“Harnessing Occupational Licensing Reform and Other Bipartisan Solutions to Remove Barriers to Employment for Americans with Criminal Records”

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Thank you, Chairman Guthrie, Ranking Member Davis, and Members of the Subcommittee for inviting me to testify today. My name is Rebecca Vallas and I am the Vice President of the Poverty to Prosperity Program at the Center for American Progress. I appreciate the opportunity to speak to you about opportunities for bipartisan reform of occupational licensing restrictions—particularly for the many tens of millions of Americans currently held back by criminal records.

With licensure of some type now required for an estimated 1 in 4 jobs in the U.S. labor market—including in many of the fastest growing fields such as health care—the topic of occupational licensing has attracted increasing attention of late. One notable and welcome area of bipartisan momentum for reform has rightly focused on the barriers that unfair occupational licensing laws can pose to employment for people with criminal records, with a growing number of states advancing commonsense, bipartisan reforms to ensure qualified workers with records that have no bearing on their ability to work in a particular field are not unjustly shut out of the labor market. This is an area ripe for reform, not only at the state level, but at the federal level as well, with a great deal Congress can do—and with the promise of bipartisan support.

Worth noting, however, as policymakers, advocates, and stakeholders take a hard look at occupational licensing and its impact on workers seeking to get ahead, we must take care not to make the mistake of blaming licensing restrictions for the entirety of labor market challenges confronting struggling workers today. At a time when nearly half of U.S. households cannot afford the basics such as food, housing, and healthcare¹, occupational licensing restrictions
represent just a narrow slice of the many barriers and challenges facing struggling workers—from stagnant and declining wages, to ever-weakening collective bargaining rights, to unstable and unpredictable schedules, to a lack of paid leave and affordable childcare, to discrimination in hiring as well as in the workplace, and much more.

What’s more, as we explore potential reforms to occupational licensure restrictions, I would urge consideration of the impact of reforms on workers, to minimize the risk of unintended consequences that could end up hurting the very workers we are seeking to help. In some cases, for example, well-designed and targeted licenses and standards can actually be of significant benefit to workers, helping them achieve wage gains and get ahead in the labor market. We must also consider other important priorities, such as the consequences of reforms on public health and safety.

One thing is clear: There is widespread bipartisan agreement about the urgent need to reform unfair occupational licensing restrictions that present substantial barriers to employment for the 1 in 3 Americans with some type of criminal record. There is also broad agreement that Congress can learn a lot from the states as it crafts reform of unfair licensing restrictions as well as other promising bipartisan solutions to remove barriers to opportunity for people with records and their families. I will thus focus my testimony today on this rich area of bipartisan agreement and stand ready to work with this Subcommittee as it takes up this important and bipartisan priority.

**Widespread Criminal Records Have Become a Barrier to Employment for Tens of Millions, with Far-Reaching Consequences for the Nation as a Whole**

Following America’s failed, decades-long experiment with mass incarceration and over-criminalization, as many as 100 million Americans now have some type of criminal record. Having even a minor record such as a misdemeanor can present significant, often lifelong barriers to employment, as well as nearly every other building block of economic security, from housing to education and training to modest public assistance and more. These barriers have the effect of counterproductively hobbling people’s chances of reentry right at the moment when they are seeking to get back on their feet, and heightening their risk of recidivism when reentry fails.

The effects of widespread mass incarceration have not met all communities equally, with communities of color, and particularly men of color, disproportionately impacted. Black men are incarcerated at a rate six times higher than white men, and Latino men two and a half times higher than white men, and a staggering 49 percent of black men and 44 percent of Hispanic men have been arrested by age 23.

