

# Labor Market Effects of Occupational Licensing Exams in Spanish: Evidence from Cosmetology

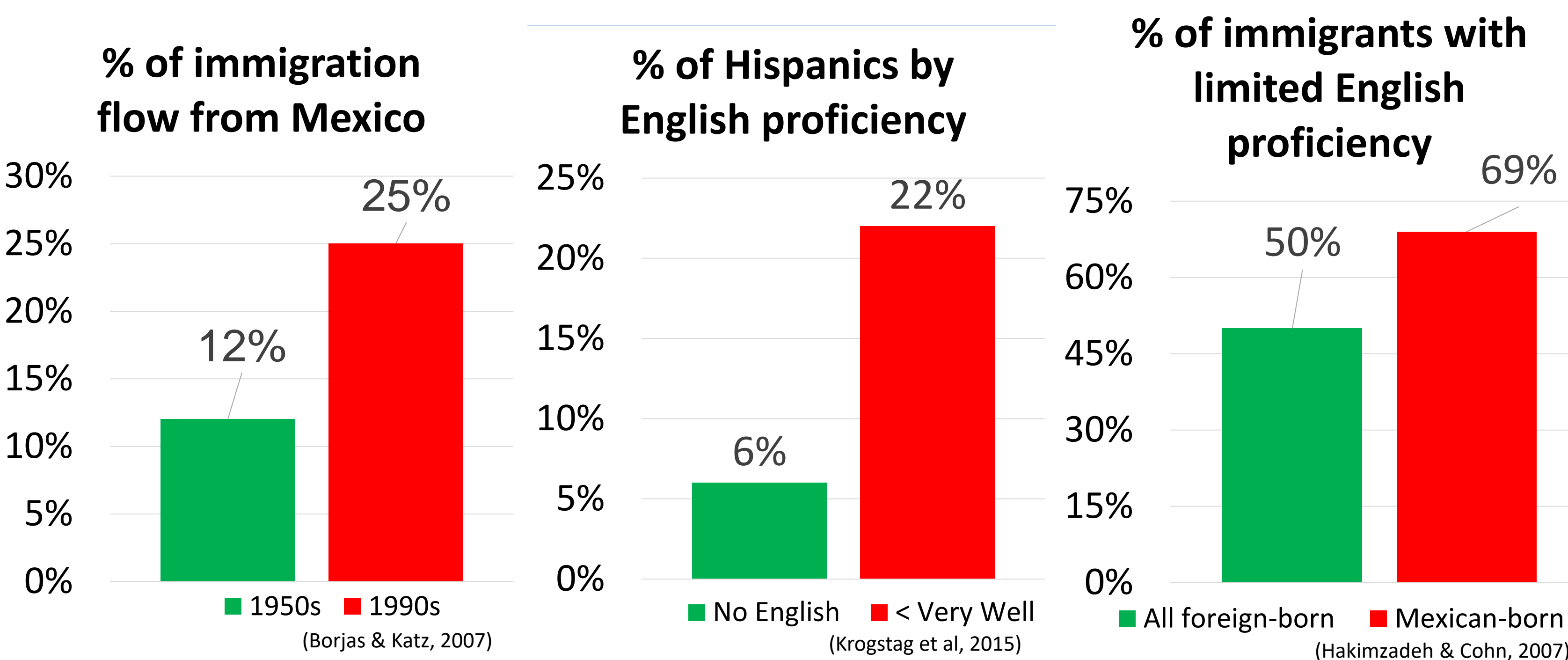
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## Highlights

- ★ We use the introduction of written occupational licensing exams in Spanish to examine the effect of occupational licensing on the labor market outcomes of cosmetologists using data from the American Community Survey (ACS) and the Current Population Survey (CPS)
  - 19 states began offering the exams in Spanish in the early 1990s and early 2000s
- ★ Our results using differences-in-differences (DD) and triple difference (DDD) models indicate few impacts on labor market outcomes. However, our findings suggest foreign-born Hispanics may serve as substitutes for native-born Hispanics.

