

# One Major Barrier to the Badger State Comeback

Jonathan Bain, *Research Fellow*  
Caleb Fournet, *Research Associate*

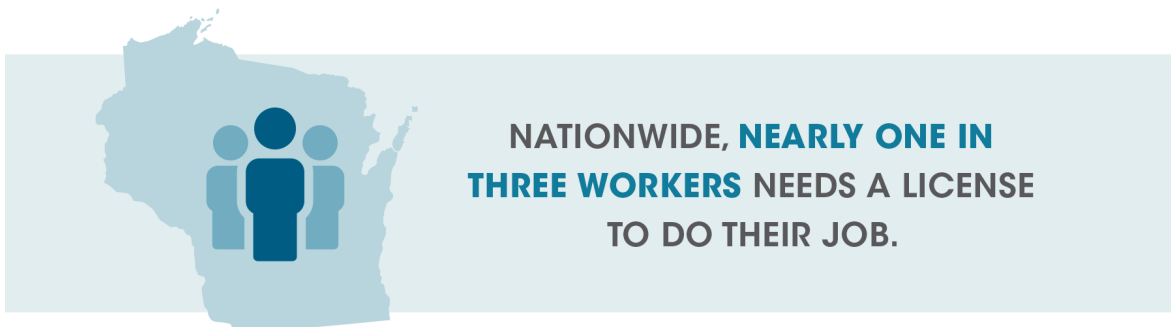
## Key Findings:

1. The unemployment fraud pandemic is sinking Wisconsin's economy, and occupational licensing is adding water into the ship.
2. Additional local licensing requirements are making it more difficult for Wisconsinites to re-enter the workforce.
3. Wisconsin can make it easier for residents to work by prohibiting local licensing requirements for occupations already licensed at the state level.

## The pandemic of unemployment and licensing hurdles are draining the state economy

The new pandemic of unemployment fraud has ravaged state economies nationwide, and Wisconsin has not been immune: The Badger State is estimated to have lost more than 140,000 jobs from 2020 to 2021.<sup>1</sup> Now that the state is moving past the pandemic, the economy is trying to surge once again, but the state has at least 130,000 jobs that remain open.<sup>2</sup> During uncertain times like these, states should encourage work, and make it easier to enter the workforce. But unfortunately, Wisconsin is lagging behind when it comes to licensing reform.

While stringent licensing requirements have become more prevalent over the years, this has not always been the case. Indeed, in the 1950s, less than five percent of U.S. workers were required to have an occupational license.<sup>3</sup> A few decades later, nearly 30 percent of occupations require a license—which translates into nearly one in three workers needing a license to do their job.<sup>4</sup>



Research has overwhelmingly shown that in many cases occupational licensing is costly and hurts the ability of some workers to enter the labor force.<sup>5</sup> **Overall, it is estimated there are three million fewer jobs nationwide due to these pay-to-work permission slips.<sup>6</sup>**

If Wisconsinites are to bounce back and get back to work, the state should make it easier—not more difficult—to do so. Unfortunately, many localities are imposing additional, burdensome licensing requirements that keep workers on the sideline.

### Local governments can impose additional burdensome requirements

In some scenarios, cities are licensing occupations that not even the state thinks should be licensed. Or even worse, workers are hit with an additional layer of stringent, arbitrary rules and fees. It is a double whammy and deals a death blow to the motivation of Wisconsinites that want to work hard, earn a living, feed their families, and capture their own piece of the American Dream.

This disparity creates a complicated web that workers must weave through to comply with state and local laws. Simply working on one side of the street versus another can alter licensing requirements and the legality of a worker performing their job. Imagine a barber being fined up to \$5,000 for cutting someone’s hair on the wrong street.<sup>7</sup>

These unfair rules make it increasingly difficult for low-income individuals looking for work.<sup>8</sup> The greased up rungs on the ladder to success make it more difficult for Wisconsinites to achieve prosperity, and easier to slip back into government dependency.

### The state of licensing in Wisconsin today

Currently, Wisconsin is behind its neighbors as it pertains to licensing. Illinois, Indiana, and Minnesota all do a better job of making it easier to work than Wisconsin does.

A study conducted to determine licensing burdens by state revealed Wisconsin requires a license for 42 of the occupations examined. Wisconsin also required licenses for occupations that were not frequently required by other states:

- Animal trainers
- Farm labor contractors
- Bartenders
- And sign language interpreters, to name a few.<sup>9</sup>

#### WISCONSIN’S STRICT LOCAL LICENSING REQUIREMENTS ARE HOLDING IT BACK

	WISCONSIN	ILLINOIS	INDIANA	MINNESOTA
Number of low-income occupations licensed	42	40	37	34
Ranking of states with the most burdensome licensing laws	42 <sup>nd</sup>	35 <sup>th</sup>	26 <sup>th</sup>	29 <sup>th</sup>

Source: Institute for Justice

Wisconsin also imposes more stringent requirements on some occupations that are relatively safe compared to those that might present a greater public safety risk. For example, **it takes more than 10 times longer to become a licensed cosmetologist in Wisconsin than to become an EMT.**<sup>10</sup>

On average, licensed occupations in the state require \$259 in fees, 214 days of educational training and experience, and one exam.<sup>11</sup>

	WISCONSIN	ILLINOIS	INDIANA	MINNESOTA
Fees	\$259	\$244	\$163	\$238

Source: Institute for Justice



### How do local licensing requirements impact Wisconsin?

These frivolous licensing requirements are permeating throughout cities and communities in Wisconsin, making it more difficult for workers throughout the state to work.

