



To: Chris Smith
From: Joe Horvath
Date: 1.13.17
Re: Occupational Licensing Reform Recommendations

The Problem

Despite the creation of 2,500 new jobs on net in 2016, too many people are still seeking good jobs. Recent research released by the Yankee Institute for Public Policy shows a connection between licensure and reduced employment.ⁱ Through occupational licensing reform, the state can encourage entrepreneurship as well as the wealth creation and job growth that comes with it.

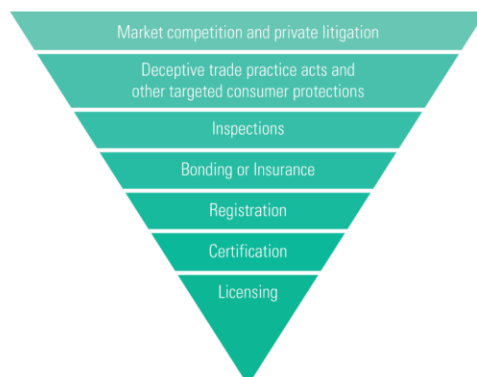
In addition to providing legal aid to individuals whose civil rights have been violated, the Institute for Justice conducts policy research on an array of issues, including occupational licensing. According to their methodology, Connecticut is the 15th most broadly and onerously licensed state, requiring licenses of 54 low and moderate-income occupations.ⁱⁱ

The Solutions

The process of occupational licensing reform can be considered on two (non-exclusive) levels: line-item reforms and a fundamental cultural shift. Piecemeal reforms may be palatable but, given strong interest at the General Assembly, there may be no better opportunity to fully rethink the state's regulatory approach to consumer protection through licensing.

Occupational licensing is a bipartisan issue that contributes to more and better jobs, and synergizes well with criminal justice reform initiatives. The Brookings Institution largely supports occupational licensing reform because licensure imposes barriers on low-income individuals and allows established, higher income individuals to crowd out competition.ⁱⁱⁱ A fact sheet recently released by the Obama Administration cites American Bar Association data that indicates more than 27,000 state occupational licensing restrictions for people with criminal records.^{iv}

Examining specific occupational licenses and deciding whether they are necessary and proper is the simplest, and perhaps easiest, way to implement reform. While non-comprehensive, a review of particularly onerous or unnecessary licensure can move the state in the right direction, albeit slightly. This process can include repealing unnecessary licenses, converting licenses to a lesser requirement (such as certification or registration).



Source: Boards Behaving Badly

The pyramid above, produced by the Institute for Justice, creates a visual to assist in the decision-making process. Most occupations should be regulated by private litigation, and the least amount by state-mandated licensure. As to the effectiveness of the market against the state, ask: do consumers more check Yelp for an upholsterer or pull their license from the state's website? The state license website is well organized, easy to use, and good for transparency, but Yelp provides the kind of information consumers actually need and use.

Additionally, the tangential activities that do not represent the core of an occupation should not fall within licensing requirements. For example, the Connecticut State Dental Commission still governs activities performed by teeth whiteners who do not truly perform dentistry.

Below please find a non-exhaustive list of licenses that are candidates for reform.^v Note the inclusion of Emergency Medical Technician, an occupation with more relaxed standards than many others.

In addition to examining existing licenses, a comprehensive review of the regulatory framework from which licenses are created is warranted. These recommendations stem from not only the harmful impact licensing has on jobs generally, but also because of the need for oversight over licensing boards.^{vi} Two potentially impactful reforms are appointing an ombudsman to oversee all licensing boards within the state, and a change in licensing process to implement more sunsets under the presumption that licenses should be required only when both necessary and the least burdensome solution to protect consumers.

