For state officials, knowing what lies around the corner is half the challenge, and the CSG Policy & Research team is committed to providing key insights and analysis on emerging issues across the policy spectrum to state officials. Each year, CSG policy experts take a look at the top issues facing states in education, energy and environment, fiscal and economic development, federal affairs, health, international affairs, interstate compacts, transportation and infrastructure, and workforce development.

Here’s a look at the most important topics on states’ workforce development agendas in 2018.

**Occupational Licensure**

Over the last 60 years, the number of jobs requiring an occupational license has grown from about one in 20 to more than one in four. When implemented properly, occupational licensing helps protect the health and safety of consumers by requiring practitioners to undergo a designated amount of training and education in their field. However, licensing requirements often vary dramatically across state lines, meaning that licensed individuals seeking to move to another state often face procedural hurdles, such as paperwork, fees, and additional training. These disparities in licensing laws create barriers for those looking to enter the labor market and make it harder for workers to relocate across state lines. Certain populations—including military families, immigrants with work authorization, people with criminal records, and unemployed and dislocated workers—are affected disproportionally by the requirements and variances of occupational licensing.

A 2015 study by the Brookings Institute found there were “far more cases” in which licensing reduced employment than ones where it improved the quality and safety of services. These restrictions have resulted in 2.8 million fewer jobs nationally and raised consumer costs by $203 billion annually.

State policymakers play an important role in setting licensure policy and are at the heart of many efforts to strike the right balance between protecting consumers and promoting economic growth and opportunity. Policymakers are enacting a wide range of strategies to calibrate their regulations to meet the needs of today’s consumers, workers, employers and job markets. 2017 CSG Vice-Chair Helene Keeley spoke concerning occupational licensing saying,

“At a time when states are striving to make themselves more attractive to working families, we must continue to tear down barriers that might prevent people from locating and working here. We need to provide them with the ability to seek and gain employment. In many cases, that involves helping skilled workers transfer their licenses from one state to another.”

The current political landscape around occupational licensing reform is one of bipartisan support. In 2017, President Trump’s Secretary of Labor Alexander Acosta told state lawmakers to get serious about repealing anticompetitive licensing practices. Two years prior, the Obama administration released a call to action report of best practices for state policy makers. The report concluded that
when designed and implemented carefully, licensing can benefit consumers through higher quality services and improved health and safety standards. However current licensure rules are too often inconsistent, inefficient, and arbitrary.

The Department of Labor recently made available the first ever federally funded occupational licensing reform grant. In 2017, CSG was a recipient of that grant along with the National Conference of State Legislators and National Governors Association Center for Best Practices. The organizations were awarded $7.5 million to work with a consortium of states to design and implement approaches that enhance the portability of licenses across states and reduce overly burdensome licensing restrictions. Among the states chosen for consortium is Wisconsin.

"Wisconsin is concerned that our current occupational licensing is inadequate to address public safety without inhibiting services, providers and entrepreneurs," said state Rep. Joan Ballweg, 2018 CSG Vice-Chair. "We appreciate CSG’s commitment to aid our efforts in a collaborative forum."

CSG is proud to be a part of the three-year project that is looking for policy solutions to these complex problems.

Return to Work/Stay at Work

Millions of American workers exit the workforce each year due to injury or illness. Hundreds of thousands of these workers go on to receive state or federal disability benefits. Disability insurance benefits are an important protection for workers with serious long-term or permanent disabilities, but they are not the only option for those with disabilities. Many injured workers might be able to stay in their jobs if they received timely, effective help. Return to work programs aim to get injured workers back to productivity as soon as possible during their recovery process. These workers can continue earning money and enjoy the self-esteem that come from employment. Employers benefit from the experience of long-tenured workers, spend less resources on hiring new workers, and potentially spend less on workers compensation benefits and premiums for private disability insurance. The benefits to state governments include helping workers and their families retain economic self-sufficiency, expanding state economies by increasing tax revenues from wage earners, and lowering liabilities for state and federal social welfare and social security programs.

The U.S. Department of Labor’s Office of Disability Employment Policy (ODEP) highlighted Washington as a model state for stay at work policy implementation. Washington’s Centers of Occupational Health and Education program works with community-based entities affiliated with health care delivery organizations. These entities work with medical providers, employers, and injured workers in the first three to six months after an injury to provide care coordination, training and incentives for physicians, and give access to consultants who specialize in occupational medicine. The Stay at Work program pays employers 50 percent of injured workers’ base wages (up to a cap of $10,000), as well as the costs of certain accommodations.