The consequences of a criminal record far outlast many individuals’ formal sentences. 60 percent of formerly incarcerated individuals remain unemployed one year after their release. For individuals who are able to secure work during the first year post-incarceration, typical income levels hover around $10,090 per year, well below the poverty line. And for those lucky enough to find steady employment, a history of incarceration is associated with a substantial reduction in
earnings. Formerly incarcerated men take home 40 percent less pay annually, resulting in an average earnings loss of nearly $179,000 by age 48. xiii

The lifelong consequences of a criminal record—and the stigma that accompanies one—stand in stark contrast to research on “redemption” finding that once an individual with a prior nonviolent conviction has stayed crime free for three to four years, that person’s risk of recidivism is no different from the risk of arrest for the general population. xiv Put differently, people are treated as criminals long after they pose any significant risk of committing further crimes—making it difficult for many to move on with their lives and achieve basic economic security, let alone have a shot at upward mobility.

Jobseekers with records are not the only ones who suffer. A study by the Center for American Progress finds that nearly half of U.S. children now have at least one parent with a criminal record. The barriers associated with a parent’s record may not only affect family stability and economic security in the short term, but pose significant barriers to a child’s long-term well-being and outcomes later in life. xv

Employers are losing out on countless qualified and motivated workers as a result of overly broad criminal record exclusion policies. xvi In addition, the significant public safety consequences that stem from the widespread unemployment of people with criminal records cannot be ignored, as post-incarceration employment has powerful anti-recidivism effects. For example, incarcerated individuals who were employed two months after re-entry are about half as likely to recidivate as those who remained unemployed. xvii

Moreover, the impact on the national economy is substantial. A study from the Center for Economic and Policy Research finds that the cost each year to the economy of shutting people with felony records out of the labor market is a staggering $87 billion dollars per year in lost economic output. xviii

Considering that 95 percent of individuals in state prisons are expected to be released into their communities at some point, xix and more than 600,000 individuals are released from federal and state prisons every single yearxx—to say nothing of the countless more who end up with records without a period of incarceration—the scale of the problem is tremendous and only growing. And the tremendous growth in occupational licensing restrictions has only compounded these trends.

**Occupational Licensing Restrictions Unfairly Shut Workers with Criminal Records out of the Labor Market**

Occupational licensing restrictions, at their best, exist to ensure quality of products or services and/or to protect public health and safety. For workers, obtaining a license can be a way to signal knowledge and credentials in a particular field; as a result, it can lead to better wages, with important benefits for women and workers of color in particular.

However, with 1 in 4 jobs in the U.S. labor market now requiring a license—including those making up six of the ten fastest growing professions—occupational licensing policies have
become a major barrier to employment, economic security, and even successful reentry for the estimated 100 million American adults who now have some type of criminal record.

According to the American Bar Association, as many as 27,000 occupational licensing restrictions bar those with criminal records nationwide. Many are “blanket bans” that lock out workers no matter how much time has passed since their convictions, with 12,000 automatically excluding people with felony convictions and another 6,000 automatically excluding people with certain misdemeanor convictions. More than 19,000 are “permanent” disqualifications, and over 11,000 are “mandatory” disqualifications that tie licensing authorities’ hands altogether.

Lack of transparency and tremendous variation across states, occupations, and how various types of records are considered further compound the barriers unfair licensing policies present for workers with records. Use of vague criteria such as “good moral character” requirements and exclusions for offenses of “moral turpitude” can lead to additional confusion for workers as to whether they might qualify for a license—and absent limits or safeguards, may mask blanket licensure denials. And more than 20 states operate without any established standards whatsoever governing the consideration of criminal history in assessing whether an individual should receive an occupational license.

It doesn't have to be this way.

Our criminal justice system was built upon the notion of parsimony, the notion that "punishments for crime, and especially life sentences, should never be more severe than is necessary to achieve the retributive or preventative purposes for which they are imposed." Moreover, America proclaims itself the land of second chances, where "people who have paid their debt to society deserve the opportunity to become productive citizens and caring parents, to set the past aside and embrace the future." And yet, we are failing to make good on these paramount promises central to our very founding.

On the flip side, removing barriers to employment for jobseekers with criminal records is expected to yield tremendous economic benefits through increased earnings, higher taxpayer revenues from employment, and avoided costs in reduced recidivism.

