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<p>H.B. 2* 133rd General Assembly</p>	<p>Bill Analysis</p> <p>Click here for H.B. 2's Fiscal Note</p>
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Version: As Reported by Senate Finance

Primary Sponsors: Reps. Cross and Lepore-Hagan

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SUMMARY

- Creates the TechCred Program to provide reimbursements to eligible employers for training costs for both incumbent and prospective employees to earn a microcredential, which generally is an industry-recognized credential or certificate that may be completed in not more than one year.
- Creates the Individual Microcredential Assistance Program to reimburse training providers for training costs for individuals to earn a microcredential.
- Requires the Director of Development Services to develop a grant program to support industry sector partnerships and sector partnership networks in consultation with the Governor’s Office of Workforce Transformation.
- Requires the Director to submit to the General Assembly an annual report providing specified information regarding the workforce development programs created under the bill on August 1 each year.
- Makes changes to how the appropriation for the TechCred Program is allocated.

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* This analysis was prepared before the report of the Senate Finance Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

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DETAILED ANALYSIS

TechCred Program

The bill creates the TechCred Program to provide reimbursements to employers for training costs for incumbent and prospective employees to earn a microcredential. A “microcredential” is an industry-recognized credential or certificate that an individual may complete in not more than one year and that is approved by the Chancellor of Higher Education. The Development Services Agency (DSA) must develop the TechCred Program in consultation with the Governor’s Office of Workforce Transformation (OWT) and the Department of Higher Education. The TechCred Program was launched in early October.¹

¹ For more information about the TechCred Program, see <https://techcred.ohio.gov/wps/portal/gov/techcred/home>.

Under the bill, the Chancellor must establish a list of approved microcredentials. The Director of Development Services must create a list of training providers that offer a microcredential included on the Chancellor's list within 90 days after the bill's effective date and update the list annually.²

Participation in the program

Application

An employer seeking to participate in the TechCred Program must submit to the Director during an application period established by the Director an application that includes all of the following information:

1. Proof that the employer is registered to do business in Ohio;
2. Proof that the employer is current on all tax obligations to the state;
3. Proof that the employer is in compliance with all environmental regulations applicable to the employer;
4. The name of the training provider from which an employee will receive the training and earn the microcredential;
5. The training's cost;
6. The positions for which earning the microcredential will make an employee qualified or the occupational skill set that the employee will acquire on completing the training;
7. The address of the facility or location at which the employee is expected to be employed after completing the training;
8. Any other information the Director requires.

The employer also may submit any of the following information the employer wishes to provide to the Director:

1. The estimated wage after completing the training and earning the microcredential;
2. The employer's minority or EDGE business enterprise certification, if applicable;
3. The employer's demographic information, including race and gender;
4. Any employee's demographic information that the employee provides to the employer, including race and gender;
5. Any other information the employer wishes to provide to the Director.³

² R.C. 122.178(A), (B), and (D).

³ R.C. 122.178(C), by reference to R.C. 123.151 and 123.152, not in the bill.

Director considerations

The bill requires the Director to consider all applications to participate in the TechCred Program submitted during an application period after the period ends. The Director must consider the following factors in determining whether to approve an application:

- The training program's duration;
- The training's cost;
- An employee's estimated wage after completing the training and earning the microcredential;
- Whether approving an application will promote regional diversity in apportioning reimbursements uniformly across Ohio using the regions established under the bill (see "**Regions**," below);
- Any other factors the Director considers relevant in determining whether to approve an application.

The Director may adopt rules establishing priority guidelines for approving reimbursement applications. The Director cannot approve an application unless the microcredentials identified in the application are included in the Chancellor's list or if the employer has violated the Minimum Fair Wage Standards Law⁴ within the four fiscal years immediately preceding the application date. If the Director approves an employer's application for participation, the approval is valid as long as the employer maintains accurate information under "**Applications**," above, with the Director. The employer must submit updated information to the Director at the beginning of the third fiscal year the employer participates in the program and every other subsequent fiscal year after that.⁵

Regions

The bill establishes seven regions within Ohio for purposes of determining regional diversity in apportioning reimbursements uniformly across Ohio under the TechCred Program. The following constitute separate regions:

- The counties of Allen, Crawford, Defiance, Fulton, Hancock, Hardin, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, Wood, and Wyandot are one region;
- The counties of Ashland, Ashtabula, Columbiana, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull, Tuscarawas, and Wayne are one region;

⁴ R.C. Chapter 4111.

