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# OHIO LEGISLATIVE SERVICE COMMISSION

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**H.B. 2**  
**133rd General Assembly**

## Bill Analysis

**Version:** As Introduced

**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 a certificate program or other industry-recognized credential that may be completed in one year or less.
- Creates the Individual Microcredential Assistance Program to allow an eligible individual to apply to the Director of Development Services for a grant to pay for training costs to earn a microcredential.
- Requires the Director to develop a grant program to support regional industry sector partnerships in consultation with the Governor's Office of Workforce Transformation.
- Makes an appropriation.

### DETAILED ANALYSIS

#### TechCred Program

The bill creates the TechCred Program to provide reimbursements to eligible employers for training costs for incumbent and prospective employees to earn a microcredential. A "microcredential" is a certificate program or other industry-recognized credential that:

1. An individual may complete in one year or less; and
2. The Chancellor of Higher Education includes on the inventory of certificate programs and industry-recognized credentials offered at state institutions of higher education and Ohio technical centers that align with in-demand jobs in Ohio.

The Development Services Agency must develop the TechCred Program in consultation with the Governor's Office of Workforce Transformation and the Department of Higher Education.<sup>1</sup>

### **Employer eligibility**

For an employer to be eligible to participate in the TechCred Program, the employer must meet all of the following requirements:

1. Be registered to do business in Ohio;
2. Be current on all tax obligations to the state;
3. Be in compliance with all environmental regulations applicable to the employer.<sup>2</sup>

### **Reimbursement applications**

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

1. The employee's name and position at the time of submitting the application or the position for which the employee will be qualified after earning the microcredential;
2. The training provider from which the employee received the training;
3. The cost incurred by the employer for the training;
4. Evidence that the employee earned a microcredential;
5. The following information, depending on whether the employee is an incumbent or prospective employee at the time of receiving the training:
  - a. For an incumbent employee, evidence that the employer increased the employee's annual wage by at least double the amount of the reimbursement the employer requested for that employee after the employee completed the microcredential;
  - b. For a prospective employee, evidence that the employer hired the employee for a position located in Ohio after the employee completed the microcredential.

An eligible employer may only apply for reimbursement for training costs for incumbent or prospective employees who are Ohio residents.<sup>3</sup>

### **Application approval**

The Director must approve reimbursement applications based on the priority guidelines established by the Director. The Director must calculate the amount of a reimbursement as the

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<sup>1</sup> R.C. 122.178, by reference to R.C. 3333.94, not in the bill.

<sup>2</sup> R.C. 122.178(C).

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

total amount of the costs for all employees receiving the training. For each microcredential an employee receives, the employer receives at least \$500 but not more than \$2,000.<sup>4</sup>

### **Director powers and duties**

The bill requires the Director to do all of the following regarding the operation of the TechCred Program:

1. Create a reimbursement application;
2. Establish guidelines for prioritizing approval for reimbursement applications, including the efficiency of a wage increase for an incumbent employee or expected wage for a prospective employee;
3. Establish additional requirements for an employer to be eligible for a reimbursement;
4. Create a website with the application for and information regarding the TechCred Program and the Individual Microcredential Assistance Program described below.

The bill allows the Director, in consultation with the Chancellor, to adopt rules as the Director considers necessary to administer the program, including designating eligible training providers for the purposes of the TechCred Program and the Individual Microcredential Assistance Program.<sup>5</sup>

### **Appropriation**

The bill appropriates \$14,700,000 in FY 2020 and FY 2021 for reimbursements under the TechCred Program. The following amounts are awardable in each fiscal year to businesses depending on the number employees employed by the business:

1. For businesses with 50 or fewer employees, not less than \$2,500,000;
2. For businesses with 200 or fewer employees, not less than \$2,500,000, in addition to the minimum amount awardable to businesses with 50 or fewer employees; and
3. For businesses with 200 or more employees, not less than \$2,250,000.<sup>6</sup>

### **Individual Microcredential Assistance Program**

The bill creates the Individual Microcredential Assistance Program (IMAP Program) to allow an eligible individual to apply to the Director for a grant to pay for training costs to earn a microcredential. The maximum grant amount awardable under the IMAP Program is \$5,000.<sup>7</sup>

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<sup>4</sup> R.C. 122.178(D)(2).