Fortunately, bipartisan progress in the states on occupational licensing reform—as well as other promising bipartisan solutions that remove barriers to employment for people with records and their families—offers a roadmap for leaders in Congress seeking to tackle this important problem.

**Promising Bipartisan Approaches to “Fair Chance Licensing” Reform Gaining Traction in the States Offer Lessons for Congress**

As bipartisan awareness of widespread unjust licensing barriers continues to mount, a growing number of states have advanced commonsense reforms that ensure qualified jobseekers with records are not unfairly shut out of good jobs that can offer economic security and mobility. 2017 saw the enactment of fair chance licensing reforms in at least five states (Arizona, Georgia, Illinois, Kentucky, and Louisiana). And in 2018, similar reforms have become law in at least six...
states so far (Delaware, Indiana, Kansas, Maryland, Massachusetts, and Tennessee, with three additional states (California, Pennsylvania, and Rhode Island) and D.C. introducing their own measures. The diverse array of red, blue, and purple states embracing fair chance licensing reforms underscores just how widespread and bipartisan the growing movement in favor of reform is.

While various states’ approaches vary, key features and priorities for reform, as highlighted in a recent report from the National Employment Law Project, a leader in fair chance hiring licensing reform, include:

- Elimination of blanket bans
- “Ban the box” by removing questions asking about criminal history on licensing applications
- Individualized consideration of criminal records using established criteria, such as whether the record is related to the occupation/license and the length of time that has passed since the conviction, as well as evidence of rehabilitation and mitigating circumstances
- Removal of vague and overly broad criteria such as “good moral character” and disqualification for offenses of “moral turpitude”
- Commonsense limitations on the scope of inquiry and/or types of information considered regarding criminal records to minimize bias in licensing decisions
- Clear guidance to licensure applicants regarding potential grounds for disqualification— as well as notice of disqualification and provision of an opportunity to respond prior to disqualification
- Uniformity in licensing standards through enactment of broadly applicable state laws that supersede the patchwork of highly variable individual state licensing laws
- Ongoing data collection to aid in tracking progress as well as additional needs for reform

These principles have broad applicability for federal reform as well.

Meanwhile, a recent noteworthy example of federal policy change offering evidence of the success of these types of reforms stems from the Transportation Security Administration’s (TSA) improved consideration of criminal records in background checks of port workers. Since a policy incorporating several of the above “best practices” took effect in 2007, through which workers may appeal inaccurate records before disqualification and petition for a waiver by submitting evidence of mitigation, TSA had granted over 95 percent of appeals challenging the accuracy of

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records and some 90 percent of waiver petitions, as of December 2016. At least 75,000 workers have avoided unjust disqualification as a result, a large share of whom are workers of color.xxviii

And in an even more recent example, a presidential memorandum issued in April 2016 by then-President Barack Obama directed federal departments and agencies to ensure that federally-issued occupational licenses are not presumptively denied on the basis of a worker’s criminal record.xxiv

As momentum for reform at the state level continues to grow, additional action is needed at the federal level as well. Bipartisan fair chance licensing reform legislation soon to be introduced by Senator Cory Booker (D-MA) in partnership with leaders across the aisle and in both chambers of Congress, draws on best practices from the TSA port workers model as well as from bipartisan state reform approaches and would ensure they are applied to the consideration of criminal records by federal licensing and certification authorities as well as other entities, including occupational licensing boards, that use federal FBI records in background checks, while also taking important steps to improve the accuracy of FBI records.

Clean Slate: Another Bipartisan Reform Model Gaining Traction in the States

Another bipartisan reform gaining momentum at the state level is “clean slate” automatic sealing of minor, nonviolent records after an individual remains crime-free for a set time.

An estimated 9 in 10 employers currently use criminal background checks in hiring. Studies have repeatedly found that any record, no matter how old or inconsequential, can be an absolute obstacle to employment, with employers naming criminal records as most powerful stigma in hiring.xxx As a result, record-clearing is one of the most powerful tools policymakers have to remove barriers to employment for individuals with criminal records.

