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OVERSIGHT HEARING ON

The Department of Consumer and Regulatory Affairs: What Issues
Should the Committee Pursue?

Before the Committee of the Whole
Councilmember Phil Mendelson, Chairman

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John A. Wilson Building

Testimony of Dr. Yesim Sayin Taylor

Executive Director

D.C. Policy Center

Good morning, Chairman Mendelson and members of the Committee of the Whole. My name is Yesim Sayin Taylor and I am the Executive Director of the D.C. Policy Center, an independent, non-partisan think tank committed to advancing policies for a strong and vibrant economy in the District of Columbia. I thank you for the opportunity to testify on the “The Department of Consumer and Regulatory Affairs: What Issues Should the Committee Pursue?”

On January 22, Chairman Mendelson, together with nine other members of the D.C. Council, reintroduced the Department of Buildings Establishment Act¹ that would split the Department of Consumer Affairs into two entities—one called “the Department of Buildings” that would oversee buildings inspections and permitting, and another that would assume the remaining duties under of DCRA.

Much of the attention regarding this proposal has focused on the proposed Department of Buildings and whether splitting DCRA could improve the permitting and inspection processes. But the bill—whether one agrees with its approach or not—is important because it also shines light on the regulatory and licensing practices at DCRA and what they could mean for the District’s economy, its small businesses, and its low-skilled residents.

Outside of permitting, DCRA is also responsible for administering many business regulations, particularly professional licensing for many trade, retail, and personal services. In essence, DCRA, through various professional boards, is the gatekeeper for who is qualified for holding certain jobs in D.C. DCRA’s actions in this regard can expand or limit opportunities, especially opportunities for low income residents in the District of Columbia.

To wit, DCRA alone, per the information on its website, regulates 125 occupational and professional categories organized under 18 different boards

¹ B23-0091 - Department of Buildings Establishment Act of 2019, introduced by Chairman Mendelson and Councilmembers Silverman, Nadeau, Cheh, Allen, T. White, Bonds, R. White, Evans, McDuffie, Gray, and Grosso at Committee of the Whole on January 22.

under its Occupational and Professional Licensing Administration. This is in addition to 20 other boards that are responsible for the licensing over 50 health and mental health occupations.

There is scant data on who is licensed by DCRA, and where they work or reside. The latest information we could glean comes from a 2017 Annual Report from the Occupational and Professional Licensing Administration, which provides data for 12 of the 18 boards under DCRA.² This information shows that during that year, DCRA licensed 69,863 individuals for professional activities in DC. This accounts for nearly 12 percent of private sector employment in the city in that year.

Licensing Board	Licensed
Board of Accountancy	3,074
Board of Architecture, Interior Design, and Landscape Architecture	3,853
Board of Barber & Cosmetology	6,794
Board of Funeral Directors	382
Board of Industrial Trades	15,503
Board of Engineering	6,794
Board of Real Estate Appraisers	778
Board of Boxing and Wrestling	611
Real Estate Commission	14,391
Board of Security	16,004
Athlete Agents	9
Tour Guides	1,670
Total	69,863

Source: Occupational and Professional Licensing Board and Commission, 2017 Annual Report.

² DCRA (2018), Occupational and Professional Licensing Board and Commission, 2017 Annual Report. Available at <https://www.dcopla.com/bpe/wp-content/uploads/sites/17/2018/06/OPLBC-Annual-Report-2017-Final.pdf>.

