

My name is Daniel Greenberg, and I work for the United States Department of Labor.

I want to begin by saying that I spent eight years of my life as an elected official, and four of them as a state legislator, and I have happy memories of those times. It's an extraordinary privilege to speak to you today, because I've always enjoyed being part of the American tradition of citizen participation in government. So thank you for inviting me here.

I am here to echo the message that Secretary of Labor Alexander Acosta has expressed on occupational regulation. Occupational regulation is often too burdensome and too excessive. It often presents serious challenges and dangers to worker mobility, economic growth, economic productivity, and job creation. The bottom line is that cumbersome occupational regulation is hindering the American workforce.

In 1950, about 5 percent of Americans had to have a license in order to work. Today, more than 25 percent of Americans must have a license in order to work.<sup>1</sup>

Of course we agree that some jobs need licenses. We want doctors who do heart surgery to be licensed. We want pilots who lift us miles into the sky to be licensed. Licensing encourages high standards for health and safety.

But licensing is also the most powerful method of occupational regulation, and sometimes it is misused. Sometimes it has been misused to limit competition, to block new entrants into a market, or to create a privileged class.

Let me describe several ways in which excessive licensing hinders our nation's workforce.

First, the cost and complexity of licensing creates an economic barrier against those seeking work – and, of course, if you're going to charge someone what amounts to an admission fee in order to get a job, this hits Americans working from paycheck to paycheck the hardest.

These economic barriers are not simply the costs of buying the license. There are opportunity costs in lost time and lost income. One recent study of 102 low-income occupations found that these costs, on average, include passing an exam, paying more than \$260 in fees, and completing more than 360 days, or almost a year, of education and experience.<sup>2</sup>

Second, excessive licensing creates a barrier for Americans who move from one state to another. Let's say that one spouse **must** move to another state -- occupational licensing often presents the remaining spouse with a difficult choice. Should the remaining spouse move – and give up a career until he or she can get the second state to supply a new license? Or should the remaining spouse stay behind and create a geographically dispersed family?

Third, excessive licensing locks existing business models in place and blocks those who want to use technology to expand their job opportunities. Telemedicine is a great example of a technology that shows immense promise, but one that is blocked by regulators in many areas. Telemedicine would likely increase health-care access and promote the health of the people. There are numerous consulting services that could be done remotely by Internet that are blocked by occupational regulation.

The bottom line is that our goal should be to expand opportunities for Americans – not limit them.

A recent Federal Reserve Bank of Minneapolis study found that about 2 million Americans do not hold a job or have given up their career because of licensing issues. A Brookings Institution study suggests that's a low estimate – that the costs are more like 3 million vanished jobs nationwide.<sup>3</sup>

This leads to real economic losses – 13 billion dollars in direct economic losses, every year. 170 billion dollars in misallocated resources, every year. <sup>4</sup>

My boss, Secretary Alexander Acosta, likes to say that his first three priorities for the Department are: jobs, more jobs, and even more jobs. Burdensome occupational regulation stands in the way of that.

When we look at occupational regulation, the Secretary has proposed a three-point plan for consideration:

If licenses are unnecessary, eliminate them. If they are needed, streamline them. And if they are honored in one state, consider honoring them in your own state.

The bill you have before you today is an important part of the conversation about the reform of occupational licensing. Reforming occupational licensing is going to create jobs and open up opportunities for people who are locked out of employment markets today.

Again, thank you for letting me speak today, and I would be honored to answer any questions or talk to any of you individually.

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<sup>1</sup> Kleiner, M. M., & Krueger, A. B. (2013). Analyzing the extent and influence of occupational licensing on the labor market. *Journal of Labor Economics*, 31(S1, pt. 2), S173–S202; U.S. Department of Labor, Bureau of Labor Statistics. (2016). *2016 data on certifications and licenses*. <https://www.bls.gov/cps/certifications-and-licenses.htm>

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<sup>2</sup> License to Work 2d ed., (Carpenter et al.) p.15.

<sup>3</sup> [https://www.brookings.edu/wpcontent/uploads/2016/06/THP\\_KleinerDiscPaper\\_final.pdf](https://www.brookings.edu/wpcontent/uploads/2016/06/THP_KleinerDiscPaper_final.pdf)

<sup>4</sup>

[https://www.hhh.umn.edu/sites/hhh.umn.edu/files/analyzing\\_occupational\\_licensing\\_among\\_the\\_states.pdf](https://www.hhh.umn.edu/sites/hhh.umn.edu/files/analyzing_occupational_licensing_among_the_states.pdf)