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H.B. 2 133rd General Assembly	<h2>Final Analysis</h2>
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Version: As Passed by the General Assembly

Primary Sponsors: Reps. Cross and Lepore-Hagan

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UPDATED VERSION*

SUMMARY

- Creates the TechCred Program to provide reimbursements to eligible employers for training costs for incumbent and prospective employees to earn a microcredential, which is an industry-recognized credential or certificate that may be completed in not more than one year.
- Creates the Individual Microcredential Assistance Program (IMAP) to reimburse training providers for training 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 regarding the workforce development programs created under the act on August 1 each year.
- Allocates the TechCred Program appropriation made for FYs 2020 and 2021 among TechCred, IMAP, and marketing the programs.

TABLE OF CONTENTS

TechCred Program	2
Participation in the program	3
Application.....	3
Director considerations	4

* This version updates the effective date.

Regions	4
Reimbursement applications and amount.....	5
Prohibition.....	5
Director powers and duties.....	5
Appropriation	6
Individual Microcredential Assistance Program	6
Application to participate.....	6
Director considerations.....	7
Reimbursement application and amount	7
Prohibition.....	8
Director powers and duties.....	8
Public records exemption.....	8
Appropriation	8
Industry sector partnership, partnership network grants	8
Grant applications and awards	10
Permissible grant uses.....	10
Appropriation	10
Annual report.....	10
TechCred Program.....	11
IMAP	11
Industry sector partnership, network grant program.....	12
Marketing requirement	12
Appropriation rollover	12

DETAILED ANALYSIS

TechCred Program

The act 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 program in consultation with the Governor’s Office of Workforce Transformation (OWT) and the Department of Higher Education. Money for the TechCred Program actually was appropriated in 2019 for FYs 2020 and 2021 in

H.B. 166 of the 133rd General Assembly, and the program began accepting applications in early October 2019.¹

Under the act, 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 by July 13, 2020. The Director must 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 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;

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

² R.C. 122.178(A), (B), and (D).

5. Any other information the employer wishes to provide to the Director.³

Director considerations

The Director must 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 act (see “**Regions**,” below);
- Any other factors the Director considers relevant.

The Director may adopt rules establishing priority guidelines for approving applications. The Director cannot approve an application if (1) the microcredentials identified in the application are not included in the Chancellor’s list of approved microcredentials or (2) the employer has violated the Minimum Fair Wage Standards Law⁴ within the four fiscal years preceding the application date. If the Director approves an application, 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 fiscal year after that.⁵

Regions

The act establishes seven regions for determining regional diversity in apportioning TechCred reimbursements uniformly across Ohio:

- 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;
- The counties of Auglaize, Champaign, Clark, Clinton, Darke, Fayette, Greene, Mercer, Miami, Montgomery, Preble, and Shelby are one region;

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

⁴ R.C. Chapter 4111.

⁵ R.C. 122.178(D), (G), and (I).

- 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

The reimbursement for each microcredential an incumbent or prospective employee receives must not exceed \$2,000.

Each participating employer seeking reimbursement for training costs for an incumbent or prospective employee must submit an application to the Director. The application must include 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.⁷

Prohibition

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

Director powers and duties

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

1. Create an application to participate in the program and a reimbursement application;
2. Create a website with the applications for and information regarding the program.

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

⁶ R.C. 122.178(G).

⁷ R.C. 122.178(E).

⁸ R.C. 122.178(F).

The act also requires OWT to include on its website either (1) the applications for and information regarding the program or (2) an Internet link to the Director's website.⁹

Appropriation

H.B. 166 of the 133rd General Assembly, the main appropriations act, appropriated \$15 million in each of FY 2020 and FY 2021 for the TechCred Program. The act allocates the appropriation among the TechCred Program, the Individual Microcredential Assistance Program discussed below, and marketing the act's programs. It allocates \$12.3 million in each fiscal year for the TechCred Program, and requires the Director to distribute the amounts awarded in each fiscal year among businesses based on the number of employees, as follows:

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

However, in each fiscal year of the biennium, the Director 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.¹⁰

Individual Microcredential Assistance Program

The act creates the Individual Microcredential Assistance Program (IMAP) to reimburse training providers for training costs for individuals to earn a microcredential. It 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 microcredentials.¹¹

Application to participate

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

1. The names and number of the microcredentials for which the training provider will seek reimbursement;
2. The training's cost for each microcredential;
3. The training provider's plan to provide opportunities for low-income, partially unemployed, and totally unemployed individuals to participate in a training program and receive a microcredential;

⁹ R.C. 122.178(H) and (I).

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

¹¹ R.C. 122.1710(A) and (B).

4. The total reimbursement amount the training provider will seek;
5. Any other information the Director requires.¹²

Director considerations

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

- 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 act; 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 act prohibits the Director from approving an application if (1) the microcredentials identified in the application are not included in the Chancellor's list of approved microcredentials or (2) the training provider has violated the Minimum Fair Wage Standards Law¹³ within the four fiscal years preceding the application date. The Director may adopt rules establishing priority guidelines for approving applications.

The Director must notify a training provider in writing of the decision to approve or deny the application to participate in IMAP.¹⁴

Reimbursement application and amount

The reimbursement paid to a training provider cannot exceed \$3,000 for each microcredential an individual receives. A training provider may receive a total reimbursement of \$250,000 in a fiscal year. A provider cannot receive reimbursement for any additional individual who earns a microcredential beyond the number of microcredentials included in the provider's application to participate in IMAP.

A participating training provider seeking reimbursement for training costs for one or more microcredentials must submit a reimbursement application to the Director after the individual or individuals have earned a microcredential. The reimbursement application must include the following information:

1. The actual cost for the training provider to provide each individual with the training;

¹² R.C. 122.1710(C).

