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You Can Take It with You: A Case for Occupational Licensing Reciprocity

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Executive Summary

Many workers must go through the often lengthy and costly process of getting a new occupational license when they move to a new state even if they have substantial work experience or a license in good standing from their prior state of residence. The ability to bring their license with them — license portability — doesn't exist for workers who aren't covered by a multi-state license compact. There are only a few of those compacts and they only cover a few specific medical occupations.

This lack of license portability has real-world impacts. It keeps workers from moving to a state when they might otherwise. Lack of portability is also especially onerous for “trailing spouses” of military members who are often kept out of the workforce when their family is transferred to a new state.

Not all forms of license portability are created equal, however. Arguments in favor of licensing portability need to be judged against the current forms of portability, not an idealized world in which licensing doesn't exist or that assumes away competing reforms and the incentives of state occupational licensing boards which might favor the status quo. Licensing reform that can achieve portability while also grappling with these realities and safeguarding regulatory competition between states is crucial.

This study makes the case that a form of “universal reciprocity” or “licensure by endorsement” is a better tool for license portability in this context than an interstate compact or similar formal agreements. Unlike compacts, universal licensing reciprocity can:

- 1) be broad-based and cover a wide range of workers; and,
- 2) encourage competition between states in terms of the requirements to obtain a license — or even whether a state should mandate an occupational license at all.

The second of these is arguably one of the most important attributes: compacts and other formal agreements between states force states to “harmonize” their licensing burdens to win the support of state licensing boards — boards that are usually heavily influenced by incumbent license-holders who have an incentive to keep out competitors. Licensing portability based on universal reciprocity is the best tool available to neutralize these factors and safeguard regulatory competition between states.

This study also will make the case that licensing portability is a reform that can pave the way for overall licensing reform to move forward. It also outlines a few administrative improvements that can be enacted at the state level, including an expedited application process for incoming

license applicants, a pre-approval process before a move takes place, and transparency and accountability requirements for licensing boards.

Introduction

Current occupational licensing laws, by design, restrict the ability of someone moving from another state to immediately begin to work in the licensed profession upon moving to a new state without first getting an occupational license issued by the government of the new state of residence. Getting a new license requires costly, time-consuming, and duplicative hours of training just to do the job that the worker was already doing before they moved across the state border. As a result, the lack of occupational licensing portability suppresses the labor market opportunities for new residents of a state.

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Additionally, it has the effect of discouraging people from moving to a new state at all. The movement of workers to states that have better employment climates is an important part of workers acting to maximize their economic potential. This lack of interstate mobility can result in sub-optimal economic outcomes for individual workers and for the nation as a whole.¹

¹ See Janna E. Johnson and Morris M. Kleiner, “Is Occupational Licensing a Barrier to Interstate Migration?” NBER Working Paper No. 24107, December 2017; and, Morris Kleiner “Reforming Occupational Licensing Policies,” Hamilton Project Discussion Paper 2015-1, Brookings Institution, March 2015, available at: https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf

By way of example, this is especially hard on “trailing spouses” of military members — workers who, unlike non-enlisted workers, have no direct control over where they move next. When a military family is transferred to a new base, the spouse of the enlisted family member is often kept out of the workforce because of the requirement to go through the lengthy and time-consuming process to obtain a new license. This is especially onerous if the new license takes a long time to obtain and the family expects to be transferred sooner than the time required to obtain the license.²

The idea of occupational license portability has been a perennial topic of academic literature on licensing for many years. Now there is substantial interest in reforming licenses in this way among policymakers as well.³ The state of Arizona passed the first-of-its-kind licensing reciprocity bill in 2019, and a few other states are now considering enacting their own version of that reform.⁴

This policy study seeks to outline the case for broad-based licensing reciprocity as the preferred tool to achieve license portability. While the Arizona reform is the one that currently looks the most like what is proposed in this study, there are improvements that can be made to

future versions in other states as well as Arizona. Understanding what makes licensing reciprocity reforms valuable are crucial to this improvement process.

