

Ending Degree-Based Licensing: Expanding Opportunity through Competency-Based Credentialing

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SUMMARY

Government-mandated degrees restrict qualified professionals from entering the workforce. Historically, a college degree indicated essential skills and preparedness for jobs, but today, such degree requirements often arbitrarily exclude capable individuals from meaningful employment. Research shows these mandates contribute to labor shortages, reduce economic mobility, and inflate consumer costs without measurably improving service quality.

Utah is well-positioned to lead national licensing reform by shifting toward market-driven competency evaluations and alternative credentials. Reforms such as removing unnecessary degree requirements and recognizing competency-based pathways will significantly reduce barriers, increase economic opportunity, and maintain professional standards through demonstrated performance rather than formal degrees alone.

Government-mandated degrees restrict qualified professionals from entering the workforce.

The Story of Xavier

Xavier Heydt graduated high school but opted out of the traditional college pathway. Instead, he pursued a Google IT certification, a short-term, highly focused credential aligned with industry demands (see Figure 1). Within just a few months, he secured a position as an IT professional in Ann Arbor, Michigan, earning approximately \$70,000 annually and that is likely to rise as he continues to gain experience.

His story highlights the effectiveness and efficiency of competency-based credentials as opposed to traditional college degrees. Instead of spending hundreds of thousands of dollars on a traditional college education, he is debt-free and well-compensated. His path showcases the potential of alternative credentials to bridge skill gaps effectively and quickly.



Figure 1: Xavier Heydt, Google IT Certificate Graduate. Source: Natalie Van Kleef Conley, "From IT Certificate Completers to Googlers," *The Keyword* (blog), Google, August 10, 2020.

Formal degree requirements often exclude qualified and competent individuals from essential professional roles. Alternatively, flexible, competency-based credentials consistently prove effective, economically advantageous, and responsive to employer needs. Removing unnecessary barriers could significantly improve workforce readiness, economic mobility, and labor market flexibility.

Degrees Are Gatekeepers

Utah law often mandates a college degree from a government-approved institution as a prerequisite for many occupational licenses, even when those requirements frequently have little to do with actual job performance. Nearly half of Utah's licensed professions require formal degrees (see Figure 2). That is far above national averages. A system like this creates legal monopolies that raise consumer costs by up to 15%. These mandates also keep qualified workers out of the

job market. Immigrants with valuable skills often face hurdles because of nontransferable credentials, while low-income Utahns are priced out of careers that shouldn't require years of expensive schooling (see Figure 3). The result is fewer qualified workers, higher costs, and unnecessary barriers to economic mobility.

These degree mandates contribute substantially to America's escalating student loan crisis, which now totals approximately \$1.7 trillion. Roughly 40% of recent college graduates remain underemployed, underscoring the mismatch between traditional higher education and workforce demands. Employer preference is increasingly shifting towards certifications and specific competency-based credentials rather than traditional degrees. Burning Glass Technologies, a labor market analytics firm, reports that over 1.4 million job postings explicitly request certifications, illustrating employer recognition of skill-based credentials as accurate indicators of job readiness.

Utah Licensed Occupations Requiring Degrees

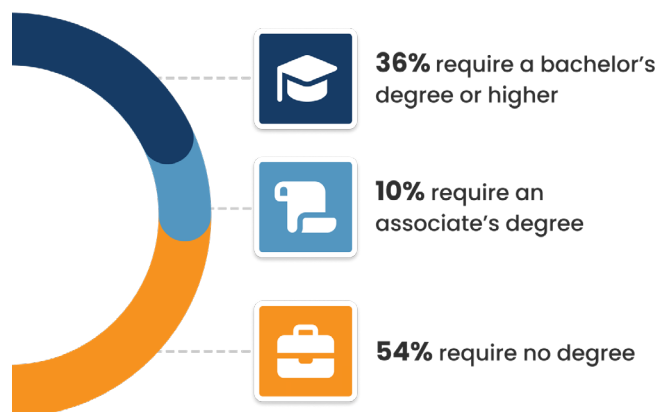


Figure 2: Utah Licensed Occupations Requiring Degrees

Source: Edward Timmons and Emily Vargo, "How to Reform Occupational Licensing in Utah" (*The Center for Growth and Opportunity*, June 16, 2021).

