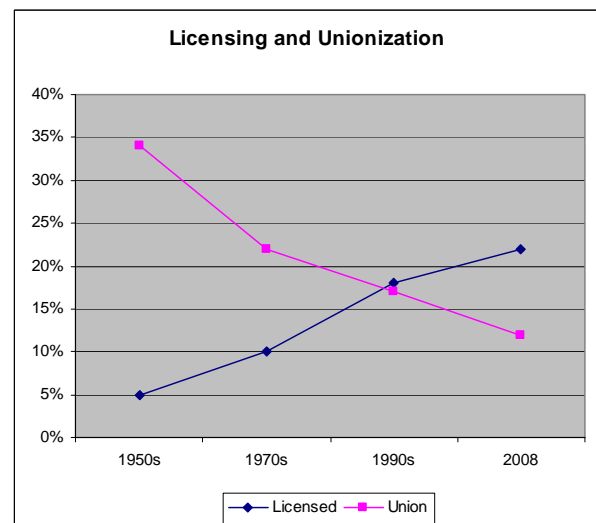


## Case Example: Occupational Licensing Unveiled – It’s Huge

Occupational licensure rules simply don’t register in the public conscience. There has been minimal understanding of and resistance to the on-going expansion of occupational licensing. This is not an unusual situation. Many other high impact definitions like mark-to-market in financials also suffer from poor visibility. This makes garnering the will to take action difficult.

The growth of occupational licensing has been dramatic. It has increased five-fold over the last five decades. In comparison and over the same time period, union membership, which currently accounts for 12 percent of the American workforce, has had an extraordinary decline. In the 1950’s less than five percent of America’s workforce was in an occupation that required a “license to practice.” As of the 2000 U.S. Census, regulated occupations had grown to a level of about twenty percent. A special 2006 Gallup poll what’s more projected that 29 percent of the U.S. workforce was required to hold an occupational license from a governmental agency.



The escalation in occupational licensing has been dispersed across a wide variety of professions and has varied significantly state to state. This expansion has also been all but invisible to the public. Typically we have thought of licensing in the context of physicians, teachers, nurses, engineers, realtors, various agents and accountants. What we have failed to realize is that in many states and countries other professions ranging from construction to transportation and food preparation to personal care also now require registration, certification or licensing.

Whenever licensing is challenged, the defense is that it protects the public and creates higher quality. There is little evidence that this actually occurs. There are many reasons for this disconnect. First, there is an overriding lack of general awareness about the extent of occupational licensing, second, the actual impact is either not quantifiable or hidden and third, the added costs are buried in the overall cost of delivered services. Licensing also relies upon an often questionable alliance between professional societies and governing bodies. All too often legislation is passed at the state level that requires a Board of the Profession or a society or an association to then create the regulations that govern the license itself.

So what is the bottom-line? It is two-fold. Licensing restricts the competition in a profession or field and governments collect occupational fees, which far exceed their cost of administration. What is long-overdue is a conscious undertaking to examine and decide where and when it is appropriate to challenge the proliferation of occupational licensing. There is neither a check-and-balance mechanism nor an *Open4Definiton*-like counter balance in place. This is a situation that remains well under the radar. It should be unveiled and soon.