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January 11, 2018

SB 616

Thank you Chairman Kapenga and members of the committee for holding a hearing on SB 616. This legislation creates a waiver for initial occupational licensing fees for people whose family income is less than 180 percent of the federal poverty line, or is a military veteran. For an individual this would be \$21,700 or \$44,300 for a family of four.

The benefits of this legislation speak for themselves. Almost one in three workers require a license to work. For low income individuals, a licensing fee can be the difference between obtaining gainful employment in their desired field or remaining unemployed. Every additional expense makes it increasingly more difficult. While \$100 may seem negligible, it will go further in the pocket of an aspiring professional than in the hands of the state.

Veterans stand to benefit as well. Often forced to reintegrate into civilian life following military service, this bill makes the process a little bit easier. Under current law, veterans are able to receive one waiver for an occupational license. This bill will expand this privilege to include the ability to obtain additional licenses without a fee.

It is important to understand that only the initial fee is waived. Payment for the renewal of the license would still be required for these groups. While in the short term, the state may see a slight decrease in revenue, the long term benefit is an increased number of professionals in their respective fields as they renew their licenses.

The substitute amendment to this bill addresses the need for DSPS to be able to verify the income of individuals applying for a fee waiver. The amendment provides the appropriate permissions for DSPS to work with DOR for this purpose.

Already, states such as Arizona and Florida have passed similar legislation with a number of states considering implementation. This is common sense legislation that benefits those who are working hard to break out of government dependency.

Thank you for your time,

Todd Novak



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To: The Senate Committee on Public Benefits, Licensing, and State-Federal Relations
From: Sen. Dan Feyen
Re: Senate Bill 616

Mr. Chairman, members of the committee, thank you for holding this hearing today.

This legislation would eliminate the fees for initial occupational credentials for a person whose family income is below 180 percent of the federal poverty line. For reference, 180% of the federal poverty line for a family of four living in the contiguous United States is \$44,280.

Occupational licensure begins with good intentions- protecting public safety and ensuring consumers are receiving quality services. However, it comes with many unintended side effects. The costs of training, testing, and licensing quickly add up and can act as a barrier to low-income individuals looking to improve their employment prospects and their families' economic outlook. We do not believe government agencies should hinder people working to better themselves, further their families, and break the cycle of government dependency.

Wisconsin has reached record unemployment this year, with some counties having rates as low as 2.1%. While this speaks volume to the economic recovery our state has experienced, it comes with its own set of challenges. Businesses across the state regularly express frustration with the limited pool of job candidates and as a result may turn down new business opportunities because they simply cannot find people to fill current open jobs, let alone for greater expansion. I see this legislation as a workforce development tool. With Wisconsin's workforce shortage, it is more important than ever to ensure every individual who is able is participating in our labor force.

Logistically, the bill gives DSPS 3 months after signing to enact this change in order to account for administrative time necessary to adjust credentialing procedures. We are also introducing one amendment at the request of the Department of Safety and Professional Services that contains technical language necessary for them to certify applicant's incomes with the Department of Revenue.

Thank you for your time today. I welcome any questions you may have.



State of Wisconsin
2017 - 2018 LEGISLATURE

LRBa1690/1
KP:amn

SENATE AMENDMENT ,
TO SENATE BILL 616

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 5: after that line insert:

3 “SECTION 1g. 71.78 (4) (u) of the statutes is created to read:

4 71.78 (4) (u) The department of safety and professional services for the purpose
5 of waiving an initial credential fee under s. 440.052.

6 SECTION 1r. 440.03 (11m) (c) 4. of the statutes is amended to read:

7 440.03 (11m) (c) 4. For a social security number obtained under par. (a), the
8 department of revenue for the purpose of requesting certifications under s. 73.0301,
9 administering the initial credential fee waiver under s. 440.052, and administering
10 state taxes and the department of workforce development for the purpose of
11 requesting certifications under s. 108.227.”.

12 (END)



Opportunity Solutions Project
SolutionsProject.org

To: Chairperson Chris Kapenga
Members, Senate Committee on Public Benefits, Licensing,
and State-Federal Relations
From: Jared Meyer, Senior Fellow
Date: January 11, 2018
RE: **Testimony in Support of Senate Bill 616 to Promote
Economic Opportunity by Waiving Licensing Fees for
Low-Income Individuals and Veterans**

Thank you for the opportunity to testify on Wisconsin's efforts to promote work. My name is Jared Meyer, and I am a senior fellow at the Foundation for Government Accountability and here today on behalf of Opportunity Solutions Project. Opportunity Solutions Project is a nonprofit, nonpartisan advocacy organization that seeks to improve lives by advocating for public policies based on the principles of free enterprise, individual liberty, and a limited, accountable government. My colleagues and I applaud this committee's commitment to lessening the barriers that occupational licensing poses to low-income workers, veterans, and young people.

Wisconsin has already made meaningful progress on licensing reform during this legislative session. In November 2017, the state enacted SB 108 and SB 109, which make it easier for workers in the cosmetology industry to earn a living. Through the budget, the legislature also approved a study by the Department of Safety and Professional Services to review the state's occupational licenses and determine which pose barriers to work without providing a clear public benefit. Because of these successes, the Federal Trade Commission highlighted Wisconsin's occupational licensing reform efforts.

But there is more work to be done. As academic studies and experiences from other states have shown, waiving occupational licensing fees for low-income workers and veterans will promote competition, economic opportunity, and job growth—while still protecting public safety.

