

THE BROOKINGS INSTITUTION

OCCUPATIONAL LICENSING: TOO MUCH OF A GOOD THING?

Washington, D.C.

Tuesday, November 2, 2015

PARTICIPANTS:

Introduction:

RON HASKINS

Senior Fellow and Co-Director, Center on Children and Families
The Brookings Institution

Address:

JASON FURMAN

Chairman
Council of Economic Advisers

Responses:

MELISSA S. KEARNEY

Senior Fellow, Economic Studies

TAMAR JACOBY

President and CEO
Opportunity America

* * * * *

P R O C E E D I N G S

MR. HASKINS: Good morning, my name is Ron Haskins. Along with Richard Reeves I run a center here called the Center on Children and Families and our center focuses on ways to reduce poverty and increase economic opportunity and in that regard much of our work focuses on family composition, work and education as the three primary pathways to prepare kids to grow up and have some economic swagger. All of us have written about education, especially we have two new senior people at our center, Russ Whitehurst and Beth Acres so we really write a lot about education at all three major levels, pre-K, K-12 and then post-secondary.

Our topic today is occupational licensing. We've become increasingly interested in what young people can do to improve their value in the market by post-secondary education but not a four year post-secondary education because too many kids are just not prepared for it, they can't afford it and they often wind up in a lot of debt, many of you probably know the arguments, so we need to focus on things that are post-secondary so you get skills and training but not necessarily four year. And training for middle school jobs is definitely a part of the answer to how we are going to do something to reduce poverty and increase economic mobility and these so called middle skill jobs our studies show are in high demand even more than half the economy, half the employment in the economy and that they will remain at around half the economy or maybe even a little bit more through at least the 2020's. So this is an extremely important segment of the market, the jobs include things like construction, health care support, manufacturing, protective services, I guess maybe home health advisors would be included. Some of us have relatives in that occupation and although the wages vary greatly they are often between \$50 and \$70,000 a year and they offer a career ladders so this is a very important part for people that are interested in poverty and increase and

economic mobility.

So the foreseeing of these jobs and the training that's needed to fill them is an important part of any strategy to reduce poverty and increase economic opportunity. However licensing is a potential barrier, because workers trying to fill these jobs sometimes have requirements and licensing and we have wonderful examples that they are really somewhat obnoxious and about 30 percent of workers need a license so it could have a dramatic impact on the market and it could make it more difficult for people to enter these jobs, so it has the opposite effect of what we are looking for.

That's why we're sponsoring this event today. The administration has written a balanced and important report that's one of the best summaries of the research on licensing and how state licensing rules might be changed to improve employment prospects. Here to tell us about the report is Jason Furman who is the Chairman of the Council of Economic Advisors. We don't do long bios at Brookings but it's always interesting to think about people who previously held the position as someone in Washington has. So if you read the list of the previous chairs of the council about economic advisors it's really quite impressive. Ben Bernanke, Gregory Mancue, Joseph Stiglitz, Martin Feldman, Martin Fieldstein and Alan Greenspan all have been -- and I could go on and name plenty more. In fact I've left out some Brookings colleagues, I'll probably here about that. And so Jason will talk, he has a Powerpoint, summarize the report and make various points about licensing and what could be done about it and then we're going to have two reactions. One from Tamara Jacoby who is the President of Opportunity America. I got it right. A D.C. think tank that studies economic opportunity and mobility and Tamara has studied and written about licensing and especially certification which again turns out to be extremely important to this issue of getting kids in these better jobs.

And then before Tamara we are going to hear from Melissa Kearney who's the former head of the Hamilton Project here at Brookings. She's now an economist at the University of Maryland and she also has written about licensing. Following the presentations we'll have a brief discussion and then we'll open the floor to questions from the audience. So with that Jason thank you for coming.

MR. FURMAN: Thank you Ron. It's great to be at Brookings, the home of former CEA Chair Martin Bailey, the home of former CEA Chair Charlie Shultz and I'm not going to be the one that gets in trouble. I'm really glad that you organized this discussion today Ron because economists and policy makers are only really starting to give occupational licensing the attention that it deserves and in some sense we're catching up with the actual growth of licensing itself which has grown from five percent of occupations being licensed at the state level in the 1950's to 25 percent of them today.

When designed and implemented carefully licensing certainly offers benefits in terms of health, safety for consumers and for workers but this large increase in licensing gives us a reasonably strong presumption that in a lot of cases the licensing is not designed carefully and it's not serving those goals and instead is actually potentially contributing to inequality, the lack of opportunity, the lack of mobility and hurting consumers as well. What I'm planning to do today is begin with a broader context in terms of economic rents more broadly because licensing I think can be understood as a subset of a broader set of issues that we have in terms of economic policy.

Then I'm going to summarize a report that Ron mentioned that the Council of Economic Advisors together with the Department of Labor and the Department of Treasury put out on this topic over the summer and I'll share some of our own research as well as some of the research that we summarized and compiled. And then finally I want to talk about what the administration is actually doing about this. And some of the

steps we've taken and some of the best practices that we're working with states to sign them up to.

Let me start with the broader frame around rents. Rents can be defined in economics as anytime a factor of production, capital or labor is paid more than it would have been needed to place it into service. There's an increasing body of evidence that suggests that rents are growing. For example lack of competition can lead to increased rent in certain industries and also that where there are rents and I think almost any time a worker and a business get together there is some surplus that's created that needs to be divided between them that where there are those rents those rents are being increasingly unequally divided.

The existence of rent doesn't just create an opportunity to increase efficiency by for example creating more competition while reducing inequality, it conversely creates the opportunity for people who are seeking to increase inequality while reducing inefficiency to engage in rent seeking and to expand the extent of those rents and try to channel more of them to themselves. Licensing is an example potentially of all of these phenomenon in terms of rent seeking. Unlike labor unions which reduce the dispersion of wage which potentially cause a better allocation or a more favorable allocation for labor of the rents that accrue in the jobs process and licensing doesn't appear to reduce the dispersion of wages. It doesn't change the balance between wages and profits. Instead in so far as it's extracting a rent there is some potential that that's coming at the expense of consumers and in many cases low income consumers.

Like every other rent once you see the opportunity to create a barrier to entry, to raise your own wages at the expense of other people that would want to join that occupation at the expense of consumers. It becomes attractive for insiders to figure out how they can extend that to more areas and the benefits that insiders get from

occupational licensing are much more direct and concentrated than the harm to people who otherwise would have been in those jobs or the more diffuse consumers and that creates a political logic for the entrenchment of occupational licensing above and beyond what makes sense from a broader economic perspective.

