State Efforts to Improve Occupational Licensing Mobility

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Occupational licensing, a regulatory system requiring individuals who wish to work in certain jobs receive government permission to do so, remains an institution squarely in the domain of states. States have the authority to set the requirements licensees must meet, including the number of hours of education and experience, what kind of exams need to be passed, and what fees applicants must pay. Licensing mobility refers to the ability of workers to perform their jobs across state lines. The state-led approach to regulating occupational licensure can lead to challenges for workers practicing in certain professions, including limiting their mobility from one state or territory to another. To reduce the adverse effects licensing can have on workers’ mobility, policymakers and regulators have developed various solutions. These include interstate licensing compacts, existing mobility models created by some organized professions, reciprocity agreements and so-called “universal licensure” laws.

State Actions

With the COVID-19 pandemic heightening the demand for health care workers across state lines, a lack of flexibility and mobility in licensing remains salient. Many states have taken actions to temporarily reduce restrictions on interstate practice in response to the pandemic, but states have been working to improve the mobility of many licensed professions for much longer. Compacts, for example, are interstate agreements allowing professionals initially licensed in one compact state to work in any other compact member state without having

Did You Know?

• In the 1950s just 5% of workers were licensed. Now, nearly 30% of workers are licensed.
• While some professions have become licensed more recently, CPAs have been licensed since 1896.
• Similarly, architects and professional engineers have been licensed since 1897 and 1907 respectively.
to go through the licensure process again. Specific professions organize these agreements, and many states are parties to them, with more passing legislation to join every year. In 2020, Indiana passed Senate Bill 61, joining 21 other states as a member of the Emergency Medical Services (EMS) Personnel Licensure Interstate Compact. The compact facilitates the day-to-day movement of EMS personnel across state lines. It can be particularly effective during a crisis such as a natural disaster or pandemic when immediate help is needed across state lines. The enhanced Nurse Licensure Compact (eNLC) is another example of a compact at work. Allowing nurses licensed in any one of the compact states to practice across state lines in another compact state, the eNLC tout its ability to increase access to care while maintaining public protection at the state level, particularly during the COVID-19 pandemic. In 2020, several states, including Illinois, Massachusetts, and Pennsylvania, considered bills to join the eNLC, although none ultimately passed enabling legislation.

State policymakers have worked collaboratively with licensed professions themselves to adopt policies that are expert-driven and implement clearly defined interstate practice systems. Highly technical professions, such as architects, certified public accountants, professional engineers and professionalographers have longstanding interstate practice systems in place for licensees. These professions’ interstate practice systems allow licensed professionals to move with relative ease from state to state or to live in one state and practice in another, while still preserving public health and safety. Profession-specific model laws are one way licensed occupations have been able to achieve heightened mobility for licensees.

These laws informed by the professions can create specific policy guidance that is transferable to many states, allowing licensing boards to expedite applicants who meet the substantially equivalent education, examination and experience standards they outline. Moreover, these laws are continually examined and enhanced to ensure they appropriately address a well-crafted interstate program beyond initial licensure. For example, the Uniform Accountancy Act was updated in 2014 to incorporate a concept known as CPA firm mobility. Under this concept, a CPA firm may provide attest services in another state where it is not licensed so long as it meets the licensure requirements of its home state. By doing so, the firm is subject to the full regulatory oversight of the state in which it is "visiting" as well as its home state. To date, 30 states have adopted this concept and several states including Alaska, Maine and Oklahoma are considering CPA firm mobility legislation in 2021.

Universal licensure is another approach to easing licensing mobility issues and it is gaining popularity among states. These so-called “universal” licensure laws are essentially licensure recognition provisions allowing states to recognize the education, training, and other key skills an applicant has already attained. The process is not automatic.

While licensees do not have to go through the licensure process from scratch in these states, they must meet certain residency, testing, and background check requirements and pay any applicable fees. The first batch of these policies cropped up among states including Arizona, Montana, and Pennsylvania in 2019. Several other states, including Missouri and Colorado, introduced and enacted similar legislation in 2020. Missouri’s legislation allows individuals licensed in certain trades who move to Missouri to apply for a state license by reciprocity. Colorado’s legislation creates an “occupational credential portability program” allowing workers in certain professions who are licensed in another state to more quickly gain licensure in Colorado via endorsement, reciprocity or transfer.

Federal Actions

Since occupational licensing has long been the domain of the states, relatively minimal legislative action occurs at the federal level. Since 2017 approximately 30 bills related to occupational licensing were introduced in the U.S. Congress. Of those, none were enacted. Notable federal bills include SB 2021 609; this bill would have prohibited revoking or denying a professional license or issuing penalties due to student loan default. Another notable bill is SB 2021 1015; which would require the director of the Office of Management and Budget to review and make certain revisions to the Standard Occupational Classification System.

The federal government enacts policy in this arena using other avenues. The Department of Defense now includes licensure mobility across state lines in their basing considerations when moving and deploying soldiers. The Obama Administration also published a report on occupational licensing’s effects on the economy. The Obama Administration report emphasized how barriers in the interstate mobility of a license can limit economic opportunity. The report also discussed how licensing in general creates important health and safety protections for consumers.