

Saving Taxpayer Dollars and Reducing Recidivism Through Occupational Licensing Reform

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Background: the cost of recidivism and upholding the status quo

In fiscal year (FY) 2018-19, the state Department of Corrections (DOC) released 29,242 people, and 6,542 (22 percent) returned to prison within three years. The state spent an estimated \$185 million to reincarcerate them in FY 2021-22.

If the state had enacted some of the reforms mentioned below, Florida Policy Institute found that it could have yielded fiscal savings ranging from \$60.8 million to \$152 million during FY 2020-21 and FY 2021-22.

What is occupational licensing?

Governments establish qualification requirements that people need to meet in order to practice a trade or professional occupation.

How does Florida compare to other states?

Florida ranks fifth nationally for having the most burdensome requirements for occupational licensing.¹ This means that Florida has, on average, more mandated hours of training, fees, and a greater share of occupations that are regulated.

Who is the most impacted?

Floridians with past criminal records are disproportionately impacted by Florida's occupational licensing laws. For example, there are roughly 379 occupational licensing laws and regulations that restrict or ban people with past convictions from accessing certain social and economic opportunities.

Florida Policy Institute found that enacting common-sense occupational licensing reforms could have yielded fiscal savings ranging from \$60.8 million to \$152 million during FY 2020-21 and FY 2021-22.

What barriers do people with past convictions face?

- Lifetime bans and disqualifying periods
- Moral character clause - bestows licensing boards with broad discretionary power to disqualify applicants with criminal pasts based on their moral character
- Court fines and fees - applicants who are pursuing a license in the financial services industry must pay all related fines, court costs and fees, and court ordered restitution

Why is reform needed?

Reforming Florida's occupational licensing policies would help people with criminal records participate in the state's economy by having stable and gainful employment. It would help decrease the state's re-arrest and recidivism (returning to prison) rates.² Less taxpayer dollars would be used towards reincarceration.

What are some reforms that policymakers could undertake?

- Reduce the required training hours for certain occupations
- Eliminate the moral character clause
- Allow for criminal records to be used as grounds for the denial of licensure only if the past conviction is directly related to the profession

Methodology

There are some limits to our estimates. The cost of reincarceration, \$185 million in FY 2021-22 and \$195 million in FY 2020-21, assumed that all who had returned to prison had remained in DOC's facilities for the entire year.

The fiscal savings analysis relied on the statistical findings that were laid out in Vittorio Nastasi and Dr. Samuel Staley's "Bridging the Divide: Licensing and Recidivism" report. They estimated that if the states reduced the number of training days by 10 percent, it would reduce Florida's re-arrest rates by nearly 16 percent, and a 25 percent reduction would lead to a 40 percent drop in re-arrest rates. Our analysis is sensitive to the limitations of the study. Further, Florida has enacted some reforms in the past since the publication of this study. However, we have deemed the recent changes to not be significant enough to substantially change the estimates from the study.

We used the quarterly [recidivism](#) reports from the Florida Department of Corrections from FY 2020-21 to FY 2021-22. Those reports track the state’s re-arrest and recidivism rates within three years of release. We relied on the statistical formula from the “Bridging the Divide: Licensing and Recidivism” report to calculate the impact of a 16 percent and 40 percent drop in re-arrest rates and recidivism rates. We used the DOC’s annual [reports](#) from FY 2020-21 to FY 2021-22 to identify the annual costs of incarceration for each fiscal year. To calculate the annual savings for both fiscal years, we multiplied the number of people who would not have recidivated if certain reforms were implemented by the annual cost of incarceration.

¹ Dick M. Carpenter II, Ph.D, Lisa Knepper, Kyle Sweetland, and Jennifer McDonald, “License to Work: A National Study of Burdens from Occupational Licensing,” Institute for Justice, 2017, <https://ij.org/report/license-to-work-2/>.

² Vittorio Nastasi and Samuel R. Staley, “Bridging the Divide: Licensing and Recidivism,” James Madison Institute, 2019, https://www.jamesmadison.org/wp-content/uploads/2019/04/PolicyBrief_LicensingRecidivism_v02.pdf.