



# Ohio Legislative Service Commission

## Bill Analysis

Nicholas A. Keller

### Am. S.B. 2\*

130th General Assembly

(As Reported by S. Workforce and Economic Development)

**Sens.** Lehner and Beagle, Bacon, Eklund, Hite, LaRose, Uecker, Seitz, Oelslager, Balderson, Jones, Patton, Manning, Widener, Faber, Peterson, Obhof

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## BILL SUMMARY

- Requires all local areas, whether designated as a local area under the federal Workforce Investment Act (WIA) or state law, to use OhioMeansJobs as the system for labor exchange and job placement for the area.
- Prohibits any additional workforce funds from being used to build or maintain any labor exchange and job placement system that is duplicative to OhioMeansJobs.
- Requires, within six months after the bill's effective date, every local area, whether designated as a local area under WIA or state law, to name its one-stop system as "OhioMeansJobs (name of county) County."
- Statutorily renames the state workforce policy board the Governor's Executive Workforce Board.
- Permits all Board members to vote by eliminating the current law requirements that the Governor designate nine members of the Board to be voting members, that the Governor must choose the voting members in a way that a majority of the voting board members represent business interests, and that other members be ex officio, nonvoting members.
- Eliminates the current law authority of the Board, to the extent permitted by state or federal law, to assess a fee for specialized services requested by an employer.
- Permits a board of county commissioners to appoint an advisory committee on workforce development.

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\* This analysis was prepared before the report of the Senate Workforce and Economic Development Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

- Requires the Board and the Office of Workforce Development in the Department of Job and Family services to provide electronic copies of their respective annual reports and revises the distribution list for the Office's report.

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## **CONTENT AND OPERATION**

### **Overview of the Workforce Investment Act of 1998**

The stated purpose of the Workforce Investment Act of 1998 (WIA) is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.<sup>1</sup> In order to receive funding under WIA, the governor of each state must submit to the United States Secretary of Labor, for consideration by the Secretary, a single state plan that outlines a 5-year strategy for the statewide workforce investment system of the state and that meets the requirements set forth in WIA.<sup>2</sup> The governor of each state also must establish a state workforce investment board that must assist in the development of the state plan required under WIA and carry out additional functions required under WIA.<sup>3</sup> Areas in a state are grouped together to form "local areas" to provide workforce investment activities to those eligible persons located in the area. The Governor designates all local workforce investment areas in a state.<sup>4</sup>

The Workforce Development Law sets forth how the state component of WIA is implemented in Ohio. The Director of Job and Family Services administers WIA in Ohio and, in administering WIA and WIA funds, assists the State Board in establishing and administering a workforce development system. The Director allocates WIA funds to the local areas in Ohio.<sup>5</sup>

### **Requirement to use OhioMeansJobs**

The bill requires all local areas, whether designated as a local area under WIA or state law, to use OhioMeansJobs, the electronic labor exchange and job placement system operated by the state, as the labor exchange and job placement system for the area. The bill prohibits any additional workforce funds from being used to build or

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<sup>1</sup> 29 United States Code (U.S.C.) 2811, Pub. L. 105-220, Title I, 106 (August 7, 1998).

<sup>2</sup> 29 U.S.C. 2822(a).

<sup>3</sup> 29 U.S.C. 2821(a), (b), and (d).

<sup>4</sup> 29 U.S.C. 2831.

<sup>5</sup> R.C. 6301.02 and 6301.03.



maintain any labor exchange and job placement system that is duplicative to OhioMeansJobs.<sup>6</sup>

## **Renaming of one stops**

Continuing law requires every local area to participate in a one-stop system for workforce development activities. Under the bill, within six months after the bill's effective date, every local area, whether designated as a local area under WIA or state law, must name its one-stop system as "OhioMeansJobs (name of county) County."<sup>7</sup>

Under continuing law, a one-stop system may be operated by a private entity or a public agency, including a workforce development agency, any existing facility or organization that is established to administer workforce development activities in the local area, and a county family services agency. A one-stop system must include representatives of all the partners required under WIA.<sup>8</sup>

## **Changes to the State Board**

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

The bill renames the state workforce policy board the Governor's Executive Workforce Board, which is the name under which the State Board currently operates.<sup>9</sup> The bill also makes consistent the use of the term "State Board" when referring to the Governor's Executive Workforce Board in the Workforce Development Law. Currently, references to "state board" and "state workforce policy board" are used throughout the law.<sup>10</sup>

### **Voting rights**

The bill eliminates the current law requirement that the Governor designate nine members of the Board to be voting members and that other members be ex officio, nonvoting members. The bill also eliminates the requirement that the Governor must

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<sup>6</sup> R.C. 6301.01(I) and 6301.03(C).

<sup>7</sup> R.C. 6301.08 and 29 U.S.C. 2841.

<sup>8</sup> R.C. 6301.08.

