

## A Snapshot of Occupational Licensing in Colorado

Edward Timmons<sup>1</sup>, Conor Norris<sup>1</sup>, and Noah Trudeau<sup>1,2</sup>

1: Knee Center for the Study of Occupational Regulation, West Virginia University

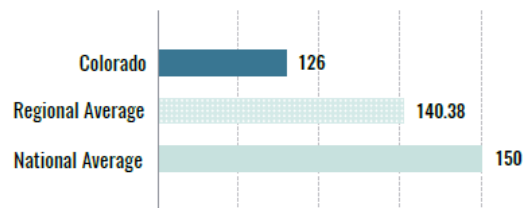
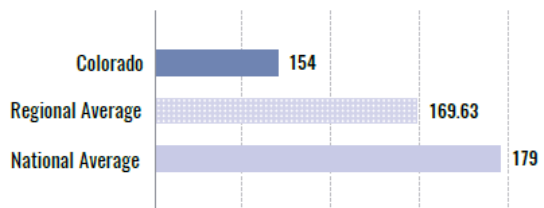
2: Troy University, Alabama

Occupational licensing makes it illegal to work in an occupation before meeting state-mandated entry requirements that often include minimum levels of education and training, paying fees to the state, and passing exams. Nationally, 21% of workers are licensed.<sup>1</sup>

Licensing requirements for the same profession vary significantly across states. The 2023 State Occupational Licensing Index (SOLI) ranks states by the number of occupations that are licensed.<sup>2</sup> The SOLI database focuses on 331 occupations that are available in the Knee Center licensing database.<sup>3</sup>

### Colorado's SOLI ranking

In the 2023 SOLI, Colorado ranks 47<sup>th</sup> nationally (with 1<sup>st</sup> being the most burdensome). Colorado makes it illegal to work in 154 of the 331 occupations examined. This is 25 less occupations than the national average of 179 and only 7 more than Kansas—the state with the fewest legal barriers (147) to working nationally.



### Uniquely licensed occupations in Colorado

Among the 154 occupations that Colorado establishes minimum entry requirements to begin working, there are 6 occupations that are licensed in 20 states or fewer nationally. Table 1

<sup>1</sup> Data on certifications and licenses (CPS), Bureau of Labor Statistics, <https://www.bls.gov/cps/certifications-and-licenses.htm>, January 25, 2023.

<sup>2</sup> Noah Trudeau and Edward Timmons. State Occupational Licensing Index 2023. Archbridge Institute, <https://www.archbridgeinstitute.org/state-occupational-licensing-index-2023/>, March 20, 2023.

<sup>3</sup> <https://csorwvu.com/>

provides a full list of these occupations and there is also a separate excel file with full details for interested readers.

Relative to other US states, Colorado does not have many unique licenses. Vehicle factory representative and insurance administrator are the most unique—licensed in only 11 other states. Anesthesiologist aides are also licensed in Colorado, but not licensed in 37 other states.

Table 1: Uniquely licensed occupations in Colorado

Occupation	Total States
Vehicle Factory Representative	12
Insurance Administrator	12
Anesthesiologist Aide/Assistant	14
Certified Real Estate Evaluator	15
Milk Weigher/Sampler	16
Pyrotechnic Operator	17

Sources: State Occupational Licensing Index 2023 Master File and Knee Center Occupational Licensing Database.

## Why Licensing Reform is Important

By making it illegal to work in 154 occupations, and uniquely licensing at least 6 occupations, Colorado is imposing cost on its citizens.

Existing economic research suggests that occupational licensing raises prices by as much as 16%.<sup>4</sup> Licensing also reduces employment by as much as 27% by making it more difficult to begin working in licensed professions.<sup>5</sup> Nationally, it is estimated that occupational licensing results in 2 million fewer jobs being created each year.<sup>6</sup>

Although licensing may have historically resulted in some benefits to consumers<sup>7</sup>, there is little evidence that it is helping consumers in the present. Recent work finds little evidence that occupational licensing is improving the quality of services provided to consumers in the US and Europe.<sup>8</sup>

In summary, Colorado currently places some unique restrictions on its citizens to begin working. These restrictions are very costly and generate little to no measurable benefits for consumers.

<sup>4</sup> President Obama White House, Occupational Licensing: A Framework for Policymakers, [https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing\\_report\\_final\\_nonembargo.pdf](https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf), July 2015.

<sup>5</sup> Peter Blair and Bobby Chung, (2019), How Much of Barrier to Entry is Occupational Licensing?. *British Journal of Industrial Relations*, 57: 919-943

<sup>6</sup> Evgeny Vorotnikov and Morris Kleiner, (2018), At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing., Institute for Justice, <https://ij.org/report/at-what-cost/#:~:text=By%20a%20conservative%20measure%20of,reach%20%24184%20billion%20or%20more.>

<sup>7</sup> D. Mark Anderson, Ryan Brown, Kerwin Kofi Charles, and Daniel I. Rees, (2020), Occupational Licensing and Maternal Health: Evidence from Early Midwifery Laws., *Journal of Political Economy*, 128(11): 4337-4383.

<sup>8</sup> Morris Kleiner and Maria Koumenta (Eds.). (2022). Grease or grit? International case studies of occupational licensing and its effects on efficiency and quality. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Colorado is among national leaders with respect to occupational licensing. Nevertheless, Colorado should continue to reform and implement less restrictive ways to regulate and protect consumers.