This study argues that reform should both be specific in how it achieves portability but also broad in the number and types of workers it covers — trailing spouses as well as workers who choose on their own to move to a new state. The case for a specific form of licensing reciprocity as the most realistic vehicle to best achieve license portability (and even licensing reform more generally) must rest not on comparison to an idealized form of portability. Nor must it rest on a required federal reform or on interstate compacts that require mutual recognition and formal agreements between states.

In other words, the potential reform should not be compared to a world in which occupational licensing does not exist and, hence, all workers are as potentially mobile as possible. Instead, a pragmatic case should rest on a comparison to the existing forms of license portability, some of which have existed for over a decade. By that comparison, licensing reciprocity — what is called in this paper “unilateral reciprocity” or “universal recognition” — holds within it the best chance to open the broadest avenues to

² See Council of Economic Advisers, “Military Spouses in the Labor Market,” May 2018, available at: <https://www.whitehouse.gov/wp-content/uploads/2018/05/Military-Spouses-in-the-Labor-Market.pdf>

³ U.S. Department of Treasury Office of Economic Policy, the Council of Economic Advisers, U.S. Department of Labor, “Occupational Licensing: A Framework for Policymakers,” July 2015, available at: https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf

⁴ Dan Boylan, “Arizona now recognizes out-of-state occupational licenses,” The Washington Times, April 12, 2019, available at: <https://washingtontimes.com/news/2019/apr/14/arizona-now-recognizes-out-of-state-occupational-/>

opportunity for the most workers in the shortest amount of time. Furthermore, this study will make the case that universal license reciprocity specifically is the most realistic vehicle to encourage — or at least not actively discourage — an overall reduction of licensing burdens, and to facilitate healthy economic competition between states — neither of which are something that the current forms of portability promote or achieve.

The Current Forms of Licensing Portability

As a general rule, occupational licenses are not portable between states. That does not mean there are not instances where they can be portable across state lines. In fact, licensing portability is not really a new concept and some versions of portability exist today for some occupations. However, the reality is that the versions of portability that exist today are not optimal, possibly counterproductive, and inadequate to cover most of the working population that is required to hold a state-issued license currently. Understanding the way portability has been made available to date is instructive for policy makers seeking to improve license portability more broadly.

Portability through interstate compacts and multi-state licenses

The most common mechanisms in effect today to facilitate movement of licensed workers across

state lines are interstate compacts that facilitate the use of multi-state licenses. These compacts have advantages and disadvantages. Exploring how this mechanism works can help us understand where they fall short as a solution for general license portability.

Understanding the way portability has been made available to date is instructive for policy makers seeking to improve license portability more broadly.

Interstate compacts are agreements between two or more states to allow occupational license portability between residents of member states.⁵ A license holder who lives in a state that is a member of the compact can apply for an occupational license in the specific occupation that is covered by the compact and that license would function as a multi-state license. The license holder can practice in other compact member states without moving there — hence the description of the license being multi-state in nature.

That license holder also can decide to move to another compact member state and apply to receive that state's government-issued equivalent multi-state license — much like someone would trade in their prior state's driver's

⁵ Unless otherwise noted, all information about interstate licensing compacts in this report come from Federal Trade Commission, "Policy Perspectives: Options to Enhance License Portability," September 2018, available at: https://www.ftc.gov/system/files/documents/reports/options-enhance-occupational-license-portability/license_portability_policy_paper_0.pdf

license for their new state's driver's license. They may also still continue to practice in other states in the compact regardless of their state of residence. However, if a license holder from a compact state moves into a non-compact state, they must start from scratch when applying for a new state-specific license. The issuing state licensing board would decide what requirements are necessary to obtain such a license. Not all states may recognize the other state's license as compatible or a basis for awarding a new license without requiring additional training, fees, or testing. Additionally, that new state-specific license would not be multi-state in nature.

