

January 31, 2017

Senate Federal and State Affairs Committee

300 SW 10th Street

Topeka, KS 66612

Honorable Senators,

Thank you for the opportunity to testify on Senate Bill 76.

Most of us enter public service to help people. When it comes to those in poverty we often say that we went to give people a “hand-up not a hand-out.” We know that making people dependent on government assistance is bad public policy not only because of what it does to taxpayers and state budgets but also because of what it does to the individual—it destroys their dignity and self-worth.

Realizing that the best path out of poverty is a job, the federal government instituted work requirements for some on government assistance. The first step is often “tough love” with the state requiring job training and work for those who have become dependent. But we have failed to see that government and bureaucracy often stands in the way of these same people going to work and contributing to society.

Those trapped in poverty often have skills learned through life experience or from relatives or friends. But government regulators and bureaucrats stand in the door of opportunity blocking their path:

“You have to have the formal education/training that we approve.”

“You have to pay the fees we require.”

“Once you have jumped through our hoops then we will give you permission to work in the form of this license.”

Since the 1950’s the percent of the workforce regulated by state licensing laws has grown from 5% to 30%. And even more alarmingly, municipalities are now getting in on the act. These increasingly burdensome barriers make it difficult for experienced job seekers to navigate and practically trap others forcing them to rely on government.

Thanks to government intervention, it’s often easier to receive welfare than it is to work. This offers a perverse incentive that destroys dignity and busts state budgets.

From President Obama and the National Association for the Advancement of Colored People to the Heritage Foundation and the American Legislative Exchange Council, a budding coalition is

coming together to remove unnecessary government roadblocks that prevent people providing for themselves and their families. States as diverse as Connecticut, Florida, Tennessee and Wisconsin, to name just a few, and legislative leaders from both major political parties are beginning to focus on this important policy area and taking steps to review and roll back onerous government regulations.

This reform will not be easy nor will it happen in a single legislative session. So how can you approach occupational licensing reform and create more work opportunities? The Foundation for Government Accountability recommends you begin by:

- 1) Preventing local governments from creating new occupational licenses.
- 2) Capping the fees that local governments can charge for existing licenses.
- 3) Waiving licensing fees for low-income households and those on government assistance.

While local governments in Kansas are not as bad as municipalities in some other states, there is a growing trend among cities to establish burdensome occupational fees. As mentioned earlier, both those on the political left and right acknowledge the problem so the first step is stop adding to the problem. No doubt, some will protest “local control.” These same people will likely cite the need to “protect the public.” But mounds of evidence and simple common sense quickly disproves the “protect the public” argument. And if a local municipality enacts regulations that inhibit entrepreneurship and job creation that keeps people from working, the state bears the increased cost of government dependency not the municipality.

Often the actual fee only represents a fraction of the overall opportunity cost for someone seeking an occupational license. And while \$200 or \$300 might not seem like a lot to an established business, it could represent a week’s worth (or more) of groceries for a family seeking to rise out of poverty. And military families who are already sacrificing so much for us should not be forced to pay for a new license every time they move.

These concrete steps will give individuals and families the opportunity to improve their circumstances and prosper. Licensing reform promotes entrepreneurship, helps small businesses, and creates jobs—all of which reduce government dependency. Let’s work together and make it easier for people to go to work and support themselves and those who rely on them by beginning the process to restore some sanity to occupational licensing.

Respectfully,

Tom Newell

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The Foundation for Government Accountability