

Occupational licensing roadmap for policymakers

Issue overview

Over the years, there has been an increase in efforts to ease or eliminate the regulation of licensed occupations. The CPA profession must defend the legitimacy and efficacy of state licensure against threats to reduce or eliminate occupational licensure. Recently, states have looked to reduce or eliminate licensure through regulatory “sunrise/sunset” reviews that include harmful language to professions that use certifications. States have also been looking at regulatory consolidation to save money due to budgetary concerns. States are also examining how to increase mobility by lowering regulatory to reciprocal licensing. These proposals are often under the guise of reducing barriers for employment and use language such as, “The Right to Work.”

Issues for policymakers

Occupational licensing legislation generally falls under the guise of the following categories:



Universal licensure — These bills allow an individual who is licensed in the same/similar occupation or profession, and is in good standing, to automatically be eligible for licensure in the jurisdictions where this bill has become law. The CPA profession has a proven and effective licensing model that already provides for interstate mobility and reciprocity, and universal licensing bills often undo the systems in place.



Board composition — These bills create a majority public member board for occupations and professions. Decreasing the number of licensed individuals on a regulatory board removes important professional knowledge and experience from the board by making licensed members the minority.



Regulatory review — These bills require a reduction in regulations after a review of the agency and are often included in sunrise/sunset review bills. Requirements to reduce regulations often force regulatory boards to eliminate regulations, regardless of necessity. Because of “least restrictive means” language, regulatory boards are forced to defend all regulations of the profession.



Prior criminal convictions — These bills prevent a licensing board from denying a license to an individual with a prior criminal conviction. Think tanks believe that state boards use someone’s criminal history as a “barrier to entry.” These bills can be harmful to the profession when they include prior criminal convictions that are related to the profession, and when legislation attempts to eliminate “good moral character” provisions in licensing requirements.



Consumer choice — These bills allow for non-licensed individuals to enter “non-licensed disclosure” agreements with consumers and to lawfully work in occupations without a license. Consumer choice bills are extremely dangerous to consumer welfare, as they allow unqualified individuals to perform work that is directly tied to public safety simply by receiving consumer consent.

Impact for policymakers

Occupational licensing protects the public by ensuring a baseline level of proven qualifications and expertise, which helps protect consumers from unqualified practitioners. Occupational licensing is particularly important in highly complex, technical professions where consumers do not have the specialized knowledge needed to evaluate qualifications and performance. It helps level the playing field by removing subjectivity and setting clear, evenly applied levels of qualification. Licensing also establishes consistency of qualifications within professions so professionals can move from state to state and continue practicing.

Any occupational licensing proposals to ease or reduce regulations should be highly scrutinized for the impact on public protection, and efforts should be made to keep the mobility provisions and the rigorous requirements of education, examination and experience (the “Three E’s”) that are already in place.