

Comprehensive Licensing Information to Minimize Barriers (CLIMB) Task Force

Recommendations and Report



IDFPR
Illinois Department of
Financial and Professional Regulation
Division of Professional Regulation

Mandated by PA 102-1078
November 12, 2024

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Summary of Authorizing Statute (PA 102-1078)

The Comprehensive Licensing Information to Minimize Barriers (CLIMB) Task Force was created pursuant to Public Act 102-1078. The authorizing statute charged the Task Force with conducting an analysis of occupational licensing, including processes, procedures, and statutory requirements for licensure administered by IDFPR. For the purpose of ensuring that historically and economically disadvantaged populations were centered in this analysis, the Task Force identified low-income and middle-income licensed occupations in this State and aggregate the information from those occupations under the occupations' respective regulatory board overseen by the Department to form the basis of this final report. The Task Force published the final report before December 1, 2024 with recommendations to the General Assembly, including recommendations for continued required reporting from the Department to better support the General Assembly in revoking, modifying, or creating new licensing Acts. The authorizing statute in its entirety can be found in Appendix V.

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CLIMB Task Force Members

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Task Force Recommendations

1

Moratorium on New Licenses:

- Pause the creation of any new occupational licenses in Illinois for 12 months.
- Limit new licenses to those situations where there is a demonstrated public safety or welfare interest that cannot be adequately addressed with alternatives to licensing.

2

Training and Education:

- Allow individuals seeking a license to be paid during their training.
- Offer apprenticeship programs in high schools.
- Reduce training/education requirements to only what is demonstrably necessary to protect health and safety. Consult with states having the lowest training days to determine if lower requirements are feasible.

3

IDFPR Reporting and Data Collection:

- Ensure IDFPR collects data on license approvals, denials, and appeals, and the reasons for each.
- Ensure IDFPR continually evaluates licenses using the measures set forth in the sunset act, sharing recommendations to reduce or eliminate unnecessary licensing burdens.
- Upgrade IDFPR's technology to better capture and analyze data, especially concerning license denials and the financial impact of licensing requirements.

4

Reimagining and Eliminating Licensing Requirements:

- Shift from licensing to registration or certification for cosmetologists wherever possible.
- Eliminate licensing requirements for hair braiders while maintaining sanitation and safety requirements.
- Implement sunrise and sunset reviews that capture a 24-month window of data to evaluate the necessity and efficacy of licensing requirements and their impacts on professionals and industry.

5

Streamlining Processes and Reducing Barriers:

- Lower licensing fees and consider temporary grace periods for new businesses.
- Include numerous stakeholders and the public in the regulatory process to ensure fairness.
- Offer regulatory alternatives to licensure, such as registration, certification, apprenticeships or competency based on education, training, and/or experience.
- Transition to online platforms for applications, renewals, and compliance checks.
- Adopt digital credentialing systems to improve efficiency in license verification and maintenance.

6

Justice-Involved Licensees:

- Avoid blanket prohibitions on licensure for individuals with criminal records. Instead employ targeted standards to determine whether there is a relationship between (a) the underlying criminal conduct; and (b) the duties and responsibilities of the licensed occupation; which (c) would threaten public safety.
- Replace vague language in statutes with specific, targeted standards outlined above.
- Prohibit local government licensing which does not employ such specific, targeted standards.
- Allow for pre-qualification applications and provide certificates of rehabilitation.
- Adopt fair chance reforms, including individualized evaluations, transparency, and an appeals process for denials based on criminal records.
- Set mandatory deadlines for processing applications from justice-involved individuals and implement procedures to mitigate possible delays in processing other licenses.
- Increase outreach to make justice-involved individuals aware of recent reforms.
- Expand data collection related to justice-involved licensure to ensure evidence-based evaluations.
- Provide application assistance to justice-involved applicants to help navigate complex licensing processes.

7

Standardization and Reciprocity:

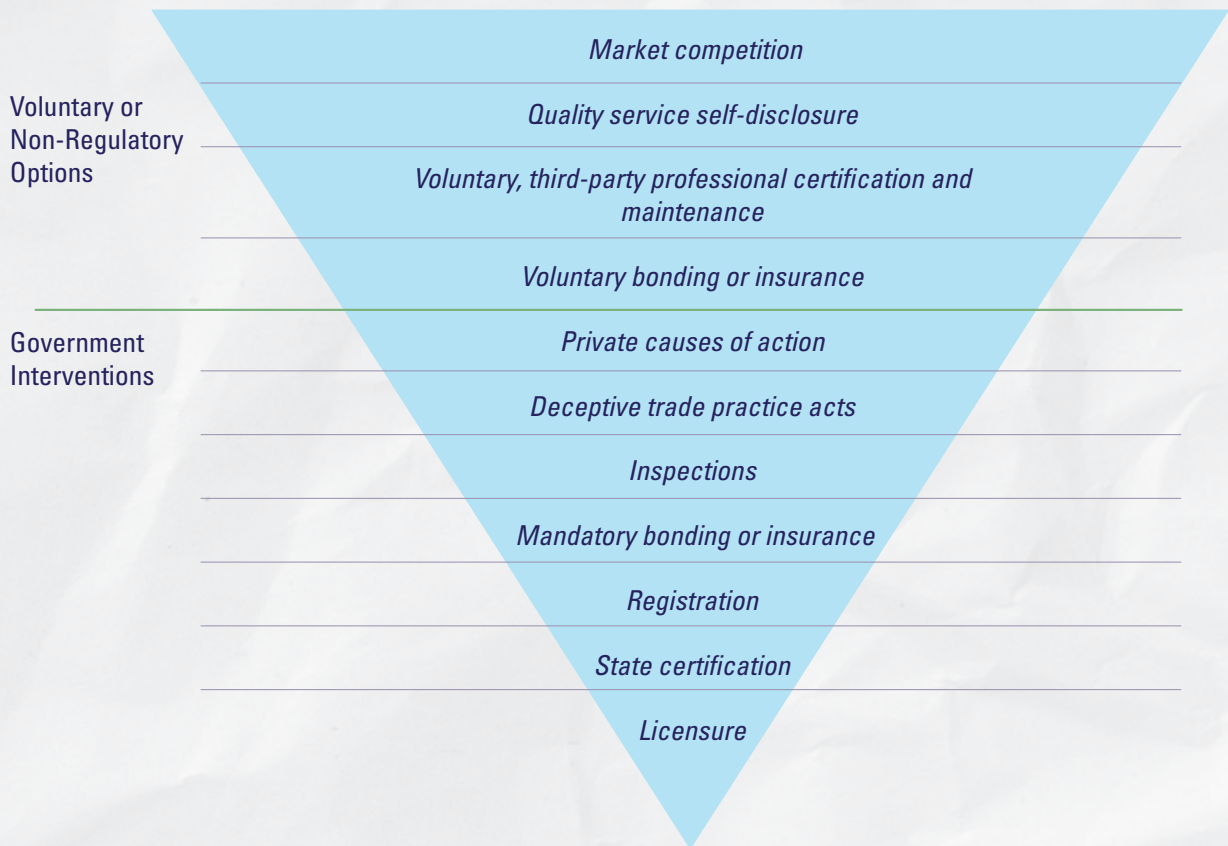
- Develop pathways for immigrants to get credit for education and training received abroad.
- Develop standards across states to facilitate easier mobility and potential expansion for businesses.
- Encourage reciprocity agreements between states and adopt universal license recognition.
- Coordinate with municipalities and counties to avoid overlap and duplicity in regulations.

8

Comprehensive Licensing Initiative:

- Adopt the model legislation in Appendix I to reduce arbitrary decision-making, eliminate subjective standards, and protect public safety.
- Ensure the act applies to local governments, preempting home rule where necessary.
- Shift from licensing to registration, certification or other least restrictive means wherever possible. See the reverse pyramid below for an overview of alternative approaches to occupational licensing.

The Inverted Pyramid: 10 Less Restrictive Alternatives to Occupational Licensing



Source: Institute for Justice License to Work 3

Executive Summary

The State of Illinois faces a critical juncture in its approach to occupational licensing, particularly for low-to-moderate-income occupations. Occupational licensing laws prohibit people in Illinois from working in an occupation unless they meet required qualifications and receive official permission from the state. The General Assembly has recognized that occupational licensing requirements block or restrict people's pathways to economic prosperity or even stability. The consequences are felt most by people who have been historically disadvantaged. Accordingly, the General Assembly commissioned this Task Force to investigate how occupational licensing of low-to-moderate-income occupations relates to economic inequities in Illinois and to recommend reforms. (See the list of occupations we studied in Appendix IV and the full Authorizing Statute in Appendix V.)

Our comprehensive review of available data confirms that the current licensing requirements, ostensibly designed to protect public health and safety, instead can unintentionally impose unnecessary and onerous barriers to entry into the workforce, disproportionately affecting poor and disadvantaged communities. Too often, poor Illinoisans face a quandary of whether to go into debt to pay for required training in order to enter a low-income occupation. Unnecessary restrictions and confusing procedures can discourage citizens with a history of involvement with the justice system from even trying to get a license. Illinois's Department of Financial and Professional Regulation (IDFPR) does not have the resources to create efficient, user-friendly procedures online. As a result, the state loses opportunities for economic growth.

The stakes are high for Illinois, especially for historically disadvantaged people looking for a pathway to economic success. The state should be extremely cautious when placing barriers in the way of those citizens and

should assess carefully – and reassess often – whether the barriers are necessary to protect the public. Yet, our task force could not find data to justify the costly burdens placed on people entering low-to-moderate-income occupations. IDFPR did not have access to much of the data that the task force was mandated to review “if available”. For example, the state does not collect data about how much training (like the 1500 hours of training required to be a licensed barber or cosmetologist) costs, and the task force could not analyze whether the cost of training places undue burdens on applicants or compare it to quantified benefits that the public receives from the state's restrictions on the occupation. In fact, the state does not systematically gather or analyze the data needed to validate the effectiveness of these requirements in safeguarding the public.

The task force was able to analyze data about IDFPR's disciplinary actions related to licensed occupations in the low-to-moderate-income occupations. Disciplinary actions are very rare. When IDFPR does initiate a disciplinary action, it is most often an action required by statute to discipline licensees for being behind on taxes or child support.

This report is the culmination of over two years of research, analysis, and discussion by a diverse group of legislators, regulators, academic experts, practitioners in the fields of workforce development and re-entry for justice-involved individuals, and currently licensed professionals with lived experience of obtaining licensure in Illinois. The task force met as a whole in 16 meetings to share data, relate perspectives from areas of expertise, and to reach consensus on recommendations.

Task force members were organized into three subcommittees based on shared areas of expertise and this report reflects that structure. Each subcommittee wrote a separate report, delving into its own findings

and conclusions. This report presents joint recommendations for licensing reforms that represent the opinions and guidance of the task force as an entire body, as well as the three separate subcommittee reports. Some concepts and recommendations appear repeatedly in the separate subcommittee reports. We have not edited out the repetition but intend the repetition to reinforce the need for those reforms. The report also contains a quantitative and qualitative analysis of publicly available licensing data from IDFPD and a methodology section describing how the task force conducted those analyses.

The subcommittee reports and an overview of their contents are as follows:

- **Economic Development, Small Business, and Workforce Development Subcommittee**
 - » Examines the latest literature and research on occupational licensing generally and how it impacts both the specific equity-focused communities this task force studied and impacts on key economic indicators like interstate mobility, entrepreneurship, business, and workforce development.
- **Justice-Involved Subcommittee**
 - » Examines the impacts of licensing specifically on justice-involved individuals and related issues such as recidivism.
- **Data Analytics & Methodology Subcommittee**
 - » Conducts a quantitative and qualitative analysis on publicly available IDFPD data to ascertain trends in license applications, issuance, discipline, and enforcement and how Illinois compares to other Midwest states.

The task force's recommendations comprise concrete, workable steps for Illinois. We found that similar reforms have been shown to succeed in other states. We urge the state to follow these recommendations to slow the growth of unnecessary licensing requirements, to streamline the processes that aspiring workers in Illinois must follow, to knock down unnecessary barriers to employment, and to allow people in Illinois to pursue the work they want to do in an affordable, accessible way.

Mission Statement and Purpose

CLIMB Task Force Mission Statement

The Comprehensive Licensing Information to Minimize Barriers (CLIMB) Task Force will evaluate the effect of licensing on equitable access to opportunity in low-to-moderate income licensed occupations and offer policy recommendations to reduce or eliminate unnecessary impediments to employment and entrepreneurship for all Illinoisans.

CLIMB Task Force Purpose

The purpose of the Comprehensive Licensing Information to Minimize Barriers (CLIMB) Task Force is to focus Illinois on breaking down occupational licensing barriers that keep low-income and middle-income people from finding jobs or starting their own businesses. The Comprehensive Licensing Information to Minimize Barriers (CLIMB) Task Force Act (HB 5575 - Public Act 102-1078) created the task force to conduct an analysis of occupational licensing, including processes, procedures, and statutory requirements for licensure administered by the Illinois Department of Financial and Professional Regulation (IDFPR). To ensure that historically and economically disadvantaged populations are

centered in this analysis, the task force was charged with identifying low-income and middle-income licensed occupations in Illinois. It was further charged with aggregating the information from the occupations' respective regulatory boards overseen by IDFPR to form the basis of a final report. The task force final report will make recommendations to the General Assembly, including recommendations for continued required reporting from the IDFPR to better support the General Assembly in revoking, modifying, or creating new licensing acts.¹ In short, the goal of CLIMB is to provide lawmakers with information needed to examine licensing requirements carefully and look for ways to clear away those rules and procedures that are outdated or exclusionary to increase opportunities for Illinoisans.

This final report contains details on the members, process, resources considered and recommendations to the Illinois General Assembly about changes to be made to certain occupational licensing statutes to increase equity and economic opportunity.

¹ CLIMB Task Force page, IDFPR website <https://idfpr.illinois.gov/profs/boards/climb.html>



Licensing's Impact: Economic Development, Small Business, and Workforce Development

By Economic Development, Small Business, and Workforce Development Subcommittee

In this chapter, we review the evidence of licensure's impacts, with specific attention on barriers that historically and economically disadvantaged populations face. We particularly explore impacts on workforce development, small business and entrepreneurship, and economic development and job creation. We review how the COVID-19 pandemic led to both temporary and permanent changes to occupational regulation. Finally, based on our review of the evidence, we provide a set of recommendations intended to better support equitable access to licensure and address barriers faced by historically marginalized communities in the state.

Evidence on the Impacts of Occupational Licensure

As has been extensively discussed and documented in the literature, practicing in an occupation or profession that requires a license may require applicants to attain a minimum number of years of education and/or experience; pay an initial licensing fee; pass one or more exams; be of good moral character; pursue continuing education; and/or pay renewal fees to maintain license². How do these requirements affect economic outcomes and opportunities, especially in marginalized or disadvantaged communities?

Research findings and policy analysis covering extensive time periods, varied geographies and jurisdictions, and different occupations and professions have identified several key ways that occupa-

tional regulation and licensing, can and does affect economic activity and opportunity. Licensure's impact on service quality and consumer protection are often cited as "positives", while potential impacts on wages, employment, labor market mobility, and prices may be viewed as "negatives" by certain stakeholders.

Taken as a whole, existing work indicates that by serving as a barrier to entry, excessive occupational regulation can limit economic mobility, raise monopoly rents of existing providers, raise consumer prices, and decrease employment, all without commensurate improvements in consumer welfare. Evidence also points to licensure's potential negative impacts on entrepreneurship, small businesses, and overall economic development.

Prevalence and Extent of Occupational Licensure

Overall, the evidence is clear that the prevalence and intensity of occupational licensure in the United States has risen over time.

- Evidence indicates that the share of U.S. workers employed in licensed occupations has risen from about 5% 70 years ago to about one-fifth at present³. The most recent figures from the U.S. Bureau of Labor Statistics indicate that 24.1% of employed U.S. workers held a certificate or license in 2023⁴.

2 Jason Wiens and Chris Jackson, "Occupational Licensing: A Barrier to Entrepreneurship," *Ewing Marion Kauffman Foundation* (blog), November 24, 2014, <https://www.kauffman.org/resources/entrepreneurship-policy-digest/occupational-licensing-a-barrier-to-entrepreneurship/>.

3 Morris Kleiner and Ming Xu, "Occupational Licensing and Labor Market Fluidity," *Journal of Labor Economics*, February 16, 2024, 2, <https://doi.org/10.1086/730120>.

4 Bureau of Labor Statistics, "Certification and Licensing Status of the Employed by Occupation," January 26, 2024, <https://www.bls.gov/cps/cpsaat53.htm>.

- Average educational requirements, initial licensing costs, and renewal costs all rose in real terms between 1995 and 2015⁵.
- Occupational licensing breadth and depth vary considerably across U.S. states. For example, one study estimated that the percentage of licensed workers ranged from a low of 14.4% in Georgia to a high of 26.6% in Nevada⁶. Timmons et al. document the growth in licensed occupations by state over the 1993-2012 period⁷.
- In a series of landmark studies, the Institute for Justice has documented the breadth and depth of state licensure of 102 low- and moderate-income occupations. Findings include:

Burdens increased over time: the average fees to become licensed rose from \$209 to \$295 between the first *License to Work* study and the third edition completed ten years later, and the average number of calendar days lost to training and education rose from about nine months to nearly a year (362 days)⁸.

- » Some occupations bucked that trend—for example, cosmetologists needed an average of 372 days of education and experience as reported in 2012, but only 350 days by 2022⁹.
- » Illinois’s regulation of these occupations ranked as only the nation’s 38th

most onerous in terms of numbers of licensed occupations and average regulatory burdens, but the state also licensed some occupations few other states do (e.g., locksmiths, licensed by only 12 states) and in some cases has more onerous licensing requirements than other states (e.g., barbers, licensed by all states, but with Illinois’s standards for education, training, and minimum educational requirements above the national average)¹⁰. Tabor discusses additional examples along these lines¹¹.

Impact on Wages and Employment

Available evidence is also clear on the “sign” of licensure’s impact on wages and employment: Licensure raises the wages of licensees but depresses overall employment. That said, studies differ in terms of the magnitude of these effects. Overall, the impact on wages seems larger and more robust across studies, with the evidence on employment being a bit more nuanced.

- A 2015 report states that controlling for differences in education, training, and experience, “licensing results in 10 percent to 15 percent higher wages for licensed workers relative to unlicensed workers”¹².
- A 2017 paper documents the considerable variation in licensing practices across

5 Kleiner and Xu, “Occupational Licensing and Labor Market Fluidity,” 11.

6 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), 15, https://ij.org/wp-content/uploads/2018/11/Licensure_Report_WEB.pdf

7 Edward Timmons et al., “Assessing Growth in Occupational Licensing of Low-Income Occupations: 1993-2012,” *Journal of Entrepreneurship and Public Policy* 7, no. 2 (2018): 178–218, <https://doi.org/10.1108/JEPP-D-18-00006>.

8 Dick M. Carpenter II et al., “License to Work: A National Study of Burdens from Occupational Licensing,” May 1, 2012, 4, <https://ij.org/report/license-to-work-1/>; Lisa Knepper et al., “License to Work: A National Study of Burdens from Occupational Licensing” (Institute for Justice, November 2022), 4, <https://ij.org/wp-content/uploads/2022/09/LTW3-11-22-2022.pdf>.

9 Carpenter II et al., “License to Work: A National Study of Burdens from Occupational Licensing,” 12; Knepper et al., “License to Work: A National Study of Burdens from Occupational Licensing,” 18, 52.

10 Knepper et al., “License to Work: A National Study of Burdens from Occupational Licensing,” 19, 88; Carpenter II et al., “License to Work: A National Study of Burdens from Occupational Licensing”; Dick Carpenter et al., “License to Work: A National Study of Burdens from Occupational Licensing” (Institute for Justice, November 2017), https://ij.org/wp-content/uploads/2017/11/License_to_Work_2nd_Edition.pdf.

11 Joe Tabor, “5 Jobs Illinois Imposes Heaviest Licensing Burdens On,” *Illinois Policy*, December 4, 2023, sec. Center for Poverty Solutions, <https://www.illinoispolicy.org/5-jobs-illinois-imposes-heaviest-licensing-burdens-on/>.

12 Department of the Treasury Office of Economic Policy, Council of Economic Advisers, and Department of Labor, “Occupational Licensing: A Framework for Policymakers,” July 2015, 14, https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf.

states and estimates that the “average increase in earnings due to licensing” was about 11% nationally in 2013.¹³ The authors also found that the hourly earnings impacts were statistically significant in 16 states (of 51 states plus the District of Columbia), including Illinois, where the “rate of return” on licensure was estimated to be 34.0%, 8th highest in the U.S.¹⁴ Further, the authors find evidence that higher wage occupations gain more from licensure than lower wage occupations, implying that licensure may increase earnings inequality.¹⁵

- Kleiner reports that “shifting an occupation in a state from entirely unlicensed to entirely licensed increases state average wages in the licensed occupation by about 15 percent, increases hours per worker by 3 percent, and reduces employment by 29 percent.”¹⁶ In other words, wages rise, employment falls on the extensive margin (“employment”), and employment *rises* on the intensive margin (“hours”).
- Somewhat smaller estimates of the licensing wage premium are reported in a 2019 study: 4 to 6% overall.¹⁷
- Earlier work suggests that the “presence of occupational licensing reduces labor supply by an average of 17-27 percent,” with some evidence suggesting impacts are larger for white workers than for black workers.¹⁸
- Using a unique state-date-occupation data set, Carollo estimates that the “typical licensing statute adopted during the past half-century

increased worker earnings, but had null or weakly positive effects on employment.”¹⁹ The wage effect is estimated to be 5% on average—meaningful but less than the 15% premium due to union membership.²⁰ The employment effect—or lack thereof—contrasts with other evidence suggesting that the wage effects typically “increase[s] earnings primarily through a reduction in the extensive margin of labor supply.” Carollo interprets his result as evidence that licensure of occupations providing services in which the “risk of consumer harm is serious” leads to an increase in the demand for those services—hence, an increase in demand for those licensed providers. In contrast, when the “consumer protection rationale for licensing is less plausible, the supply channel appears to dominate”, increasing earnings but also reducing employment.²¹

Impact on Service Quality

Overall, our assessment is that licensure has little to no impact on the quality of service provided.

- An Obama Administration report found little evidence that licensure is associated with quality or safety improvements: “With the caveats that the literature focuses on specific examples and that quality is difficult to measure, most research does not find that licensing improves quality or public health and safety.”²²
- In a recent study, the Institute of Justice analyzed consumer Yelp ratings of service quality in six occupations: interior designer, lock-

13 Morris M. Kleiner and Evgeny Vorotnikov, “Analyzing Occupational Licensing among the States,” *Journal of Regulatory Economics* 52, no. 2 (October 1, 2017): 133, <https://doi.org/10.1007/s11149-017-9333-y>.

14 Kleiner and Vorotnikov, 153.

15 Kleiner and Vorotnikov, 150.

16 Morris M Kleiner and Evan J Soltas, “A Welfare Analysis of Occupational Licensing in U.S. States,” *The Review of Economic Studies*, February 22, 2023, rdad015, <https://doi.org/10.1093/restud/rdad015>; Morris M Kleiner, “Origins and Consequences of Occupational Licensing,” https://docs.legis.wisconsin.gov/misc/lc/study/2022/2404/030_october_12_2022_10_00_a_m_room_411_south_state_capitol/oct12presentation_morris.

17 Samuel J. Ingram, “Occupational Licensing and the Earnings Premium in the United States: Updated Evidence from the Current Population Survey,” *British Journal of Industrial Relations* 57, no. 4 (2019): 732, <https://doi.org/10.1111/bjir.12469>.

18 Peter Q. Blair and Bobby W. Chung, “How Much of Barrier to Entry Is Occupational Licensing?,” *British Journal of Industrial Relations* 57, no. 4 (2019): 920, <https://doi.org/10.1111/bjir.12470>.

19 Nicholas A Carollo, “The Impact of Occupational Licensing on Earnings and Employment: Evidence from State-Level Policy Changes” (November 1, 2020), 1, https://static1.squarespace.com/static/5efd3aa2efdd52166bd4f64b/t/5fa9c188ef83d42c47fcd4f6/1604960654234/job_market_paper_carollo.pdf.

20 Carollo, 3.

21 Carollo, 4.

22 Department of the Treasury Office of Economic Policy, Council of Economic Advisers, and Department of Labor, “Occupational Licensing: A Framework for Policymakers,” 13.

smith, manicurist, tree trimmer, barber, and cosmetologist, comparing establishments on opposite sides of state borders—hence subjected to different licensing requirements. In four of the occupations, the authors found no evidence that customer ratings, hence quality, were higher in states with more stringent requirements; and in the other two occupations, ratings were *higher* in the states with lighter regulatory burdens.²³

Impact on Prices

Available evidence is clear: “Quality can be defined in many ways and is often difficult to measure, but the evidence on licensing’s effects on prices is unequivocal: many studies find that more restrictive licensing laws lead to higher prices for consumers.”²⁴ Recent evidence from the market for home improvement services reinforces this finding: tougher licensing regimes reduced competition and raised prices, with “no increase in demand or consumer satisfaction.”²⁵

Impact on Labor Market Fluidity and Intergenerational Mobility

Several studies suggest that occupational licensing rules can unduly limit the ability of workers to move between occupations and may exacerbate income inequality.