## Hispanic Immigrants

- In the 1950's, approximately 300,000 legal Mexican-born immigrants entered the U.S.; however, in the 1990s, 2.2 million legally entered the U.S. (Borjas & Katz, 2007)
- These immigrants often enter low-skill occupations, such as laborers, including construction and farm laborer, and service occupations
- Among different Hispanic origin groups, Mexican-born immigrants are least likely to speak English well (Hakimzadeh & Cohn, 2007)



## Data and Models

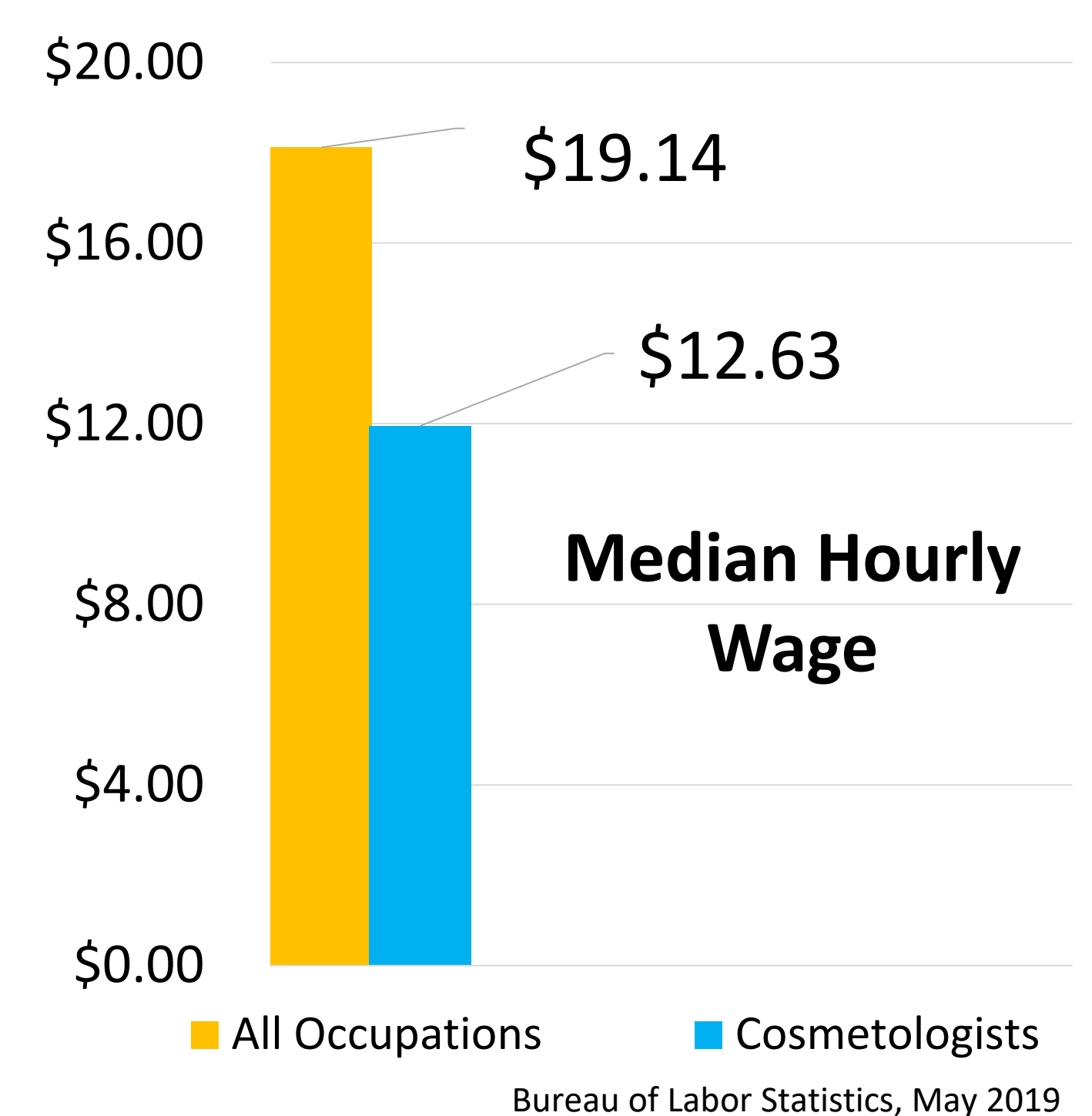
- Data from the Annual Social and Economic Supplement from the Current Population Survey (CPS ASEC) from 1994-2018
- Data from the Decennial Census from 1980-2000 and the 2009 and 2014 5-year American Community Surveys (Census/ACS)
- *Regression models:* Multi-period DD and DDD using different demographic samples
- *Dependent variables:* Probability of being a cosmetologist, probability employed, log annual earnings (wages), and log hourly wage

