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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

<p style="text-align: center;"><b>H.B. 2</b> <b>133rd General Assembly</b></p>	<h2 style="margin: 0;">Bill Analysis</h2> <p style="margin: 0; font-size: small;"><a href="#">Click here for H.B. 2's Fiscal Note</a></p>
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**Version:** As Passed by the House

**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 provide an eligible individual a grant to pay for training costs to earn a microcredential.
- Requires the Director of Development Services to develop a grant program to support industry sector partnerships and regional sector partnerships 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 an appropriation.

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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 Chancellor must adopt rules in accordance with the Administrative Procedure Act<sup>1</sup> establishing a list of approved Ohio training providers and the microcredentials offered by those providers. 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.<sup>2</sup>

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<sup>1</sup> R.C. Chapter 119.

<sup>2</sup> R.C. 122.178(A), (B), and (D).

## Participation in the program

### Application

An employer seeking to participate in the TechCred Program must submit to the Director of Development Services during the application period established by the Director in rule 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 information regarding the estimated wage after completing the training and earning the microcredential or any other information the employer wishes to provide to the Director.<sup>3</sup>

### Director considerations

The bill requires the Director to consider all applications to participate in the TechCred Program submitted during the 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);

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<sup>3</sup> R.C. 122.178(C) and (I).

- 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 training provider and microcredentials identified in the application are included in the Chancellor's list or if the employer has violated the Minimum Fair Wage Standards Law<sup>4</sup> within the four fiscal years immediately preceding the application date. If the Director approves an application for participation, the approval is valid for the fiscal year as designated by the Director. An employer that participates in the program that wishes to participate in the program in any subsequent fiscal year must reapply in the same manner as in the previous fiscal year.<sup>5</sup>

## 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;
- 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.<sup>6</sup>

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<sup>4</sup> R.C. Chapter 4111.

<sup>5</sup> R.C. 122.178(D), (G), and (I).

<sup>6</sup> R.C. 122.178(G).

## 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 at least \$500 but not more than \$2,000.<sup>7</sup>

## 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.<sup>8</sup>

## 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;
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.<sup>9</sup>

## Appropriation

The bill appropriates \$12.3 million in FY 2020 and FY 2021 for reimbursements under the TechCred Program. The following amounts are allocated for and awardable in each fiscal year to businesses depending on the number of employees employed by the business:

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<sup>7</sup> R.C. 122.178(E).

<sup>8</sup> R.C. 122.178(F).

<sup>9</sup> R.C. 122.178(H) and (I).

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.<sup>10</sup>

## **Individual Microcredential Assistance Program**

The bill creates the Individual Microcredential Assistance Program (IMAP) to provide an eligible individual a grant to pay for training costs to earn a microcredential.<sup>11</sup>

### **Grant applications**

#### **Application requirements**

An individual seeking to participate in IMAP must submit an application to the Director. The individual must include all of the following information in the application:

1. The individual's name and address at which the individual resides;
2. The name of the individual's employer at the time of applying, if applicable;
3. Proof that the individual is an Ohio resident;
4. Proof of the individual's total income during the prior calendar year;
5. The name of the microcredential that the individual is seeking to obtain;
6. The name of the training provider from which the individual will receive training to earn the microcredential and proof that the individual was accepted into the training provider's program to earn the microcredential;
7. The training's cost;
8. Any other information the Director requires.<sup>12</sup>

#### **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;

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<sup>10</sup> Section 3.

<sup>11</sup> R.C. 122.1710(B).

<sup>12</sup> R.C. 122.1710(C).

- Whether approving an application will promote regional diversity in apportioning grants uniformly across Ohio (the Director must use the regions established in the bill; see “**Regions**,” above);
- The individual’s financial need for the grant based on the individual’s total income from the prior calendar year.

The bill prohibits the Director from approving an application unless the training provider and microcredentials identified in the application are included in the Chancellor’s list. The Director may adopt rules establishing priority guidelines for approving applications.<sup>13</sup>

### **Grant amount, disbursement, and recoupment**

If the Director approves a grant application, the Director must do both of the following:

- Notify in writing the individual and the training provider of the approval;
- Disburse a grant directly to the training provider to cover the cost of the training program in an amount that is not less than \$500 and not more than \$2,000.

If the Director denies the application, the Director must notify the individual in writing.

If an individual fails to complete the training for which a grant was disbursed and does not earn a microcredential from the training provider, the training provider must refund the entire grant amount to the Director. If the training provider is a public institution, it must forward the individual’s name and the refunded grant amount to the Attorney General for collection. If the training provider is a private institution, after refunding the grant, the training provider may sue to recover damages equal to the grant amount disbursed to the training provider.<sup>14</sup>

### **Income tax**

The bill allows an individual to deduct from the individual’s adjusted gross income for Ohio income tax purposes any amount included in the individual’s federal adjusted gross income attributable to payments made to cover the cost of a training program for the individual under IMAP. This deduction is allowed to the extent it is not already otherwise allowable as a deduction or exclusion in computing Ohio adjusted gross income for the taxable year.<sup>15</sup>

### **Director powers and duties**

The Director must create an application to participate in and receive a grant under IMAP. The Director also must create and distribute a survey to each individual who successfully earned a microcredential because of an IMAP grant inquiring as to the individual’s occupation and wages at the time of completing the survey.

