



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 283 of the 128th G.A.](#)

Date: October 21, 2009

Status: As Introduced

Sponsor: Rep. S. Williams

Local Impact Statement Procedure Required: No — No local cost

Contents: Establishes a biotechnology and bioscience training grant program to be operated by the Department of Development

State Fiscal Highlights

- The Ohio Department of Development (ODOD) would incur additional costs to issue and administer grants for training in the biotechnology and bioscience sectors. The program would be funded by the Workforce Development Initiatives Fund (Fund 3AE0), which consists of federal Workforce Investment Act dollars transferred to ODOD from the Department of Job and Family Services.
- Currently, all money in Fund 3AE0 is committed for existing programs in FY 2010. This means that ODOD would require additional funds to support the grant program proposed in the bill.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview and eligibility

The bill requires the Ohio Department of Development (ODOD) to establish a program to award grants for training employees in biotechnology or the bioscience sector, which the bill defines as companies that manufacture medical devices, biopharmaceutical products, biofuel, or agricultural bioproducts; health care service companies; health care organizations; and medical research organizations. The bill also permits the issuance of grants to entities in any other field for which critical demands exist for certain skills.

Under the bill, private employers, municipal corporations, and certain sponsors of multi-company training projects that are engaged in any of the various types of training activities enumerated in the bill may apply for a grant. Eligible entities must already be engaged in training programs related to (1) new or emerging technology in the workplace, (2) career advancement and long-term job security, (3) total quality management systems, (4) the operation of new machinery or equipment, (5) expansion into new markets or expanding exports through Ohio-based jobs, (6) basic or remedial training as a prerequisite for vocational or technical training or continuing employment; or (7) other training activities or projects related to supporting, developing, or evaluating job training programs, activities, and systems.

Fiscal effect

Grants

An entity receiving funding under the bill must use the grant to train employees through one of the eligible training activities described above. Under the bill, the amount of a grant may not exceed 50% of the allowable costs of training services provided by a grantee. These allowable costs are:

- Administrative costs for tracking, documenting, reporting, and processing training funds or project costs;
- Costs of curriculum development;
- Wages for instructors and, if the individuals receiving training are employed by the employer offering the program, wages for those individuals;
- Costs of producing training materials;
- Trainee travel expenses;
- Costs for rent, purchase, or lease of training equipment; and
- Other usual and customary training costs.

The bill does not specify the source of funding for grants issued under the program, but the intent, as stated in sponsor testimony, is for ODOD to draw upon its allocation of federal Workforce Investment Act (WIA) dollars, which are administered

by the Department's Workforce and Talent Division. ODOD receives an annual allocation of WIA funds through a transfer from the Department of Job and Family Services (JFS) for its workforce development programs, including training grants issued under the Ohio Workforce Guarantee Program, funding for internships under the Third Frontier Internship Program, and support for the Governor's Ohio Workforce Policy Board. These funds are appropriated in line item 195643, Workforce Development Initiatives, in the Workforce Development Initiatives Fund (Fund 3AE0). In FY 2009, ODOD received a total appropriation of \$10.8 million to line item 195643, both through legislative appropriations and Controlling Board actions. Actual FY 2009 spending from this line item was about \$6.9 million.

There is currently no estimate as to how much would be set aside for grants under the program. Under H.B. 1, ODOD received appropriations of \$17.0 million in FY 2010 and \$16.5 million in FY 2011 for line item 195643. Currently, Fund 3AE0 is fully committed for existing programs in FY 2010. Thus, ODOD would require an appropriation increase or an additional transfer of WIA dollars from JFS to fund the bioscience and biotechnology training grant program established in the bill. Any additional expenditures from Fund 3AE0 would depend on the amount actually set aside for bioscience and biotechnology training grants under the program and the number of eligible entities that apply for and receive funding.

Administration

In addition to issuing grants, the bill requires ODOD to conduct at least one on-site visit to monitor grantee compliance, including reviewing a grantee's financial management system, either during the course of the grant or within six months after the end of the grant period. Currently, the Division employs one grant manager and four grant coordinators to oversee workforce development grants. The Division's 12 regional workforce directors also handle applications and contract administration work for the Workforce Guarantee Program.

It is unclear whether the Workforce and Talent Division would need to hire additional staff to perform these duties and other administrative work for the program, or if such activities could be handled using current resources. Ultimately, any new cost resulting from the oversight of the biotechnology and bioscience grant program would depend on the number of grants issued. Presumably, any new expenses related to the biotechnology and bioscience grant program would be supported by WIA funds in line item 195643, a portion of which ODOD is permitted to set aside for certain administrative costs that are directly associated with the primary activities supported by WIA funding.