



CHRIS KAPENGA

WISCONSIN STATE SENATOR

Senate Bill 654 Testimony

Senate Committee on Public Benefits, Licensing, and State-Federal Relations

Wednesday January 15, 2020

Thank you committee members for hearing testimony on SB 654 relating to license recognition for service members, former service members, and their spouses. I also want to thank Representative VanderMeer for authoring this bill in the Assembly.

Occupational interstate mobility has been the focus of many bipartisan reforms. In the last 20 years, states have implemented differing standards for occupational licensure. This resulted in the creation of arbitrary barriers to employment and a system where qualified professionals already working in their field are eligible in some states and ineligible in others.

Service-members, their spouses, and recently discharged veterans are disproportionately impacted. According to the National Conference of State Legislatures (NCSL), military spouses are 10 times more likely than other workers to have moved to a new state in the last year. A 2017 Department of Defense report highlighted how these barriers contribute to employment gaps, and financial strain. In addition, the Secretaries of the Army, Navy and Air Force noted that states with these policies are prioritized for placement of new duty stations. Changes like this have also been suggested by the Obama and Trump administrations as well as the National Governors Association, National Conference of State Legislatures, and the Council for State Governments.

Most states nationwide recognize the licenses of military spouses in varying capacities. Wisconsin statutes provide a process for the spouses of active duty service members to get their licenses recognized for a limited time. However, we do not recognize the licenses that service-members themselves already hold. SB 654 expands our process to include the service-member as well as those recently discharged from active duty. Additionally, the bill eliminates the arbitrary expiration date of 180 days, instead validating the license until the subsequent renewal, and requires the department to expedite the license.

This bill makes Wisconsin a much more accommodating place for those stationed here, and more attractive to license holders transitioning away from their service. The pool of skilled and credentialed service-members and vets can help Wisconsin meet its workforce needs. Both republican and democratic governors have demonstrated this by directing their workforce agencies to actively recruit new talent to Wisconsin via Hiring Our Heroes events nationally and abroad. SB 654 acts as an additional recruiting tool as we continue to encourage service-members across the world to consider living and working in Wisconsin.

Thank you Chair and Committee members for your time and consideration of this bill. At this time I will gladly answer any questions from the committee.



NANCY VANDERMEER

STATE REPRESENTATIVE • 70TH ASSEMBLY DISTRICT

TO: Honorable Members of the Senate Committee on Public Benefits, Licensing and State-Federal Relations

FROM: State Representative Nancy VanderMeer

DATE: January 15, 2020

SUBJECT: Testimony in Support of Senate Bill 654/Assembly Bill 731

Thank you Chairman Kapenga and members of the Senate Committee on Public Benefits, Licensing and State-Federal Relations for holding a hearing on SB 654 today. This proposal would allow for service members, former service members, and their spouses to more easily stay in or enter the workforce in our great state. This legislation is very personal to me. As you may be aware, I live virtually next door to the Fort McCoy military installation and training center in Tomah, WI. In addition, Volk Field Air National Guard Base and training center is next door in Camp Douglas, WI. As a result, my home community and the neighboring communities that I serve have the privilege of living with and amongst a number of both state and federal service men and women. There are a number of service men and women and their families living in the area, and inherently, there are a number of former service men and women and their families that have chosen to make local communities their permanent residence either in between service obligations or at the conclusion of their service.

I cannot emphasize enough how integral all of these individuals and families are to local communities throughout my part of the state. Their children attend our local schools, their families worship with us at church, they support local civic organizations, and more. As part of their service, be it a spouse of a currently serving service man or woman or a National Guardsperson, for example, not enlisted full-time, they need to work to provide for their families and as a result, contribute to the local, regional, and statewide economy. I'm of a mindset, that as a legislative body, we should do whatever we can to allow service members and their spouses the opportunity to work in their chosen profession with as few bureaucratic and administrative hurdles as possible, and I think this proposal meets that ideal.

Senator Kapenga and I are not the only ones that have identified this as an important issue. Given how often service members and their spouses relocate, state-by-state occupational licensing laws can often act as unnecessary barriers to employment. In 2012, the president called on all 50 states to address this issue by streamlining and expediting licenses for service members and their spouses that have licenses in good standing, and again recommended this change in a 2015 report. In doing so, they joined the National Conference of State Legislatures, the Council of State Governments, and a myriad of veteran and service-member organizations in calling for action on this issue.

In a February 2018 letter to the National Governors Association, the Secretaries of the Army, Navy, and Air Force listed occupational license recognition as a key factor in determining the locations of future military basing evaluations or mission alternatives. Specifically, the Secretaries wrote, "Spouses in



WISCONSIN OCCUPATIONAL LICENSING: EASING THE BURDEN FOR SERVICE MEMBERS, FORMER SERVICE MEMBERS, AND MILITARY SPOUSES

Matthew D. Mitchell, PhD

Director and Senior Research Fellow, Equity Initiative, Mercatus Center at George Mason University

Wisconsin State Legislature, Senate Committee on Public Benefits, Licensing, and State-Federal Relations

January 15, 2020

Chair Kapenga, Vice Chair Craig, and distinguished members of the committee:

My name is Matthew Mitchell.¹ I am an economist and a senior research fellow at the Mercatus Center at George Mason University, where I direct the Equity Initiative. In November I spoke with you about the economic literature regarding licensure. Among other things, I spoke of the evidence that most forms of licensure do not seem to increase consumer safety or quality while licensure does increase consumer prices and create barriers to entry for certain populations.