⁵ R.C. 122.178(D), (G), and (I).

- The counties of Auglaize, Champaign, Clark, Clinton, Darke, Fayette, Greene, Mercer, Miami, Montgomery, Preble, and Shelby are one region;
- The counties of Delaware, Fairfield, Franklin, Knox, Licking, Logan, Madison, Marion, Morrow, Pickaway, and Union are one region;
- The counties of Adams, Athens, Gallia, Highland, Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, and Vinton are one region;
- The counties of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Morgan, Muskingum, Noble, Perry, and Washington are one region;
- The counties of Brown, Butler, Clermont, Hamilton, and Warren are one region.⁶

Reimbursement applications and amount

Each participating employer seeking reimbursement for training costs for an incumbent or prospective employee under the TechCred Program must submit an application to the Director. The application must include all of the following information for each employee:

1. The employee's name and position, if applicable, at the time of submitting the application;
2. The actual amount the employer paid to the training provider for the training;
3. Evidence that the employee earned a microcredential;
4. Evidence that the employee is an Ohio resident.

The amount of a reimbursement for each microcredential an employee receives must be not more than \$2,000.⁷

Prohibition

The bill prohibits an employer from requiring an employee who receives a microcredential because the employer participated in and received a reimbursement through the employer's participation in the TechCred Program to accept or continue employment with the employer.⁸

Powers and duties

The Director must do both of the following regarding the Program's operation:

1. Create an application to participate in the TechCred Program and a reimbursement application;

⁶ R.C. 122.178(G).

⁷ R.C. 122.178(E).

⁸ R.C. 122.178(F).

2. Create a website with the applications for and information regarding the TechCred Program.

The Director may adopt rules regarding the operation of the program as the Director considers necessary to administer the program.

The bill also requires OWT to include on its website either (1) the applications for and information regarding the TechCred Program or (2) an Internet link to the website created by the Director.⁹

Appropriation

H.B. 166 of the 133rd General Assembly, the main appropriations act, appropriated \$15 million in FY 2020 and FY 2021 for the TechCred Program. The bill divides the appropriation between the TechCred Program, the Individual Microcredential Assistance Program discussed below, and marketing the bill's programs. For TechCred, the bill provides \$12.3 million in each fiscal year, and specifies how the appropriations are allocated for and awardable in each fiscal year to businesses depending on the number of employees employed by the business. That allocation is as follows:

1. For businesses with 50 or fewer employees, not more than \$4.1 million;
2. For businesses with between 51 and 200 employees, not more than \$4.1 million; and
3. For businesses with 201 or more employees, not more than \$4.1 million.

The Director, in each fiscal year of the biennium, may request Controlling Board approval to reallocate unused portions from one or two of the above funding tiers to one or two of the other tiers if the full amount allocated under the other tier has been approved for reimbursements under the program.¹⁰

Individual Microcredential Assistance Program

The bill creates the Individual Microcredential Assistance Program (IMAP) to reimburse training providers for training costs for individuals to earn a microcredential. The bill requires DSA to administer the program in consultation with OWT. A "training provider" includes a state institution of higher education, an Ohio technical center, or a private business or institution that offers training to allow an individual to earn one or more microcredentials.¹¹

Reimbursement applications

Application requirements

A training provider seeking to participate in IMAP must submit an application to the Director. The training provider must include all of the following information in the application:

⁹ R.C. 122.178(H) and (I).

¹⁰ Sec. 259.20 and 259.30 of H.B. 166 of the 133rd General Assembly.

¹¹ R.C. 122.1710(A) and (B).

1. The name of the microcredential that each individual receiving training from the training provider is seeking to obtain;
2. The number of individuals that the training provider has accepted into the training program and proof that each individual was accepted into the training provider's program to earn the microcredential;
3. The training's cost;
4. Any other information the Director requires.

A training provider also may submit to the Director any demographic information of an individual participating in the training provider's program that the individual provides to the training provider, including race and gender.¹²

Director considerations

The Director must consider the following factors in determining whether to approve an application:

- The training program's duration;
- The training's cost;
- Whether approving an application will promote regional diversity in apportioning reimbursements uniformly across Ohio (the Director must use the regions established in the bill; see "**Regions**," above);
- The training provider's commitment to providing opportunities for low income, partially unemployed, and totally unemployed individuals to participate in a training program and receive a microcredential.

