



March 25, 2019

Testimony on previous SB 1040 legislation to the Senate Veterans Affairs & Emergency Preparedness Committee

Dear Chairman Regan and distinguished members of the Senate Veterans Affairs & Emergency Preparedness Committee:

I thank you for this opportunity to testify on SB 1040, a bill that, among other things, seeks to provide a pathway for military veterans to utilize relevant training and experience acquired in military service towards gaining civilian occupational licenses.

My name is Allen McCormack and I am the Coalitions Director for Concerned Veterans for America-Pennsylvania. Concerned Veterans for America and our broader Americans for Prosperity network seek ways to eliminate barriers that make it harder for everyday Americans to get by and reach their potential.

Occupational licenses are government permission slips to work. Decades ago, these licenses were limited to high risk professions, like doctors or airline pilots, and affected very few people. Today, they affect many more professions and people. Many of those professions are natural springboards for low to mid-income individuals looking to grab hold of the next rung on the economic ladder. Unfortunately, they often face nearly insurmountable odds, with very expensive and time consuming training requirements and fees. This forecloses opportunity for many. Licensing also increases the cost of goods and services.

In Pennsylvania, approximately 19 percent¹ of our workers require a state government license in order to earn a living. This doesn't account for all those who see the barriers associated with pursuing a living in licensed professions and are deterred by the hardship. According to the Institute for Justice, licensing annually costs² the Pennsylvania economy over 89,000 jobs, \$368 million in deadweight economic losses, \$9.4 billion in misallocated resources, and a price inflation of over 16 percent for licensed services.

For years, the growth in licensing occurred on the back of a claim that licenses helped to protect the public. In some instances, this may be true, though numerous studies³ have shown licensing to have neutral and even negative effects on health and safety. More often than not licenses are created and perpetuated to protect those already established in the profession from competition. The biggest casualty of these regimes are the working poor.

¹ Institute for Justice. At What Cost? State and national Estimates of the Economic Costs of Occupational Licensing. <https://ij.org/report/at-what-cost>. Accessed March 21, 2019

² Ibid.

³ Institute for Justice. License to Work: A National Study of Burdens from Occupational Licensing, 2nd Edition. November 2017. https://ij.org/wp-content/themes/ijorg/images/ltw2/License_to_Work_2nd_Edition.pdf. Accessed March 21, 2019.

Across the country, in bipartisan fashion, leaders are taking notice of and attempting to address this important issue. This momentum was amplified when the U.S. Supreme Court ruled that occupational licensing boards operating without explicit authorization and active legislative supervision could not claim state immunity in antitrust litigation.

We applaud leaders in Pennsylvania for taking a serious look at these issues and the spirit behind legislation like SB 1040. However, we would urge lawmakers to think bigger and bolder—to address this issue more comprehensively for not only veterans, but all Pennsylvanians. The best way to break the barriers presented by occupational licensing is to eliminate licenses which bear no real relationship to public safety. This can be accomplished by requiring evidence that licenses are tied to a substantial public threat and that the rules and requirements of licenses are narrowly tailored to address those threats.

SB 1040 as introduced seeks to provide a directive for licensing boards in Pennsylvania to review existing licenses and consider when military training and experience in professions were relevant to private sector licensing requirements. In instances where such training and experience provided comparable training to what civilian Pennsylvania citizens must do to acquire licenses, licensing boards could provide a pathway to using that training towards acquiring occupational licenses.

The recognition in the bill is that there is more than one way for people to build the experience and qualifications necessary to do many jobs, and that ultimately consumers should have choice in with whom they do business. We believe this recognition is correct, both for veterans who have rightly acquired necessary skills apart from the requirements of a licensing regime and others.

Regarding SB 1040 as introduced, I do also wish to point out one provision of particular concern: the bill asked to “consider adopting a national credentialing exam in order for veterans to be issued the certificate, license or registration.” While such a provision may again be well-intended, adoption of national standards could lead to rigid occupational licensing laws that undermine the flexibility of this body and the ability Pennsylvanians to freely contract with one another, including the ability of veterans to earn a living and the ability of citizens to freely use the services of veterans.

As you consider ways to help our military veterans and Pennsylvanians, I hope you will strongly consider efforts to reduce government licensure overall so that they have less employment barriers to begin with. We look forward to working with lawmakers to find common sense solutions that benefit all Pennsylvania citizens.

Respectfully submitted,

Allen McCormack
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Concerned Veterans for America-Pennsylvania