And that dynamic which I think we see in a number of different areas of our economy is part of why we have seen as I referred to before the share of workers covered by occupational licensing grow from five percent pretty steadily up through the most recent reliable data we have in 2008 25 percent. If you look at federal state and local licensing that takes the total up to 29 percent in 2008. The evidence in terms of occupational licensing is that it really matters. One study looked at a requirement for manicurists -- for Vietnamese manicurists and looked at a requirement that they needed 100 hours of training to be a manicurist and it found an 18 percent reduction in the number of people that went into that business and the wages for people without licenses were 15 percent lower. A range of studies of licenses in different areas have found that it leads to higher prices without commensurate benefits. And then a third issue which is one that we're concerned about in a range of areas is we've seen a decrease in mobility across the U.S. economy. This is people moving within states, moving across states and this together with the evidence that people are moving less from job to job -- that jobs are churning less is part of a broader reduction in the fluidity of the U.S. economy that I think is potentially contributing to workers being less well matched to their jobs, effecting productivity, effecting your ability to move to where you can get a higher wage and thus reduce inequality.

There's a range of evidence that occupational licensing is playing a role in this and one striking piece of evidence that we had in our report this summer is that if you look at the difference in the migration rates of workers and you compare those that

are in the most licensed occupations to the least licensed occupations their mobility within states -- that orange bar is relatively similar.

If you are licensed you move a little bit less within the state and maybe that's something that's correlated with licensing. The mobility between states is dramatically different; it's about 15 percent lower for those without licenses. I'm sorry in heavily licensed occupations versus occupations that aren't heavily licensed. If you look at people under age 35 that mobility difference is even starker. So I think this is something we need to particularly be concerned about. The question then is what is causing this? And one explanation you hear is that a lot of the traditional professions that require licenses including education, medicine and law are growing as a share of the economy and that's certainly true. If you look at the share of the work force that is in education and health services it's grown over that same period that licensing has increased.

What we did in our report though was what economists call a shift share analysis which was basically a counterfactual that assumed that the share of people within the different occupations stayed the same and then asked what would have happened to licensing just in effect from the increase in licensing within each of the occupations and you see there the red line is the estimated license at the state level, the blue line is holding constant the fraction licensed within each occupation and it shows that two thirds of the increase in licensing is driven by more professions being licensed and only one third of the increase in licensing is that we have more education and more -- a larger share of our economy and things like education and health.

These are some of the licenses you see in health, education, transportation down to the other end at business and financial and production. A lot as I said is -- so it's not this change in the composition so much as just a secular increase in

licensing. Some of that as I said appears to be the political dynamic of for example state licensing boards which are often populated by the members of the profession that they are regulated and even have to finance themselves through the fees and other barriers that they assess to entering that profession.

Also of concern is that licensing is very uneven across states. You see for example 12 percent of occupations in South Carolina require licenses as compared to the other extreme, 33 percent in Iowa. Those licenses often don't transfer across state so in addition to one state may have something that's licensed, another state may not. The license won't necessarily apply in both of them. There's huge difference in terms of what you need to do to get an occupational license across states ranging here from the two extremes of 113 days on average for 102 low and medium wage occupations in Pennsylvania to Hawaii where it takes 724 days to basically do the same thing for those occupations on average. These difference vary in terms of what exams you need, what fees you need to pay, what qualifications in education and what language and then another thing that the administration is very interested in and have some new policies on outside the licensing area today is they also vary in terms of the relevance of conviction records to whether you can get an occupational license.

In terms of talking about what we're doing about this as an administration, one thing was we released this report over the summer and we didn't want to just release it, put it out and be done with it. We've been using it as a tool to go around and encourage states to take up some of the best practices that I'm going to outline for you in a second and we've had a lot of those meetings and we have a lot more of them planned.

In our budget we proposed \$15 million dollars for the department of labor in new discretionary funding to identify areas where licensing requirements create

barriers to labor markets or labor mobility. DOD has set up a military credentialing and licensing task force that's helping service members in areas like machinery, logistics, welding and engineering. Get civilian qualifications because you can drive an ambulance in a war zone and find that you don't have a license to come back here to the United States and do the same job here and then finally in that context first lady Michele Obama and Dr. Joe Biden have really stressed this issue and had a call to action for states around military spouses who frequently move from state to state and can be some of the adversely affected members of our population.

So finally want to put up what those best practices are that we've been working on getting states to agree to. The first is that licensing restrictions are closely targeted to protecting public health and safety and they are not overly broad or burdensome. When it comes to the incarcerated we think that if there is a specific reason one could include that but it shouldn't be a blanket exclusion and where possible can replace licensing with less restricted alternatives like state certification. The second is to establish or strengthen sunrise review processes. And there are states that have both sunrise processes where you do a cost benefit before you put a new occupational license into effect and states that have a sunset process that evaluate the existing ones and get rid of them.

The evidence is the sunset is well intentioned. It's a perfectly good thing to do, but it usually has a very hard time getting rid of something that's already there for the reasons that I've discussed. It's much easier to prevent new occupational licenses to start with and for example Maine has a Department of Professional and Financial Regulation that since -- in the last 15 or 20 years has allowed only one new occupation to be licensed because it subjects it to scrutiny. A third thing is reducing licensing barrier to interstate mobility by forming new interstate compacts and harmonizing licensing

requirements across state lines. I want to conclude by putting this in the broader context of middle class incomes, inequality are really big challenges. Nothing I've talked about today in terms of occupational licensing is going to fully solve that challenge, but when you have something so big I don't think we can afford to leave any stone unturned in dealing with it and we certainly don't want to leave any stone unturned where we have an opportunity to increase competition, increase mobility in a way that will enhance efficiency while creating more opportunities for workers in our economy and consumers to get ahead. So it's work that we're very excited about and look forward to discussing with both of you.

MS. KEARNEY: I want to pick up right where Jason left off which is giving some broad context to this. And I think Jason's absolutely right to note that we have despite the steady recovery we still have a lot of labor market challenges both cyclical and structural challenges. And we all want to really push on this and expand employment opportunities and see more rapid job growth and in particular wage pressures at the low end and so I just want to put this in context briefly there are -- I think of it as three buckets of things, policies, types of policies we could be pushing on. We could stimulate aggregate demand which of course is a really tall order. We could think about increasing labor supply and focus on human capital development. That's really a long term strategy and then there is a third bucket of things which I think has not gotten sufficient attention and I put this report in this as an exception which is focusing on the labor market frictions. Some of which we create with policies and regulations. And occupational licensing falls very squarely in this. This is a huge labor market friction. The fact that nearly 28 percent of workers now need a license from the government just to perform their duties, this really raises this as an important policy that we should be taking on.

