



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** Sub. [H.B. 486 of the 130th G.A.](#)

**Date:** April 9, 2014

**Status:** As Reported by House Economic Development and Regulatory Reform

**Sponsor:** Reps. Baker and Stebelton

**Local Impact Statement Procedure Required:** No

**Contents:** Makes changes to the coordination of workforce development and economic development programs

### State Fiscal Highlights

#### The Board of Regents

- The bill requires the Chancellor of the Board of Regents to develop, by December 31, 2014, recommendations, in consultation with other agencies and organizations, to increase access to and participation in education and career pathways programs for adults who have not obtained a diploma. This one-time requirement will minimally increase the administrative burden on the Board of Regents during FY 2015.

#### Department of Commerce

- The bill allows the Department to establish compliance incentive programs in regulating the various industries the Department oversees. Specifically, the bill allows the State Fire Marshal to create a "Safe Stay Hotel" designation and also allows the Ohio Construction Industry Licensing Board to establish its own compliance incentive program. Ultimately, the fiscal effect of these provisions will depend on the design of these incentive programs.

#### Governor's Office of Workforce Transformation

- The bill requires the Office to coordinate with state agencies in evaluating workforce programs and producing a unified workforce plan. As a result, there may be a minimal increase in administrative costs for the state agencies involved.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

### **The Board of Regents**

The bill requires the Chancellor of the Board of Regents to develop recommendations for increasing access to and participation in programs for adults who have not obtained a high school diploma that offer credentials equivalent to a high school diploma and also provide career pathways, such as an associate degree, industry credential, or other type of career training. In order to develop these recommendations, the Chancellor must consult with the Superintendent of Public Instruction, as well as other agencies and organizations. The Chancellor must submit these recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 31, 2014. There will be a minimal increase in administrative burden on the Chancellor's Office during the first half of FY 2015 in order to comply with the bill's requirements.

### **Department of Commerce – compliance incentive programs**

The bill allows the Department of Commerce to adopt rules to offer incentive-based programs to the various industries regulated by the Department in order to promote compliance. The impact on the various funds that support the Department's regulatory functions will depend on the changes made under rules and incentives offered under these programs. The various compliance incentive programs could involve fee changes, different license or certification renewal schedules, or penalty waivers and reductions. The bill specifically permits two types of compliance incentive programs, the first involving the State Fire Marshal and the second involving the Ohio Construction Industry Licensing Board.

For the State Fire Marshal, the bill allows for the creation of a "Safe Stay Hotel" designation that sets standards a hotel must meet to earn such a designation and monetary incentives under such a program. To qualify, a hotel must have met all fire code and sanitary compliance standards for at least the previous 24 months. The bill specifies that any new rules adopted may not limit the powers of certain political subdivisions, or require the State Fire Marshal to designate a hotel as a "Safe Stay Hotel" or award monetary incentives in a manner that is inconsistent or in conflict with other laws, rules, or regulations. Hotels are currently regulated by the Bureau of Testing and Registration within the State Fire Marshal's Office. Hotels are licensed annually, with the proceeds deposited into the State Fire Marshal Fund (Fund 5460). The fees generally depend on the number of guest rooms on the premises. According to the FY 2013 Department of Commerce Annual Report, 1,585 hotels and motels were licensed in FY 2013, producing revenue to Fund 5460 of approximately \$327,000.

For the Ohio Construction Industry Licensing Board (OCILB), the bill allows the Board to establish rules that amend continuing education requirements and license renewal schedules for OCILB licensees in order to establish a compliance incentive

program. Among the five sections of the Board (Electrical, HVAC, Plumbing, Refrigeration, and Hydronics), there are approximately 19,200 licensees. Licensees pay fees that are deposited into the Industrial Compliance Operating Fund (Fund 5560).

### **Governor's Office of Workforce Transformation**

The bill has two provisions that add duties to the Governor's Office of Workforce Transformation (OWT). Under continuing executive policy, the Office is supported administratively by the Development Services Agency (DSA). Altogether, the OWT provisions would likely result in a minimal increase in administrative costs to the affected agencies in coordinating responsibilities and producing the outcomes required in the bill.

First, the bill requires OWT to establish criteria to use for evaluating the performance of state and local workforce programs using basic, aligned workforce measures related to system efficiency and effectiveness by December 31, 2014. The bill requires the Department of Job and Family Services, the Department of Education, and the Board of Regents to provide staff support and assistance for establishing the criteria. The bill requires OWT to develop and make available on the Internet a public dashboard to display metrics regarding the state's primary workforce programs.

Second, the bill requires OWT, in collaboration with the Board of Regents, the Department of Education, and the Department of Job and Family Services, to develop and submit to the appropriate federal agency by December 31, 2014, a single state unified plan for the Adult Basic and Literacy Education (ABLE) program administered by the United States Secretary of Education, the Carl D. Perkins Vocational and Technical Education Act, and the Workforce Investment Act of 1998.

### **Governor's Executive Workforce Board**

The bill adds a duty to the Governor's Executive Workforce Board, which provides oversight and policy direction for all state workforce development activities. The bill requires the Board to develop a methodology for identifying jobs in high demand by state employers. It also requires the Board, which is given staff support by DSA, and the Department of Job and Family Services (ODJFS) to create a list of high-demand jobs, publish the list on ODJFS's website, and update the list periodically. Local workforce boards and work training programs are required to use the list in prioritizing and developing their activities. The bill creates only a minimal increase in administrative burden for DSA and ODJFS.

### **Development Services Agency**

#### **Synchronization of annual reports**

The bill synchronizes the due dates of several annual or biennial reports due from DSA, and various offices housed within the Agency, including the Ohio Venture Capital Authority, the Third Frontier Commission, and the Ohio Coal Development Office. Under the bill, the deadline will uniformly be August 1st of each year for various

reports that deal with several economic development and community development issues. Since each of the reports are already required under continuing law, this provision could result in some negligible decrease in annual administrative costs to DSA, as the agency would be able to more easily coordinate and prepare these reports on the annual and biennial timelines.

### **Business relocation notices**

Another provision in the bill alters the law to require businesses that are applying for DSA loans authorized under Chapter 166. of the Revised Code to provide notification to the appropriate local government bodies and state officials if the project for which the assistance is requested includes the relocation of an existing project from elsewhere in the state. This provision has no direct fiscal effect to the state or political subdivisions.

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