Barriers to Work:
Improving Employment in Licensed Occupations for Individuals with Criminal Records

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Approximately 77 million Americans, or one in three adults, have a criminal record. Having a criminal record can make it difficult, or even impossible, for an individual to work in a given field, especially one that requires an occupational license. In 2014, employment barriers faced by people with felony convictions—including occupational licensing and other challenges, such as lower levels of education and job skills—were associated with a reduction in the overall employment rate. This amounted to a loss of at least 1.7 million workers from the workforce and a cost of at least $78 billion to the economy.1

While occupational licensing can create hurdles for certain workers, individuals with criminal records can face additional challenges in finding and maintaining employment—a critical aspect of reducing recidivism. Individuals with criminal records face many barriers to licensure including both those codified in federal and state law and those found in implicit biases. The National Inventory of Collateral Consequences of Conviction (the NICCC), catalogs over 15,000 provisions of law in both statute and regulatory codes that limit occupational licensing opportunities for individuals with criminal records2.

The increase in licensing requirements and the lack of uniformity of these requirements across occupations can have significant costs to individuals with criminal records, society, and the economy, in the form of lost hours of labor, higher crime rates, and the lost potential of the individual.3

What is an occupational license?
An occupational license is a credential that government—most often states—requires a worker to hold in certain occupations. Aspiring workers must meet state-specific educational, training, testing and other requirements to practice in a licensed profession. Occupational licenses are mandatory in the relevant jurisdiction, intended to set professional standards and ensure safety and quality of work, and are time-limited. Violation of the terms of the license can result in legal action.
Demographic and Economic Information

Research shows that among all individuals with criminal records, communities of color are most impacted by incarceration and most put at a disadvantage by their criminal histories when seeking future employment. While African-Americans make up only 12.6 percent of the general population, they constitute 27 percent of all arrests. African-American males between the ages of 18 and 19 are 11.8 times more likely to be incarcerated than white men of the same age and African-American females are twice as likely to be imprisoned than white females.  

Impacts of Occupational Licensing

Licensure laws and regulations that are overly burdensome or restrictive create barriers to economic stability for individuals with criminal records. Research has shown that people require a combination of family support, community assistance and economic opportunity to stay out of the criminal justice system. Access to employment is a critical component of this web of support, as a steady job provides financial resources and social connections that build motivation. However, occupational licensing requirements can be among the most difficult barriers faced by people with criminal records seeking to enter the workforce.

For instance, occupational licensing statutes in a number of states have blanket prohibitions on awarding licenses to those with a criminal record. Some states’ laws contain an automatic disqualification, which prohibits a person with a felony conviction from obtaining an occupational license, regardless of whether the offense is directly related to the practice of the occupation or poses a substantive risk to public safety. In addition, licensing laws often contain “good-character” or “good moral character” provisions that grant licensing boards broad discretion to deny applications due to an applicant’s criminal history, including convictions for minor offenses and sometimes arrests that never led to a conviction. Even states that do not have these explicit “good character” provisions in their licensing laws may nonetheless have very minimal restrictions on the ability of licensing boards to reject a license application based largely on the criminal history of an applicant.

The costs associated with licensure can also be a barrier for people with criminal records, particularly those who were formerly incarcerated. The fees related to training, education, acquisition, and maintenance of a license are all challenges for the formerly incarcerated, who often have limited income and other court-ordered monetary sanctions that further inhibit their economic standing.
Policy Barriers to Employment

BLANKET BANS

Many state licensing laws include some type of blanket disqualification that include automatic prohibitions for people with criminal records—particularly for felony convictions that are deemed “violent” or “serious” offenses. The National Inventory of Collateral Consequences of Conviction, a searchable database of the collateral consequences in all U.S. jurisdictions, catalogs over 6,000 mandatory occupational licensing consequences for people with criminal records. This means that boards have no discretion to grant a license or forgo imposing a license penalty if an individual has a disqualifying conviction. For many state leaders, a statute that creates an automatic, lifetime ban against anyone with a “violent” felony or a “sex offense” for an occupational license may seem reasonable. However, even assuming one’s record is accurate, such categories and labels can be misleading if licensing boards do not use due diligence to examine the nature of the offense.

