



## Opinion Poll

### Tennessee small businesses support expanding occupational licensing for justice-impacted individuals

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March 7, 2024

## Introduction

Small businesses are the foundation of Tennessee's economy: 664,600 small businesses comprise 99.5% of all businesses in the state, and they employ 41.9% of the state's private-sector workforce.<sup>1</sup> Despite their outsized impact on the economy, small businesses in Tennessee continue to struggle to hire and retain a ready workforce, limiting their stability and growth. There is a parallel problem impacting the state's labor pool: nearly 1 in 3 Tennesseans have a criminal record, which impedes their ability to earn a living wage or start a new business.<sup>2</sup> Even a minor criminal record can create a wall of lifelong barriers that create obstacles to gainful employment.

As a result of being excluded from the labor force, individuals impacted by the justice system are 50% more likely to start their own business and create their own job, highlighting the entrepreneurial nature of those seeking to move past their criminal record.<sup>3</sup> However, justice-impacted individuals face even more obstacles in accessing the capital, resources and professional licenses needed to get their enterprises off the ground.

Small Business Majority's new poll of Tennessee small business owners reveals strong support for legislative solutions that would remove barriers for justice-impacted individuals by making reforms to occupational licensing and debt-based driver's license suspensions. These politically diverse small business owners believe these measures would enable employers to tap into an underutilized workforce and open up opportunities for entrepreneurship.

## Key findings

- **Tennessee small businesses are hiring, but they are struggling to find workers.** A majority of Tennessee small businesses (57%) say they are likely to hire in the next six months. An additional 57% say the top challenge they face when hiring new employees is finding quality candidates.
- **A number of small businesses (43%) say their business requires occupational or professional licensing to own or work for the business.**
- **Small business owners support policy solutions to make it easier for justice-impacted individuals to access occupational or professional licensing.** More than 8 in 10 (82%) small business owners in Tennessee say they would support reforms that would allow people with criminal records fairer access to occupational licenses. Eighty-four percent say state licensing boards should consider the nature of the offense when deciding whether to deny a license, rather than deny a license broadly for any felony conviction.
- **Small business owners say driver's license suspensions for unpaid fines and fees negatively impact employers' ability to hire employees that can reliably attend work,** with 79% of business owners in agreement. They strongly agree that access to transportation is vital to our nation's workforce (93% total agree/75% strongly agree).
- **Small business owners favor proposals to end debt-based driver's license suspensions for unpaid court fines and fees (77% support),** among a number of additional solutions to ensure more equitable access to driver's licenses.

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<sup>1</sup> "Tennessee Small Business Profile 2023." U.S. Small Business Administration. <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-TN.pdf>

<sup>2</sup> "Fair Licensing Reform: Opening Pathways for People with Records to Join Licensed Professions." 2019. National Employment Law Project. <https://www.nelp.org/wp-content/uploads/FairChanceLicensing-v4-2019.pdf>

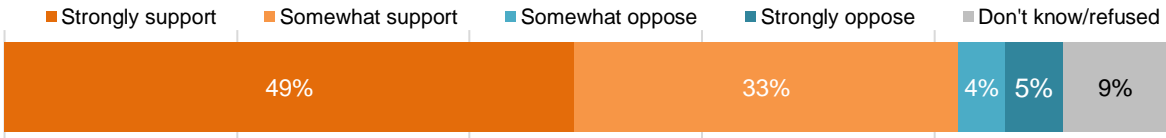
<sup>3</sup> "Entrepreneurship as a Response to Labor Market Discrimination for Formerly Incarcerated People." 2020. Hwang, Kylie & Phillips, Damon. [https://www.researchgate.net/publication/340270406\\_Entrepreneurship\\_as\\_a\\_Response\\_to\\_Labor\\_Market\\_Discrimination\\_for\\_Formerly\\_Incarcerated\\_People](https://www.researchgate.net/publication/340270406_Entrepreneurship_as_a_Response_to_Labor_Market_Discrimination_for_Formerly_Incarcerated_People)

# Tennessee small business owners support removing barriers to occupational licensing

Holding an occupational or professional license is critical to working within many industries in Tennessee. The poll finds that more than 4 in 10 (43%) small business owners state that their business requires occupational or professional licensing to own or work for the business. An additional 36% of entrepreneurs say their business contracts or works with another company that requires them or their employees to have occupational or professional licensing.

