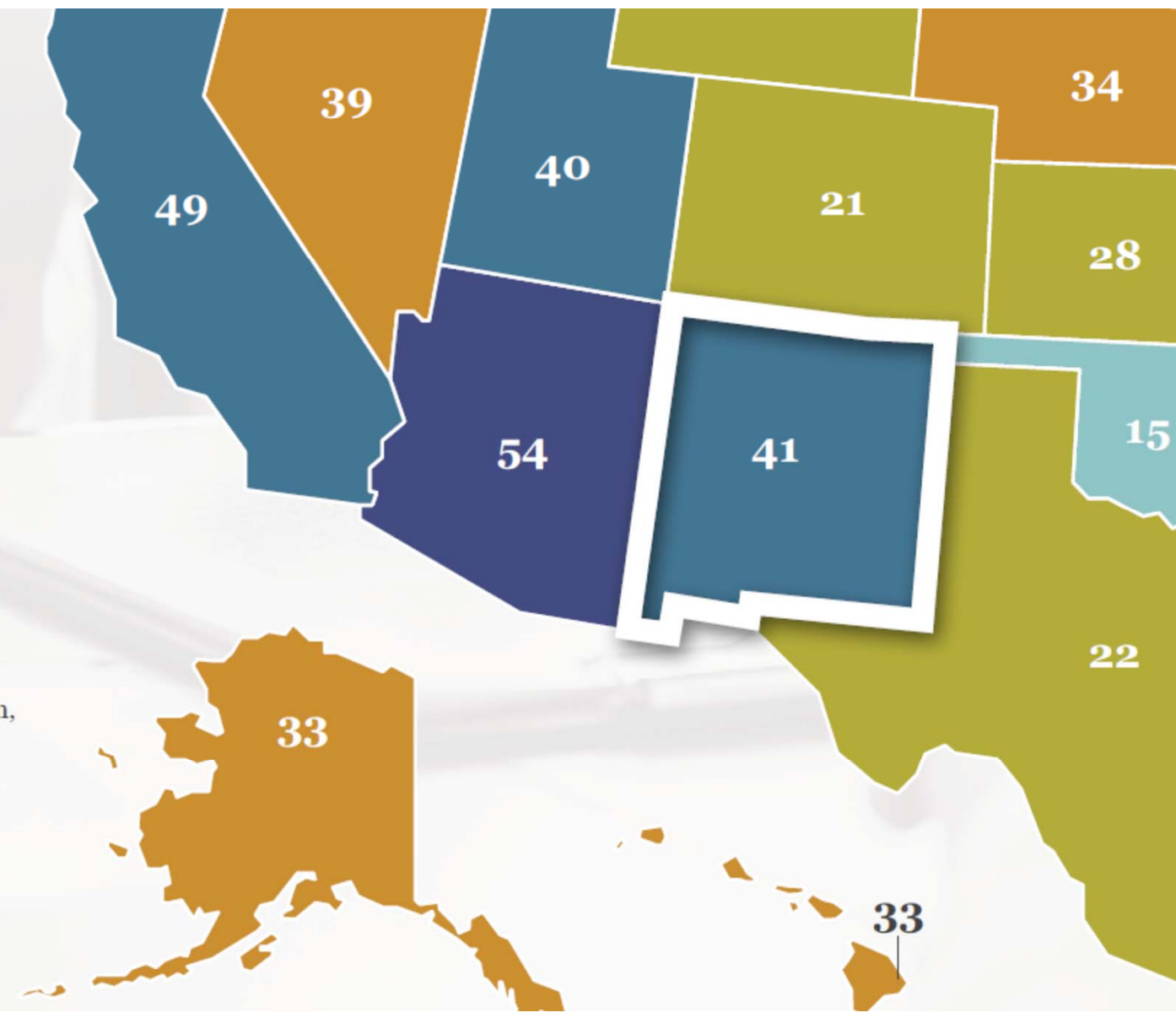
Occupational Licensing in NM



- 18% of workers (Kleiner and Vorotnikov 2018)
- Occupations licensed:
 - Dietetic technicians (Maine)
 - Hair braider (one of nine)
- 9th most burdensome laws (Carpenter et al. 2017)
 - EMT: 180 clock hours
 - Cosmetologist 1600 clock hours
 - Barber: 1200 clock hours

