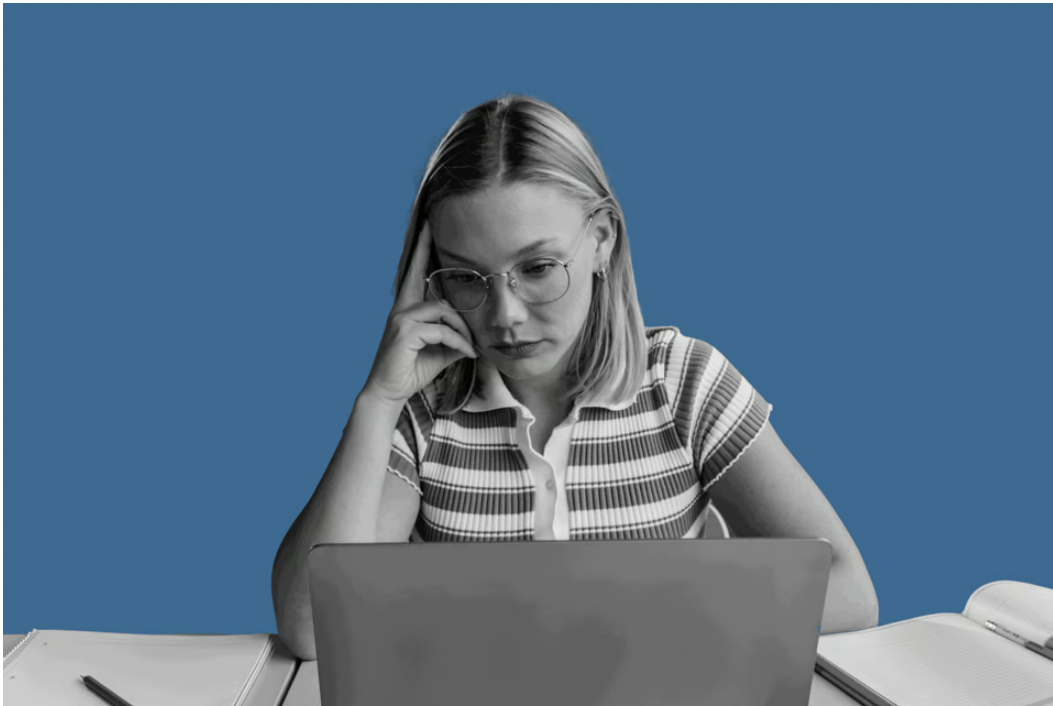


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Right-Sizing Licensure Requirements by Incentivizing State Review

Stephanie Hall & Emily Rounds



Students wishing to attend advanced graduate and professional programs are facing restricted access to federal student loans. Many of these programs are costly and lengthy. One factor affecting the cost and time it takes to enter a profession is licensure, which is a system of government-issued permission to work in a particular occupation. Licensure verifies that a professional meets safety and other standards, and it is illegal to work without a license in a regulated industry.

Licensure typically involves a combination of education, training, and examination requirements, which have grown more extensive in some occupations over time. For example, the requirements to become a registered dietitian or registered nutritionist increased in 2024 when the minimum degree requirement changed from a bachelor's to a graduate degree.

While increased requirements can reflect genuine advances in professional knowledge, some may have become inflated relative to the original purpose of licensure: to ensure public health and safety. In some cases, program requirements or licensure prerequisites may have grown over time without systematic review, potentially preserving elements that are outdated, duplicative, or no longer proportionate to the competencies needed for safe, effective practice. The result can be training programs and licensure requirements that are longer and more costly than necessary.

The Problem

Inflated Licensure Requirements Can Unnecessarily Extend Training Timelines and Increase Student Costs

Unwarranted credential inflation is a concern for many reasons—and it should be scrutinized now as students face tighter access to federal loans for graduate programs. More stringent licensure requirements can lead to longer and more costly programs. When licensure requirements become unnecessarily burdensome, they create barriers to entry for aspiring professionals, particularly those from lower-income backgrounds or nontraditional career pathways. These barriers also constrain the supply of qualified professionals in the workforce and limit the availability of services to the public, which can in turn drive up costs to consumers.