And so as a labor economist I'm thrilled that the administration is calling this out and bringing attention to this really important issue that has somehow snuck up on this in the past number of decades right? Going from five percent to nearly 30 percent of workers requiring a license is really quite remarkable and it does need to be addressed.

And addressing it could have important implications, benefits for employment growth and in particular for employment prospects of low income individual. I really do applaud the administration and the departments of treasury and labor for putting out this really thoughtful, quite objective report.

One thing I want to highlight from the report, which is the fact that I hadn't seen before is this White House report points out that two thirds of this proliferation is due to new occupations being licensed, not just people shifting into the traditionally licensed occupations of teachers and nurses, et cetera, okay, this is really astounding and I love that Jason put it in the framework of economic lens. This is classic, textbook, under (inaudible) economics. We've got a bunch of people artificially restricting the supply of workers in their occupation which costs other folks entry into that profession which causes consumers to pay higher prices and the beneficiaries are those who already hold this license or who have the training or the necessary income to pay for the fees okay.

So the fact that two thirds of this growth is due to new occupations convincing their state governments that they need to be restrictive and licensed is really quite remarkable and does suggest that we need to seriously think about what consumer benefits are being gained at this expense. Second I want to say this should be a bipartisan issue and it's quite remarkable when you read this report put out by this administration how heavily it relies on the institute for justice reports and research. So

the Institute for Justice is a libertarian group that has been championing this issue really from a legal perspective for years now. So they are the folks who took this on -- on behalf of hair braiders and car drivers and other sort of low income folks who were trying to set up shop and running into licensing restrictions. And so it's especially gratifying as well to see that now folks on the political left are also realizing this isn't just a libertarian issue that people should be able to perform job functions but it's also really restrictive for large segments of the population that want to be able to set up a shop and go into a business right and there are enough structural global labor forces beating down on those without higher levels of education and skills that we cannot afford to be piling on with gratuitous regulations that make it hard for someone to say I'm going to set up a barber shop. I'm going to set up a flower shop without first paying the government large fees and putting in sort of gratuitously long amounts of time and training for that privilege. As an economic issue this is fantastic that the administration is taking it on and it's great to see that this is becoming a bipartisan issue. So the third point I'll make is the obvious cases are not interesting. Let's not waste time talking about them. Obviously nobody wants an unlicensed search engine but there are increasing numbers of occupations that are licensed that really just beg to be examined.

And so while all of us will readily grant that in many instances licensing is really important for the protection of consumer safety and health especially in context where it's not easy for consumers to shop around and observe quality. So for example I have no idea if the electrician is wiring my house appropriately. So I'm glad he's licensed, right? But if I want a designer I'm happy to look at portfolios and if I think someone as good taste ask them to buy me some couches. Why should that person have to be licensed from the state right? And demonstrate that they've gone through training to have appropriate design sensibilities. There are a lot of instances where the

economic rents -- really you can see are being put ahead of consumer protection. I'm going to just give some of my favorites, 21 states require a license for travel guides. Right? In Nevada you have to take 733 days of training and shell out 1,500 dollars to be able to take people on the tour of your state okay? That's not an isolated example.

In Michigan you need 1,400 days of training and education to become an athletic trainer, but only 26 days to become an emergency medical technician. In fact across all states that license interior designers, barbers, cosmetologists and manicurists those occupations face more stringent licensing requirements than do emergency medical technicians. Okay? And as the White House report appropriately points out academic research has tried to investigate the cost and benefits of these, they tend to find higher consumer prices but very rarely do they find commensurate benefits in terms of consumer protection and quality increases. Okay?

So the main point here is we can't just do away with occupational licensing. A lot of it is justified and necessary but it's gotten a bit out of hand and the administration and the departments of treasury and labor are right to encourage states and promote states to take a closer look at the regulation and licensing restrictions and do so in an effort to increase employment opportunities in particular for lower income individuals.

MS. JACOBY: As the person on the center right not physically but metaphorically. I just want to start by saying this report is so refreshing, right? We all live in this hunkered down, grid locked, polarized Washington. Finally an area of left, right agreement. So enticing you could almost think it isn't true but it is very true, it is very real. And I don't mean to be snarky but it is really nice to see a democratic administration saying that maybe there's some overregulation somewhere in the economy. But really let's put that aside, I've done that now. Excellent report. Really administration to be

commended. What I want to do in my 10 minutes is three things. I want to underscore some of the parts that I think are really great about this report. A couple numbers that actually Jason didn't mention that I think are some of the most important.

I want to raise the policy question because I think after all on this as of everything the devil is in the detail and if the right and left are going to come together around this the details are going to be the hard part, the how. And I want to hear Jason's reaction to a slightly tougher policy recommendation. And Ron has also asked me to relate this conversation to a parallel but somewhat different conversation about industry driven occupational certification which is a whole different animal but in some ways related. Highpoints. Things that really struck me. One of the big value-adds of this paper and maybe the top value add is the way it underscores the differences across and amongst states. And there is a credo, there is a think tank around town, I don't think I'll name them.

Their credo is when you do a report there should be one number or one set of numbers that every write up mentions. In this paper -- the standout the number -- in this paper it's the 1,100 occupations are regulated in at least one state -- 1,100 but fewer than 60 are regulated in all states. What does that say about that 1,040 that are just regulated here and there. That says it all to me. If the point of occupational licensing is to protect one's health and safety how can there be so much variance. How can there be 1,040 that seem dangerous in one state but don't seem dangerous in another state. So two more sets of numbers and Jason did mention these. The state variance in the share of work force that's licensed, low of 12 percent in South Carolina. High of 33 percent of Iowa and the variance in the amount of training required for the same occupation across states. And again my favorite was security guard. Three years in Michigan but 11 days in most other states.

And again to me this is the point. This is the bottom line, if the critical question for policy is are most occupational licenses tethered to reality, are they justified by some real relationship to the risks facing consumers and I think that is the critical question this variance across states is all you need to know. It's sort of the case, slam dunk, QED. The other stand out strong point in the report in my view is the way it highlights some of the populations most affected by excessive licensing. Jason mentioned veterans, military spouses, the report also talks about immigrants and there's a lot in the report about former offenders and I'm not going to go into detail but the point is there's a lot to like in this study. My main question for Jason is about remedies. What's it going to take to reform the system? To prune back this amazing systemic overreach and the paper has a lot of good suggestions and Jason went into them. Just tick them off. Distinguish between the licenses that are related to health and safety. Switch from certification perhaps to some lesser qualification thing like certification or registry. Cost benefit analysis. Sunrise analysis, the difference between sunrise and sunset. Call for more harmonizing in the states. But the point is all these are things that states need to do. States need to do voluntarily. They are excellent suggestions and I think we should see more of them for all the states but the question to me is where are the teeth? What's going to make states do this?