I am grateful for the opportunity to speak with you again. Today, I will focus specifically on the evidence that licensure can be a substantial barrier to employment, particularly for certain populations such as lower-income Americans or the spouses of active-duty military personnel.

LICENSING REPRESENTS A SIGNIFICANT AND GROWING BARRIER TO WORK

Nationally, the share of the workforce that is required to have an occupational license has increased more than fourfold in the past 50 years. As of 2015, nearly one in five working Wisconsinites—about 18 percent of the state's workforce—was required to be licensed.²

As licensing burdens have increased nationwide, they seem to have depressed interstate migration of those in licensed professions. Economists Janna Johnson and Morris Kleiner estimate that between-state migration of those who are licensed is 36 percent lower than that of members of other professions.³

¹ I thank Anne Philpot for her careful research assistance. I also thank Jacob Fischbeck and Nita Ghei for excellent editorial suggestions. I am responsible for any errors or omissions that remain.

² Morris M. Kleiner, *Reforming Occupational Licensing Policies* (Washington, DC: The Hamilton Project at the Brookings Institution, March 2015), 9.

³ Janna E. Johnson and Morris M. Kleiner, "Is Occupational Licensing a Barrier to Interstate Migration?" (NBER Working Paper No. 24107, National Bureau of Economic Research, Cambridge, MA, December 2017).

LICENSING IS ECONOMICALLY COSTLY

In separate research, Kleiner and Evgeny Vorotnikov estimate that licensure may cost between 1.8 and 1.9 million jobs, result in between \$6.2 billion and \$7.1 billion in lost output, and create a misallocation of resources that costs the US economy between \$183.9 billion and \$197.3 billion each year.⁴ In Wisconsin alone, they estimate that licensure has eliminated more than 37,000 jobs, has resulted in \$133 million in lost annual output, and has created a \$3.7 billion annual misallocation of resources.⁵

Aspiring entrants to a large number of professions—ranging from travel guide and taxidermist to cosmetologist—are now required by the state of Wisconsin to obtain a government-issued license to work. It can take months and hundreds or even thousands of dollars to obtain these licenses. Among 42 low- to moderate-income occupations licensed by Wisconsin, the average aspiring worker is required to spend 214 days in training and pay \$259 in fees before he or she may obtain a license.⁶ These fees do not include either the cost of the education or the income that people forgo when they spend months in often-unnecessary training. According to the Institute for Justice, Wisconsin’s licensing laws are the 36th most broad and onerous in the country.

LICENSURE IS OFTEN ARBITRARY

As shown in table 1, licensing requirements often don’t match the risk posed to the public by insufficiently trained professionals in certain industries. Compared with emergency medical technicians, aspiring cosmetologists in Wisconsin must undergo *10 times* as many months of training; would-be sign language interpreters (who are unlicensed in 29 states) must complete more than *40 times* as much training; and veterinary technicians (unlicensed in 15 states) must complete more than *20 times* as much training.

TABLE 1. OCCUPATIONAL TRAINING MISMATCHES IN WISCONSIN

Occupation	States That License This Profession	Fees	Days of Education/Experience
Sign language interpreter	22	\$750	1,469
Athletic trainer	49	\$375	1,460
Veterinary technician	36	\$475	730
Shampooer	37	\$391	233
Cosmetologist	51	\$391	362
Massage therapist	44	\$345	140
Barber	51	\$391	233
Makeup artist	41	\$391	105
Skin care specialist	50	\$391	105
Emergency medical technician	51	\$80	35

Source: Dick M. Carpenter II et al., *License to Work: A National Study of Burdens from Occupational Licensing*, 2nd ed. (Arlington, VA: Institute for Justice, November 14, 2017), 142–43.

⁴ Morris M. Kleiner and Evgeny S. Vorotnikov, *At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing* (Arlington, VA: Institute for Justice, November 2018), 5.

⁵ Kleiner and Vorotnikov, *At What Cost?*, 48.

⁶ Dick M. Carpenter II et al., *License to Work: A National Study of Burdens from Occupational Licensing*, 2nd ed. (Arlington, VA: Institute for Justice, November 14, 2017), 142.

LICENSING BOARDS ARE OFTEN DOMINATED BY MEMBERS OF THE PROFESSIONS THEY OVERSEE

Ninety-three percent of Wisconsin occupational licensure boards are required by law to have a majority of their members work in the professions they oversee.⁷ See table 2 for board composition data in a sample of Wisconsin boards. Owing to vacancies or a lack of specificity, some boards may be composed entirely of industry insiders, while on other boards industry insiders have a governing majority. This presents a legal concern in light of the US Supreme Court's decision in *North Carolina State Board of Dental Examiners v. FTC*, which held that states may be liable for antitrust violations when boards are dominated by members of the professions they oversee and when elected officials fail to actively supervise these boards.⁸ It also creates a practical concern that boards will tend to act as industry cartels, controlling entry of new members rather than ensuring public safety.