Utah Licensure Requirements for Lower-Income Occupations



Figure 3: Utah Licensure Requirements for Lower-Income Occupations.

Source: Institute for Justice, "Utah Occupational Licensing."

Moreover, licensing requirements differ arbitrarily across state lines, undermining claims about their necessity for consumer safety. In Utah, the pathway to credentialing varies significantly, often in ways that defy common sense. Interior designers must be licensed by the National Council, even though their work doesn't present a risk to public health or safety. By contrast, anyone can advertise themselves as a "nutritionist" without any formal education or state certification. The fact that Utah enforces strict licensing for interior design while leaving nutrition entirely unregulated underscores how arbitrary and inconsistent licensing standards have become.

Do Degree Requirements Protect the Public?

Critics of licensing reform often argue that degree requirements are essential for public safety. But real-world evidence shows that alternative certification pathways can maintain, and sometimes even improve, professional standards.

A 2015 White House report found no clear link between more restrictive

licensing and improved public outcomes.

In the legal field, states like California, Virginia, and Vermont license attorneys through legal apprenticeships. These programs require supervised training and rigorous exams. In the United Kingdom, solicitor apprentices have outperformed law graduates on national qualifying exams by 26 percent.

Utah already licenses architects through a non-degree pathway, requiring a combination of work experience, portfolio review, and exams. In nursing, states like Wisconsin, Mississippi, and Nevada allow apprenticeship models that meet all core competency and safety benchmarks. These programs emphasize hands-on learning and demonstrate that quality care does not require a college diploma.

Licensing based on skill and demonstrated competence is possible without endangering public health and safety. Utah can protect the public while opening new pathways for its residents to enter the workforce.

Expansion and Entrenchment of Licensing

Occupational licensing emerged in the early 20th century primarily within medicine and law to protect public health and safety. Initially limited to a handful of professions, licensing has expanded from approximately 50 occupations in the 1950s to over 1,100 today. This proliferation now includes fields with limited impact on consumer safety, such as cosmetology, interior design, and auctioneering (see Figure 4).

Licensing frequently serves as a protectionist measure, restricting competition by limiting entry into professions. Licensing requirements are increasingly driven more by industry lobbying to restrict market entry than by public safety concerns. Milton Friedman famously noted, "What began as protection against fraud has become protection from competition."

As licensing requirements have expanded, so has the inconsistency between each state's requirements. The disparities in educational mandates highlight the arbitrary nature of many licensing rules, raising legitimate questions about their necessity. Courts have begun recognizing these inconsistencies, overturning requirements deemed unreasonable or unrelated to job competency, as seen in landmark cases in Washington, D.C., and Georgia.

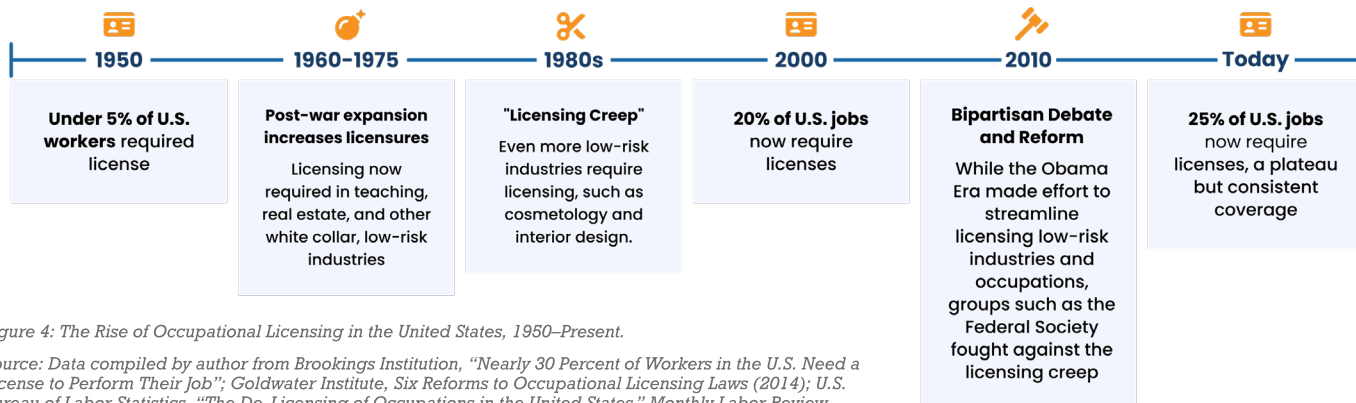


Figure 4: The Rise of Occupational Licensing in the United States, 1950–Present.