Licensing compacts operate a bit like a licensing reciprocity law but only as long as you stay within the states that have agreed to the compact.

On their face, licensing compacts operate a bit like a licensing reciprocity law but only as long as you stay within the states that have agreed to the compact. Meanwhile, if a worker continues to maintain the same state of residence, they can still practice in a state which is a member of the compact without needing an additional license. An example would be a nurse practitioner providing tele-medicine services or temporarily relocating to another in-compact state to help

provide emergency medical services during a disaster relief effort.

Use of the nursing example is appropriate. The Nurse Licensure Compact (NLC) was the first interstate licensure compact and is the longest-lived licensing compact. It initially was implemented in 1999 and updated in 2018. Thirty-two states have entered and implemented the compact as of January 2020.⁶

Since the creation of the NLC, other license compacts have been created. The Interstate Medical Licensure Compact (IMLC) began in 2017 after adoption by 24 states. The Physical Therapy Licensure Compact went into effect in 2017 after adoption by 21 states. In fact, of the five licensing compacts in effect, all but one are centered exclusively on health profession licenses.

Portability through mutual recognition or expedited licensure

A more general form of portability comes in the form of "mutual recognition." This occurs when two states — usually within the context of a compact, but not necessarily — agree to issue a state license to a license holder who has a license in another state as long as: 1.) there is some sort of agreement to this effect between the two states; and, 2.) there is "substantial equivalence" in the requirements (such as hours of training) to receive a license in both the old state of residence and the new state of

⁶ National Conference of State Boards of Nursing, "News Release: Alabama Implements the Nurse Licensure Compact," December 30, 2019, <https://www.ncsbn.org/14196.htm>

residence. A “substantial equivalence” standard could apply to states within a compact as well, and may even be a condition of joining the compact.

Another form of portability exists in some states with “expedited licensure” provisions. In states that allow this, there is again an agreement between states to defer to a third-party (usually an industry association that maintains a database of the credentials of a license holder, including hours of training completed) as a means to speed up the process of applying for a license in the state. Here again, the assumption is that the license holder would qualify for the license in the new state based on having achieved the same number of hours of training in the prior state.

Finally, a third form of portability is the granting of temporary licenses. These are just what they sound like — licenses granted on a non-permanent basis. This is often seen as a solution for trailing military spouses who intend to be in a state for only a short and determinate period of time. Here again, the assumption is that they would already qualify for a license in the new state and the license from another state is proof of the license applicant’s eligibility.

Ad hoc portability

State law or state licensing boards may decide to allow a license from another state to serve as adequate grounds to issue a license on a case-

by-case basis. This process, however, tends not to be consistent between occupations or even between applicants within an occupation.

The Shortcomings of the Current Forms of Portability

These arrangements described above all have degrees of similarity between them. These similarities are a key part of why they fall short as a broad-based tool for licensing portability.

First, each requires some kind of formal agreement between states. There often are high transaction costs to achieving such agreements, and getting to point of approval for any one of them takes quite a while. The nursing compact, for instance, took 20 years to be approved by the current total of 32 states.⁷ Although the progress was not linear, that is an average of around 1.5 states per year. That is because of the time it takes to pass a version of the compact and then, once the compact is agreed to, make any additional changes to state laws to harmonize statutes with the compact provisions. Compacts also often have a threshold — most commonly a specific number of states that must adopt them — before they go into effect. This would add an additional burden in terms of time before portability is possible.

Second, by design, most compacts and interstate agreements center only on a specific profession. As already noted, virtually all of the existing compacts only allow the portability of

⁷ Interstate Commission of Nurse Licensure Compact Administrators, “NLC Member States,” available at: <https://www.ncsbn.org/nlcmemberstates.pdf>

licenses for certain types of occupations within the medical professions. They have not yet been adopted for widespread use in other occupational categories more broadly. Reasons for this might be legal issues particular to the medical professions and may indicate that compacts are uniquely suited to the medical profession in a way they may not be suitable for other or most occupations.⁸

Although compacts may be an appropriate or preferred tool of license portability in the medical profession — their rigidity may even be a feature, not a bug — the same may not be true for other occupations that are fundamentally local or have different (lower-intensity) liability concerns.