Yet while most states provide for record-clearing through petitions for sealing or expungement, all too many individuals with records are unable to access these remedies if they cannot afford a lawyer or navigate what are often byzantine processes and complex court systems. Fortunately, an innovative, bipartisan solution about to become law in Pennsylvania has the potential to short-circuit these barriers and bring record-clearing to many individuals currently being left behind.

The bipartisan Clean Slate Act, which passed both the Pennsylvania House and Senate with near unanimity—and enjoys the backing of a broad range of stakeholders from right and left, ranging from Freedomworks and Right on Crime to the Center for American Progress, the ACLU, and the NAACP, as well as 81 percent of the state’s residents, and even NFL players such as Malcolm Jenkins—is expected to be signed into law later this month. This bill will enable Pennsylvanians with minor nonviolent misdemeanors to earn a “clean slate” by having qualifying records automatically sealed once they have proven their rehabilitation by remaining crime-free for a set period of time.
By enabling Pennsylvanians with records to earn a true second chance, the Clean Slate Act will lift families out of poverty, reduce crime and recidivism, conserve taxpayer dollars, and most importantly, help hundreds of thousands of Pennsylvanians with criminal records move on with their lives and realize their full potential.

One of those individuals is Ronald Lewis, a resident of Pennsylvania whose decade-old, nonviolent misdemeanor record has presented significant employment barriers in the years since:

   “Since the time of my conviction, I have come to realize that one wrong decision can cause a lifetime of pain. I realize that society is not as forgiving and that because of my actions, I am not able to utilize the educational knowledge that I have gained … I have applied for and been offered many prominent job opportunities. However, when my criminal background comes back, I lose the chance and nothing I can say will make any difference.”

As Pennsylvania’s Clean Slate Act has gained increasing national attention, a growing number of states are now seeking to follow in its footsteps: Michigan, Colorado, and South Carolina are all developing their own clean slate bills as we speak. And Congresswomen Lisa Blunt Rochester (D-DE), a member of this Subcommittee who I’m thrilled is here for today’s hearing, is developing federal “clean slate” legislation to enable people with qualifying minor nonviolent federal records to earn a clean slate as well—an important and needed federal step to complement the progress emerging at the state level. “Clean slate” and fair chance licensing policies go hand in hand, by helping qualified jobseekers with records have a fair shot at jobs that do not require licensure.

**The Benefits of Reforming Employment Barriers for Workers with Records**

The reforms described in my testimony stand to benefit not only tens of millions of people held back by criminal records, but also their families, their communities, and the nation and economy at large.

Since studies show that incarcerated individuals employed two months after reentry are about half as likely to recidivate as those who remained unemployed,xxx reducing barriers to employment for people with records also promises to yield significant savings out of the $270 billion spent annually on the criminal justice system, while also boosting public safety in communities across the U.S. A pivotal new study by researchers at the University of Michiganxxxii provides yet more evidence for the value of clean slate sealing in particular, finding that fewer than 4% of individuals who benefited from a particular record-sealing policy were rearrested within five years of release, and fewer than 2% ever faced a subsequent conviction.xxxiii

Families and children of people with criminal records stand to strongly benefit from these reforms, as their family incomes increase, their housing improves, and other obstacles to family
economic security are reduced or eliminated. Employers will benefit from a more adequate pool of skilled and devoted workers. The criminal justice system will no longer face the heavy transactional costs of processing thousands of record-clearing petitions each year alone. And the national economy will benefit substantially from preventing workers with records from being shut out of the labor market, which as noted previously costs the U.S. at least $87 billion dollars per year in lost economic output.

**Recommendations for Congress as It Explores Occupational Licensing and Other Related Reforms**

As Congress considers reforms to occupational licensing restrictions, leaders should take into account the following principles and considerations:

- *Beware of deregulation dressed up as “occupational licensing reform.”* A first principle of reform must be “do no harm.” As noted previously, this includes ensuring adequate consideration of the impact of potential reforms on workers. Broad deregulation efforts dressed up as occupational licensing reforms risk eroding standards that can actually be of significant benefit to workers, helping them achieve wage gains and get ahead in the labor market. Some far-reaching deregulatory efforts also risk undermining other important priorities, such as public health and safety.

