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Sponsor Testimony

Senate Bill 131

Ohio Senate Workforce and Higher Education Committee

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Chair Johnson, Vice-Chair Cirino, Ranking Member Williams, and members of the Senate Workforce and Higher Education Committee, thank you for the opportunity to testify on S.B. 131, which would establish universal occupational licensure reciprocity in Ohio. S.B. 131 is a reintroduction of S.B.246 from the 133rd General Assembly, with the “As Introduced” version of the bill picking up where work paused in December.

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 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 over 650 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

1

https://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/reforming_occupational_licensing_morris_kleiner_final.pdf

prohibitive – resulting in less economic mobility and more income inequality.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 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 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

² https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf

³ http://www.ncsl.org/Portals/1/Documents/employ/Licensing/State_Occupational_Licensing.pdf

⁴ <https://www.minneapolisfed.org/research/sr/sr561.pdf>

⁵ https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf

The Trump and Biden Administrations also have supported occupational licensure reform. The Federal Trade Commission’s “Economic Liberty Task Force” has been working to reduce “hurdles to job growth and labor mobility by encouraging states to reduce unnecessary and overbroad licensing regulation.”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

Moreover, Arizona recently took a tremendous leap forward 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

Ohio’s passage of S.B. 7 was a great first step towards occupational license reciprocity in the state, providing occupational license reciprocity for military spouses. During the hearings on the bill 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. 131 expands on S.B. 7 and was originally modeled after the Arizona’s House Bill 2569. Arizona’s bill, which was signed by Governor Ducey in April 2019, 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. This bill does the same.

⁶ <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-staff-report-examines-ways-improve-occupational-license>

⁷ <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-staff-report-examines-ways-improve-occupational-license>

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/>

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. 131 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. 131 in just a moment, as well as Representative Powell who is carrying companion legislation in the Ohio House.

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.

Thank you Senator Roegner. One of the most common complaints I hear from employers in the 1st Senate District is that businesses want to expand, but there aren't enough skilled workers to fill new openings. Yet, right now in Ohio, licensed workers coming from other states may have to repeat their education and training to work here, costing them precious time and money. Imagine packing up your family and moving all the way across the country, only to find that you can't do your job in your new home state because your license doesn't reciprocate. This does no favors for employers and workers alike, and if we truly want to expand Ohio's workforce, we need to get these regulatory roadblocks out of the way.

As you may remember, in the 132nd General Assembly, I sponsored a broad, sweeping occupational licensure reform that created a regular occupational

licensure review process for the legislature. In addition, this past year the Senate passed Senate Bill 7 into law, which grants occupational license reciprocity for military spouses. These reforms represent great progress for Ohio workers, businesses, and families, but the work is far from done.

Now, Senator Roegner and I have introduced legislation to allow *any* out-of-state licensee in good standing to obtain an Ohio license to practice their profession.

The bill accomplishes this by utilizing existing licensing authorities to administer licenses and rules, but requires the boards to grant a license to an applicant with an existing out-of-state license if the following conditions are met:

1. The applicant holds an out-of-state license or government certification for the same profession or occupation and at the same level of practice for which they are applying
2. The applicant has held that license or certification for at least one year
3. The applicant is in good standing in all jurisdictions in which they are licensed to practice their profession
4. The applicant satisfied minimum education, training, or experience requirements or passed an exam to receive their out-of-state license
5. The applicant has not surrendered a license or had a license revoked because of negligence or intentional misconduct related to their occupation
6. The applicant is not disqualified from obtaining a license or certification because of criminal offenses

If Ohio licenses their profession, but their home state does not, an applicant can also qualify for an Ohio occupational license if they have **three** years of experience at the same practice level, or a private certification and at least **two** years of experience at the same practice level. In addition, they must also be in good standing, not have had a license revoked or surrendered, and not be disqualified from having a license because of criminal offenses. This bill goes a step further, by recognizing that those who have learned a skilled trade while in the military maintain that knowledge as they transition to civilian life. Authorizing our veterans who have entered civilian life to make use of the skills and knowledge gained

during their service to our country allows them to continue doing what they know and love right here in the Buckeye State.

Simply put, if all of these conditions are met - if someone is trained and experienced in their field and has demonstrated the ability to do their job - there is absolutely no good reason we should prevent them from making a living in Ohio. Rather than force new Ohioans to repeat training for a profession they already know, we should be making it as simple as possible for them to make Ohio their home. This legislation will return common sense to the process, and allow workers from all over the country to come here and contribute to Ohio's workforce.

Thank you again, Chairman Johnson and members of the committee for giving us the opportunity to testify today on Senate Bill 131. We would be happy to answer any questions you may have.

