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**State Senator Kristina Roegner**

Ohio’s 27th Senate District

Sponsor Testimony

Senate Bill 246

Senate Finance Committee

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Chair Schuring, Vice-Chair Rulli, Ranking Member O’Brien, and members of the Senate General Government and Agency Review Committee, thank you for the opportunity to testify on S.B. 246, which would establish universal occupational licensure reciprocity in Ohio.

In 1950, less than five percent of jobs required an occupational license nationwide. Today in Ohio that number is closer to 18% or almost 1 in 5.[[1]](#footnote-1) An occupational license is basically a government permission slip to do a certain job. Occupational licenses are generally designed with the best of intentions–to protect consumers and ensure that trained professionals have a certain minimum level of skill and proficiency in their given occupation.

However, the decision to license occupations comes with a cost. In Ohio there are 651 different occupational licenses for which an applicant must first jump through a variety of typically time-consuming and expensive hoops—attending classes, taking exams, paying fees, etc. The Brookings Institution has shown that occupational “licensing reduces employment growth and limits job opportunities, especially for low-income individuals,” who might find these barriers to entry cost prohibitive – resulting in less economic mobility and more income inequality. [[2]](#footnote-2) At the macroeconomic level, a trio of University of Minnesota and Princeton economists estimate that occupational licensing results in 2.8 million fewer jobs nationwide and costs consumers $203 billion a year.[[3]](#footnote-3) In short, occupational licensing in America has sprawled out of control and is now less about consumer protection than it is about economic protectionism.

Furthermore, as most occupations are licensed state-by-state, a valid license in one state often will not easily transfer to a new state. This can create real hardships for those who cannot easily bear the costs of being re-licensed and can also reduce public access to trained professionals in underserved areas. Researchers at the University of Minnesota have found that the interstate migration rate for individuals in occupations with state-specific licensing exam requirements is 36% lower relative to members of other occupations. [[4]](#footnote-4) In other words, a state that refuses to recognize occupational licenses from other states significantly deters people from moving there.

However, there is good news: occupational licensure reciprocity reform is an issue that has significant bipartisan support.

A 2015 Obama Administration report on occupational licensing recommended: “State legislators and policymakers **should adopt institutional reforms that promote a more careful and individualized approach to occupational regulation that takes into account its costs and benefits, and harmonizes requirements across States**. If they are successful, the collective effect of their efforts could be substantial: making it easier for qualified workers to find jobs and move where they choose, increasing access to essential goods and services” It went on to say that “Instituting a more rational approach to occupational regulation would improve economic opportunity and allow American workers to take advantage of new developments in today’s economy.” [[5]](#footnote-5)

The Trump Administration also supports occupational licensure reform. The Federal Trade Commission has been working on strategies to reduce “hurdles to job growth and labor mobility by encouraging states to reduce unnecessary and overbroad licensing regulation.”[[6]](#footnote-6) In fact, a recent FTC report recommended states pursue strategies for enabling individuals in licensed professions to work across state lines. The former Chairwoman of the FTC has noted that “Most occupations are licensed state-by-state, meaning that a valid license in one state often will not easily transfer to a new state. This can create real hardships for those who cannot easily bear the costs of being relicensed and can also reduce public access to trained professionals. “ [[7]](#footnote-7)

Moreover, Arizona took a tremendous leap forward earlier this year with its decision to recognize out-of-state occupational licenses. President Trump noted publicly that he hopes “other states are going to follow Arizona’s lead.”[[8]](#footnote-8)

Ohio has also recently taken a great first step with the passage of S.B. 7 which provides occupational license reciprocity for military spouses. During the hearings there was never any question or concern about the health safety and welfare with respect to license reciprocity. And why should there be? As a General Assembly, we recognized that people do not forget their skills when they cross a state line. Obviously, this tenet is true regardless of whether they are married to someone in the military or not. S.B.7 passed both chambers unanimously.

Offering full license and certification reciprocity, S.B. 246 expands on S.B. 7 and is modeled after the Arizona’s House Bill 2569. Arizona’s bill, which was signed by Governor Ducey in April, requires Arizona’s licensure boards to recognize out-of-state licenses if the applicant meets certain conditions: their license is in good standing, they meet certain work experience requirements, and they pass any necessary criminal backgrounds checks - to name a few.

To summarize, the goal of this bill is to promote economic growth in Ohio by:

* Removing unnecessary licensure hurdles and welcoming skilled workers to our state;
* Providing Ohio businesses with additional skilled labor necessary to compete at a national level;
* Increasing access to trained professionals in underserved areas.

S.B. 246 recognizes that workers licensed in other states do not lose their skillsets when they move to Ohio. Arizona and Pennsylvania have already recognized this. It’s time for Ohio to do so as well.

Before concluding, I would like to thank my joint sponsor, Senator McColley, who will provide further details of S.B. 246 in just a moment as well as Representatives Powell and Lang who are carrying companion legislation in the Ohio House for their work and support on this issue.

Thank you for the opportunity to provide sponsor testimony. With the chair’s indulgence, I would ask that questions be held through the conclusion of Senator McColley’s testimony.

1. <https://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/reforming_occupational_licensing_morris_kleiner_final.pdf> [↑](#footnote-ref-1)
2. <https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf> [↑](#footnote-ref-2)
3. <http://www.ncsl.org/Portals/1/Documents/employ/Licensing/State_Occupational_Licensing.pdf> [↑](#footnote-ref-3)
4. <https://www.minneapolisfed.org/research/sr/sr561.pdf> [↑](#footnote-ref-4)
5. <https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf> [↑](#footnote-ref-5)
6. <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-staff-report-examines-ways-improve-occupational-license> [↑](#footnote-ref-6)
7. <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-staff-report-examines-ways-improve-occupational-license> [↑](#footnote-ref-7)
8. <https://www.azcentral.com/story/news/politics/arizona/2019/06/13/trump-says-ducey-doing-fantastic-job-applauds-new-occupational-licensing-law-white-house-meeting/1451076001/> [↑](#footnote-ref-8)