By contrast, local service providers who are covered by state licensing laws usually provide services that are not as easily exportable, have substantially different liability concerns, and are more strictly tied to geography or a local customer base. (Think haircutting or home construction.) So, although compacts may be an appropriate or preferred tool of license portability in the medical profession — their rigidity may

even be a feature, not a bug — the same may not be true for other occupations that are fundamentally local or have different (lower-intensity) liability concerns.

Third, and perhaps most consequentially, this rigidity of the existing forms of portability extends to the act of setting the qualifications of receiving the license, not to mention the policy decision on whether there should be a license at all. Because compacts require some kind of mutual agreement on how to recognize the license, it also requires settling on the preferred way to measure competency. This takes the form of “harmonized” standards in which things like the number of hours of required training are codified within the compact.

The “harm” in harmonization

Harmonization is an essential element of compacts and multi-state agreements.⁹ This feature, however, can be harmful to the future of reforming occupational licensing because it sidesteps the important and broader policy question of whether the harmonized standard is the right one. It circumvents the decentralized and experimental nature of a federalist system in which states can experiment with competing licensing regimes (or avoid creating a license altogether). A compact or any other formal multi-state mutual recognition agreement tends either toward a homogenization of licensing

⁸ For instance, malpractice insurers likely have an interest in making sure there are legal protections for doctors providing services across state lines.

⁹ At a basic level, this increases the transaction costs necessary for state legislatures to adopt these agreements. If, for instance, a state legislature doesn't agree with the harmonized standards, they may never enter the agreement. Additionally, if a state needed to increase the number of hours of required training to enter the compact, they would effectively be creating one new option (portability for out-of-state licenses) at the cost of increasing the barrier to entry for new license seekers of those already living in the state.

requirements or, at worst, an overall average increase in those burdens, either of which may be counterproductive. Compacts and multilateral state agreements on licensing effectively short-circuit policy competition between states.

Harmonization of requirements in the context of a compact is likely to gravitate toward heavier licensing burdens. To see why, think about the incentives of the participants involved and how they would interact with an attempt to enact a compact. Assume that the goal of the compact supporters is to include as many states as possible. Also assume that state legislators aren't the only constituency to which the compact supporters have to appeal. They also need to appeal to the enforcers and influencers of state licensing requirements: state occupational licensing boards, which are predominantly composed of incumbent license holders who have an incentive to keep out competitors.

In order to achieve adoption by as many states as possible, appeasing licensing boards in states with heavier licensing burdens becomes important. This creates upward pressure on the agreed-to licensing requirements. Meanwhile, if a state that has lower licensing burdens wishes to enter or stay within the compact, they have to agree to a higher licensing burden. That higher licensing burden (relative to the health and safety benefits, improvements in which will likely not materialize as evidenced by existing empirical

literature on the subject) may not be beneficial to consumers on net.¹⁰

Compacts and multilateral state agreements on licensing effectively short-circuit policy competition between states.

Compacts with harmonized requirements probably arose historically because almost all states already had occupational licenses for certain occupational categories (nurse practitioners, in particular) and had them for several decades prior. In the case of nursing, these laws date back to the 1920s.¹¹ Most states already had a harmonized set of requirements too: Training protocols and certifications have long been centralized and administered by non-governmental third parties. In addition, accredited medical schools are a long-serving and additional (even primary) layer of gatekeeping. Liability and malpractice insurance policies also evolved within these institutional realities.