- Kleiner and Xu’s recent study exploits newly available data on the prevalence of licensure among U.S. workers, wages and employment, and changes over time in the extent of licensing requirements by occupation. The authors focus on labor market fluidity, measured by the rate at which workers move into or out of licensed occupations, and find that workers in a licensed occupation are 8.0 percentage points less likely to “switch in” to that occupation and 5.2 percentage points less likely to “switch out” of that occupation—thus, that

licensure is associated with decreased labor market fluidity.²⁶ The authors also find smaller but still negative impacts on the rate at which unemployed individuals move into and out of licensed occupations.

- One recent study examines how occupational licensing can affect intergenerational mobility and income inequality, linking growth in state licensure of 102 low to moderate income occupations over the 1993-2012 period to county-level data on absolute upward mobility and inequality. According to the authors, “[b]y creating barriers to entry, growth in occupational licensing can potentially affect incomes of nonpractitioners and thus negatively affect intergenerational mobility. . . [W]e find evidence of a negative correlation between growth in licensed occupations and absolute economic mobility.”²⁷ Specifically, the authors estimate that a “doubling of the number of low-to-moderate-income licenses (most states more than doubled these licenses over the period) is associated with a 2.75% reduction in absolute mobility.”²⁸ Further, they estimate that a “doubling in the number of low to moderate-income licenses is associated with approximately a 5% increase in the Gini coefficient. This increase in the Gini coefficient is representative of an increase in inequality associated with increases in low-to-moderate-income licensing growth.”²⁹

Impact on Interstate Mobility

Licensed individuals who wish to work in other states, or who move from one state to another, may face barriers in the form of additional fees, repetitive education or training mandates, or other requirements in order to practice outside the state in which they are licensed. Evidence suggests that these barriers do, in fact, depress interstate mobility.

23 Kyle Sweetland and Dick M. Carpenter II, “Raising Barriers, Not Quality: Occupational Licensing Fails to Improve Services” (Institute for Justice, October 21, 2022), 5, <https://ij.org/report/raising-barriers-not-quality/>

24 Department of the Treasury Office of Economic Policy, Council of Economic Advisers, and Department of Labor, “Occupational Licensing: A Framework for Policymakers,” 14.

25 Chiara Farronato et al., “Consumer Protection in an Online World: An Analysis of Occupational Licensing,” *American Economic Journal: Applied Economics* 16, no. 3 (July 1, 2024): 549–79, <https://doi.org/10.1257/app.20210716>.

26 Kleiner and Xu, “Occupational Licensing and Labor Market Fluidity,” tbl. 2.

27 Brian Meehan et al., “The Effects of Growth in Occupational Licensing on Intergenerational Mobility,” *Economics Bulletin* 39 (June 15, 2019):

28 Meehan et al., 7.

29 Meehan et al., 9.

- Kleiner and Johnson find that members of state-specific licensed occupations move between states at a 1.4 percentage point lower rate than members of “quasi-nationally” licensed occupations.³⁰ For context, note that about 15% of the population moves each year, with most moves being local. The authors also find that this “limiting effect” of state-specific licensure on interstate migration varies by occupation, and their preferred estimates suggest that while negative, these effects are not large enough in magnitude to explain much of the overall decrease in interstate migration rates between 1980 and 2015.³¹
- A recent paper by Bae and Timmons finds that states implementing a form of “universal recognition,” a policy that allows individuals with licenses in other states to practice without a costly relicensing procedure, experience an increase in the employment ratio of nearly 1.0 percentage points among licensed individuals relative to unlicensed individuals. The authors also find evidence of a decline in wages after the policy. Interstate migration into states with universal recognition also rises by nearly 0.8 percentage points (48.4%) among individuals with low-portability licenses.³²

the available evidence suggests that the gains from “de-licensing” (or easing barriers) may be considerable, especially for “marginal” occupations—those regulated in some, but not all, states.

- Kleiner and Soltas (2023) estimate that the net welfare impact of higher wages but lower employment in licensed occupations leads to a 12% reduction in surplus (welfare), with workers bearing 70% of that cost and consumers bearing 30%. They also find that a consumer’s higher willingness to pay for services provided by a regulated occupation offset 80% of the total increase in prices and that higher wages compensate workers for 60% of the cost of occupation-specific investment in human capital.³³
- In earlier work, Kleiner and Vorotnikov estimate that so-called “deadweight losses”, i.e., welfare losses due to the increased prices and decreased supply of services due to licensing, were between \$6.2 and \$7.1 billion in 2013 and argue even these estimates are conservative, as they ignore the costs of misallocated or wasted resources (e.g., overinvestment in occupation-specific human capital).³⁴

Impact on Overall Welfare

Given the evidence of licensure’s complicated impacts on wages, employment, prices, and service quality, some researchers have tried to consider a sort of “bottom line” scorecard in terms of welfare. Workers—at least, some workers—may be better off from licensure, but other (prospective) workers may not be, and consumers who may pay higher prices than they would otherwise, may be worse off overall. On balance,

30 Janna E. Johnson and Morris M. Kleiner, “Is Occupational Licensing a Barrier to Interstate Migration?,” *American Economic Journal: Economic Policy* 12, no. 3 (August 2020): 361, <https://doi.org/10.1257/pol.20170704>.

31 Johnson and Kleiner, 370.

32 Kihwan Bae and Edward Timmons, “Now You Can Take It with You: Effects of Occupational Credential Recognition on Labor Market Outcomes,” SSRN Scholarly Paper (Rochester, NY, March 8, 2023), <https://doi.org/10.2139/ssrn.4389898>.

33 Kleiner and Soltas, “A Welfare Analysis of Occupational Licensing in U.S. States.”

34 Kleiner and Vorotnikov, “At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing,” 19.



Licensing's Impact: Workforce Development

Education, Training, and Workforce Development

Licensure's impacts are complex. One clear effect is on the educational and training choices of would-be service providers: obtaining a license to legally work in that occupation requires some direct expenses (tuition, books, etc.) as well as "work days lost" due to training. Evidence suggests that individuals "over invest" in such training to obtain credentials, relative to what they would choose in the absence of the requirements.³⁵ One study of the "returns on investment" in sub-baccalaureate credentials (specifically, associate degrees and post-secondary certificates) found that the ROI—that is, the present discounted value of the lifetime earnings graduates receive, less the present discounted value of tuition and related out-of-pocket expenses and forgone earnings—was *negative* 86 percent of the time for students earning cosmetology certificates, the most common certification program studied.³⁶

That said, occupational licensing rules are part of a broader suite of workforce development policies addressing both the demand and supply sides of the labor market, with an aim of creating and sustaining a "viable workforce that can support current and future business and industry."³⁷ Since licensure of an occupation often establishes minimum levels of education and training that must be completed, human capital investment may be affected by such occupational regulation. Evidence suggests that licensure is associated with an increase in educational attainment and/or training measures.

Worker Shortages

Concerns about long-term, worker shortages in a time of tight labor markets can also be understood to be related to occupational licensure.

- As previously discussed, the prevalence of licensure has risen in recent years.
- Employers seek competitive and diverse work forces, yet labor force participation rates have not fully recovered from the pandemic and are still somewhat depressed.³⁸ The U.S. Chamber of Commerce estimated that post-pandemic decreased labor force participation costs the economy 2.1 million American workers who could fill open positions.³⁹
- To address shortages, professionals in the recruiting and retention sector have acknowledged the potential value of "relaxing the skills needed for a job or the credentials and licensing needed, as these can be barriers for job entry."⁴⁰ This may be especially important in the education, healthcare, and construction sectors.

Disparate Impacts on Certain Groups of Workers

Evidence suggests that certain subgroups of workers experience adverse effects from excessive licensure. In particular, previous analyses have highlighted how military spouses, immigrants, and criminal justice system-involved individuals are especially affected by state-level licensing practices. In fact, a recently concluded initiative deliberately focused on four groups: "military veterans and their spouses, people with a criminal record, foreign trained workers, and low-income and dislocated workers."⁴¹

Veterans and Military Spouses

Military families with licensed workers can face challenges obtaining new licenses needed to work when

35 Kleiner and Vorotnikov, "At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing."

36 Preston Cooper, "Is Community College Worth It? A Comprehensive ROI Analysis," Medium, March 31, 2022, <https://freopp.org/is-community-college-worth-it-a-comprehensive-return-on-investment-analysis-72a631bb72ce>.

37 Lyn E. Haralson, "What Is Workforce Development?," *Federal Reserve Bank of St. Louis-Bridges* (blog), April 1, 2010, <https://www.stlouisfed.org/publications/bridges/spring-2010/what-is-workforce-development>.

38 Bureau of Labor Statistics, "Employment Situation Summary - 2024 Q01 Results," April 5, 2024, <https://www.bls.gov/news.release/empsit.nr0.htm>.

39 Stephanie Ferguson, "Understanding America's Labor Shortage," February 13, 2024, <https://www.uschamber.com/workforce/understanding-americas-labor-shortage>.

40 Madison Hoff, "Schools, Hospitals, and Construction: These Are the Jobs with Labor Shortages That Could Stick around for Years," *MSN.Com*, October 28, 2023, <https://www.msn.com/en-us/money/careers/schools-hospitals-and-construction-these-are-the-jobs-with-labor-shortages-that-could-stick-around-for-years/ss-AA1iZPek>.

41 National Conference of State Legislatures, "Occupational Licensing Final Report: Assessing State Policies and Practices," December 2020, 10, https://documents.ncsl.org/wwwncsl/Labor/NCSL_DOL_Report_05_web_REVISED.pdf.

they move from one state to another; representative accounts of the problems are plentiful.⁴² The Obama Administration estimated that about 35 percent of military spouses in the labor force work in professions requiring state licensure or certification—and that they are far more likely than others to have moved across state lines than others.⁴³ The difficulty, time, and expense of obtaining new credentials leads to more unemployment and underemployment among military spouses than would otherwise be observed.⁴⁴

Justice-System Involved Individuals

A rich literature explores the ways in which occupational regulation can limit employment opportunities for individuals with criminal records without improving public safety in any meaningful way. For example, Umez and Pirijs argue that individuals with criminal records face special hurdles to getting licensed. Such barriers contribute to lost opportunities to work and earn income as well as to higher recidivism rates. These barriers can include “blanket” provisions that prohibit an individual with a felony conviction from obtaining a license, regardless of the nature of the offense. “Good moral character” provisions also grant discretion to licensing boards to deny applications even in cases involving only minor offenses. The costs of applying—and taking exams, obtaining needed education and training, etc.—can also be prohibitive, especially for formerly incarcerated individuals.⁴⁵

Immigrants

The evidence on licensure and immigrants is complicated. Immigrants may be highly skilled or not, may be English proficient or not, and may have U.S. educational credentials or not, and all of these factors affect the

labor market experience of these workers.

- Boesch and Nunn find that foreign-born workers are 7.7 percentage points less likely to be licensed than native-born workers.⁴⁶
- Arnita’s study estimates that over 2 million highly skilled immigrants in the U.S. are unemployed or underemployed, with Blacks and Latinos more likely than Whites to experience labor underutilization.⁴⁷ Multiple factors drive this finding, including a limited ability to transfer credentials and related certificates and documents to regulatory authorities in the U.S. State-level differences in requirements also make the transfer process more complex and time-consuming, as immigrants must sometimes “start over” when moving interstate within the U.S.
- An early study of state licensing’s impact on employment and dispersion of Vietnamese immigrants as manicurists found that states with English proficiency requirements had fewer such immigrants working as “nail techs”. The regulations also limit the geographic mobility of these workers and result in fewer manicurists overall, putting potential upward pressure on consumer prices.⁴⁸

Disadvantaged Workers

Workers with low skills or educational attainment, or workers from underrepresented racial or ethnic groups, also have labor market experiences influenced by licensing requirements. “Workers of color remain less likely to be licensed compared to similar White workers,

42 “Licensing and Certification,” *National Military Family Association* (blog), accessed March 26, 2024, <https://www.militaryfamily.org/licensing-certification/>; Kathy Roth-Douquet, “Military Spouses Are the First Casualties of Licensing Red Tape as They Stop Practicing the Professions That Society Desperately Needs,” *Fortune*, June 14, 2023, <https://fortune.com/2023/06/14/military-spouses-licensing-red-tape-stop-practicing-professions-society-desperately-needs-labor-shortage-careers-politics/>; Michael P. Richter and Richard Schneider, “Michael P. Richter and Richard Schneider: New York’s Licensing Barricade Against Military Spouses - WSJ,” *Wall Street Journal*, February 15, 2015, <https://www.wsj.com/articles/michael-p-richter-and-richard-schneider-new-yorks-licensing-barricade-against-military-spouses-1423872267>.

43 Department of the Treasury Office of Economic Policy, Council of Economic Advisers, and Department of Labor, “Occupational Licensing: A Framework for Policymakers.”

44 *Government Accountability Office*, “Military Spouse Employment: DOD Should Continue Assessing State Licensing Practices and Increase Awareness of Resources,” *January 2021*, <https://www.gao.gov/assets/gao-21-193.pdf>.

45 Chidi Umez and Rebecca Pirijs, “Barriers to Work: Improving Employment in Licensed Occupations for Individuals with Criminal Records” (National Conference of State Legislatures, June 2022), https://compacts.csg.org/wp-content/uploads/2022/06/criminalRecords_v06_web.pdf.

46 Tyler Boesch and Ryan Nunn, “How Occupational Segregation and Licensing Matter to Labor Market Opportunity,” *Fed Communities* (blog), August 31, 2022, <https://fedcommunities.org/occupational-licensing-segregation-labor-market-opportunity/>.

47 Cassie Arnita, “Barriers to Career Advancement Among Skilled Immigrants in the US,” *Ballard Brief* (Brigham Young University, December 2022), 4–5, <https://ballardbrief.byu.edu/issue-briefs/barriers-to-career-advancement-among-skilled-immigrants-in-the-us>.

48 Maya N. Federman, David E. Harrington, and Kathy J. Krynski, “The Impact of State Licensing Regulations on Low-Skilled Immigrants: The Case of Vietnamese Manicurists,” *American Economic Review* 96, no. 2 (May 2006): 237–41, <https://doi.org/10.1257/00028280677211630>.

even after controlling for educational attainment, age, and gender.”⁴⁹ The authors also observe that workers with criminal records often cannot obtain licenses, so the over-representation of Blacks and Latinos in the criminal justice system shows through lower licensure rates—and lower wages and employment than White workers even after controlling for other factors.

Licensing’s Impact: Small Business and Entrepreneurship

As discussed above, to practice in a field that requires a license, applicants may have to complete some or all the following: have a minimum number of years of education and/or experience; pay initial licensing fee; pass one or more exams; be of good moral character; pursue continuing education; and pay renewal fees to maintain license⁵⁰. Licensing regulation can enable incumbent businesses to avoid competition. Further, it can inhibit innovation by raising the barriers of entry to new entrepreneurs. In the state of Illinois, nearly one in five workers must receive an occupational license before they can legally do their jobs.⁵¹

Unduly harsh licensing regulation cannot only prevent entrepreneurs from entering an industry; but may also raise the cost for services that entrepreneurs and their employees need. Additionally, licensing requirements can be a hinderance to upward economic mobility.

- States that license more low-income occupations have lower rates of entrepreneurship.⁵² Slivinski found that Colorado, Vermont, and New Mexico have the highest rate of low-income entrepreneurship, while Kentucky, Wisconsin, and Mississippi have the lowest.
- Survey results of entrepreneurs indicated that businesses requiring an occupational license to operate and that survived for more than five years ranked the licensing burden ahead of availability of capital as more challenging to continuing operations.⁵³ For the small business

owner and entrepreneur, licensure-required fees, training costs, and time spent studying and testing creates onerous obstacles. Burdensome licensing requirements can also price entrepreneurs out of the market, creating unfair market dynamics. This also has an impact on access and consumer choices. Additionally, a lack of uniformity among states regarding licensure rules impact entrepreneurship and market expansion opportunities.

Licensing’s Impact: Economic Development

Economic development plays a key role in shaping a more prosperous society. Professional licensure is a critical driver for economic development. Licensure offers benefits that can contribute to the growth and stability of the economy. However, the undue burden of licensure can have a detrimental “cost” and unintended consequences on economic development. This may lead to some individuals unable to participate in the growing economy. Overall, suggestive evidence points to meaningful impacts of licensure on job creation and other measures of firm dynamics.

- A 2018 for the Institute for Justice estimated that at the national level, “licensing may cost the economy between 1.8 and 1.9 million jobs.”⁵⁴ That same study provided state-level estimates as well: nearly 86,000 jobs were “lost” due to licensing in Illinois—equal to nearly 1.5% of the state’s average nonfarm payroll employment in 2013, the date of the estimates.
- Recent work by Plemmons uses a geographic regression discontinuity design to analyze the relationship between occupational licensure and firm location. She finds an “increased probability that firms will locate on the less costly side of a state-border pair,” where the costs include fees, examinations, and days

49 Tyler Boesch, Katherine Lim, and Ryan Nunn, “How Occupational Licensing Limits Access to Jobs among Workers of Color,” *Federal Reserve Bank of Minneapolis*, March 11, 2022, <https://www.minneapolisfed.org/article/2022/how-occupational-licensing-limits-access-to-jobs-among-workers-of-color>.

50 Wiens and Jackson, “Occupational Licensing.”

51 Institute for Justice, “Occupational Licensing in Illinois,” *Institute for Justice* (blog), August 18, 2020, <https://ij.org/issues/economic-liberty/occupational-licensing/illinois/>.

52 Starlee Coleman, “Report Finds Government Licensing Requirements Hurt Low-Income Entrepreneurs,” *Goldwater Institute* (blog), February 23, 2015, <https://www.goldwaterinstitute.org/report-finds-government-licensing-requirements-hurt/>; Stephen Slivinski, “Bootstraps Tangled in Red Tape: How State Occupational Licensing Hinders Low-Income Entrepreneurship,” February 23, 2015, https://www.goldwaterinstitute.org/wp-content/uploads/cms_page_media/2015/4/15/OccLicensingKauffman.pdf.

53 Jason L. Jensen, “An Examination of the Burdens Faced by Entrepreneurs at Start-up and Five Years Later,” *Journal of Entrepreneurship and Public Policy* 4, no. 2 (January 1, 2015): 152–70, <https://doi.org/10.1108/JEPP-07-2014-0028>.

54 Kleiner and Vorotnikov, “At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing,” 5, 19.

required to satisfy licensing requirements.⁵⁵

- Specific and general evidence on universal licensing recognition laws suggests a positive relationship between job growth and such laws, reinforcing the idea that barriers to interstate mobility are costly:
 - » A recent study of the impact of Arizona’s 2019 universal licensing recognition law estimates that in the program’s first three years, over 8,000 licenses have been issued, generating 13,100 jobs and \$1.2 billion in economic activity.⁵⁶
- Work by Bae and Timmons suggests universal licensing recognition can contribute to job creation.⁵⁷

The COVID-19 Pandemic and its Aftermath

Americans learned many things during the COVID-19 Pandemic. While the pandemic encouraged resilience among people, it exacerbated poverty among the poor and further exposed system deficits that have historically broadened disparities between socioeconomic classes. The crisis impacted everything from health and wellness to economies across the world. The crisis called for policy changes at all levels of government. Communities, states, territories, and countries learned new methods of survival and sustainability and new norms were established. In numerous ways, the crisis created a higher level of exposure and awareness of systemic deficiencies and created a sense of urgency to force corrections.

COVID-19 challenged the efficiency, effectiveness, equity and integrity of our regulatory systems, highlighting the crucial role that temporary and permanent reductions in regulatory barriers for licensing play in enhancing workforce opportunities and economic re-

covery. During the COVID-19 pandemic, many state and local governments implemented temporary measures to ease licensing requirements. These measures aimed to address immediate workforce needs and facilitate emergency responses. The lessons learned and strategies implemented during the crisis forced reforms and changes, actually beneficial to the improvement of regulatory systems and processes in and out of disaster.

As the pandemic unfolded in early 2020, the demand for skilled healthcare professionals skyrocketed overall, with critical shortages emerging in New York and other jurisdictions. Pre-pandemic rules that differed across states often limited the ability of licensed professionals to move to areas with the greatest needs. In response, many states acted to suspend, revise, and/or rescind certain regulatory provisions for healthcare providers.⁵⁸ In response, some states lifted restrictions on occupations and professionals to practice across state borders to meet high demand in hard-hit areas; streamlined licensing processes to expedite entry into essential professions; and suspended certain requirements temporarily to allow flexibility during crisis situations.⁵⁹ Some specific examples include:

- States activated provisions of their Uniform Emergency Volunteer Health Practitioner Act (UEVHPA) laws, enacted by 18 states plus the District of Columbia, allowing states to “recognize out-of-state licenses for a variety of health practitioners during a state of declared emergency.”
- States took advantage of existing interstate licensure compacts such as the “Enhanced Nurse Licensure Compact” (32 members), allowing “nurses who are licensed and in good standing in one of the compact member states to practice in any of the others automatically.”

55 Alicia Plemmons, “Occupational Licensing’s Effects on Firm Location and Employment in the United States,” *British Journal of Industrial Relations* 60, no. 4 (2022): 736, <https://doi.org/10.1111/bjir.12661>.

56 Farley, “Economic Implications of 2019’s HB 2569.”

57 Kihwan Bae and Edward Timmons, “LABOR MARKET EFFECTS AND BEST PRACTICES FOR POLICYMAKERS” (Archbridge Institute, May 2023), https://www.archbridgeinstitute.org/wp-content/uploads/2023/05/Archbridge_Universal-Recognition_5_2023.pdf.

58 Pre-COVID responses to natural disasters provided some prior experience in this realm: states “have experience in adopting emergency licensing processes, most often in response to natural disasters and their aftermath. Typically, states will lift licensing restrictions on aid workers, including those providing health care, infrastructure and other services critical to disaster recovery” Iris Hentze, “COVID-19: Occupational Licensing During Public Emergencies,” *National Conference of State Legislatures* (blog), October 30, 2020, <https://www.ncsl.org/labor-and-employment/covid-19-occupational-licensing-during-public-emergencies>. A 2008 study of post-hurricane relaxation of contractor licensing rules in Florida found no evidence of detrimental impacts David Skarbek, “Occupational Licensing and Asymmetric Information: Post- Hurricane Evidence from Florida,” *Cato Journal* 28, no. 1 (2008)..

59 Hentze, “COVID-19: Occupational Licensing During Public Emergencies”; Frances Floresca and Thomas Schatz, “Reducing Licensing Barriers Will Get Millions Back to Work,” Text (Citizens Against Government Waste, November 9, 2020), <https://cagw.org/reporting/licensing-barriers>; Camille Walsh, “States Lift Healthcare Licensing Rules to Help Coronavirus Patients,” State Policy Network, May 5, 2021, <https://spn.org/articles/states-ease-healthcare-licensing-barriers/>; National Conference of State Legislatures, “Occupational Licensing Final Report: Assessing State Policies and Practices,” 40.

- States relaxed a variety of licensing requirements, mostly on a temporary basis, such as allowing recently retired professionals to return; allowing recent graduates or “almost graduates” to work; waiving selected continuing education requirements; and expanding permitted “scope of practice” for certain professionals (nurse practitioners; EMT personnel; LPNs; RNs; medical school students; pharmacists).
- States specifically relaxed licensing rules related to telemedicine, in which patients and providers may be in different states, complicating the issue of where providers needed to be licensed.⁶⁰

While some changes were temporary, others have become permanent. Regulatory revisions to facilitate worker mobility across state lines, lower entry costs and fees, and other actions are described elsewhere.⁶¹ Even President Biden’s Executive Order 14036, “Promoting Competition in the American Economy”, emphasizes reducing occupational licensing requirements to promote competition as a means of achieving “broad and sustained prosperity”: “For workers, a competitive marketplace creates more high-quality jobs and the economic freedom to switch jobs or negotiate a higher wage.”⁶²

Principles of Occupational Licensing Reform

Given the evidence reviewed here, we recommend that future licensure reforms focus on mitigating harms and enhancing benefits associated with occupational licensure, with particular emphasis on groups bearing disproportionate burdens as described above. For example, the following list of principles offers a good starting point.⁶³

- *Principle 1: States and territories should eliminate unnecessary occupational licensing regulations.*
- *Principle 2: States and territories should ensure that all occupational licensing regulations, including those currently in force, are the least restrictive necessary to protect consumers from significant and substantiated harm, ensure worker safety, and promote competition.*
- *Principle 3: States and territories should ensure that occupational licensure boards consider the negative effects of any proposed regulation on consumers and job seekers.*
- *Principle 4: States and territories should recognize the occupational licenses of other States and territories for those individuals who hold a license in good standing and who have not been subject to any complaint or discipline related to their license.*
- *Principle 5: States and territories should eliminate requirements that needlessly prevent individuals with a criminal record from earning a living in a field unrelated to their criminal conviction.*
- *Principle 6: States and territories should take immediate action to ensure that military spouses who accompany their spouses on permanent change-of-station orders are not adversely affected by occupational licensing regulations.*

When considering strategies, reforms, and policies to impact effective regulatory licensing changes that aim to reduce the burden that unfair policies and procedures create, it is important that (a) states and territories ensure that occupational licensure boards consider the negative effects of any proposed regulation on consumers and job seekers; (b) establish standards and criteria to determine if current and new policies,

60 Edward Timmons and Conor Norris, “Potential Licensing Reforms in Light of COVID-19,” *Health Policy OPEN* 3 (December 1, 2022): 100062, <https://doi.org/10.1016/j.hlopen.2021.100062>.

