



EXPANDING EMPLOYMENT OPPORTUNITIES

NEW PAPERS FOR RELEASE IN MARCH 2015

In March 2015, The Hamilton Project will focus on how the U.S. economy can be strengthened by expanding labor market opportunities. As part of this series, The Hamilton Project will release three new papers focused on the issues of helping the unemployed return to work, increasing rates of entrepreneurship, especially among minority populations, and streamlining regulatory barriers to entering an occupation.

Reforming Occupational Licensing Policies

Author: Morris M. Kleiner (University of Minnesota)

Occupational licensing has been among the fastest growing labor market institutions in the United States since World War II. The evidence from the economics literature suggests that licensing has had an important influence on wage determination, benefits, employment, and prices in ways that impose net costs on society with little improvement to service quality, health, and safety. To improve occupational licensing practices, Kleiner proposes four specific reforms. First, state agencies would make use of cost-benefit analysis to determine whether requests for additional occupational licensing requirements are warranted. Second, the federal government would promote the determination and adoption of best-practice models through financial incentives and better information. Third, state licensing standards would allow workers to move across state lines with a minimal cost for retraining or residency requirements. Fourth, where politically feasible, certain occupations that are licensed would be reclassified to a system of certification or no regulation. If federal, state, and local governments were to undertake these proposals, evidence suggests that employment in these regulated occupations would grow, consumer access to goods and services would expand, and prices would fall.

Strengthening Reemployment in the Unemployment Insurance System

Author: Adriana Kugler (Georgetown University)

Observing that the longer someone is unemployed, the harder it is for them to find work, Kugler advances three proposals to help the unemployed get back to work quickly. The first proposal includes a series of pilot programs for Self-Employment Assistance at the state level, which would provide entrepreneurial training to unemployed individuals attempting to start a business, while allowing them to continue to collect benefits. The second proposal involves several state-level pilot programs for Bridge to Work, which would connect unemployed individuals with employers and create incentives for employers to hire individuals claiming unemployment benefits. The final proposal is to conduct state-level pilot programs to investigate the effects of extending continued partial benefits when an unemployed person takes a part-time job or one that pays less than their previous job. Kugler believes these pilot programs will constitute an important step forward in addressing the long-term unemployment problem in the United States.

Minority and Women Entrepreneurs: Building Capital, Skills, and Networks

Author: Michael Barr (University of Michigan)

In this paper, Barr examines the reasons for the relatively low levels of entrepreneurship and new business creation among minorities and women. His review of the evidence suggests that three key factors drive the gap in entrepreneurship rates: (1) limited access to capital, (2) lack of business skills, and (3) underdeveloped professional networks. Building on recent evidence from innovative programs and successful policies that directly address these three challenges, Barr calls for wider adoption of such programs, including the State Small Business Credit Initiative (SSBCI) and the New Markets Tax Credit, as well as networking coalitions. Barr argues that an expansion of these policies will stimulate entrepreneurship, helping support both the creation of new jobs and improvements in economic security.