And one of my concerns about the report -- about this report and some of the other people that think about this, Morris Kleiner too is I see a tendency I would say to play down or underestimate the resistance from the entrenched interests, right? I mean there is plenty of evidence in this report. I mean there is a flat out statement -- it's a sight from an older study, there are no numbers but the occupation's political influence is one of the most factors in determining whether a state regulates an occupation. And sunset reviews often recommend not change and even when they urge change they are ignored

by the legislature.

The most often cited success stories of states -- Michigan and Texas -- those are the states that everyone thinks are doing well with their reviews they still -- half of their suggestions are ignored. And the state that Jason thinks has the best sunrise review -- the ideal is the word he uses -- sunrise review process is still the fourth worst state in the country in the number of people licensed. That's Florida. So to me I could go on and on, but to me the point is change is unlikely unless we get some more pressure and some more leverage.

And grants from the federal government are going to be nice, law suits are really important but law suits tend to have an effect in the jurisdictions where there is a lawsuit, not necessarily more broadly. I don't think there is a cure all or silver bullet for this. But personally I'm partial to the Kaufman Cato proposal that congress should mandate state reciprocity between licenses. It's a simple idea, you don't have federal preemption, you just have mandated reciprocity. The analogy is driver's licenses. The state -- D.C. doesn't tell the states what to put on their driver's license test but it does say if I get a driver's license in Washington, D.C. I can use it in Maine or Texas or anywhere else.

This congressional mandate on occupational licensing would go across the board from the doctors and the nurses to the frivolous ones and of course it would help workers who want to move but more important in helping workers who want to move it would open the states that have excessive requirements to pressures from within right? Because if I live in -- think about manicurists in Alaska and Alabama. In Alaska manicurists train for three days, in Alabama they train for 163 days. But if Alabama had to recognize manicurists from Alaska right? Pretty soon the manicurists in Alabama would be pressuring the state for a much better regime right?

My question for Jason is what do you think about this and in particular what do you think about this tougher strategy? I only have three minutes to talk about what Ron really wanted me to talk about, which is certification. Let me try to do that quickly. Certification and licensing is often lumped together. What they have in common is that they are pieces of paper that workers display to show that they have mastered supposedly an occupation but in fact they are very, very different right?

Let's look briefly at a typical industry certification. The CompTIA Network Plus certification. So the primary goal of that certification is to guide and structure training of IT techs right? And the problem that usually leads to the rise of the certification is that workers are showing up on jobs with degrees, they are getting hired on the basis of their college degrees, but then they get there and they can't do the job. For whatever reason and we know there are many, the degree is no guarantee of competency or ability or skill. So starting about 20 years ago many industries got the idea of coming up with standardized qualifications. Basically a standardized test that would demonstrate that a worker has the skills to do that actual job. To get a certification you don't usually have to prove anything about where you train, they don't care, you know. You don't have to prove how long you train. All you have to do is pass this test. And you can study for a CompTIA Network Plus test at your high school, many high schools have the course. At a community college, at a four year college, at a franchise learning center or by yourself on the internet. It doesn't matter where you went to school or how much you paid for it or how much prestige it had, you passed the standardized test usually administered by a third party and then many employers, not enough in many industries, but many employers accepted it as proof that you are qualified for the job.

So bottom line it looks kind of like licensing but in fact very, very different right? Voluntary not mandatory. Generally issued by the employers and the employer

groups -- the people who might actually hire you as opposed to the government. And most important the purpose is to enlarge the pool of people qualified and able to do a certain job, not restrict the kind of people -- the pool of people that are required and able to do a certain job. Again there are problems with certification, the whole other event, we can talk about quality control, there are a lot of people in the audience who know more about the quality control issues than I do but to me they are one of the most exciting things happening in the work force world as opposed to one of the most troubling things happening in the work force world. But the only thing I would say is I'm not sure how relevant, in some ways they are to this conversation. Yes this is a better way for workers to show that quality and to show qualification. Yes, this is a way for young people to improve their value in the marketplace which licenses purport to be but generally aren't. But I'm not sure that too many people defending licensing are going to accept industry certification as an alternative, right? It's sort of a different debate and certainly not even I would say that if you try to protect consumers from health and safety risks you should go to something created by an employer to train people to get jobs. They are kind of different.

And I guess I'm skeptical that licensing is ever really meant to be an indicator of quality. If there was certification might be a replacement, but I'm skeptical of the motives of people that are driving licensing and I think we all are. Maybe I'm wrong about that. I hope I'm wrong. I'm certainly eager to see the development of more industry certifications and wider adoption of them, but I don't think and this is really my bottom line, I don't think they should replace a robust assault on licensing.

And in my view the sooner we get to that robust assault the more strategic it is. My point the more leverage we could bring to bear on it, but the better it will be for everyone concerned.

MR. HASKINS: Thank you very much, that was very nice. Met the times and all that. Good. All right, I want to ask a broad question of Jason and both of you may want to answer. It's kind of boring but I think it's really an essential question, I don't want to get an answer and stuff which is the politics of what we can really do about licensing. This picks up on something Melissa said. I about a month ago had an electrical worker at my house and my wife and I got into a discussion about I wonder what this guy knows? He's doing all kinds of wiring on our house, he's underneath the house, he's up in the attic, there's no way to watch him. I'm thinking well he must be certified. So I asked him and he told me all about his training and it was very reassuring but I thought to myself as soon as I read your report, you know, it's not all bad. It's not all bad and your report doesn't say it does. Here's the question. How can we distinguish between the licensing that really does fulfill a good function and that that doesn't.

You've addressed this partly, but I think it's worth emphasizing how we can really tell the difference between a license being justified and when it's not.

MR. FURMAN: Thanks for that question and thanks by the way for both of those comments. Those are both really terrific, especially the more positive ones. And there's a slightly expanded version of my remarks on the website that did include the 1160 and 1040, so I think it's mostly to my discredit that I didn't call that out. So thank you for doing that. First of all should something be licensed and second of all what should go into that license and we want to look at both of those.

Electrical would clearly fall under the heading of safety and Melissa's sofas --- whatever garish her taste may or may not be, probably not going to injure her children. But the wiring could. And so it definitely falls under the heading of safety. The question then is what is the link between the process that's required to get the license and having that as a safety outcome and making sure whether you have the licensing,

the amount of input, the amount of training is commensurate with what you get out of it.