The bill prohibits the Director from approving an application unless the microcredentials identified in the application are included in the Chancellor's list. The Director may adopt rules establishing priority guidelines for approving applications.¹³

Reimbursement amount and requirements

Under the bill, the Director must notify a training provider in writing of the Director's decision to approve or deny the training provider's application to participate in IMAP. The training provider cannot charge an individual participating in a training program to earn a microcredential for which the training provider is seeking a reimbursement for any costs associated with the individual's participation in the program or any costs to the training provider because the individual did not complete the program.

After the individual or individuals the training provider is seeking a reimbursement for have earned a microcredential, the training provider must submit an application to the Director

¹² R.C. 122.1710(C).

¹³ R.C.122.1710(D) and (I).

for reimbursement. The reimbursement application must include the actual cost for the training provider to provide each individual with the training and evidence that each individual earned a microcredential. The amount of a reimbursement to the training provider is not more than \$2,000 for each microcredential an individual receives. The training provider may receive a total reimbursement of \$250,000 in a fiscal year. The training provider cannot receive a reimbursement for any additional individual in a training program who earns a microcredential beyond the number the provider included in the provider's IMAP application under "**Application requirements**," above.¹⁴

Director powers and duties

The Director must create an application to participate in IMAP and an application for reimbursement. The Director also must create and distribute a survey to each individual who successfully earned a microcredential because of a reimbursement to a training provider under IMAP inquiring as to the individual's occupation and wages at the time of completing the survey. The Director must include on the DSA website, and the OWT must include on OWT's website and the OhioMeansJobs website, all of the content the Director creates.

The Director may adopt rules as the Director considers necessary to implement IMAP.¹⁵

Public records exemption

The bill exempts from the Public Records Law an individual's personal information the Director receives in connection with IMAP. However, the Director may use an individual's personal information as necessary to complete the annual report the Director must submit to the General Assembly under the bill (see "**Annual report**," below).¹⁶

Appropriation

The bill specifies that \$2.5 million in FY 2020 and FY 2021 from the TechCred appropriation be used for reimbursements under IMAP.¹⁷

Industry sector partnership and sector partnership network grant program

The bill requires the Director to develop a grant program to support industry sector partnerships and sector partnership networks in consultation with OWT. An "industry sector partnership" is a workforce collaborative that organizes key leaders and stakeholders of an industry cluster into a working group that focuses on achieving a shared goal of meeting the industry cluster's human resources needs. A "sector partnership network" is a regional or statewide workforce collaborative that organizes multiple industry sector partnerships into a

¹⁴ R.C. 122.1710(D), (E), and (F).

¹⁵ R.C. 122.1710(G), (H), and (I).

¹⁶ R.C. 122.1710(J), by reference to R.C. 149.43, not in the bill.

¹⁷ Sec. 259.20 of H.B. 166 of the 133rd General Assembly.

working group that focuses on achieving a shared goal of meeting the human resources needs of a region or statewide. The Director may adopt rules as the Director considers necessary to administer the program.¹⁸

The bill permits a collaboration of multiple employers of an industry cluster to organize and lead an industry sector partnership by convening or acting in partnership with representatives of businesses, employers, or other institutions of an industry cluster, including small- and medium-sized employers where practicable. It also permits a collaboration of multiple industry sector partnerships to convene or act in partnership together as a sector partnership network.

An industry sector partnership may include representatives of one or more of the following:

- A school district;
- A state institution of higher education;
- An Ohio technical center;
- An independent college or university;
- The state or a local government;
- A state or local economic or workforce development agency;
- A state or local workforce development board;
- The Department of Job and Family Services;
- A business, trade, or industry association;
- A charitable organization;
- An economic development organization;
- A nonprofit or community-based organization or intermediary;
- The Ohio State University Extension Division or the Central State University Extension Program;
- Any other organization that the industry sector partnership considers necessary to further the shared goal of meeting the industry cluster's human resources needs.¹⁹

Grant applications and awards

The Director must establish a system for evaluating and scoring grant applications that prioritizes collaborative community-based solutions, including sector partnership networks. The

¹⁸ R.C. 122.179(A), (C), and (E).

¹⁹ R.C. 122.179(B), by reference to R.C. 3335.16, not in the bill.