For example, seeing an “assault” on a person’s criminal record may imply a propensity for violence but without knowing the circumstances of the offense—such as age, frequency or context—an automatic denial could unfairly exclude strong applicants. In addition, frequently unreliable background checks also present grave challenges in applying blanket bans in licensing decisions. A report by the U.S. Bureau of Justice Statistics showed that of the 25.9 million fingerprint records processed by states and territories in 2016, 44 percent were used for criminal justice purposes and 14,623,300 were used and submitted for licensing, employment and regulatory purposes. These fingerprint records may include juvenile records, which may be confidential, “arrests without disposition” (with no charges or charges with no conviction), expunged or sealed records, or information that a person acquired due to misidentification or identity theft.

“GOOD MORAL CHARACTER” CLAUSES

While public health and safety dictate that some criminal convictions should disqualify applicants for certain kinds of jobs, in many cases, a criminal conviction of any kind may be a bar to licensure. Licensing regulations often refer broadly to “good moral character” as a requirement for holding a license, and in practice this has, in many cases, been interpreted to ban individuals with any criminal record. Licensing authorities in these instances are left to analyze what constitutes “good moral character” without much guidance. This may lead to a licensing process that lacks transparency, predictability and consistency, making it harder for workers to determine if their past conviction may be disqualifying for a certain profession. People with criminal records might take on a substantial risk if they invest their time and money to train and meet the required educational parameters for an occupation, only to be barred in the licensing process.
COST

The impact of the cost of occupational licensing requirements is compounded for people who were formerly incarcerated. Individuals and their families experience loss of income during the incarceration period and are then faced with a lack of income to support themselves upon release. Many formerly incarcerated people struggle with homelessness as a result of their inability to obtain stable employment and certain housing restrictions placed on people with criminal records. In Los Angeles and San Francisco, for example, between 30 percent and 50 percent of all parolees are homeless. In addition, jurisdictions across the country are increasingly assessing fines and fees, called legal financial obligations (LFOs), on people who move through the criminal justice system. These fees require them to pay thousands of dollars, with interest, or face incarceration. For instance, in 2016, on average, people in Washington state were sentenced to LFOs of $1,347. These fees may include the costs for bench warrants, filings with the clerk, court-appointed attorneys, crime-lab analysis, jury fees, and even incarceration costs. Some states also charge for restitution and the cost of collecting these debts.

Looking to gain employment, formerly incarcerated people may decide to invest their time and scarce income in pursuing a licensed occupation and potentially find out after completing the requirements that they are disqualified due to their criminal record. Although licensing requirements vary by state, a person who wants to pursue a career as a licensed barber, for example, may have to pay between $70 and $165, have over a year of education and experience, and complete an average of two exams. Because all 50 states and D.C. require a license to work as a barber, moving across state lines does not offer relief from these restrictions to licensure in many cases.

Occupational licensing costs also present a barrier for potential entrepreneurship in licensed occupations for people with criminal records. For example, makeup artists, an occupation that is primarily entrepreneurial in nature, are licensed in 36 states. According to the Institute for Justice, the average cost is $116 in fees, in addition to between three and nine months of education and experience, and two exams.
Policy Options

Occupational licensure requirements can have a range of impacts on individuals with criminal records and policymakers across the country are considering ways to address those barriers. The policy options reviewed below focus specifically on those relevant to this population, but it is important to note that broader reforms can also impact individuals with criminal records. Information on broader tools and frameworks that can be used to help refine a state’s regulatory approach are outlined in “The State of Occupational Licensing: Research, State Policies and Trends,” available at www.NCSL.org/stateslicense. It is worth noting that specific to this population, states’ policies focus on the twin goals of seeking to encourage rehabilitation of criminal offenders while also protecting public safety.