61 National Conference of State Legislatures, “Occupational Licensing Final Report: Assessing State Policies and Practices”; Floresca and Schatz, “Reducing Licensing Barriers Will Get Millions Back to Work”; Ronald M. Jacobs, Cristina I. Vessels, and Brian M. Melnyk, “Ten Legislative and Policy Trends for Licensing Boards and Associations to Watch in 2022 | Insights,” *Venable Insights* (blog), February 16, 2022, <https://www.venable.com/insights/publications/2022/02/ten-legislative-and-policy-trends-for-licensing>.

62 President Joseph Biden, “Promoting Competition in the American Economy,” Pub. L. No. Executive Order 14036 (2021), <https://www.federalregister.gov/documents/2021/07/14/2021-15069/promoting-competition-in-the-american-economy>.

63 President Donald Trump, “The President’s Principles on Workforce Freedom and Mobility,” October 21, 2019, <https://americansforprosperity.org/wp-content/uploads/2020/01/Principles-on-Workforce-Freedom-and-Mobility.pdf>.

as well as protocols, meet the criteria to be deemed an acceptable or unacceptable policy; allocate resources to increase capacity in regulatory agencies dedicated to the administration and review of policies and protocol review; (d) and allocate resources for the creation of governing and authoritative bodies to enforce appropriate protocols should be a priority of licensing reform. At minimum, reforms should consider eliminating unnecessary regulations, cross-state recognition that encourages recognition of licenses and certifications across state borders, flexible licensing that allows flexibility in licensing requirements, reciprocity agreements that facilitate mobility, enable emergency licensing during crises, and digital licensing systems.

Each occupation requiring licensure should be thoroughly examined and consideration given to understand the robust and rigorous training and education already required and undergone to receive certifications, degrees and credentials in each discipline, prior to developing licensure requirements. Lastly, while this consideration involves a lot more time, coordination, and planning, consider the proposition of a federal initiative that involves allying with other states to develop a baseline prototype for developing standard criteria and a standard application streamlining the application process across states, administered on the state level.

Recommendations for Reform

During the compilation of this report, it became apparent that licensing barriers have a cross-sector impact. Likewise, many of the advantages and benefits of corrective strategies, policies, and reforms will have cross-sector impact, bearing upon more than one target area and/or population. For example, Fair Chance Licensing Reform will positively impact small business and entrepreneurship, as well as, economic development and workforce. Subsequently, many considerations for regulatory reform are inherent throughout the body of the document. Below, based on our review of the evidence and the principles above, we share some overall recommendations, as well as recommendations specifically targeting certain populations or issues.



Overall Recommendations

- Conduct regular review of licensing requirements. Remove or simplify requirements without direct impact on public safety and/or health.
- Develop standards across states to facilitate easier mobility and potential expansion for businesses.
- Encourage reciprocity agreements between states.
- Lower licensing fees for those starting new businesses.
- Streamline the licensing application and renewal processes to make less time consuming.
- Consider temporary grace periods or exemptions for individuals starting new businesses.
- Include numerous stakeholders and the public in licensing regulatory process to make it fair and balanced.
- Offer alternative pathways to licensure, which may include apprenticeships or competency based on years of experience.
- Utilize technology to update licensing platform. Transition to online platforms for license applications, renewals, and compliance checks to increase overall efficiency.
- Adopt digital credentialing systems to make verification and maintenance of license regulatory infrastructure more efficient.
- Standards should be relevant and targeted.
- Arrests that did not lead to convictions should not be considered.
- Vague language with statutes and policy should be replaced by more specific, targeted standards; i.e., good moral character.
- Regulators should allow applicants to apply for “pre-qualification”, to get a determination on eligibility before going too far with the formal application process.
- Regulators should offer certificates of rehabilitation to individuals with criminal records; Illinois currently does this.
- Eliminate requirements not needed to protect public safety.
- Develop pathways for qualified immigrants—who are disproportionately people of color—to “get credit” for education and training received abroad.
- Avoid blanket prohibitions on licensure of individuals with criminal records, and instead develop targeted standards that serve the public interest.

Revise regulations to improve opportunities and outcomes for justice-system involved individuals

Overall, the broad goals should be to facilitate and support the re-entry of justice-system-involved individuals into the labor market. This should include eliminating requirements not needed to protect public safety and avoiding blanket prohibitions on licensure of individuals with criminal records. These reforms, built on an understanding that past convictions should not automatically disqualify someone from obtaining a professional license, will reduce barriers to employment for individuals with criminal or juvenile records, enabling them to participate in the workforce, contributing to a more inclusive workforce in our state.

Specifically, we recommend that the state continue to pursue the approach developed by the Justice Center’s Fair Chance Licensing Reform project, an approach to reform increasingly embraced by states across the country.^{64 65} Successful Fair Chance Licensing reforms aim to create a more equitable process for licensure by considering factors beyond criminal records: “An employer [or process] that rejects *everyone* with a conviction from all employment opportunities is likely engaging in discrimination.”⁶⁶ By removing barriers to employment, fair chance licensing reforms can serve as a powerful counterweight to a history of overincarceration in minority communities: “Black, Indigenous, and Latino communities have been particularly harmed by the dramatic increase in the number of people with records. Decades of biased policing and charging have resulted in people of color disproportionately bearing the brunt of mass incarceration and overcriminalization in the United States, and likewise, the criminal records crisis has also exacerbated stark levels of racial inequality.”⁶⁷

Components of Fair Chance Licensing Reforms include:

- Individualized Evaluation: Instead of blanket bans, licensing agencies should evaluate each applicant’s conviction history individually. Factors considered should include the nature and seriousness of the offense, time elapsed since the offense, and circumstances surrounding the crime. Regulators should also consider the

relevance of the offense/crime to the actual work being performed under the license.

- Transparency: Agencies must document and notify applicants of their reasoning for any denial based on criminal records.
- Appeals Process: Fair chance licensing includes a transparent appeals process for applicants who face denials.
- Demographic Data Reporting: Some reforms require agencies to report demographic data related to conviction-related denials.
- Standards should be relevant and targeted. For example, arrests that did not lead to convictions should not be considered (as is currently the case in at least nine states, including Illinois⁶⁸). Vague language such as “good moral character” should be replaced by more specific, targeted standards.
- Regulators should allow applicants to apply for “pre-qualification”, to get a determination on eligibility before going too far with the formal application process.
- Regulators should offer certificates of rehabilitation to individuals with criminal records; Illinois currently does this.⁶⁹
- Applications should allow the opportunity for the applicant to explain the details surrounding the arrest and/or conviction, as sometimes convictions can be a result of poor legal representation.
- If charged, applicants should be asked for more details and considerations about a person’s criminal history, employment history, education, job training programs during incarceration, references, and other relevant rehabilitative efforts. Providing additional context can make a difference in some situations.

64 Council of State Governments Justice Center, “Fair Chance Licensing Project: States Expand Access to In-Demand Jobs,” CSG Justice Center, accessed April 10, 2024, <https://csgjusticecenter.org/projects/fair-chance-licensing/>.

65 Rebecca Vallas, Sharon Dietrich, and Beth Avery, “A Criminal Record Shouldn’t Be a Life Sentence to Poverty,” May 2021, <https://www.americanprogress.org/article/criminal-record-shouldnt-life-sentence-poverty-2/>.

66 U.S. Equal Employment Opportunity Commission, “Arrest and Conviction Records: Resources for Job Seekers, Workers and Employers,” US EEOC, accessed April 3, 2024, <https://www.eeoc.gov/arrestandconviction>.

67 Vallas, Dietrich, and Avery, “A Criminal Record Shouldn’t Be a Life Sentence to Poverty.”

68 Chidi Umez and Rebecca Pirus, “Barriers to Work: Improving Employment in Licensed Occupations for Individuals with Criminal Records” (National Conference of State Legislatures, June 2022), 5–6, https://compactscsg.org/wp-content/uploads/2022/06/criminalRecords_v06_web.pdf.

69 <https://osad.illinois.gov/expungement/certificates-of-good-conduct-and-relief-from-disabilities.html>

Use Sunrise and Sunset Processes to “Right-Size” Occupational Regulation

Evidence is clear that overly stringent licensure acts as a barrier to entry, raising wages for incumbent providers but deterring entry of new providers, raising prices, decreasing job growth, and potentially damaging paths of upward economic mobility. Illinois, like other states, can use “sunrise” analysis to consider if an occupation should be regulated at all, and it can turn to “sunset” analysis to consider, on a regular basis, whether the original rationale still applies for an already-licensed occupation or whether removal or simplification of requirements is appropriate. We recommend that Illinois re-invigorate its own sunrise and sunset processes, aiming to carefully consider both the benefits and costs of licensure for the given occupation or profession. One current example: hair braiding could be considered for de-licensure, as is discussed separately elsewhere in this report. More generally, Illinois should seek to carefully implement its recently-strengthened sunset review process.⁷⁰

Revise regulations to facilitate mobility and enhance workplace freedom

As previous sections of this report make clear, mobility of workers—between occupations, across state lines, or both—can be negatively affected by overly onerous occupational regulation. Given the complexity and overlap of alternative approaches, and their potential for improving mobility of workers—the state should carefully consider its own best approach.

- Workers should not face unnecessary mandates for education, training, and/or experience that are not related to public benefits. That is, reforms should remove barriers to entry into occupations by aligning such requirements to measured impacts on service quality and consumer safety. Low-skilled workers and highly-educated immigrant workers would particularly benefit from decreased education

and training requirements that are either not truly necessary or are repetitive given training received abroad.

- For military families, build on previous initiatives described elsewhere to streamline licensing and waive fees and examination requirements for individuals currently licensed by one state but seeking approval to work in another state.⁷¹
- For immigrants, the aim should be to develop pathways for qualified immigrants—who are disproportionately people of color—to “get credit” for education and training received abroad and remove obstacles to entry into occupations for which immigrants are qualified. We recommend that the state build on existing statutes and regulations as described in a recent task force report.⁷²

- To increase the ease of interstate moves by licensed workers and improve the ability of workers to seek economic opportunities, the state should develop a comprehensive approach to take best advantage of several not-mutually-exclusive possible structures including endorsement, reciprocity, interstate compacts, and universal license recognition; all may have a place in the best possible regulatory regime.
 - » Endorsement: the IDFP already allows individuals licensed in other states to apply for an Illinois license via endorsement; this may allow licensees to avoid examination requirements in Illinois.⁷³ This process alone is hard to scale, as each individual application must be reviewed, state regulations compared, and so on.

70 State of Illinois, “House Bill 5576 Enrolled: Amendments to the Regulatory Sunset Act,” Pub. L. No. P.A. 102-0984 (2022), <https://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=102-0984>.

71 Department of the Treasury Office of Economic Policy, Council of Economic Advisers, and Department of Labor, “Occupational Licensing: A Framework for Policymakers,” July 2015, https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf; Adam Diersing, “Comparing Military Fee Waivers for Licensed Occupations – Occupational Licensure Policy,” *Licensing: Council of State Governments* (blog), December 7, 2020, <https://licensing.csg.org/comparing-military-fee-waivers-for-licensed-occupations/>; Military State Policy Source, “Enhanced Military Spouse Licensure Portability: Best Practices,” 2021, <https://download.militaryonesource.mil/StatePolicy/pdfs/2022/bestpractices-enhancedmilitaryspouselicensureportability.pdf>; National Conference of State Legislatures, “Military Spouse Employment Policies,” February 1, 2021, <https://www.ncsl.org/military-and-veterans-affairs/military-spouse-employment-policies>; State of Illinois, “20 ILCS 5/5-715, Section 5-715: Expedited Licensure for Service Members and Spouses,” accessed August 12, 2024, <https://ilga.gov/legislation/ilcs/fulltext.asp?DocName=002000050K5-715&fbclid=IwAR0nmBTftpvjTKQytEV1xjE-AQLZWCtpACP1GhkeqffAcjWsCNSXclG0>.

72 Illinois Department of Human Services and Great Cities Institute at University of Illinois Chicago, “Report of the Illinois Immigrant Impact Task Force,” April 2023, <https://www.ilga.gov/reports/ReportsSubmitted/4196RSGAEmail8716RSGAAttachIllinois%20Immigrant%20Impact%20Task%20Force%20Report%202023.pdf>.

73 Illinois Department of Financial and Professional Regulation, “Licensing and Testing Section,” accessed August 12, 2024, <https://idfp.illinois.gov/dpr/dprlnt.html>.

- » Reciprocity: in selected occupations, Illinois has existing reciprocity agreements with specific states, which allow individuals licensed in other states to apply for an Illinois license without taking Illinois exams. For example, IDFP lists 10 states with which Illinois has signed reciprocity agreements for auctioneer licenses⁷⁴. Reciprocity appears to be a more scalable and formal form of licensure via endorsement.
- » Interstate licensure compacts: these legislative agreements between two or more states can allow licensed professionals to work in multiple states with a single license. These compacts typically cover one specific profession.⁷⁵
- Universal license recognition: under this approach, a state “establishes a uniform process to grant recognition to professional licenses issued by another state.”⁷⁶ In other words, such laws are “enacted by a single state to grant a license by endorsement to a practitioner from another state,”⁷⁷ and they typically cover a broad range of occupations and professions. Under this approach, one individual may hold multiple licenses in order to practice legally. Arizona’s 2019 legislation represents one such example.⁷⁸ The Institute of Justice reports that 20 states have enacted some form of this legislation and provides suggested model language for states to consider. The Institute also reports that these laws can differ significantly from state to state, potentially limiting their value.⁷⁹

Develop regulatory structures that are nimble in times of stress

As discussed earlier in this report, states did respond relatively quickly to COVID-era labor market pressures with executive, legislative, and administrative changes to licensing, especially in healthcare occupations. In general, the state should build on its pandemic experience and consider making permanent some of the temporary changes put in place: “While state and local governments consider licensing requirements to be necessary to provide premium services and protect public health and welfare, many critics call them barriers to entry that end up increasing prices with no guarantee of superior quality.”⁸⁰

A pair of recent policy briefs provides guidance as to which adjustments might be most effective, especially in the markets for healthcare professionals.⁸¹ For example, the state could:

- Ensure that physician assistants, nurse practitioners, pharmacists, and other professionals can practice up to the full extent of their training and, where appropriate, practice independently
- Expand medical scope of practice overall
- Waive selected licensure requirements—e.g., train LPNs to use ventilators
- Explore additional commitments to interstate licensing compacts for healthcare professions
- Review and where necessary, revise telemedicine rules to ensure flexibility
- Allow for return of recent retirees and/or entrance of “almost licensed” individuals who are near the end of their training

74 Illinois Department of Financial and Professional Regulation, “Auctioneers License Reciprocity,” accessed August 12, 2024, <https://idfpr.illinois.gov/dre/aucreciprocity.html>.

75 Council of State Governments, “What Are Interstate Compacts? – National Center for Interstate Compacts,” accessed February 27, 2024, <https://compacts.csg.org/compacts/>.

76 National Conference of State Legislatures, “2022 Occupational Licensing Trends,” March 17, 2023, <https://www.ncsl.org/labor-and-employment/2022-occupational-licensing-trends>.

77 National Center for Interstate Compacts, Council of State Governments, “Interstate Licensure Compacts and Universal Licensure Recognition Laws: Fact Sheet,” June 2022, https://compacts.csg.org/wp-content/uploads/2022/07/OL_8_Page_Graphic_JUNE_22_V-2_FINAL-1.pdf.

78 State of Arizona, “Arizona: First in the Nation/Universal Licensing Recognition,” 2019.

79 Institute of Justice, “Breaking Down Barriers to Work: Universal Recognition of Occupational Licenses Act,” June 24, 2022, <https://ij.org/wp-content/uploads/2022/06/06-24-22-Breaking-Down-Barriers-to-Work-Universal-Recognition-of-Occupational-Licenses-Act.pdf>.

80 Frances Floresca and Thomas Schatz, “Reducing Licensing Barriers Will Get Millions Back to Work,” Text (Citizens Against Government Waste, November 9, 2020), <https://cagw.org/reporting/licensing-barriers>.

81 Edward Timmons and Conor Norris, “Potential Licensing Reforms in Light of COVID-19,” *Health Policy OPEN* 3 (December 1, 2022): 100062, <https://doi.org/10.1016/j.hopen.2021.100062>; Ethan Bayne, Conor Norris, and Edward J. Timmons, “A Primer on Emergency Occupational Licensing Reforms for Combating COVID-19,” March 26, 2020, <https://www.mercatus.org/research/policy-briefs/primer-emergency-occupational-licensing-reforms-combating-covid-19>.

- Emergency Licensing: Enable emergency licensing during crises.

Seek opportunities to align federal, state, and local regulatory practices

State regulation of occupations is key, but federal and local governments have roles to play as well. State-level actions should be undertaken with acknowledgement of these other actors.

- At the federal level, presidential executive orders articulate the basic vision and priorities. Even though federal regulators are limited in what they can explicitly do to address the burdens of state-level occupational licensure, they can act as “conveners” and encourage action by sub-national governments.
 - » Presidents Biden, Trump, and Obama have all addressed these issues via executive orders.⁸²
 - » An Obama Administration report established the basic facts and issues on occupational licensure, providing a road map for researchers and policymakers to follow.⁸³
 - » The Trump Administration’s *Governors’ Initiative on Regulatory Innovation* provided a venue for state officials to share best practices and learn from one another.⁸⁴
 - » The NCSL’s occupational licensing learning consortium project was partially funded by a grant from the Department of Labor.⁸⁵
- Local governments, particularly municipalities

and counties, may also regulate certain occupations, and state regulators should coordinate and avoid overlap or duplicity whenever possible.

On the latter point, it is also worth noting that the state of Illinois regulates some low-to-moderate income occupations outside the IDFPR umbrella. For example, the Illinois Department of Public Health regulates food service workers.⁸⁶ Even experienced food preparation workers earn low to moderate wages.⁸⁷ Licensing requirements for these workers should be reviewed for appropriateness even though outside the responsibility of the IDFPR.

Seek opportunities to learn from other states

Illinois is not alone, and we can learn from other states. The final report from a recent initiative of the National Conference of State Legislatures, the National Governors Association, and the Council of State Governments provided multiple examples of best practices and approaches to occupational licensure.⁸⁸ This report stratified into the following populations of interest: justice-system involved individuals; dislocated and low-income workers; military families and veterans; and immigrants. The eleven consortium states included: Arkansas, Connecticut, Colorado, Delaware, Illinois, Indiana, Kentucky, Maryland, Nevada, Utah, and Wisconsin. Examples to consider for future policy development include:

- Colorado and Nevada’s experiences with stakeholder engagement
- Colorado enacted legislation allowing some foreign-trained workers to substitute prior education and experience toward licensure
- Colorado’s standardization of processing of applications from those in the rehabilitated workforce

82 President Donald Trump, “Regulatory Relief to Support Economic Recovery,” Pub. L. No. Executive Order 13924 (2020), <https://www.govinfo.gov/content/pkg/FR-2020-05-22/pdf/2020-11301.pdf>; President Joseph Biden, “Promoting Competition in the American Economy,” E.O. 14036 § (2021), <https://www.federalregister.gov/documents/2021/07/14/2021-15069/promoting-competition-in-the-american-economy>; President Barack Obama, “Improving Regulation and Regulatory Review,” Pub. L. No. Executive Order 13563 (2011), <https://www.federalregister.gov/documents/2011/01/21/2011-1385/improving-regulation-and-regulatory-review>.

83 Department of the Treasury Office of Economic Policy, Council of Economic Advisers, and Department of Labor, “Occupational Licensing: A Framework for Policymakers.”

84 President Donald Trump, “The President’s Principles on Workforce Freedom and Mobility,” October 21, 2019, <https://americansforprosperity.org/wp-content/uploads/2020/01/Principles-on-Workforce-Freedom-and-Mobility.pdf>.

85 National Conference of State Legislatures, “Occupational Licensing Final Report: Assessing State Policies and Practices,” December 2020, https://documents.ncsl.org/wwwncsl/Labor/NCSL_DOL_Report_05_web_REVISED.pdf.

86 State of Illinois, “410 ILCS 625/ Food Handling Regulation Enforcement Act,” 410 ILCS 625 §, accessed February 27, 2023, <https://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1578&ChapterID=35>; Samantha Callender, “In Illinois, Restaurant Workers Are Taking Aim at the ‘Other NRA,’” *WBEZ Chicago*, February 23, 2023, <https://www.wbez.org/stories/chicago-restaurant-workers-question-servsafe-lobbying/dbb71f7c-d556-47a7-b96a-123bfa2a6d34>.

87 Bureau of Labor Statistics, “Average Hourly Wages for Experienced Food Preparation Workers Were \$16.61 in 2022,” October 17, 2023, <https://www.bls.gov/opub/ted/2023/average-hourly-wages-for-experienced-food-preparation-workers-were-16-61-in-2022.htm>.

88 National Conference of State Legislatures, “Occupational Licensing Final Report: Assessing State Policies and Practices.”

- Arkansas’ efforts to build sunrise and sunset provisions into its regulatory structure (p. 63; see also ⁹⁶)
- Illinois’ success in addressing so-called “blanket bans” that limit licensing opportunities for individuals with criminal records (p. 69)
- Maryland’s improved testing accessibility via interpreters for barber and cosmetology licensure exams
- Utah’s legislation to allow competency-based licensing requirements

The state of Arizona offers additional evidence on the value of licensing reforms. The state has been praised for its enactment of HB 2569 in 2019, which requires the state’s licensing boards to recognize out-of-state occupational licenses in the same occupation for new Arizona applicants ⁸⁹. To qualify, applicants must have been licensed in their occupation for at least one year; must be in good standing in states where they are licensed; must pay applicable Arizona fees; and meet all residency, testing, and background check requirements ⁹⁰. In principle, this reform has benefits including: the establishment of a baseline for reciprocity from state to state and reduction of workforce shortages, as workers get the flexibility to seek opportunities in other states, reducing workforce shortages. One study estimates that the program has so far led to the creation of an additional 13,100 jobs and \$1.2 billion in economic activity⁹¹. While the magnitude of these effects may be debatable, other evidence—based on multiple states, not just Arizona--points to a positive relationship between increased employment and universal license recognition as discussed above.

89 National Center for Interstate Compacts, Council of State Governments, “Understanding Arizona’s Universal Occupational Licensing Recognition Bill,” June 24, 2019, <https://compacts.csg.org/understanding-arizonas-universal-occupational-licensing-recognition-bill/>.

90 State of Arizona, “Arizona: First in the Nation/Universal Licensing Recognition.”

91 Glenn Farley, “Economic Implications of 2019’s HB 2569: A 2023 Update on Arizona’s Landmark License Recognition Law,” *Common Sense Institute Arizona* (blog), September 20, 2023, <https://commonsenseinstituteaz.org/universal-licensing-2023/>.



Licensing Barriers to Justice-Involved Individuals Subcommittee Report and Recommendations

By Justice-Involved Subcommittee

Reimagining Illinois' response to justice-involved applicants for occupational licenses would result in a long step towards multiple benefits. Unfortunately, existing and proposed state laws pose significant barriers to the issuance of licenses to this population. Removing these barriers will not only create economic equity and prosperity but also healthy, peaceful communities. To accomplish this, this task force recommends the adoption of legislation similar to the attached draft Second Chance State Licensing Act as well as the other proposals set forth below.

