



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 140 of the 132nd G.A.

**Status:** As Introduced

**Sponsor:** Sen. Schiavoni

**Local Impact Statement Procedure Required:** No

**Subject:** To fund various programs related to workforce development

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### State Fiscal Highlights

- The bill increases expenditures from the GRF by \$49.75 million in each of FY 2018 and FY 2019, including increases in GRF appropriations of \$43.25 million and transfers of \$6.5 million in each fiscal year. This increase is to fund various programs related to workforce development under the budgets of three state agencies.
- The majority of the bill's funding consists of supplemental appropriations for existing programs currently operated by the three state agencies in the FY 2018-FY 2019 biennium. H.B. 49 of the 132nd General Assembly, the main operating appropriations act for the biennium, already provides some funding for these programs.
- Additionally, the bill creates and funds two new programs in temporary law.
- **Development Services Agency (DSA).** The bill includes appropriations of \$24.75 million in each fiscal year for DSA. The appropriations are to be used for four different purposes: one new program – the Sector Partnership Grant Program with funding of \$10.0 million per year – as well as three existing purposes – (1) the Minority Business Enterprise Loan Program with funding of \$6.5 million per year, (2) Ohio Brownfield Fund assistance with funding of \$5.0 million per year, and (3) Minority Business Assistance Center support with funding of \$3.5 million per year.
- **Department of Education.** The bill appropriates GRF funding of \$12.5 million in both FY 2018 and FY 2019 for grants to public schools to improve access to workforce training opportunities for students.
- **Department of Higher Education.** The bill creates the Public-Private Partnership Grant Program with GRF funding of \$12.5 million in both FY 2018 and FY 2019 to provide grants to regional partnerships of state institutions of higher education in the two-year sector and businesses to develop, enhance, and promote associate degree programs and industry-recognized credential programs that align with in-demand jobs to address the region's workforce needs.

# Detailed Fiscal Analysis

## Development Services Agency

The bill includes appropriations totaling \$24.75 million in each of FY 2018 and FY 2019 for the Development Services Agency (DSA). Of that amount, \$18.25 million is appropriated from the GRF, and the remaining \$6.5 million is appropriated from the Minority Business Enterprise Loan Fund (Fund 4W10), which the bill funds by transfers from the GRF. More detail on each of the appropriations to DSA is below.

### Creation and funding of the Sector Partnership Grant Program

The bill creates the Sector Partnership Grant Program for the FY 2018-FY 2019 biennium for DSA to provide grants to assist workforce development across industries. The program is funded at \$10.0 million in each fiscal year from GRF appropriation item 195504, Sector Partnership Grants. The bill allows these grants to be awarded to industry partnerships, which are defined as collaborative relationships between multiple employers and workers or worker representatives in industry clusters to address common workforce needs. The industry partnerships may use the grant funding for many purposes as laid out in the bill. These purposes generally are to organize, assist, and address workforce development needs in the particular industry. DSA will incur costs in administering the program, as well as fulfilling the bill's requirement to develop and implement a system to evaluate the program. Presumably the costs to DSA will be paid from the appropriations to line item 195504.

### Supplemental funding for existing DSA programs

There are three other appropriations that seek to provide supplemental funding for existing DSA purposes. These appropriations make up the remaining \$14.75 million per year appropriated to DSA under the bill.

First, S.B. 140 includes appropriations of \$6.5 million in each of FY 2018 and FY 2019 for the Minority Business Enterprise Loan Program. H.B. 49 of the 132nd General Assembly, the main operating budget bill for the FY 2018-FY 2019 biennium, provides appropriations of \$4.0 million in each year, from Minority Business Enterprise Loan Fund (Fund 4W10) appropriation item 195646, Minority Business Enterprise Loan. The bill's additional appropriations are funded by transfers of \$6.5 million in each of FY 2018 and FY 2019 to Fund 4W10 from the GRF.

Second, the bill provides \$3.25 million per year in GRF funding to appropriation item 195405, Minority Business Development, and requires the appropriations to be distributed in equal amounts to the seven minority business assistance centers (MBACs) across the state. In H.B. 49, about \$1.0 million in annual GRF funding is already slated to go to MBACs.

Third, the bill appropriates \$5.0 million in each of FY 2018 and FY 2019 from GRF appropriation item 195426, Redevelopment Assistance, and requires the appropriations to be used to support the Ohio Brownfield Fund. According to DSA, the fund comprises a collection of funding sources that can be used to help plan, assess, and remediate

brownfields throughout the state. The only line item in the DSA budget explicitly aimed for brownfield assistance is federal Fund 3080 appropriation item 195671, Brownfield Redevelopment, which is used to provide low-interest loans for brownfield assistance. In addition, the Ohio EPA and JobsOhio provide other forms of brownfield redevelopment subsidies, which may be leveraged through the Ohio Brownfield Fund.

### **Department of Education**

The bill appropriates \$12.5 million in both FY 2018 and FY 2019 from the GRF to the Ohio Department of Education (line item 200545, Career-Technical Education Enhancements) for grants to city, local, exempted village, and joint vocational school districts, community schools, and STEM schools to improve access to workforce training opportunities for students. Specifically, the grants may be used to (1) assist students with shop fees associated with career-technical education courses, (2) assist students with industry credential testing fees, (3) purchase or upgrade equipment for career-technical education programs, (4) expand existing work-readiness programs, and (5) carry out any other purposes that the Superintendent of Public Instruction deems appropriate to improve access to workforce training opportunities for students. The bill requires the Superintendent to develop guidelines for and administer the grants.

### **Department of Higher Education**

The bill creates the Public-Private Partnership Grant Program with GRF funding of \$12.5 million in both FY 2018 and FY 2019 in new GRF line item 235570, Public-Private Partnership Grant Program, in the Department of Higher Education's budget. The program will provide grants to eligible partnerships of state institutions of higher education in the two-year sector (community colleges, technical colleges, and university branches, or regional campuses) and businesses in the same region to develop, enhance, and promote associate degree programs and industry-recognized credential programs that align with in-demand jobs to address the region's workforce needs.

A nine-member governing board will award the grants. The governing board will select a group of uncompensated grant advisors with the appropriate expertise to evaluate grant proposals and advise the staff administering the program. However, the Chancellor of Higher Education must establish the system for evaluating and scoring grant applications as well as determine the amount for each grant, which must be allocated evenly between the institution of higher education and the businesses in the partnership. In addition, the Controlling Board must approve each grant. The bill specifies various other requirements of the program, including grant application and grant agreement contents and the time period within which the governing board must make a decision on an application.