None of this should suggest that this is the best or most efficient way of filtering the medical labor pool. Historically, however, this was the state of the world when licensing compacts began to appear as a solution to the demand for a multi-state license in some medical fields. This suggests that compacts might have been

¹⁰ Kleiner, Morris M. *Occupational Licensing: Ensuring quality of restricting competition?* W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 2006.

¹¹ Diane Benefiel, MSN, RN, "The Story of Nurse Licensure," *Nurse Educator*, 2011, vol. 36, no. 1, pp. 16-20.

uniquely suited to that specific task in that specific industry at that time. One might think of the appearance of the compact as a “lagging factor” — meaning they appeared after-the-fact — and they were used as a tool for simply ratifying what many states were already doing. However, the fact that compacts exist already and have been successful at facilitating portability in specific occupations should not automatically mean that it is also the right tool for license portability in other (or even most) industries and occupations.

Licensing Reciprocity as a Better Solution

A broad-based form of licensing reciprocity that does not rely on interstate compacts or multi-state agreements regarding mutually-recognized licenses — indeed, one that actively avoids those models — holds more promise as a licensing reform. A good reform would be broad-based in nature and based on a presumption of unilateral recognition (as opposed to mutual recognition) of another state’s license. Passage of a reform including these elements could lead to substantial benefits, including more policy competition between states.

1) *Allows broad-based reciprocity*

An essential attribute of successful widespread licensing portability is allowing reciprocity for any occupational categories not already covered by compacts. This makes the reform immediately more broad-based than any compact to date. As mentioned already, each existing compact deals only with one specific occupational category.

Achieving broad-based reciprocity through the use of one-occupation-at-a-time agreements (even assuming that multiple simultaneous agreements can be achieved) would take a significant amount of time and lead in the short term to a continuation of the economic deadweight costs associated with lower levels of geographic mobility or the restrictions in labor market opportunities for those required to move to a different state, such as trailing spouses or military members.

2) *Rests on unilateral or universal recognition, not a requirement of mutual recognition*

Current portability arrangements assume and require “mutual recognition” of licenses. That means both states must agree to honor each other’s licenses. This greatly increases the transaction costs of agreement between states, perhaps to the point of greatly delaying license reciprocity (at best) or failure to reach an agreement (at worst).

The best way to think of a preferred type of licensing reciprocity is as a form of “unilateral” or “universal” recognition and reciprocity instead of the “mutual recognition” required by compacts. This could even be described as “licensure by endorsement.” This standard does not require permission of the state of origin the way a compact does. It simply states that the state receiving the worker agrees to issue a license in the new state assuming the new resident meets the following criteria: 1.) the license from the original state is active and in good-standing; and, 2.) the new resident pays all commensurate

licensing fees that an in-state applicant would face. (There may be an additional testing requirement to measure knowledge of state legal standards for some professions.) As mentioned previously, this would function much like the current system of recognizing out-of-state driver's licenses.

A good reform would be broad-based in nature and based on a presumption of unilateral recognition (as opposed to mutual recognition) of another state's license.

This form of license reciprocity would not result in a multi-state license. Compacts that decree such licenses could still exist alongside a licensing reciprocity policy in the industries for which they are most appropriate. As suggested already, it's likely that medical licensing compacts would still exist and provide a value by allowing multi-state practice due to their unique attributes. It's not clear, however, that this is a shortcoming of universal license recognition reforms; such multi-state capability is not usually necessary for most state occupational licenses required of most service-providers in a state — recall again haircutting and home building. Meanwhile, if licensing reciprocity becomes widespread, it will have the effect of providing the functional benefits that come with a multi-state license without many of the downsides of compacts. (Administrative attributes that can

ease licensing reciprocity are explained in the next section.)

Unilateral and universal recognition also creates opportunity for workers in the short-term. Instead of waiting for states to become part of a particular compact arrangement (which may not be a foregone conclusion in the first place and could take time to take effect even if it does), the licensing reciprocity merely requires enactment by the state to which a worker wants to move.

