



Nancy S. Grasmick
State Superintendent of Schools

200 West Baltimore Street • Baltimore, MD 21201 • 410-767-0100 • 410-333-6442 TTY/TDD

TO: Members of the State Board of Education
FROM: Nancy S. Grasmick *Nancy*
DATE: December 17 - 18, 2008
SUBJECT: COMAR 13A.05.08
Approved Paid Work-Based Learning Programs (AMEND)

PURPOSE:

This memorandum requests the permission of the State Board of Education to publish updated regulations for the Tax Credit for Employer Established Work-Based Learning Programs for Students (Senate Bill 297), passed by the Maryland General Assembly in 2008.

BACKGROUND:

Beginning in 1998, Maryland offered a tax credit to employers who hired students in paid work-based learning programs that linked to a student's educational program. The purpose of the tax credit was to support industry/school partnerships and expand learning in the workplace. The law sunset on December 31, 2004.

The 2008 Maryland General Assembly passed new legislation, similar to the previous law, providing employers with a work-based learning tax credit for wages paid to students. The regulations in the Annotated Code of Maryland governing the legislation in the previous law were in the process of being repealed when the new law was passed. These regulations have been revised to incorporate the changes in the new legislation.

EXECUTIVE SUMMARY:

The law defines who is eligible to establish a work-based learning program and includes: an employer, a group of employers, industry trade associations, labor organizations, operators of a registered apprenticeship program; and any other entity the Maryland State Department of Education (MSDE) approves as an eligible party for establishing a work-based learning program.

Students participating in the approved work-based learning program must be between the ages of 16 through 23, unless a student turns 23 while participating in a work-based learning program. The student must be enrolled in a public or private secondary or postsecondary school in the state.

The work-based learning program must include a written agreement, approved by MSDE and the local school system/postsecondary institution. It must, result in at least one academic credit, be consistent with federal and state employment of minors laws, occur in the workplace in conformance with established safety standards, integrate with classroom instruction, link to each student's career interest, and provide learning experiences that are consistent with strategic economic development goals established for the state.

The Tax Credit for Employer Established Work Based Learning Programs for Students is authorized for taxable years beginning after December 31, 2008 and on or before June 30, 2013. Employers may claim credit for each student employed a minimum of 200 hours during a taxable year. The credit will equal 15 percent of the wages paid to a student during the taxable year in which the Work Based Learning program took place. Total credit granted to an employer in the current taxable year and all previous taxable years may not exceed \$1500 per student.

The Maryland State Department of Education may approve work based learning tax credits for up to 1,000 students annually. Prior to MSDE's approval, the tax credit must be certified by the Local Workforce Investment Board. MSDE must strive to achieve a geographic representation of students. Employers at a multicraft construction site may not qualify for more than two students during a taxable year, according to the law.

ACTION:

The State Board of Education is asked to grant permission to publish the attached updated regulations for the Tax Credit for Employer Established Work-Based Learning Programs for Students.

Attachment

NSG:KMO:jmsh

13A.05.08.00 (10/9/08)

Title 13A STATE BOARD OF EDUCATION

Subtitle 05 SPECIAL INSTRUCTIONAL PROGRAMS

Chapter 08 Approved Paid Work-Based Learning Programs

Authority: Education Article, §21-501, Annotated Code of Maryland

.01 Scope.

This chapter implements Education Article, §21-501, Annotated Code of Maryland, which establishes a tax credit for businesses that employ work-based learning program students.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Department" means the Maryland State Department of Education.

(2) "Eligible party" means:

(a) An employer;

(b) A group of employers;

(c) An industry trade association;

(d) A labor organization;

(e) An operator of a registered apprenticeship program; or

(f) Any other entity that the Department approves to establish a paid work-based learning program under this chapter.

(3) "Established safety standards" means all federal, State, and local safety standards.

(4) ["Local labor market teams (LLMTs)" means regional teams made up of employers, educators, and labor and community agency representatives providing regional leadership and grant administration to transition students from school to careers.] "Multicraft construction site" means a construction site where more than one construction trade operation is taking place at the same time.

(5) ["Local workforce investment board (LWIB)" means a board as defined by 29 U.S.C. §2832.] "Private industry councils" mean local workforce investment boards (LWIB) as defined by 29 U.S.C. §2832.