We're not trying to make those decisions at the federal level. Those decisions are currently made at the state level, they are going to continue to be made at the state level, we're just trying to put a big thumb on the scale. As people think about those decisions a thumb on behalf of the workers who don't have those licenses and the consumers that buy their services.

QUESTIONER: Can I add a question. I thought about this when I was reading it. I haven't thought about it enough to know if it's a good idea, but who cares what you think, what if we just had a list -- the federal government published a list of the 60 versus the 1,040, wouldn't that be a place to start? Isn't there presumption that if it's licensed in every state it's probably -- it might be a real issue and that the others might be frivolous? You don't have to do anything about it, just publish that list.

MR. FURMAN: Right. I mean one thing I'm looking forward to about today's discussion both from the people on stage and in the audience is we have all have our head around this as a clear problem and we are all grasping for solutions and we're sitting here -- I'm sitting here from the federal government and as I said we're trying to put a thumb on the scale, we're trying to work with states to try and encourage them, we're not trying to take this over and be in charge of it. The question then is what can we do that's consistent with that and I think that's an interesting idea, so I look forward to thinking about that and some other ideas.

MS. KEARNEY: There's two important nuances to this, which is we could put up the list and we should and states should look at them and say there's something about this occupation that doesn't feel to me like it should be licensed and some seats are trying to do this.

Like in recent years the governor of Indiana vetoed the licensing of

dieticians or anesthesiologist assistants right So you can look at a list and do that, but there's two other important elements which is it's not just yes or no, it's one okay if we even agree some things should be licensed how stringent...

MR. FURMAN: Right.

MS. KEARNEY: ...should the requirements be. And then the second issue is it's not just about getting the license it's about the scope of work that's protected, right? And so we all agree that dentists should be -- I think we all agree that dentists should be licensed, okay? But the case we just saw before the Supreme Court last year was about teeth whitening, so should people be able to sell you a teeth whitening kit without having become a dentist, right? And the dentist in South Carolina said no and that's what led to the case. So it's also about what's protected and that's harder to just give a thumbs up or a thumbs down.

MR. HASKINS: Let us in on the mystery. Tell us what the decision of the court was.

MS. KEARNEY: Well they didn't quite say it's okay to do teeth whitening. It became about those licensing boards can be subject to antitrust violations. And so that kind of court case could put pressure on licensing boards not to be comprised just of folks who self-elect from the licensing occupation, but how that's going to play out remains to be seen.

MR. HASKINS: Okay, now I'd like to use the rest of our time until we get to audience on the most interesting part of this which is the politics, what we could really do. So the first thing I want to ask you is and all three of you probably have good information about this, describe the organizations that support licensing and that you are likely to tangle with at either the federal level or the state level when you try to reduce licensing.

MR. FURMAN: Just ask Uber.

MR. HASKINS: What'd she say?

MS. JACOBY: Just ask Uber who they are fighting with. The taxing commissions.

MR. HASKINS: The answer to that one they are worried about taxing commissions.

MS. KEARNEY: Okay, so I'm going to punt on the question a bit but pick up on Uber because we know that the political pushback comes from the occupations themselves that want to be licensed, right?

MR. HASKINS: And they are doing that roughly speaking...

MS. KEARNEY: The economic wins.

MR. HASKINS: Yeah.

MS. KEARNEY: Right and so very rarely do we see new licenses being requested because consumer groups felt like, oh my gosh, I had an unlicensed barber and this terrible thing happened. We need to license more barbers, right? It's usually from the occupations themselves but I think there are two forces that are going to -- this is why with the states it's in their interest to do what this report tells them to do. One states are trying to figure out ways to improve their labor market conditions, so shining a spotlight on this, it's not like the federal government is trying to get seats to do something that shouldn't be in the broader interest of the constituents in that state, but two Uber is a great example of how disruptive technology is going to make it increasingly difficult for certain groups to protect their economic runs. And Uber is a great example because taxi drivers were always licensed and along comes this app, where consumers can just call a driver when they need one.

Or Air B&B is another example, they are not licensed inns or hotels but

now this technology has made it easier to access these would be workers or providers of services. I actually think that trend also underscores why certification is actually very relevant and will become increasingly relevant because what's so fabulous about certification is it allows consumers to shop around and so some consumers might be willing to pay the premium for a certified manicurist or a certified designer, right? And with the proliferation of the internet and information being so readily available then it will become increasingly easy for consumers to shop based on certification and so the justification for licensing is undermined.

MS. JACOBY: Yeah, I agree that it should be in state's interest to do this, but I think it would be naïve to think they are all going to fall in line because of technology and it's in their interest. The guilds that are protecting licensing are very strong and they are the donor class in most states and states are small places usually, state capitals. And I think we need more of a battering ram than saying it's a nice idea and wait for it someday. And I'm as sensitive as anybody on the stage about the feds and the states, I'm the republican, but -- and I'm not saying that the feds should go and have to tell states what to do, but I do think there needs to be more than just say...

MR. HASKINS: I want to come back to that.

MR. FURMAN: I think the tricky thing here is it's not like one party likes this and one doesn't or there is one think tank in Washington that does things in favor of it and the other against it and if Brookings could beat the other think tank then we'd win. The problem is this a very much occupation by occupation, state by state issue. And that's what happens when you have a concentrated interest that's set out against broader ones, so I don't think you can win an election or an argument or one thing and it will sweep across everything. It is raising awareness, it's going from state to state, it's working with them and to some degree the overreach that we've seen and the fact that

our labor force participation rate today is a decent amount lower than where it was in 2008 to just highlight one of the labor market stresses that Melissa referred to earlier. I think we'll increase the motivation to do this, but it's not going to be one answer because the debate isn't...

MR. HASKINS: There's no question, that's right and because of that -- I don't know this literature as well as the three of you do, but I kept thinking to myself boy I wish I could see a couple of case studies of where some group decided we are going to do away with licensing of hairdressers and so forth and we're going to fight it out in Michigan, we're going to do the Governor, we're going to participate what would that look like?

MS. JACOBY: Go to the IJ website, there's I haven't been in the trenches of any particular fight but Institute for Justice has been fighting this on a case by case basis.

MR. HASKINS: I'm not talking about in the courts, I'm talking about...

MS. JACOBY: Sometimes what happens is that that leads to either a deal or some kind of resolution.