Background

More than 78 million Americans – a quarter of the entire U.S. population – have a criminal record.⁹² In Illinois, over four million adults have an arrest or conviction record. The State's barriers to licensing them creates

missed opportunities to provide meaningful employment to talented people. According to studies, second chance hires are productive⁹³, reliable⁹⁴ employees who make a business financially better.⁹⁵ This goes hand-in-glove with justice-involved individuals' need to be hired:

"Formerly incarcerated people need stable jobs for the same reasons as everyone else: to support themselves and their loved ones, pursue life goals, and strengthen their communities."⁹⁶

When justice-involved individuals cannot fill those needs legitimately, they often do so illegitimately:

"For [formerly incarcerated individuals] who have an unusually difficult experience scaling the

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- 92 Second Chance Business Coalition, "The Business Case for Second Chance Employment", (https://brt-second-chance-production.s3.amazonaws.com/SCBC_BusinessCase_Final.pdf)
- 93 A Society for Human Resource Management (SHRM) study found that (a) 85% of human resources professionals and 81% of business leaders say that second chance employees perform the same as or better than other employees; (b) 77% of human resources professionals and 65% of business leaders say that potential for promotion for second chance employees is the same as or better than other employees. Society for Human Resource Management, "2021 Getting Talent Back to Work Report" 2021 at 2, 12 (https://www.gettingtalentbacktowork.org/wp-content/uploads/2021/05/2021-GTBTW_Report.pdf) The Second Chance Business Coalition concluded that 82 percent of managers and 67 percent of human resources professionals report that the value second chance employees bring to their organization is as high as, or higher than, that of workers. Second Chance Business Coalition, *id.*
- 94 Northwestern University determined that, "[E]mployees with a criminal record have a much longer tenure and are less likely to quit their jobs voluntarily than other workers." Society for Human Resource Management, *id.* A 2021 Society for Human Resource Management Study found that 72% of human resources professionals and 68% of business leaders say that the retention rate for second chance employees "was as good or better" than that of other workers. Society for Human Resource Management, *id.* Grocery retailer Kroger experienced a 93% retention rate for second chance employees after 18 months. Jathan Janove, "Second-Chance Employment Is a Win for Employers and Employees", Society for Human Resources Management, 2021, (<https://www.shrm.org/executive/resources/articles/pages/blog-second-chance-employment-janove.aspx>). Johns Hopkins University Hospital's 5-year study of almost 500 second chance employees showed a lower turnover for first 40 months compared to other workers. Pamela D. Paulk, "The Johns Hopkins Hospital Success in Hiring Ex-Offenders", Johns Hopkins Medicine, 2016 at 11 (<https://www.diversityincbestpractices.com/medialib/uploads/2016/09/Paulk-Presentation-Hiring-Ex-Offenders-09142016.pdf>) Total Wine & More's annual turnover was on average 12.2 percent lower for second chance employees. Trone Private Sector and Education Advisory Council to the American Civil Liberties Union, "Back to Business How Hiring Formerly Incarcerated Job Seekers Benefits Your Company", ACLU Foundation, 2017, at p. 8 (https://www.aclu.org/sites/default/files/field_document/060917-trone-reportweb_0.pdf) Electronic Recyclers International's program to recruit second chance employees reduced turnover from 25% to 11%. *id.* These higher retention rates allow employers to avoid the \$3,300 to \$8,000 in re-hiring costs every time an employee separates from an employer. Manufacturing Institute, "The Case for Second Chance Hiring" (<https://www.themanufacturinginstitute.org/workers/second-chance/the-case-for-second-chance-hiring/>)
- 95 The second chance hiring pool is largely made up of Black and Latinx individuals since they are 6 and 3 times more likely to be incarcerated than whites, respectively. Consequently, second chance hiring ordinarily results in a more diverse and inclusive workforce for an employer. Diverse companies are 33% more likely to outperform their competitors. Second Chance Business Coalition, *id.* Companies most lacking in diversity are 29% more likely to underperform on profitability compared to competitors. Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, Lareina Yee, "Delivering through Diversity", McKinsey & Company, 2017, at pp. 10, 16 (https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx)
- 96 Lucius Couloute and Daniel Kopf, "Out of Prison & Out of Work: Unemployment Among Formerly Incarcerated People" Prison Policy Initiative, July 2018 (<https://www.prisonpolicy.org/reports/outofwork.html>)

*barriers to entry into the labor market, returning to crime could be the relatively better alternative.*⁹⁷

Numerous studies have shown that unemployment is one of the top social determinants for recidivism.⁹⁸ Unemployment among returning residents is five times higher than the national average. In fact, it is higher than the national unemployment rate during the Great Depression. Perhaps most troubling is the fact that unemployment for returning residents is highest during the first two years after returning residents' release, when statistics show that they are most likely to recidivate.⁹⁹

Recidivism driven by that unemployment exacts a heavy price on Illinois. About 40 percent of returning residents in Illinois will recidivate within three years.¹⁰⁰ Each recidivism event costs Illinois about \$151,000+, for a total of \$13 billion for the five-year period ending with FY2023.¹⁰¹

The cost of recidivism to Illinois communities is higher:

- 39 percent of persons released from incarceration in 30 states in 2005 were re-arrested within nine years for committing a violent crime.¹⁰²
- 91.7 percent of firearms offenders sentenced in fiscal year 2016 had a prior conviction.¹⁰³
- 83 percent of all homicide offenders in Chicago in 2019 had criminal records.¹⁰⁴

- In Chicago, the seven neighborhoods to which most individuals return after incarceration constitute 10 percent of the City's population, but are the sites of 25 percent of its violent crime and 32 percent of its murders.¹⁰⁵

Clearly, one of the most effective means to reduce crime and bring economic prosperity to our state and peace to our neighborhoods is to reduce recidivism. One of the most effective means of reducing recidivism is to address the social determinants that cause it, such as unemployment. Returning residents are far less likely to engage in criminal behavior when they are employed. **Recidivism rates drop by anywhere from about 50 percent to 62 percent for returning residents who have full-time employment. One study found that employment reduced the recidivism rate for returning residents to single-digit percentages.**¹⁰⁶

The Benefits of Occupational Licenses

The most effective way for justice-involved individuals to obtain the meaningful, full-time employment they need to avoid recidivism is through their acquisition of occupational licenses.

Part of the reason for this involves the sheer number of jobs subject to licensing:

*"The share of U.S. jobs requiring an occupational license increased from five percent in the 1950s to 22 percent in 2021. Other estimates put today's share even higher."*¹⁰⁷

97 Stephen Slivinski, "Turning Shackles Into Bootstraps Why Occupational Licensing Reform Is the Missing Piece of Criminal Justice Reform", Center for the Study of Economic Liberty, W.P. Carey College of Business, Arizona State University, November 7, 2016, p. 4 (<https://csel.asu.edu/sites/default/files/2019-09/csel-policy-report-2016-01-turning-shackles-into-bootstraps.pdf>)

98 See, e.g., Mark T. Berg and Beth M. Huebner, "Reentry and the Ties that Bind: An Examination of Social Ties, Employment, and Recidivism, Justice Quarterly (28), 2011: 382-410 (<https://www.tandfonline.com/doi/abs/10.1080/07418825.2010.498383?journalCode=rjyq20#preview>)

99 Couloute, *id.*

100 Illinois Sentencing Policy Advisory Council, "The High Cost of Recidivism – 2018 Supplement", 2018, at p. 8, (https://spac.icjia-api.cloud/uploads/The_High_Cost_of_Recidivism_Supplement_2018-20191127T14160897.pdf)

101 Illinois Sentencing Policy Advisory Council, "The High Cost of Recidivism", 2018, at p. 8, (https://spac.icjia-api.cloud/uploads/Illinois_Result_First-The_High_Cost_of_Recidivism_2018-20191106T18123262.pdf)

102 Alper, Mariel and Matthew R. Durose, Joshua Markman. "2018 Update on Prisoner Recidivism: A 9-Year Follow-up Period (2005-2014)" U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, May 2018 (<https://bjs.ojp.gov/content/pub/pdf/18upr9fup0514.pdf>)

103 US Sentencing Commission, "The Criminal History of Federal Offenders", May, 2018 (www.ussc.gov/sites/default/files/pdf/research-and-publications/research-publications/2018/20180517_criminal-history.pdf)

104 Chicago Police Department "2019 Annual Report" (<https://home.chicagopolice.org/wp-content/uploads/2020/09/19AR.pdf>)

105 Carson, E. A., "Bureau of Justice Statistics: Prisoners in 2019", (www.bjs.gov/index.cfm?ty=pbdetail&id=6846); Chicago Police Department, *id.*

106 Jake Cronin, "The Path to Successful Reentry: The Relationship Between Correctional Education, Employment and Recidivism", Institute of Public Policy, Harry S Truman School of Public Affairs, University of Missouri, Report 15-2011, September, 2011 at p. 4 (https://truman.missouri.edu/sites/default/files/publication/the_path_to_successful_reentry.pdf); Safer Foundation, "Three Year Recidivism Study 2008", (<http://www.secondchancegeorgia.org/wp-content/uploads/2019/08/Safer-Foundation-Three-Year-Recidivism-Study-2008.pdf>); Covens, Peter and Lee Bowes, "Immediate Access to Employment Reduces Recidivism", Real Clear Politics, June, 2015, (https://www.realclearpolitics.com/articles/2015/06/11/immediate_access_to_employment_reduces_recidivism_126939.html)

107 Chris Edwards, "Occupational Licensing" "Empowering the New American Worker Part 5", Cato Institute, December, 2022 (<https://www.cato.org/publications/facilitating-personal-improvement-occupational-licensing#:~:text=The%20share%20of%20U.S.%20jobs,put%20today's%20share%20even%20higher.&text=Figure%201%20shows%20the%20share%20of%20workers%20with%20a%20license%20by%20industry.>)

The State licenses 24.7 percent of its workforce, a larger percentage of its workforce than all but 11 other states. By contrast, Indiana and Wisconsin license 14.9 percent and 18.4 percent of their workforces, respectively.¹⁰⁸

The Illinois Department of Financial and Professional Regulation (“IDFPR”) alone regulates over 100 professions.¹⁰⁹ Adding in another five percent of the Illinois workforce that is required to have some form of certificate in order to practice a profession, the State regulates the occupations of about 1.6 million workers.¹¹⁰

Additional licensing is done by other state agencies¹¹¹, as well as by most of Illinois’ 102 counties and 1,300 municipalities. Chicago alone licenses over 100 businesses and occupations, including, day laborers, persons conducting home repairs, animal groomers and junk peddlers.¹¹²

Part of the benefit of occupational licenses for returning residents also has to do with licensees’ ability to readily find jobs:

“In most occupations, licensing appears to confer a substantial advantage in terms of being able to quickly find and retain employment.”¹¹³

This is especially pertinent to returning residents who, as stated, experience their highest rates of unemployment (and they’re greatest need for jobs) during their first two years after release – the same period when they are most likely to recidivate.

Barriers to Occupational Licensing

The advantages that justice-involved individuals would enjoy from occupational licensing are often unattainable due to statutory barriers. As recently as 2016, the American Bar Association found that:

“1,449 Illinois statutes constrain convicted felons’ rights, entitlements, and opportunities. Of those constraints, 77 percent impose restrictions on convicted felons’ employment, occupational licensing, and business activities.”¹¹⁴

Most licensing laws contain so-called “public safety” restrictions which provide the licensing agency with discretion to issue or deny a license to a person with a felony conviction. Some provide the licensing agency with unfettered discretion over that decision.¹¹⁵ Many also include so-called “good character” requirements that provide licensing agencies with another vague basis for denying a returning resident’s license.

Providing licensing agencies with such unfettered discretion inevitably leads to the prospect of arbitrary decisions on returning resident applications, if not also blanket denials. Even though a licensing agency’s administration may exercise this power in a manner consistent with the recommendations herein, nothing other than a legislative solution remains to stop future administrations from doing otherwise.

Studies have found that these “public safety” restrictions not only fail to serve their purpose, they result in higher recidivism rates. States with the heaviest occupational licensing restrictions for returning residents have experienced a nine percent increase in their recidivism rates. Conversely, those with the least restrictive occupational licensing requirements for returning residents experienced a 4.2 percent *decline* in their recidivism rates.¹¹⁶

In 2017, Safer Foundation responded to this issue by leading efforts in the Illinois General Assembly to pass a sweeping occupational licensing reform bill. P.A. 100-286 sets standards for what specific licensing agencies can and cannot consider in connection with license applications from returning residents. The Act covers over 100 occupational licenses, but there still remain many others that were not covered by the legisla-

108 The White House, “Occupational Licensing: A Framework for Policymakers”, July, 2015 at Table 1, p. 24. https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf

109 IDFPR, “Professional Licensing in Illinois” (<https://idfpr.illinois.gov/dpr/professional-licensing-illinois.html#:~:text=The%20Illinois%20Department%20of%20Financial,more%20than%20100%20various%20professions>)

110 Patrick McLaughlin, Matthew D. Mitchell, Andrew M. Baxter, The State of Occupational Licensure in Illinois”, Mercatus Center, George Mason University, June, 2017 (<https://www.mercatus.org/students/research/policy-briefs/state-occupational-licensure-illinois#:~:text=While%20proponents%20of%20occupational%20licensure,highly%20controlled%20than%20riskier%20occupations>)

111 State of Illinois, “Registrations, Licenses and Permits” (<https://www.illinois.gov/business/registration-licenses-permits.html>)

112 City of Chicago, “Business License Guide”. (<https://www.chicago.gov/city/en/sites/chicago-business-licensing/home/business-licensing.html>)

113 Ryan Nunn, “Occupational Licensing and American Workers”, The Hamilton Project, June, 2016 (<https://www.hamiltonproject.org/publication/paper/occupational-licensing-and-american-workers/>)

114 Lynne Mock, “The Impact of Employment Restriction Laws on Illinois’ Convicted Felons”, Illinois Criminal Justice Information Authority, August 22, 2016 (<https://icjia.illinois.gov/researchhub/articles/the-impact-of-employment-restriction-laws-on-illinois-convicted-felons>)

115 See, e.g., Clinical Psychologist Licensing Act, Sec. 15, 225 ILCS 15/15; Illinois Architecture Practice Act of 1989, Sec. 22, 225 ILCS 305/22; Real Estate Appraiser Licensing Act, Sec. 5-22, 225 ILCS 458/5-22; Home Inspector License Act, Sec. 5-10, 225 ILCS 441/5-10.

116 Slivinski, id. at 24.

tion, including licenses issued by municipalities. Even legislation introduced into the current General Assembly includes many of these same barriers to occupational licensing for returning residents.¹¹⁷

Recommendations

Based on these issues, the Subcommittee on Licensing Barriers to Justice-Involved Individuals makes the following recommendations:

1. **Adoption of Omnibus Legislation.** Adoption of the attached draft Second Chance State Licensing Act will:
 - a. Dramatically reduce the possibility of arbitrary decision-making by setting tighter, objective standards for the consideration of applicants for occupational licenses who have conviction records;
 - b. Eliminate subjective “good character” standards that are a trap for many returning resident applicants;
 - c. Effectively protect public safety by replicating the “relationship standard” used in the employment article of the Human Rights Act,¹¹⁸ so that a criminal conviction will not be considered when it has no substantial relationship to the duties of the licensed occupation;
 - d. Eliminate the ability of a conviction to act as a permanent punishment by prohibiting consideration of older criminal records;
 - e. Recognize the role that local governments play in licensing by applying the act to them and pre-empting home rule.
2. **Deadlines for Processing Justice-Involved Applications.** Another obstacle is created by the time to process a justice-involved individual’s initial application after it is red flagged and sent to an investigative unit, informal hearing, and if necessary, administrative hearing. Often, the applicant’s financial circumstances require the applicant to abandon pursuit of the license before this process is completed. More often, the timing creates a chilling effect that keeps individuals from applying at all. Licensing agencies should have set deadlines for disposing of a license application from a justice-involved individual. Those deadlines should be mandatory and not discretionary.
3. **Outreach.** Little outreach has been done to make justice-involved individuals aware of recent licensing reforms, likely causing fewer applications from this community than would otherwise occur. This also makes it difficult to know whether those reforms are effective. Licensing agencies should be required to engage in such outreach.
4. **Increased Data Collection.** Illinois should expand the scope of justice-involved licensure-related data it collects to ensure that evaluation of existing and future laws and regulations are evidence-based, not emotion-based. Specifically, data should be collected regarding:
 - a. Whether data-based evidence supports the numerous prohibitions against specific licenses for individuals who have been convicted of certain crimes;
 - b. The number of justice-involved applicants who self-withdraw their applications and their reasons for doing so;
 - c. The number of probationary licenses issued by occupation each year; and
 - d. The number of licensees who request probationary license expungement and the number of those requests that are granted.
5. **Provide Application Assistance to Justice-Involved Applicants.** Removing licensing obstacles is also hollow if justice-involved applicants do not have the knowledge and/or resources necessary to navigate often complex licensing processes. Unfortunately, all too many do not. The realities of justice-involvement mean that most did not have much of a “first chance” to support the “second chance” they would like from licensure. Absent the provision of resources, the lack of that first chance will continue to be an obstacle to the second.

117 See, e.g., SB2982 (Dentist and Dental Hygienist Compact Act), HB3721 (licensure of naturopathic physicians); HB5538 (requires persons regulated pursuant to the Financial Institutions Code to maintain character and fitness to justify confidence of the public).

118 Illinois Human Rights Act, Sec. 2-103.1, 775 ILCS 5/2-103.1.

My Life as a Convicted Felon/Entrepreneur

By CLIMB Member Samantha Carter: Salon Owner, Cosmetology Educator

I can remember as far back into my childhood, the love for playing with baby dolls hair. In my early teens I began to practice hair styling on family and friends. After high school there was no time to waste, I immediately enrolled into beauty school. I graduated from high school in May of 1999, I enrolled into the next beauty school class in September of 1999. As a full-time student, I worked part time at a grocery store. The struggle was real. At the time, I had an apartment and car note I was responsible for.

My boyfriend sold Cannabis. When he went to jail, I saw the opportunity to make some extra cash. December 8, 2000 forever changed my life. I was arrested for unlawful possession w/intent to deliver. My mom bonded me out of jail and hired an attorney. I was so embarrassed. My mom raised 6 kids as a single mother and none of them ever went to jail but me. With just months away from completing the Cosmetology course, here I was fighting a felony case. My attorney made me aware of the IDFPR licensing policies pertaining to criminal convictions. I began to get discouraged. I took a two week break from beauty school following my arrest. I thought about dropping out, but then what would I do? There was no way around this felony conviction that was sabotaging my future. No one would hire me. I had to push forward to complete my goal as a Licensed Cosmetologist. My attorney continued my case in court, to allow me to complete school and obtain my license.

2001 I became a Licensed Cosmetologist/Convicted Felon. I had nightmares for years thinking the IDFPR would later come knocking on my door to tell me I couldn't practice hair styling or revoke my license. In 2004 I became a proud mom to my son Samarion Smith (currently serving in the US Army, Ft. Hood at Killeen, -Texas). Due to my felony conviction I was ineligible to get any assistance with housing vouchers. I knew I had to work hard to provide a decent life for my son. In 2007 the landlord that housed the salon told me he was going to sell the property. I had 1 year to secure financing.

My salon had a basement. I cleared out my savings account and had my uncle convert the basement into a two bedroom apartment for me and my son to live in. I went to a resale shop and purchased everything we needed. For one year I bought nothing new, I saved the \$10,000 down payment the bank requested in order for me to purchase my salon at \$90,000. In 2010 I returned to Beauty School to obtain my Cosmetology Instructor's License.

The Director of the school informed me that the Pat Quinn administration passed a law requiring Illinois Hair Braiders to be licensed. Instantly a light bulb went on in my head, my next goal was to see how I could own a Braiding School. If given the opportunity, I knew I could help so many people that desired a professional license styling natural hair. Without going through the 1500 hour Cosmetology course. I began researching IDFPR acts, rules, and physical site requirements. My goal was to turn the salon into a Hair Braiding School. Then I was reminded of my felony conviction. Should I even think of having such a big goal? Will the IDFPR see my Cannabis conviction and deny my Instructors License Application? Or the school license? By this point it had been almost ten years. I tried to find clarity in the situation, but oftentimes I became more confused after speaking with IDFPR staff. All I had was hope, prayer and the love and support of my family and community. I became a Licensed Cosmetology Instructor in 2010.

In 2015 I reached out to local contractors that could help me convert the salon into a Braiding School. IDFPR require 2 restrooms at Hair Braiders Schools, I only had one in the salon. Certain measurements for classrooms and clinical floor area had to be met. I received estimates ranging from \$20,000-\$30,000. Once again I became discouraged. I sold the salon in 2016, and began to rent space that had all of IDFPR requirements at almost double the amount of money. My salon mortgage payment was \$900 (taxes and insurance included). School rent was \$1750. It took almost a year before the school license was approved by the IDFPR.

Majority of the money I received from the sale of my salon went to renting a school that had zero students enrolled. I made countless trips back and forth to Springfield because every time I spoke with a IDFPR representative, they kept giving me different information. I often became more confused, and agitated. How can an organization this big be so confusing. One time the IDFPR representative told me she wasn't use to dealing with school owners directly in person, because they have their attorneys contact them. I proceeded to explain, due to my family circumstance, we were excluded from generation wealth and privilege. I had no money for an attorney to charge me for the headaches involved with going back and forth with them. Then she told me no one passes their inspection the first time. She was right! The level of professionalism went out the door. I've heard stories of entrepreneurs going out of business, before they're allowed to open upon waiting for the approval of the IDFPR.

Due to financial reasons as the direct result of the Covid-19 shut down. I Have moved my school, without contacting the IDFPR. I fear submitting my change of address form and waiting months before an inspector approve the new site could potentially run me out of business. I see other states allow Hair Braiders to do online education. When I called the IDFPR to inquire about my school being online. I've got no clear response. Moving forward, I could eliminate the extra cost attached to the required additional space. The student to teacher ratio is 1/25 or 1/10 (if you look through the requirements you will see both listed)..my biggest class size is 8. Students are required to pay \$3,500 tuition cost in a biweekly payment plan. Financial Aid will not assist in courses under 600 credit hours. I've researched Hair Braiding licensing and persons with felony convictions in Illinois, Indiana, Missouri, South Carolina, Florida and Mississippi. Here is what I found out:

Illinois- Hair braiders required to complete a 300 hour course at an IDFPR approved school. Renewal requires 10 hours of continuing education hours. Plus a \$50 renewal fee every 2 years. Persons with felony convictions must be "in good moral character" with no recent conviction/felony.

Indiana- Hair Braiders are required to practice under the Cosmetology License. 1500 hour course, no continuing education hours required. Renewal fee is \$40 August 1, every 4 years. Criminal convictions cannot be ground for license denial or removal. Must report any convictions to the board that regulates their license.

Missouri- Certain convictions will automatically result in denial. Must have a Cosmetology license. Pay a \$25 registration fee. Revised statute of Missouri Fresh Start Act. Implemented 1/1/2021 no person shall be disqualified by the state licensing authority from pursuing or practicing in any occupation for which a license is required solely or in part because of a prior conviction of a crime in state or another state, unless the crime is directly related to the duties of that profession.

South Carolina- Pay \$25 registration fee every 2 years. Attend a six hour hair braiding course approved by the board. Required to obtain 4 hours of continuing education hours every 2 years. Applicants can be disqualified from a state license if the person was convicted of a capital felony involving money laundering, fraud or embezzlement.

Florida- As of 7/1/2020 Florida does not require an application for a Hair Braiders license or completing continuing education hours.

Mississippi- Requires a \$25 registration fee to the Board of Health, post basic health and sanitation guidelines at their place of business, complete a self-test on that.

Analysis and Recommendations from My Professional and Personal Experience

- Texas and California require 1,000 hours of training for the Cosmetology License, 500 hours less than Illinois. Students in Texas receive a work permit while enrolled in a licensed school, which allows them to be in the work environment prior to completion. Indiana doesn't require CEU's.
- According to Table 7, Hair Braiding License applicants increased between 2020-2021. Due to the pandemic, schools were allowed to let students clock virtual hours on Zoom. Some licensing or certification programs shouldn't require in person learning.
 - » Students were more engaged with at home learning and attendance rates were 100% most days. Students who were also parents eliminated daycare expenses to attend LNHC Hair Braiding School evening program.
- Universal license recognition should be considered because that's the biggest obstacle faced upon moving your career to another state - it's very difficult and costly finding state approved sponsors that offer CEU hours beneficial to your profession.
 - » Arizona HB 2569 in 2019 allowed licensing/certification applicants to practice their profession from other states in Arizona.
- Hair Braiding Schools are exempt from federal financial aid funding because of the 300 hour requirement. Hair Braiding Schools have to double the hours of training to 600 hours to qualify for accreditation, making the Hair Braiding Program longer and harder for the student to achieve his/her goal of obtaining a license.
- IDFPR requires a "Sponsorship License" in order to give CEU hours; although I'm a licensed Cosmetology Instructor, I'm prohibited from giving CEU classes to my former students to help them keep their license, a costly license that I wouldn't be able to keep up with renewal fees for every 2 years. I'm currently paying renewal fees for my personal professional license and the school license.
- The vast difference between Cosmetology Schools and Hair Braiding School applicants are very disappointing - multi-billion dollar annual industry shouldn't have such low applicants. The need for change is in the numbers: Hair Braiding Schools/Cosmetology Schools and student licensing requirements discourage most entrepreneurs because of the obstacles and barriers they face trying to achieve their goals are felt on both ends.
- A Hair Braiding Certification program would fit perfectly within a local Public Health Agency. (See Appendix III for a letter supporting this reform from CUPHD Administrator Julie Pryde)
- IDFPR has regulated:
 - » Barbers since 1917
 - » Cosmetologist since 1928
 - » Barber/Cosmetology Schools since 1950
 - » Hair Braiders/Hair Braiding Schools since 2011



Analysis of IDFPR Public Licensing Data: Observations and Findings

By Data Analytics and Methodology Subcommittee

Data Analytics & Methodology

Subcommittee: Objectives

The key objectives of this subcommittee are to:

- Identify and collect publicly available data on licensing
- Analyze licensing data sets and report descriptive statistics
- Create methods for qualitative data collection and analysis
- Produce visualizations to understand data
- Produce a methodology section for the data analysis tasks as required by statute

This subcommittee report first provides descriptive analytics of IDFPR data, including data capturing applications received for the selected low-to-moderate-income occupations, licenses issued to applicants with prior convictions, and enforcement actions. The methodology for the data analysis is laid out in Appendix IV. The first section also compares licensing requirements in Illinois to those in neighboring states. Following the data analytics, this subcommittee report provides analysis of

occupational licensing in Illinois, based on the current literature on best practices. Lastly, the report goes into depth on recommendations that the task force discussed as a group in response to the data that is presented in the subcommittee report.

