



THE BUCKEYE INSTITUTE

**Universal Occupational License Recognition
Can Help Fix Ohio's Worker Shortage
Problem**

Interested Party Testimony
Ohio House State and Local Government Committee
Ohio Senate Bill 131

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Thank you, Chairman Wiggam, Vice Chair John, Ranking Member Kelly, and members of the Committee, for the opportunity to testify regarding the policies in Senate Bill 131.

My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Senate Bill 131, like House Bill 203 passed earlier this year, builds on **The Buckeye Institute-inspired** policies enacted in Senate Bill 7 during the last General Assembly, which grants the spouses of active-duty military men and women who relocate to Ohio recognition for their valid out-of-state occupational licenses. That commonsense recognition allows transferred military spouses to continue working in Ohio in their chosen profession. The Buckeye Institute **supported** the policies in Senate Bill 7 and supports the policies in Senate Bill 131.

Occupational licensing laws especially burden military families as they move about the country, but they are not the only professionals who suffer when trying to make Ohio their home, and Senate Bill 131 could not arise at a more opportune time. As The Buckeye Institute has **highlighted**, in order for Ohio to maximize the economic promise of the new Intel and Honda plants the state must attract new skilled-labor professionals and make it easier for individuals licensed in good standing outside the state to work here.

Unfortunately, Ohio's current occupational licensing regime prevents many trained, licensed professionals from pursuing their careers here. Onerous licensing provisions require already-licensed workers to ask Ohio for permission to earn a living.

As The Buckeye Institute explained in ***Forbidden to Succeed: How Licensure Laws Hold Ohioans Back***, high fees and training requirements reduce an occupation's job growth by 20 percent because prospective workers who cannot afford to enter the occupation remain unemployed or underemployed. And Professor Morris Kleiner, the AFL-CIO chair in labor policy at the University of Minnesota's Humphrey School of Public Affairs, has **testified** that he and Alan Krueger, the former head of President Obama's Council of Economic Advisors, calculated that licensing laws cost between a half and one percent of jobs nationally in 2010.

Dr. Kleiner and his co-author also **estimated** that Ohio lost more than 67,000 total jobs due to occupational licensing. And for good reason. Occupational licensing restrictions make Ohio less competitive, less prosperous, and less attractive to entrepreneurs and their employees—telling skilled workers, in effect, your skills and training are insufficient here. Consider, for example, that an Ohio **HVAC contractor** must have five years of experience before being licensed here, but Michigan and Kentucky only require three and four years, respectively. Meanwhile, Illinois, Indiana, Missouri, and Pennsylvania have no state HVAC licenses at all, relying on local regulations instead.

Such job loss likely contributes to the state's emigration problems. In survey after survey, Ohio still ranks among the **top ten** states with the most outbound migration, an exodus that has **cost** Ohio yet another congressional seat. The 2021 Census data reinforce this concerning statistic,

showing Ohio's population **decline**, rather than the sluggish growth seen in recent decades is the problem. More troubling, is **data** showing that Ohio had the second slowest job growth in the nation and outpaced only Mississippi between September 2021 and 2022. Changing the occupational licensing regime is not a silver bullet to fix these troubling trends, but it can help reverse them.

In ***Universal Licensing Reciprocity: How to Welcome Workers to Ohio*** and a related **one-pager**, The Buckeye Institute extolled the benefits of Senate Bill 131's universal occupational license recognition that will make it easier for people with comparable out-of-state licenses to start or continue their careers in Ohio. Would-be Ohioans with similar licenses in good standing should not have to pay additional fees or take expensive, extraneous classes that do not make them any more qualified for or capable of doing their jobs. Instead, Senate Bill 131 would eliminate employment barriers, make Ohio more "open for business" for licensed professionals, and still protect public health and safety by ensuring that any necessary Ohio-specific knowledge is obtained and demonstrated. And Senate Bill 131 would ease the COVID-19 related shortage of healthcare workers including **physicians** and **nurses**, as well as the looming **teacher shortfall**.

Ohio would not be the first state to embrace universal recognition. So far **18 states** have embraced some form of universal recognition. This includes **Arizona, Missouri, Pennsylvania, New Hampshire**, and **Utah** among others. Ohio should follow their lead.

In fact, in order to address the healthcare shortages, for example, Ohio has already passed legislation to allow the state to join several national compacts for **doctors, nurses, and physical therapists**. Senate Bill 131 works in tandem with such compacts while opening the door to professionals from non-compact states and many other professions that may not have a national compact.

This Committee has reduced permission-slip burdens imposed on workers before, establishing the occupational licensing review process under Senate Bill 255 of the 132nd General Assembly—also **championed** by The Buckeye Institute. Senate Bill 131's licensing recognition builds upon that vital effort and will help Ohio by helping would-be Ohio workers pursue their careers and professions here.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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