

Policy Brief: Licensing Barriers for Women in the Workforce

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Occupational licensing can disproportionately impact women twice over, both as members of the labor force and as regular consumers of higher cost services from licensed occupations.

Direct costs from licensing requirements for women seeking to work in these occupations can raise barriers to entry in the labor market, either as new entrants or when re-entering the labor market. However, aspiring workers face these barriers within occupations together. In contrast, the extent to which the occupations that women are more likely to work in are disproportionately licensed can particularly impact women's labor market outcomes and access. This policy brief is the first to categorize the extent to which states impose occupational licensing on predominantly female occupations, with recommendations for reforms.

I. LICENSING RAISES COSTS FOR WOMEN

Many occupations in which women are majority-employed are often licensed. These occupations include day care provider, lactation consultant, midwifery, nursing occupations, and beauty occupations like cosmetology, African natural hair braider, makeup artist, shampooer, skin care specialist, and eyebrow threader. Although this already is a long list, it is far from complete. This study addresses this gap by matching licensed occupations with an occupation's gender predominance.

Occupational licensing has been found to reduce the labor supply in licensed occupations, increase incomes of licensed workers, and increase the prices consumers face for licensed services.¹ Research on the effects of licensing on women indicates that licensing reduces the labor supply of women in licensed occupations more than it does for the overall labor supply.² When women do enter licensed occupations, they benefit from a higher relative wage premium than their male peers, but this comes at the cost of keeping other women out of the licensed occupation. The gap in wages for licensed workers by gender is narrower than for unlicensed workers, although this is not mirrored in the hours worked.³

Licensing barriers may also present a higher relative cost for women in the trade-off of the hours to complete years-long education requirements. They may face higher opportunity costs in giving up full-time work or paying for child care while they complete educational requirements. These barriers may prevent their entry into licensed occupations altogether. When licensed occupations have below-average incomes, the investment in licensing requirements may not compensate for these costs, as with cosmetology licensing. All 50 states and the District of Columbia require cosmetologists to be licensed, with months of training, exams, and hundreds of dollars in fees before new cosmetologists can work. However, on average, cosmetologists earn less than \$30,000 each year.⁴

In addition to creating barriers to labor market entry, licensing also raises costs for women as consumers of these services, including health and personal care services specific to women. When

¹ Gittleman, Klee, and Kleiner (2018); Ingram (2019); Kleiner and Vorotnikov (2017; 2018);

² Blair and Chung (2019)

³ Koumenta Pagliero and Rostam-Afschar, 2020

⁴ <https://www.bls.gov/ooh/personal-care-and-service/barbers-hairstylists-and-cosmetologists.htm>

licensing increases costs to consumers, women who rely on these services pay the price. Although some day-to-day expenses may be small, higher costs for services essential to supporting women's health and employment can have long-run consequence. Rising costs for child care, which is extensively licensed, can even drive women out of the workforce as the cost of care begins to exceed their paycheck.⁵

Other costs from licensing can be hidden. When licensing raises the cost of entrepreneurship,⁶ it can raise costs for women starting their own businesses. When women follow their partners across state lines as trailing spouses, they also face interstate licensing barriers.⁷ For states without universal licensing recognition or a similar policy, this can also include re-licensing costs.⁸ License creep is also pervasive for occupations in which women predominantly work, such as cosmetology licenses that are required for shampooers, makeup artists, and African natural hair braiders. All these factors warrant the study of the extent to which licensing barriers and burdens are disproportionately imposed on predominantly female occupations. Whether women are entering the workforce, re-entering the workforce, or switching occupations, they often face a disproportionate scope of occupational licensing.

II. POLICY BRIEF MATERIALS

This policy brief provides the first measure of how many occupations a state licenses in which women are predominantly employed, by state, using data from the American Community Survey (ACS)⁹ and the Current Population Survey (CPS)¹⁰ for 2019. Data for 2019 was selected as the last year before the beginning of the COVID-19 pandemic that has had widespread impacts on employment and labor force participation. Licensed occupations were identified using the CSOR Licensing Database, which tracks licensing status and requirements for 136 occupations in each of the 50 states and the District of Columbia. It also tracks when an occupation is certified or requires registration, which are both lower barriers to labor market entry than licensing.

In order to identify how many predominantly female occupations a state licenses, I began with the list of 136 occupations included in the CSOR Licensing Database.¹¹ I matched these occupations to their corresponding occupation in ACS and CPS data, using occupation definitions for each source. The ACS data universe includes the number and share of full-time, year-round civilian employed population, ages 25 to 64, by gender and educational attainment. The CPS data universe includes annual averages for employed persons ages 16 and older, by detailed occupation, sex, race, and ethnicity.

