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Testimony from:
Alan Smith, Midwest Director & Senior Fellow, R Street Institute
In support of Senate Bill 131

Senate Workforce & Higher Education Committee

May 26, 2021

Chairman Johnson, Vice Chair Cirino, Ranking Member Williams and all members of the Senate Workforce & Higher Education Committee:

My name is Alan Smith and I am a Senior Fellow and Midwest Director of the R Street Institute. R Street is a free-market think tank devoted to pragmatic solutions to public policy challenges. I wish to commend the Ohio Senate and the General Assembly for considering reforms that allow a broad range of workers licensed in other jurisdictions to be able to continue to work in Ohio on the basis of their training and experience in sister states.

Before the COVID-19 pandemic, state workforce policymakers helped stimulate the economy by reassessing and adjusting some of the impediments that prevented willing workers from obtaining gainful employment. Sixteen states have realized the benefit of providing some form of recognition of training undertaken and certified in other states by relocated workers.¹

The recent focus on occupational licensing by the General Assembly has put Ohio at the forefront of state efforts to examine the net benefit of licensing professional services. This benefit applies both to workers and to the people who hire them. By periodically reviewing the qualifications and requirements of these state licenses over a period of years, Ohio will be able to remain up to date on the most practical requirements. Considering that Ohio embraces 651 different occupations with a license requirement,² and the Institute for Justice reports that 18 percent—nearly one worker out of five—needs a license to work in the state, the state has an opportunity to compete for those workers who would like to carry on in a profession where they are already established.³

Before the pandemic scrambled the numbers, the projected job increase in Ohio from first quarter 2019 to first quarter 2021 was only 1.6 percent.⁴ Now the state needs to add back into the workforce around one-third of nearly 900,000 people who were furloughed or lost their jobs a year ago as they dig out of the pandemic hole in the state ecosystem.⁵ According to information collected by United Van Lines, a new job (or an employment transfer) is the leading reason for moving into—and out of—the state.⁶

Therefore, if Ohio could eliminate one hurdle that hinders this type of immigration, the state may experience expansion.

There are substantial reasons for the state government to remove every barrier to employment that is not wholly and directly related to critical health and safety issues. Preventing willing and capable people from working, especially with outdated protectionist hurdles mostly instituted for incumbents, begets pathologies in the state that no government can countermand.

I respectfully request this letter to be included as part of the public hearing record.

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¹ “State Reforms for Universal License Recognition,” Institute for Justice, accessed May 24, 2021.
<https://ij.org/activism/legislation/states-reforms-for-universal-recognition-of-occupational-licensing>.

² Anna Staver, “Ohio requires licenses for 651 occupations and some legislators say that’s way too many,” *Columbus Dispatch*, November 25, 2019.
<https://www.dispatch.com/news/20191125/ohio-requires-licenses-for-651-occupations-and-some-legislators-say-thatsquos-way-too-many>.

³ Morris M. Kleiner and Evgeny S. Vorotnikov, “At What Cost?: State and National Estimates of the Economic Costs of Occupational Licensing,” Institute for Justice, November 2018.
<https://ij.org/report/at-what-cost>.

⁴ Ohio Labor Market Information, “Ohio Short-term Employment Forecast, First Quarter 2019 – First Quarter 2021,” Ohio Department of Jobs & Family Services, June 2020.
<https://ohiolmi.com/portals/206/proj/ohio/ShortTermForecast-2019.pdf>.

⁵ Mark Williams, “On the road back: Ohio recovers about two-thirds of the jobs lost during the pandemic,” *Columbus Dispatch*, March 12, 2021.
<https://www.dispatch.com/story/business/2021/03/12/ohios-net-pandemic-job-loss-307-k-2020/6919123002>.

⁶ United Van Lines, “United Van Lines’ National Migration Study Reveals Where and Why Americans Moved in 2020,” Press Release, Jan. 4, 2021.
<https://www.unitedvanlines.com/newsroom/movers-study-2020>.