
Wisconsin Legislative Council

MINUTES



STUDY COMMITTEE ON OCCUPATIONAL LICENSES

411 South, State Capitol
Madison, WI
October 12, 2022
10:00 a.m. – 4:10 p.m.

CALL TO ORDER AND ROLL CALL

Chair Stafsholt called the meeting to order and determined that a quorum was present.

COMMITTEE MEMBERS PRESENT: Sen. Rob Stafsholt, Chair; Rep. Shae Sortwell, Vice Chair; Sen. Janis Ringhand; Rep. Supreme Moore Omokunde; and Public Members Monica Johnson, Stanley Johnson, Jessica Ollenburg, Albert Walker, and Ann Zenk.

COUNCIL STAFF PRESENT: Margit Kelley, Principal Attorney; and Patrick Ward, Staff Attorney.

APPEARANCES: Professor Morris Kleiner, Humphrey School of Public Affairs, University of Minnesota; Carl Sims, Deputy Program Director, Center for Innovation, The Council of State Governments (CSG); Matthew Barusch, Government Affairs and Advocacy Manager, Council for Interior Design Qualification; Mindy Hoppe and Stephanie Anderson, American Society of Interior Designers; James Cox, Alliance for Responsible Professional Licensing; Buddy Johnson, Parliamentarian/Coordinator of Legislative Services, Arkansas House of Representatives, and Member of Arkansas Occupational Licensing Initiative Core Team; Jonathan Kowalski, Plumbing and Mechanical Contractors Association of Milwaukee and Southeastern Wisconsin; and Glen Schwalbach, Wisconsin Society of Professional Engineers.

APPROVAL OF THE MINUTES OF THE SEPTEMBER 27, 2022 MEETING

Representative Omokunde moved to approve the minutes from the September 27, 2022, meeting of the committee. The motion was seconded by Representative Sortwell and approved by unanimous consent.

PRESENTATION BY PROFESSOR MORRIS KLEINER, HUMPHREY SCHOOL OF PUBLIC AFFAIRS, UNIVERSITY OF MINNESOTA

Professor Kleiner gave an overview of the historical origins and consequences of occupational licensing, and detailed reasons for their growth over the last half-century. He attributed the rise of occupational licensing to a changing economy, from manufacturing to services, the professionalization of occupations, the interests of larger and urbanized states, and “rent seeking” by occupations. He detailed different methods of regulating occupations in order of least restrictive to most restrictive.

Professor Kleiner provided examples of occupations that are licensed and the share of the workforce that is licensed in each state. He noted that Wisconsin’s share of the workforce that is licensed is in the

lower third of states. He explained that occupations typically become licensed following the development of a trade association connected with the occupation.

Professor Kleiner described the economic effects of occupational licensing for the overall labor market and also detailed the outcome effects of occupational licensing, noting that generally there was little to no impact on quality and safety outcomes for consumers. He stated that geographic mobility and movement between occupations decreases for licensed persons. He recommended that a careful cost-benefit analysis be performed before creating a license for an occupation and pointed to Colorado as an example to consider.

Questions from committee members focused on the difference between a license and a certificate, the state-level data regarding the share of occupations that are licensed, and how insurance requirements affect occupational licensing.

PRESENTATION BY CARL SIMS, DEPUTY PROGRAM DIRECTOR, CENTER FOR INNOVATION, CSG

Mr. Sims presented an overview of universal licensure recognition (ULR). He explained the features and benefits of ULR, including improving reciprocity and licensing processing and its applicability to multiple licensed professions and population groups. He also detailed the limits of ULR, noting that ULR is not true reciprocity because an application is still required, may not apply to every profession, and is not uniform across states. He noted that other reciprocity policies, such as interstate compacts, reciprocity laws for military families, and bilateral agreements, are complementary policies to ULR.

