

Universal Licensing Recognition

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In March 2023 came the first official bill-signing ceremony of the year for Virginia, during which Governor Glenn Youngkin signed into law [legislation](#) that allows Virginia to recognize out-of-state occupational licenses for about [85 regulated occupations](#) for applicants who meet certain requirements. Occupational licenses are government-issued credentials that individuals must obtain to legally work in certain professions such as personal care occupations and construction-related trades. Often referred to as “universal licensing recognition (ULR),” this reform aims to ease the barriers to entry into labor markets across state lines by making it “easier for qualified out-of-state applicants who already hold a valid license in another state to get to work in Virginia more quickly while still ensuring the public’s safety” and the licensee’s competency.¹ The signing of the bill makes Virginia the 20th state to enact some form of universal license recognition.

Under the new measure, which went into effect July 1, 2023, the 18 licensing boards overseen by the [Department of Professional and Occupational Regulation \(DPOR\)](#) will recognize out-of-state licenses for people in the 85 occupation groups who: 1) have held an equivalent license in another state for at least three years, 2) are in good standing in all states where they were licensed, 3) were required to pass a competency exam and met training standards to obtain their original state license, and 4) pay all applicable Virginia fees.² If a worker is coming from a state that does not license the occupation, Virginia will issue a license if they’ve been practicing for at least three years. Before ULR, out-of-state applicants often experienced delays in employment because they were required to take duplicate training and examinations or have their experience extensively reviewed by regulatory boards. “Competent and experienced skilled professionals should not have to spend months repeating training or retaking tests just to prove they can do a job they have already been doing safely in another state,” says DPOR Director Demetrios Melis.³

Universal licensing recognition applies to all individual licenses regulated by DPOR, except for “professional services” like architects, professional engineers, land surveyors, and landscape architects. It applies to some of the most popular licenses in the state such as cosmetologists and construction contractors, as well as barbers, plumbers, electricians, nail technicians, waterworks operators, opticians, gas fitters, home inspectors, and tattooists. Other licenses not regulated by DPOR, such as most licenses for healthcare occupations (many are regulated by the Virginia Department of Health Professions), are not affected.

DPOR estimates that universal licensing recognition will help at least 500 workers a year.⁴ From July 1 (when the legislation was enacted) through August 8, 2023 (about a month later), DPOR had 23 affected applicants who were approved for licenses.⁵ While this rate falls short of reaching 500 per year, the reform still opens doors for workers coming from out of state, and we are just beginning to see the benefits. Steve Kirschner, DPOR’s Deputy Director of Licensing and Regulatory Programs, reinforces, “This new pathway to licensure is generating

¹ *Universal License Recognition*. Virginia Department of Professional and Occupational Regulation. Access full article at: https://www.dpor.virginia.gov/news/News_Releases_UniversalLicenseRecognition

² *Universal License Recognition*. VA DPOR. See link above.

³ *Universal License Recognition*. VA DPOR. See link above.

⁴ Sibilla, Nick. (2023, March 25). *Opinion: Licensing reform bills will benefit Virginia workers*. The Virginian-Pilot. Access full article at: <https://www.pilotonline.com/2023/03/25/opinion-licensing-reform-bills-will-benefit-virginia-workers/>

⁵ O’Brien, Kerri. DPOR Media Contact. (2023, August 8).



Figure 1

Source: <https://www.virginiamercury.com/2023/03/03/youngkin-signs-universal-license-recognition-law-at-richmond-barber-shop/>

haircut from Dot Reid (see **Figure 1**), a barber who provided anecdotal evidence of the trouble she's had recruiting new barbers. She had a qualified job candidate with over a decade of experience, she said, but because the candidate would have been coming from Maryland, it would've taken a while for him to get licensed to cut hair in Virginia.⁵ In a March 9, 2023 DPOR press release, Andrew Clark, Vice President of Government Relations for the Virginia Home Builders Association of Virginia, adds, "Labor shortages have been a persistent challenge for the residential construction industry and Virginians have felt the effects of that labor scarcity through limited housing supply, rising costs, and delayed closings. This legislation will have a positive impact on both the residential construction industry and the many Virginians who have struggled to find housing that aligns with their budget."⁶