Key findings include that applicants typically receive licenses, but applicants with convictions are much less likely to receive licenses. Also, very few licensees are disciplined by IDFPR; when they are disciplined, it is usually related to their failure to pay state taxes or child support, which IDFPR is statutorily required to enforce. Illinois requires more days of training (and thus money lost to pay tuition and to miss work) than other Midwest states.

Applications & Issuance

Between 2017 and 2022, IDFPR received 97,677 applications for targeted occupations, receiving an average of 16,280 applications per year. Of these applications, 91% resulted in issued licenses, totaling 89,211 licenses. 43% of the licenses originally issued in this date range were not renewed by the licensees. Notably, only 95 (0.1%) of the licenses were terminated for any reason, demonstrating that compliance issues are relatively rare among licensees and the licensing system is not used as a way to eliminate harmful practitioners.

Table 7: New Applications for Target Occupations Received 2017-2022

Occupation	2017	2018	2019	2020	2021	2022	Total Target Apps 2017-2022	Avg Target Apps per Year 2017-2022
Licensed Acupuncturist	58	44	65	29	46	27	269	45
Licensed Barber	260	418	483	347	442	418	2,368	395
Canine Handler Authorization Card	87	61	88	20	49	90	395	66
Licensed Cemetery Customer Service Employee	49	68	83	72	76	79	427	71
Licensed Cosmetologist	2,628	2,787	2,537	2,019	2,588	2,380	14,939	2,490
Licensed Esthetician	843	1,065	1,228	1,182	1,688	1,826	7,832	1,305
Licensed Hair Braider	52	113	103	90	159	131	648	108
Home Medical Equipment And Services Provider	83	87	468	158	127	84	1,007	168
Licensed Marriage And Family Therapist	100	139	109	106	103	130	687	115
Licensed Massage Therapist	862	708	737	410	498	484	3,699	617
Licensed Nail Technician	801	880	870	836	927	857	5,171	862
Licensed Nursing Home Administrator	125	165	171	131	149	121	862	144
Pharmacy Technician	7,785	7,490	7,479	8,573	10,883	9,713	51,923	8,654
Licensed Professional Counselor	1,264	1,108	1,105	1,149	1,177	1,264	7,067	1,178
Licensed Private Security Contractor	39	59	80	86	63	56	383	64
Total & Total Avg Target Applications Across Years	15,036	15,192	15,606	15,208	18,975	17,660	97,677	16,280

Justice-Involved Applicants

The task force also performed a qualitative review of the Illinois licensing acts to assess statutory barriers for justice-involved applicants in the occupations under study. That review showed that the relevant statutes did not reflect research-driven best practices (see Justice-Involved Subcommittee chapter for further discussion). According to the licensing acts themselves, for all 10 of the target occupations that received a full qualitative analysis:

- Misdemeanor convictions can result in a refusal to issue/renew, revocation/suspension, or probation/discipline.
- Applicants can be disqualified from licensure for felony convictions that are not directly related to the functions or responsibilities of the licensed profession.

In 7 of the 8 licensing acts that received a full qualitative analysis, IDFPF can consider a conviction more than 5 years old or a sentence that was completed more than 5 years ago when making a licensure decision. Half of the fully reviewed licensing acts contained outdated moral turpitude standards for justice-involved applicants, including vague, subjective criteria like “good moral character”.

Discrepancies Between Licensing Acts and IDFPF FAQs for Justice-Involved Applicants

In the course of investigating barriers for justice-involved applicants, the Data Analytics & Methodology Subcommittee found FAQs specifically for applicants with criminal convictions produced by IDFPF. When compared with the licensing acts themselves, the IDFPF FAQs presented fewer unnecessary barriers to justice-involved applicants than the licensing acts would suggest. For example, all the FAQs touted a high

percentage of applicants with convictions ultimately being issued licenses, encouraging applicants with convictions to apply for licensure. If applicants assess their eligibility for licensure based on the more restrictive language in the licensing acts alone, they may not investigate further into IDFP's FAQs which more accurately reflect the agency's willingness to consider individual circumstances. Legislators should revise the language in the licensing acts to reflect the factors IDFP uses in their FAQs to determine eligibility.

Evaluating Claims of High Issuance Rates for Justice-Involved Applicants

P.A. 100-286 amended the Civil Administrative Code of Illinois for the Department requiring IDFP to prepare, publicly announce, and publish an annual report for the preceding year that included:

- Number of applicants who had a criminal conviction
- Number of applicants who received a license, certificate, or registration who had a criminal conviction
- Number of applicants who were denied a license, certificate, or registration in part or in whole because of a criminal conviction

The Data Analytics & Methodology Subcommittee parsed these reports for the years available to evaluate claims of high licensure rates for applicants with criminal convictions.

Table 8: Percent Applicants with Convictions Issued Licenses 2019-2022

Occupation	Applied w/ Conviction	Issued w/ Conviction	% Issued License w/ Conviction	Total Applicants Denied for Conviction
Licensed Barber	100	26	26%	0
Licensed Cosmetologist	84	36	43%	0
Pharmacy Technician	82	38	46%	0
Licensed Professional Counselor	47	24	51%	0
Licensed Nail Technician	40	20	50%	0
Licensed Esthetician	39	14	36%	0
Licensed Massage Therapist	20	11	55%	0
Home Medical Equipment and Service Provider	11	7	64%	0
Licensed Cemetery Customer Service Employee	9	3	33%	0
Licensed Nursing Home Administrator	7	4	57%	0
Licensed Hair Braider	7	1	14%	0
Canine Handler Authorization Card	6	0	0%	0
Licensed Marriage and Family Therapist	4	1	25%	0
Licensed Acupuncturist	4	4	100%	0
Registered Dental Hygienist	2	1	50%	0
Licensed Private Security Contractor	2	1	50%	0
Licensed Specialist in Dentistry	1	1	100%	0

According to this data, IDFPR did not outright deny any licensees from the target occupations for criminal convictions (in whole or in part). However, for the three license categories with the highest number of justice-involved applicants, less than half of those applicants ultimately received licenses. Furthermore, the data suggests that the number of applicants with convictions may be lower than anticipated. For example, barbering is a profession taught in Illinois prisons: given the number of incarcerated individuals in Illinois prisons and the availability of the training program, the CLIMB Justice-Involved Subcommittee questioned why only 100 individuals with convictions applied for a Barber’s license. This could be an indication of a “chilling effect”, applicants not responding to requests for further information from IDFPR, or other potential barriers for

justice-involved applicants outside of a denial by IDFPR for a conviction in whole or in part. Further investigation is needed to determine the root cause of this observed pattern.

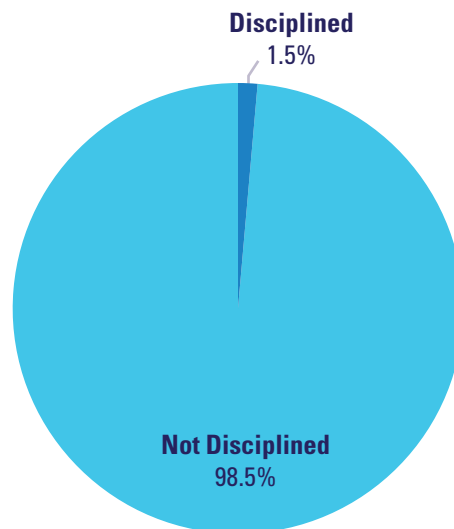
Enforcement Actions & Reasons for Discipline

Very Few Licensees in Target Occupations Are Ever Disciplined

Of all the 670,985 licensees in the target occupations from 1967-2022, only 1.5% are listed as having had disciplinary charges against them at any time (Figure A).

Figure A

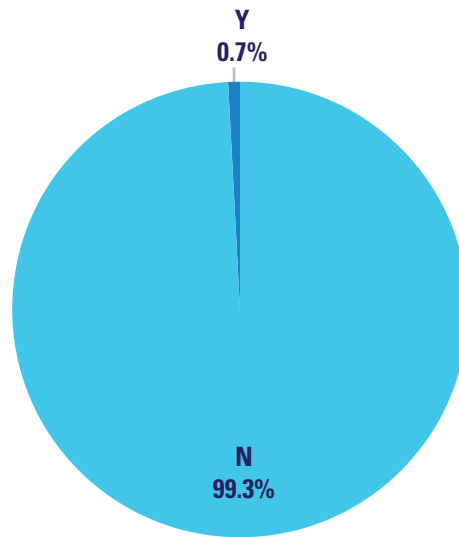
% Target Occupation Licensees Ever Disciplined: All Statuses, Licenses Issued 1967-2022



An even smaller fraction of new licensees has been involved in IDFPR’s disciplinary process, according to their public records. For licensees in the target occupations who first received their licenses between 2017 and 2022, only 0.7% were ever brought up on disciplinary charges by IDFPR (Figure B).

Figure B

**% Target Occupation New Licensees Ever Disciplined:
All Statuses, Licenses Issued 2017-2022**



Top Reason for Discipline: Failure to File/Pay State Income Taxes

Scrutinizing the reasons for disciplinary actions against the small percentage of licensees who are disciplined revealed that only a small percentage of that small percentage are disciplined for acts in violation of license requirements. Most of the time, when IDFPR brings a disciplinary action against a licensee in the target occupations, it is because the licensee is behind

on state taxes or child support. It is very rare that the disciplinary system is used to investigate and address acts that implicate health and safety concerns.

In all the disciplinary actions initiated 2017-2022, 66% of them were about either failure to pay or file state income taxes. Adding in child support delinquency actions, the number is 70%. In contrast, only 9% are listed as charges related to unlicensed practice, violations of a practice act, or unprofessional conduct (Figure C).

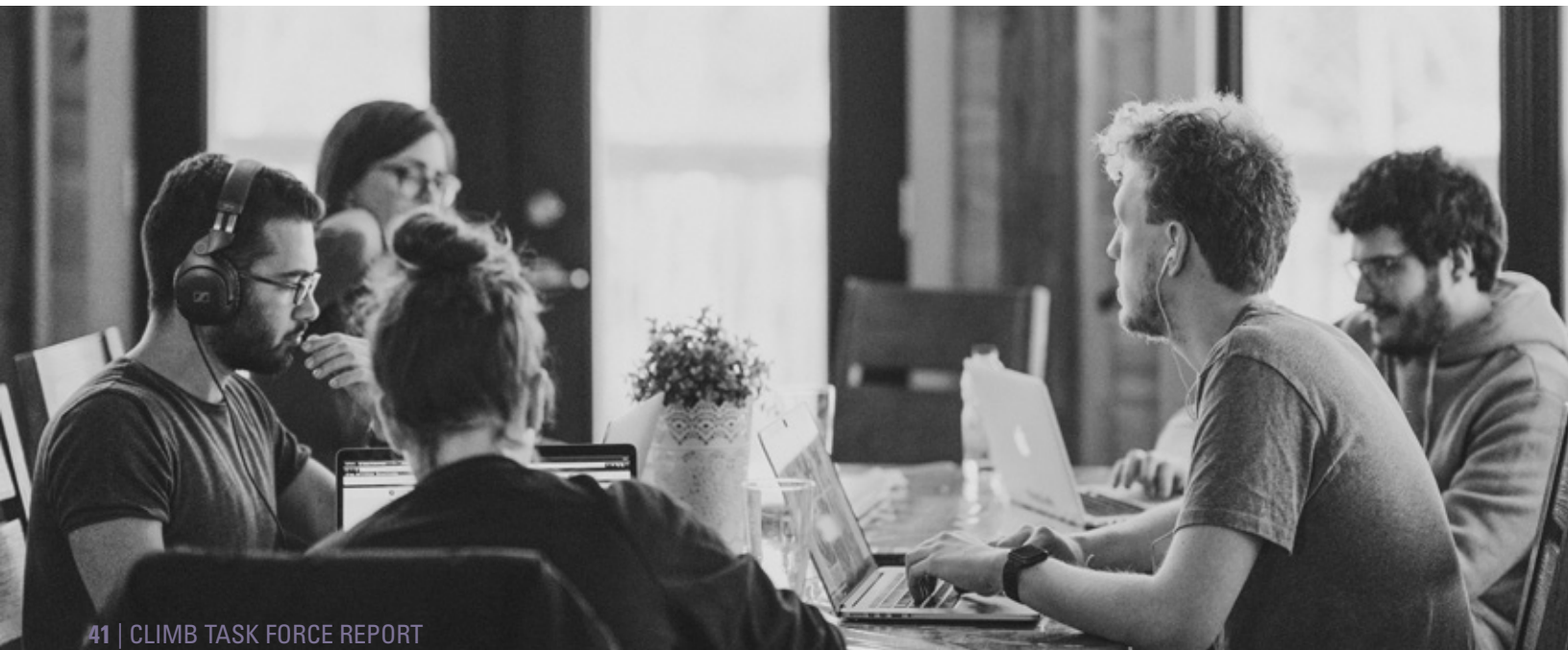
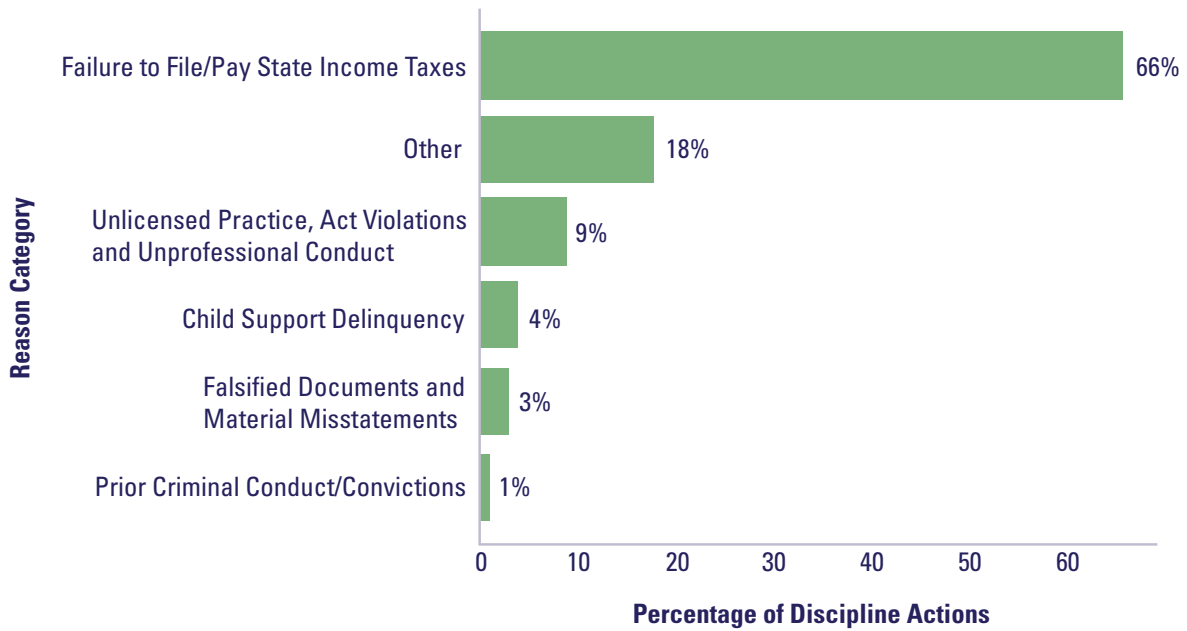


Figure C

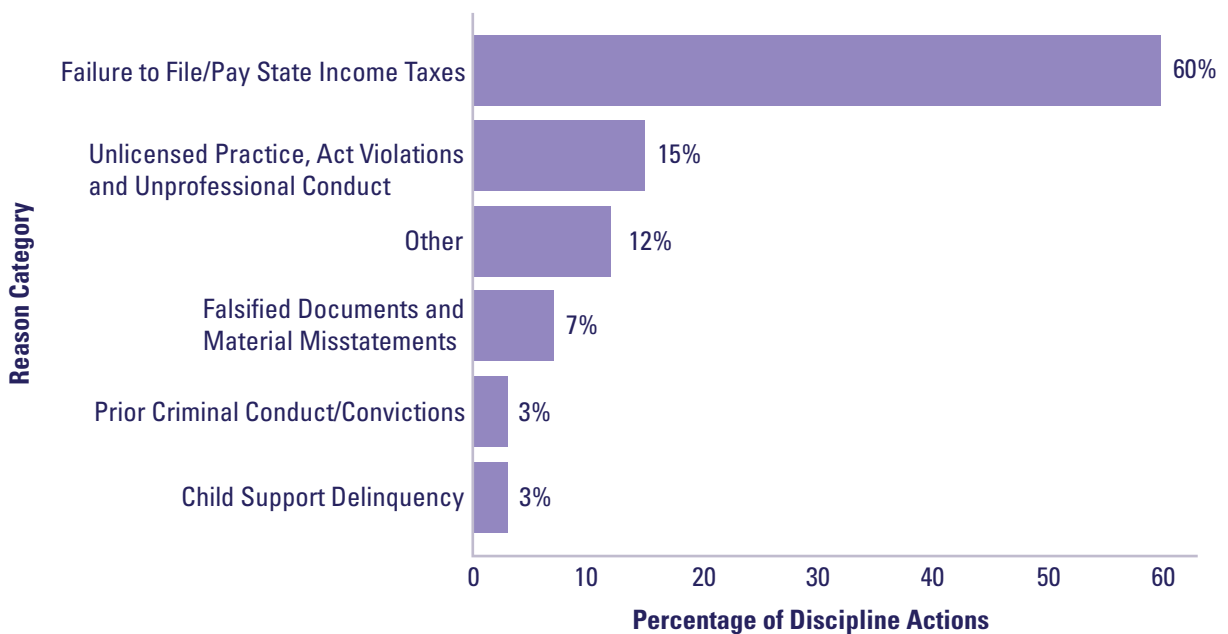
Reasons for Discipline by Category for Disciplinary Actions Initiated 2017-2022



Looking at the set of licensees who first entered the system between 2017 and 2022, only 15% of the .7% disciplined were charged with practice-related violations, while 60% were charged with failure to file or pay state income taxes (Figure D).

Figure D

Reasons for Discipline by Category for New Licensees (First Issued 2017-2022)



Comparing Illinois with Other Midwest States: Fees, Working Days Lost, & Number of Exams Required for Licensure

In the landscape of occupational licensure across the Midwest, Illinois presents a unique profile. The state's approach to licensing is marked by a paradox: while Illinois mandates fewer exams for licensure compared to its neighboring states, it demands a significantly higher investment of time in training.

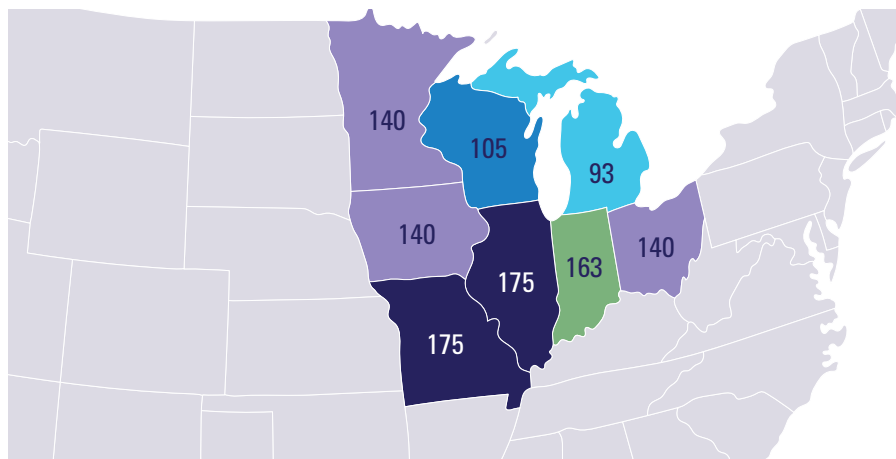
Illinois Compared to the Midwest: Fewer Exams, Average Fees, More Working Days Lost

Across the seven occupations in this subset of data, Illinois generally requires fewer exams for licensure but also requires more days in training that could otherwise be spent earning a wage when compared to other Midwest states. However, the fees Illinois charges for initial licensure generally falls in the middle of other Midwest states. One example illustrating this general pattern can be found comparing Estheticians (Skin Care Specialists) across Midwest states (Figure E).

Figure E

Esthetician Exams, Fees, Working Days Lost to Training – Illinois vs. Other Midwest States

Figure EA: Working Days Lost to Training



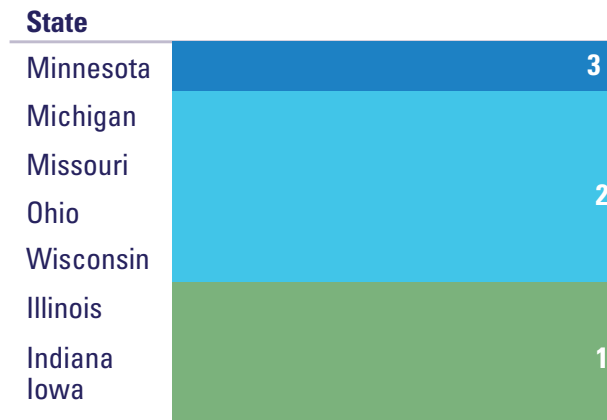
Data Source: LtW3 State Comparison Data

Figure EB: Fees



Data Source: LtW3 State Comparison Data

Figure EC: Number of Exams



Data Source: LtW3 State Comparison Data

For some occupations, Illinois imposes dramatically higher requirements than neighboring states. For example, Illinois requires candidates to spend 140 days in training and to take an examination to qualify to be a pharmacy technician. Wisconsin does not require a license for pharmacy technicians, while Minnesota and Missouri require a license but do not require any days lost to training or the completion of any exams. Indiana, Iowa, Michigan, and Wisconsin allow people to braid hair without a license while Illinois requires people to complete 300 hours of instruction in a licensed school, 225 ILCS 410/3E-2. Braiders in 33 other states do not require a license to braid hair. Ariz. Rev. Stat. § 32-506; Ark. Code § 17-26-504; Cal. Bus. & Prof. Code § 7316; Colo. Rev. Stat. § 12-105-118; Conn. Gen. Stat. § 20-250;

Del. Code tit. 24, § 5103; Fla. Stat. § 477.0135; Ga. Code § 43-10-1; Idaho Code § 54-5805(10); Ind. Code § 25-8-1.1-1; Iowa Code § 10A.532; Kan. Stat. § 65-1901; Ky. Rev. Stat. § 317A.020(1); Me. Rev. Stat. tit. 32, § 14203; Md. Code, Bus. Occ. & Prof. § 5-101; Mass. Gen. Laws ch. 112, § 87T; Mich. Comp. Laws § 339.1210a; Minn. Laws § 155A.28; Miss. Code § 73-7-71; Mont. Code Ann. § 37-31-102; Neb. Rev. Stat. § 38-1075(3); N.H. Rev. Stat. § 313-A:25(XIII); N.D. Cent. Code § 43-11-01; Okla. Stat. tit. 59, § 199.1; R.I. Gen. Laws § 5-10-29; S.D. Codified Laws § 36-15-16.1; Tex. Occ. Code § 1603.0013; Utah Code § 58-11a-304(12); Vt. Stat. tit. 26, § 273; Va. Code Ann. § 54.1-700; Wash. Admin. Code § 308-20-025; Wis. Stat. § 454.20; W. Va. Code § 30-27-3

Subcommittee Analysis

Onerous Licensing Requirements

Our findings indicate that Illinois enforces stringent licensing requirements across various occupations, resulting in significant financial burdens on aspiring professionals. Illinois often requires more days of costly training than other Midwestern states but does not collect data about the cost of that extra training relative to its value for health and safety. These costs, encompassing tuition and lost wages due to required training, disproportionately impact poor and disadvantaged individuals, limiting their access to economic opportunities.