TABLE 2. COMPOSITION OF SELECT WISCONSIN BOARDS

Board/Council	Statutory Board Composition			Actual Board Composition		
	Industry Members	Total	Percentage Industry	Industry Members	Total	Percentage Industry
Respiratory Care Practitioners Examining Council ^a	3	5	60%	3	3	100%
Athletic Trainers Affiliated Credentialing Board ^b	5	6	83%	5	5	100%
Occupational Therapists Affiliated Credentialing Board ^c	5	7	71%	4	5	80%
Hearing and Speech Examining Board ^d	8	10	80%	6	7	86%
Marriage and Family Therapy, Professional Counseling, and Social Work Examining Board ^e	10	13	77%	10	11	91%

Sources: **Actual Board Compositions:** Wisconsin Department of Safety and Professional Services, "A-Z Boards & Councils List," accessed November 18, 2019, <https://dps.wi.gov/Pages/BoardsCouncils/Default.aspx>. **Statutory Board Compositions:**

^a Wis. Stat. § 15.407(1)(m).

^b Wis. Stat. § 15.406(4).

^c Wis. Stat. § 14.406(5).

^d Wis. Stat. § 15.405(6)(m).

^e Wis. Stat. § 15.405(7)(c).

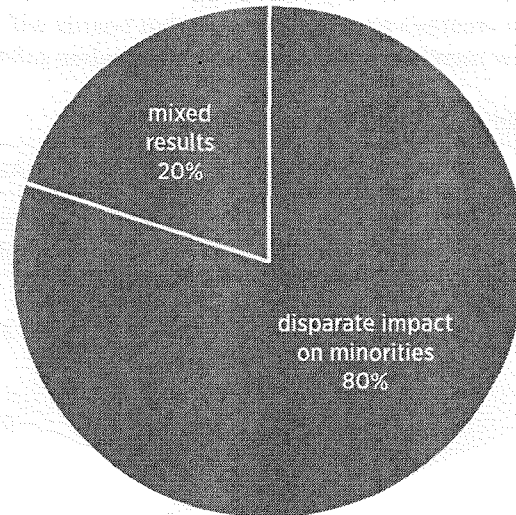
⁷ Rebecca Haw Allensworth, "Foxes at the Henhouse: Occupational Licensing Boards Up Close," *California Law Review* 105, no. 6 (December 2017): 1609.

⁸ *North Carolina State Board of Dental Examiners v. Federal Trade Commission*, 135 S. Ct. 1101 (2015).

LICENSING REDUCES EMPLOYMENT OPPORTUNITIES, ESPECIALLY AMONG CERTAIN COMMUNITIES

High barriers to employment pose particular difficulties to lower-skilled, lower-educated populations, to immigrants, to those with criminal records, and to those who move frequently, such as military spouses. As shown in figure 1, 80 percent of the studies Mercatus scholars reviewed found that licensure has a disparate impact on minorities.⁹

FIGURE 1. STUDIES ASSESSING THE EFFECT OF OCCUPATIONAL LICENSURE ON MINORITIES



Sources: **Disparate Impact:** Stuart Dorsey, "The Occupational Licensing Queue," *Journal of Human Resources* 15, no. 3 (1980): 424–34; Maya Federman, David Harrington, and Kathy Krynski, "The Impact of State Licensing Regulations on Low-Skilled Immigrants: The Case of Vietnamese Manicurists," *American Economic Review* 96, no. 2 (2006): 237–41; Joshua Angrist and Jonathan Guryan, "Does Teacher Testing Raise Teacher Quality? Evidence from State Certification Requirements," *Economics of Education Review* 27, no. 5 (2008): 483–503; David E. Harrington and Jaret Treber, *Designed to Exclude: How Interior Design Insiders Use Government Power to Exclude Minorities & Burden Consumers* (Arlington, VA: Institute for Justice, February 2009). **Mixed Results:** Marc Law and Mindy Marks, "Effects of Occupational Licensing Laws on Minorities: Evidence from the Progressive Era," *Journal of Law and Economics* 52, no. 2 (2009): 351–66.

Recent research finds that in countries with more barriers to entering business, measured income inequality is greater.¹⁰ Separate research finds that in states with greater growth in licensure for low- to moderate-income occupations, there is less absolute income mobility, as measured by the chances that an individual raised in a relatively low-income household will move up the income distribution.¹¹

Those with criminal histories are particularly likely to be stymied by these laws. The Council of State Governments Justice Center estimates that nationally about 15,000 laws and regulations limit the ability of those with prior convictions to obtain state occupational licenses. Among these, 6,000 are blanket or mandatory restrictions.¹²

⁹ Patrick A. McLaughlin, Matthew D. Mitchell, and Anne Philpot, "The Effects of Occupational Licensure on Competition, Consumers, and the Workforce" (Mercatus on Policy, Mercatus Center at George Mason University, Arlington, VA, November 2017), 7.

¹⁰ Patrick A. McLaughlin and Laura Stanley, "Regulation and Income Inequality: The Regressive Effects of Entry Regulations" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

¹¹ Brian Meehan, Edward Timmons, and Andrew Meehan, *Barriers to Mobility: Understanding the Relationship between Growth in Occupational Licensing and Economic Mobility* (Washington, DC: Archbridge Institute, 2017).

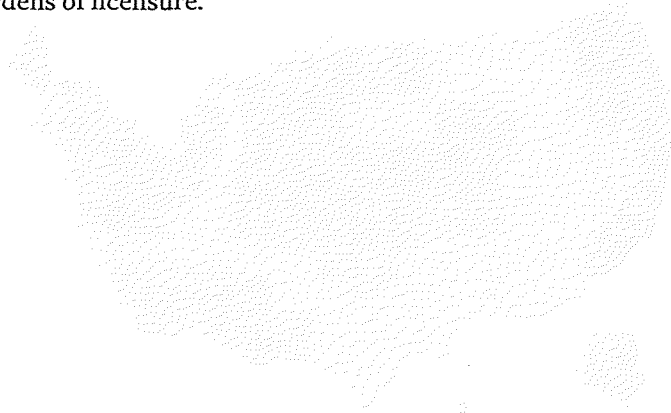
¹² Council of State Governments Justice Center, National Inventory of Collateral Consequences of Conviction home page, accessed December 11, 2019, <https://niccc.csgjusticecenter.org/>.