Mr. Sims explained that 19 states have some form of ULR, which have some common policy features. He stated that those features include the presence of a “shall clause” that specifies any conditions when an administrative authority is required to issue a license, specifications for which occupations are affected by the ULR policy, a residency requirement, similar scopes of practice between states, substantially equivalent licensure requirements, and an examination specific to a state’s laws. With respect to the shall clause feature, Mr. Sims noted that some states condition the issuance of a license on minimum or recent experience in the licensed occupation. He also noted that most states do not have a residency requirement and that this requirement would prevent a multistate practice.

Mr. Sims detailed survey results from states with ULR. He noted that states generally agreed that ULR is a positive contribution to the state’s workforce, improved efficiency and time to licensure, and that the professions where ULR works better are those with a higher degree of standardization. He also noted that states identified some concerns with ULR, including the potential conflict or confusion with existing licensure recognition laws, the workability of the substantially similar standard for licensure requirements and scope of practice, and implementation challenges.

In response to questions from committee members on whether residency requirements may have unintended consequences, Mr. Sims noted that a residency requirement is not the dominant practice, but that he was not aware of any concerns and the requirement may be due to policy priorities. He also noted that a residency requirement would prevent a multistate practice, including a telehealth practice. In response to questions from committee members on how discipline for a multistate practitioner is handled, he noted that the ULR does not provide for shared investigations like interstate compacts typically do. In response to other questions, Mr. Sims noted that the occupations that are typically exempted from ULR policies are those that already have a good degree of standardization and reciprocity and those that are affected by interstate compacts, and noted that ULR policies are general in nature and typically provide a licensing authority the discretion to identify relevant nuances in determining whether another state’s requirements are substantially equivalent.

Other questions for Mr. Sims focused on the geographical distribution of states that have adopted ULR, the institutional structure of administering ULR, and which government entity decides whether licensing standards are substantially equivalent.

PRESENTATIONS ON CREDENTIALING FOR INTERIOR DESIGNERS

The committee heard testimony from representatives from the Council for Interior Design Qualification (CIDQ) and the American Society of Interior Designers in support of continuing to offer a registered interior designer credential in Wisconsin.

Matthew Barusch opened the discussion by noting that the primary concern with eliminating this credential is the effect on public health, welfare, and safety. He explained that the organization he represents, CIDQ, administers the minimal competency exam required for the credential in Wisconsin. He stressed the importance of these types of exams for protecting public health, welfare, and safety, and provided examples of relevant topics covered on the exam.

Mr. Barusch described the scope of practice of an interior designer, emphasizing areas of particular concern created by the COVID-19 pandemic, and stated that eliminating the credential would present a safety risk in public spaces. He also noted a recent study that found that interior designers are distinct from architects and that both professions play an important role in protecting public health and safety. He also summarized the experience of Virginia when it considered a similar recommendation and decided to maintain the credential.

Mr. Barusch discussed the 2018 Wisconsin Occupational Licensing Study Legislative Report and clarified for the committee that even though only four U.S. jurisdictions license interior designers, 28 U.S. jurisdictions regulate the occupation through “title acts” that allow anyone to practice the profession, but limit persons from calling themselves credentialed. He noted that the voluntary nature of Wisconsin’s interior designer registration is the least restrictive practice for protecting public health and safety while also not creating barriers to enter the profession. He also noted that the Legislature, in 2021 Wisconsin Act 195, modernized and expanded the credential for interior designers.

Committee questions focused on the distinction between license and registration, whether CIDQ advocates for title act legislation across the country, the potential harm or evidence of harm of not maintaining the credential, the overlap of professions who work with the building code, the voluntary nature of the registration, how often interior designers practice without supervision from an engineer or architect, and whether hiring an interior designer is more cost effective.

Stephanie Anderson and Mindy Hoppe explained how the 2018 report is outdated because of recent enacted legislation that allows registered interior designers to stamp and seal code-compliant documents and submit them for permitting, which they stated reduces redundancies in the design process. They noted that the voluntary nature of the credential is key because it provides increased consumer choice for design services while protecting public health, safety, and welfare.

