



ISSUE BRIEF

Occupational Licensing Reform

Key facts

- Since the 1950's, the share of the American workforce serving in occupations with statewide licensing requirements has increased by 500%.
- Over 1,100 occupations across the country are required to be licensed, certified, or registered in at least one state, but fewer than 60 were licensed in all 50 states.
- Of all 50 states, Iowa ranks highest in percentage of the workforce licensed by the state at 33.3%; South Carolina ranks lowest with 12.4%.
 - Washington State ranks third highest of all 50 states for portion of the workforce licensed by the state with 30.5%. The national average is 25%.

The debate

Prior to COVID-19, Washington state faced shortages for certain licensed professions. Washington State licenses a high percentage of the state's workforce which, coupled with high regulations, forms large barriers for individuals to enter these occupations. The COVID-19 pandemic exacerbated these issues, causing an even greater shortage as staff became ill or unable to provide services due to their own risk factors. This caused the governor to act to alleviate some of these barriers to licensure via proclamation, making this session an important time to consider which regulations should return and which should be removed altogether.

Background

For purposes of this brief, the term "occupational licensing" includes occupations that require licensure, certification, or registration.

Government agencies establish occupational licensing requirements to ensure individuals wishing to enter a specific occupation have attained a minimal degree of competency to perform their duties before being granted permission to work. Licensing requirements originated with the goal of providing higher quality services to consumers and to improve public health and safety standards. However, in recent years, a number of state legislatures and the federal government have made efforts to reform occupational licensing regulations, which generally create barriers to employment and business ownership and increase the cost of services for consumers.

Occupational and professional licensing requirements can take a number of forms. In many instances, attaining an occupational license from the government entails fulfilling a combination of different requirements. This typically includes accruing mandatory training hours, earning educational credits, and paying licensing fees. Licensing can play an important role in many occupations in order to protect consumers, ensure minimum quality standards, and even protect the integrity of an industry. However, studies have found that licensing can come at a cost when occupations are over-regulated arbitrarily.

Several state agencies, boards, and commissions are responsible for licensing various professions in Washington State. There are 83 health care related professions licensed by the Department of Health (DOH) or a board or commission. There are 45 professions licensed by the Department of Licensing (DOL). L&I and the Office of Superintendent of Public Instruction also license professions.

Using his executive authority, the governor addressed some licensing barriers with proclamations that suspended some requirements for certain professions. These included removing certain continuing education requirements, background checks, areas of practice, trainings, and more. The governor's proclamations in these areas must be extended by the Legislature via concurrent resolution if the Legislature is in session. This will allow members to offer other solutions and vote on how they think it is best to proceed.

What to expect in the 2021 session

From Republicans, expect to see proposals to:

Consumer Protection and Business (CPB) Committee (Bills in CPB only apply to occupations licensed by DOL)

- Reduce barriers to professional licensure for individuals with previous criminal convictions by providing a reliable process for them to apply for a professional license, and not prevent them from obtaining a professional license purely due to a prior criminal conviction which does not directly relate to the applicable profession, business, or trade.
- Create Competency Based Licensing. Authorize DOL to develop a practical assessment of knowledge and skills that clearly demonstrate a person is prepared to engage in an occupation or profession regulated by the Department, and which DOL determines is at least as effective as a time-based licensing requirement at demonstrating proficiency and protecting the health and safety of the public.
- Direct DOL to expedite the licensing application process for all individuals moving from out of state if the requirements for licensure of such other state are substantially equivalent to that required in Washington.
- Require a sunrise review process for all bills introduced to regulate and implement a professional license for the first time, to ensure concerns for public health and safety are warranted and that undue regulatory burden is not placed on current and future practitioners of the profession.
- Require all occupational licenses regulated by DOL to be reviewed once every five years to ensure the public health and safety is adequately protected, while also ensuring regulatory requirements placed on licensed professionals are still necessary and not placing an undue burden on license holders. Sunset reviews ensure licensing requirements are fair and do not become out of date.

Housing, Community Development and Veterans Committee

- Exempt military spouses from professional licensure requirements for any profession regulated by the DOL if they are licensed and in good standing in another state.

Health Care & Wellness Committee

- Join Washington with other states via an interstate compact for various professions including nursing, psychology, EMS, and others. These compacts allow licensed providers to practice in Washington and other compact states (either through telemedicine or in-person) without requiring that an individual become licensed in every state to practice.

Stakeholders

- [Department of Licensing](#), [Department of Health](#), Occupational License Holders, Industries with occupational licensees, consumers.

Additional information

- Department of the Treasury Office of Economic Policy. "Occupational Licensing: A Framework for Policymakers." The White House. Last modified 2015. https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf.
- "License to Work." Institute for Justice. Last modified 2012. <http://ij.org/report/license-to-work/>.