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Inclusive Occupational Licensing

Occupational licensing has been widely criticized for creating barriers to employment in a growing list of fields. Policymakers have regularly called for dismantling licensing regimes to make labor markets more competitive. However, recent scholarship has demonstrated the benefits that licensing can provide. These include better service quality to consumers as well as higher wages and greater racial equity in hiring. We propose that expanding licensing regimes can minimize costs due to decreased competition while directing the benefits to the most disadvantaged workers.

To support our approach, we focus on the case study of home food businesses. Over the last 20 years, many states have created new licenses for home cooks who package and sell their products. We collect new empirical data on home food licensees registered in California after the passage of the Cottage Food Act of 2012. After estimating the race, ethnicity, and gender of licensees, we demonstrate that home food licenses are held by underrepresented entrepreneurs. Moreover, home food businesses are often located in food deserts, filling gaps in California's food ecosystem.

Following this example, we propose the creation of new entry-level licenses in a variety of profitable professions. Provided directly by state and local governments with training available outside of colleges and universities, these licenses can give workers from diverse backgrounds access to new job opportunities. Relative to other regulatory interventions, expansions in licensing may face less opposition from interest groups and obtain bipartisan support. Diversifying licensing can empower entrepreneurs, while continuing to protect consumers. (with Grace Choi)

PLACE **Philip Selznick Seminar Room, 2240 Piedmont Ave., UC Berkeley**
TIME **12:45 – 2:00 p.m.**
INFO **https://www.csls.berkeley.edu**

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