FIGURE 1.
Growth in Low Income Occupational Licensing, 1993-2012

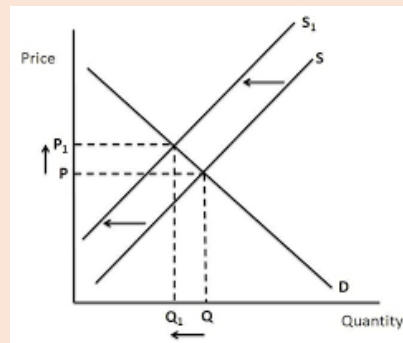
- 50-59
- 40-49
- 30-39
- 20-29
- 15-19



Source: Timmons, Edward, Meehan, Brian, Meehan, Andrew, and Hazenstab, John. *Too Much License: A Closer Look at Occupational Licensing and Economic Mobility*. Archbridge Institute. April 2018.

Why is occupational licensing deserting workers?

- Occupational licensing raises prices by 3-16% for consumers (Obama White House 2015)



Why is occupational licensing deserting workers?

- New Mexico's growth in occupational licensing from 1993 to 2012 (Timmons et al 2018):
 - 4.6% reduction in economic mobility
 - 10.7% increase in income inequality



www.cartoonstock.com

Why is occupational licensing deserting workers?

- Cost of licensing in New Mexico (Kleiner and Vorotnikov 2018):
 - 16,000 jobs per year
 - \$87 million per year



Why is occupational licensing deserting workers?

- Little evidence occupational licensing improves quality:
 - 2 of 12 studies find any evidence of improved quality (Obama White House 2015)
 - Licensing may reduce consumer perception of quality (Deyo 2017)

Why is occupational licensing deserting workers?

- Until recently, trend has been more licensing:
 - From 1975 to 2015, only 8 instances of de-licensing (Thornton and Timmons 2015)
 - Alabama still exists despite 30 years (1983-2013) of not licensing barbers (Timmons and Thornton 2019)

What can be done?

- Former Governor Susana Martinez– October 2018 Executive Order
- Occupational Licensing Consumer Choice Act

References

- Dick Carpenter, et al., 2017. "License to Work," Institute for Justice, <https://ij.org/report/license-work-2/>
- Darwyn Deyo, 2017. "Licensing and product quality: evidence using Yelp consumer reviews," working paper, <https://www.aeaweb.org/conference/2017/preliminary/paper/efy2hraQ>
- Morris M. Kleiner & Alan B. Krueger, 2010. "The Prevalence and Effects of Occupational Licensing," *British Journal of Industrial Relations*, vol. 48(4), pages 676-687.
- Morris M. Kleiner & Evgeny Vorotnikov, 2017. "Analyzing occupational licensing among the states," *Journal of Regulatory Economics*. vol. 52(2), pages 132-158.
- Morris M. Kleiner & Evgeny Vorotnikov, 2018. "At what cost," Institute for Justice, <https://ij.org/report/at-what-cost>
- President Obama Whitehouse, 2015. "Occupational Licensing," https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf
- Robert Thornton and Edward Timmons, 2015. "The De-Licensing of Occupations in the United States," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, May, <https://www.bls.gov/opub/mlr/2015/article/pdf/the-de-licensing-of-occupations-in-the-united-states.pdf>
- Edward Timmons, et al., 2018. "Too Much License," Archbridge Institute, <https://www.archbridgeinstitute.org/too-much-license/>
- Edward Timmons and Robert Thornton, 2019. "There and Back Again: The De-licensing and Re-licensing of Barbers in Alabama," *British Journal of Industrial Relations*

Questions?

Edward Timmons

Professor of Economics

Director, Knee Center for the Study of Occupational Regulation

Saint Francis University

Loretto, PA

etimmons@francis.edu