Workforce Innovation & Opportunity Act (WIOA) - State Implementation

States are re-engineering their workforce development systems because of the Workforce Innovation and Opportunity Act. WIOA was signed on July 22, 2014 and took effect July 1, 2015. Unified state plans were due July 1, 2016. WIOA core programs include the federally funded adult, dislocated worker program, youth services program, adult education and literacy program, and rehabilitation services program. WIOA provides a framework and direction for state governments to align their workforce and education systems to meet employment challenges. States are developing strategic plans for implementing these programs through extensive interdepartmental collaboration between workforce development, education, labor, and human services. These strategic plans must include detailed review of the
state’s strategy for preparing an educated workforce along with aligning the core and partner programs. States must conduct an analysis of regional economic characteristics, review existing and emerging industry sectors, identify individuals with significant barriers to employment, and prepare an assessment of the occupational needs of employers.

Maryland’s EARN initiative, Employment Advancement Right Now, is an industry based, regionally focused sector strategies program. EARN gives grants to strategic industry partnerships from key economic sectors in every region. Once formed, the partnerships will develop plans to train and educate workers - and place them in meaningful employment. The program has been very successful and currently involves more than 700 businesses in over 40 partnerships. The EARN sectors include healthcare, construction, biotechnology, cybersecurity and information technology, transportation and logistics. In their 2016 report to the General Assembly, EARN reported more than 1,100 unemployed or underemployed workers have careers and over 3,000 received training due to EARN, an economic impact of $15 for every $1 of investment. Given the program’s success, the budget will double in FY18 with an added specific investment in the cyber and green industries.

Aging Workforce

For decades, the retirement of the baby boom generation has been a looming workforce threat. Labor force participation trends in people 65 and over signals that the threat is no longer looming. Data from the current population survey on labor force flows from employed status to out of the labor force for people 65 and older back up this story, with the six-year trend accelerating by 36%. The number of Americans aged 65 or older without a disability that aren't in the labor force rose by 800,000 in the fourth quarter of 2016. The Global Aging Institute reports that by 2030, the number of Americans aged 65 and over will nearly double from current numbers. Retiring baby boomers are vacating jobs faster than young workers can replace them, especially in occupations that employ a large number of baby boomers, such as the skilled trades, manufacturing and health care. As these job opportunities continue to grow, turning to apprenticeships could help states prepare a workforce equipped with skills and competencies required for these increasingly technical manufacturing jobs.

These trends could have profound consequences on the American workforce and economy. As America’s graying workforce begins retiring, pension and health-care care costs will rise putting pressure on state government budgets and potentially crowding out spending in other areas such as education. Businesses will have to cope with losing the experience of older workers as well as training the influx of young workers. Good policy making will be crucial in the coming years to boost labor force participation and mitigate the effects of an aging workforce.

Drug Abuse

A narrative exists that says companies can’t find enough skilled workers, and hundreds of thousands of jobs are going unfilled due to lack of education and training. However, research is beginning to show that drugs may be more of a factor than lack of skill. The opioid epidemic is hitting the economy in ways that are beginning to be acknowledged by policy makers and other experts. The Trump administration is promising to bring back manufacturing jobs to the States, but who will fill these positions if prime aged workers are unable to pass a drug screening? New research by Princeton University economist Alan Krueger found the national increase in opioid painkiller prescriptions between 1999 and 2015 could account for about 20% of the decline in workforce participation among men ages 25 to 54, and explain roughly 25% of the drop in prime-age female workforce participation over the same period.

The LEAD (Law Enforcement Assisted Diversion) program is one that some states are adopting as an innovative arrest diversion program co-designed by policy, prosecutors, public defenders, civil rights
leaders, and public health experts. The program allows officers to use law enforcement discretion to divert low level drug users or sex workers to social workers who assist with connecting them to housing, drug treatment, mental health services, and job training. LEAD programs currently operate in Washington, New York, New Mexico, North Carolina, West Virginia, Maryland, Oregon, and Georgia. States must prioritize prevention and treatment of drug abuse to improve labor force participation, and address these threats to states’ ability to attract and retain business investment.