MS. KEARNEY: You know where we are seeing this across states is nurse practitioners and this gets to the scope of our work. So increasingly nurse practitioners can perform functions that previously only doctors can perform and the pressure for that is access to healthcare. And it's really hard to get into a pediatric practice, but if we allow nurse practitioners to do more, then the idea is people will have more access to primary care. So can I give like my little rant at this time of year.

MR. HASKINS: We like rants please.

MS. KEARNEY: Okay, so I can't take my kids to CVS to get the flu shot, right? So last year I was complaining to a friend who -- I got to take a morning off work

and take my kids to the doctor to get a flu shot and she's like I just took them to CVS. It turns out then I go online. She lives in Massachusetts and in Massachusetts you can take kids as young as six to a pharmacist. But in Maryland pharmacists can only administer the flu shots to people over the age of nine and this turns out to be one of the other places where there's wide variation across states. But because the flu was bad in recent years states changed the rules.

So New York said okay you can go to a pharmacist as low as age six. Pennsylvania said last month actually kids as young as nine can go to a pharmacist. So is it inherently dangerous for a pharmacist to give an eight year old a flu shot? Well apparently not in Canada, or Massachusetts or New York, but in Maryland yes, right? So this is the kind of thing where we're seeing these pressure to get more access to healthcare and we're seeing states change their rules to allow nurse practitioners and now a pharmacist to perform more of those functions. It's not a court battle, right? It's just the state law's changing in response to consumer needs.

MS. JACOBY: What do you guys think about the idea of a mandated reciprocity?

MR. FURMAN: You didn't hear my answer before?

MR. HASKINS: She took a little nap during your talk. (Laughter)

MR. FURMAN: I think we're focused on -- we're focused on this happens at the state level and that's where we think we're going to make our progress.

MR. HASKINS: I want to pursue that. This will be my last question and then it will be the audiences turn to ask. This is a classic case where the states are all over the place and people in Washington who are way smarter than people in the states decide we know more than they do and we're going to make them conform to certain laws or rules or justifications and we might even threaten to remove their money from

some grant if they don't, we do that all the time. This is a -- we get into the politics at the federal level, there is some natural difference between conservatives and liberals here that you would expect that even now it looks like. Cato for God's sake is supporting it, but when we get down into the details and we start making the states do things and especially penalize them if they don't, don't you think that's going to be a problem? Don't you think that will be an obstruction?

MS. JACOBY: That's why I think the mandated reciprocity is kind of a clever idea, right? So again the feds aren't going to tell the states what to put on their nurse test. They are just going to say if you have a nurse test in Alabama, if you got your license in Alabama you can use it in Alaska. Sure, I mean that's pressure, but we have daylight savings time across the country too.

MR. HASKINS: Do you think that would pass today?

MS. JACOBY: No, that's a fight. But just because it can't pass today.

MR. HASKINS: It seems like a great idea but boy I can imagine.

MS. JACOBY: I'd love to put together a coalition and start to fight it.

MR. HASKINS: Would CATO support that?

MS. JACOBY: It's CATO's proposal?

MR. HASKINS: Really? Okay, well, that's helpful.

MS. KEARNEY: That's why it's really hard to make blanket statements about occupational licensing right? Because you can see that being an easy case to make for manicurists. But how about those in the building construction? Folks in California who are building where there is a threat of earthquake they actually need to know different stuff than folks who are building in D.C.

MS. JACOBY: Okay, so, yeah.

MS. KEARNEY: We'd have to do a case by case.

MS. JACOBY: And that's fine and I mean -- obviously in the beginning of a battle you don't give in the parts you are going to give in. There are some other things we could give in too. You could let the states -- you could say then that if the states then want to prove -- could do a veto override. If they could prove that they really needed it. That it was really objectionable to have the Alabama people come to California then we could give it to them. I'm not going to start there. I'm going to start with mandated reciprocity. We can negotiate later.

MR. HASKINS: Okay, good. So in the audience now tell us your name. Stand up, tell us your name and ask a question as opposed to a long statement, so we get as many questions as possible. All the way in the back.

MR. CARR: I'm Mark Carr. I work in the maritime industry and I have two observations. One within the federal family if you want to look at something the feds can do look at Coast Guard licensing. And both the doing of the licensing and their mechanical process for improving it. It's a mess. I'd be happy to talk to you about it later, but it's a total mess and the other thing that may be in the report but I haven't heard, unless I took a nap, is you don't talk about the amount of income that comes to the states and the jurisdictions from this and the percent of their revenue that comes from that and all kinds of ways to slice and dice those numbers. And I think the classic if you follow the money I think you'll learn a lot.

MR. FURMAN: Thanks for both of those and you highlighted that the majority of this is at the state level but it is at the local level and the federal level and we're certainly taking a look at this issue within the federal government and we'd be interested in learning more about the example that you cited. And I did briefly refer to the issue of fees and it's sort of -- you submit evil -- some people use guilds and things like that as language. To have one group of people assess a charge on people that want to

compete with them and they decide it themselves is not the most effective way to run an economy.

MR. HASKINS: You know Jason some people think economists are a guild. Did you know that?

MS. KEARNEY: Free entry.

MR. HASKINS: Okay, other responses to this question? Does anybody have even a rough idea of the revenue we are talking about here for states? That would be a good thing to find out, follow the money is generally a pretty good idea so I think the first place to start would be the states -- is it one percent or 10 percent that'd be a huge difference. Yes, right here.

QUESTIONER: Hi I'm Steve Telis from John Hopkins University. The latest issue of National Affairs in part dealt with this. One of the things again the question is how do you actually get groups that aren't currently engaged with this issue engaged right? Because that's the basic political problem as you mentioned before is that people with concentrated interest participate and people with diffuse interest don't. One thing I can actually say is as much as there seems to be this desire which I assume came from talking points in the White House that we said this is going to be at the state level and we can't touch it and we are all going to just deal with ideas right? State governments are terrible. Especially when you look at issues like this. They are so easily captured. As bad as you might think the federal government is states are magnificently worse because there's so many counter prevailing organization right? At least in Washington you may have think tanks where there is somebody who can give testimony on the other side. When you have to look at state governments there are absolutely atrocious and very easy to capture, so I guess one question is is there any way to loosen up on this general assumption that we have to be deferential to how wonderful federalism is in this area?

This may just be an area where federalism -- we've proven, we did an experiment in the last 40 years in what federalism produced here and it produces over regulation right?