- *Avoid creating new barriers for people with records.* In order to “do no harm,” leaders in Congress must also, where possible, avoid the creation of unnecessary additional barriers to employment and reentry more broadly for people with criminal records, via review of new legislation to assess whether it will needlessly set federal policy backwards on this front. Federal laws and amendments are introduced or passed nearly every week that include over-broad background checks, prohibitions on receipt of meager public assistance, and other new barriers to opportunity for people with records.

- *Adopt best practices from the states and the TSA port worker model.* As Congress explores action to reform unjust licensing restrictions for workers with criminal records in particular, it should consider the best practices outlined previously, including rejecting blanket bans and ensuring consideration of criteria such as whether the record is related to the license/occupation. Senator Booker’s forthcoming fair chance licensing reform legislation will offer a tremendously promising bipartisan vehicle for reform that incorporates many of these best practices. On the flip side, Congress should avoid policies that add additional red tape to the licensing process, such as “pre-certification” petition requirements. Providing workers with information prior to application for licensure can help workers know if they might be disqualified, but such processes must be crafted with care to prevent workers from
being unjustly discouraged from applying, or worse, bound by a pre-certification opinion that could bar them from licensure.

- **Take action to clean up FBI records.** Cleaning up notoriously inaccurate FBI criminal record data demands action by Congress in its own right and has been a bipartisan priority for several years, for example drawing the bipartisan attention of Senators Grassley and Leahy, then Chair and Ranking Member of the Senate Judiciary Committee, respectively.xxxv Legislation first developed by Congressman Bobby Scott of this Committee—the Fairness and Accuracy in Criminal Background Checks Act—would take important steps towards improving the FBI’s background checks process.

- **Support federal clean slate legislation.** A much-needed counterpart to federal action on occupational licensing restrictions for workers with records, Rep. Blunt Rochester’s forthcoming federal clean slate legislation offers another opportunity for bipartisan reform to ensure people with minor nonviolent federal records can move on with their lives. As noted previously, federal clean slate legislation is needed to ensure that jobseekers with records have a fair shot at jobs that do not require a license.

- **Adopt federal fair chance hiring legislation.** An additional needed counterpart to the above-discussed policies is fair chance hiring, often referred to as “ban the box.” A growing array of states and cities have enacted fair chance hiring policies, which call for removing questions about criminal history from job applications to ensure jobseekers have the chance to demonstrate their qualifications rather than being disqualified solely on the basis of their record. Federal action on this front is needed as well; the bipartisan Fair Chance Act would apply this principle to federal agencies and contractors.

- **Don’t mistake occupational licensing as to blame for the entirety of struggling workers’ labor market challenges.** As leaders in Congress take a hard look at occupational licensing and its impact on workers seeking to get ahead, amid an economy in which nearly half of U.S. households cannot afford the basics such as food, housing, and healthcare, occupational licensing restrictions should be understood as a narrow slice of the many barriers and challenges facing struggling workers—from stagnant and declining wagesxxxvi to ever-weakening collective bargaining rights, to unstable and unpredictable schedules, to a lack of paid leave and affordable childcare, to discrimination in hiring as well as in the workplace, and much, much more. While well-designed occupational licensing reforms such as those described throughout my testimony are an important step in the right direction, they must be part of a much larger policy agenda that addresses these and other very real problems to ensure that all workers have a fair shot to make ends meet and get ahead in the labor market.xxxvii
Conclusion

There may not be much that right and left agree on these days. But one area of clear bipartisan consensus is the urgent need to remove barriers to employment for the many tens of millions of Americans held back by criminal records, through reform of unjust occupational licensing laws, clean slate automatic sealing, and other bipartisan initiatives to ensure a criminal record is not a life sentence to joblessness. These policies will benefit not only workers with records, but their families, their communities, American taxpayers, and the economy as a whole. As momentum for reform continues to grow in the states, now is the time for leaders in Congress to embrace this bipartisan groundswell at the federal level.

