



# Licensure Reform: Replacing the Maze with Pathways

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## Executive Summary

In the 1950s one of every 50 workers was licensed; now it is almost one in three.<sup>1</sup> The costs and mobility issues associated with licensure have often been viewed as an inconvenience, one many states have attempted to address, but COVID-19 has raised the stakes: We no longer have the luxury of maintaining barriers to employment that do not serve a pressing public interest. In response to the pandemic, some states quickly moved to use or enact emergency provisions to allow healthcare workers to move their licenses across state lines as long as they were in good standing in their home state.<sup>2</sup> Exacerbated by licensure barriers, COVID-19 is expected to compound a pre-existing teacher shortage in many states, which should compel states to reconsider licensure practices.

While COVID-19 may accelerate conversations around licensure in fields such as healthcare and education, the licensure challenges span a variety of occupations and block job opportunities for many. The portability issues associated with licensing, as well as the excessive burden of some state licensure requirements in terms of cost and time creates a barrier to opportunity that has significant equity implications, disproportionately disadvantaging veterans and military spouses, citizens with criminal records, and those with less financial means.<sup>3</sup>

Policymakers must address these issues across career sectors, and they should do so with the same urgency with which they created flexibility for healthcare workers in the early stages of COVID-19. As the nation grapples with the unprecedented financial fallout from the pandemic, removing unnecessary barriers to employment is essential. This does not mean an unregulated workplace, but rather, one in which regulations are right-sized to safeguard the public and arbitrary barriers are removed, maximizing individuals' opportunities for meaningful employment. This is a bipartisan issue, one that has been prioritized by both President Obama and President Trump.

This paper puts forth the following broad recommendations: (1) Accelerate national strategic planning to address licensure portability. (2) Conduct state assessments of existing regulatory frameworks and remove unnecessary regulation. (3) Leverage interstate compacts to facilitate licensure portability. (4) Make licensure more accessible and equitable.





## The Problem

Occupational licensure emerged to safeguard the public in interactions with professionals, requiring workers to meet minimum standards set by a governing agency before practicing. However, there have been unintended consequences: 50 states each setting individual licensure requirements has resulted in an unnavigable maze that limits learner and worker mobility, impedes opportunity for those trying to enter new professions or practice a profession in a different state, limits economic recovery, and at times poses risks to public health, educational quality, and access to services.

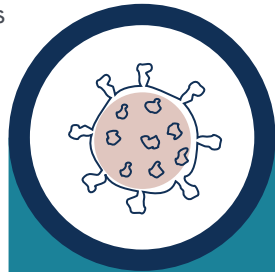
Licensure requirements have grown over time. Presumably the goal of continually increased licensure burdens is to enhance consumer protections; however, multiple studies have demonstrated that the clearest effect of the proliferation of licensure requirements has been to increase costs for consumers. The evidence suggests that licensure requirements create barriers to workforce entry, resulting in diminished competition, rather than higher quality.<sup>4</sup>

Steadily increasing licensure requirements—more professions requiring licensure, as well as increasing educational requirements within individual professions—combined with the fact that requirements are primarily created by state-level actors who neglect to consider mobile military populations or graduates from out-of-state programs leading to professional licenses creates a licensure labyrinth that impedes options for individuals seeking employment, raises costs for consumers, reduces the availability of services, and limits economic activity. Below are some particular licensure challenges that learners and workers face:

- 1. Portability:** The time and cost burden of achieving licensure in a new state can prevent workers from flowing to where the job opportunities are and can mean those forced into new locations (for example, by a military move) cannot easily rejoin the workforce.
- 2. Excessive Burden:** While there are public health and safety reasons to regulate certain fields, policymakers should examine the cost and time (including exams) associated with various licenses to ensure they are not excessive and do not pose an undue constraint on who can enter the field. For example, one study found that 66 occupations have greater average licensure burdens than emergency medical technicians;

cosmetology licensure was found to require 11 times as much training as emergency responders.<sup>5</sup>

- 3. Changing Requirements:** Obtaining education in the theory and praxis of the profession often takes more than a year of full-time study. Students of the profession may find their programs changing multiple times to meet the changing requirements of the licensing bodies—often adding costs and lost wages to the educational process. This challenge is exacerbated when programs located near state lines work to maintain the licensing requirements of two or more state licensing bodies plus national standards agencies.
- 4. Inequitable Barriers to Entry:** While the burden of licensing can be a challenge for all individuals, it can be particularly challenging for certain populations. The cost and time needed to license or relicense falls particularly hard on lower-income individuals, those who need job opportunities most. For example, paraprofessionals such as teachers' aides often have an interest in becoming certified as classroom teachers but cannot afford to leave their current jobs to participate in student teaching requirements. In addition, while it makes sense that individuals with a criminal record may have limitations on which careers they can enter, needless requirements prevent some of the best opportunities to enter or reenter the workplace. For example, "blanket bans" automatically disqualify people without any consideration to the relevance of the conviction to a particular occupation or to the amount of time since the conviction.<sup>6</sup>



## WHAT WE HAVE LEARNED FROM COVID-19

Faced with COVID-19, states demonstrated their abilities to take a more flexible approach to licensure. Concerned about a potential shortage of healthcare workers, states took a range of approaches. Many issued temporary licenses for health professionals from other states, allowed retired workers and graduating students who have yet to complete licensing exams to practice, and waived continuing education requirements and fees. We have seen similar licensure exceptions in the teaching profession, including a widespread suspension of licensure exams and evaluations.

