

How Universal Recognition Reform Matters in Ohio

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Chair Wiggam, Vice Chair John, Ranking Member Kelly, and all distinguished members of the House State and Local Government Committee:

Thank you for allowing me to testify regarding licensing reform in Ohio. I am an Assistant Professor of Economics at University of Cincinnati, Blue Ash. I am also a research affiliate with the Knee Center for the Study of Occupational Regulation at West Virginia University.

The main takeaways of my comments are the following:

1. According to surveys Ohio ranks among the top 10 states experiencing the most outbound migration.¹
2. Almost one in five working Ohioans—18.1 percent of the state’s workforce—was required to be licensed.² Ohio was ranked the sixth most stringent occupational licensing regime in the United States.³ Ohio’s stringent occupational licensing reduces employment by as much as 27 percent.⁴
3. Relicensing workers is time consuming and expensive and makes Ohio less attractive compared to the 18 states that already have universal recognition laws.

Where does Ohio stand? – Impact of universal recognition on other states

Research by Dr. Morris Kleiner, the AFL- CIO chair of labor policy at the University of Minnesota, has shown that Ohio has lost nearly 70,000 jobs and workers due to occupational licensing. U.S. Census data indicate that Ohio’s overall population is shrinking. Meanwhile, states like Arizona have already adopted universal recognition and opened doors for out-of-staters to work. This

¹ <https://www.buckeyeinstitute.org/blog/detail/cupp-should-lead-universal-occupational-licensing-reform>

² Morris M. Kleiner and Evgeny S. Vorochnikov, *At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing* (Arlington, VA: Institute for Justice, November 2018).

³ William P. Ruger and Jason Sorens, *Freedom in the 50 States: An Index of Personal and Economic Freedom*, 6th ed. (Washington, DC: Cato Institute, 2021).

⁴ Peter Blair and Bobby Chung, “How Much of Barrier to Entry Is Occupational Licensing?,” *British Journal of Industrial Relations* 57, no. 4 (2019): 919–43.

reform will increase the workforce in Arizona by 45,000 people and increase the state's GDP by \$1.5 billion over the next decade.⁵ Pennsylvania, Missouri, and more than 15 other states have already enacted strong licensing reforms of their own to attract new businesses and workers.

Overall Bae and Timmons (2022)⁶ found that universal recognition increased migration of licensed individuals into states with the policy relative to states without. They also found strong evidence that the policy improved the interstate mobility of individuals with potentially high relicensing costs due to state-specific licensing exams.

Deyo and Plemmons (2022) suggested that counties without universal recognition bordering states with universal recognition experience a net loss of eleven tax filers, twenty-two dependents, and \$1.72 million in adjusted gross income.⁷

Current licensing burden in Ohio

To enter a licensed occupation in Ohio, a worker or entrepreneur undergoes training required by law and pays a licensure fee. Of the 31 moderate-income occupations requiring licensure in Ohio, 15 require hundreds or thousands of hours of training and experience. As an example, aspiring makeup artists in Ohio must complete cosmetology training costing \$12,000 in foregone wages. This becomes more onerous when these people have similar training in other states. This also makes Ohio less competitive compared to other states adopting universal recognition laws.⁸

Ohio has been recognized as a state with the most expensive licenses in the region, making Ohio less attractive to investment and more hostile for entrepreneurs. Ohio cannot be a competitive job creator compared to its surrounding states with more accessible labor markets.

Universal recognition can make a revolutionary change in the labor market of Ohio by opening the doors for skilled workers from out of the state to enhance economic growth.

⁵ <https://www.buckeyeinstitute.org/research/detail/the-buckeye-institute-leads-coalition-urging-ohio-lawmakers-to-adopt-universal-occupational-license-recognition>

⁶ Kihwan Bae and Edward Timmons. "Now You Can Take It with You: Estimating the Effects of Universal Recognition on Interstate Migration" (Working Paper)

⁷ Deyo, Darwynn, and Alicia Plemmons. "Have license, will travel: Measuring the effects of universal licensing recognition on mobility." *Economics Letters* 219 (2022): 110800.

⁸ <https://www.buckeyeinstitute.org/library/doclib/Forbidden-to-Succeed-How-Licensure-Laws-Hold-Ohioans-Back.pdf>