<sup>5</sup> R.C. 122.178(E) and (F).

<sup>6</sup> Section 2(A).

<sup>7</sup> R.C. 122.179(B) and (D).

The Director may adopt rules as the Director considers necessary to implement the IMAP Program.<sup>8</sup>

### **Grant applications**

An individual applying for a grant under the IMAP Program must include all of the following information in the grant application:

1. The microcredential that the individual is receiving training to earn;
2. The training provider from which the individual is receiving training;
3. The cost of the training.

The bill requires the Director to make the grant application available on the OhioMeansJobs website and the websites maintained by the Development Services Agency, the Governor's Office of Workforce Transformation, and the Departments of Higher Education and Education.<sup>9</sup>

### **Grant disbursement and recoupment**

If the Director approves a grant application, the Director must disburse half of the grant amount to the training provider identified in the individual's grant application on behalf of the individual who applied before beginning training. To receive the remaining grant funds, the training provider must submit evidence that the individual has completed half of the required training and of the individual's enrollment in the remaining portion of the training. After receiving that evidence, the Director must disburse the remaining grant funds to the training provider. (In what appears to be a drafting error, the bill incorrectly uses "disperse" rather than "disburse.")

If an individual fails to complete the training and earn a microcredential from the training provider, the provider may seek to recover half of the grant amount awarded to an individual under the IMAP Program. The provider may recover only half of the grant amount from the individual regardless of the amount of training the individual completed.<sup>10</sup> However, because the grant amount is directly awarded to the provider and not the individual, the practical effect of the provision is unclear.

### **Appropriation**

The bill appropriates \$14,700,000 in FY 2020 and FY 2021 for grants awarded under the IMAP Program.<sup>11</sup>

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<sup>8</sup> R.C. 122.179(F).

<sup>9</sup> R.C. 122.179(A) and (C) , by reference to R.C. 6301.01, not in the bill.

<sup>10</sup> R.C. 122.179(D) and (E).

<sup>11</sup> Section 2(B).

## Industry sector partnership grant program

The bill requires the Director to develop a grant program to support regional industry sector partnerships in consultation with the Governor’s Office of Workforce Transformation. An “industry sector partnership” is a collaborative relationship between one or more employers and one or more school districts, state institutions of higher education, or Ohio technical centers.<sup>12</sup> The Director may adopt rules as the Director considers necessary to administer the program.<sup>13</sup>

### Grant applications and awards

Under the bill, the Director must establish a system for evaluating and scoring grant applications. The Director must award a grant to an industry 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; and
2. Meets the scoring criteria established by the Director.<sup>14</sup>

### Permissible grant uses

An industry 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 activities;
2. Develop curricula or other educational resources to support the industry sector partnership;
3. Market the industry sector partnership and opportunities the partnership creates for workforce development activities;
4. Any other activity approved under rules adopted by the Director.<sup>15</sup>

### Appropriation

The bill appropriates \$2,500,000 in FY 2020 and FY 2021 for grants under the program.<sup>16</sup>

### Operating costs appropriation

The bill appropriates \$600,000 in FY 2020 and FY 2021 to cover the operating costs of the TechCred and IMAP Programs.<sup>17</sup>

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<sup>12</sup> R.C. 122.1710(A) and (B), by reference to R.C. 3333.94 and 3345.011, not in the bill.

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

<sup>14</sup> R.C. 122.1710(C).

<sup>15</sup> R.C. 122.1710(B).

<sup>16</sup> Section 2.

<sup>17</sup> Section 2(C).

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## HISTORY

Action	Date
Introduced	05-13-19

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