Impact on Student Debt

The financial requirements associated with obtaining a professional license contribute substantially to the student debt crisis. Aspiring professionals often incur considerable debt to meet educational prerequisites, with minimal assurance of recouping their investment through increased earnings. Any additional or extra-neous days of required training drive up the debt load for students. For example, the average cost to attend beauty school in Illinois is \$17,658, among the highest in the nation. Students borrow an average of \$7,705 in federal student loans to attend school, but fewer than one-third graduate on time and only a little over half graduate within two years. For those who graduate and become licensed cosmetologists, the median annual wage is low: \$27,040.¹¹⁹ Since significant numbers of new licensees do not even renew the license, the data suggest that many people go into debt for the purpose of receiving a license and do not even stay in the occupation.

Barriers for Justice-Involved Individuals

The licensing process presents daunting challenges, particularly for individuals with prior justice-involvement. Licensing acts in Illinois allow the state to deny or terminate licensure for old, irrelevant convictions – even in situations where Illinois does not allow private employers to discriminate against job applicants. The complexity and lack of clarity within the application process serve as significant deterrents, undermining efforts to reintegrate into the workforce.

Lack of Evidential Support for Public Safety

A glaring absence of data and analysis prevents a thorough assessment of whether the stringent licensing requirements effectively enhance public safety. There is a critical need for evidence-based evaluations to determine the actual cost of these regulations on individuals and the actual impact of these regulations on health and safety outcomes. The General Assembly requires data and information in sunset reports because it is crucial for a robust analysis of the burdens and effectiveness of licensing requirements, but the state does not currently gather much of that information.

Enforcement Prioritizes Revenue Collection

The predominant focus of licensing enforcement appears to be on tax collection rather than the enforcement of health and safety standards. People who go through costly and extensive training to enter an occupation are targeted for tax collections, and their licenses are used as leverage in tax enforcement. IDFPR does not have detailed records of risks to health and safety from unlicensed practice, and the agency very rarely takes action against anyone for unlicensed practice. IDFPR is compelled by statute to enforce tax collection and is not granted discretion to evaluate financial hardship in these enforcement actions. This misalignment raises concerns about whether the licensing system is functioning to protect health and safety for the Illinois public as it purports to do. The data supports that the system creates significant barriers to employment but there is little data to suggest it has a reciprocal benefit to the public.

Technological and Data Limitations

IDFPR is hindered by outdated technology and a lack of comprehensive data collection. These limitations restrict the department's ability to operate efficiently and make informed decisions regarding licensing policies. The General Assembly recently changed the parameters for sunset reports, which it uses to evaluate wheth-

119 Menjou, M., Bednarczuk, M., Ph.D., & Hunter, A. (2021, July 7). Beauty School Debt and Dropouts: How State Cosmetology Licensing Fails Aspiring Beauty Workers. Ij.org. Retrieved June 22, 2024, from <https://ij.org/report/beauty-school-debt-and-drop-outs/>

reports. The General Assembly has not had access to the information that it deems necessary to determine if and how an occupation should be licensed.

Limited Applicant Pool with Convictions

Despite educational programs like barbering offered in Illinois prisons, there is a surprisingly low number of license applicants with convictions. This discrepancy suggests potential barriers within the application process that have a chilling effect or otherwise deter individuals with prior convictions from pursuing licensure. However, it should be noted that barber programs are offered in only a limited number of corrections facilities in Illinois, meaning the ostensibly low applicant numbers could be addressed by expanding the program to more facilities.

How is Occupational Licensing Holding Back Illinois?

Occupational licensing requirements disproportionately exclude people facing economic challenges from certain occupations. The high cost of education, the complexity of filling out an application, and barriers to people with criminal records make acquiring a license especially difficult for many people in historically marginalized groups. Yet the state does not and cannot analyze precisely what the costs are and why they are in place. Some licensing requirements are unnecessary to achieve the state's purported goal of ensuring that services provided to the public are safe, and they actually counteract the goal of enhancing commerce in the state for the benefit of all its residents.

Subcommittee Recommendations

In the pursuit of fostering a more equitable and efficient occupational licensing system in Illinois, our analysis has uncovered several areas ripe for reform. These recommendations aim to streamline processes, remove undue burdens on workers, especially those from disadvantaged backgrounds, and enhance the state's economic landscape.

Moratorium on creation of any new occupational licenses in Illinois for 12 months.

During this time gather a list of any requests for a new occupational license including the following information to evaluate any harms from unregulated practice and weigh the costs and benefits of the proposed regulation (type of occupation, scope of who is proposed to be in the category of license, number of people expected to fit this category, reason for new license, any harm demonstrated without the license, scope, training length, cost of training including tuition and days of lost wages, availability/accessibility) to help legislators determine whether proposed regulations are necessary to protect the public. The task force urges the legislature to limit new licenses to those situations where there is a demonstrated public safety or welfare interest that is not able to be adequately addressed with alternatives to licensing (<https://ij.org/report/too-many-licenses/report/what-is-sunrise-review/>).

Paid Training

Illinois should allow those seeking a license for an occupation to be paid during their training.

Justice Involved Persons

Illinois should eliminate or very narrowly restrict which categories of prior convictions can be considered as grounds for denial of a license. Criminal records should only be considered to the extent that there is a relationship between the underlying criminal activity and the duties of the licensed occupation and that relationship threatens public safety. Specific, targeted criteria should be used to determine whether such a relationship exists.

Reduce the amount of training/education required for certain occupations.

Illinois should require only the amount of training that is demonstrably necessary to protect the health and

safety of people in Illinois. Extra training requirements create barriers for aspiring workers. For example, cosmetology is an occupation the task force has investigated. An IJ study released last year catalogs the financial burdens that Illinois cosmetologists must take on to comply with state licensing requirements. The average cost to attend beauty school in Illinois is \$17,658, among the highest in the nation. Students borrow an average of \$7,705 in federal student loans to attend school, but fewer than one-third graduate on time and only a little over half graduate within two years. For those who graduate and become licensed cosmetologists, the median annual wage is low: \$27,040.

Illinois can start by contacting states with the lowest number of training days for each occupation and learn if health and safety problems have resulted. If lower training requirements work in other states, Illinois should lower the burdens on applicants accordingly.

Continue required reporting from the IDFP to better support the General Assembly in revoking, modifying, or creating new licensing Acts.

The Regulatory Sunset Act states that the General Assembly wants to review the state's licensing programs regularly to ensure that they have genuine public benefits. (5 ILCS 80/2.) The Governor's Office of Management and Budget is responsible for analyzing whether "the agency or program restricts a profession, occupation, business, industry, or trade any more than is necessary to protect the public health, safety, or welfare from significant and discernible harm or damage" (5 ILCS 80/5).

The report's analysis must factor in broad-ranging information, including information that IDFP does not now collect, such as the financial impact of licensing requirements and the substantiated risks for health and safety across the full range of activities that require licensing. IDFP does use consumer complaints and the opinion of experienced boards on assessing risks. However, these boards are also staffed by those representing powerful private interests and a body of research shows that most newly created licenses are requested by private industry, not the public seeking health and safety protections. Currently, there is no readily available public data on either the complaints or the discussions between licensing boards and IDFP. Without this information, the public cannot ascertain whether stringent licensure largely benefits the public or private interests. The task force recommends that IDFP prepare to help support the sunset reporting process by continually evaluating licenses using the

measures set forth in the sunset act. If IDFPR does not have significant evidence that a license is “necessary to protect the public health, safety, or welfare from significant and discernible harm or damage”, it should share recommendations with the General Assembly to reduce or eliminate the burdens of licensing on Illinois workers and businesses.

Reimagining Licensing Requirements for Cosmetologists

Firstly, the task force proposes a shift from licensing to registration or certification for cosmetologists. The current licensure framework imposes significant costs, delays, and other barriers to entry into this profession. Simplifying this to a registration or certification process would maintain public safety standards while making it easier for individuals to enter the profession.

Eliminating Hair Braider Licenses

Furthermore, the requirement for hair braiders to obtain a license is unnecessary as there is no public safety concern when individuals braid hair, which is a practice dating back thousands of years with cultural and social significance. Requiring a license for hair braiders does not enhance public safety but it disproportionately impacts individuals from minority communities. Eliminating this license altogether would remove an unjust barrier to economic participation without compromising public health or safety.

Implementing Systematic and Process Reforms

The adoption of systematic and process reforms, specifically the implementation of robust sunrise reviews, is crucial. From the enactment of CLIMB, IDFPR is empowered and required to collect more robust information and data when compiling sunset reports for the legislature. It is critical that IDFPR follow through on this sunset process so that the legislature will have better information on which to balance and recalibrate the existing license categories and requirements against the goals of enhancing public safety and reducing unnecessary barriers to work. Both sunset and sunrise reviews combined can be an effective process to better evaluate the necessity and efficacy of licensing requirements, ensuring they serve the public interest without imposing undue burdens on workers.

Data Capture and Technology Updates for IDFPR

A pivotal area for improvement is IDFPR’s capacity to capture and analyze data, particularly regarding the reasons a licensee was denied. Upgrading IDFPR’s technology infrastructure is paramount to increasing the department’s effectiveness and transparency. Modernizing systems will enable more accurate tracking and evaluation of licensing processes and outcomes.

Aligning Language in Licensing Acts and Communications

Discrepancies between the language in licensing acts and the IDFPR’s frequently asked questions (FAQs) create confusion, particularly for justice-involved individuals seeking licensure. Standardizing this language across all platforms would provide clarity and consistency. In 2024, IDFPR implemented revised “Intent to Deny” letters to avoid unintentionally discouraging justice-involved applicants. All IDFPR communications should be reviewed and reformed if needed to further clarify the licensing process. To this end, IDFPR also formed a reentry committee in 2024, provided flyers to IDOC indicating that felonies are not a barrier to licensure, met with over 100 people incarcerated in IDOC and explained the barber/cosmetology licensure requirements, and partnered with Westside Justice Center so that people can contact them for assistance if they receive an “intent to deny” (ITD) from the Department. Furthermore, state legislators should update language in the licensing acts to reflect recent reforms implemented by IDFPR to better support justice-involved licensees.

Continued Evaluation through a Second Task Force Iteration

Lastly, recognizing the limitations of our current data, the establishment of a second iteration of the task force is suggested to conduct a more comprehensive economic impact study. This continued effort would provide deeper insights into the effects of licensing requirements on Illinois’ workforce and economy, guiding further reforms.

Conclusion

In conclusion, these recommended reforms aim to build a more accessible, equitable, and efficient occupational licensing system in Illinois. By removing unnecessary barriers, enhancing procedural clarity, and improving the regulatory infrastructure, Illinois can foster greater economic opportunity and justice for all its residents.



Appendix I: Second Chance State Licensing Model Legislation

Draft Act

AN ACT concerning regulation.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1.

This Act may be cited as the Second Chance State Licensing Act.

Section 2. Findings.

The General Assembly finds that:

- (1) Healthy people create healthy communities. Healthy communities are safer communities. The environment in a community will be neither healthy nor safe where some of its residents face obstacles to such a basic necessity as sustainable, meaningful employment.
- (2) Barriers to the issuance of occupational licenses to persons with arrest or conviction records are a primary example of such an obstacle that endangers the health of our communities. Those barriers create an unhealthy environment by denying some of the most vulnerable members of our communities the opportunity for long-term success through sustainable, meaningful employment. They foster an environment where the most vulnerable among us are made more vulnerable.
- (3) For individuals with non-conviction arrests, these barriers create a penalty which disenfranchises those individuals from the fundamental American principle that a person is innocent until proven guilty. For individuals with conviction records, these barriers create an extra-judicial, lifetime enhancement of the penalty that they must suffer, even after having “paid their debt to society” through incarceration.
- (4) In both cases, the barriers impose these burdens without making Illinois any safer. It is difficult to see the deterrent effect of these barriers when, despite their decades-long existence, Illinois’ recidivism rate remains at about 40%.
- (5) These barriers not only fail to make states safer, they actually make them less safe. Arizona State University found that “states with the heaviest occupational licensing burdens saw an average increase in the three-year new-crime recidivism rate of over 9%... [S]tates that had the lowest burdens and no such [bad] character provisions [in their licensing laws] saw an average decline in that recidivism rate of nearly 2.5%” That study concluded that the impact of occupational licensing on recidivism cannot be underestimated: “In terms of impact, the occupational licensing burden was second only to the overall labor market conditions in significantly influencing movements in the recidivism rate.”
- (6) The cost of recidivism in Illinois is already intolerably high. Each time an individual recidivates, the cost to Illinois is approximately \$151,000, for a projected total of \$13 billion during the 5-year period ending in 2023. Each time an individual recidivates, the cost to the health of the community where that individual lives is immeasurable. Everyone deserves to live in a healthy community. That will not happen as long as Illinois and its communities continue to bear the costs of recidivism, in part, because of barriers to the issuance of occupational licenses to persons with arrest and conviction records.
- (7) It is therefore in Illinois’ best interest to lower the barriers to occupational licensing of persons with arrest or conviction records by enacting this Second Chance State Licensing Act.

Section 3. Definitions and Construction.

Definitions. For purposes of this Act:

“Governmental Authority” shall mean the State, any branch, department, agency and/or instrumentality of the State and any political subdivision of the State, including, without limitation, any unit of local government (including a home rule unit).

“License” shall mean any license, certificate, registration or any other permission or authorization to perform an occupation or conduct a business and/or profession which was issued or otherwise authorized by a Licensing Authority.

“Licensee” shall mean a person who has been issued a License.

“Licensing Authority” shall mean any Governmental Authority which issues a license, certificate, registration or any other permission or authorization to perform an occupation or conduct a business and/or profession.

“Non-conviction disposition of a criminal proceeding” shall mean a criminal proceeding in which there was a finding and/or where a court ordered that: (a) the defendant in that proceeding was not guilty or acquitted; (b) the proceeding was dismissed; (c) there was no probable cause to proceed with the proceeding; (d) the proceeding was stricken with leave to reinstate; (e) the defendant was sentenced to supervision and the defendant successfully complied with the terms of that supervision; (f) the defendant was sentenced to qualified probation and the defendant successfully complied with the terms of that qualified probation; (g) the defendant’s conviction was overturned on appeal and the conviction was not reinstated after any remand of the proceedings; or (h) the proceedings were concluded without the defendant being convicted or in a manner that is otherwise similar to those described above.

Section 4. Licensing of Persons with Arrest or Conviction Records.

Notwithstanding the provision of any other law:

- (1) A non-conviction disposition of a criminal proceeding shall not be grounds for a Licensing Authority to (a) refuse to issue or renew a license; (b) revoke or suspend a license; or (c) place on probation, reprimand, or take other disciplinary or non-disciplinary action against a licensee. A non-conviction disposition of a criminal proceedings shall not be considered by a Licensing Authority when it is making a determination regarding a license applicant’s or licensee’s good moral character or a similar standard.
- (2) A misdemeanor conviction shall not be grounds for a Licensing Authority to (a) refuse to issue or renew a license; (b) revoke or suspend a license; or (c) place on probation, reprimand, or take other disciplinary or non-disciplinary action against a licensee. A misdemeanor conviction shall not be considered by a Licensing Authority when it is making a determination regarding a license applicant’s or licensee’s good moral character or a similar standard.
- (3) A felony conviction shall not be grounds for a Licensing Authority to (i) refuse to issue or renew; or (ii) revoke or suspend a license when five (5) years have passed since the later of the date of the conviction or the completion of any sentence imposed pursuant to that conviction and the applicant or licensee who was the subject of that conviction has not been convicted of another felony since that date. A felony conviction shall not be grounds for the a Licensing Authority to place on probation, reprimand, or take other disciplinary or non-disciplinary action against a licensee when five (5) years have passed since the later of the date of the conviction or the completion of any sentence imposed pursuant to that conviction and the licensee who was the subject of that conviction has not been convicted of another felony since that date. A felony conviction shall not be considered when a Licensing Authority is making a determination regarding a license applicant’s or licensee’s good moral character when five (5) years have passed since the later of the date of the conviction or the completion of any sentence imposed pursuant to that conviction and the applicant or licensee who was the subject of that conviction has not been convicted of another felony since that date.
 - (b) The provisions of this subsection (3) shall be applicable regardless of whether there is a direct relation between the felony conviction at issue and the duties, functions, and responsibilities of the position licensed by the license at issue. Notwithstanding the foregoing, subsection (3) shall not apply to convictions pursuant to the following provisions of the Criminal Code of 2012:
 - Sec. 9-1. First degree murder.
 - Sec. 9-1.2. Intentional homicide of an unborn child.
 - Sec. 10-1. Kidnapping.

Sec. 10-2. Aggravated kidnaping.
 Sec. 10-3.1. Aggravated unlawful restraint.
 Sec. 10-4. Forcible Detention.
 Sec. 10-5.1. Luring of a minor.
 Sec. 10-9. Trafficking in persons, involuntary servitude, and related offenses.
 Sec. 11-1.20. Criminal sexual assault.
 Sec. 11-1.30. Aggravated Criminal Sexual Assault.
 Sec. 11-1.40. Predatory criminal sexual assault of a child.
 Sec. 11-1.60. Aggravated criminal sexual abuse.
 Sec. 11-9.1. Sexual exploitation of a child.
 Sec. 11-9.2. Custodial sexual misconduct.
 Sec. 11-9.5. Sexual misconduct with a person with a disability.
 Sec. 11-25. Grooming.
 Sec. 11-26. Traveling to meet a child.
 Sec. 12-33. Ritualized abuse of a child.
 Sec. 12-34. Female genital mutilation.
 Sec. 29D-14.9. Terrorism.
 Sec. 30-1. Treason.
 Sec. 30-2. Misprision of treason.
 Sec. 30-3. Advocating overthrow of Government.

(4) A Licensing Authority shall not:

- (a) Refuse to issue or renew a license because of a felony conviction where there is a lack of direct relation between the felony conviction and the duties, functions, and responsibilities of the position licensed by the license at issue;
- (b) Revoke or suspend a license or place on probation, reprimand, or take other disciplinary or non-disciplinary action against a licensee because of a felony conviction where there is a lack of direct relation between that felony conviction and the duties, functions, and responsibilities of the position licensed by the license at issue.

(5) When the a Licensing Authority is considering an application for the issuance or renewal of a license by an individual who has been convicted of a felony where there is a direct relation between that felony conviction and the duties, functions and responsibilities of the position licensed by the license at issue, the Licensing Authority shall consider any mitigating factors and evidence of rehabilitation contained in the applicant's or licensee's record, including any of the following, to determine whether a prior conviction will impair the ability of the individual to engage in the practice for which a license is sought:

- (a) Unless otherwise specified, whether 5 years since a felony conviction or 3 years since release from confinement for that conviction, whichever is later, has passed without a subsequent conviction;
- (b) If the individual was previously licensed or employed in this State or other states or jurisdictions, the lack of prior misconduct arising from or related to the licensed position or position of employment;
- (c) The age of the person at the time of the criminal offense;
- (d) If, due to the individual's criminal conviction history, the individual would be explicitly prohibited by federal rules or regulations from working in the position for which a license is sought;
- (e) Successful completion of sentence and, for individuals serving a term of parole, probation or mandatory supervised release, a progress report provided by the applicant's probation or parole officer that documents the individual's compliance with conditions of supervision;
- (f) Evidence of the applicant's present fitness and professional character;
- (g) Evidence of rehabilitation or rehabilitative effort during or after incarceration, or during or after a term of supervision, including, but not limited to, a certificate of good conduct under Section 5-5.5-25 of the Unified Code of Corrections or certificate of relief from disabilities under Section 5-5.5-10 of the Unified Code of Corrections;

- (h) The financial and other impacts that failure to grant the license will have on the individual, the individual's family and/or other persons whom the individual supports; and
 - (i) Any other mitigating factors that contribute to the individual's potential and current ability to perform the duties of the profession at issue.
- (6) No application for licensure shall be denied by reason of a finding of lack of good moral character when the finding is based solely upon the fact that the applicant has previously been convicted of one or more criminal offenses. When reviewing a prior conviction of an initial applicant for the purpose of determining good moral character, a Licensing Authority shall consider evidence of rehabilitation and mitigating factors in the applicant's record, including those set forth in subsection (5) of this Act.
- (7) If a Licensing Authority refuses to issue or renew a license or places on probation, reprimands, or take other disciplinary or non-disciplinary action against a licensee, based upon a conviction or convictions, in whole or in part, the Licensing Authority shall notify the individual of the action in writing with the following included in that notice:
- (a) A detailed explanation of all reasons for the action, including, without limitation the factual and legal basis for the action;
 - (b) A list of convictions that the Licensing Authority determined will impair the individual's ability to engage in the position licensed by license at issue;
 - (c) A list of convictions that formed the sole or partial basis for the action; and a summary of the appeal process or the earliest the individual may reapply for a license, whichever is applicable.
- (8) A Licensing Authority shall not require any individual to report the following information and shall not consider the following criminal history records in connection with any decision related to the issuance or renewal of a license or placing on probation, reprimanding, or taking other disciplinary or non-disciplinary action against a licensee:
- (a) juvenile adjudications of delinquent minors as defined in Section 5-105 of the Juvenile Court Act of 1987 subject to the restrictions set forth in Section 5-130 of that Act;
 - (b) law enforcement records, court records, and conviction records of an individual who was 17 years old at the time of the offense, unless the nature of the offense required the individual to be tried as an adult;
 - (c) Convictions and/or arrests that have been sealed or expunged.

Section 5. Mandatory Requirements.

The provisions of this Act shall be mandatory and shall not be considered to be directory and/or discretionary.

Section 6. Home rule.

This Act shall constitute the exercise of the State's exclusive jurisdiction pursuant to subsection (h) of Section 6 of Article VII of the Illinois Constitution and shall preempt the jurisdiction of any home rule unit.

Section 99. Effective Date. This Act takes effect upon becoming law.

Appendix II: Hair Braiding Regulation and Opportunity in Illinois

What is Hair Braiding?

Hair braiding is a beauty practice and traditional art of creating and “caring for tightly coiled Afro-textured hair naturally, without the use of scissors, heat or chemicals.”¹²⁰ The service as practiced is very safe and poses little to no risk of harm to consumers, yet many states require licensure for the legal provision of hair braiding services. Currently, 33 states have no such requirements in place, up from only 21 as of July 2016.¹²¹ Illinois is one of the remaining states in which the legal provision of hair braiding services requires a license.

Regulation of Hair Braiding in Illinois

The state’s current regulatory regime began in 2011, after complaints about unneeded and onerous cosmetology-related training led to the establishment of a special “carve-out” license specifically for hair braiders.¹²² Statutory requirements are detailed in the Barber, Cosmetology, Esthetics, Hair Braiding, and Nail Technology Act of 1985, with associated administrative rules also relevant.¹²³

Key elements include:

- The current statutory provisions in place are due to be repealed on January 1, 2026.
- Lawful provision of hair braiding services requires a license issued by the IDFP: “It is unlawful for any person to practice, or to hold himself or herself out to be a cosmetologist, esthetician, nail technician, hair braider, or barber without a license as a cosmetologist, esthetician, nail technician, hair braider or barber issued by the Department pursuant to the provisions of this Act and of the Civil Administrative Code of Illinois.”¹²⁴
- “Scopes of practice” differ across the regulated occupations, and in particular, note that hair braiding services may be provided by licensed cosmetologists and licensed cosmetology teachers¹²⁵
- Minimum qualifications include¹²⁶
 - » Applicant must be at least 16 years of age.
 - » Applicant must have a high school diploma or GED (or is beyond the age of compulsory school attendance).
 - » Applicant must have completed an approved training program to include 300 clock hours or 10 credit hour equivalency, with specific numbers of hours itemized for certain topics and settings (classroom vs. clinical experience).
 - » Applicants who can show the “Department through tax records or affidavits that he or she has practiced hair braiding for at least 2 consecutive years immediately prior to the date of his or her application” may have educational or training requirements waived.¹²⁷

120 Angela C. Erickson, “Barriers to Braiding: How Job-Killing Licensing Laws Tangle Natural Hair Care in Needless Red Tape” (Institute for Justice, July 2016), https://ij.org/wp-content/uploads/2016/07/Barriers_To_Braiding-2.pdf.

121 Erickson, 1; Institute for Justice, “Braiding,” *Institute for Justice* (blog), March 8, 2022, <https://ij.org/issues/economic-liberty/braiding/>.

122 Karen Hawkins, “Illinois Tries to End Rogue Braiding,” *NBC News*, May 2, 2010, <https://www.nbcnews.com/id/wbna36904055>; Chicago Tribune, “Hair Braiders Confront a Snag in Illinois Law,” *Chicago Tribune*, August 19, 2009, <https://www.chicagotribune.com/2009/08/19/hair-braiders-confront-a-snag-in-illinois-law/>.

123 State of Illinois, “Administrative Code/Title 68: Professions and Occupations/Chapter VII: Department of Financial and Professional Regulation/Subchapter b: Professions and Occupations/PART 1175 THE BARBER, COSMETOLOGY, ESTHETICS, HAIR BRAIDING, AND NAIL TECHNOLOGY ACT OF 1985,” accessed March 31, 2024, <https://www.ilga.gov/commission/jcar/admincode/068/06801175sections.html>; State of Illinois, “225 ILCS 410/ Barber, Cosmetology, Esthetics, Hair Braiding, and Nail Technology Act of 1985.,” accessed April 14, 2023, <https://www.ilga.gov/legislation/ilcs/ilcs5.asp?ActID=1351&ChapterID=24>.