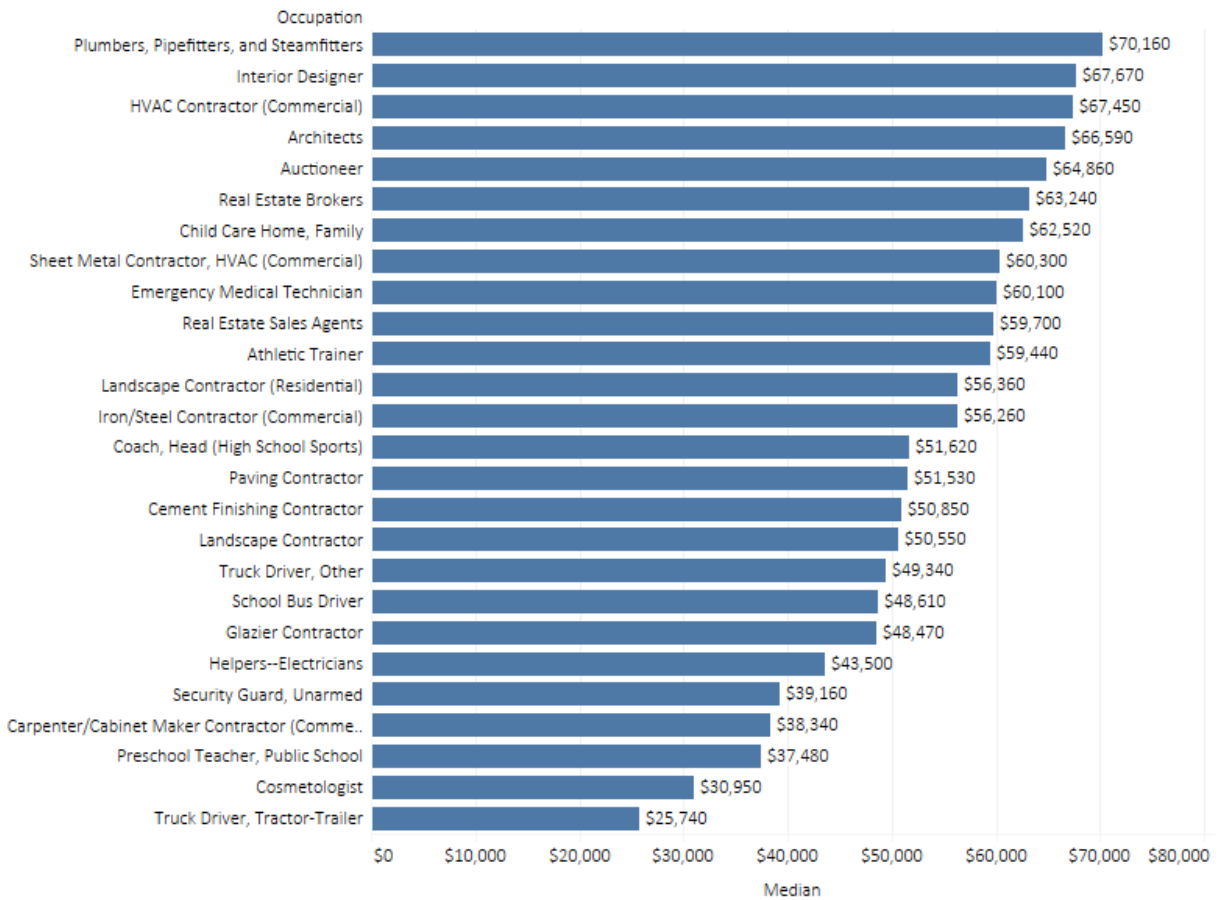
Using this data, as well as data compiled by the Institute for Justice³ and the National Conference of State Legislatures,⁴ we identified 59 different occupations that do not require significant post-secondary credentialing (such as those required for doctors, counselors, social workers, or teachers) but require licensing by DCRA.

Comparing this data to BLS occupation wage data shows that most of the licensing under DCRA focuses on middle or low-wage jobs that are attractive to low-skilled D.C. residents who do not have high levels of education or formal training. Of the 59 occupations licensed by DCRA that we could match to BLS occupational categories, 42 are occupations with middle-wage jobs—paying below the median salary in the region and above minimum wage. Furthermore, 14 of these occupations are associated with lower skill levels but living wages, with median wages between \$27,000 and \$35,000. These occupations, according to the BLS, collectively employ over 20,000 workers.

³ Dick M. Carpenter II, Ph.D., Lisa Knepper, Kyle Sweetland and Jennifer McDonald (2018), License to Work, 2nd Edition, District of Columbia Profile, available at <https://ij.org/report/license-work-2/ltw-state-profiles/ltw2-d-c/>

⁴ Suzanne Hultin (2018), The National Occupational Licensing Database, NCSL. Available at <http://www.ncsl.org/research/labor-and-employment/occupational-licensing-statute-database.aspx#Database>

Occupations with Licensing Requirements that pay half the Median Wage in DC



Source: BLS May Occupational Statistics for 2017 and author's calculations.



