INSTITUTE FOR JUSTICE

Testimony in Support of House File 3403
Minnesota House Health Finance and Policy Committee

April 1, 2022

Dear Chair Liebling and Members of the Committee:

Thank you for the opportunity to submit testimony in support of House File 3403, which will improve opportunities for justice-involved people and for employers who want to hire them. My name is Meagan Forbes. I am an attorney at the Institute for Justice. We are a nonprofit public interest law firm that works to protect civil liberties. For more than 30 years, we have worked to protect the right to earn a living and to reduce barriers to work. We have also studied the burdens of occupational licensing, particularly on lower- to middle-income workers and people with criminal records.

Occupational licensing comes at a great cost to workers. Licensing laws commonly require aspiring workers to spend time and money completing training and testing before they can work, and there is little evidence that licensing improves quality.[1] At the same time, there is mounting evidence that licensing creates significant barriers to entry and disproportionately affects certain populations, especially people with criminal records, who are often overlooked.[2]

Roughly 30 percent of Americans have criminal records and make up an increasingly large share of the workforce.[3] Further, approximately 21.8 percent of Minnesotans need a license to work.[4] Together, these percentages show the potential licensing laws have to prevent justice-involved people who are rehabilitated from re-entering the workforce and employers from hiring them.

In 2020, the Institute for Justice published *Barred from Working*, a comprehensive study of the collateral consequences of occupational licensing restrictions for people with criminal records.[5] The study used 10 criteria to grade all 50 states and the District of Columbia on their legal protections for licensing applicants with criminal records. **In the report, Minnesota scored low on its due process protections for people with criminal records in occupational licensing**.[6] The report found that Minnesota lacked a transparent process for people with criminal records to apply for a license to work.

House File 3403 addresses this problem. It allows people with criminal records to apply to a licensing board for a determination about whether their criminal record disqualifies them from getting a license. If Minnesota were to adopt this reform, the state would have some of the most transparent licensing laws in the nation for people with criminal records.

These reforms are good for returning citizens and good for the state. They help address labor shortages and promote public safety. Research shows a job is one of the best

ways to reduce the likelihood a person will re-offend, and states that have lower barriers to re-entry also have lower rates of recidivism.[7]

In conclusion, reducing unnecessary licensing barriers is an important way the state can safely create opportunities, support businesses, and stimulate economic growth. I encourage the committee to support these important reforms. Thank you.

Sincerely,

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[1] Carpenter, D. M., et al. *License to work: A national study of burdens from occupational licensing*, Institute for Justice (2nd ed.) (Nov. 2017), https://ij.org/report/license-work-2/.
[2] *Id.*
[3] Umez, C. & Pirius, R., *Barriers to Work: People With Criminal Records*, National Conference of State Legislatures (July 17, 2018), https://www.ncsl.org/research/labor-and-employment/barriers-to-work-individuals-with-criminal-records.aspx.
[4] Institute for Justice, *At What Cost? State and National Estimates of the Economic Costs of Occupational Licensing* (Nov. 2018), https://ij.org/report/at-what-cost.
[5] Sibilla, N., *Barred from Working: A Nationwide Study of Occupational Licensing Barriers for Ex-Offenders* ("*Barred from Working*"), Institute for Justice (June 2020), https://ij.org/report/barred-from-working/.
[6] See *Barred from Working*, at "State Grades," https://ij.org/report/barred-from-working/state-grades/.
[7] Slivinski, S., *Turning Shackles Into Bootstraps: Why Occupational Licensing Reform is the Missing Piece of Criminal Justice Reform*, Center for the Study of Economic Liberty at Arizona State University (Nov. 2016), https://csel.asu.edu/sites/default/files/2019-09/csel-policy-report-2016-01-turning-shackles-into-bootstraps.pdf.