



OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE

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Ohio Chamber Renews Push to Modernize Small/Medium Ohio Manufacturers



The Ohio Chamber presented proponent testimony in the House Technology and Innovation Committee on House Bill 159, a **Blueprint**-originated bill and one of the Chamber's top ten policy priorities for the 136th General Assembly. House Bill 159 creates the Manufacturing Technologies Assistance Program (or MTAP),

targeting small and medium-sized manufacturers otherwise lacking the capital and capability to modernize their machinery and facilities. Just as the Mega Projects Program from two budget cycles ago has lured significant large-scale manufacturing investments, the smaller grant program proposed under HB 159 would serve those at the other end of the spectrum. Many small and medium-sized Ohio manufacturers still use 20- to 50-year-old equipment and machinery. The one-time capital assistance provided by such a match would reward their ongoing state presence, stimulate modernization and private investment, and serve as a quality retention and growth tool.

This \$12 million grant program is modeled after similar efforts in both Indiana and Iowa. Indiana's Manufacturing Readiness Grant Program, launched in 2020, has yielded a total of 526 awards equating to \$56.9 million to 465 unique companies in 79 counties, accelerating proposed projects with combined budgets of \$812.7 million. Likewise, Iowa created its own Manufacturing 4.0 Technology Investment Grant program in January 2021, with its first cycle providing over \$7 million through 202 awards with project investments totaling over \$31 million.

Ohio is entering into a manufacturing renaissance unlike anything witnessed by any other state in our country with our manufacturing sector GDP 4th in the nation, and Ohio also ranks 3rd in total manufacturing employees and total payroll. What may come as a surprise to many, however, is that most Ohio manufacturing firms (47%) employ fewer than ten people, according to the Ohio Manufacturers' Association (OMA). OMA data also reveals that in 2021, mid-sized manufacturing firms (100-499 employees) employed 40% of Ohio's manufacturing employees while just 0.4% of firms employed 1,000 or more people. HB 159 targets assistance to these smaller employers, often family-owned and community-oriented, that contribute to the vibrancy and identity of Ohio's rural, suburban, and urban areas.

The Chamber is working in tandem with the OMA to gain more hearings and movement on HB 159, and we stand ready to enact this grant program and ensure our small and medium-sized manufacturers can retool for the demands of the modern economy. If you have any questions about HB 159, please contact the Chamber's SVP of Government Affairs, Rick Carfagna, at rcarfagna@ohiochamber.com.

Budget Testimony on Dispensing Fee Provision

Last week, the Ohio Chamber of Commerce testified in the Ohio Senate Government Oversight and Reform Committee to oppose a budget provision that was added to the House Omnibus version of the State Operating Budget (HB 96). This provision would require Pharmacy Benefit Managers (PBMs) to reimburse only Ohio-incorporated pharmacies for the "actual acquisition cost" of drugs, plus a dispensing fee per-prescription set by the Ohio Department of Insurance (ODI).

This provision will significantly increase healthcare costs for employers and their employees. Dispensing fees are estimated to range from \$10.50 to \$15.47 per prescription. For Ohioans filling multiple prescriptions monthly, these costs will compound rapidly, potentially resulting in a multibillion-dollar hidden tax increase on Ohioans.

This budget provision is identical to language previously included in House Bill 505 in the last General Assembly. The Ohio Chamber was opposed to HB 505, which failed to advance out of House Insurance Committee due to widespread concern from the business community regarding the increase in the cost the dispensing fee would have on employers and employees.

While the Chamber supports greater transparency and fairness in the pharmacy supply chain, this budget provision will have unintended consequences for Ohio's business community by driving up healthcare and prescription drug costs. The Chamber is urging members of the Senate to remove this provision from the budget and to collaborate with all stakeholders through the legislative process to find more effective solutions.