Licensure presents an especially steep employment barrier for military spouses. About 35 percent of working military spouses are either licensed or certified.¹³ And compared with the broader population, military spouses are 10 times more likely to have moved across a state line in the past year.¹⁴ When military spouses were asked to name the biggest challenges to employment, 22 percent identified the inability to transfer their professional licenses from one state to another.¹⁵ This helps to explain why, in 2017, the military spouse unemployment rate was 16 percent, nearly four times the national average.¹⁶

RECOGNITION OF OUT-OF-STATE LICENSURE FOR ACTIVE DUTY AND MILITARY SPOUSES

Because licensure imposes particularly steep burdens for peripatetic military personnel and their spouses, a number of states have moved to ease that burden for this particular population. The most common approach, adopted by every state but Connecticut, is to somehow recognize out-of-state licenses of current or former military personnel, their spouses, or both.¹⁷ This can take a number of forms. In Tennessee, Texas, and Utah, for example, active-duty military personnel and their spouses may work without a license so long as they possess a valid out-of-state license.¹⁸ In the other 46 states that recognize out-of-state licenses, state agencies must grant in-state licenses to those military personnel and their spouses who currently possess valid out-of-state licenses.¹⁹

In 31 states (shown in figure 2), regulators are required to conduct an expedited review process in order to determine the validity of out-of-state licenses. In 34 states (shown in figure 3), regulators are required to issue temporary licenses during the review period. These temporary licenses can be helpful because they permit recently relocated members of the armed forces or their spouses to get to work right away. However, if a temporary license expires after a short period of time, a worker may be left facing the steep burdens of licensure.



¹³ US Department of the Treasury and US Department of Defense, *Supporting Our Military Families: Best Practices for Streamlining Occupational Licensing Across State Lines*, February 2012, 3.

¹⁴ US Department of the Treasury and US Department of Defense, *Supporting Our Military Families*.

¹⁵ US Chamber of Commerce Foundation, *Military Spouses in the Workplace: Understanding the Impacts of Spouse Unemployment on Military Recruitment, Retention, and Readiness*, June 2017, 10.

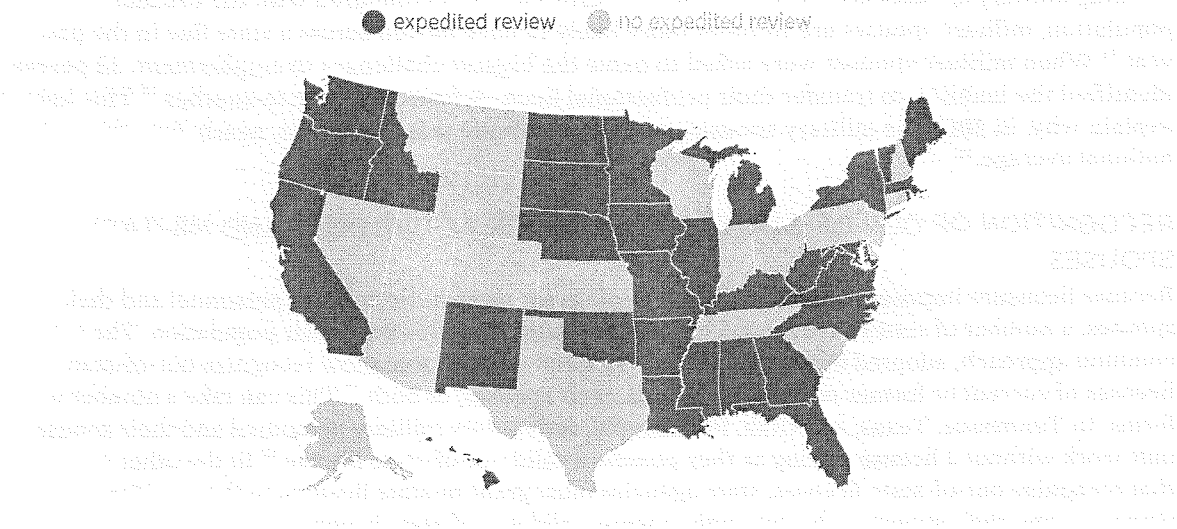
¹⁶ US Chamber of Commerce Foundation, *Military Spouses in the Workplace*, 7. There are other explanations too. For example, 41 percent of military spouses believe that employers are reluctant to hire workers who might move.

¹⁷ US Department of Labor, "Military Spouse License Recognition Options," accessed January 13, 2020, https://www.veterans.gov/milspouses/military_spouse_txt.htm.

¹⁸ US Department of Labor, "Military Spouse License Recognition Options."

