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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 2**  
**133<sup>rd</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 2's Bill Analysis](#)

**Version:** As Recommended by Conference Committee

**Primary Sponsors:** Reps. Cross and Lepore-Hagan

**Local Impact Statement Procedure Required:** No

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### **Overview**

H.B. 166, the main operating budget act for the FY 2020-FY 2021 biennium, provided a combined \$15.0 million in annual GRF and non-GRF funding for the TechCred Program, an employer based workforce development initiative unveiled in early October 2019. H.B. 2 elaborates on the TechCred Program in the following ways:

- Of total appropriations, the bill allocates \$12.3 million annually available for TechCred Program reimbursements to businesses. Of the \$12.3 million annually, the bill further allots the funding to businesses within three tiers of \$4.1 million according to the number of employees working at a business applying for funding.
- Within the TechCred Program, the bill creates an Individual Microcredential Assistance Program, earmarking \$2.5 million per fiscal year of the TechCred appropriations for reimbursements to training providers.
- The bill requires the Development Services Agency to spend \$200,000 of the TechCred funding each fiscal year for marketing the program.

The bill also adds qualifying criteria and makes other changes that apply to workforce collaboratives seeking grant funding under the Industry Sector Partnership. H.B. 166 provided \$2.5 million in GRF funding each fiscal year for this purpose.

### **Detailed Analysis**

#### **TechCred Program**

The bill modifies the way funding of \$12.3 million in each fiscal year provided in H.B. 166 is to be distributed by allocating that money in three tiers according to the number of employees a business has: (1) \$4.1 million for businesses with 50 or fewer employees, (2) \$4.1 million for businesses with between 51 and 200 employees, and (3) \$4.1 million for

businesses with 201 or more employees. The bill allows the Development Services Agency (DSA) to seek Controlling Board approval to reallocate any unused funding for employer training reimbursements between the tiers if the annual funding in one or two of the other tiers has been fully used.

Under the TechCred Program, qualifying employers may receive up to \$2,000 per employee earning a microcredential. A “microcredential” is defined as an industry-recognized credential or certificate that an applicant may complete in not more than one year. DSA must collaborate with the Department of Higher Education (DHE) and the Governor’s Office of Workforce Transformation to develop the program. DHE would be required to adopt rules establishing a list of eligible training providers and identifying qualifying microcredentials under the program. The bill requires DSA to consider certain factors in approving applications, including the cost of training, regional diversity of awards, and the employee’s estimated wage growth, among others.

### **Individual Microcredential Assistance Program**

H.B. 2 also earmarks \$2.5 million in funding appropriated each year for the TechCred Program under H.B. 166 for the new Individual Microcredential Assistance Program. This initiative would reimburse training providers for their costs in training individuals who earn a microcredential. There are limits to the amount of reimbursements a training provider may receive. Under the bill, reimbursements are limited to not more than \$3,000 for each microcredential an individual receives. In aggregate, a training provider may receive reimbursements of up to \$250,000 in a fiscal year. H.B. 2 requires DSA to provide a database on the program page website showing eligible microcredentials and training programs, searchable by zip code, among other information. Other program terms are the same as or similar to those for the TechCred Program.

### **Industry Sector Partnerships and Sector Partnership Network Program**

H.B. 2 elaborates on the uses of \$2.5 million in annual grant funding originally provided for an Industry Sector Partnerships grant program appropriated in H.B. 166, also allowing for the grants to be distributed to sector partnership networks. This initiative aims to promote two types of workforce development partnerships: (1) a Sector Partnership Network, which is a collaboration among groups of businesses in the same industry, workforce development entities, educational institutions, and others within a region to address the industry’s specific workforce needs, and (2) a Regional Sector Partnership, which is a collaboration of multiple industry sector partnerships that have a goal of meeting human resources needs of a region or statewide.

The bill requires DSA to work with the Governor’s Office of Workforce Transformation to develop a grant program to support both of these types of partnerships. The uses of the grant could include (1) hiring employees to coordinate partnership activities, (2) developing curricula or other educational resources, (3) marketing the partnerships and opportunities the partnership creates for workforce development activities, and (4) any other activity DSA has approved in rules governing the grant program. This might lead to some additional administrative costs shared between DSA and the Governor’s Office of Workforce Transformation.

## **Marketing and other operating costs**

The bill requires DSA to spend \$200,000 in each of FY 2020 and FY 2021 to market these workforce development programs. In addition to the marketing program, presumably some of the \$17.5 million in total appropriations in each fiscal year will be used to oversee the implementation of the workforce training programs created under the bill, but it may be that other administrative costs would be covered by other sources under the DSA budget. It is likely that several new employees would need to be hired to oversee the programs created by the bill, including program managers and research analysts.

Finally, the bill requires DSA to submit an annual report to the General Assembly that includes information on the programs and relevant operating statistics, such as the average change in annual wages paid to employees assisted under the microcredential programs, lists of microcredential training providers and microcredentials received, microcredential completion rates, microcredential demographics, and regional and statewide employment changes, among others. The report must also include an analysis of employers who received a reimbursement through the TechCred Program, including an employer's certification as an EDGE or minority business enterprise. There might be some small administrative cost for compiling this annual report, which is due on August 1 of each year.