Thank you for the opportunity to testify today, and I am happy to answer any questions that you may have.
Endnotes


iii In 2018, a minimum wage worker earning $7.25 per hour needs an extra 41 working days—more than eight weeks—just to take home the same pay in real terms as she did in a single year when the federal minimum wage was last increased, in 2009. In overwhelming numbers and across party lines, Americans want their lawmakers to raise the minimum wage. Rachel West. “March 1 is Minimum Wage Workers’ Equal Pay Day.” (Washington: Center for American Progress, 2018) available at https://www.americanprogress.org/issues/poverty/news/2018/03/01/447359/march-1-minimum-wage-workers-equal-pay-day/.


v A growing share of workers, and particularly low-wage workers, now face unpredictable, constantly fluctuating schedules, which can present barriers to childcare and family responsibilities and also make it impossible for workers to hold a second job to make ends meet. Center for Law and Social Policy, Retail Action Project, and Women Employed. “Unstable and Unpredictable Work Schedules” (Washington, CLASP, 2014), available at https://www.clasp.org/publications/report/brief/tackling-unstable-and-unpredictable-work-schedules.


xi Ibid.


Pivotal research by Alfred Blumstein and Kiminori Nakamura finds that the risk of recidivism drops sharply over time. Specifically, they find that the risk of recidivism for individuals who have a prior conviction for a property offense drops to no different than the risk of arrest in the general population three to four years after the individual has remained crime free. Likewise, they find that the risk of recidivism for individuals with a drug conviction is no different than that of the general population after four years. For people with multiple convictions, they suggest a more conservative estimate of 10 years. See Alfred Blumstein and Kiminori Nakamura, “Redemption in the Presence of Widespread Criminal Background Checks,” Criminology 47 (2) (2009): 331. See further discussion in Vallas and Dietrich, “One Strike and You’re Out.”


Vallas and Dietrich. “One Strike and You’re Out.”


Notably, the cost of shutting out workers with records is almost certainly much higher than even this jaw-dropping study indicates, given that it does not include workers shut out of the labor market due to misdemeanor or arrest records. Cherrie Bucknor and Alan Barber. “The Price We Pay: Economic Costs of Barriers to Employment for Former Prisoners and People Convicted of Felonies” (Washington: Center for Economic and Policy Research, 2016) available at http://cepr.net/images/stories/reports/employment-prisoners-felonies-2016-06.pdf.


Rodriguez and Avery. “Unlicensed & Untapped.”
Calculations based on data the provided to the National Employment Law Project by the Transportation Security Administration’s Office of Intelligence and Analysis, Program Management Division/Maritime Branch, covering the periods from October 2007 to September 2011, and from January 2014 to December 2016.


Vallas and Dietrich. “One Strike and You’re Out.”


Sonja B. Starr, J.J. Prescott, and Jeffrey Morenoff, “Evaluating the Impact of Set-Aside Laws on Ex-Offender Recidivism and Socioeconomic Outcomes” (Ann Arbor, MI: Michigan Population Studies Center, in progress). Preliminary research findings of the report in progress are provided by and are on file with the authors. Research description is available at https://www.psc.isr.umich.edu/research/project-detail/34902.


Vallas and Dietrich. “One Strike and You’re Out.”


The Raise the Wage Act of 2017, championed by Congressman Bobby Scott and cosponsored by several members of this Subcommittee, would take important and needed action to raise the poverty-level minimum wage to $15 an hour.

For a far-reaching policy agenda to tackle poverty and boost opportunity for struggling workers, see Melissa Boteach, Rebecca Vallas, and Eliza Schultz. “A Progressive Agenda to Cut Poverty and Expand Opportunity” (Washington, Center for American Progress, 2016), available at https://www.americanprogress.org/issues/poverty/reports/2016/06/06/138765/a-progressive-agenda-to-cut-poverty-and-expand-opportunity/.