



Lillian M. Lowery, Ed.D.  
State Superintendent of Schools

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

## PAID WORK-BASED LEARNING PROGRAM REPORT

### PURPOSE:

The *Paid Work-Based Learning Program* was passed during the 2008 Maryland General Assembly. It allows an employer to receive a tax credit of 15% of an employee's wages if the employer establishes and has approved by the Maryland State Department of Education (MSDE) a structured employer-supervised learning program that meets the requirements in §21-501 of the Annotated Code of Maryland and its corresponding regulations, Title 13A.05.08 in the Code of Maryland Regulations.

The credit is limited to \$1,500 for each employee over the time the student is employed by the same business. The employee must be enrolled in a secondary or postsecondary school in the State and be between 16 and 23 years old. The program provides learning in the workplace which is integrated with classroom instruction and results in academic credit, and the student must work at least 200 hours for an employer to be eligible to claim a tax credit. MSDE may delegate its authority to approve these programs to one or more workforce investment boards. Up to 1,000 tax credits may be authorized by MSDE in any one year.

The credit is allowed for taxable years beginning after December 31, 2008, and before December 31, 2012. The credit may be claimed against corporate income tax or insurance premium tax. If the credit exceeds the total tax otherwise payable by the employer for that taxable year, the excess may be carried forward and applied as a credit for succeeding taxable years until the earlier of (i) the full amount of excess is used; or (ii) the expiration of the fifth taxable year in which the contribution was made.

### REFERENCES:

Annotated Code of Maryland §21-501, *Subtitle 5. Approved Paid Work-Based Learning Programs*, §21-501. Paid work-based learning program [Subtitle subject to abrogation].

Code of Maryland Regulations, Title 13A State Board of Education, Subtitle 05 Special Instructional Programs, Chapter 08 Approved Paid Work-Based Learning Programs

### BACKGROUND INFORMATION:

The legislation is aimed at providing employers with a tax credit as an incentive to work more closely with students in providing "real world" experiences that link to classroom learning. By working with young people who are still learning about career choices and studying in a particular career pathway and program of study, students will be better prepared for employment and further studies.

## BACKGROUND INFORMATION (CONTINUED):

The intent of the statute is to:

- allow an eligible party, as defined in the statute and regulations, to establish a paid work-based learning program;
- provide students, who are at least 16 years old, but younger than the age of 23 years, or who reach the age of 23 years while participating in an approved paid work-based learning program, an opportunity for employer-supervised learning;
- operate the work-based learning program in conformance with established safety standards;
- integrate with classroom instruction to result in the acquisition of at least one unit of academic credit;
- ensure that the work-based learning program is linked to a student's career interest;
- have the work-based learning program approved by MSDE;
- provide a written description of the: knowledge and skills to be developed; methodology to be used; criteria for monitoring, assessing, and credentialing; and evidence of approval by appropriate school personnel;
- provide work-based learning experiences that are consistent with the strategic economic development goals established for the State;
- strive for a geographic representation of students participating across the State; and
- authorize a tax credit for a contractor at a multicraft construction site for not more than two students.

## GETTING THE WORD OUT ABOUT THE TAX CREDIT:

Information about this tax credit was shared in a number of ways.

- MSDE's website allows one to search for "work-based learning tax credit" and provides a links to the Work-Based Learning Tax Credit announcement <http://www.msde.maryland.gov/MSDE/divisions/careertech/wbltc>. Live links are provided within the announcement. The links take you to the following five pieces of information and forms that are needed in order to apply for the tax credit: ***Maryland Work-Based Learning Tax Credit Brochure; The Process for Facilitating a Tax Credit; Maryland Work-Based Learning Certification Form; Instructions for Using the MSDE Website Certification Form; and Instructions for Using the Certification Form on DocuShare.*** These links explain the process for getting the work-based learning program approved and how to submit the application electronically, using an electronic signature. It is a very easy to follow step-by-step process.
- Information about the work-based learning program and employer tax credit was included in a booklet published by the Comptroller's Office entitled ***A Guide To Business Tax Credits.*** This booklet was made available to the Maryland business community from the Comptroller's Office.