3) ***Encourages beneficial policy competition in licensing regimes***

The most important element of licensing reciprocity reform of the “universal reciprocity” or “licensure by endorsement” kind comes from the encouragement of competition between states, particularly in the form of the requirements to earn a license. This type of licensing reciprocity would encourage policy innovation and competition between states.

To see why, recall the harmonization of licensing requirements embedded in a compact. This is an essential feature of those compacts because they require mutual recognition of all member states. In the context of a compact, a state would not be able to make any substantive change in state-specific licensing rules without submitting such a change for all states to adopt through a modification or modernization of the compact. That is a much higher barrier for statutory change. With licensing reciprocity, states can simply change their requirements as quickly as it takes to change state law.

What constitutes acceptable experience would be defined by the receiving state, not by a compact that requires a one-size-fits-all harmonization of what constitutes a viable credential.

Now, consider a state that wants to remain competitive with respect to licensing burdens and also wants to actively attract workers from other states. A licensing reciprocity law would be a more flexible tool than a compact. States could accept license holders with a variety of experiences under a unilateral reciprocity rule. What constitutes acceptable experience would be defined by the receiving state, not by a compact that requires a one-size-fits-all harmonization of what constitutes a viable credential. It's most likely that a receiving state would certainly accept a license in good-standing from another state, but the credential a state may be willing to accept may not be limited to that. The receiving state might accept a nationally-accredited certification as a proxy signal for the expertise that a license is meant to signify.¹² This is particularly relevant in cases where a worker is

moving out of a state in which their occupation is not licensed by the government and into a state where it is licensed. Indeed, if a state decided to maintain a "license by endorsement" standard in such cases, they could even use substantial and proven work experience as a substitute for licensing exams or government licensing board-created requirements.

This is not to suggest that in any of these cases states would be giving up their purview to require certain levels of required insurance coverage or bonding, or even a requirement of cognizance of state legal standards by the worker practicing the occupation. In fact, those levers rather than government licensing might best be seen as the preferred form of protection of the public.¹³ Therefore, states should not be hesitant to accept national private certifications or work experience as a proxy for state-issued licenses for workers moving to the state from other states that do not license their occupation.¹⁴ These primary legal means of protection would still exist for them and all other practitioners, licensed or not. Licensing reciprocity might actually help state policymakers transcend the narrow and binary license/no-license thinking on occupational regulation.

In this way, licensing reciprocity further encourages competition between states in terms

¹² This is not to suggest that a license is a reliable or non-biased signal of quality.

¹³ For a discussion of hierarchy of occupational regulation, see Thomas Hemphill and Dick Carpenter, "Occupations: A hierarchy of regulatory options," *Regulation*, vol. 39, no. 3, Fall 2016, pp. 20-24, available at: https://www.cato.org/sites/cato.org/files/serials/files/regulation/2016/9/regulation-v39n3-5_0.pdf

¹⁴ For an in-depth explanation on how private certification can provide an alternative to government-centered licensing and the benefits therein, see Stephen Slivinski, "Bootstraps Tangled in Red Tape: How State Occupational Licensing Hinders Low-Income Entrepreneurship," Goldwater Institute Policy Report No. 272, February 2015, available at: https://goldwaterinstitute.org/wp-content/uploads/cms_page_media/2015/4/15/OccLicensingKauffman.pdf

of what constitutes more reasonable or optimal licensing or regulation of an occupation. States that lose workers to those with more competitive licensing regulations would be incentivized to re-assess their level of occupational regulatory burden just as they are encouraged to do in other spheres of regulation. Finding the right mix of costs (training requirements and fees) relative to the benefits (public safety, consumer quality, and price competition) would become even more essential, not less. A world in which compacts or rigid multi-state agreements are the primary means of license portability would not encourage this form of state competition.

Licensing reciprocity further encourages competition between states in terms of what constitutes more reasonable or optimal licensing or regulation of an occupation.

