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H.B. 2
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133rd General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 2's Bill Analysis

Version: In House Economic and Workforce Development

Primary Sponsors: Reps. Cross and Lepore-Hagan

Local Impact Statement Procedure Required: No

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Highlights

The bill establishes three new workforce development programs to be overseen by the Development Services Agency (DSA) and provides $17.5 million in GRF appropriations in each of FY 2020 and FY 2021 for them as follows:

- **TechCred Program** – $12.3 million per fiscal year to reimburse employers for costs of training current or prospective employees in receiving a microcredential;
- **Individual Microcredential Assistance Program** – $2.5 million per fiscal year to provide grants to individuals to pay for the costs of training to earn a microcredential; and
- **Industry Sector Partnerships Program** – $2.5 million per fiscal year to support regional partnerships across the state, including a grant program to develop the partnerships and promote their mission.
- **Workforce development program marketing** – the bill requires DSA to use the remaining $200,000 in appropriations in each fiscal year to market the workforce development programs noted above.

Detailed Analysis

TechCred Program

The bill creates the TechCred Program to reimburse employers for training costs for incumbent or prospective employees to earn a microcredential. The bill provides GRF funding of $12.3 million in each of FY 2020 and FY 2021 for this purpose. It allocates annual funding according to business size, as follows: (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 employers to receive from $500 to $2,000 per employee earning a microcredential under the program.

Under the bill, a "microcredential" is 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 must adopt rules establishing a list of eligible training providers and defining the microcredentials eligible 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

In addition to the employer training reimbursements offered under the TechCred Program, the bill creates an Individual Microcredential Assistance Program to provide grants to eligible individuals to pay for the costs of training to earn a microcredential. The bill provides $2.5 million in GRF funding for this purpose in each fiscal year. DSA is required 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 the TechCred Program.

Industry Sector Partnerships Program

The bill also creates the Industry Sector Partnerships Program and provides GRF funding of $2.5 million in each fiscal year for this purpose. This initiative aims to promote 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. The bill requires DSA to work with the Governor's Office of Workforce Transformation to develop a grant program to support these partnerships. The uses of the grant could include (1) hiring employees to coordinate industry sector partnership activities, (2) developing curricula or other educational resources to support the industry sector partnership, (3) marketing the industry sector partnership and opportunities the partnership creates for workforce development activities, and (4) any other activity DSA has approved in rules governing the grant program.

Marketing and other operating costs

The bill requires DSA to spend $200,000 of the GRF appropriations 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 would seem likely that multiple new employees would need to be hired, such as program managers and research analysts.

In addition to the duties already outlined for each program above, DSA must submit an annual report to the General Assembly compiling information on the three programs and providing a range of statistics on the operation of each of the programs. These statistics include the average change in annual wages paid to employees assisted under the microcredential programs, lists of microcredential training providers and microcredentials received, mircrocredential completion rates, microcredential demographics, and regional and statewide employment changes, and others.

Synopsis of Fiscal Effect Changes

The substitute bill adds program terms and more detailed application procedures to each of the three programs created in the bill. These are analyzed in more detail in the substitute bill comparative synopsis.

The substitute bill reduces appropriations for the TechCred and Individual Microcredential Assistance programs from a total of $30 million for the two programs in the As Introduced version to a total of $15.0 million in funding for the two programs in each of FY 2020 and FY 2021 in the substitute bill. The substitute bill also adds an earmark of $200,000 in each of FY 2020 and FY 2021 for marketing the workforce development programs, and removes specific earmarks from appropriations for operating costs of DSA. The Agency will likely incur additional operating costs in implementing the programs as detailed more specifically in the substitute bill, and also in conducting analysis required in the annual reporting requirements contained in the substitute bill.

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