124 State of Illinois, 225 ILCS 410/ Barber, Cosmetology, Esthetics, Hair Braiding, and Nail Technology Act of 1985., secs. 1-7(a).

125 State of Illinois, secs. 1-7(b) and 1-7(c).

126 State of Illinois, secs. 3E-2.

127 State of Illinois, secs. 3E-2(c).

- » Hair braiding teachers are also regulated per the statute. For instance, teachers must have a “[m]inimum 600 clock hours or 20 credit hour equivalency in ‘relevant teaching methods and curriculum content’”, or at least “500 clock hours of hair braiding teaching training for an individual who is able to establish that he or she has had at least 2 years of practical experience.”¹²⁸
- » Continuing education requirements of 10 hours for hair braiders and 20 hours for hair braider teachers are also specified.¹²⁹

IDFPR Licensees and Disciplinary Actions

The IDFPR provides public-facing data on applications as well as current licensees (active or otherwise).

Applications

The most recent annual disciplinary report shows that only 82 of 131 (63%) applications in 2022 for a hair braiding license were granted by the end of the calendar year; the IDFPR notes that some applications may still be in progress at that time (Illinois Department of Financial and Professional Regulation 2023). These figures, along with corresponding data on applications for teaching and schools, are in Panel A of the table below.

	Hair Braiders	Hair Braiding Teachers	Hair Braiding Schools	Total
Panel A: Applications, 2022				
Number of applicants	131	8	4	143
Number of licenses granted	82	5	2	89
Panel B: Licensees				
Number of active licensees in 2023	556	77	9	642
Number of disciplinary actions	10	4	0	14

Licensees and Disciplinary Actions

The IDFPR’s data portal on licenses contains information on licensees whether active or inactive across IDFPR-regulated occupations.¹³⁰ Panel B of the above table shows that a total of 556 individuals held active hair braiding licenses in 2023, with 77 licensed hair braiding teachers and 9 licensed hair braiding schools. For the 642 licensees, only 14 total disciplinary events are noted in the records.

- Of the 14 actions taken against 2023 active licenses, 10 were for “Failure to file and/or pay Illinois state income taxes”, and the remaining 4 related to practicing or running a salon without a license.
- Panel B’s figures on disciplinary actions *understate* such actions overall, because the population here is limited to those holding active licenses in calendar year 2023 and does not include licensees who may have held licenses in the past and had disciplinary actions added to their records.

Recent Evidence and Policy Reforms

In a series of studies and articles, the Institute for Justice has explored the impacts of licensure of hair braiding. An early study of licensing documented the prevalence and burdens of licensure in the 50 states and the District of Columbia, finding that 16 states required hair braiders to become licensed cosmetologists; 21 states required no license or only *de minimus* registration; and 14 states, including Illinois, required “specialty” licenses. Training hours required were particularly steep for the states requiring full cosmetology training, but even specialty licenses required hours ranging from 6 in South Carolina to 600 in Oklahoma.¹³¹

¹²⁸ State of Illinois, 3E – 3.

¹²⁹ State of Illinois, secs. 3E-5.

¹³⁰ Illinois Department of Financial and Professional Regulation, “Professional Licensing - Data.Illinois.Gov,” March 31, 2024, <https://data.illinois.gov/dataset/professional-licensing>.

¹³¹ Erickson, “Barriers to Braiding: How Job-Killing Licensing Laws Tangle Natural Hair Care in Needless Red Tape,” 7.

That same study analyzed data on complaints filed against licensed service providers in 9 states plus the District of Columbia and concluded that complaints were rare; complaints related to health or safety are even rarer; and states with tougher requirements were no different from those with lighter requirements. In other words, the evidence pointed to no relationship between the burdens of licensure and any complaints filed against service providers.¹³² The study also found some evidence that states requiring greater numbers of training hours had fewer licensed hair braiders—a specific example consistent with more general evidence on how licensure affects employment in the regulated occupation.¹³³ A follow-up study focused only on Illinois only reinforced these findings: complaints are few and complaints about consumer harm and/or public health are even fewer.¹³⁴

Given this evidence and other analysis, many states across the country have eased or removed their hair braiding licensing requirements, sometimes by simply clarifying that the practice of hair braiding is *not* the practice of cosmetology.¹³⁵

- At present, the Institute for Justice reports that 33 states, up from 21 in 2016, now require *no* license for the legal practice of hair braiding; as multiple states have moved to relax or remove these regulatory barriers. The remaining states (plus the District of Columbia) include three in which hair braiders must be licensed as either cosmetologists or hairstylists and 14 which continue to require separate, specialty licenses—as is the case in Illinois.¹³⁶
- Two of Illinois’s neighbors, Indiana and Wisconsin, have de-licensed hair braiding—Indiana in 2017, and Wisconsin in 2021 (Wilson 2017) (Wilson 2021) (Lubell 2021).¹³⁷
- The Pennsylvania House recently passed House Bill 1820 which “removes natural hair braiding from the definition of cosmetology under the Cosmetology Law.”¹³⁸
- Reforming states may build on so-called model legislation to clearly remove hair braiding from occupational regulation while clarifying that other regulations related to businesses, tax compliance, and so on remain intact.¹³⁹

Moving Forward in Illinois

The case for de-licensure of hair braiding in Illinois is strong. At a general level, evidence suggests that the welfare gains from delicensing an occupation that is “marginal”, that is, licensed in some, but not all, states, are positive. Specifically, the IJ studies find that licensure has little to no impact on health or safety complaints, and the IDFPD data also point to disciplinary issues of unlicensed practice and tax non-compliance, not problems of consumer harm. The IJ studies also suggest that licensure depresses hair braider employment: “States that demanded more training hours had fewer licensed or registered braiders relative to their black populations than states with lighter requirements, according to data from 12 states and D.C. Most of these differences were statistically significant.”¹⁴⁰

In fact, a “back of the envelope” comparison inspired by that work and the 2022 *License to Work* study highlights the potential size of impacts on employment. Mississippi and Louisiana, two adjacent southern states, have very different regulatory regimes. Mississippi requires a simple registration, while Louisiana requires 500 hours in training before licensure. The table shows that the number of

132 Erickson, 13.

133 Erickson, 13.

134 Kathy Sanchez, “Barriers to Braiding: Illinois Analysis” (Institute for Justice, November 2019), <https://ij.org/wp-content/uploads/2019/11/Barriers-to-Braiding-Supplement-Illinois.pdf>.

135 More generally, the IJ’s 2022 study summarizes several years worth of easing requirements in multiple barbering and beauty occupations. In some cases, certain occupations were de-licensed entirely, while in others, there were reductions in education and/or experience requirements—meaning a decline in the number of working days lost to education and experience. Lisa Knepper et al., “License to Work: A National Study of Burdens from Occupational Licensing” (Institute for Justice, November 2022), 52–55, <https://ij.org/wp-content/uploads/2022/09/LTW3-11-22-2022.pdf>.

136 Institute for Justice, “Braiding.”

137 J. Justin Wilson, “Indiana Governor Signs Bill Untangling Hair Braiders from Licensing Laws,” *Institute for Justice* (blog), April 28, 2017, <https://ij.org/press-release/indiana-governor-signs-bill-untangling-hair-braiders-licensing-laws/>; J. Justin Wilson, “Wisconsin Ends Occupational Licensing for Hair Braiders,” Institute for Justice, July 9, 2021, <https://ij.org/press-release/wisconsin-ends-occupational-licensing-for-hair-braiders/>; Ella Lubell, “Wisconsin Votes To Exempt Hair Braiders From Occupational Licensing Law,” Reason.Com (blog), July 2, 2021, <https://reason.com/2021/07/02/wisconsin-votes-to-exempt-hair-braiders-from-occupational-licensing-law/>.

138 Legislative Data Processing Pennsylvania General Assembly, “Bill Information - House Bill 1820; Regular Session 2023-2024,” The official website for the Pennsylvania General Assembly., March 18, 2024, <https://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?sYear=2023&sInd=0&body=H&type=B&bn=1820>; Pennsylvania House Committee on Appropriations, “Fiscal Note: House Bill No. 1820,” March 18, 2024, <https://www.legis.state.pa.us/WU01/LI/BI/FN/2023/0/HB1820P2446.pdf>.

139 Institute for Justice, “Model Legislation: Natural Hair Braiding Opportunity and Freedom Act,” April 3, 2021, <https://ij.org/wp-content/uploads/2021/04/04-03-2021-Model-Braiding-Opportunity-and-Freedom-Act-4.pdf>.

140 Erickson, “Barriers to Braiding: How Job-Killing Licensing Laws Tangle Natural Hair Care in Needless Red Tape,” 2.

licensed hair braiders differs sharply between the states, both in absolute terms and as a share of the state’s black population. Mississippi has over 600 hair braiders for every 100,000 black residents, while Louisiana has just over 1.¹⁴¹

As for Illinois, the state had 556 active hair braider licensees in 2023, or just over 30 per 100,000 black residents. Delicensing seems likely to increase the number of hair braiders, consistent with theory and evidence on how licensing affects employment. Of course, some of that increase may come from a *decrease* in licensed cosmetologists, for example, as some practitioners may decide to leave licensed practice behind and just provide hair braiding services. The key, however, is that consumer demand and practitioner supply ultimately are allowed to determine that balance, without unneeded regulations interfering.

State	MS	LA	IL
# Licensees	6,714	18	556
Population	2,938,928	4,588,023	12,582,515
Share black alone	0.378	0.328	0.147
Black population	1,110,915	1,504,872	1,849,630
Licensees per 100000 black population	604.4	1.2	30.1

141 Note that big differences in the number of hair braiders need not necessarily imply big differences in the availability of hair braiding services, because other licensed professionals may have the relevant “scope of practice” to provide the service themselves. Furthermore, the “intensive” supply of services (hours, etc.) from hair braiders is not captured here.

Appendix III: Other Hair Braiding Reforms for Consideration

Submitted for Inclusion by Task Force Member Samantha Carter



Public Health

Prevent. Promote. Protect.

Champaign-Urbana Public Health District

July 29, 2024

IL Department of Financial and Professional Regulation

320 W. Washington Street, 3rd Floor Springfield, IL 62786

To whom it may concern:

I am writing to encourage the Illinois Department of Financial and Professional Regulation to exempt Hair Braiding Schools from the onerous, expensive and unnecessary regulations that currently require them to be licensed the same as schools of cosmetology and barber schools.

Hair braiding schools do not teach nor do things that have the risks that cosmetologists and barbers do. Regulations in Illinois would be more appropriate and just if they followed the lead of other states (TX, GA, etc.) that have researched this extensively and came to the conclusion that teaching or providing hair braiding does not require such licensure.

Hair braiders and hair braiding schools need to know basic infection control related to their activities. This is something that could be provided through videos, webinars or through in-person consultation. In Champaign County we created an infection control training that we frequently offer, free-of-charge, to businesses and agencies who are interested. It provides a pre-test, a post test, and a certificate of completion. We cover basic infection control practices that would be ideal for hair braiding schools and hair braiders. This training also provides an opportunity for us to get to know local business owners and community-based organization staff. This is useful when there is a public health emergency, like COVID, where we need to get information out fast, and have an ability for places to reach out to us with specific questions or concerns.

As a public health administrator with over 30 years of experience, I am very supportive of licensure and regulations that protect the public. Champaign-Urbana Public Health District worked with body artists to provide infection control training long before it was required at the state level. In the case of Hair braiding schools, however, I honestly believe that the level of requirements for hair braiding schools in Illinois is excessive and unnecessary. It is my hope that this can be resolved quickly so that these businesses can thrive! Please feel free to contact me if you have any questions.

Thank you for your prompt attention to this matter.

Sincerely,



Champaign-Urbana Public Health District * 201 W. Kenyon Rd., Champaign, IL 61820 * www.c-uphd.org
Julie A. Pryde, MSW, MPH, Administrator * jpryde@c-uphd.org * 217.531.5369 * 217.531.5381 fax
Champaign-Urbana Public Health District has been a PHAB nationally accredited health department since 2014

Appendix IV: Data Analytics Methodology

Selection Criteria: Defining a “Low-to-Moderate-Income Target Occupation”

Target occupations were identified in accordance with the requirements pursuant to PA 102-1078. First, target occupations were restricted to those regulated directly by IDFPF and only the occupations themselves, excluding occupational teacher, school, and continuing education sponsor licenses. Moreover, the statute creating the CLIMB Task Force required the task force to review only low to moderate-income licensed occupations, defined in the text of PA 102-1078 as “any licensed occupation regulated by the Department where the average annual income of those employed in the occupation in this State is equal to or less than the median annual income for residents of this State as determined by the 2020 United States Census.”

To ascertain the median income for the State of Illinois, 2022 census data on income in Illinois was used as opposed to 2020 data, given that 2022 data was the most current available at the time. Illinois per capita income from 2022 census data was used (as opposed to median income) to mitigate the skew from higher income earners and obtain a more representative measure of the typical income within the population. Thus, any occupation licensed by IDFPF where the mean annual wage was at or below \$43,198 was considered a low to moderate-income licensed occupation.

With the per capita annual income for Illinois established as the wage threshold at \$43,198 per year, Bureau of Labor Statistics (BLS) data from May 2022 on the mean annual wage for individual occupations in Illinois was used to determine whether an occupation was above or below the \$43,198 per year threshold. Given that BLS data uses different names for occupations than IDFPF, a “fuzzy match” function in Python was employed. The code would make an approximate match between the IDFPF-licensed occupation titles and the BLS occupation titles: if the titles were an approximate match, the BLS wage data would be inserted next to the corresponding IDFPF occupation title. The Data Analytics & Methodology Subcommittee conducted quality control to ensure accurate matches between IDFPF occupations with BLS jobs. However, despite the additional layer of human quality control, if there was no direct match, the only option was to make the best available match with the data available. This information was verified as accurate, but variation could persist due to minor differences in how occupations and industries are defined by IDFPF and BLS.

Seven of the 16 target occupations under study have annual mean wages that exceed \$43,198 but are below \$50,000. This was done at the behest of the Justice Involved Subcommittee, citing that justice-involved applicants (and all other applicants) should have pathways to employment beyond merely low-income occupations (the lived experience of justice-involved individuals can make them very effective substance use counselors, for example, so long as there aren’t needless barriers to licensure). Table 1 shows the final list of target occupations evaluated in the task force and their mean annual wages.

Table 1: Final Occupations & Wages Analyzed By CLIMB Task Force

DFPR Target Occupations	Illinois Annual Mean_wage (Bls, May 2022)
Licensed Acupuncturist	49,130
Licensed Barber	30,850
Canine Handler Authorization Card	35,110
Licensed Cemetery Customer Service Employee	38,320
Licensed Cosmetologist	36,040
Licensed Electrologist	46,780
Licensed Esthetician	46,780
Licensed Hair Braider	36,040
Home Medical Equipment And Services Provider	37,790
Licensed Marriage And Family Therapist	47,320
Licensed Massage Therapist	49,130
Licensed Nail Technician	36,040
Licensed Nursing Home Administrator	32,090
Pharmacy Technician	36,630
Licensed Professional Counselor	48,360
Licensed Private Security Contractor	32,810

Data Sources & Analysis Types

Both quantitative and qualitative methods were used for analysis and varied depending on the availability and sources of data in addition to its purpose. Table 2 lists the data sources and the kind of analysis conducted. The following sections of the methodology are broken into four categories: (1) Applications & Issuance, (2) Justice-Involved Applicants, (3) Enforcement & Discipline, and (4) Fees, Exams, & Working Days Lost to Training. Each category outlines the specific methods used and the selection criteria for the units of analysis.

Table 2: Data Sources & Analysis Types

Data Source	Analysis Type	Location
IDFPR Issued Licenses Dataset from Illinois Data Portal	Quantitative/Descriptive	https://data.illinois.gov/dataset/professional-licensing
Institute for Justice License to Work 3 dataset	Quantitative/Descriptive	https://ij.org/report/license-to-work-3/ltw3-data/
IDFPR Annual Reports Pursuant to PA 100-0286	Quantitative/Descriptive	https://idfpr.illinois.gov/about/brochures/annualreports.html
State of Illinois Licensing Acts for Target Occupations	Qualitative	https://www.ilga.gov/legislation/ilcs/ilcs2.asp?ChapterID=24
IDFPR FAQs for Justice Involved Applicants	Qualitative	https://idfpr.illinois.gov/profs/proflist.html

Application & Issuance Methods

There were constraints placed upon data collection by IDFPR's license database technology. While it's possible that more historical data on applications over time could have been pulled, the process to do so was slow and cumbersome, requiring more staff time than IDFPR could reasonably allocate. Therefore, applications for the target occupations received between January 1, 2017, and December 31, 2022, were selected for review.

Justice-Involved Applicants Methods

To assess the impacts of statutory restrictions on justice-involved licensees, the task force initially set out to qualitatively analyze the Illinois Licensing Acts themselves. Using best practices identified in the latest research and expertise from the Justice-Involved Subcommittee, the Data Analytics & Methodology Subcommittee created a series of questions that could be answered with Yes, No, or Cannot Determine.

Table 3: Questions and Clarifications for Qualitative Analysis of Licensing Acts for Justice-Involved Restrictions

Question	Clarifying Information
Can a criminal proceeding that did not end with a conviction result in: <ul style="list-style-type: none"> » Refuse to issue/renew license » Revoke/suspend license » Place on probation/discipline 	Examples Include: <ul style="list-style-type: none"> » Not guilty/acquitted » Proceeding dismissed » No probable cause » Proceeding stricken » Sentenced to & completed supervision » Sentenced to & completed probation » Conviction overturned on appeal » Not convicted in some other way
Can a misdemeanor conviction result in: <ul style="list-style-type: none"> » -Refuse to issue/renew license » -Revoke/suspend license » -Place on probation/discipline 	N/A

Can IDFPR consider a conviction/sentence 5+ years old?	Does a felony conviction where 5 years or more have passed since the conviction or the completion of any sentence disqualify an applicant or trigger discipline for a licensee?
Are applicants disqualified or licensees disciplined for any felony convictions that are not listed in the clarifying information?	<ul style="list-style-type: none"> » First degree murder. » Intentional homicide of an unborn child. » Kidnapping. » Aggravated kidnaping. » Aggravated unlawful restraint. » Forcible Detention. » Luring of a minor. » Trafficking in persons, involuntary servitude, and related offenses. » Criminal sexual assault. » Aggravated Criminal Sexual Assault. » Predatory criminal sexual assault of a child. » Aggravated criminal sexual abuse. » Sexual exploitation of a child. » Custodial sexual misconduct. » Sexual misconduct with a person with a disability. » Grooming. » Traveling to meet a child. » Ritualized abuse of a child. » Female genital mutilation. » Terrorism. » Treason. » Misprision of treason. » Advocating overthrow of Government.
Are applicants disqualified or licensees disciplined for felony convictions not directly related to the functions/ responsibilities of the job?	N/A
If the felony conviction is directly related to the functions/ responsibilities of the job, can IDFPR consider any "mitigating factors"?	<p>Mitigating factors and evidence of rehabilitation could include:</p> <ul style="list-style-type: none"> » 5 years since a felony conviction or 3 years since release from confinement for that conviction, whichever is later, with no further convictions » Individual was previously licensed or employed in this State or other states with no prior misconduct arising from or related to the licensed position » Age of the person at the time of the criminal offense » If a person's criminal history is explicitly prohibited by federal rules or regulations from working in the licensed job » If a person successfully completed sentence, probation, parole, supervision, etc. » Evidence of present fitness/professional character » Evidence of rehabilitation or rehabilitative effort during or after incarceration » Financial impacts on individual or family if license is not granted/renewed
Is "good moral character" a criterion for licensure? Or any other vague or hard-to-define criteria related to convictions?	N/A

<p>If IDFPR denies applicants/disciplines licensees for a conviction, do they notify the applicant/licensee with any of the following?</p>	<p>Does DFPR notify applicants/licensees with any of the following:</p> <ul style="list-style-type: none"> » A detailed explanation of all reasons for the action, including, without limitation the factual and legal basis for the action » A list of convictions that the Licensing Authority determined will impair the individual's ability to engage in the position » A list of convictions that formed the sole or partial basis for the action » A summary of the appeal process or the earliest the individual may reapply for a license
<p>Are there any "candor traps"? In other words, can IDFPR require applicants/licensees to disclose any of the following?</p>	<ul style="list-style-type: none"> » Juvenile adjudications of delinquent minors » Any records of an individual who was 17 years old at the time of the offense, unless the nature of the offense required the individual to be tried as an adult » Convictions or arrests that have been sealed or expunged
<p>Is there an appeal process specifically for justice-involved restrictions?</p>	<p>N/A</p>

Only 8 of the 16 occupational licensing acts received a full qualitative review because major discrepancies were found between the licensing acts and the FAQs for applicants applying with criminal convictions listed on IDFPR's website. Given that these FAQs were more recently updated when compared to the statutes and that the FAQs reflected a small number of the best practices outlined in recent policy research, the Data Analytics & Methodology Subcommittee shifted to analyzing application, issuance, and denial data for justice-involved applicants specifically. This data was collected and published by IDFPR pursuant to PA 100-0286 but was only available for the years 2019-2022 due to the effective date of the statute. For each target occupation, the Data Analytics & Methodology Subcommittee aggregated the total numbers of justice involved applicants by these measures:

- Total Number of Applicants with a Conviction
- Total Number of Applicants with a Conviction Granted a License
- Total Number of Applicants Denied Licensure in Part or Whole Because of a Criminal Conviction

Finally, only Licensed Electrologists had no applicants with convictions for the years 2019-2022; the 15 other target occupations were analyzed.

Enforcement & Discipline Methods

According to the statute creating the CLIMB Task Force, the task force was charged with reviewing "enforcement reports within the last 5 years" of the start of the task force in Winter 2023 (1/1/2017 - 12/31/2022) to assess the most common reasons for enforcement actions against licensees in the target occupations. This presented a challenge in maintaining consistent selection criteria throughout all elements of the task force: did the "last five years of enforcement reports" apply to all those who were disciplined in the last 5 years? Or did it mean counting disciplinary actions for those who were issued their first license within the last 5 years? If reviewing only "new" licensees (those who were issued their first license between 2017 and 2022), the resulting snapshot would be incomplete because it would not count discipline for those licensed for the first time before 2017. If reviewing only licensees who were disciplined between 2017 and 2022 (but were first licensed at any time), the task force could not ascertain what portion of licensees in the target occupations were not disciplined in that time. To compensate for these discrepancies, descriptive analytics tests were conducted on three sub-groups of licensees in target occupations, defined in the table below:

Table 4: Enforcement Actions Sub-Groups and Analyses Conducted

Sub-Group	Filters/Criteria	Analysis Conducted
Historic	<ul style="list-style-type: none"> » Target Occupations » Any License Status » Any Original Issue Date 	<ul style="list-style-type: none"> » Percent Licensees Ever vs Never Disciplined
New Licensees	<ul style="list-style-type: none"> » Target Occupations » Any License Status » Original Issue Date 2017-2022 	<ul style="list-style-type: none"> » Percent Licensees Ever vs Never Disciplined » Reasons for Discipline by Category
Disciplined 2017-2022	<ul style="list-style-type: none"> » Target Occupations » Any License Status » Any Original Issue Date » Discipline Start Date 2017-2022 	<ul style="list-style-type: none"> » Reasons for Discipline by Category for Disciplinary Actions Initiated 2017-2022

Fees, Exams, & Working Days Lost to Training Methods

At present, IDFPF does not make a calculation that converts the required hours of training for a licensed occupation into a measure of “working days lost to training” (in other words the number of days required for occupational training that could have otherwise been spent earning a wage). Moreover, some information on fees and exams required for licensed occupations is publicly available but is not centrally aggregated. Collecting this data directly would have significantly exceeded the available resources and staff time allocated to the task force. In lieu of collecting this data directly, the Data Analytics & Methodology Subcommittee leveraged the largest and most comprehensive independent dataset on low to moderate income licensed occupations for a secondary analysis. This dataset was collected in March 2022 by the Institute for Justice for the third edition of their License to Work report series that analyzes licensing burdens on low to moderate income licensed occupations across all 50 states. To assess how licensing in Illinois compares to the fees, exams, and working days lost in the Midwest, seven neighboring states were selected to serve as comparisons. Considering that the occupations licensed vary widely from state to state, and that License to Work uses slightly different criteria in defining a low to moderate-income licensed occupation than the CLIMB Task Force, all 16 of the target occupations in Illinois could not be compared across all states. Therefore, this analysis was conducted across seven key occupations that were both licensed in all the Midwest states in the comparison and had relevant data in the License to Work dataset.

