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The White House

Office of the Press Secretary

For Immediate Release

June 17, 2016

FACT SHEET: New Steps to Reduce Unnecessary Occupation Licenses that are Limiting Worker Mobility and Reducing Wages

Today nearly one-quarter of all U.S. workers need a government license to do their jobs. The prevalence of occupational licensing has risen from less than 5 percent in the early 1950s with the majority of the growth coming from an increase in the number of professions that require a license rather than composition in the workforce. While licensing can offer important health and safety protections to consumers, as well as benefits to workers,

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the current system often requires unnecessary training, lengthy delays, or high fees. This can in turn artificially create higher costs for consumers and prohibit skilled American workers like florists or hairdressers from entering jobs in which they could otherwise excel.

Research shows that licensing can not only reduce total employment in licensed professions, but also that unlicensed workers earn roughly 7 percent lower wages than licensed workers with similar levels of education, training, and experience. In addition, the patchwork of state-by-state licensing rules leads to dramatically different requirements for the same occupations depending on the state in which one lives, burdening workers who aim to move across state lines—including, for example, military spouses who move frequently.

In July 2015, the White House put out a set of best practices for state policymakers to enact reforms to reduce the prevalence of unnecessary and overly broad occupational licenses that are hurting workers and consumers. Today the Administration is taking additional steps towards occupational licensing reform.

- **First Ever Federal Funding Available for Occupational Licensing Reform.** Licensing requirements often vary dramatically across State lines, meaning that licensed individuals seeking to move to another State often face procedural hurdles, paperwork, and fees, including sometimes the need to complete additional training. To address these challenges, today the Department of Labor is announcing \$7.5 million for organizations to work with groups of states to design and implement approaches that enhance the portability of licenses across states and reduce overly burdensome licensing restrictions in general.

- **State Progress on Occupational Licensing Reform following White House call to action.** In July 2015, the White House put out a [call to action and set of best practices](#) for state policymakers to enact reforms to reduce the prevalence of unnecessary and overly broad occupational licenses that are hurting workers and consumers. Since the release of the White House report and recommendations last year, legislators in at least 11 states have proposed 15 reforms in line with these recommendations, and four state bills have passed so far.
- **Federal Action to Reduce Licensing Barriers for People with Criminal Records.** In April 2016, the President also [directed](#) federal departments and agencies to ensure that federally-issued occupational licenses are not presumptively denied on the basis of a criminal record.

More Details on Today's Announcements

First Ever Federal Funding Available for Occupational Licensing Reform

Since most occupations are licensed at the State level, licensed practitioners typically have to acquire a new license when they move across State lines. Analysis shows that licensed workers who relocate are 24 percent less likely than unlicensed workers to move across state lines

This may be because getting a license in a new state can entail various procedural hurdles, such as paying fees, filling out administrative paperwork, and submitting an application and waiting for it to be processed. Moreover, since each State sets its own licensing requirements, these often vary across State lines, and licensed individuals seeking to move to another State often discover that they must meet new qualifications. For example, Michigan requires three years of

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education and training to become a licensed security guard, while most other States require only 11 days or less. South Dakota, Iowa, and Nebraska require 16 months of education to become a licensed cosmetologist, while New York and Massachusetts require less than 8 months. The resulting costs in both time and money can discourage people from moving, or for those who must relocate, may compel them to leave the career.

To address these challenges, today the Department of Labor is announcing \$7.5 million for organizations to work with groups of states to design and implement approaches that enhance the portability of licenses across states and reduce overly burdensome licensing restrictions in general. This funding represents the first ever Congressional appropriation, provided through the 2016 Omnibus, to address occupational licensing reforms. Recently the Senate included \$8.5 million to support the continuation of this effort next year in their markup of the 2017 budget.

Grants will be awarded to one or more non- profits working with three or more states to achieve two main objectives:

- Identify unnecessary licensing criteria to ensure that existing and new licensing requirements are not overly broad or burdensome and that they do not create unnecessary barriers to labor market entry; and
- Improve portability and reciprocity provisions for selected occupational licenses across State lines. These provisions mean that states harmonize what is required to get a license and accept licenses from other states rather than making workers meet additional requirements such as new training, assessments, or fees.

State Progress on Occupational Licensing Reform

following White House call to action

In July 2015, the White House engaged state legislators with a [set of best practices](#) for state policymakers to enact reforms to reduce the prevalence of unnecessary and overly broad occupational licenses that are hurting workers and consumers. Since then, we have actively engaged state policymakers from across the country around implementation of these reforms.