Source: Data compiled by author from Brookings Institution, “Nearly 30 Percent of Workers in the U.S. Need a License to Perform Their Job”; Goldwater Institute, *Six Reforms to Occupational Licensing Laws (2014)*; U.S. Bureau of Labor Statistics, “The De-Licensing of Occupations in the United States,” *Monthly Labor Review (2015)*; Morris M. Kleiner and Alan B. Krueger, “Analyzing the Extent and Influence of Occupational Licensing on the Labor Market,” *NBER Working Paper No. 14979 (2009)*; White House, *Occupational Licensing: A Framework for Policymakers (2015)*.

Economic and Social Costs of Licensing

Licensing-related barriers create significant economic inefficiencies. Utah alone loses approximately 20,000 potential jobs and nearly \$1.9 billion in annual economic activity due to overly restrictive licensing rules. Occupational licensing inflates service costs, reduces competition, and exacerbates labor shortages.

Requiring college degrees for licensed professions contributes to increased student debt without proportionate economic returns (see Figure 5). The expectation of college degrees has driven up tuition rates substantially, with college costs rising well above the rate of inflation because of government-guaranteed student loans.

Licensing-induced shortages manifest in various Utah sectors, notably childcare, social services, and real estate appraisal. In childcare, mandated college degrees limit the number of qualified providers, decreasing service availability while increasing costs for families. Real estate appraisal

licensing now requires unrelated bachelor’s degrees, contributing to severe shortages and delays within the housing market. These shortages have economic impacts, delaying real estate transactions and increasing housing costs.

The Cost of Licensure

Faster, Cheaper, and Just as Effective:
The Case for Certification Over College



Figure 5: The Cost of Licensure: Comparing the College Route to Certification or Apprenticeship.

Market-Driven Alternatives and Proven Reform Models

Alternative credentialing pathways successfully replace degree-based requirements across numerous states and industries. Programs such as Google Career Certificates, Project Management Professional certification, and Certified Nursing Assistant training provide job-specific skills highly valued by employers. These certifications effectively demonstrate competence without the burdensome costs associated with traditional degrees.

States like Colorado and Florida offer robust examples of reform. Colorado’s apprenticeship-based associate degrees in advanced manufacturing and other skilled trades provide hands-on, employer-driven training without traditional academic constraints. Florida’s comprehensive deregulation of various licensed occupations, such as interior design and cosmetology-related fields, demonstrates that eliminating unnecessary degree mandates does not compromise public safety or service quality.

Utah itself has initiated meaningful reform, establishing universal licensing recognition and competency-based licensing evaluations for select professions. These reforms demonstrate the feasibility and economic benefit of transitioning away from rigid degree mandates. Expanding such reforms can significantly enhance economic mobility, reduce barriers to workforce entry, and align workforce qualifications with genuine industry demands.

Remove Degree Mandates

Government-mandated degree requirements block skilled professionals from entering licensed careers. These mandates assume that a bachelor's degree is the best way to prove readiness, but that assumption no longer holds. Degrees are costly, slow, and increasingly disconnected from job performance. Many licensure systems already include exams to assess professional competence, which makes the degree requirement redundant.

This redundancy creates unnecessary barriers for capable individuals with real-world on-the-job experience. Requiring a degree reinforces a system where access to opportunity depends on time and money, not talent. That system limits economic mobility and distorts the labor market.

Removing degree requirements does not lower standards. It raises them by shifting the focus from what someone can regurgitate to what they actually know and can do.

Many Paths to Competency

Not all learning happens in a classroom, and not all credentials come from universities. Across the country, individuals prove their skills through military service, industry certifications, foreign training, and on-the-job experience. Utah's licensing laws must reflect that reality.