Table 5: Occupations & Midwest States Analyzed for Fees, Exams, & Working Days Lost

Occupations Analyzed	States Compared to Illinois
Barber	Minnesota
Cosmetologist	Iowa
Nail Technician (Manicurist)	Missouri
Massage Therapist	Wisconsin
Pharmacy Technician	Michigan
Private Security Contractor (Unarmed Security Guard)	Indiana
Esthetician (Skin Care Specialist)	Ohio

Limitations: Unavailable Data, Minimal Resources

The two greatest constraints placed upon the CLIMB Task Force’s ability to execute on all report requirements were the lack of centralized, aggregated data and the lack of available resources to engage in the comprehensive data collection operations required to centralize and aggregate the necessary data. While IDFPF’s license dataset on the Illinois Data Portal is robust, other important information needed for a comprehensive analysis was either not collected by the agency in the normal course of business or would require greater resources to collect than the task force could bring to bear. One illustrative example of data that was affected by both key restraints is demographic information on licensees. IDFPF does not ask licensees or applicants to disclose information on their race or ethnicity. While it is entirely possible that this practice effectively prevents racial or ethnic discrimination in licensing, the lack

of data also prevents bodies like this task force from assessing the potential impacts of systemic racism and structural discrimination. Novel approaches to collect this demographic data were identified in academic literature and discussed among task force members, but these approaches would require time and resources unavailable to a task force comprised of volunteer members, with no corresponding appropriations. The table below outlines the data that could and could not be collected by the CLIMB Task Force, but all data was collected “to the extent available” as stipulated in PA 102-1078.

Table 6: Data Collection - Needs vs Actual

Review of License Applications, Issuance, & Denial		
Data Needs	Collection Status	Justification/Reason
License Applications vs. Issued	Complete	Provided by IDFPR
Enforcement Actions & Reasons for Discipline	Complete	Provided by IDFPR
Analysis of Application Info Required	Incomplete	Required Resources for Data Collection Exceeded Task Force Resources
Demographic Characteristics Of:		
Data Needs	Collection Status	Justification/Reason
Active License Holders	Incomplete	Data Not Collected by IDFPR
Licensees Denied, Revoked, & Disciplined	Incomplete	Data Not Collected by IDFPR
Summary of Costs		
Data Needs	Collection Status	Justification/Reason
Fees for Licensure	Complete	Used License to Work Data
Costs of Training, Testing, Continuing Education	Partially Complete	Data Not Collected by IDFPR; “Cost” in Working Days Lost from License to Work Data; Required Resources for Data Collection Exceeded Task Force Resources
Accessibility of Training		
Data Needs	Collection Status	Justification/Reason
Training Locations & Online Availability	Incomplete	Required Resources for Data Collection Exceeded Task Force Resources
Languages Offered for Exams	Incomplete	Required Resources for Data Collection Exceeded Task Force Resources
Acceptance, Graduation & Dropout Rates of Training Programs	Incomplete	Required Resources for Data Collection Exceeded Task Force Resources
Percent of Students Financing Training with Student Loans	Partially Complete	Prior Third-Party Research on Illinois Cosmetologists Referenced in Subcommittee Analysis; Required Resources for Data Collection on Other Target Occupations Exceeded Task Force Resources

Appendix V: CLIMB Task Force Authorizing Statute PA 102-1078

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Comprehensive Licensing Information to Minimize Barriers Task
6 Force Act.

7 Section 5. Declaration of public policy.

8 (a) The State finds that persons from historically and
9 economically disadvantaged groups have been directly and
10 indirectly excluded from opportunity and shared prosperity and
11 that it is in the public policy interest of the State to foster
12 an environment where all people, particularly those
13 equity-focused populations subjected to arbitrary barriers,
14 have the freedom to create their own path to success and
15 self-actualization.

16 (b) The State also finds that the freedom and access to
17 opportunities needed to achieve one's highest potential
18 through a lawful occupation is critically important to the
19 well-being of people in the State, and that the right to pursue
20 a lawful occupation is a fundamental right of all people.

21 (c) Therefore, it is in the public policy interest of the
22 State to minimize and remove unnecessary, arbitrary, and
23 ineffective barriers to employment and economic prosperity

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1 that disproportionately exclude persons from historically and
2 economically disadvantaged groups.

3 (d) The General Assembly finds that occupational licensing
4 procedures and programs can unintentionally erect costly
5 barriers to employment for low-income persons, persons who
6 identify as black, indigenous, and people of color, formerly
7 convicted or incarcerated persons, women, and other
8 historically and economically disadvantaged populations.

9 (e) It is in the public policy interest of the State to
10 ensure that costly, unnecessary personal qualification
11 requirements or procedures in current occupational licensing
12 policies are minimized or removed in order to expand equitable
13 access to employment opportunities for persons in historically
14 and economically disadvantaged populations.

15 Section 10. Definitions. As used in this Act:

16 "Department" means the Department of Financial and
17 Professional Regulation.

18 "Low-income and middle-income licensed occupations" means
19 any licensed occupation regulated by the Department where the
20 average annual income of those employed in the occupation in
21 this State is equal to or less than the median annual income
22 for residents of this State as determined by the 2020 United
23 States Census.
24 "Task Force" means the Comprehensive Licensing Information
25 to Minimize Barriers Task Force.

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1 Section 15. Task Force.

2 (a) The Comprehensive Licensing Information to Minimize
3 Barriers Task Force is hereby created within the Department of
4 Financial and Professional Regulation.

5 (b) Within 60 days after the effective date of this Act,
6 the Speaker of the House of Representatives shall appoint the
7 chairperson of the Task Force and the President of the Senate
8 shall appoint the vice-chairperson.

9 (c) Within 90 days after the appointment of the
10 chairperson and vice-chairperson, the chairperson and
11 vice-chairperson of the Task Force shall unanimously appoint
12 the following members of the Task Force:

13 (1) one representative from a nonprofit organization
14 that focuses on workforce development;

15 (2) one representative from a nonprofit organization
16 that focuses on reintegrating citizens returning from a
17 period of incarceration;

18 (3) one member of the public that works in a
19 low-income or middle-income licensed occupation and holds
20 an active license in good standing who has faced barriers
21 to employment through licensure, who may be recommended by
22 the member described in paragraph (1);

23 (4) one member of the public that works in a
24 low-income or middle-income licensed occupation and holds
25 an active license in good standing who has faced barriers

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1 to employment through licensure specifically due to a
2 period of incarceration, who may be recommended by the
3 member described in paragraph (2);

4 (5) one member who holds an advanced degree and is an
5 expert in the field of licensing, workforce development,
6 or labor economics and is currently either a member of the
7 faculty at an accredited college or university in this
8 State or conducting related research through a research
9 institute affiliated with an accredited college or
10 university in this State; and

11 (6) one member who holds an advanced degree and is an
12 expert in the field of public health and safety regulation
13 and is currently either a member of the faculty at an
14 accredited college or university in this State or
15 conducting related research through a research institute
16 affiliated with an accredited college or university in
17 this State.

18 (d) Within 90 days after the appointment of the

19 chairperson and vice-chairperson, the following members shall
20 be appointed to the Task Force:
21 (1) the Secretary of Financial and Professional
22 Regulation, or the Secretary's appointed designee;
23 (2) one member appointed by the Minority Leader of the
24 House of Representatives; and
25 (3) one member appointed by the Minority Leader of the
26 Senate.

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1 (e) Members of the Task Force shall serve without
2 compensation, but may be reimbursed for necessary expenses
3 incurred in the performance of their duties from funds
4 appropriated for that purpose.
5 (f) The Department shall provide administrative support to
6 the Task Force.
7 (g) Within 60 days after the final selection and
8 appointment of the members of the Task Force, the chairperson
9 shall convene the first meeting of the Task Force.
10 (h) Meetings of the Task Force shall be held monthly, with
11 at least 30 days between the previous meeting and the upcoming
12 meeting. Meetings shall be posted publicly.

13 Section 20. Report.

14 (a) The Task Force shall conduct an analysis of
15 occupational licensing, including, but not limited to,
16 processes, procedures, and statutory requirements for
17 licensure administered by the Department. The findings of this
18 analysis shall be delivered to the General Assembly, the
19 Office of Management and Budget, the Department, and the
20 public in the form of a final report. For the purpose of
21 ensuring that historically and economically disadvantaged
22 populations are centered in this analysis, the Task Force
23 shall identify low-income and middle-income licensed
24 occupations in this State and aggregate the information from
25 those occupations under the occupations' respective regulatory

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1 board overseen by the Department to form the basis of the
2 report.
3 (b) The report shall contain, to the extent available,
4 information collected from sources including, but not limited
5 to, the Department, department licensure boards, other State
6 boards, relevant departments, or other bodies of the State,
7 and supplementary data including, but not limited to, census
8 statistics, federal reporting, or published research as
9 follows:
10 (1) the number of license applications submitted
11 compared with the number of licenses issued;
12 (2) data concerning the reason why licenses were
13 denied or revoked and a ranking of the most common reasons
14 for denial or revocation;
15 (3) an analysis of the information required of license
16 applicants by the Department compared with the information
17 that the Department is required by statute to verify, to

18 ascertain if applicants are required to submit superfluous
19 information;
20 (4) demographic information for the last 5 years of
21 (i) active license holders, (ii) license holders who were
22 disciplined in that period, (iii) license holders whose
23 licenses were revoked in that period, and (iv) license
24 applicants who were not issued licenses;
25 (5) data aggregated from the last 5 years of monthly
26 enforcement reports, including a ranking of the most

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1 common reasons for public discipline;
2 (6) the cost of licensure to the individual,
3 including, but not limited to, the fees for initial
4 licensure and renewal, the average cost of training and
5 testing required for initial licensure, and the average
6 cost of meeting continuing education requirements for
7 license renewal;
8 (7) the locations within this State of each program or
9 school that provides the required training and testing
10 needed to obtain or renew a license, and whether the
11 required training and testing can be fulfilled online;
12 (8) the languages in which the required training or
13 testing is offered;
14 (9) the acceptance rates, graduation rates, and
15 dropout rates of the training facilities that provide
16 required training;
17 (10) the percentage of students at each school that
18 offers required training who financed the required
19 training through student loans; and
20 (11) the average annual salary of those in the
21 occupation.
22 (c) The final report shall also contain a general
23 description of the steps taken by the Task Force to fulfill the
24 report criteria and shall include in an appendix of the report
25 any results of the Task Force's analysis in the form of graphs,
26 charts, or other data visualizations. The Task Force shall

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1 also exercise due care in the reporting of this information to
2 protect sensitive information of personal or proprietary value
3 or information that would risk the security of residents of
4 this State.
5 (d) The Task Force shall publish the final report by
6 December 1, 2023 with recommendations to the General Assembly,
7 including recommendations for continued required reporting
8 from the Department to better support the General Assembly in
9 revoking, modifying, or creating new licensing Acts.
10 Section 90. Repeal. This Act is repealed December 1, 2024.
11 Section 99. Effective date. This Act takes effect upon
12 becoming law.

Appendix VI: Licensing Reforms from Other States and Fair Chance Reform Deep Dive

What Can Be Learned From Other States

Illinois is not alone, and we can learn from other states. The final report from a recent initiative of the National Conference of State Legislatures, the National Governors Association, and the Council of State Governments provided multiple examples of best practices and approaches to occupational licensure.¹⁴² This report stratified into the following populations of interest: justice-system involved individuals; dislocated and low-income workers; military families and veterans; and immigrants. The eleven consortium states included: Arkansas, Connecticut, Colorado, Delaware, Illinois, Indiana, Kentucky, Maryland, Nevada, Utah, and Wisconsin. Examples to emulate include:

- Colorado and Nevada’s experiences with stakeholder engagement
- Colorado enacted legislation allowing some foreign-trained workers to substitute prior education and experience toward licensure
- Colorado’s standardization of processing of applications from those in the rehabilitated workforce
- Arkansas’ efforts to build sunrise and sunset provisions into its regulatory structure (p. 63; see also (“Lessons from the Learning Consortium” 2022))
- Illinois’ success in addressing so-called “blanket bans” that limit licensing opportunities for individuals with criminal records (p. 69)
- Maryland’s improved testing accessibility via interpreters for barber and cosmetology licensure exams
- Utah’s legislation to allow competency-based licensing requirements

Arizona: Mitigating the Negative Impacts of Licensure

Prior to the pandemic, the Obama and Trump Administrations addressed the need for policy reforms directed at minimizing barriers in occupational licensing. “In July 2015, the Obama Administration released a framework of policy recommendations that included an overview of various initiatives related to easing the negative impact of occupational licensing while ensuring quality and consumer protection.¹⁴³ While the framework suggested the benefits of licensing are to promote health and safety, as well as a “move toward greater professionalization,” there were concerns about the costs and requirements for licensing that discourage competition and employment, as well as the pursuit of employment. The framework also raised the specter of more restrictive licensing laws that

¹⁴² “Lessons from the Learning Consortium.” National Conference of State Legislatures. 2020.

¹⁴³ “Occupational Licensing: A Framework for Policymakers.” The White House: Obama Administration. July 2015. https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_non_embargo.pdf.

would lead to higher prices for consumers.¹⁴⁴ Two years later, during the American Legislative Exchange Council's 44th Annual Meeting, Labor Secretary Alexander Acosta requested "the removal of unnecessary licenses." During the conference, "He reminded the attendees that "in 1950, only 1 in 20 jobs required a license and now 1 in 4 jobs require licenses in order to legally work."¹⁴⁵ Secretary Acosta also said removing these barriers would create millions of jobs "without spending a single dime." Finally in 2019, the Trump Administration "met with governors from around the nation to discuss workforce freedom and mobility. President Trump recognized the work done by Arizona Gov. Doug Ducey (R), for signing into law "universal licensing recognition," which accepts occupational licenses granted in many states."¹⁴⁶

The State of Arizona's licensing initiative "to reduce regulatory barriers in the workplace included the following six principles on workforce freedom and mobility that were important at the time they were introduced but have now become critical to help the country move forward to full economic recovery are as follows:

1. States and territories should eliminate unnecessary occupational licensing regulations.
2. States and territories should ensure that all occupational licensing regulations, including those currently in force, are the least restrictive necessary to protect consumers from significant and substantiated harm, ensure worker safety, and promote competition.
3. States and territories should ensure that occupational licensure boards consider the negative effects of any proposed regulation on consumers and job seekers
4. States and territories should recognize the occupational licenses of other States and territories for those individuals who hold a license in good standing and who have not been subject to any complaint or discipline related to their license.
5. States and territories should eliminate requirements that needlessly prevent individuals with a criminal record from earning a living in a field unrelated to their criminal conviction.
6. States and territories should take immediate action to ensure that military spouses who accompany their spouses on permanent change-of-station orders are not adversely affected by occupational licensing regulations.

The state of Arizona has been praised for its enactment of HB 2569 in 2019, which requires the state's licensing boards to recognize out-of-state occupational licenses in the same occupation for new Arizona applicants.¹⁴⁷ To qualify, applicants must have been licensed in their occupation for at least one year; must be in good standing in states where they are licensed; must pay applicable Arizona fees; and meet all residency, testing, and background check requirements.¹⁴⁸ In principle, this reform has benefits including: the establishment of a baseline for reciprocity from state to state and reduction of workforce shortages, as workers get the flexibility to seek opportunities in other states, reducing workforce shortages. One study estimates that the program has so far led to the creation of an additional \$1.2 billion in economic activity

¹⁴⁹

144 Floresca, Francis, and Thomas Schatz. "Reducing Licensing Barriers Will Get Millions Back to Work." Citizens Against Government Waste. September 20, 2023. <https://www.cagw.org/reporting/licensing-barriers>.

145 Goodman, Ted. "Trump's Labor Secretary Targets Occupational Licensing for Elimination." July 25, 2017. The Daily Signal. <https://www.dailysignal.com/2017/07/25/trumps-laborsecretary-targets-occupational-licensing-for-elimination/>

146 "Remarks by President Trump in Working Lunch with Governors on Workforce Freedom and Mobility," The White House, Trump Administration. June 13, 2019. <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-workinglunch-governors-workforce-freedom-mobility/>.

147 National Center for Interstate Compacts, Council of State Governments 2019

148 State of Arizona 2019

149 Farley, Glenn. "Economic Implications of 2019'S HB 2569: A 2023 Update." Common Sense Institute Arizona. September 20, 2023. <https://www.commonsenseinstituteus.org/arizona/research/jobs-and-oureconomy/economic-implications-of-2019s-hb-2569-a-2023-update>.

Fair Chance Licensing Reform

Efforts to promote fair chance hiring and rehabilitation are essential for a more inclusive workforce. Fair Chance Licensing Reform refers to a set of policies aimed at reducing occupational licensing barriers for individuals with criminal records. These reforms recognize that past convictions should not automatically disqualify someone from obtaining a professional license. They reduce barriers to employment for individuals with criminal or juvenile records, enabling them to participate in the workforce. Licensing restrictions that bar or impede applicants with criminal backgrounds from receiving licenses relevant to their occupation are as problematic for the applicant, as they are in impacting the quantity and quality of resources within the workforce.

Licensing applications that contain restrictive criminal justice policies, potentially bar qualified, competent, and skilled individuals from entering the labor and entrepreneurial markets. Individuals with criminal records may be ineligible for certain licenses due to legal restrictions. However, often times, these application processes contain blanket interrogatories, without consideration to the details of the offense and if it is even relative to the type, delivery, quality, and safety of work performed of which the license required. For example, applications that stop short of asking if a person has ever been arrested or if they have ever been convicted of a crime are too blanket. Without distinguishing whether a record consists simply of an arrest versus an actual charge and/or the nature of the charge can mean the difference between a person earning a living or not. Being arrested is not proof of guilt. In fact, employers that would consider hiring justice-involved individuals would not be able to if their occupation required a license for which the individual was denied.

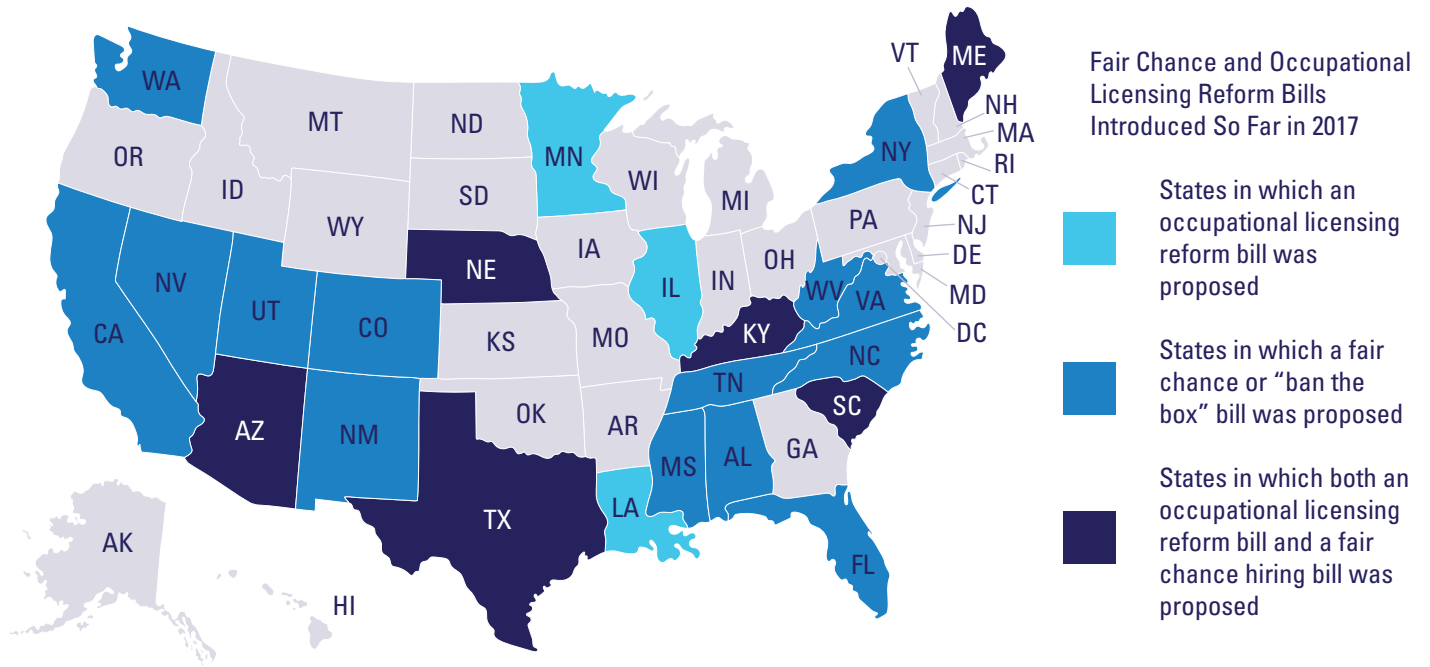
Successful Fair Chance Licensing Reforms aim to create a more equitable process for licensure by considering factors beyond criminal records.¹⁵⁰ Black, Indigenous, and Latino communities have been particularly harmed by the dramatic increase in the number of people with records. Decades of biased policing and charging have resulted in people of color disproportionately bearing the brunt of mass incarceration and overcriminalization in the United States, and likewise, the criminal records crisis has also exacerbated stark levels of racial inequality.¹⁵⁰

The National Employment Law Project (NELP) has supported state leaders in adopting another new idea called fair chance licensing, which reforms state occupational licensing laws that impose unfair and unnecessary barriers to employment for people with records, restricting access to jobs in fast-growing industries such as health care, education, and transportation. Today, nearly one-quarter of U.S. workers need a government license or certificate to work in their chosen fields, and applicants for those credentials are typically required to clear strict background checks with broad exclusions that do not advance community health and safety or broader economic stability and growth.¹⁵¹

¹⁵⁰ Vallas, Rebecca, Sharon Dietrich, and Beth Avery. "A Criminal Record Shouldn't Be a Life Sentence to Poverty." The Center for American Progress. May 28, 2021. <https://www.americanprogress.org/article/criminal-record-shouldnt-life-sentence-poverty2/>.

¹⁵¹ Avery, Beth, and Han Lu. "Nationwide Trend to Reform Unfair Occupational Licensing Laws." National Employment Law Project. July 17, 2019. <https://www.nelp.org/insightsresearch/nationwide-trend-reform-unfair-occupational-licensing-laws/>.

Fair Chance and Occupational Licensing Reform Bills Per State



Source: Strong Momentum for Fair-Chance Hiring and Occupational Licensing Reform in 2017 - National Employment Law Project (nelpp.org)

Components of Fair Chance Licensing Reform

1. Individualized Evaluation: Instead of blanket bans, licensing agencies evaluate each applicant's conviction history individually. Factors considered include the nature of the offense, time elapsed, and circumstances surrounding the crime
2. Transparency: Agencies must document and notify applicants of their reasoning for any denial based on criminal records
3. Appeals Process: Fair chance licensing includes a transparent appeals process for applicants who face denials
4. Demographic Data Reporting: Some reforms require agencies to report demographic data related to conviction-related denials

Considerations for Fair Chance Licensing Reform Within Regulatory Agencies

1. Applications should always ask about the type, nature, and seriousness of offense/crime
2. Application processes should consider the relevance of the offense/crime to the actual work being performed under the license and nature of the job
3. Applications should ask about the time that has passed since the offense or completion of the sentence
4. Applications should allow the opportunity for the applicant to explain the details surrounding the arrest and/or conviction, as sometimes convictions can be a result of poor legal representation
5. If charged, applications should ask for more details and make considerations about a person's criminal history, employment history, education, job training programs during incarceration, references, and other relevant rehabilitative efforts. Providing additional context can make a difference in some situations

Benefits of Fair Chance Licensing Reform Within Regulatory Agencies

1. Implementing fair chance licensing, states promote economic opportunity for individuals with records.
2. These reforms recognize rehabilitation and provide a pathway for people to contribute to their communities through licensed professions.
3. Fair chance licensing contributes to a more inclusive and just workforce.
4. Applications should allow the opportunity for the applicant to explain the details surrounding the arrest and/or conviction, as sometimes convictions can be a result of poor legal representation.

If charged, applications should ask for more details and make considerations about a person's criminal history, employment history, education, job training programs during incarceration, references, and other relevant rehabilitative efforts. Providing additional context can make a difference in some situations.

This report was made possible by the thoughtful contributions, effort, and support of many individuals and groups, but we would like to give special thanks to the IJ Clinic on Entrepreneurship.

What is the IJ Clinic on Entrepreneurship?

The IJ Clinic on Entrepreneurship provides free legal assistance, support and advocacy for low-income entrepreneurs in Chicago. The IJ Clinic on Entrepreneurship empowers Chicago's entrepreneurs in four ways: legal service, education, outreach and advocacy.

The IJ Clinic:

- Provides free legal services to lower-income entrepreneurs, forging long-term relationships with a small group of clients to help them transform their companies and communities.
- Teaches and supervises University of Chicago Law School students in providing legal services to entrepreneurs, preparing these students to be lifelong advocates for entrepreneurs.
- Provides educational seminars and community events aimed at offering entrepreneurs practical advice on starting and growing a business, with a healthy dose of inspiration along the way.
- Advocates to knock down excessive regulatory and legal barriers that keep entrepreneurs from making their dreams a reality.

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