The other questions is have you guys done an aggregate distributive analysis of occupational licensing because the question that Ron was getting at was this issue well if you get this at the federal level is it going to be a democrats versus republicans? The real way to make democrats engage on this is to show that occupational licensing in the aggregate has a regressive aspect. And the way that the data that Morse Kliener did that shows 28 percent, right? That data point now is a very powerful data point but there needs to be an equally powerful data point on the general distributive effect and that seems like the kind of thing that even if you are not willing to monkey with state control of this, if you could establish that as a way of saying this really is affecting inequality in the aggregate you could actually have an impact.

MR. FURMAN: I think I've answered that in effect a few times and states are where it's going to happen. Tamara has answered it too. Melissa maybe hasn't so you can ask her. On the second, almost everything we are doing is let's look at an IOJ study of 102 low and medium wage occupations for example. Most of it is not adding up to a comprehensive picture so I'm a little bit -- I wish we could have a distributional analysis.

A lot of the distribution is a dynamic one too. It's not just attack policy rates -- is this today or lowers that today, it's who lives where and moves where. Who chooses to get certain skills or gets intimidated for even trying to do it in the first place. Because of it so I think even if we could do an estimate it would be a gross lower bound of what the actual distributional impact was, but all that was just a whole stream of assertions as opposed to a single bottom line number, maybe some think tank could make up and then we could all use without checking.

MS. KEARNEY: This isn't a matter of just saying we think state governments are good. There is legal issues here. States can regulate occupations and so I think reciprocity is one place where the federal government legally can push but I mean there is only so much that the federal government can legally do. Let's just be -- because I bristle a bit at this idea that we're all smarter in Washington, state governments are overwhelmed. They've got a lot going on and they are not full time and so it's not just a matter of them being atrocious or easily captured it's a matter of them not having the capacity to do a cost benefit analysis of every occupation so if the department of labor can and has the capacity to build up a library of best practices or examples that's a resource that -- well-meaning but overworked state officials can potentially use.

MS. JACOBY: I go back to my skepticism. Really the problem is that they don't know what's a good one and what's not.

MS. KEARNEY: The federal government can't legally go say you are not allowed to regulate this occupation.

MS. JACOBY: I understand. I understand.

MS. KEARNEY: We have to work within that legal framework.

MS. JACOBY: But I just have some skepticism about how much they are ignorant and don't have time for it and how much it's the rest...

MS. KEARNEY: I think the report does a nice job of showing -- of highlighting state agencies that have done a good job.

MS. JACOBY: It highlighted state agencies, but only half of the recommendations get followed. There's a lot of resistance. I'm not saying you are wrong.

MR. HASKINS: That's the one thing that's coming out here. There is a lot of resistance. It's not just they made a mistake we'll fix that. There are forces that are

trying to get this.

MS. JACOBY: Economic interest.

MR. HASKINS: Melissa, I want you to know, I'm going to work on my expression of sarcasm, so when I say things like we're smarter here in Washington you will immediately recognize.

MS. KEARNEY: I know you are sarcastic.

MR. HASKINS: I'm kidding. My mom would kill me if I ever said something like that. I also want to respond to your question just briefly. Even without data the logic here is so tremendous I think that we know that kids that just have a high school degree are not going to do well on average. A lot of them can't go to college because of money, because -- I think the big reason is that they are poorly prepared and so forth. So it's in the middle where we are really going to make progress on economic opportunity and reducing poverty. That's the only way to think of it. And this is something that appears to restrict entry into occupations where they could make -- the number I used is \$50 to \$70,000 so even without a good distribution analysis, I think it is definitely clear that this would be a worthwhile strategy if you are interested in kids making more money than they would make otherwise. Yes, right here on the aisle.

QUESTIONER: I am Roy Swift from Work Read which is an affiliate of the American National Standard Institute and was in health care for about 28 years so I have a lot of experience dealing with state licensure issues. One of the things that I wanted to point out that there is a direct relationship at times between certification and licensure. In other words the state will accept the results of a national certification for licensure purposes and many times without any scrutiny and the issue with that is only 10 percent of the certifications in this country are third party reviewed by anybody. It's a buyer beware environment for this particular area. So when we say we want to rely on

private certifications we have a lot of work today about cleaning up the issue. The one thing that hasn't been talked about which is many times a criticism of state. It's not just about who they do, it's always the strongest lobbyists having been in one of the health fields that lobbied and got licensure I know what it takes to get it. A lot of money and a lot of time and a lot of pressure on people and with no real definition and I think I'd be interested in your idea about -- we don't have a good definition about what public protection is. That's what state licensure says it's all about and that relates to the other issue that I'd like you to discuss is that most of the time state licensure is supposed to be taking away credentials from people who are unethical or incompetent but even in healthcare we know that this is not happening because it is run by the professions and so if anything needs to be done at the state level it seems that you are going to have to be working with professions in this country and some sort of negotiation if anything is going to happen in this regard.

MR. HASKINS: Panel?

MS. KEARNEY: Can I raise one thing we haven't followed up on but I was...

MR. HASKINS: Does it relate to his question.

MS. KEARNEY: I don't know.

MS. JACOBY: Well can say something about his questions. Roy is one of the leading actors in the country pressing to make the certifications and his particular certifications more meaningful and it's -- I think it might be there's no more important task because even if they are not the answer to licensure which in some ways they are part of the answer to licensure they are really, really important and the real problem with them is that as he said there's a lot of them and half of them are really valuable and half of them are not worth the paper they are written on. And so with that -- I don't know if I can

answer his question but he's doing important work.

MR. HASKINS: Tell us how to get rid of the other half.

MS. JACOBY: I don't know. It's a really hard question. It's more than half, it's 10 percent versus 90 percent more or less. So I mean in the two different ways of thinking about it are do you sort of do something that's sort of like accreditation which is sort of like what Roy does, which is where you have standards for them or do you have something that's more like a market test. Do employers use them? Personally I lean more toward the market test but there is obviously an important role for standards and accreditation.

MS. KEARNEY: One thing I wanted to highlight that the report I think does a great job doing is tying this to the issue of criminal histories and this gets back to your main interest at the beginning of disadvantaged populations, right? Your comment about ethical and moral reminded me which is in many states anyone with a criminal history could never become a nurse and we know a nurse is one of those occupations that's sort of open to folks without advanced levels of education that's well paying and is a growing profession. And so one thing that the report noted that I found very striking was that 25 states don't even have any guidelines about how to deal with folks with criminal histories, so they never have to say after 10 years of a drug conviction now you can become a nurse. Nothing. And so forever handicapping the whole segment of the population -- one out of three that has a criminal history. We're really handicapping those disadvantaged populations from entering these important and potentially middle and high paying professions.

MR. HASKINS: Okay, two more questions. All the way in the back.