Why should we care about occupational licensing? Occupational licensing plays an important role in employment, wages, mobility, and the health of the labor market. State licensing can act as an impediment to worker mobility and when onerous, can close paths to well-paying jobs for low income residents.⁵ Licensed workers generally earn more and experience less unemployment than their unlicensed partners across the country. This may seem like a good thing, but only for those who can pay the fees or meet the regulatory requirements. Others who are willing to work hard, or learn on the job, are left

⁵ Ryan Nunn (2016), Occupational Licensing and American Workers, the Hamilton Project, available at http://www.hamiltonproject.org/papers/occupational_licensing_and_the_american_worker?_ga=2.210153495.305698934.1549394548-1974874714.1537810816

behind. Licensing also limits mobility. Licensed workers are less likely to move across state lines, which limits their ability to seek higher-paying opportunities in more lucrative markets. And those who cannot meet licensing requirements face a bleak future.

While Bill 23-91 was introduced with the intention to improve permitting and inspection practices, it could be an opportunity to better understand the professional licensing practices under DCRA and whether these practices help or hinder the job prospects of the District's lower-skilled residents. Onerous licensing practices—including unnecessarily high fees, or excessive experience or education requirements—only hurt lower-income D.C. residents who are excluded from pathways to living wage jobs.

Thank you for the opportunity to testify. I am happy to answer any questions.

Appendix – Employment and Median Salaries for Occupations licensed by DCRA (2017)

Code	Occupation	Employment in DC	Share of Metro Employment	Median Salary in DC
33-9032	Security Guard, Unarmed	13,900	38%	\$39,160
53-3033	Truck Driver, Tractor-Trailer	1,740	12%	\$25,740
	Preschool Teacher, Public			
25-2011	School	1,320	13%	\$37,480
39-5012	Cosmetologist	960	12%	\$30,950
53-3041	Taxi Driver/Chauffeur	410	11%	\$34,130
53-3021	Bus Driver, City/Transit	390	9%	\$36,290
47-4041	Asbestos Worker	150	23%	\$36,470
	Carpenter/Cabinet Maker			
47-3012	Contractor (Commercial)	130	9%	\$38,340
41-3099	Auctioneer	3,670	12%	\$64,860
21-1021	Child Care Home, Family	2,100	34%	\$62,520
	Emergency Medical			
29-2041	Technician	1,560	47%	\$60,100
	Plumbers, Pipefitters, and			
47-2152	Steamfitters	1,020	11%	\$70,160
53-3022	School Bus Driver	970	NA	\$48,610
27-1025	Interior Designer	670	33%	\$67,670
31-9091	Dental Assistant	640	10%	\$48,030
41-9022	Real Estate Sales Agents	620	14%	\$59,700
	Coach, Head (High School			
27-2022	Sports)	580	11%	\$51,620
53-3032	Truck Driver, Other	510	3%	\$49,340
17-3011	Architects	480	25%	\$66,590
47-2051	Cement Finishing Contractor	470	16%	\$50,850
47-2141	Painting Contractor	440	9%	\$53,520
	HVAC Contractor			
49-9021	(Commercial)	350	5%	\$67,450
47-2121	Glazier Contractor	350	21%	\$48,470
41-9021	Real Estate Brokers	170	13%	\$63,240
	Sheet Metal Contractor, HVAC			
47-2211	(Commercial)	150	6%	\$60,300
47-3013	Helpers--Electricians	130	7%	\$43,500
47-2071	Paving Contractor	130	11%	\$51,530
47-2071	Painting Contractor	130	11%	\$51,530
	Iron/Steel Contractor			
47-2221	(Commercial)	130	15%	\$56,260
29-9091	Athletic Trainer	80	30%	\$59,440
	Mason Contractor			
47-2161	(Commercial)	70	70%	\$56,360
	Landscape Contractor			
47-2161	(Residential)	70	70%	\$56,360
37-1012	Landscape Contractor	60	2%	\$50,550
13-2011	Accountants	10,860	28%	\$89,950
11-9141	Property Managers	1,640	33%	\$70,940
47-2111	Electricians	1,190	11%	\$77,420

Source: BLS, May 2017 Occupational Employment Statistics, available at <https://www.bls.gov/oes/current/oesrcst.htm>