Amidst a tight labor market, an overwhelming majority (82%) of small business owners say they support reforms that would allow people with criminal records fairer access to occupational licenses, and they support a number of solutions to expand this access. These measures all find strong support across party lines. Firstly, 81% of entrepreneurs believe that license denials should be governed by specific guidelines and regulations pertinent to that industry, not broad or subjective guidelines such as the applicant’s “good moral character.” More than 8 in 10 (84%) also believe that state licensing boards should consider the nature of the offense when deciding whether to deny a license, rather than deny a license broadly for any felony conviction.

**Figure 1: Tennessee small business owners support reforms allowing people with criminal records fairer access to occupational licenses**

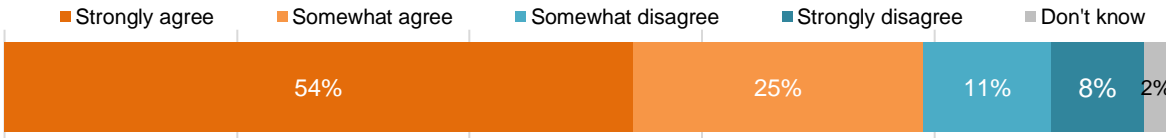


While 77% of entrepreneurs think that licensing boards play an important role in public safety, protecting businesses from liability and ensuring a safe job candidate pool, respondents do feel they should be reformed in some ways. For example, 85% of small business owners agree that licensing boards should consider the length of time since an offense was committed in its considerations. They also support having less restrictions on who they can hire, with 84% agreeing that business owners should have the ability to decide whether an employee’s criminal history should preclude them from working for the business.

# Small business owners support reforms to debt-based driver’s license suspensions

The survey also reveals small business owners’ views on driver’s license suspensions and the importance of transportation to an individual’s ability to participate in the workforce. Most Tennessee small business owners (93%) think that access to transportation is vital for America’s workforce. If workers are unable to access transportation, then their ability to obtain and attend a job is greatly reduced. Consequently, barriers to accessing transit like driver’s license suspensions impact the workforce, and nearly 8 in 10 (79%) small business owners agree that driver’s license suspensions for unpaid fines and fees negatively effects employers’ ability to hire employees that can reliably attend work. Seventy-two percent also agree that driver’s license suspensions for unpaid fines and fees unfairly discriminate against low-income individuals.

**Figure 2: Small business owners agree that driver license suspensions for unpaid fines negatively impact ability to hire**



Given the impact of debt-based driver's license suspensions on the workforce, Tennessee small business owners are in favor of several reforms. This includes support for proposals that would end debt-based driver's license suspensions for both unpaid court fines and fees (77%) and for failing to appear in court for minor offenses and traffic violations (67%).

Moreover, proposals that would reinstate driver's licenses are popular among entrepreneurs, regardless of political party affiliation. Nearly 8 in 10 (79%) agree that individuals who've had their license revoked for failing to pay a court fine or appear in court should have their driver's licenses retroactively reinstated. They support (79%) the automatic reinstatement of driver's licenses for individuals who've had their license revoked for failing to pay a court fine or appear in court, without them having to reapply for the license at the state department of motor vehicles or pay a fee. Eighty-six percent of small business owners also believe that the state should be required to notify individuals who have had their license revoked for failing to pay a court fine or appear in court that their license is being reinstated automatically.

## Conclusion

Tennessee small businesses are struggling to recruit and retain qualified employees, while many justice-impacted Tennessee are being held back from employment by a previous criminal record. The report shows that entrepreneurs are strongly supportive of legislative solutions that would remove barriers to driver's licenses and occupational licensing, which would allow them to access an underutilized workforce. As Tennessee's legislature considers proposals to reform occupational licensing during its legislative session, it's critical that small businesses' views are included in these conversations.

## Methodology

This poll reflects a survey of 100 small business owners and decision-makers in Tennessee. The poll was an online and phone survey conducted by Chesapeake Beach Consulting between February 5-11, 2024. The margin of error is +/-10% at a 95% confidence level.

Download report topline from our website: <https://smallbusinessmajority.org/our-research/workforce/tennessee-small-businesses-support-expanding-occupational-licensing-justice-impacted-individuals>