MR. CUNNINGHAM: Hi, I'm Bill Cunningham. So I was trained as an economist at the University of Chicago, in your report you say that occupational licensing

plays an important role in protecting consumers and insuring quality what are those numbers? In other words if you are claiming that occupational licensing protects consumer there is some number x that says okay without occupational licensing the cost to the economy social and financial would be this number and then secondly you are also saying that occupational licensing -- the rationale is that it improves quality. So have you gone and taken a look at hair care people who are licensed versus those who are not and looked at the quality differential there to get a feel for whether or not it works. My point is that Uber shows that that's false. Uber proves that that's false because the conventional wisdom was if you let anybody be a taxi driver they would kill and murder the passengers and they wouldn't know what -- the technology makes all of that false. So I would think that you would want to take a look at that in supporting and I agree with you, this is one of the best reports I've ever seen. It's great that you are looking at -- this is the last mile for really occupational freedom. Last question, African American communities and communities of color I don't want to get stuck on the whole, all blacks are not criminals or have gone to jail. The social and the justice system does increase the numbers of black males in jail but we know that that's racism, so other than that when I go out to Anacostia I see 20, 30, 40, 50 African American males who could be in these occupations but are not. But are blocked out. I wonder how deep a dive you've done on that second question, thank you.

MR. FURMAN: On your first one I think we agree. We are saying that in some cases there are occupational licenses that help with health and safety and protect consumers. But the main thrust we have is about reducing occupational licensing. I suppose there might be some cases where something isn't licensed today, and consumer would benefit from it. That's certainly possible, but my guess is we have already found all of those and we found much, much more and so our goal is to shift in the other direction.

We don't have an aggregate answer because as I said it's just hard to do and it's really case by case thing. You look at it and you do the cost benefit and you ask the questions and the questions you ask are not what does it do to the incumbent but what does it do to the people that want to get into it, what does it do to consumers, how does it affect social welfare more broadly so I think we're in agreement on that. In terms of your second there's a whole range of issues in terms of reintegrating x offenders into the economy that the President of the administration takes really seriously and also is an area where as an aside I think potentially a decent amount of bipartisan progress to be made because criminal justice reform is something you hear from the right and from the left. This is part of it and it's an example just like the federal government ending banned the box in terms of our hiring. It's a way of saying you committed a mild offense 10 years ago, are you never going to be employed again for the rest of your life? Forget the person, let's not forget the person, but even if you forget the person what does that do to recidivism what does that do to us as a society and commonly it's self-defeating so this is a part of what we're looking at. But it's only part in terms of criminal justice reform and integrating ex-offenders.

MS. KEARNEY: Can I just say real quickly and this is the academic researcher can't help myself. I'm going to propose that you refine the question. I don't think we're interested in the number of this is how much occupational licensing benefits or costs us because I don't think anybody is arguing for yes occupational licensing, no occupational licensing. So the right questions are how much do these marginal increases or decreases in licensing or restrictions matter and that's where I think the report does a nice job of summarizing the literature and it's a lot of studies saying making it more difficult to become a mortgage broker doesn't improve housing outcomes but makes mortgage more expensive and there's a lot of examples like that where the

marginal licensing doesn't seem to yield benefits.

MR. HASKINS: One last question. On this point? I was about to recognize you but...

MS. MILLER: I'm Eneshal Miller from the state of Maryland and I'm a natural hair stylist. I'm a native of Washington D.C. and so natural hair wants you to in some states it varies from 2,200 hours to 200 hours so North Carolina they grandfathered a law and that you can just get your license online if you've been practicing in natural hair. Maryland and D.C. they are both trying for 200 hours which D.C. already passed their law. So a food manager only needs about 20 hours to handle food. Temperature, cooking it, making sure it's stored properly and a natural hair stylist which doesn't use any chemicals or electrical appliances needs 200 hours to braid your hair? That is the difference why the state could move in for disease and sanitation which you only learn that for about two day in hair school. It's not something that you learn -- you learn overall through the duration but it's not something that they focus on and also for safety and sanitation that's something that you don't learn through duration in cosmetology school anyway which is now \$23 to \$33,000 which is not even looked at once you are in there and we have pay that money back. They don't always teach you everything in a textbook. That will be for you to further your education in that so why is the hours such a difference when I can what put ketchup on your hot dog? And what a couple of hours and I'll be certified as a food manager? That is why the state should step in and handle certain portions of certifications because it would be fair and for occupational licensing. It is unfair that a board of cosmetologists can be on the board and have a school.

MR. HASKINS: Jason what do you have to say about that.

MS. MILLER: Of course we don't want licenses to be passed.

MR. FURMAN: I guess I want to thank you for violating Brookings

practice against making comments instead of asking questions. That was much better than a question.

MS. JACOBY: Yeah, I mean there's the case right there.

MR. HASKINS: The guy leaves Brookings, he's gone a couple years and already he's undermining us. It's just...

MS. JACOBY: But there's the case right there.

MR. HASKINS: One more real question.

MS. JACOBY: But there's the case right there. Look at the number of hours. I mean that's worth remembering. The number of hours to be something that is patently not harmful and the numbers to something where you could be poisoning all of us and the cost. And that was great. That's one thing we didn't talk about is the cost...

MR. HASKINS: That's a great example.

MS. JACOBY: ...of the training. So really helpful addition.

MR. HASKINS: You should have read your report. Okay, one last question. Yeah, right here in front.

MR. ALTMAN: I'm Fred Altman I'm retired and my question is would it help in some ways to make licensing more relevant and make it a little stricter. There's a segment now on channel 7 where they ban plumbers who are presumably licensed to fix a simple leak and they don't all seem to be qualified or intentionally ripping us off.

MS. JACOBY: Again to me what that suggests is not only is this stuff over excess and over burdensome but it doesn't even find quality. So what you want is certifications that are voluntary that really people do have a chance to show their quality and more market clarity.

MR. FURMAN: And I think this is also a case where Melissa -- but it might have been you referred to I think technology is going to help with online ratings,

learning from a broader set of communities because licensing is not a guarantee. It's not like when if there is a complicated health situation in your family all you do is make sure that they're licensed to deal with that problem. You care about a lot more than just that. And so it's a tricky thing trying the right professionals for any situation and a license will sometimes set a floor for right, but it's certainly rarely going to be sufficient.

MR. HASKINS: So please join me in thanking Jason and our panel. (Applause). And let me make one final observation. This came up several times. In addition to a great report today, if you're teaching a course and you want to (inaudible) about licensing this is it. I mean you read it's got references, everything. What you found initially it could be bipartisan. Thank you for that. Good day.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016