Director must award a grant to an industry sector partnership or sector partnership network that submits a complete application for funding that does both of the following:

1. Describes the activities under “**Permissible grant uses,**” below, that the partnership or network will use the grant funds to support;
2. Meets the scoring criteria established by the Director.²⁰

Permissible grant uses

An industry sector partnership or sector partnership network may use a grant awarded under the program to do any of the following activities:

1. Hire employees to coordinate industry sector partnership or sector partnership network activities;
2. Develop curricula or other educational resources to support the industry sector partnership or sector partnership network;
3. Market the industry sector partnership or sector partnership network and opportunities the partnership or network creates for workforce development activities;
4. Any other activity approved under rules adopted by the Director.²¹

Appropriation name

H.B. 166 of the 133rd General Assembly appropriated \$2.5 million for FY 2020 and FY 2021 for industry sector partnerships. The bill renames that line item “regional partnership networks.”²²

Annual report

The bill requires the Director to submit to the General Assembly a written report that compiles and includes information regarding the TechCred, IMAP, and industry sector partnership and sector partnership network programs created under the bill. The report is due on August 1 each year. In reporting on regional information, the Director must use the regions established by the bill (see “**Regions,**” above). The Director also is required to include in the report any employer or employee demographic information or EDGE or minority business enterprise certification of an employer the Director receives through a TechCred application or demographic information the Director receives through an IMAP application.²³

²⁰ R.C. 122.179(D).

²¹ R.C. 122.179(C).

²² Sec. 259.20 and 259.30 of H.B. 166 of the 133rd General Assembly.

²³ R.C. 122.1711(A) and (B).

TechCred Program

The Director must include the following information in the report regarding the TechCred Program:

- The average percent rate change of wages during the previous year, if any, for employees who earned a microcredential categorized by microcredentials earned in each region and statewide;
- The average percent rate change of wages during the previous years, if any, for employees who earned a microcredential categorized by the region in which employees reside and statewide;
- The average annual wages paid to positions for which holding a microcredential or having the occupational skills acquired through obtaining a microcredential is required, categorized by each region and statewide;
- The rate of change during the previous year of unemployment categorized by each region and statewide;
- The Chancellor's list of approved microcredentials, categorized by each region and statewide;
- A demographic analysis of employees who earned a microcredential under the program based on each employee's race and gender;
- A demographic analysis of employers who received a reimbursement through the program based on each employer's race and gender;
- Any other information the Director wishes to include.²⁴

IMAP

The Director must include the following information in the report regarding IMAP:

- The average percent rate change of wages during the previous year, if any, for individuals who earned a microcredential categorized by microcredentials earned in each region and statewide;
- The average percent rate change of wages during the previous years, if any, for individuals who earned a microcredential categorized by the region in which individuals reside and statewide;
- The average annual wages paid to positions for which holding a microcredential or having the occupational skills acquired through obtaining a microcredential is required, categorized by each region and statewide;

²⁴ R.C. 122.1711(A)(1).

- A demographic analysis of individuals who earned a microcredential under IMAP based on each individual's race and gender;
- An analysis, categorized by each region and statewide, of the results of the surveys the Director distributed to each individual who successfully earned a microcredential under IMAP regarding the individual's occupation and wages at the time of completing the survey;
- The rate of completion for each approved microcredential categorized by region and statewide;
- Any other information the Director wishes to include.²⁵

Industry sector partnership and sector partnership network grant program

The Director must include the following information in the report regarding the grant program to support industry sector partnerships and sector partnership networks:

- A list, categorized by region and statewide, of each industry sector partnership and sector partnership network to which a grant was awarded;
- A list detailing the member composition of each industry sector partnership and sector partnership network to which a grant was awarded, including each employer and representative of an industry cluster;
- Information regarding the activities described under "**Permissible grant uses**" above for which an industry sector partnership and sector partnership network used the awarded grants.²⁶

Marketing requirement

The bill requires the Director to market the TechCred, IMAP, and industry sector partnership and sector partnership network programs. The bill specifies that \$200,000 in FY 2020 and FY 2021 from the TechCred Program appropriation be used for that purpose.²⁷

Appropriation rollover

The Director is required, on July 1, 2020, or as soon as possible thereafter, to certify to the Director of Budget and Management the unexpended, unencumbered balance of all appropriation amounts from FY 2020 and reappropriates that certified amount for FY 2021.²⁸

²⁵ R.C. 122.1711(A)(2).

²⁶ R.C. 122.1711(A)(3).

²⁷ R.C. 122.1711(C) and Sec. 259.20 of H.B. 166 of the 133rd General Assembly.

²⁸ Sec. 259.20 of H.B. 166 of the 133rd General Assembly.

HISTORY

Action	Date
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Reported, H. Finance	06-11-19
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Reported, S. Finance	---