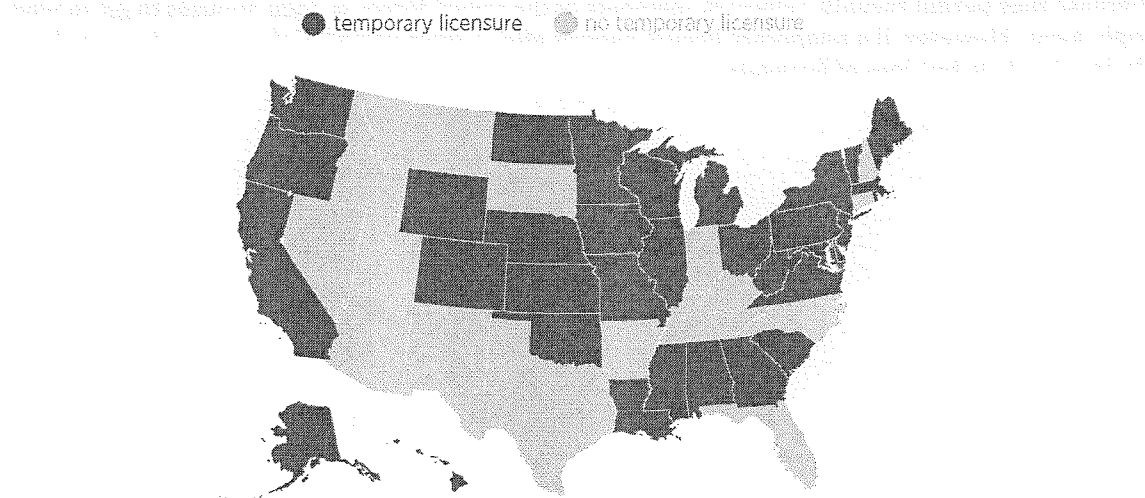
¹⁹ US Department of Labor, "Military Spouse License Recognition Options."

FIGURE 2. EXPEDITED REVIEW FOR MILITARY SPOUSES WITH OUT-OF-STATE LICENSES



Source: US Department of Labor, "Military Spouse License Recognition Options," accessed January 13, 2020, https://www.veterans.gov/milspouses/military_spouse_txt.htm.

FIGURE 3. TEMPORARY LICENSURE FOR MILITARY SPOUSES WITH OUT-OF-STATE LICENSES



Source: US Department of Labor, "Military Spouse License Recognition Options."

In Wisconsin, current law allows spouses of services members to obtain a reciprocal license to work, but it expires after 180 days. Senate Bill 654 would extend the practice to active duty and former military personnel ("discharged under conditions other than dishonorable within four years of applying for a reciprocal credential") and would make these licenses valid up until the date at which the out-of-state license would have expired.²⁰

²⁰ S. B. 654, 2019–2020 Sess. (Wis. 2019).

While this approach is certainly beneficial for this population, it fails to alleviate the burden borne by most licensed workers.²¹

Policymakers who value consumer protection, lower prices, and greater opportunities for employment—especially among lower-skilled, lower-educated or otherwise disadvantaged populations—would do well to consider broader reforms.

Thank you for the opportunity to share my research with you today. I look forward to answering any questions you may have.

Sincerely,

Matthew D. Mitchell, PhD
Director and Senior Research Fellow, Equity Initiative, Mercatus Center at George Mason University

²¹ Since both equity and freedom are worthy goals, there is a philosophical tradeoff here. When burdens are especially steep, piecemeal reforms may be desirable even if they increase inequity. On the other hand, when policy is especially inequitable, more equity may be worthwhile, even if it raises burdens. Beyond the philosophical tradeoffs, there may be political economy tradeoffs. For example, inequitable policy may lead to higher burdens by reducing the political pressure for reform. For a general discussion of nondiscriminatory policy, see James M. Buchanan and Roger D. Congleton, *Politics by Principle, Not Interest: Toward Nondiscriminatory Democracy* (Cambridge: Cambridge University Press, 1998).



The Council of State Governments - Testimony

*Senate Committee on Public Benefits, Licensing, and State-Federal Relations
Senate Bill 654 - Public Hearing - January 15, 2020*

My name is Carl Sims and I am a senior policy analyst at The Council of State Governments (CSG). CSG is a nonpartisan membership organization representing the three branches of state government. We work with our members to promote excellence in state government through research and analysis, policy convenings and direct technical assistance.

Over the past three years, CSG, in partnership with the National Governors Association and National Conference of State Legislatures, has provided technical assistance to a group of 16 states, including Wisconsin, regarding occupational licensing reform. CSG and our partners are working with these states directly through a consortium model to examine state occupational licensing policy, learn from other states on best practices, and identify state specific actions to remove barriers to labor market entry and improve portability and reciprocity.

While occupational licensing can be an effective regulatory tool in protecting public health and safety and instilling consumer confidence, these regulations can also result in barriers to licensure mobility. Whereas each state maintains the sovereignty to structure its occupational licensing laws and regulations, the resulting differences in requirements can impede, delay or otherwise discourage licensed workers to relocate. Therefore, states have an interest in creating supplementary pathways that improve licensure recognition and reciprocity.

In addition, certain population groups, such as military service members, veterans and their spouses, can be disproportionately affected by licensing regulations. For example, military service members and veterans can experience difficulties maintaining licensure while in service and translating the skills gained in the military to meet licensure requirements.

Military spouses also face challenges caused by service-related events such as permanent change of station orders. For instance, military spouses relocate across states lines at a rate of 14.5% annually, compared to about 1.1% for their civilian counterparts. This is coupled with the fact that 34% of military spouses participating in the labor force are required to possess an occupational license - compared to about 25% for the entire labor force.

