Morris Kleiner and Alan Krueger

Measuring Occupational Licensing

Motivation

Occupational licensing is three to four times more prevalent in the workforce than union membership. Occupational licensing is important to measure and track for several reasons. Occupational licensing may enable workers to monopolize certain fields, driving up prices and restricting supply. It might also be an important means to guarantee high quality and safe provision of services. And increased occupational licensing might also be a response to foreign outsourcing: e.g., accountants will be required to have a U.S. license if they work on tax returns or approve company books.

Currently, government surveys do not measure occupational licensing.

National Estimate

In a time-use survey of 2,041 workers conducted by Gallup for Alan Krueger from May to August of 2006, the following question was included:

Does your job require a license by a federal, state or local government agency?

1  Yes
2  No

28% of respondents said that their job required a license. Respondents had little reluctance to answer this question: only 1 percent of those who worked in the reference week refused to answer, and 0.2 percent said “Don’t know”.

35% of college grads and higher answered yes while 25% of those with less than a college degree answered yes.

Validation and More Comprehensive Data

The question mentioned above has not been validated. In addition, there is need to develop additional questions to gain a better understanding of the breadth and depth of occupational licensing. Below are some proposed questions for a labor force survey. We would like to develop a short module from a subset of these question and develop a plan to test these questions, perhaps in cognitive interviews, and possibly to validate response to these questions against administrative records for selected occupations and states.

Job Questions:
Does your job require a license by a federal, state or local government agency?

Is everyone who does your job required to have a license by a federal, state or local government agency?

Is a license required for fewer than half of the tasks you do on your job?

Is there a threat to health or safety of clients or consumers if your job is not completed properly?

**Person Questions:**

Is a license by a federal, state or local government agency required to do your job?

Do you have an occupational license?

Are you required to have a college degree in order to become licensed?

Were you required to take classes or do an internship specific to your job in order to become licensed?

  If yes:
  * Were they for less than one year?
  * Were they for more than one year?

Did you have to pass a test in order for you to obtain your license?

Did you also have to take a practical exam in order to obtain your license?

Did you have to post a financial bond in order for you to obtain your license?

Do you have to pay a fee in order to have your license renewed?

Do you have to attend continuing education classes in order to renew your license?

Do you have to take periodic tests in order to maintain your license?

**Political Jurisdiction:**

Are you licensed by state government in order to do your job?

Are you licensed by a city or county government in order to do your job?
Are you licensed by the federal government in order to do your job?

*Licensed or Certified:*

Can others legally do your job for pay without a license from a federal, state or local government agency?

Are you certified by the government (i.e. you obtain a credential from the government attesting to your competence, but others can legally do your job)?