To be clear, this is not a claim that all—or even most—programs suffer from inflated standards. Many are justified by the complexity and responsibility of the profession, and by the growth in knowledge—when we know better, we should do better. Nevertheless, licensure is rarely reviewed systematically and tends to remain permanent once

established. There is a compelling case for periodic evaluation to ensure requirements are proportionate and relevant, and that they balance rigorous preparation with fair opportunity for entry into regulated professions.

The Solution

Provide a Federal Incentive for State Licensing Boards to Review Professional and Occupational Licensing Requirements

The federal government should use financial grants or conditional funding to incentivize licensing boards to conduct a systematic review of their requirements and ensure that they are aligned with contemporary industry needs, public safety standards, and efficient student pathways to professional practice. Rather than mandating arbitrary cuts or prescribing a one-size-fits-all approach, the review should be guided by the question: *Is each educational, experiential, and examination-based requirement demonstrably necessary to ensure competent and safe practice?* The goal is not to weaken standards, but to validate them and ensure that the time, cost, and effort required of aspiring professionals are proportionate to the competencies needed in the field.

Congress could do this by establishing a competitive grant program, administered by the Department of Labor (DOL), to fund state licensing boards or professional associations to conduct reviews of occupational licensing requirements. Using the funds, state boards could convene key stakeholders, including employers, professional associations, labor organizations, and health and safety commissions, to review or conduct relevant research and take the first steps toward revising licensing requirements. Professional associations as grant recipients could do the same and make recommendations regarding licensing requirements that state boards around the country could then incorporate or adapt as appropriate. The grant program's goal would be to assess whether current standards strike the right balance between rigor and public safety. Additionally, the reviews could compare licensing with alternative models like professional certification to determine whether less restrictive approaches might adequately protect consumers while enabling more students to successfully enter the field. States that received grants through a 2017–18 iteration of a similar DOL initiative had higher enactment rates for occupational licensing reform bills than those introduced in nonrecipient states.

Such reviews would come at an opportune moment. Forthcoming federal regulatory changes will establish a firewall between professional associations and the accreditors that validate professional training programs. These changes were driven by concerns that association influence may have contributed to the inflation of accreditation standards over

time and, by extension, credential and licensure requirements. With that channel of influence now restricted, professional associations and state licensing boards have an opportunity to redirect their expertise toward an evidence-based evaluation of licensure requirements. This proposal refocuses subject-matter expertise where it belongs: reviewing what entry into a profession requires, ensuring pathways remain rigorous yet accessible, and fulfilling public safety protections without imposing unnecessary barriers to opportunity.

Critiques & Responses

Licensure is a State Issue

True. Licensure is a state power rooted in states' constitutionally delegated authority over health, safety, and welfare. Even so, the federal government has a legitimate interest in the efficiency and fairness of licensure systems. For example, federal programs like Medicare and Medicaid rely on state licensing processes to ensure competence. State Medicaid Fraud Control Units are largely financed by the federal government and provide important information to the federal Inspector General to ensure program integrity. In the early stages of the COVID-19 pandemic, federal waivers temporarily eased state licensure barriers to expand patient access to telehealth, and some states chose to retain those flexibilities. Federal incentives for efficient licensing policy do not supplant state authority. Instead, they acknowledge the federal government's role as a funder and beneficiary in promoting efficient practices and reducing barriers that, in this case, affect access to care. Likewise, the federal government has an interest in promoting efficient occupational licensing practices to the benefit of interstate commerce and the effective administration of federal programs.

Licensing Boards are Made Up of Subject-Matter Experts, and Outsiders Focused on Slashing Licensure Requirements May Disregard the Unique Circumstances of Each Profession

Precisely because of their expertise, state licensing boards as well as professional or occupational associations need to be consulted and actively involved in any efforts to review licensure requirements. That said, boards may be dominated by practitioners who have a professional incentive to maintain or elevate barriers to entry to limit competition. The proposed federally incentivized review accounts for those incentives and guards against a slash-and-burn approach by calling for a tailored, consultative process. The unique conditions of each industry and state context mean that some requirements will be deemed essential and retained while others may be trimmed. By empowering experts to review their field's licensure requirements with public health and safety as the core

concern, those experts can provide evidence-based justifications for the specific requirements they recommend. Any certifications or qualifications beyond the essential requirements should remain optional for professionals to pursue as they wish.