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<sup>13</sup> R.C.122.1710(D) and (I).

<sup>14</sup> R.C. 122.1710(E) and (F), by reference to R.C. 131.02, not in the bill.

<sup>15</sup> R.C. 5747.01(A)(34).

In addition to the duties described above, the bill requires the Director to create a website through which an individual may apply to a training provider for acceptance into a microcredential training program and that includes the following content:

- The application for and information regarding IMAP;
- The Chancellor’s list of approved training providers and microcredentials;
- A database that does all of the following:
  - Allows a user to search for a microcredential by name and produces results that display the training providers that offer training to earn that microcredential and the training provider’s address;
  - Allows a user to search by zip code and produces results that display both the microcredentials offered and training providers located within and near that zip code and allows a user to filter training providers by distance in relation to that zip code;
  - Allows a user to access a listing of every microcredential offered by each approved training provider.

The Director must include on the DSA website, and the OWT must include on OWT’s website and the OhioMeansJobs website, either (1) all of the content available on the website the Director creates, or (2) an Internet link to that website.

The Director may adopt rules as the Director considers necessary to implement IMAP.<sup>16</sup>

### **Public records exemption**

The bill exempts from the Public Records Law an individual’s personal information included in an application 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).<sup>17</sup>

### **Appropriation**

The bill appropriates \$2.5 million in FY 2020 and FY 2021 for grants awarded under IMAP.<sup>18</sup>

### **Industry sector partnership grant program**

The bill requires the Director to develop a grant program to support industry sector partnerships and regional sector partnerships in consultation with OWT. An “industry sector partnership” is a workforce collaborative that organizes key leaders and stakeholders of an

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<sup>16</sup> R.C. 122.1710(G), (H), and (I).

<sup>17</sup> R.C. 122.1710(J), by reference to R.C. 149.43, not in the bill.

<sup>18</sup> Section 3.



industry cluster into a working group that focuses on achieving a shared goal of meeting the industry cluster's human resources needs. A "regional sector partnership" 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.<sup>19</sup>

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 regional sector partnership.

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.<sup>20</sup>

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<sup>19</sup> R.C. 122.179(A), (C), and (E).

<sup>20</sup> R.C. 122.179(B), by reference to R.C. 3335.16, not in the bill.

## Grant applications and awards

The Director must establish a system for evaluating and scoring grant applications that prioritizes collaborative community-based solutions, including regional sector partnerships. The Director must award a grant to an industry sector partnership or regional sector partnership 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 will use the grant funds to support;
2. Meets the scoring criteria established by the Director.<sup>21</sup>

### Permissible grant uses

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

1. Hire employees to coordinate industry sector partnership or regional sector partnership activities;
2. Develop curricula or other educational resources to support the industry sector partnership or regional sector partnership;
3. Market the industry sector partnership or regional sector partnership and opportunities the partnership creates for workforce development activities;
4. Any other activity approved under rules adopted by the Director.<sup>22</sup>

### Appropriation

The bill appropriates \$2.5 million in FY 2020 and FY 2021 for grants under the program.<sup>23</sup>

### 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 regional sector partnership 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).<sup>24</sup>

### TechCred Program

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

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<sup>21</sup> R.C. 122.179(D).

<sup>22</sup> R.C. 122.179(C).

<sup>23</sup> Section 3.

<sup>24</sup> R.C. 122.1711(A) and (B).

- 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 training providers and 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.<sup>25</sup>

## **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;
- 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

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<sup>25</sup> R.C. 122.1711(A)(1).

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.<sup>26</sup>

### **Industry and regional sector partnership program**

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

- A list, categorized by region and statewide, of each industry sector partnership and regional sector partnership to which a grant was awarded;
- A list detailing the member composition of each industry sector partnership and regional sector partnership 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 regional sector partnership used the awarded grants.<sup>27</sup>

### **Marketing requirement and appropriation**

The bill requires the Director to market the TechCred, IMAP, and industry sector partnership and regional sector partnership programs. The bill appropriates \$200,000 in FY 2020 and FY 2021 for that purpose.<sup>28</sup>

### **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 under the bill from FY 2020. The bill reappropriates that certified amount for FY 2021.<sup>29</sup>

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<sup>26</sup> R.C. 122.1711(A)(2).

<sup>27</sup> R.C. 122.1711(A)(3).

<sup>28</sup> R.C. 122.1711(C) and Section 3.

<sup>29</sup> Section 3.

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## 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

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