¹³ R.C. Chapter 4111.

¹⁴ R.C. 122.1710(D) and (I).

2. Evidence that each individual earned a microcredential;

3. Any demographic information of each individual that the individual provides to the training provider, including race and gender (A training provider may request an individual to provide demographic information, including race and gender; however, an individual is not required to provide that information.).¹⁵

Prohibition

A participating training provider cannot charge an individual participating in a training program to earn a microcredential for which the training provider is seeking reimbursement for (1) any costs associated with the individual's participation in the program or (2) any costs to the training provider because the individual did not complete the program.¹⁶

Director powers and duties

The Director must create an application to participate in IMAP and a reimbursement application. 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 the applications and survey on the DSA website, and the OWT must include them on the OWT and OhioMeansJobs websites.

The Director may adopt rules as the Director considers necessary to implement IMAP.¹⁷

Public records exemption

The act 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 required annual report to the General Assembly (see "**Annual report**," below).¹⁸

Appropriation

The act amends the TechCred Program appropriation in H.B. 166 to allocate \$2.5 million in each of FY 2020 and FY 2021 for IMAP.¹⁹

Industry sector partnership, partnership network grants

The act 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

¹⁵ R.C. 122.1710(F).

¹⁶ R.C. 122.1710(E).

¹⁷ R.C. 122.1710(G), (H), and (I).

¹⁸ R.C. 122.1710(J), by reference to R.C. 149.43, not in the act.

¹⁹ Section 259.20 of H.B. 166 of the 133rd General Assembly.

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 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.²⁰

The act 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.²¹

²⁰ R.C. 122.179(A), (C), and (E).

²¹ R.C. 122.179(B).

Grant applications and awards

The grant application period opened in mid-January, 2020.²² The Director must establish a system for evaluating and scoring grant applications that prioritizes collaborative, community-based solutions, including sector partnership networks. The 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 to support;
2. Meets the scoring criteria established by the Director.²³

Permissible grant uses

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

1. Hire employees to coordinate partnership or network activities;
2. Develop curricula or other educational resources to support the partnership or network;
3. Market the partnership or network and opportunities the partnership or network creates for workforce development activities;
4. Any other activity approved under rules adopted by the Director.²⁴

Appropriation

H.B. 166 appropriated \$2.5 million for each of FY 2020 and FY 2021 for “Industry Sector Partnerships.” The act renames that line item (item 195553) as “Sector Partnership Networks.” It also specifies that the entire appropriation amount is to be used for the grant program.²⁵

Annual report

The act requires the Director to submit to the General Assembly a written report that compiles information regarding the TechCred, IMAP, and industry sector partnership and sector partnership network programs. The report is due on August 1 each year. In reporting regional information, the Director must use the regions established by the act (see “**Regions,**” above).

In addition to the information listed below, the Director must include in the report any employer or employee demographic information, and whether an employer is certified as an

²² Governor’s Office of Workforce Transformation, *Lt. Gov. Husted Announces Launch of Industry Sector Partnership Grant Program*, <https://workforce.ohio.gov/wps/portal/gov/workforce/news/news-site/01232020>.

²³ R.C. 122.179(D).

²⁴ R.C. 122.179(C).

²⁵ Sections 259.10 and 259.20 of H.B. 166 of the 133rd General Assembly.

EDGE or minority business enterprise, if the Director receives any of that information through a TechCred application. The Director also must include any demographic information of each individual participating in IMAP if the Director receives that information through an IMAP application.²⁶

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 reimbursement through the program based on each employer's race and gender;
- Any other information the Director wishes to include.²⁷

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;

²⁶ R.C. 122.1711.

²⁷ R.C. 122.1711(A)(1).

- 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;
- 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 survey results 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 completion rate for each approved microcredential categorized by region and statewide;
- Any other information the Director wishes to include.²⁸

Industry 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 industry cluster representative;
- Information regarding the activities described under "**Permissible grant uses,**" above, for which an industry sector partnership and sector partnership network used the awarded grants.²⁹

Marketing requirement

The act requires the Director to market the TechCred, IMAP, and industry sector partnership and sector partnership network programs. It amends the TechCred Program appropriation in H.B. 166 to allocate \$200,000 in each of FY 2020 and FY 2021 for that purpose.³⁰

Appropriation rollover

On July 1, 2020, or as soon as possible thereafter, the Director of Development Services must certify to the Director of Budget and Management the unexpended, unencumbered balance of all amounts appropriated for the act's programs in FY 2020. The act reappropriates

²⁸ R.C. 122.1711(A)(2).

²⁹ R.C. 122.1711(A)(3).

³⁰ R.C. 122.1711(D) and Sec. 259.20 of H.B. 166 of the 133rd General Assembly.

those certified amounts for FY 2021, provided they are allocated for the purpose for which they were initially made.³¹

HISTORY

Action	Date
Introduced	05-13-19
Reported, H. Economic and Workforce Development	06-05-19
Re-referred to H. Finance	06-05-19
Reported, H. Finance	06-11-19
Passed House (92-3)	06-12-19
Reported, S. Finance	11-06-19
Passed Senate (31-0)	11-13-19
House refused to concur in Senate amendments (0-92)	11-19-19
Senate requested conference committee	11-26-19
House acceded to request for conference committee	12-04-19
Senate agreed to conference committee report (31-0)	12-11-19
House agreed to conference committee report (85-2)	12-12-19

19-HB2-UPDATED-133/ar

³¹ Section 259.20 of H.B. 166 of the 133rd General Assembly.