These two factors illustrate how military spouses can often be tasked with navigating different state licensing regulations and reciprocity provisions. Obtaining new licensure from a state can lead to extra training hours, additional exams, or other requirements that can add to the time and cost for military spouses to successfully integrate into the state's workforce.



Licensing and regulation barriers can also have an effect on military careers as 68% of married service members have reported that their spouse's ability to maintain a career impacts their decision to remain in the military by a large or moderate extent. In response to these concerns, federal government entities such as the Department of Defense and the Department of Labor have made available resources to assist military members, veterans and spouses, including guides on state licensure recognition and reciprocity laws, and are also working with states in developing effective policy solutions. In addition, the recently passed 2018 National Defense Authorization Act allows for the reimbursement of up to \$500 for licensing costs incurred by military spouses responding to a permanent change of station order.

State Policies

States are increasingly seeking ways to address this issue by implementing comprehensive changes to their licensure laws and regulations; these laws frequently address reducing the time to licensure and improving the recognition of licensure. To achieve these goals, states are utilizing a variety of policy tools including expedited licensure, temporary licensure, waivers of certain requirements and fees, interstate compacts and directives for boards to recognize out-of-state licenses and military experience.

For example, 49 states have passed some type of universal licensing reform law that specifically addresses military spouses. Most commonly, the reforms include provisions for temporary and expedited licensure – with varying definitions and standards of what constitutes for each.

Thirty-nine other states have taken a step further by instituting policies that allow or mandate the recognition of a military spouse's license. However, twenty-four of the states stipulate that the existing license must have required similar/equivalent standards as their own. Though this provision helps provide consistency among requirements, the interpretation of such equivalency can bring ambiguity to the process and may mean military spouses must meet additional requisites for licensure.

Another policy tool commonly used by states to improve the mobility of licensed workers are interstate compacts. Interstate compacts work to improve licensure mobility by establishing a multi-state agreement between member states that sets common standards. While each interstate compact is unique in its design, generally states agree to the universal set standards for the requirements of individuals wishing to receive a compact license and for the states participating in the compact. States can preserve the aspects of their licensure process and scope of practice which are not addressed by the compact's universal standards.

For military service members, veterans and their spouses, interstate compacts, such as the Enhanced Nurse Licensure Compact and the Physical Therapy Compact, serve as a way to receive a privilege to practice in a remote state while maintaining legal residence



in their current home state. Additionally, compacts like the Interjurisdictional Compact for Psychology, can also allow for telepractice which can help licensed workers maintain practice in their home states.

Additional Challenges and Other Considerations

With a variety of licensure reform resources available to military service members, veterans and their spouses, a resulting challenge has been ensuring these provisions are communicated and understood by both licensing boards and the licensees who can benefit from them.

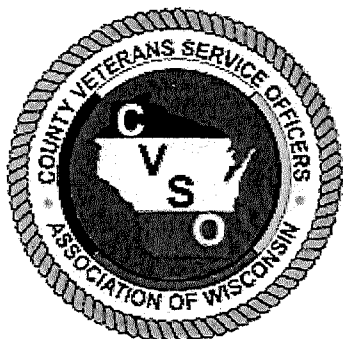
A recent study by the University of Minnesota illustrates this challenge. The researchers found that “forty-four percent of boards were not accessible on the first attempt” [of being reached] and that “customer service representatives were most often not aware of the legislation specific to military spouses”. Additionally, the study showed that “only about forty percent of boards had information on websites specific to military spouse license and credentials.”

The ability for licensing boards to connect military service members, veterans and their spouses to the resources that will benefit them should therefore be a key consideration and follow up to any successful licensing reform proposal.

The U.S. Department of Defense State Liaison’s office also advises states to make certain considerations while designing policies to benefit this population group – including adding a maximum of 30 days allowance for processing expedited licenses and permitting licensees to submit affidavits that state they meet licensure requirements.

Conclusion

There is a spectrum of policy options available to policymakers seeking to improve the licensure mobility outcomes for military service members, veterans, and their spouses. For Wisconsin, policies like SB654 can have a profound effect in reducing time to licensure and mitigating licensing barriers for the state’s military population of over 15,000 active duty, national guards and reserve members and approximately 6,000 military spouses.



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January 15, 2019

Chair Kapenga, Vice-Chair Craig, and Members of the Senate Committee on Public Benefits, Licensing, and State-Federal Relations,

Thank you for the opportunity to speak today on Senate Bill 654, relating to reciprocal credentials for service members, former service members, and their spouses and granting rule-making authority. I am Jim Quattromani, member of the legislative committee for County Veterans Service Officer Association of Wisconsin. Our association supports this bill.

By expanding the current licensing reciprocity benefits for spouses of servicemembers, Wisconsin will allow servicemembers, veterans, and the surviving spouses of veterans and servicemembers to bring their knowledge, skills, and professionalism to our great state with less stress, transition cost, and disruption to their work and personal lives. The expansion of the benefit from a six month temporary license to an expiration date concurrent with the existing credential is especially helpful, as the first six months after a working family's move is the most hectic, stressful part of a relocation. It takes one less thing off the very full plates of these families if the credentialed worker need not worry about relicensing during that busy time.

All Wisconsites – not just the veterans and their families themselves – will benefit by attracting and reducing barriers of transition to credentialed professionals, tradespeople, small business owners, and others subject to these requirements. In our highly mobile society, competition among states and regions is stiff for these workers. A highly skilled professional or tradesperson who is weighing a job offer or a spouse's career transition and knows they can continue their practices and work in a state with a minimum of duplicative credentialing is that much more likely to pick that state over another. The fact that these workers are servicemembers, veterans, and their spouses and surviving spouses applies sound policy to those who have sacrificed so much to serve our nation.