Short-term, crisis-driven solutions are not optimal. Licensure plays a critical role in validating readiness for the field, and continuing education helps ensure workers can stay current in a continually evolving field. However, the immediate response to COVID-19 demonstrated two important things: (1) Licensure is not "fixed" and continues to evolve, and (2) a more sustainable approach to licensing professionals is imperative to address the long-term economic displacement caused by COVID-19.

# Policy Recommendations

Licensure continues to serve a function in safeguarding the public. There is much that can be done to address the patchwork of licensure that has emerged, as well as the disproportionate burden of licensure in certain fields and states, without any impact to public health or safety. Policymakers should continue to push forward in advancing commonsense licensure reform that replaces the current maze of regulations with fair, clearly understood pathways that provide as many Americans as possible with the opportunity to succeed.

A woman with long dark hair, wearing a white sleeveless top with a black pattern and a black skirt, is standing and speaking to a group of people in a meeting room. She is gesturing with her hands. In the foreground, the backs of several people's heads and shoulders are visible as they sit at a table. On the table, there is a laptop, a coffee cup, and some papers. The room has large windows in the background, letting in bright light.

## Recommendation #1:

Accelerate collaboration among states to address licensure portability.

The challenges of solving licensure portability are real. While efforts have been made for particular populations (e.g., veterans and military spouses) and for particular fields (e.g., healthcare and education) those efforts should be knitted together as part of a strategic plan that supports states in addressing licensure for a prioritized list of career fields.

The current and previous presidential administrations have made efforts to encourage licensure reform, ranging from laying out best practices to providing grant funding. The federal government, large philanthropy groups, membership organizations with nearly national representation (e.g., the National Governors Association or the Council of State Governments), or a conglomeration of existing regional higher education compacts (e.g., the Midwestern Higher Education Compact) can play a continued convening and supporting role, bringing together policymakers, employers, and regulatory boards to address licensure issues in an ongoing fashion.



## Recommendation #2:

Conduct state assessments of existing regulatory frameworks and remove unnecessary regulations.

Some states have undertaken a comprehensive examination of their regulatory frameworks to assess how burdensome their current licensing structures are. These include both legislated initiatives (for example, Tennessee's Right to Earn a Living Act, which mandated a review of the state's licensing laws and corresponding recommendations for eliminating or easing requirements) and executive initiatives (Delaware's Governor Markell signed an executive order creating the Delaware Professional License Review Committee, charged with examining state licenses and making recommendations to ease or eliminate burdensome requirements). These comprehensive state assessments should be adopted by all other states and paired with ongoing "sunrise" and "sunset" committees to continue assessing licensure requirements so that newly enacted regulations are not restrictive and unnecessary regulations are lifted.<sup>7</sup>

The boldest example of licensure reform has been set by Arizona, which adopted "universal licensure," permitting licensed individuals relocating from other states who meet certain safeguards (e.g., practicing at least a year, in good standing, in their original state of license) to practice within Arizona.<sup>8</sup> In addition, Arizona has eliminated occupational licensing requirements for specific fields, such as citrus and vegetable packers and yoga instructors.

States that have not comprehensively reviewed licensing regulations within the last four years should begin there and use the review to drive forward-facing legislation and reform of state licensing entities. Boards should perform, either voluntarily or as compelled by legislation, a review of required education, cost of entry and maintenance, and differences from requirements of neighboring states and/or national licensing standards.

## Recommendation #3:

Leverage compacts to facilitate licensure portability.

COVID-19 has forced lawmakers and other state-level actors to take immediate and drastic action to address critical worker shortages. While necessitated by circumstances, these actions have been tantamount to eliminating license requirements altogether. The crisis-driven worker shortages could have been mitigated by a more sustainable approach to worker mobility. States should participate in long-term compacts dedicated to smoothing license portability among states.

