February 21, 2013
Connecticut General Assembly General Law Committee

Written testimony of Ben Zimmer, Executive Director of the Connecticut Policy Institute, concerning proposed bills on CT occupational licensing requirements.

Good afternoon,

I am here today to testify in support of P.S.B. No. 324 requiring a review of Connecticut's existing occupational licensing requirements, and in opposition to P.S.B. 112 and P.H.B. 5215, which both introduce new licensing requirements for Connecticut landscape contractors.

This testimony draws from a soon-to-be released Connecticut Policy Institute white paper identifying specific Connecticut regulations for which the benefits do not justify the cost.

What are Occupational Licensing Requirements?

Occupational licensing requirements are regulations making it illegal to perform certain jobs without a state license. Obtaining a state license generally involves testing and other certification requirements, as well as an annual fee to fund the licensing boards that administer the regulation.

Connecticut currently licenses 155 professions, the second most in the country after California and nearly twice the national average of 92. An Institute of Justice Survey on licensing requirements in 102 lower-income professions found Connecticut tied for 7th in the breadth of its licensing requirements, one of only 12 states to regulate more than half of the professions studied.

The Problem With Excessive Licensing Requirements: Raises Costs Without Improving Quality

These licensing regulations come at a heavy cost to the state's economy. By making it more difficult and expensive to work in a profession, the state raises the cost of the services those professions provide. Higher prices for a particular service reduce demand for that service, which in turn lowers the number of people who can be employed in providing it. Moreover, making consumer goods and services more expensive raises the cost of living in Connecticut, which in turn makes it more expensive to hire Connecticut residents for any business. So occupational licensing requirements stymie job growth in both the particular professions they regulate and in the state's economy more generally.

Economists have estimated that licensing costs the national economy $100 billion in lost output and 2.85 million foregone jobs, in addition to redistributing $300 billion from consumers to licensed occupations. This suggests that Connecticut's licensing regulations, which are more burdensome than most states', have cost the state up to

30,000 jobs. **These adverse consequences are particularly burdensome for the poor.** Poorer consumers feel the impact of price increases more acutely. And it is more difficult for less well-off job seekers to exert the time and pay the fees necessary to secure and maintain occupational licenses.

Not only do occupational licensing regulations bring about heavy economic costs; they often do not actually achieve their supposed benefit – increasing quality in licensed professions. Fewer than six percent of regulated occupations are regulated in all fifty states. And many are regulated in fewer than half. Using measures of professional quality like consumer complaints and injuries, empirical studies have compared quality in states that require licenses with those that do not. These **studies have found that licensing regulations generally do nothing to improve consumer safety or the quality of services in regulated industries.** In many instances, occupational licensing requirements *reduced* professional quality and consumer safety by insulating established providers from new competition and consumer choice.

What the Connecticut General Assembly Should Do

Connecticut's General Assembly should eliminate existing licensing requirements for lower-income occupations for which fewer than 25 states require licenses. A table illustrating many of these occupations is provided below. The CGA should also require the Department of Consumer Protection to review the state's licensing requirements to identify other unnecessary mandates.

Example Lower-Income Occupations that Connecticut is One of a Minority of States to License	
Occupation	**Number of States that Require Licenses**
Crane Operator	18
Optician	22
Conveyor Operator	1
Coach	24
Sign Language Interpreter	16
Tree Trimmer	7
Forest Worker	1
Home Entertainment Installer	3
Iron / Steel Contractor (Residential)	11
Animal Control Officer	17
Locksmith	13
Animal Trainer	20
Backflow Prevention Assembly Tester	18
Cross-connection Survey Inspector	4
Pharmacy Technician	12
Upholsterer	7

Licensing Landscapers Would Add to the Problem

Landscaping is exactly the sort of profession for which Connecticut should not require occupational licenses. It is a lower-income profession, meaning that the costs of acquiring a license will be particular burdensome for potential applicants. And licensing requirements are unnecessary to ensure landscaping quality. In fact, by limiting barriers to entry and insulating established providers from new competition and consumer choice, licensing requirements may reduce landscaping quality.

Only ten states currently require licenses for landscaping contractors (North Carolina, Georgia, Alabama, Mississippi, Louisiana, Arkansas, Colorado, Nevada, California, Oregon). In the forty states that do not require licenses, including Connecticut, there is no crisis of landscaping quality that needs to be addressed.

Alternatives to Occupational Licenses

It is important to remember that removing state licensing requirements would not preclude voluntary certification through professional associations, a practice that is already widespread in many occupations. For instance, the National Institute for Automotive Service Excellence provides a certification to auto mechanics. About 350,000 mechanics hold ASE certifications nationally, and many employers will not hire mechanics without it. But unlike state license requirements, the certification has no legal standing and does not restrict entry into the auto-mechanic profession. Consumers are free to choose for themselves how much value to place on it and whether to use providers who require mechanics to have ASE certification.

Voluntary certification programs like ASE do not have the adverse economic impacts of government licensing regimes and are more likely to actually correlate with professional quality since they are driven by consumer demand, not government mandate.