Another reason the reform is timely is that Virginia was cited as the state with the sixth most burdensome licensing requirements by "[License to Work](#)," an extensive 2022 Institute for Justice study on licensing around the nation. The study looks at 102 occupations that are licensed in at least one state and make below the national average income as reported by the Bureau of Labor Statistics. To measure burdens, the study considers five common types of licensing requirements: fees, education and experience, exams, minimum grade completed in school, and minimum age.⁷ A summary of how Virginia compares to the nation can be seen in **Figure 2**.⁸

While universal licensing recognition as a reform is widely supported - the bipartisan legislation passed unanimously in both the Virginia House of Delegates and the Senate - the subject of licenses themselves and how far licensing reform should go is debated.

One of the major and most obvious arguments against licensure is its cost and time, which presents barriers to entry for aspiring professionals and can discourage job seekers from pursuing licensed occupations. Although the specific requirements for obtaining a license vary depending on the occupation and the state, obtaining a license often involves significant costs in the form of fees, education, experience, and exams. The process is commonly very time-consuming and can be especially burdensome for those who are already struggling financially or juggling multiple jobs. In addition to a burden to the individual, some argue that the broader economy suffers a burden as well. In a 2018 study entitled "[At What Cost?](#)" the Institute for Justice estimates that Virginia wastes over **\$5.4 billion** in misallocated resources and loses almost **49,000 jobs** per year because of licensing (see summary figures in **Figure 3**).⁹

Licensing requirements can also limit job opportunities and increase consumer costs by creating artificial scarcity and restricting competition in the market. Workers who possess the necessary skills but cannot fulfill the licensing requirements are excluded from the labor market for that occupation, resulting in an occupational mismatch and effectively giving licensed workers a monopoly, allowing them to charge more for their services, leading to higher consumer costs.

a lot of excitement among our applicants. We have seen interest from many out-of-state applicants, as well as in-state professional organizations attempting to help individuals come into Virginia. ULR reduces unnecessary barriers and streamlines the process for skilled and experienced professionals wishing to work in Virginia which is good for employees and employers alike."¹ With time, Virginia's Secretary of Labor Bryan Slater predicts 4,000 workers will ultimately benefit.² According to Kerri O'Brien, the DPOR Communications and Digital Media Manager, "The majority of the applicants have been Tradesmen licenses which falls under DPOR's Virginia Board for Contractors. We have had several cosmetologists and master estheticians approved, four real estate salespersons, one waterworks operator and more."³

The legislation comes at an opportune time in Virginia's history, as businesses struggle to find workers, with only four unemployed people per ten job openings as of June 2023. This ratio has remained at historic lows and been under 1.0 since July 2021.⁴ In fact, it was this issue that prompted Governor Youngkin to sit in the barber's chair directly following the official bill-signing and receive a ceremonious

¹ Kirschner, Steve. DPOR Deputy Director of Licensing and Regulatory Programs. (2023, August 8).

² Sibilla, Nick. (2023, March 25). *Opinion: Licensing reform bills will benefit Virginia workers*. Pilot. See link above.

³ O'Brien, Kerri. DPOR Media Contact. (2023, August 8). personal interview.

⁴ Aylor, Timothy. (2023, July 28). *Virginia Layoffs and Discharges Fall to 42,000 in May*. Virginia Employment Commission. Access full article at: <https://www.vec.virginia.gov/jolt>

⁵ Moomaw, Graham. (2023, March 3). *Youngkin signs Universal License Recognition Law at Richmond Barber Shop*. Virginia Mercury. Access full article at: <https://www.virginia-mercury.com/2023/03/03/youngkin-signs-universal-license-recognition-law-at-richmond-barber-shop/>

⁶ *Universal License Recognition*. VA DPOR. See link above.