Examples of some common state approaches to licensing policy that impact individuals with criminal records are as follows:

Targeted Approaches

RELEVANCY LIMITATIONS

States that favor reform to licensing policies that exclude people with convictions have aimed to “refrain from categorically excluding individuals with criminal records, and instead exclude those individuals whose convictions are recent, relevant, and pose a threat to public safety.” Prohibiting these “blanket bans” on occupational licensing for people with criminal records allows licensing entities to consider each application on its merits and allow qualified applicants to move into the workforce. Proponents argue that it may also allow people with criminal records the opportunity to explain inconsistencies in background checks and permit licensing agencies to carefully evaluate information in background checks, including an arrest that did not lead to a conviction. More states, including New Jersey and Oklahoma, are being clear and explicit in their licensing policies that in cases of denials or revocations based on a criminal conviction, the conviction should have a “direct, rational, or reasonable relationship” to the duties of the occupation.

- Example: At least nine states—Arkansas, California, Connecticut, Illinois, Indiana, Michigan, New York, New Mexico, and Pennsylvania—prevent occupational licensing agencies from considering arrests that did not lead to convictions. In states like New Hampshire, a licensing agency cannot deny a license on the basis of a prior conviction, unless the agency has considered the nature of the crime and whether there is a direct relationship to the occupation. The agency may also consider factors such as the time since the conviction and rehabilitation efforts.

MODIFICATION OF MORALITY CLAUSES

In order to create more transparency and fairness in the licensing process and provide licensing entities more guidance in their treatment of criminal records, some states have chosen to remove vague and broad standards. Examples include “good moral character” and restrictions against “moral turpitude” offenses to provide more clarity on exclusionary convictions. This also allows potential applicants, with the specified offenses, to be more prudent in selecting occupations where those disqualifications are clear.

- Example: As part of broader efforts on criminal justice reform, lawmakers in Kentucky disallowed licensing boards in the state from requiring that applicants possess vaguely defined “good moral character.”

ESTABLISHMENT OF PRE-QUALIFICATION STANDARDS

Some states have mandated that licensing entities allow people with criminal records to petition the board for a “pre-qualification” opinion. Pre-qualification allows an applicant to get a determination on eligibility before going through the licensing application process. In these cases, licensing boards are required to explicitly list disqualifying offenses and are able to notify applicants if their particular offense will disqualify them from licensure. This process helps to ensure that people with criminal records can devote their time and resources into pursuing occupations that will lead to gainful employment.
• Example: In 2018, Arizona enacted legislation giving licensure applicants the authority to seek a predetermination from an agency as to whether the criminal record is a disqualifying offense for an occupational license.26

CERTIFICATION OF REHABILITATION

• Another policy option chosen by some states is to offer people with criminal records the opportunity to secure certificates of rehabilitation or certificates of employability that would open the door to receiving occupational licenses. Although the application of these certificates varies from state to state, they “may be used to provide a way for qualified people with criminal records to demonstrate rehabilitation or a commitment to rehabilitation,”27 and to relieve barriers to jobs and licenses. Certificates of rehabilitation may also be a viable option for states that have yet to adopt comprehensive record closure laws (expungement/sealing) since some are able to “directly limit the application of collateral consequences”28 while not removing information from a person’s record or limiting public access.

• Example: At least 12 states now make certificates of rehabilitation available through the court system and a few others through administrative agencies. They include California, Colorado, Illinois, North Carolina, Maryland, New Jersey, New York, Ohio, Rhode Island, Tennessee, Vermont and Washington.29

As states consider occupational licensing policy options, data collection can also be an important piece of the governing language. Collecting applicant demographic data can help identify who is excluded from licensed work. Data collection also allows states to understand the effects of the licensing policy and be able to identify and address any gaps that may arise. However, a significant limitation to data collection is the inability to determine who is not applying for a license due to existing regulations or uncertainty of how standards are applied.