(6) ["Multicraft construction site" means a construction site where more than one construction trade operation is taking place at the same time.] "Student" means an individual who:

(a) Is at least 16 years old but younger than the age of 23 years; or

(b) Reaches the age of 23 years while participating in an approved paid work-based learning program under this section; and

(c) is enrolled in a public or private secondary or postsecondary school in the state.

[(7) "Student" means an individual who:

(a) Is at least 16 years old but younger than 23 years old, or who becomes 23 years old while participating in an approved paid work-based learning program under this chapter; and

(b) Is enrolled in a public or private secondary or postsecondary school in the State.]

[(8)] 7. "Work-based learning agreement" means the agreement which sets forth the approved paid work-based learning program for students and includes:

- (a) A description of the knowledge and skills to be developed;
- (b) A description of the methodology to be used;
- (c) A description of the criteria for monitoring, assessing, and credentialing; and
- (d) Evidence of approval of appropriate school personnel.

[(9)] § "Work-based learning coordinator" means a school system employee at a school who oversees the work-based learning programs for students.

9. "Work-based learning program" means a program which provides for approved paid work-based learning arrangements between employers and schools with structured employer-supervised learning for students, in which:

(a) The structured employer-supervised learning:

- (i) Occurs in the workplace in conformance with established safety standards,
- (ii) Integrates classroom instruction and work to result in the acquisition of at least one unit of academic credit, and
- (iii) Links employment to each student's career interest; and

(b) The program:

- (i) Provides approved paid work-based learning experiences for students that are consistent with the strategic economic development goals established for the State which include careers in consumer service, hospitality, and tourism; business management and finance; manufacturing, engineering technology; environmental, agricultural, and natural resources; health and biosciences; arts, media, and communication; transportation technologies; human resource services; construction and development, and
- (ii) Strives to achieve geographic representation of students participating in paid work-based learning experiences.

.03 [Certification] Approval for Work-Based Learning Program Tax Credit.

A. An eligible party may establish a paid work-based learning program as described in Regulation .02 for students that is consistent with current state and federal employment of minors laws and approved by the Department as provided under this chapter.

[A.] B. Certification by the LWIB.

(1) Certification Forms.

(a) A potential eligible party or a work-based learning coordinator shall submit to the LWIB information concerning the student and the employer on a work-based learning certification form provided by the LWIB;

(b) A copy of a completed work-based learning agreement shall be attached to the certification form; and

(c) The certification form shall include a verification from the employer of the number of hours the student worked for the employer.

(2) LWIB Approval.

(a) The LWIB, or its designee, shall review the certification form and the work-based learning agreement.

(b) The LWIB shall approve the employer as an eligible party for purposes of the tax credit if:

(i) The LWIB determines that the employer meets the definition of an eligible party under Regulation .02B of this chapter; and

(ii) The work-based learning agreement meets the criteria of a work-based learning program under Regulation .02B of this chapter,.

(c) The LWIB shall forward the certification form and work-based agreement to the Department for authorization.

[B.] C. Authorization by the Department.

(1) Upon receipt of a certification form and work-based training agreement from the LWIB, the Department shall authorize the employer as an eligible party for purposes of the tax credit.

(2) The Department shall return one copy of the authorized form to the LWIB and one copy to the eligible party.

(3) The eligible party shall keep the authorized form in its file as justification for including the tax credit on its tax return.

.04 Amount of Credit.

A. The wage credit shall equal 15 percent of wages paid to each student during the taxable year for which the work-based learning program was authorized.

B. Cumulative credit covers the current taxable year and all previous taxable years and may not exceed \$1,500 per student.

.05 Calculation Carryover Credit.

If the taxable credit exceeds the taxes owed for this taxable year, the excess may be carried over to the next taxable year as a credit until the earlier of:

A. The entire amount of the excess credit is used; or

B. The close of the 5th taxable year after the contribution was made.

.06 Limitation on Claim of Credit by the Eligible Entity.

- A. The tax credit is authorized only for the taxable years beginning on or before December 31, [2000] 2012.
- B. The eligible party may not claim the credit until it has notified the LWIB that a student participating in a work-based learning program has been hired.
- C. An eligible party may claim the credit even if the student's employment lasts less than 1 year, if the student is employed for a minimum of 200 hours during the taxable year.
- D. Not more than 1,000 work-based learning program students may be approved by the LWIBs during the course of each taxable year.
- E. An employer at a multicraft construction site may not qualify for the tax credit authorized under this chapter for more than two students during a single taxable year.