I next identified whether the occupation was reported as predominantly female at the national level. The ACS reports this variable as the percent of women for each occupation, and the CPS reports this variable as the percent total women employed for each occupation. The most detailed occupation available in each dataset was used. The ACS reported 597 rows of data for occupations,

⁵ <https://equitablegrowth.org/is-the-cost-of-childcare-driving-women-out-of-the-u-s-workforce/>

⁶ Plemmons, 2021 (<https://www.emerald.com/insight/content/doi/10.1108/JEPP-08-2019-0065/full/html>)

⁷ Johnson and Kleiner 2020 (<https://www.aeaweb.org/articles?id=10.1257/pol.20170704>); Plemmons, 2022 (<https://onlinelibrary.wiley.com/doi/10.1111/bjir.12661?af=R>)

⁸ Deyo, 2022 (<https://csorwvu.com/policy-brief-survey-of-universal-licensing-reforms-in-the-united-states/>); Ghosh, Plemmons, Norris and Timmons unpublished working paper.

⁹ <https://www.census.gov/data/tables/2022/demo/acs-2019.html>

¹⁰ <https://www.bls.gov/cps/aa2019/cpsaat11.htm>

¹¹ Importantly, the list of occupations in the CSOR Licensing Database was collected independent of this study.

and the CPS reported 564 occupational rows, including both occupation groups and more detailed occupations. Both the ACS and CPS data only report female and male employment at the national level.

If female employment was 50.1 percent or greater for an occupation in either the ACS or CPS data, I first identified it as predominantly female. I also recorded the occupation group. I then checked whether there were any conflicts between the ACS data and the less-detailed CPS data on whether the occupation was predominantly female. There were 33 cases in which the ACS and CPS results did not match. The ACS occupation was more detailed and a closer match to the CSOR occupation for 3 of these cases, and the CPS did not report a percentage for 26 of these cases due to a small sample size. In the remaining 4 cases, the ACS reported that the occupation was predominantly female while the CPS did not: Manager of Record (Standard Real Estate); Medical Health Physicists; Practitioner of Oriental Medicine East Asian; and Trading Assistant. I then checked the margin of error (MOE) for the ACS data to determine if the ACS data was still predominantly female even when the MOE was deducted from the ACS percent estimate of female employment, which was true in all 4 cases.

I next matched the indicator for whether an occupation was predominantly female to whether an individual state licensed an occupation, using the 2019 CSOR Licensing Database. I then generated the following totals: how many occupations a state licensed; and how many predominantly female occupations it licensed. These numbers were used to generate the share of predominantly female occupations each state licensed, reported in Figure 1.

III. FINDINGS AND RECOMMENDATIONS

The ACS data reports a total of 43.7% women employed in its sample, and the CPS reports 47%. In total, 84 (61.8%) of the CSOR Licensing Database occupations were identified as predominantly female and 52 (38.2%) occupations were identified as not predominantly female.

The 2019 Current Population Survey data on certifications and licenses reports that the labor force participation rate for women over the age of 16 was 57.4%, and 25.3% of employed women had a license to do their job. In comparison, the labor force participation rate for men over the age of 16 was 69.2%, but only 18.9% of employed men had a license to do their job. The overall labor force participation rate was 63.1%, and 21.9% of employed respondents had a license. Women having licenses to work at 6.4 percentage points higher than men, despite a 4 percentage point lower labor force participation rate, points to systemic differences in how occupations are licensed by gender predominance across the United States.

Figure 1 reports the share of predominantly female occupations a state licenses, which is also a measure of the degree to which licensing burdens are disproportionately imposed on women. States are grouped by the percentage of predominantly female occupations they license: Up to 60%; 60% – 65%; 65% - 70%; and more than 70%. The bins are mutually exclusive of each other. Importantly, these percentages are not driven by a low denominator of regulated occupations: There is a 78% correlation between the number of occupations that a state licenses and the number of predominantly female occupations that it licenses.

The results by state indicate that although there is variance in the share of predominantly female licensed occupations in each state, most states do over-license predominantly female occupations relative to the total number of occupations (Table 1). California licenses the lowest share of

predominantly female occupations (57%), followed by Louisiana (59%) and Utah (60%). Predominantly female occupations are licensed at a rate of 70% or more in three states: Iowa (70%); New Jersey (71%); and Alaska (75%).

The share of predominantly female licensed occupations stands in stark contrast to the share of women and men in the workforce overall, and by licensed status. These descriptive statistics indicate room for licensing removal and reform to reduce the relatively high burdens on women entering the workforce, re-entering the workforce, or switching occupations.

To the extent that women select into these occupations because they are licensed, or the extent to which these occupational licenses are tied to substantiated public health and safety concerns, is beyond the scope of this study. However, concerns about protecting public health and safety can also be addressed through less burdensome alternatives, such as market competition, voluntary or state certification, and voluntary or mandatory bonding and liability insurance. Sunrise reviews can also be helpful tools to consider whether licensing is addressing a substantiated and legitimate public health and safety concern, or just protecting special interests.¹² Licensing recognition and compacts can also increase interstate mobility, including for predominantly female occupations.¹³ The reforms with the highest impact, however, will involve removing occupational licensing.