Conclusion

Recognizing the barriers people with a criminal history face to entering the labor market, state policymakers across the country are actively addressing the challenges through legislation and executive orders. Blanket bans, “good moral character” requirements and licensing fees can all be particularly difficult barriers for this population to overcome, which may ultimately be restricting a significant portion of workforce supply. Through policy options that include ensuring convictions are recent and relevant, the modification of statutory morality clauses and the implementation of pre-qualification standards or certificates of rehabilitation, policymakers can reduce unintended barriers to the labor market for individuals with criminal records.
## Selected Recent Actions in the States

<table>
<thead>
<tr>
<th>State</th>
<th>Type</th>
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<tbody>
<tr>
<td>AZ</td>
<td>Legislation, enacted</td>
<td>H.B. 2290—Authorizes use of provisional licenses for ex-offenders—valid for not more than one year, as specified by licensing department.</td>
<td>05/01/2017—Signed</td>
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<tr>
<td>AZ</td>
<td>Legislation, enacted</td>
<td>S.B. 1436—Authorizes a person with a criminal record to seek a predetermination from an agency as to whether the criminal record is a disqualifying offense for an occupational license. Requires a determination—written findings of facts and conclusions of law—by the agency within 90 days. Requires an annual report.</td>
<td>04/11/2018—Signed</td>
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<tr>
<td>AZ</td>
<td>Executive Order</td>
<td>Exec. Order No. 3—Directs each regulatory board to review all licensing requirements, including whether applicants with criminal records are completely barred from licensing or may be denied a license based on character. Requires boards to report number of applicants, in the past five years, denied a license due to character concerns related to criminal history. Exec. Order No. 3</td>
<td>3/29/2017—Signed</td>
</tr>
<tr>
<td>CT</td>
<td>Legislation, enacted</td>
<td>H.B. 5764—Prohibits state or national criminal history checks as a prerequisite to licensure for barbers, hairdresser, cosmeticians.</td>
<td>7/6/2017—Signed</td>
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<tr>
<td>DE</td>
<td>Legislation, enacted</td>
<td>S.B. 59—Allows certain boards to grant a waiver of convictions determined to be substantially related to each respective practice. Changes the waiting period from five years after the discharge of all sentences to five years from the date of conviction for a felony and Removes the five-year limitation for misdemeanors in its entirety.</td>
<td>6/8/11—Signed</td>
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<tr>
<td>DE</td>
<td>Legislation, enacted</td>
<td>H.B. 97—Relating to cosmetology and barbering. Modifies the impact of criminal history on an applicant's eligibility for licensure by giving the board discretion to grant waivers for a felony conviction for crimes committed against a person where more than three years have elapsed, and more than two years have elapsed for other felonies. The Board is precluded from considering a conviction where more than 10 years have elapsed since date of conviction.</td>
<td>3/8/18—Signed</td>
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<tr>
<td>DE</td>
<td>Executive Order</td>
<td>Exec. Order No. 60—Establishes the Delaware Professional Licensing Committee to conduct a comprehensive analysis of all commissions, boards and agencies, and recommend best practices to assist the state in meeting “its twin goals” of encouraging public safety and ensuring residents can enter the occupation of their choice. The final committee report outlined recommendations to remove unnecessary barriers to persons with criminal records.</td>
<td>04/20/16—Signed</td>
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<tr>
<td>GA</td>
<td>Legislation, enacted</td>
<td>H.B. 328—Provides greater employment opportunities for individuals who have had interactions with the criminal justice system.</td>
<td>05/05/2015—Signed</td>
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<tr>
<td>GA</td>
<td>Legislation, enacted</td>
<td>S.B. 367—Requires professional licensing boards to consider certain factors relating to felonies before denying a license to an applicant or revoking a license and to provide for probationary licenses for participants in accountability courts.</td>
<td>04/27/2016—Signed</td>
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<tr>
<td>IL</td>
<td>Legislation, enacted</td>
<td>S.B. 1688—Comprehensive criminal justice bill. Directs department of professional regulation to publish an annual report showing number of applicants for new licenses, number with a criminal conviction, number of applications granted and denied, and number granted and denied with criminal history record.</td>
<td>8/24/2017—Signed</td>
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<tr>
<td>IN</td>
<td>Legislation, enacted</td>
<td>H.B. 1245—Allows applicants to seek a determination, before going through the application process, as to whether the individual’s prior conviction will disqualify the individual from receiving the license or certification.</td>
<td>03/21/2018—Signed</td>
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<td>KY</td>
<td>Legislation, enacted</td>
<td>S.B. 120—Affords an applicant an opportunity to be heard before the board denies a license based on a criminal conviction. Repealed section 335B.040, which allowed denial of license on ground of absence of good moral character.</td>
<td>04/10/2017—Signed</td>
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<td>MI</td>
<td>Legislation, enacted</td>
<td>H.B. 5216—Requires Department of Corrections to issue a “Certificate of Employability” if an inmate meets all of the statutory requirements.</td>
<td>12/16/2014—Signed</td>
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<td>OH</td>
<td>Legislation, enacted</td>
<td>S.B. 337—Defines crimes that constitute a “crimes of moral turpitude” for occupational licensing purposes.</td>
<td>6/26/2012—Signed</td>
</tr>
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<td>NC</td>
<td>Legislation, enacted</td>
<td>H.B. 641—Provides that a Certificate of Relief (issued to an offender as partial relief to collateral sanctions based on a prior conviction) is a bar to any action alleging lack of due care in licensing.</td>
<td>6/23/2011—Signed</td>
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<tr>
<td>PA</td>
<td>Executive Order</td>
<td>Exec. Order No. 3 --Directs the Commissioner of Professional &amp; Occupational Affairs to work with regulatory boards to undertake a critical and comprehensive review of all licensing requirements and submit a report. Requires the report to include information on the use of criminal history bans on licensure in the State and in regional states.</td>
<td>10/24/2017—Signed</td>
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<tr>
<td>WY</td>
<td>Legislation, enacted</td>
<td>S.B. 42—Provides immunity from civil liability for licensing boards acting in accordance with statutory requirements on considering criminal convictions.</td>
<td>3/14/18—Signed</td>
</tr>
</tbody>
</table>
Notes
10. Ibid.
18. Ibid.
25. Kentucky 2017 Senate Bill 120.
27. Legal Action Center, “Advocacy Toolkit—Certificates of Rehabilitation” (New York, N.Y.: Legal Action Center, n.d.).
29. Ibid.
OCCUPATIONAL LICENSING: BARRIERS TO WORK SERIES

