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R SHEET ON ECONOMIC MOBILITY

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BACKGROUND

Economic mobility is defined as “the ability of someone to change their income or wealth.” It is an ever-evolving challenge facing both rural and urban communities. Regardless of unemployment rates and workforce participation, economic opportunities are shifting more rapidly than in previous generations, leaving many segments of the population either unqualified for employment or barred from hiring consideration due to inaccessibility. Educational, financial and deregulatory approaches have been used to address these issues. Lawmakers at the local, state and federal levels are crafting policies to aid impoverished, under-served or unemployed communities and increase economic potential.

CURRENT DEBATE

Some measures policymakers have taken to address economic mobility issues include direct financial subsidies, work requirements and regulatory reform.

Although these approaches are crafted with good intentions and—depending on the beneficiary—have the potential to increase economic mobility, they vary greatly in a number of characteristics, including cost to the taxpayer, return on investment and long-term effectiveness.

Due to the current state of the federal budget and the political challenges stagnating welfare reform efforts, state and federal lawmakers are searching for economic mobility solutions that result in long-term economic growth without imposing financial burdens. One solution under consideration is occupational licensing reform.

SUMMARY

- Economic mobility is most commonly defined as an individual’s ability to either earn above or fall below their current income bracket.
- Policy ideas to increase economic mobility range from direct financial aid to regulatory reform. Federal and state legislatures are searching for politically feasible solutions that do not increase the nation’s financial burden.
- Commercial licensing reform is a responsible solution that aims to increase economic opportunity by decreasing regulatory, licensing and other barriers to employment without cost to the taxpayer.

ACTION ITEMS

When considering responsible policy solutions to promote economic mobility, lawmakers at the local, state and federal levels should work to decrease the burdens posed by the occupational licenses and fees required to perform certain jobs.

Occupational licensing reform can increase employment opportunities for individuals by decreasing current regulatory barriers that restrict the applicant pool. Licensing reform relies on decreased regulation rather than federal financial assistance, opening the door to positions currently inaccessible to individuals who could easily be hired, trained and paid a viable wage.

Although many licenses protect the health and safety of employees and customers, [the Institute for Justice's License to Work Report](#) recently identified 100 low-skill occupations that require burdensome employment qualifications. These positions include barbers, florists, cosmetologists and funeral attendants—jobs with minimal inherent risks. By decreasing employment requirements for these commonly available positions, lawmakers can increase individuals' opportunities to find employment, earn a steady wage, increase their skills and experience economic mobility.

Now a bill has been introduced in the House of Representatives that aims to decrease licensing burdens for military spouses. [H.R. 2618](#), introduced by Representative Jim Banks (R-IN) encourages the Secretary of Defense to partner with the Council of State Governments to develop an interstate compact to make occupational licenses of military spouses portable across state lines. When a member of the military is assigned to a new base, their spouse's employment is often uncertain due to lack of occupational licensing portability between states. Rep. Banks' bill has the potential to eliminate this burden for a number of occupations.

[Many state legislatures have already taken measures to decrease regulatory burdens](#), as their harmful effects on America's working class have become increasingly transparent.

As lawmakers craft legislation to address economic mobility issues, state and federal licensing reform must not be overlooked as a responsible, effective means to increase economic opportunity at no cost to the American taxpayer.

CONTACT US

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