Even nationally certified workers often still face unnecessary barriers in Utah. Solar and radon professionals with respected credentials still must work under the supervision of a licensed contractor and cannot operate independently. Electricians and plumbers face similar hurdles. Despite holding industry certifications, they must complete state-specific apprenticeships and pass Utah licensing exams. These examples show how current laws prioritize rigid processes over proven competence. These regulations do not protect the public, but instead inhibit able workers from increasing their income.

To address these regulations, universal alternative credentialing and universal reciprocity would allow

people from diverse backgrounds to demonstrate competence, regardless of where or how they trained. These reforms would also ensure that Utah's licensing system reflects today's workforce and welcomes talent from across the globe.

Clear the Path

Industries know what skills they need. Yet in many professions, government-run licensing boards set the rules with little input from those doing the hiring. This leads to rigid standards that lag behind innovation and limit the pipeline of new talent.

Allowing private industry groups to create certification systems restores balance and relevance. These certifications already carry weight in fields like technology and skilled trades. Companies such as Google, AWS, and CompTIA offer widely respected credentials that employers prefer over degrees. Empowering industry does not mean eliminating standards. It means letting those closest to the work define what quality looks like. Private certifications evolve quickly, reflect real-world demands, and encourage lifelong learning.

As Utah considers long-term reform, shifting toward industry-defined credentialing makes sense. Licensing should protect the public without freezing progress. A market-driven system allows for flexibility, competition, and choice.

“Expanding such reforms can significantly enhance economic mobility, reduce barriers to workforce entry, and align workforce qualifications with genuine industry demands.”

PROPOSED POLICY SOLUTIONS

1. Immediate Regulatory Reform

Utah should remove bachelor's degree requirements from licensing laws, replacing them with direct skill-based assessments. Occupational skills evaluations and industry-recognized certifications accurately reflect competence and are more directly aligned with professional requirements than traditional degrees. Immediate regulatory adjustments in professions such as interior design, real estate appraisal, childcare, and technical trades can swiftly expand labor market access, particularly benefiting lower-income individuals, immigrants, and career-switchers who possess practical experience but lack formal academic credentials.

2. Universal Alternative Pathway Law

Utah should enact legislation mandating recognition of alternative credentials, including foreign qualifications, private certifications, military training, and documented professional experience, as valid routes to licensure. Such legislation would create comprehensive pathways, accommodating diverse backgrounds and competencies. By recognizing alternative credentials explicitly, Utah will substantially reduce employment barriers for skilled professionals, quickly addressing workforce shortages and economic disparities arising from overly restrictive degree requirements.

3. Eliminate Bachelor's Degree Requirements

Utah should remove bachelor's degree requirements from licensing laws and replace them with direct skill-based assessments. Occupational evaluations and industry certifications more accurately reflect competence than degrees. Immediate changes in fields such as interior design, real estate appraisal, childcare, and technical trades would expand access for lower-income individuals, immigrants, and career-switchers.

This same shift should apply to white-collar professions. Paralegals should be able to sit for the bar after an apprenticeship, and nurses should be able to train into advanced roles like Nurse Practitioners without duplicative degree mandates. Experience is a better teacher than seat time. Utah can lead by replacing academic proxies with performance-based measures across both blue-collar and professional fields.

4. Third-Party Certification

Utah should authorize licensing boards to accept private or industry-based certifications in place of traditional academic degrees or coursework. Certifications like those from Google, CompTIA, AWS, or national trade associations are already trusted by employers. Recognizing these credentials introduces competition, supports innovation, and allows talent to enter the workforce more quickly.

This reform ensures that licensing keeps pace with market needs and encourages continuous improvement in credential quality. A limited role for state oversight, such as having a government-appointed representative on private credentialing boards, can ensure accountability while avoiding bureaucratic creep.

Endnotes

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For the remainder of the endnotes, please visit [Libertas.institute/ending-degree-based-licensing](https://libertas.institute/ending-degree-based-licensing)

Ending Degree-Based Licensing:

Expanding Opportunity through
Competency-Based Credentialing



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ESSENTIAL

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THE SECURITY

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RIGHTS

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ARTICLE I, SEC 27