Loosening Requirements Can Put the Public's Health and Safety at Risk

Protecting public health and safety is the paramount goal of occupational licensure. Any proposal to loosen requirements in a way that increases safety risks would misinterpret the nature of licensure. Licensure is the most restrictive form of regulation because it makes it *illegal* for someone without a license to perform a service, effectively barring entry to the market. However, licensure exists on a spectrum of occupational regulation. There are lower levels of external validation and government oversight, such as certification—where the consumer retains the choice of whether to visit certified professionals, relying on their own judgment alongside third-party credentialing. It may be that in some fields, certification (rather than state-regulated licensure) is adequate for ensuring safety and protecting consumers.

This proposal calls for a careful review to distinguish between requirements that are demonstrably essential to prevent harm and those that may be overly restrictive, costly, or merely create barriers that do not proportionally advance safety. By asking boards to evaluate which requirements are truly necessary, the policy would calibrate regulation to its most appropriate level for protecting against real risks while avoiding paternalism that limits opportunity and consumer choice. Ultimately, this approach would strengthen licensure by ensuring its requirements are justified and applied only where needed.

Increased Requirements Over Time Are the Result of a Growing Knowledge Base, Rather Than Credential Inflation

It is undeniably true that many professions have seen requirements increase alongside a genuine expansion of knowledge and responsibilities. But just as licensure requirements should be periodically assessed to ensure alignment with scope of work, there is also a need to continually assess whether each existing requirement remains necessary as the field evolves. The proposed policy does not dispute the growth of knowledge. Instead, it asks boards to conduct a critical review to identify requirements that may have become outdated or irrelevant over time, even as the core knowledge base has grown.

Two distinct approaches to expanded scope and licensing review can be found in the physical therapy and nurse practitioner fields. The educational path to working as a

physical therapist evolved from two years of training to a bachelor's degree in the 1960s, a master's in the 1990s, and a clinical doctorate by 2015. This shift was tied to other changes within the field, including increased specialization by physical therapists and their expanded role as independent practitioners. In other words, changes in licensure requirements for physical therapists mirrored changes in the scope of their practice, which is precisely how licensure should operate when scope genuinely expands.

A useful illustration comes from scope-of-practice expansions for nurse practitioners (NPs). Several states expanded NPs' scope of practice without changing the requirements to obtain a license. In doing so, states reconciled what NPs were capable of safely performing on the job with the education and training they already had. Subsequent employer demand and compensation for NPs increased in states that took this approach. A central takeaway is that states can review and adjust the scope of practice for any licensed occupation. Such adjustments influence the supply of workers, their distribution across different roles, and the availability of services to the public, all without necessarily altering the underlying licensure requirements.

In short, licensure requirements should rise when scope meaningfully expands, but they should also be subject to regular review to prune what no longer serves patients or the profession. The critical question for reviewing licensure requirements is not what degree title someone should need to enter a profession, but whether specific requirements within the program of study demonstrably and proportionally match current practice competencies—or whether some are historical artifacts that no longer serve a clear safety purpose. Extensive licensure requirements are often associated with rigor, but a better licensure and occupational regulatory framework is one that is agile and capable of evaluating whether specific components are essential for public health and safety.

Conclusion

While there are valid concerns about state authority, public safety, and expert oversight, none are insurmountable. This proposal does not impose a one-size-fits-all federal mandate. Instead, it leverages the federal government's interest to encourage collaborative and evidence-based reviews of the requirements imposed on individuals wishing to enter regulated professions. By incentivizing state licensing boards to conduct systematic reviews, the federal government can help strengthen the integrity of licensure and ensure that entry into professions is rigorous, fair, and free from superfluous barriers and costs.

