



**Opening Statement of Rep. Brett Guthrie (R-KY), Chairman,
Subcommittee on Higher Education and Workforce Development
Hearing on “Occupational Licensing: Reducing Barriers to Economic
Mobility and Growth.”**

Good morning, and welcome to today’s subcommittee hearing on occupational licensing. I would like to thank members of the subcommittee and our witnesses for being here today as we discuss licensing and ways that we can encourage states to lift barriers to economic mobility and growth.

Occupational licensing plays an important role in protecting consumers and ensuring high-quality service. In many cases, it makes sense that a professional would be credentialed to operate, like in the case of a doctor performing surgery or a pilot flying a commercial plane. But in other instances, the need for a license is more of a stretch. For instance, if you aspire to be a barber or an interior decorator, there seems to be less of an urgent need for the government to play a role in regulating your career, and yet some government entities have disagreed.

The number of jobs requiring a license has grown dramatically over the last several decades. In the 1950s, only 5 percent of workers were licensed. Since then, an economic shift to the service industry and concerns for consumer protection have led to a steady increase in professions requiring a license to operate. As a result, licensed workers today comprise about quarter of the entire workforce – a five-fold increase.

Because states are responsible for imposing most licensing requirements, the burden of obtaining a license varies widely from state to state. For example, it requires 233 days in New York to obtain a cosmetology license, while it requires 490 days in Iowa. These kinds of delays and inconsistencies have resulted in a confusing and anticompetitive patchwork of regulations, which present a challenge to credentialed workers considering a move across state lines.

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Studies show that worker mobility is critical for economic stimulation and wage growth, yet licensed workers are less likely to pursue an opportunity in a different state than their unlicensed counterparts. After factoring in the need to complete new education, undergo state-sanctioned testing, and pay new licensing fees despite their presently-held credentials, many licensed workers ultimately forgo opportunities in different states because the entire regulatory process is just too complicated.

What is more, lower-income workers and consumers bear a disproportionate share of this regulatory burden. Because occupational licenses cost a substantial amount of money up front, many cash-strapped workers may be prevented from entering a field, contributing to the estimated 2.85 million fewer jobs due to these requirements. Licensing can also lead to higher prices for consumers. It's believed that \$203 billion in licensing costs are passed on to consumers each year, which especially impacts lower-income individuals.

When House Republicans delivered on tax reform late last year, it was to give American workers and families more jobs, bigger paychecks, fairer taxes, and greater opportunities. So far, 90 percent of Americans have seen more take-home pay and the U.S. economy is experiencing strong gains as a direct result of tax reform. But some overly burdensome licensing requirements are putting a drag on these outcomes and slowing forward economic momentum.

States should work to strike the right balance of placing licensing safeguards where they are needed, and removing barriers and restrictions wherever appropriate. This has been a bipartisan issue in the past, with the Obama administration issuing best practices to states to minimize the burden of these regulations back in 2015. Hopefully we can continue this bipartisan cooperation to ease the regulatory burden for more working Americans.

I look forward to hearing from our panel of witnesses and from other members of the subcommittee today as we discuss ways to reform our occupational licensing systems to spur economic mobility and growth.

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