Once again, our association supports the passage of Senate Bill 654. Subject to your questions, this concludes our testimony.

James M. Quattromani
Legislative Committee Member
CVSO Association of Wisconsin



BADGER INSTITUTE

Free Markets ▪ Opportunity ▪ Prosperity

January 15, 2020

Senate Committee on Public Benefits, Licensing and State-Federal Relations
Public Hearing, Senate Bill 654

Senator Kapenga and Members of the Committee:

Thank you for the opportunity to testify before you today in support of Senate Bill 654, which would allow license reciprocity for military service members, former members and their spouses. As you know from our previous testimony, research by the Badger Institute and our partners shows that excessive occupational licensing leads to fewer jobs,ⁱ generates higher prices for consumers,ⁱⁱ disproportionately affects low-income householdsⁱⁱⁱ and hinders worker mobility.^{iv}

Currently, spouses of military members are allowed a 180 day licence reciprocity. This bill makes this reciprocity program permanent and expands it to current and former service members themselves. It is important to expand this program and provide opportunity to those who are protecting our country and their families.

An estimated 35 to 50 percent of military spouses work in fields that require licensure or certification. Since their positions can take them all over the country, 70% of military spouses in licensed professions must have their licences renewed or reissued upon moving.^v The burden of navigating the state's complex licensure system prevents qualified individuals from joining Wisconsin's workforce.

In 2018, Governor Walker announced a \$1.8 million effort to attract military veterans and their families to Wisconsin. Simply making the licensure process less cumbersome for them could get more individuals working in our state at little to no cost to the taxpayer.

These individuals have already met the standard for licensure in other states and would be ideal additions to the Wisconsin workforce. Making it easier for them to work in the field they are trained and already licensed in is the least we can do for the people who protect our nation.

At a time when Wisconsin is fortunate enough to have historically low levels of unemployment, it is more important now than ever to open opportunities for qualified workers. This bill helps open those doors and provides opportunities for those looking to make Wisconsin home.

Please join us in supporting our military families and Senate Bill 654.

Thank you.

David Fladeboe
Public Affairs Associate
Badger Institute

ⁱ <https://ij.org/report/at-what-cost>

ⁱⁱ https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf

ⁱⁱⁱ https://www.mercatus.org/system/files/mclaughlin_thomas_chambers_and_waldron_-_policy_brief_-_the_regressive_effects_of_regulation_a_primer_-_v1.pdf

^{iv} <https://www.nber.org/papers/w24107>

^v https://ivmf.syracuse.edu/wp-content/uploads/2016/06/MilitarySpouseEmploymentReportACC_03.20.18.pdf



THE AMERICAN LEGION

DEPARTMENT OF WISCONSIN

Testimony before the Senate Committee on Public Benefits, licensing and State-Federal Relations

Paul Fisk Legislative Chair American Legion Department of WI

January 15, 2020

Chairman Kapenga and members of the Committee

Mr. Chair and members of the Committee. Thank you for holding this hearing on SB-654 relating to reciprocal credentials for service members veterans and their spouses. I also want to thank the authors and their staffs for the work they have put into this proposal.

The American Legion is one of the largest Veterans Service Organization in the Nation. In Wisconsin we have over 50,000 members. We were founded on four pillars one of which is Veterans and Rehabilitation. We have just over a century of advocating for veterans.

In the past we advocated for veterans over the last several years the make-up of the military has changed. We have totally changed to an all-volunteer force and with this we as a society have changes to now consider the veteran and the family. This is a very important difference to our outlook.

This bill is designed to assist veterans and their families; however, it is also an economic development bill. The state is seeking employable people to fuel the economy. This bill permits service member and former service members and their families with some limitations to begin employment in their chosen field immediately upon arriving in the state.



Department of Wisconsin

**STATEMENT FOR THE RECORD
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DAV BENEFITS PROTECTION TEAM LEADER
DEPARTMENT OF WISCONSIN
BEFORE THE
COMMITTEE ON PUBLIC BENEFITS, LICENSING
AND STATE-FEDERAL REALATIONS
WISCONSIN STATE SENATE
JANUARY 15, 2020**

Chairman Kapenga, Vice Chair Craig, Ranking Member Johnson, and Members of the Committee:

Good morning! Thank you for allowing DAV (Disabled American Veterans) this opportunity to present our view on Senate Bill 654 (SB 654), relating to: *reciprocal credentials for service members, former service members, and their spouses and granting rule-making authority.*

DAV is a congressionally chartered national veterans' service organization of more than one million wartime veterans, all of whom were injured or made ill while serving on behalf of this nation. In Wisconsin, we have approximately 15,000 members.

Regarding SB 654, current law allows for reciprocal credentials be granted to the spouses of service members whose duty stations, while on active duty, are assigned to the State of Wisconsin.

A granted reciprocal credential expires 180 days after the date of issuance by the licensing agency or credentialing board.¹

SB 654 expands eligibility for reciprocal credentials to include service members, former service members and the spouses of former service members who reside in the State of Wisconsin.

The former service member must have received a discharge from the armed forces under conditions other than dishonorable and the application must be done within four years of discharge.

SB 654 also states that a reciprocal credential to a service member, former service member and their spouses expires on the same renewal date as the credential that corresponds to the reciprocal credential, which eliminates the current 180 day expiration date.

