

Why Limit Reform to Teachers?

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House Ways and Means Committee

January 29, 2025

Chair Atterbeary, Vice Chair Wilkins, and all distinguished members of the Ways and Means Committee:

Thank you for allowing me to submit testimony on the regulation of teachers in the state of Maryland. I am the Director of Labor Policy at the Knee Regulatory Research Center at West Virginia University. The main takeaways of my comments are the following:

1. Occupational licensing can create arbitrary barriers for potential new residents.
2. Research shows that rigid occupational licensing restricts mobility by 7 percent.
3. While the teacher compact can help teachers, a broader reform like universal recognition would impact more professionals.

Occupational licensing is the most restrictive form of professional regulation. Workers cannot legally practice in licensed profession until they meet entry requirements, like achieving a minimum level of education or training, passing exams, and paying fees. Almost 20 percent of workers in Maryland require a license to work.¹ By creating barriers to entry, occupational licensing reduces employment opportunities and raises costs for consumers.

The goal of licensing laws is to protect consumers from harm, especially when it is difficult to assess the quality of services before purchase. This is especially important for teachers, who have a critical role in society. However, these requirements can also have downsides, which we must consider.

Because licensing laws are the responsibility of states, they pose challenges for workers moving across state lines. Relocating often entails reapplying for a license, taking state-specific exams, and, in some cases, completing additional education or training. Moving is already a hassle, and licensing can make it even worse. Overall, licensed professionals are 7 percent less likely to move to a new state.²

Unfortunately, teachers are among those most affected by these burdens. Many states have specific requirements for teachers. Some states even divide licenses by different grade levels, making it even more difficult to transfer a license. In many cases, out-of-state residents need to get specific education to meet these requirements, which is costly enough to discourage teachers

¹ Kleiner, Morris M., and Evgeny Vorotnikov. "Analyzing occupational licensing among the states." *Journal of Regulatory Economics* 52 (2017): 132-158.

² Johnson, Janna E., and Morris M. Kleiner. "Is occupational licensing a barrier to interstate migration?." *American Economic Journal: Economic Policy* 12, no. 3 (2020): 347-373.

from moving entirely. Economic research estimates that licensing laws reduce the number of teachers moving to a new state by almost 40 percent.³

The teacher licensing compact seems like a perfect solution to this issue. It allows licensed teachers from member states to practice in Maryland without undergoing unnecessary education and training, saving time and money. However, the compact has its limitations.

First, the compact would only help teachers from states that are also members of the compact. Right now, that is thirteen states, just three of which are on the east coast.⁴ Any teacher from non-member states would continue to face the same barriers that currently exist.

Second, teaching is just one of many professions that faces the barriers created by licensing laws. Other professions—like pharmacists, barbers, and electricians—face the same inconsistent standards. Nationwide, over 300 professions require licenses, creating widespread mobility issues.

A far more effective solution would be to adopt the universal recognition of out-of-state licenses. So far, 26 states have implemented this reform.⁵ Arizona, the first state to recognize out-of-state licenses, has already seen beneficial effects from enacting this legislation. An estimated 6,500 or more skilled workers have moved to Arizona since passage of the reform.⁶ States with universal recognition laws not only see increased employment, but they also see increased economic output.⁷

Universal recognition would address both limitations of the teacher licensing compact by including all states and licensed professions. Under universal recognition, licensed professionals from any state—not just member states for specific professions—could move to Maryland and begin working without unnecessary delays. This would be an even bigger win for Maryland residents, new and old.

Requiring new residents to complete arbitrary hurdles before they can work is costly. Allowing licensed professionals to bring their license with them increases worker mobility while leaving consumer protections in place. Reducing burdens for teachers would be a step forward, but reducing them for all licensed professions would be a much greater win for Maryland.

³ Johnson and Kleiner. "Is occupational licensing a barrier to interstate migration?."

⁴ "Compact Map." *Teacher Licensure Compact*. (2024). <https://teachercompact.org/compact-map/>

⁵ Bae, Kihwan, and Darwyn Deyo. "2024 Update to the Survey of Universal Licensing Reforms in the United States." Knee Regulatory Research Center Policy Brief. (2024). <https://csorwvu.com/policy-brief-survey-of-universal-licensing-reforms-in-the-united-states-2024/>

⁶ Curry, Heather, and Vance Ginn. "Thousands Free to Work: The Power of Universal Recognition in Arizona." Goldwater Institute Policy Report. (2023). <https://www.goldwaterinstitute.org/policy-report/universal-recognition-hb-2569/>

⁷ Bae, Kihwan, and Edward Timmons. "Now you can take it with you: Effects of occupational credential recognition on labor market outcomes." (2023).