Committee questions focused on whether they were registered in favor of the legislation that expanded the scope of registered interior designers, the effect of the new law on registrations, the effect of the new law on business practices, the opportunities the credential provides small businesses, whether there are any difficulties in obtaining the registration, the requirements to obtain the registration, and the education and experience requirements to take the exam.

PRESENTATION BY JAMES COX, ALLIANCE FOR RESPONSIBLE PROFESSIONAL LICENSING

Mr. Cox briefly described the membership of the Alliance for Responsible Professional Licensing, and noted that the complex and technical professions that make up the Alliance have proven systems of

cross-border practice and reciprocal licensure that can be used as a model for a responsible approach to occupational regulation. Mr. Cox also briefly described a 2021 Oxford Economics study, commissioned by the Alliance, which found very different effects between technical professions and vocational occupations. He further noted that in the study's findings, licensing is associated with higher wages across all professions, and in some fields, moves women and minorities towards wage parities. Mr. Cox also cited public opinion research in which majorities of voters prefer systems of regulation that ensure qualifications and professional standards, and described the benefits to employers who rely on licensing standards to reduce business liability and risk.

Mr. Cox also noted that although those benefits to licensing exist, there are areas that could be improved, particularly to allow individuals to easily practice their profession if they move to a new state. He noted that the professions in the Alliance have developed systems that allow license reciprocity while maintaining rigorous standards and removing artificial barriers. Mr. Cox also noted that meaningful review through sunrise or sunset review periods can provide a methodical approach to reduce licensing burdens.

In response to questions from committee members, Mr. Cox stated that solutions should consider the uniqueness of different occupations, and noted that consistent standards across an occupation help ensure that everyone in a profession is regulated and licensed equally. He noted that with developed and recognized standards, a person can more easily provide services in a different state without a new license, move to a different state and obtain a new license, or move to a state from another country. Mr. Cox also stated that he has not heard of delays in license processing among the Alliance members, and is unsure of the cost of Illinois's sunset reviews. Lastly, Mr. Cox agreed that licensing review should use a scalpel, not a hatchet, to determine a successful mobility system for each occupation distinctly.

**PRESENTATION BY BUDDY JOHNSON, PARLIAMENTARIAN/COORDINATOR OF
LEGISLATIVE SERVICES, ARKANSAS HOUSE OF REPRESENTATIVES, AND MEMBER OF
ARKANSAS OCCUPATIONAL LICENSING INITIATIVE CORE TEAM**

Mr. Johnson briefly described Arkansas's legislative and gubernatorial occupational licensing reform initiative that began in 2017. Under that process, a "home team" advisory group began research by surveying licensing entities and developing a self-assessment tool for use by the entities. After further recommendations from a "red tape reduction group," legislation was enacted to address burdensome or vague criminal background restrictions, improve processes for licensing military veterans and spouses, streamline rulemaking, and improve portability of licenses from other states.

Mr. Johnson also described, in particular, the occupational licensing initiative's recommendation that became Arkansas Act 600 of 2019. As described by Mr. Johnson, the act created a sunrise and sunset review for licensing and established the Occupational Licensing Review Subcommittee of the Arkansas Legislative Council to carry out a systematic review of new proposals and existing licenses on a six-year cyclical basis. Mr. Johnson stated that the subcommittee is charged with determining whether occupational authorization employs the "least restrictive form" to protect consumers from significant and substantiated harm to public health and safety. He noted that the subcommittee uses a very methodical approach to the review, and adopted a questionnaire that licensing entities must submit for the review.