We feel will SB 654 will be beneficial to the injured and ill veterans we represent and their spouses. Thank you Chairman Kapenga for introducing the bill and thank you Vice Chair Craig and Sen. LeMahieu for cosponsoring.

Pursuant to DAV National Resolution 202², DAV Wisconsin supports SB 654 and urges this Committee and the legislature to pass the bill in an expeditious manner.

This concludes my testimony, Mr. Chairman. We would be pleased to respond to any questions you or other Committee Members may have.

¹ Wisconsin Statutes, Chapter 440, Subchapter I, General Provisions, Statute 440.09 Reciprocal credentials for the spouses of service members.

² Resolution 202, *Support the adoption of programs and legislation to reduce barriers to employment, education and full use and access to other benefits earned through service in the military* passed at DAV National Convention held in Orlando, Florida on August 6, 2019.



WISCONSIN INSTITUTE FOR LAW & LIBERTY, INC.

330 E. Kilbourn Avenue, Suite 725, Milwaukee, WI 53202-3141

414-727-WILL Fax 414-727-6385 www.will-law.org

Dear Chairman Kapenga and members of the Senate Committee on Public Benefits, Licensing and State-Federal Relations,

Thank you for the opportunity to submit testimony on Senate Bill 654 – a bill to recognize out-of-state licensing credentials for service members, former service members, and their spouses.

Occupational licenses are the vast system of government-mandated credentials to work in certain jobs and professions. To earn a license, or other lesser credentials, prospective workers must acquire a minimum level of education, experience, and training. Occupational licensing has grown to impact more and more workers over time. One out of five American workers now require a license to work – an increase from one in twenty in 1950. According to a 2018 DSPS report, “Wisconsin issues over one million occupational licenses for 280 different credential types.”

In recent years, bipartisan concern and consensus has emerged on the creeping growth of licensure and the particular roadblocks it erects for vulnerable populations, entrepreneurs, and innovators. Most prominently, President Barack Obama’s Council of Economic Advisors issued a white paper in 2015 that cited concerns about occupational licensing and the “substantial costs” that “raise the price of goods and services, restrict employment opportunities, and make it more difficult for workers to take their skills across state lines.”

Research in recent years has validated concerns about the impact of occupational licensing on workers and has moved states to enact reforms. A few critical findings include:

- **Fewer Jobs** – Because licensing acts as a barrier to entry, it restricts the labor supply in certain regulated professions. The result is fewer jobs– as many as 37,000 fewer jobs in Wisconsin according to a 2018 Institute for Justice study.ⁱ
- **Higher Prices** – The restriction of the labor supply by licensing serves to raise wages and raise prices. The UpJohn Institute estimates licensing costs U.S. consumers \$203 billion.ⁱⁱ
- **Limits Worker Mobility** – The standards for licensing can vary widely from state to state. The result is a patchwork of regulations that can make moving across state lines difficult. A review found that of 102 lower-income occupations with licensing regulations in at least one state, just 23 occupations are licensed in 40 or more states.ⁱⁱⁱ

Licensing regulations are particularly onerous for military families, who are regularly required to move from state to state. According to the National Conference of State Legislatures, one-third of military spouses work in occupations that may require a license.^{iv} Many military spouses suffer from under-employment, and data suggests they earn about 38% less than private sector

individuals.^v Moreover, about 24% of military spouses are unemployed, a rate more than 640% higher than the national unemployment rate. Onerous occupational licensing fees only serve to exacerbate these problems.

Senate Bill 654 is a common-sense reform that will work towards ensuring that those who serve and sacrifice for our country don't face unnecessary hurdles in the workforce. More than most states, Wisconsin desperately needs to eliminate barriers to the workforce. A persistent labor shortage^{vi} means that employers are desperate to find individuals with the necessary skills to fill jobs. And service members, veterans, and spouses are an extremely valuable source of diligent, trained workers. By recognizing reciprocal credentials from other states, Wisconsin can send a message that the Badger State is a place that values the service and training military members and their spouses have already attained.

Other states have taken similar steps. Utah has exempted military personnel and spouses from the need for state licensure in certain instances.^{vii} Arizona was among the first states to recognize out-of-state licensure for military families, and has since added a much broader recognition of out-of-state licenses for anyone who moves to Arizona.^{viii}

Wisconsin should join these states and ensure that the simple crossing of a state line does not prevent service members, our veterans, and their spouses from realizing their full employment potential. We urge the legislature to pass SB 654.

Thank you for your consideration.

Collin Roth

Policy Analyst

The Wisconsin Institute for Law & Liberty

ⁱ <https://ij.org/report/at-what-cost>

ⁱⁱ https://research.upjohn.org/cgi/viewcontent.cgi?article=1008&context=up_policypapers

ⁱⁱⁱ <https://ij.org/report/license-work-2/>

^{iv} http://www.ncsl.org/portals/1/HTML_LargeReports/occupationallicensing_final.htm

^v <https://ivmf.syracuse.edu/wp-content/uploads/2016/07/The-Force-Behind-the-Force-Infographic.pdf>

^{vi} <https://www.jsonline.com/story/news/solutions/2019/05/20/foreign-workers-an-answer-to-wisconsin-labor-shortage/1189198001/>

^{vii} <https://le.utah.gov/~2018/bills/static/SB0227.html>

^{viii} <https://www.mercatus.org/bridge/commentary/arizona-makes-right-move-occupational-licensing>