Overall, licensing raises costs for women as workers in licensed occupations, and raises prices for women as regular consumers of licensed services. States should review the extent to which their licensing burdens are disproportionately imposed on women, in addition to whether occupational licensing is necessary, or could be replaced with a less burdensome alternative.

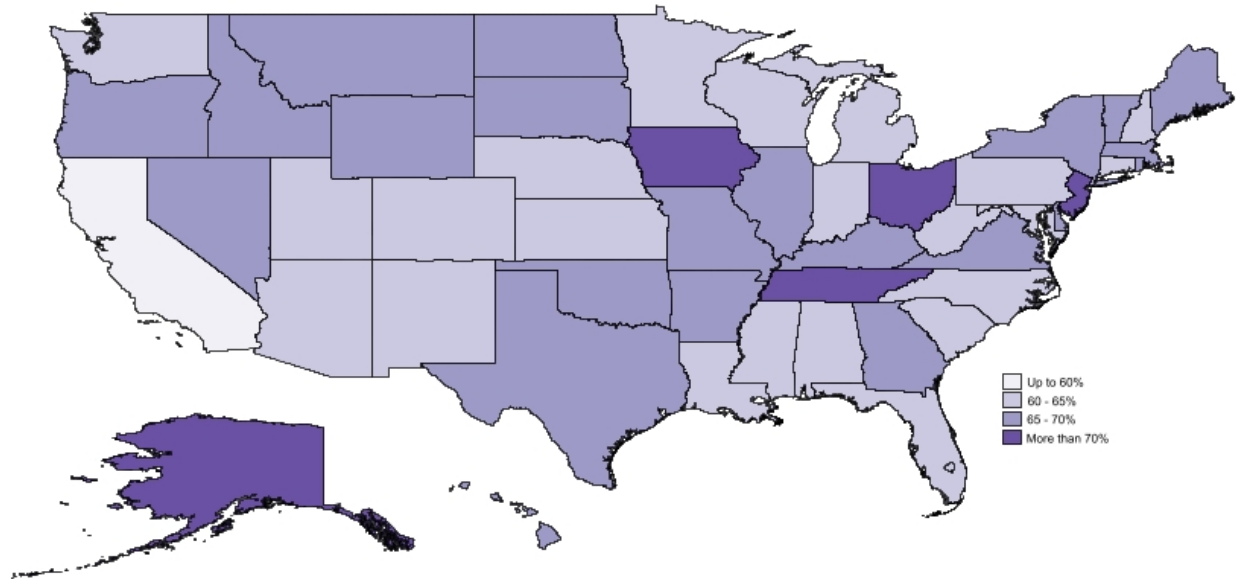
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Suggested Citation: Deyo, Darwyn. 2022. Licensing Barriers for Women in the Workforce. Knee Center for the Study of Occupational Regulation.

¹² <https://ij.org/report/too-many-licenses/>

¹³ Shakya, Ghosh, and Norris (2022)

Figure 1. Predominantly Female Licensed Occupations as Percent of Licensed Occupations



Note: Percent values are calculated by dividing the number of predominantly female licensed occupations in the state by the total number of licensed occupations in the state, using the CSOR Licensing Database of 136 occupations. Predominantly female occupations were identified using data from the American Community Survey (2019). Occupation details were matched to occupations in the CSOR Licensing Database.

Table 1. Percent of Licensed Occupations That Are Predominantly Female, by State

State	Percent	State	Percent
AK	75.8%	WV	63.9%
IA	73.4%	MO	63.8%
TN	71.1%	NY	63.6%
AR	70.5%	WA	63.5%
VT	69.8%	MI	63.1%
OH	69.0%	DC	62.9%
NJ	68.1%	SC	62.9%
NV	67.6%	MN	62.7%
DE	67.2%	NH	62.5%
RI	67.1%	MA	62.3%
HI	66.7%	KS	62.2%
OK	66.7%	UT	62.0%
SD	66.7%	MS	61.9%
WY	66.7%	NE	61.8%
OR	66.2%	NC	61.6%
NM	65.8%	AZ	61.5%
MT	65.7%	CO	61.5%
GA	65.7%	FL	61.1%
ID	65.7%	WI	60.3%
ND	65.7%	MD	60.3%
IL	65.3%	AL	60.3%
ME	65.3%	LA	60.0%
KY	64.9%	CT	57.1%
TX	64.8%	PA	57.0%
VA	64.7%	CA	53.0%
IN	64.4%	<i>Average</i>	<i>64.4%</i>