Ohio Chamber's WorkLearnOHIO Concept Would Connect Employers with Collegiate Talent

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Chamber testified in the Senate Higher Education Committee last week on its WorkLearnOHIO concept, a budget proposal to create a public-private partnership connecting Ohio college students with Ohio-based employers to facilitate internships, externships, and co-ops. This statewide platform, modeled after a similar effort in Indiana, looks to reverse a post-degree “brain drain” that, per a data analysis by LightCast, sees **Ohio losing 45% of its college graduates to other states**. That amounts to tens of thousands of college-educated individuals that could otherwise contribute to economic success across the state.

As outlined by Justin Barnes, VP of Government Affairs for the Ohio Chamber, WorkLearnOHIO would involve a state grant awarded in a competitive, open bidding process to a 501(c)(3) public-private partnership. This partnership will serve as a platform to connect students from colleges and universities across Ohio with employers in their area who can provide local, paid work-based learning opportunities. Studies have indicated a higher retention rate for those students who connect with employers in their field before graduation. The 501(c)(3) will have a board of directors comprised of private employers, economic development leaders, and workforce development professionals, supported by connections to higher education institutions and government officials. Students will be paid a minimum of \$15/hour for the duration of their work-based learning experience, and employers will pay a small administrative fee to cover operational costs of the program.

Indiana has a similar effort with an annual line item in their state budget, yet they only connect 1,000 students annually. Because Ohio has so many more college students, the scale needs to be bigger, and WorkLearnOHIO would have an

initial scale of 10,000 internships or more. The Chamber is requesting a one-time investment of \$20 million to stand up this program, which will be self-sustaining over time as funds to operate the 501(c)(3) and cover expenses will be generated by the administrative fee and sought from philanthropic and private sector partners.

Our population growth has lagged behind several states, to the point of Ohio losing a congressional seat post-census. The median US growth rate over the last census period was just over a half percent, while Ohio struggled to grow by even a quarter of a percent. The lion's share of population growth during that time occurred in Central Ohio, followed by the Cincinnati metro area, with Cleveland, Dayton and Toledo all dwindling. Ohio's higher education institutions - whether public or private, two-years or four-years - do a phenomenal job of attracting students from the Midwest and around the country. The problem lies in how Ohio captures that talent post-degree, so that once a student graduates, they don't merely return to Indiana, Illinois or Pennsylvania. The best way to combat this, to get these students to settle in our communities, put down roots and start families, is to tether them here with a job before they even get that diploma. Under WorkLearnOHIO, we can provide coordinated, statewide, work-based learning opportunities for those preparing to enter the labor market for the first time.

Despite receiving positive feedback from legislators and administration officials, WorkLearnOHIO faces an uphill climb in the state budget due to tightened restrictions on new spending. The Ohio Chamber will continue to push the need for more targeted workforce opportunities and work with our partners in the higher education space to extend these job placement pipelines from regional to statewide.

House Bill 142 Natural Gas Rate Making

The Ohio Chamber testified in support of the effort to modernize the method used to set natural gas rates in front of the Public Utility Commission of Ohio (PUCO). The legislation would move away from historical data and use forward-looking projections to calculate natural gas rates. Additionally, the bill would allow fast-track status for infrastructure projects for large load customers. These arrangements would be paid for by the customer. This could spur behind-the-meter electric generation. This bill is a companion to the Senate measure the Ohio Chamber also testified in support of (SB 103) last month.

Senate Housing Committee

The Ohio Chamber offered support for Senate Bill 184 in the Housing Committee last week. This bill would create an accelerator program to encourage local government agencies to adopt pro-housing policies via grants. Last session, HB 499 was the vehicle for this approach to develop more housing supply. The budget (HB 9) allocates \$5 million for this program. The Ohio Senate may attempt to add this language to the budget and offer additional funding.

Ohio Tourism Day was held on May 15



Ohio Tourism Day is a day where the State of Ohio celebrates the growing \$56 billion tourism industry. As part of the celebration on May 15, Ohio Chamber of Commerce Director of Travel and Tourism Policy, Matt MacLaren, did several media interviews promoting all the new things to do this summer at Ohio Chamber members including Spectrum News 1, Good Day Columbus, and iHeartRadio.