Administrative Improvements to Complement Licensing Reciprocity

There are other elements that can enhance licensing reciprocity. This will have the effect of making licensing reciprocity as or more convenient than the current forms of licensing portability.

- Expedited processing of reciprocal licensing applications. Some of the advantages of licensing reciprocity would be squandered if incoming license

holders are delayed in the recognition of their licenses. This is especially relevant to trailing spouses who desire to start work quickly upon arriving in their new state. Procedures that expedite the process of recognizing out-of-state licenses — some of which may be borrowed from the existing process of expedited licensure reviews — would be prudent. Strict statutory time limits on how long a state licensing board can take to approve a reciprocal license application could encourage them to explore ways of outsourcing the verification of out-of-state licenses and potentially generate cost-savings as well.

- Pre-approval review of reciprocal license applications. Before a worker moves to a state, the state licensing board should offer some kind of ombudsman service that can offer a pre-application review of an incoming worker's state license or credentials before that worker sets foot within the state. This will further expedite the license reciprocity application process. This also would clear up potential uncertainty during a transition between states. This again can be especially welcome to trailing military spouses as they plan a transfer.
- Transparency and data collection. Licensing reciprocity reform legislation would be a good opportunity to make the licensing process more transparent and accountable. Licensing boards should be

required to record the speed of reciprocity application approvals, the number of reciprocal licenses awarded, and the state of origin. Similar information should be kept (all anonymized) of new in-state license applications as well. This will assist researchers and policymakers in determining the share of license holders in the state that came from elsewhere. This also will help in analyzing the influence of licensing burdens on various economic and consumer outcomes. Additionally, it would be helpful in those states that have a sunset process for reviewing the operations of the licensing board.

Pitfalls to Avoid

There are pitfalls that should be avoided when considering the form state licensing portability should take. One is choosing to pursue a one-occupation-at-a-time approach. This sort of approach works for a compact (indeed, may be essential to its success). A broad-based approach is a better one when it comes to licensing portability on a larger scale. This is particularly important since a very large percentage of most state's working populations are currently outside the occupations covered by existing compacts.

The most dangerous pitfall to be avoided is harmonization and homogenization of licensing requirements. Embedding a specific arbitrary standard in law (such as a required number of

training hours) in a compact that all member states must abide by, or that a state agrees to as a condition for issuing a reciprocal license, is a one-size-fits-all approach that either will have limited reach (not all states will be eager to enter such a compact) or potentially lock-in an artificially high standard for an occupation. Compacts and formal multilateral agreements require a great degree of confidence that the standard being embedded in law is the best one. Additionally, technological changes may invalidate current-day licensing regulations in a way that is not anticipated by a more rigid multi-state agreement.

Broad-based licensing reciprocity built on universal recognition can avoid many pitfalls simultaneously.

Prioritizing attributes of reform is also useful. For instance, a state licensing reciprocity bill for a single specific industry would certainly be less preferable than one that is broad-based in nature. However, it still would be preferable to a single-occupation licensing reciprocity that requires adherence to a homogenized licensing requirement. In other words, while the broad-based nature of reciprocity is a very valuable attribute, it is secondary to the avoidance of harmonization of requirements and the embedding of a one-size-fits-all standard for occupations.

Conclusion

The attributes of licensing reciprocity reform outlined in this paper should help provide a framework for which types of portability reforms would work best. It should also help highlight the significant differences between compacts and licensing reciprocity and why reciprocity is a better solution to safeguard policy innovation and competition between states.

It is the licensing reform that should be considered as the best route forward for licensing portability for the broadest set of occupations possible and the largest set of workers imaginable.

Broad-based licensing reciprocity built on universal recognition can avoid many pitfalls simultaneously. As a result, it is the licensing reform that should be considered as the best route forward for licensing portability for the broadest set of occupations possible and the largest set of workers imaginable. It encourages more competition between states and paves the way for future licensing reforms while simultaneously opening the gates to enhanced economic productivity in the meantime.

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