



Let People Prosper by Deregulating Occupational Licensing

*Testimony before the Senate Business & Commerce Committee on
occupational licensing*

by Vance Ginn, Ph.D.

Chairman Hancock and Members of the Committee:

My name is Dr. Vance Ginn, and I am the director of the Center for Economic Prosperity and senior economist at the Texas Public Policy Foundation, a 501(c)(3) non-profit, non-partisan free-market think tank based in Austin. Thank you for inviting me to testify today on [deregulating occupational licensing](#).

People should have the opportunity to gain employment in whichever occupation best satisfies their desires. Unfortunately, that's impossible in many occupations today because of occupational licensing. While licensure is intended to protect people from harm caused by unqualified or untrained service providers, it is often used as a barrier to entry, which prevents competition and contributes to artificially higher wages and less quality outcomes.

In the U.S., licensing has increased fourfold as a share of the U.S. workforce since 1950 while union membership has [declined steadily](#), potentially making the situation worse for many Americans. Licensure, like unions, decreases competition through onerous training requirements and high fees, creating unnaturally high wages at around 15 percent above market-prevailing wages and allowing disproportionate political representation. However, while workers have an option to join a privately run union in right to work states like Texas, workers in a licensed occupation do not have an option because of governmental regulation. Licensing regulations harm [lower-income earners](#) the most because they can't afford the time or fee for a license. Collectively, Americans in and out of licensed occupations shoulder these [costs](#) of at least \$200 billion in less economic output and 2.85 million fewer jobs.

Texas' licensing laws are ranked [21st most burdensome](#) by the Institute for Justice as the state regulates a wide variety of occupations. From 1999 to 2015, the number of licenses issued by the Texas Department of Licensing and Regulation increased [460 percent](#) to 650,000 for only a subset of state-licensed occupations, far outpacing population growth in Texas of 37.5 percent to 27.5 million. Fortunately, the 85th Legislature [repealed](#) licenses for shampooers and eyebrow threaders, but there's more work to do.

To promote the prosperity of all Texans, we recommend that you consider eliminating unnecessary licenses while protecting the public's health and safety. Steps in the right direction would include reviewing all licensed occupations in Texas, eliminating the requirements that do not serve any public interest, and reducing licensing requirements to the point that they no longer harm workers, consumers, and economic activity. Similar to Nebraska and Colorado, Texas could tell the Texas Sunset Advisory Commission to review 33 percent of the licensing boards and their applicable licenses every legislative year, ensuring that all licensing boards are reviewed every six years. Some licenses could also be converted to less restrictive forms of regulation, like registration or certification handled by an occupation's association, which could allow the government to maintain some form of oversight while minimizing the effects on employment.

Thank you for your time and the work you do, and I look forward to continued discussion on this topic.

Vance Ginn, Ph.D., is director of the Center for Economic Prosperity and senior economist at the Texas Public Policy Foundation. He is an expert on fiscal, trade, and labor market issues with research to let people prosper in their unique way by removing government barriers in Texas, D.C., and beyond.