⁷ *Methods*. Institute for Justice. (2023, January 24). Access full article at: <https://ij.org/report/license-to-work-3/report/methods/>

⁸ *Virginia Occupational Licensing*. Institute for Justice. (2022, November 28). Access full article at: <https://ij.org/report/license-to-work-3/lw-state-profile/virginia/>

⁹ *Results*. Institute for Justice. (2021, December 14). Access full article at: <https://ij.org/report/at-what-cost/results/>

Despite these criticisms, occupational licenses do serve an important purpose when it comes to maintaining professional standards and ensuring public safety. The primary purpose of occupational licenses is to protect public health and safety by ensuring the competency and expertise of all practitioners. It provides a kind of quality assurance that increases consumer confidence and sets minimum standards for education, training, and experience. Licensing also gives unsure potential employees structured guidelines when it comes to training and preparation for their desired occupation. It helps them adapt to swift technological changes in their industry. Critically, obtaining a license is also often less expensive and quicker than obtaining a degree. For professions where the risk to public health and safety is significant, such as many healthcare occupations, licensing can be justified.

Overall, the ideal occupational licensing policies balance the need to ensure public safety with the need to promote economic opportunity. The path to finding that balance requires states to examine existing licensing laws and regulations and consider reform to ensure access to the workforce by low-income workers and a net positive impact on the overall economy. By enacting universal licensing recognition, Virginia is headed in the right direction. Director Melis sums it up by saying, "For the past year, DPOR has been committed to simplifying and speeding-up the licensing process and Universal License Recognition significantly advances this effort... Universal License Recognition provides an expedited pathway for getting needed workers back into Virginia's workforce and is a win-win for businesses, workers and ultimately consumers who benefit from reduced costs of goods and services."

Figure 2

Virginia Occupational Licensing



How Virginia Compares in 2022

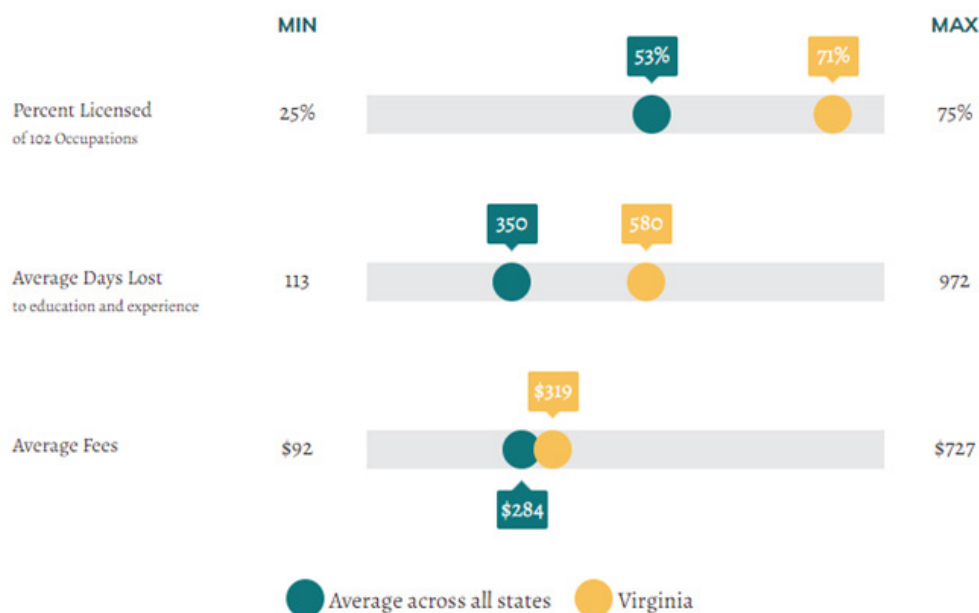


Figure 3 Virginia

20% of workers licensed
19th highest percentage

Percentage of Workers Who Are Licensed, Certified or Unionized	
Workers Licensed	20.06%
Workers Certified	5.99%
Workers Unionized	5.37%

State-Level Economic Costs of Licensing	
Estimated Jobs Lost	48,927
Estimated Deadweight Losses (in \$M) <i>Conservative measure of economic value lost</i>	\$173.1
Estimated Misallocated Resources (in \$M) <i>Broader measure of economic value lost</i>	\$5,462.1
Estimated Economic Returns from Licensing <i>Increase over what licensees would make if not for licensing—a cost borne by consumers and the wider economy</i>	13.09%

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