Make It Easier to Work Without a License

By Alexander Acosta and Dennis Daugaard

These pages often address the problem of excessive occupational licensing. Working together, we hope to take one major step toward reform.

Each state decides how best to protect the health and safety of its citizens, and professional licensure plays an important role. No one wants to be operated on by an unlicensed doctor or share the road with an unlicensed truck driver. But too often, overly burdensome licensure requirements weaken competition without benefiting the public. In 1950, only 1 in 20 jobs required an occupational license. By the latest count, more than 1,100 separate occupations require a license in at least one state. More than 1 in 4 Americans need a license to work.

Excessive licensing raises the cost of entry—often prohibitively—for certain careers, locking many Americans out of good jobs. Uneven educational requirements, steep fees and long approval periods foreclose economic opportunity for those who need it most.

Excessive licensing creates barriers to job mobility. Americans don’t leave their skills behind when they move to a new state—but often they face the burden of obtaining new licenses. Hit especially hard are military spouses, who often must relocate as often as every two to three years. That shouldn’t mean losing their ability to make a living.

Excessive licensing creates barriers to competition and the use of new technology. Consider telemedicine. It has helped many Americans, especially in rural and other underserved areas, receive treatment based on phone consultations rather than driving hundreds of miles to a clinic. Allowing licensed medical professionals to serve patients via telemedicine may be a solution for struggling hospitals that need to extend their reach into rural communities.

Occupational licensing is primarily for a state issue, and states should work together. Meaningful reform has been difficult, in part because states have taken a fragmented approach, making decisions based on their own needs without fully considering national needs. In other cases, reform has been limited to individual industries. Setting standards on a state-by-state and industry-by-industry basis holds back progress—and workers.

That’s why we are working on a new approach. This week South Dakota will introduce legislation to establish a Compact for the Temporary Licensure of Professionals—a multistate agreement that would change the presumption of occupational licensing from a roadblock to an open door.

A multistate compact would lighten the regulatory burden.

The compact would allow individuals who have been licensed in any profession or occupation in other participating states to receive, upon request within 30 days, an in-state temporary license.

That would allow professionals from compacting states to start working immediately and to pursue a permanent license while already employed. We have approached several governors of states neighboring South Dakota about the compact, and their reaction has been universally favorable.

With 6.6 million Americans looking for work, the time for action is now. The compact represents a significant step toward changing how states approach occupational licensing reform. Moving forward, we will continue to identify ways to make it easier for Americans to access family-sustaining jobs.

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