Licensing Harms Low-Income Individuals, Veterans, and Young Workers

Since the 1950s, the percentage of the Wisconsin workforce that needs a state license to work has increased from around five percent to about 20 percent. Today, over 440,000 workers are required to hold a license for one of the nearly 250 occupations licensed by Wisconsin. This elevated level is driven by the 84 percent increase in the number of occupations licensed by the state since 1996. Rather than covering high-wage, high-risk occupations, licenses are now required for low-risk, low-income occupations.

Though it receives little attention, occupational licensing is the largest issue facing the American labor force. The number of workers who need a license is far higher than the number of workers who earn the minimum wage or who are union members.

The growth of occupational licensing has coincided with the decline of union membership; Wisconsin union membership stood at 10.7 percent in 2016, a stark decline from when over one-third of workers were union members in 1945. And despite a great deal of policy and media

focus on the minimum wage, only 2.6 percent of Wisconsin workers are paid at or below the state's minimum wage of \$7.25 an hour.

In addition to its scope, occupational licensing is problematic because its requirements disproportionately harm low-income Americans. A 2017 study by the Institute for Justice evaluated licensing requirements for 102 different low- and medium-income occupations. Wisconsin licensed 42 of these occupations, including makeup artists, sign language interpreters, and shampooers. The state's average required training for low- and medium-income occupations was seven months, and the average licensing fee was over \$250.

These fees make it harder for low-income Americans to climb the economic ladder. To put this amount in perspective, \$200 is at the low-end of what a week of groceries for a family of four costs. For those struggling to make ends meet, every dollar spent to start working is a setback. It is often not worth it for aspiring cosmetologists to invest a year and thousands of dollars in school to complete the required training to work in an occupation with median annual earnings of \$27,160 in Wisconsin.

Occupational licensing is estimated to cost the economy between \$127 and \$203 billion annually. These costs come from higher consumer prices, which licensing can increase by about 15 percent, and elevated levels of unemployment. In Wisconsin, it is estimated that licensing has cost Wisconsin over 30,000 jobs, in addition to increasing consumer costs by nearly \$2 billion each year. This large financial burden does not fall equally on all state residents. These increased costs make it more difficult for low-income families in Wisconsin to make ends meet.

Occupational licensing also disproportionately harms military families. This fact is one reason Wisconsin passed Act 209 in 2011 to make it easier for veterans to transition to civilian life by waiving an initial occupational licensing fee for veterans who qualify. Other states—including Arkansas, Florida, Indiana, Iowa, Kentucky, Missouri, Michigan, Nebraska, Oklahoma, and West Virginia—have legislation that relaxes or waives occupational licensing requirements for members of the military and their families.

Despite the extensive experience and standardized training that veterans receive during their time spent in the military, most state and local governments do not allow military training in a specific skill to count towards a license in an occupation that requires that skill. Instead, veterans are forced to take lengthy and costly educational programs that, as the Obama White House pointed out in a report on licensing, they could teach.

By creating a system in which those who can obtain a license are protected from outside competition, licensing makes many promising work options cost-prohibitive for young workers. State policies should promote moving young people into the workforce so that they can set themselves up for a life of work.

Though the overall economy has steadily improved since the Great Recession, young Americans are still struggling with a slow labor market. At the end of 2017, the unemployment rate for 20- to 24-year-olds remained above seven percent, and the teenage unemployment rate was near 14 percent. Both these rates are significantly higher than the under-four percent unemployment rate

for those over 25 years old. And the percentage of teens and young people employed or looking for work—or the labor-force participation rate—is currently 57 percent, nearly its lowest level since the government began tracking the statistic in 1948.

Positive Effects of Senate Bill 616

Senate Bill 616 would waive initial licensing fees on the state and local level for those who participate in welfare programs or who live in a household with income below 180 percent of the federal poverty line (\$21,708 for an individual or \$44,280 for a family of four). The bill also expands Wisconsin's existing veteran licensing fee waiver so that applicants who are honorably-discharged veterans will not have to pay any initial occupational licensing fees.

Some states are already implementing this reform. During the 2017 legislative session, the Arizona legislature passed a bill that allows individuals with household incomes below 200 percent of the federal poverty line to obtain an occupational license without paying the accompanying fee.

In 2017, a bill passed unanimously in Florida that grants licensing-fee waivers to those with household incomes less than 130 percent of the federal poverty line and extends a fee waiver to military members and their spouses. A similar bill that waives local licensing fees for low-income workers and military families passed in Indiana in 2017.

Under this type of reform, only initial licensing fees are waived. If revenues received by licensing boards decline moderately, taxpayer dollars will not be necessary to fund licensing board operations. This is because most licensing boards require workers to pay license renewal fees every year or two years, which is one reason many boards have substantial financial reserves in their accounts. Additionally, it is possible that by lowering the financial barriers to entry to an occupation, this reform will increase the number of workers in an occupation and lead to higher revenues over the long-term for licensing boards.

The barriers to work posed by occupational licensing must be reviewed regularly. While there may be reason to require training for certain occupations, there is little public safety rationale for charging fees for licenses—particularly when doing so poses a substantial barrier to work. And licensing boards should not profit from people who are defending America, just beginning their careers, or working to bring their families out of government dependency.

Reforming occupational licensing is a crucial step to encouraging job creation, increasing economic opportunity, and reducing dependence on the government. Rather than maintaining barriers to these three universal goals, I hope that members of this committee and other Wisconsin policymakers will continue working to lighten the burden that licensing places on the state's workers by waiving initial occupational licensing fees for low-income workers and veterans.

Thank you for your time and consideration.