

## Washington Should Not Tangle Beauty Professionals in Unnecessary Regulations

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Chair Ormsby, Vice Chair Bergquist, and all distinguished members of the House Committee on Appropriations:

Thank you for allowing me to testify on the regulation of beauty services and professionals in the state of Washington. I am the assistant director of the Knee Regulatory Research Center at West Virginia University. The main takeaways of my comments are the following:

1. Licensing is not always the appropriate form of regulation.
2. Licensing in Washington reduces economic mobility and increases income inequality.
3. Just 10 states require some form of licensing for permanent makeup artists, as proposed by HB 2109.

Occupational licensing is one of the most common forms of professional regulation and the most stringent. These laws prevent Washington residents from working in a profession until they meet certain entry requirements, which often include education, training, and passing exams. Licensing is designed to protect consumers from harm from low-skilled professionals, which is an important goal. However, licensing is not the only form of regulation that we can turn to, to protect consumers.

Licensing can be costly, and we have to weigh both the costs and the benefits of licensing. Licensing laws create barriers to entry that make it more difficult to enter a profession. Economic research estimates that licensing reduces the number of professionals by up to 27 percent.<sup>1</sup> While we do not have any research specifically on permanent makeup artists, economists consistently find evidence that licensing laws act as a barrier to entry for other beauty professions, like barbers and cosmetologists.<sup>2</sup> There is also evidence that they tend to disproportionately exclude minorities.<sup>3</sup>

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<sup>1</sup> Peter Blair and Bobby Chung, "How Much of Barrier to Entry is Occupational Licensing?," *British Journal of Industrial Relations* 57, no. 4 (2019): 919–43

<sup>2</sup> Adams, A. Frank, John D. Jackson, and Robert B. Ekelund. "Occupational licensing in a "competitive" labor market: The case of cosmetology." *Journal of Labor Research* 23, no. 2 (2002): 261-278.; Timmons, Edward J., and Robert J. Thornton. "The Licensing of Barbers in the USA." *British Journal of Industrial Relations* 48, no. 4 (2010): 740-757; Zapletal, Marek. "The effects of occupational licensing: evidence from business-level data." *British Journal of Industrial Relations* 57, no. 4 (2019): 894-918.; Timmons, Edward J., and Robert J. Thornton. "The Licensing of Barbers in the USA." *British Journal of Industrial Relations* 48, no. 4 (2010): 740-757.

<sup>3</sup> Mitchell, Matthew. "Policy Spotlight: Occupational Licensing and the Poor and Disadvantaged." Mercatus Center Policy Brief. (2017).

Many professions that do not require a traditional, 4-year college degree do require a license. These professions offer an avenue to meaningful employment for non-college graduates, if they can afford to meet the licensing requirements. Unfortunately, because of the time and money it takes for training and education, many are unable to enter these professions. Research found that licensing laws increase income inequality by 10 percent and decreased economic mobility by over 4 percent—making achieving the American Dream that much more difficult.<sup>4</sup>

Despite the fact that licensing laws have such an impact on aspiring professionals, we find limited evidence of any improvements in the quality of services due to licensing.<sup>5</sup> We are also unable to find evidence that licensing improves the quality of beauty professions in particular.<sup>6</sup>

The education requirements of 100, 200, or 300 hours seem reasonable at first glance. However, supporters are already signaling their desire to raise requirements in the future before the bill is even passed.<sup>7</sup> Unfortunately, the comparisons to cosmetology programs are apt. Their program hours are notoriously long, just one third of students graduate on time, and their tuition costs far exceed what is appropriate for their career earnings.<sup>8</sup> Unsurprisingly, the Department of Education considers a majority of the programs to be predatory.<sup>9</sup>

Active professionals will be grandfathered in, benefiting from the restriction on competition from new entrants in the form of higher wages. Aspiring professionals are forced to overcome greater barriers to entry, while consumers are forced to pay higher prices for the same quality services.

Just 10 states have some form of licensing requirements for permanent makeup application, most do not consider the license a necessity. In fact, the movement in recent years has been to reduce or remove licensing requirements for beauty professions. At least 19 states have reduced education requirements for cosmetologists since 2012, and states have exempted 17 separate niche beauty services from licensure in recent years.<sup>10</sup>

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<sup>4</sup> Timmons, Edward, Brian Meehan, Andrew Meehan, and John Hazenstab. "Assessing growth in occupational licensing of low-income occupations: 1993-2012." *Journal of Entrepreneurship and Public Policy* 7, no. 2 (2018): 178-218.

<sup>5</sup> "Occupational Licensing: A Framework for Policymakers," White House, July 2015,

[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)

<sup>6</sup> Deyo, Darwynn. *Licensing and Service Quality: Evidence Using Yelp Consumer Reviews*. George Mason University Working Paper. (2016); Deyo, Darwynn. *Testing Licensing and Consumer Satisfaction for Beauty Services in the United States*. SJSU ScholarWorks (2022).

[https://scholarworks.sjsu.edu/cgi/viewcontent.cgi?article=2953&context=faculty\\_rsca](https://scholarworks.sjsu.edu/cgi/viewcontent.cgi?article=2953&context=faculty_rsca)

<sup>7</sup> Esteban, Michelle. "Washington lawmakers push for training requirements for permanent cosmetic technicians." KOMO News. (January 15, 2024). <https://komonews.com/news/local/washington-lawmakers-olympia-permanent-cosmetic-technicians-educational-training-license-apprenticeship-representative-cindy-ryu-lead-sponsor-legislative-session-microblading-arlington-safety-mismatched-eyebrows-botched-house-chambers-hearing-allergic#>

<sup>8</sup> Menjou, Mindy, Michael Bednarczuk, and Amy Hunter. "Beauty School Debt and Drop-Outs: How State Cosmetology Licensing Fails Aspiring Beauty Workers." *Institute for Justice* (2021).

<sup>9</sup> Lurye, Sharon and Collin Binkley. "AP analysis: Most beauty school programs would be in jeopardy under US proposal." Associated Press. (May 18, 2023). <https://apnews.com/article/private-college-debt-gainful-employment-1aa8f695f75d20f2cc6a5d18654808f6>

<sup>10</sup> Menjou, Mindy, Michael Bednarczuk, and Amy Hunter. "Beauty School Debt and Drop-Outs: How State Cosmetology Licensing Fails Aspiring Beauty Workers." *Institute for Justice* (2021).

Although licensing laws are designed to protect consumers from harm, they are not always appropriate or effective. Aspiring professionals suffer, facing roadblocks to meaningful work. Individuals should not be prevented from entering a profession unless there is evidence of a need for regulation. Washington should not make it more difficult for aspiring beauty professionals to find work.