The recent report "Boards Behaving Badly," by Robert Everett Johnson, states the following:

Licensing boards, composed of members of the very occupations they are supposed to regulate, have been adopting anticompetitive restrictions that harm consumers, stifle innovation, and yield no real public benefits. And when these restrictions inevitably are challenged in court, states have been left footing the bill to defend the boards.^{vii}

Recommendations made by Johnson include the above-referenced ombudsman. The three concrete steps laid out in the report include (1) creating the disinterested ombudsman to review board decisions and activity, (2) mandating that the ombudsman's chief responsibility is promoting competition, and (3) having the ombudsman conduct a review of all licensing boards and requirements for the purpose of advising the General Assembly and Governor on which licensing requirements are necessary and best practices for promoting competition.^{viii} The ombudsman will contribute to revitalizing Connecticut's economy by promoting job growth and minimizing the threat of expensive anti-trust litigation against boards that the state must defend.

ⁱ Gius, Mark, Ph.D. "Waiting to Work: The Effects of Occupational Licensing on Wages and Employment." *yankeeinstitute.org*. Yankee Institute for Public Policy, 29 Nov. 2016.

ⁱⁱ Carpenter, Dick M., II, Ph.D., Lisa Knepper, Angela C. Erickson, and John K. Ross. "License to Work: A National Study of Burdens from Occupational Licensing." *Ij.org*. Institute for Justice, May 2012.

ⁱⁱⁱ Rodrigue, Edward, and Richard V. Reeves. "Four ways occupational licensing damages social mobility." *Brookings.edu*. The Brookings Institution, 24 Feb. 2016.

^{iv} "FACT SHEET: New Steps to Reduce Unnecessary Occupation Licenses that are Limiting Worker Mobility and Reducing Wages." *Whitehouse.gov*. N.p., 17 June 2016.

^v Carpenter, Dick M., II, Ph.D, et al. "License to Work."

^{vi} Johnson, Robert Everett. "Boards Behaving Badly: How States Can Prevent Licensing Boards From Restraining Competition, Harming Consumers, and Generating Legal Liability Under North Carolina State Board of Dental Examiners v. FTC." *Ij.org*. Institute for Justice, Mar. 2015.

^{vii} Ibid.

^{viii} Ibid.

<i>Profession & General Summary</i>	<i>States that License</i>	<i>Licensing Fees</i>	<i>Education Requirement</i>	<i>Exam Requirement</i>
Emergency Medical Technician	51	\$100	30 days	Yes
Upholsterer Chapter 420a. Sec. 21a-234. One who renovates any furniture with filling material designed for sitting, resting or reclining (includes even pillows and sleeping bags).	7	\$100	No	No
Optician Chapter 381. Sec. 20-145. One who has knowledge of optics and producing lenses and fitting them to eyes. <i>Note: "Waiting to Work" examined this occupation; employment rates reduced</i>	24	\$200	Yes, four-year apprenticeship or potential education substitute	Yes
Barber Chapter 386. Sec. 20-236. One who cuts hair, trims bears, gives scalp massages among other things (includes styling wigs and those who are not compensated for the activity).	50	\$100	Yes, apprenticeship required	Yes
Television, Radio, and Electronics Technician Chapter 394. Sec. 20-349. One who installs, services, or repairs receiving equipment such as TVs, radios, antennae, tape recorders, or other audiovisual equipment	3	\$80	Four years of work, some potential education substitute	Yes
Pharmacy Technician* Sec. 20-598a. One who dispenses drugs without needing professional judgment. <i>Note: "Waiting to Work" examined this occupation; employment rates reduced</i>	12	\$100	Yes, training from pharmacy manager	No
Shorthand Reporters Chapter 400I. Sec. Sec. 20-653. One who transcribes spoken words verbatim at events such as depositions, arbitration, or court proceedings	n/a	\$100 application fee \$190 license fee	Continuing education	Yes
Cosmetics Wholesaler* Chapter 417. Sec. 21a-70. One who supplies cosmetics prepared or produced by manufacturers to others such as distributors, other manufacturers, other wholesalers, or hospitals	n/a	\$190	No	No

**Registration, but required to hold the occupation, essentially a de facto license.*