## **GETTING THE WORD OUT ABOUT THE TAX CREDIT (CONTINUED):**

- The tax credit was listed on the Comptroller's website, Business Taxes and available through the following link:  
<http://business.marylandtaxes.com/taxinfo/taxcredit/worklearn/default.asp>
- The Department of Business and Economic Development's website [www.chosemaryland.org](http://www.chosemaryland.org) allows one to search for "work-based learning tax credit." You are directed to the Comptroller's website and to MSDE's website with information about the work-based learning program and the tax credit for employers.
- Targeted mailings and electronic communications were sent to the Local Directors of Career and Technology Education in all 24 school systems, Career and Technology Education Contacts representing all 18 community college campuses; and all 12 Local Workforce Investment Boards. Follow up communications were sent and partnering with the Governor's Workforce Investment Board, these mailings and electronic communications were repeated with their constituent groups.
- Several presentations, including PowerPoint slide presentations with the appropriate accompanying brochures, forms, etc. were provided to Local Directors of Career and Technology Education, Community College Career and Technology Education Contacts, Local School System Work-Based Learning Coordinators, and Local Workforce Investment Board Chairs.

## **STUDENT PROFILES:**

The majority of students were 18 years old and attended comprehensive high schools. There were a few applications from technical high schools. Applications were also received from apprenticeship programs and the Associated Builders and Contractors, as well as Bowie State University. The number of hours a student worked ranged from 203 to 2094, averaging 15 to 20 hours per week from three to six months.

The jurisdictions where the students attended high school, apprenticeship programs and college are:

Baltimore County  
Harford County  
Prince George's County

## **EMPLOYER PROFILES:**

Since the passing of the law during the 2008 Maryland General Assembly, 19 tax credits were requested for approval. This is up slightly from the previous law which authorized a tax credit for employers for approved work-based learning programs which sunset in 2003. As with that law, the same is true for this law, most of the employers are small companies with few employees where students receive a more intense work-based learning experience.

**EMPLOYER PROFILES (CONTINUED):**

Fourteen tax credits have been authorized. An additional five tax credit requests could not be honored for a number of reasons including: the minimum number of hours for student employment were not met; the student was past the eligible age; the application was not approved by the Local Workforce Investment Board Chair or designee; or the application was incomplete. In each case, written correspondence was sent to the employer, either through the U.S. Postal Service or was attached to an e-mail, with an explanation as to why the tax credit could not be approved as submitted. If further action was needed in order to make the application approvable, that was also noted along with a contact name, phone number and e-mail address if the employer had additional questions or needed any assistance with completing the application.

Businesses who have taken advantage of the tax credit consist of the following types:

- Dental Services
- Education and Mentoring
- Electrical Contracting
- Locksmith/Access/CCTV
- Insurance and Risk Management Services
- Manufacturing
- Plumbing

The businesses are located in the following counties:

- Baltimore County
- Harford County
- Prince George's County

**TAX CREDIT AMOUNT:**

The tax credit amount authorized for all employers to date is \$11,158. This has more than doubled the amount of tax credits authorized under the previous state statute, which was \$5,345. This averages \$1,014 per employer, which is a slight decrease from the previous law. The range of tax credits is from \$206 to \$3,164.

**CONCLUSION:**

The greatest number of requests for employer tax credits came in the first year of the law for taxable year 2009. The feedback the Maryland State Department of Education has received from local school systems for the decrease in requests by employers for tax credits is the downturn in the economy. Almost all of the employers who applied for the tax credit are small businesses hiring a handful of employees. Employers have been trying to keep their employees on board and have not offered paid work-based learning opportunities to students.

**CONTACT FOR ADDITIONAL INFORMATION:**

If you have any questions or would like additional information, please contact:

Mrs. Katharine M. Oliver  
Assistant State Superintendent  
Division of Career and College Readiness  
Maryland State Department of Education  
200 West Baltimore Street  
Baltimore, Maryland 21201

Office Phone: (410) 767-0158  
Office Fax: (410) 333-8666  
E-Mail: [koliver@msde.state.md.us](mailto:koliver@msde.state.md.us)