<sup>9</sup> R.C. 6301.01(G) and Ohio Exec. Order 2012-02K; Creating the Governor's Office of Workforce Transformation and the Governor's Executive Workforce Board.

<sup>10</sup> R.C. 6301.02, 6301.04, 6301.07(B), and 6301.09.



choose the voting members in a way that a majority of the voting board members represent business interests.<sup>11</sup>

WIA prescribes the membership of a state board (see "**Background – State Board membership**," below). Currently, the Board consists of the Governor, four members of the General Assembly, and 21 members appointed by the Governor. It appears that all Board members, under the bill, have the right to vote on Board matters.<sup>12</sup>

## **Fees**

The bill eliminates the authority of the State Board, to the extent permitted by state or federal law, to assess a fee for specialized services requested by an employer. Continuing law requires the Director to adopt rules pursuant to the Administrative Procedure Act governing the nature and amount of those fees with respect to the other entities that are permitted to charge those fees.<sup>13</sup>

## **Changes to local boards**

The bill revises the current law definition of "local board" to include a local workforce investment board established in each Ohio local area and certified by the Governor to set policy for the portion of the statewide workforce investment system within the local area and implement WIA. Current law defines "local board" to include a local workforce policy board created under the Workforce Development Law.

Similar to the reference to the "state board," the bill makes the term "local board" consistent throughout the Workforce Development Law. The bill also fixes an apparent erroneous cross-reference regarding the creation of local boards and applicable WIA requirements.<sup>14</sup>

## **Advisory committees on workforce development**

The bill authorizes a board of county commissioners to appoint an advisory committee on workforce development. If appointed, the committee is permitted to do both of the following:

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<sup>11</sup> R.C. 6301.04.

<sup>12</sup> 29 U.S.C. 2821; Press Release, *Kasich Announces Governor's Executive Workforce Board*, <http://governor.ohio.gov/MediaRoom/PressReleases/tabid/67/y/201209/Default.aspx> (accessed February 22, 2013); and Sturgis, *Standard Code of Parliamentary Procedure*, 4-5 (8th Ed. 1950).

<sup>13</sup> R.C. 6301.03(D).

<sup>14</sup> R.C. 6301.01(H), 6301.06, 6301.07, and 6301.09.



- Work to further cooperation between the county and other workforce development and economic development related entities including the state, local area one-stop systems, and private businesses;
- Advise the board and other interested parties on ways to maintain and improve the workforce development system of the local area in which the county is a part.<sup>15</sup>

## **Annual report distribution**

Continuing law requires the State Board to prepare an annual report concerning the state of Ohio's workforce. The bill requires the State Board, upon completion of the annual report, to provide an electronic copy of the report to the following people or entities that currently receive the report: the President and Minority Leader of the Senate, the Speaker and Minority Leader of the House of Representatives, the Governor's Office of Appalachian Ohio, the Commission on Hispanic-Latino Affairs, and the Commission on African-American Males. The bill also requires the State Board to post the report on the State Board's web site. Current law requires the State Board to distribute the report to each of those people or entities but does not specify that the report must be distributed electronically.<sup>16</sup>

Similarly, the bill requires the Office of Workforce Development within the Department of Job and Family Services to provide an electronic copy of the Office's annual report covering the direct and indirect economic impact of businesses engaged in the production of horizontal wells in Ohio to the President and Minority Leader of the Senate and the Speaker and Minority Leader of the House of Representatives rather than submitting the report to the members of the General Assembly under current law. Currently, the Office may be able to submit the report electronically, however, under the bill, the Director of the Legislative Service Commission is removed from the distribution list.<sup>17</sup>

## **Background – State Board membership**

Under WIA, a state board must include all of the following members:

- (1) The Governor;

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<sup>15</sup> R.C. 6301.061.

<sup>16</sup> R.C. 6301.10.

<sup>17</sup> R.C. 6301.12 and R.C. 101.68, not in the bill.



(2) Two members of each chamber of the state legislature, appointed by the appropriate presiding officers of each such chamber;

(3) The following representatives appointed by the Governor:

(a) Representatives of business in the state, who are owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policymaking or hiring authority; who represent businesses with employment opportunities that reflect the state's employment opportunities; and who are appointed from among individuals nominated by state business organizations and business trade associations;

(b) Chief elected officials representing both cities and counties, where appropriate;

(c) Representatives of labor organizations, who have been nominated by state labor federations;

(d) Representatives of individuals and organizations that have experience with respect to youth activities;

(e) Representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities;

(f) The lead state agency officials with responsibility for the WIA programs and activities;

(g) Any other representatives and state agency officials as the Governor may designate.

WIA requires that a majority of a state board must be business representatives.<sup>18</sup>

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## HISTORY

ACTION	DATE
Introduced	02-12-13
Reported, S. Workforce and Economic Development	-----

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<sup>18</sup> 29 U.S.C. 2821.