In response to questions from committee members, Mr. Johnson stated that there are about 180 occupational licenses in Arkansas, that the licensing entities are separated into six groups to review one group per year on a rotating basis, and that the Arkansas Legislative Council bears the cost of those reviews. Mr. Johnson noted that the subcommittee reviews both licenses and registrations and has recommended elimination or reduction in five instances. Mr. Johnson also stated that the legislators in the study group were well-respected, and provided constancy by serving for four years (through two

biennia of the Legislature). Mr. Johnson lastly noted that Arkansas does not have a centralized licensing agency, and that the Legislature retains discretion to follow or not follow the subcommittee's recommendations or to enact legislation without the subcommittee's review.

PRESENTATION ON CREDENTIALING FOR DESIGNER OF ENGINEERING SYSTEMS

The committee heard testimony from **Jonathan Kowalski**, Executive Director of the Plumbing, Mechanical, Sheetmetal Contractor's Alliance, Inc., and **Glen Schwalbach**, on behalf of the National Society of Professional Engineers-Wisconsin, in support of continuing to offer a designer of engineering systems permit credential in Wisconsin.

Mr. Kowalski stated that there are certain advantages in continuing to offer this credential, including that a permit holder can specialize in particular engineering systems (such as HVAC or electrical systems), can reduce the burden on professional engineers and architects, and costs less to hire than those professionals. He noted that the availability of local designers reduces the need to hire a professional from another state, and the designer is versed in the nuances of Wisconsin code. Mr. Kowalski noted that designers of engineering systems are able to reduce costs and delays in the complicated field of building engineering.

Mr. Schwalbach provided some history on the creation of the designer of engineering systems permit credential, noting that professional engineers are often in short supply, and that designers provide a safe alternative. He also noted that removing this credential would create a new barrier to entry in the engineering field, that the specialized knowledge in particular engineering systems and the Wisconsin code would be lost, and that new projects would take longer and cost more.

In response to questions from committee members, Mr. Kowalski and Mr. Schwalbach stated that they have not heard of any delays or problems in obtaining the permit but would check with other members of their associations. Both also stated that a professional engineer or architect could perform the work of designing engineering systems and stamping and submitting those plans for approval, but that designers of engineering systems provide a cost benefit, while providing safety and specialized knowledge.

COMMITTEE DISCUSSION

Margit Kelley and Patrick Ward provided an overview of Legislative Council [Memo No. 1, Preliminary Options for Discussion Relating to the Workload for Processing Occupational Licensing Applications and Renewals](#) (September 19, 2022), and briefly described [Memo No. 2, Preliminary Options for Discussion Relating to the Elimination of Certain Credentials, Easing Reciprocity, and Creating Systems for Review of Proposed and Existing Credentials](#) (October 5, 2022).

The committee discussion began with general questions and comments about the organizational structure of the Department of Safety and Professional Services (DPS), availability of data on application processing, DPS staffing and budget requests, the differences between "licenses" and "registrations," and the scope of the committee's work.

Committee members indicated an interest in reviewing preliminary bill drafts on the topics identified in Memo Nos. 1 and 2, particularly relating to application processing metrics, universal licensure recognition, reciprocity, renewals, criminal history reviews, and sunrise reviews for proposed new credentials. Other possible topics identified by members included making systemic changes in how license applications are processed, having greater transparency on reciprocity standards, and changing licensure options for some professions.

Chair Stafsholt stressed the fact that many people are experiencing delays in receiving a determination on their application and that the committee has asked for some basic data from DSPS. He also noted that DSPS has been invited to attend the committee meetings, and that the invitation will be renewed. Chair Stafsholt stated that the agency's participation would help the committee in its work.

PLANS FOR FUTURE MEETINGS

Chair Stafsholt reminded members that handouts and additional materials from the speakers and others are available on the [study committee's website](#), and that the committee has scheduled the following subsequent meetings:

- November 15, 2022, in Room 411 South, State Capitol.
- December 13, 2022, in Room 411 South, State Capitol.

ADJOURNMENT

The committee adjourned at 4:10 p.m.

MSK:PW:ksm