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KNEE REGULATORY RESEARCH CENTER

Breaking Down Barriers for Barbers and Cosmetologists

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Distinguished members of the House State Government Subcommittee:

Thank you for allowing me to submit testimony on the regulation of barbers and cosmetologists in the state of Iowa. I am the Director of Labor Policy at the Knee Regulatory Research Center at West Virginia University. The main takeaways of my comments are the following:

1. The cost of meeting occupational licensing requirements can create barriers to entry into a profession.
2. Licensing in Iowa reduces economic mobility and increases income inequality.
3. Over 32 states give barbers or cosmetologists the opportunity to use hands-on training to meet education requirements.

Occupational licensing is one of the most common forms of professional regulation, but it is also the most stringent. These laws prevent Iowa residents from working in a profession until they meet certain entry requirements, which often include education, training, and passing exams. Licensing laws are designed to protect consumers from harm from low-skilled professionals, which is an important goal.

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 around 25 percent, increasing the prices paid by consumers.[1]

Many professions that do not require a bachelor's 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. For many, a lack of flexibility or an inability to earn an income is too much of a roadblock.

Research found that licensing low- and medium-income professions in Iowa increased income inequality and decreased economic mobility—making achieving the American Dream that much

[1] 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

more difficult.[2] Making it more difficult to enter professions traps people in lower-paying jobs and reduces entrepreneurship.

Economists consistently find evidence that licensing laws act as a barrier to entry for barbers and cosmetologists.[3] Education programs 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.[4] Unsurprisingly, the Department of Education considers a majority of the programs to be predatory.[5]

Expanding the pathways to a barber or cosmetologist license would not put Iowans at risk. Currently, 32 states allow barbers to meet their education requirement through hands-on experience and 29 states allow cosmetologists to do the same. Applicants are able to learn the tools of the trade without the cost of traditional beauty education programs.

Although licensing laws are designed to protect consumers from harm, they can be costly for aspiring professionals. Allowing barbers and cosmetologists to build their skills through hands-on experience may seem like a minor reform. But for the future barbers and cosmetologists who otherwise would have been excluded from the profession, it will be nothing short of life changing.

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[2] 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.

[3] Adams, Frank, John Jackson, and Robert Ekelund. "Occupational licensing in a “competitive” labor market: The case of cosmetology." *Journal of Labor Research* 23, no. 2 (2002): 261-278.; Timmons, Edward, and Robert 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, and Robert Thornton. "The Licensing of Barbers in the USA." *British Journal of Industrial Relations* 48, no. 4 (2010): 740-757.

[4] 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).

[5] 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