## Conclusions and Next Steps

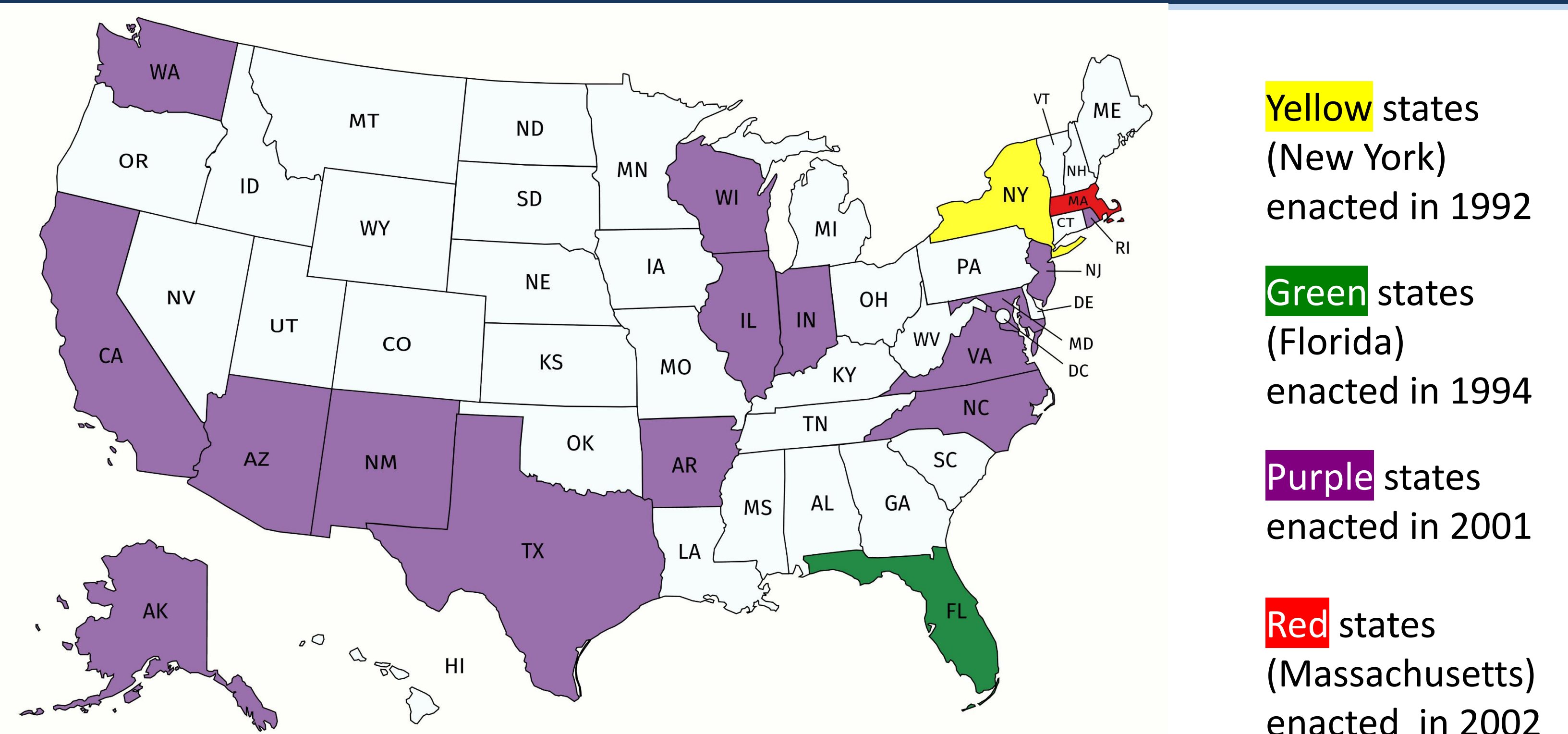
- Most DD and DDD coefficients are *not* significant across specifications with different demographic groups and dependent variables.
- Analysis with the Census/ACS data provide *limited* evidence that foreign-born Hispanics may serve as a substitute for native-born Hispanics.
- Results using the CPS ASEC were qualitatively similar to those using the Census/ACS; however, the DD coefficients for Pr(Cosmetologist) in the native-born sample and Pr(Employment) in the foreign-born, Hispanics sample are *not* significant at any level in the CPS ASEC analysis.
- In at least six states, practical exams are required to be completed in English, which may limit the effects of providing written exams in Spanish on labor market outcomes. In future analyses, we intend to include controls for whether a practical exam was required and was only available in English.

## Cosmetology

- The study and application of beauty treatment
  - ✓ Care for the cosmetic condition of hair, skin, and nails
- Over 90% of practitioners are women
- An occupational license is required in all states for cosmetology practitioners to perform work for pay
- Most states require completion of both a written and practical exam for licensure (Simpson et al, 2016)
  - ✓ Written exam: 66-100% pass rate
  - ✓ Practical exam: 82-100% pass rate
- The median hourly wage of cosmetologists is 35% lower than the overall median wage across occupations