- Milwaukee requires an additional mobile seller’s license for businesses to sell via food cart, while the state only requires a basic seller’s permit.<sup>12</sup> The city also requires a permit for mobile ice cream vendors (in addition to their standard food license), while the state only requires the standard permit.<sup>13-14</sup>
- Madison requires an additional city license to sell bicycles, meaning a vendor must get a state and local license just to sell them.<sup>15</sup>
- In Kenosha, Christmas tree vendors must apply for a city license, on top of the state license that is required.<sup>16</sup>
- Milwaukee requires a home improvement license, in addition to a state specific contractor license, to carry out work duties. To do electrical work in the city, someone would need an electrical contractor license from the state, as well as the city home improvement license.<sup>17-18</sup>

After taking a deeper dive, it is obvious that these additional licensing requirements are over burdensome, and it begs the question—is this about public safety, or taking more money from workers?

## Thankfully, Wisconsin has a solution to this problem

Many states nationwide have acted to reduce overburdensome or unnecessary occupation licenses at the state level. But states should also act to rein in local licensing requirements that make it more difficult for individuals to find work and earn a living.

The state of Wisconsin already prohibits local governments from imposing licensing requirements that are more stringent than state-level requirements.<sup>19</sup> But the state can, and should, do more by prohibiting any local licensing for occupations that are already regulated at the state level.

Such a move would ensure fairness for all Wisconsin workers, and would help the state economy once again rise to prominence.

<sup>1</sup> Michael Ettlinger and Jordan Hensley, "COVID-19 Economic Crisis: By state," University of New Hampshire (2021), <https://carsey.unh.edu/COVID-19-Economic-Impact-By-State>.

<sup>2</sup> Foundation for Government Accountability, "Paid not to work: Federal money is keeping Wisconsin workers at home," Foundation for Government Accountability (2021), <https://thefga.org/one-pagers/wisconsin-pays-not-to-work/>.

<sup>3</sup> Jared Meyer, "How occupational licensing inhibits economic opportunity," Foundation for Government Accountability (2017), <https://thefga.org/paper/occupational-licensing-inhibits-economic-opportunity/>.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Trump White House, "Executive order on increasing economic and geographic mobility," Trump White House (2020), <https://trumpwhitehouse.archives.gov/presidential-actions/executive-order-increasing-economic-geographic-mobility/>.

<sup>7</sup> State of Wisconsin, "Barbering and cosmetology," State of Wisconsin (2020), <https://docs.legis.wisconsin.gov/statutes/statutes/454.pdf>.

<sup>8</sup> Jared Meyer, "Occupational licensing is a big reason the poor don't become rich," Washington Examiner (2018), <https://www.washingtonexaminer.com/opinion/occupational-licensing-is-a-big-reason-the-poor-dont-become-rich>.

<sup>9</sup> Dick Carpenter et al., "License to work," Institute for Justice (2017), <https://ij.org/report/license-work-2/ltw-state-profiles/ltw2-wisconsin/>.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Office of the City Clerk License Division, "Mobile seller's license information," City of Milwaukee (2019), <https://city.milwaukee.gov/ImageLibrary/Groups/ccLicenses/Applications/ccl-dsel1.pdf>.

<sup>13</sup> Office of the City Clerk License Division, "Food peddler supplemental license information," City of Milwaukee (2020), <https://city.milwaukee.gov/ImageLibrary/Groups/ccLicenses/Applications/ccl-foodped1.pdf>.

<sup>14</sup> Office of the City Clerk License Division, "Ice cream peddler license information," City of Milwaukee (2018), <https://city.milwaukee.gov/ImageLibrary/Groups/ccLicenses/Applications/ccl-ice1.pdf>.

<sup>15</sup> City of Madison Clerk, "Bicycle dealer license," City of Madison, <https://www.cityofmadison.com/clerk/documents/Bicycle%20Dealer%20License.pdf>.

<sup>16</sup> City of Kenosha, "Christmas tree CLK127/128," City of Kenosha (2017), [https://www.kenosha.org/images/clerk-treasurer/applications/Christmas\\_Tree\\_CLK127128.pdf](https://www.kenosha.org/images/clerk-treasurer/applications/Christmas_Tree_CLK127128.pdf).

<sup>17</sup> Office of the City Clerk License Division, "Home improvement contractor license information," City of Milwaukee (2014), <https://city.milwaukee.gov/ImageLibrary/Groups/ccLicenses/hicapplication.pdf>.

<sup>18</sup> Division of Professional Credential Processing, "Instructions for electrical contractor application," Wisconsin Department of Safety and Professional Services (2018), <https://dps.wi.gov/Credentialing/Trades/fm3103.pdf>.

<sup>19</sup> Wisconsin State Legislature, "Senate bill 81," Wisconsin State Legislature (2015), <https://docs.legis.wisconsin.gov/2015/proposals/sb81>.