The Enhanced Nurse Licensure Compact (eNLC) is a great interstate compact that eases requirements for nurses to practice across states. As of October 2020, 33 states are part of eNLC, along with New Jersey's partial participation.<sup>9</sup> Another example is the Recognition of EMS Personnel Licensure Interstate CompAct (REPLICA), enacted in 20 states, which allows EMS professionals licensed in their state to practice in other states for qualified circumstances.<sup>10</sup>

In addition, the National Association of State Directors of Teacher Education and Certification (NASDTEC) has developed an agreement to assist the mobility of licensed teachers among the states.<sup>11</sup> While some states have additional requirements or offer provisional licensure for out-of-state teachers, this agreement is an important step toward educator licensure mobility, a good foundation for true licensure reciprocity.

States should join existing compacts and look for career fields that deserve a compact of their own. A wide variety of career fields, from accountancy to cosmetology, could benefit from a reciprocal approach to licensure and certification at the state level. Additionally, national licensure and certifications should stand in place of state licensure and regulatory requirements in those fields.





A photograph of a man in a military camouflage uniform sitting next to a young child. Both are smiling warmly. The man is looking towards the child, and the child is looking towards the camera. The background is slightly blurred, suggesting an indoor setting.

## Recommendation #4:

Make licensure more accessible and equitable.

Licensure, with all of its challenges, becomes even more challenging for particular populations. For example, military spouses struggle to port their licenses across state lines, often ending up underemployed as a result and/or spending an inordinate amount of time and money relicensing in each state. Immigrants to the United States often end up employed outside of their field because of the difficulties in translating their internationally attained licenses to one issued by a specific state. Lower-income individuals are challenged by the cost and time associated with licensure. Individuals with criminal records are often barred from entry.

- Some of the previous recommendations will ease licensing issues for these populations, but additional policy solutions that focus on making licensure more equitable and accessible are needed. These include:
- Legislation that waives or reduces fees for military spouses and for low-income Americans.<sup>12</sup> Wisconsin, Utah, and Arizona are states that have passed bills to waive or reduce fees for low-income applicants or those on welfare. States should look for opportunities to continue removing fees that stand as a barrier.
- Embracing “fair chance” licensing reform. Nearly one in three American adults has a criminal record; with the 27,000 state licensing restrictions for those with criminal records, 25 percent of available jobs are simply unavailable.<sup>13</sup> “Fair chance” licensure reform eases undue burdens on formerly incarcerated individuals attempting to enter regulated fields and can take many forms. This includes eliminating blanket bans, requiring licensing boards to assess candidates on a case-by-case basis, and limiting the types of information collected and used (e.g., old, minor, and unrelated charges) in licensing decisions.<sup>14</sup> These reforms have swept across the country within the last five years. However, there is still more work to be done.
- Arizona’s “universal licensing” initiative began as one intended to help military spouses and veterans and was later expanded due to its success.

# References

<sup>1</sup><https://ij.org/wp-content/uploads/2015/04/licensetowork1.pdf>

<sup>2</sup><https://www.ncsl.org/research/labor-and-employment/covid-19-occupational-licensing-in-public-emergencies.aspx>; <https://www.ncsbn.org/14826.htm>

<sup>3</sup><https://www.mercatus.org/publications/corporate-welfare/occupational-licensing-and-poor-and-disadvantaged>; <https://www.mercatus.org/bridge/commentary/want-help-military-families-allow-occupation-license-portability>; <https://ij.org/report/license-work-2/report/recommendations-for-reform/licensing-laws-make-harder-former-offenders-find-work/>

<sup>4</sup>[https://www.brookings.edu/wp-content/uploads/2016/06/THP\\_KleinerDiscPaper\\_final.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf); <https://thefga.org/wp-content/uploads/2018/10/Public-Safety-Memo-FINAL.pdf>

<sup>5</sup><https://ij.org/wp-content/uploads/2015/04/licensetowork1.pdf>

<sup>6</sup><https://www.nelp.org/publication/unlicensed-untapped-removing-barriers-state-occupational-licenses/>

<sup>7</sup>[https://www.ncsl.org/Portals/1/Documents/employ/Licensing/State\\_Occupational\\_Licensing.pdf](https://www.ncsl.org/Portals/1/Documents/employ/Licensing/State_Occupational_Licensing.pdf)

<sup>8</sup><https://www.azleg.gov/legtext/54leg/1R/bills/HB2569P.pdf>

<sup>9</sup><https://nurse.org/articles/enhanced-compact-multi-state-license-eNLC/>; <https://www.ncsbn.org/nurse-licensure-compact.htm>

<sup>10</sup><https://www.emscompact.gov/>

<sup>11</sup><https://www.nasdtec.net/page/Interstate>

<sup>12</sup><https://thefga.org/research/licensing-fee-waivers-one-pager/>

<sup>13</sup><https://s27147.pcdn.co/wp-content/uploads/Toolkit-Fair-Chance-Licensing-Reform.pdf>

<sup>14</sup><http://professionallicensingreport.org/fair-chance-licensing-reforms-embraced-in-many-states/>