This series of four publications is part of the Occupational Licensing: Assessing State Policy and Research Project. These documents focus on the unique challenges and barriers specific to four population groups when they wish to enter a licensed occupation and practice a licensed occupation across state lines. Each report outlines specific state policy options to address the unique challenges faced by the individual population.

Overview of Occupational Licensing

Occupational licensure is a form of government regulation that requires a worker to hold a credential to practice or operate in a certain occupation. To receive an occupational license, applicants are often required to meet specific criteria in the form of education or training, fees, and testing. Licensing boards generally granted the authority to establish these requirements and are the final arbiter of market entry for a licensed occupation. These boards are usually comprised of a combination of industry professionals and state officials.

Licensed workers now comprise nearly 25 percent of all employed Americans. States vary not only in the share of workers with a license, but also in the requirements to obtain a license in the state. While licensing laws were created with the intent of protecting public health and safety, research suggests that some licensing can have negative consequences for job growth, employment and consumer prices.

Licensing regulations have created unique barriers and challenges for certain populations who are entering the labor market or moving across states lines. This Barriers to Work series focuses on the specific barriers for four different population groups:

- Immigrants with work authorization
- Individuals with criminal records
- Long-term unemployed persons
- Veterans and military spouses

Occupational Licensing Learning Consortium

In 2017, the U.S. Department of Labor’s Employment and Training Administration awarded the National Conference of State Legislatures, in partnership with The Council of State Governments and the National Governors Association Center for Best Practices, funding on a three-year project to:
1) ensure that existing and new licensing requirements are not overly broad or burdensome and don’t create unnecessary barriers to labor market entry; and 2) improve the portability for selected occupational licenses across state lines. The national partners are producing research, including these reports, convening state policymakers and experts in the field of occupational licensing, and delivering technical assistance to states. Through a competitive application process, 11 states were selected to participate in the consortium. Those 11 states are: Arkansas, Colorado, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maryland, Nevada, Utah and Wisconsin.

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