White House Best Practices for State Occupational Licensing Reform

- Ensure that licensing restrictions are closely targeted to protecting public health and safety, and are not overly broad or burdensome (for example, removing blanket exclusions for the formerly incarcerated in cases where such exclusions are not necessary);
- Establish or strengthen sunrise review processes so that when a new licensing proposal comes up, there is a mechanism in place to weigh the costs and benefits of that proposal, and ensure that its benefits outweigh its costs before it is put into law; and
- Expand reciprocity agreements and harmonize licensing requirements to increase workers' mobility across State lines.
- Streamline licensing for military service members and veterans.
- Limit licensing exclusions for individuals with criminal records to offenses that are relevant and recent.

Since the release of the White House report and recommendations last year, legislators in 11 states have proposed 15 reforms in line with these recommendations, and four bills have passed so far. Proposed and passed bills

include:

- **Georgia.** Georgia recently passed a criminal justice reform [law](#) that—among other things—prevents professional licensing boards from using a felony record as a basis for denying a license unless the record is relevant to the license sought.
- **Michigan.** Michigan passed a [law](#) making it easier for out-of-state firefighters to become licensed when they move into the state. Michigan has also created [professional licensing guides](#) for skilled immigrants seeking to use their education and skills acquired abroad in their new home.
- **Illinois.** Illinois passed a [law](#) that prevents licensing boards from using criminal records as the sole basis for denying a license in several professions, unless the record directly relates to license being sought.
- **Alabama.** Alabama introduced a bill prohibiting licensing boards from inquiring into the conviction history of an applicant for a license until after the applicant is found to be otherwise qualified for a license, except when a conviction is directly related to the license being sought.
- **Vermont.** Vermont introduced a [bill](#) strengthening its cost-benefit review process to weigh the benefits of specific licensing restrictions in terms of protecting public health and safety against its costs for workers including an assessment of whether the education and training required is commensurate with protecting public interests.
- **Kansas.** Kansas introduced a [bill](#) that prevents licensing boards from using a felony record as a basis for denying a license unless the record is relevant to the license sought
- **Delaware.** Governor Jack Markell issued an [executive](#)

order establishing a state Professional Licensing Review Committee. Among other things the committee is charged with conducting a comprehensive analysis of existing professional licenses to ensure that they are not overly burdensome; to consider how Delaware's licensing requirements compare to those in neighboring states; and to propose best practices for future licensing reform

- **Minnesota:** After establishing a Foreign-Trained Physician Task Force, Minnesota passed a **bill** that to address barriers to practice and support pathways to licensure for **immigrant and refugee physicians**. It has also funded a collaborative **urban educator grant program** that is recruiting, retaining, and licensing immigrant and refugee teachers.

The President is continuing to call on states to pass reforms in line with the Administration's recommendations to reduce the prevalence of unnecessary and overly broad occupational licenses.

Federal Action to Reduce Licensing Barriers for People with Criminal Records

People with a criminal record are more likely to succeed and not recidivate if they have a good job. To give these individuals an opportunity to prove themselves, in April 2016, the President **directed** federal departments and agencies to ensure that federally-issued occupational licenses are not presumptively denied on the basis of a criminal record. The Department of Justice also recently **announced** that it will support technical assistance for states pursuing similar initiatives as part of \$5 million grant solicitation focused on improving reentry.

A criminal record is often a major barrier to obtaining

employment in a licensed field. Data from the American Bar Association show occupational licensing restrictions are also particularly problematic for people with criminal records with more than 27,000 state occupational licensing restrictions for this population. In these States, in many cases, a licensing board may deny a license to an applicant who has a criminal conviction, regardless of whether the conviction is relevant to the license sought, how recent it was, or whether there were any extenuating circumstances.

Building on Progress

- Developing Strategies for Addressing Licensing Barriers for Skilled Immigrants.** Many immigrants and refugees arrive in the United States having already completed extensive education and job training, or with significant work experience abroad. However, all too often they face challenges to fully utilizing these skills, including barriers to licensing. In March 2016, the White House Task Force on New Americans issued a call for letters of interests from state and local communities to participate in the Task Force's National Skills and Credential Institute. This peer-learning forum aims to help state and local leaders develop strategies to facilitate licensing and credentialing for skilled immigrants. The Institute will welcome 18 communities from 17 states to the White House later this month.



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