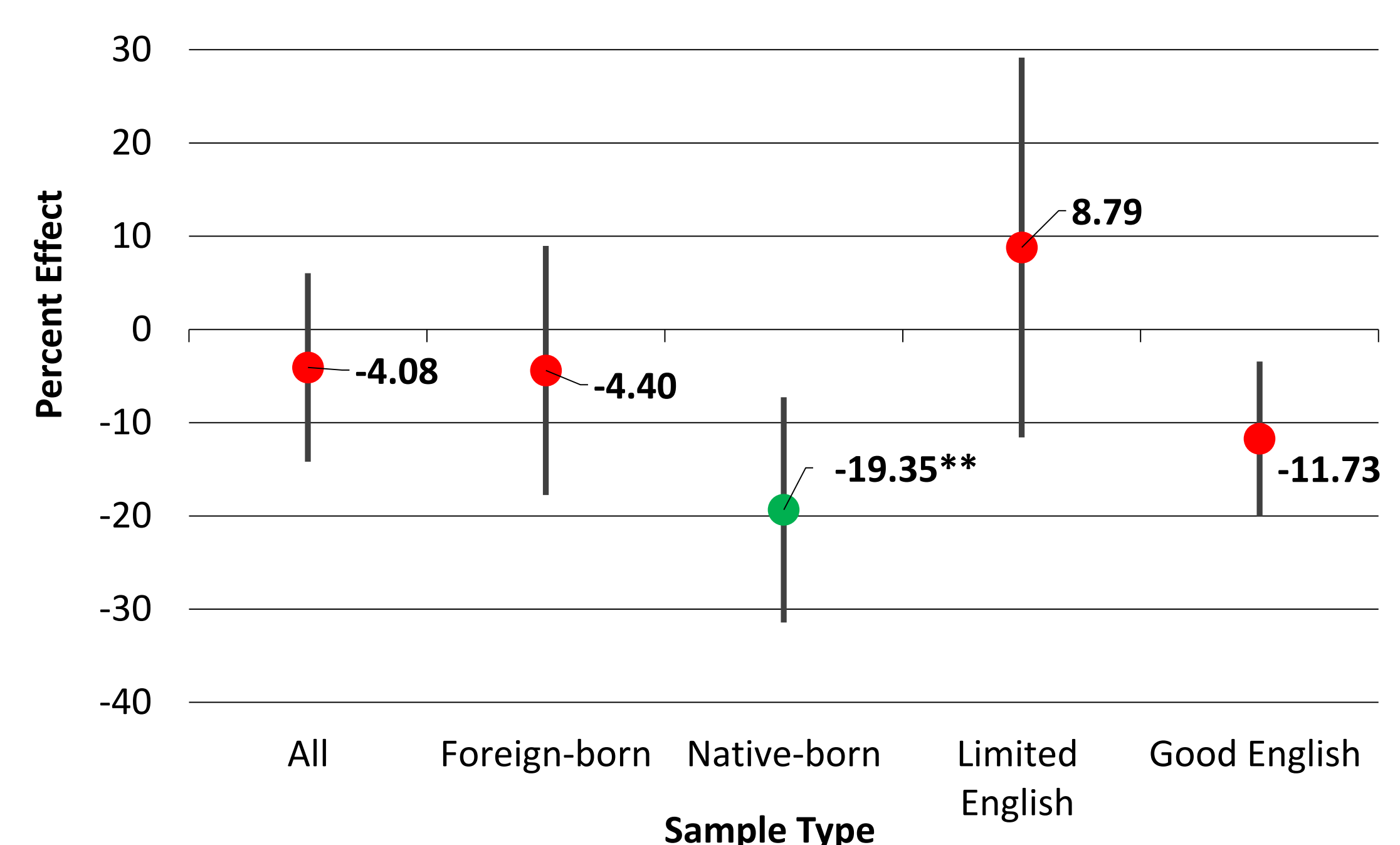


## Cosmetology Written Exam in Spanish



## Results

### Probability of a Hispanic Being a Cosmetologist, Census/ACS Data (1980-2014)



Note: \*\*\* p<0.01, \*\* p<0.05, \* p<0.10. Percent differences and 95 percent confidence intervals shown. Percent effect computed as coefficient/dependent variable mean \* 100. Error bars are 95% confidence intervals. Coefficients are from the specifications with all controls, which include age, education, race, gender, marital status, and number of children. Standard errors are clustered at the state level.

### Probability (Pr) Employed, Log Earnings, and Log Hourly Wage for Foreign-Born Hispanics, Census/ACS Data (1980-2014)



Note: \*\*\* p<0.01, \*\* p<0.05, \* p<0.10. Percent differences and 95 percent confidence intervals shown. Percent effect computed as coefficient/dependent variable mean \* 100. Error bars are 95% confidence intervals. Coefficients are from the specifications with all controls, which include age, education, race, gender, marital status, and number of children. Standard errors are clustered at the state level.