

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1725 Session of 2013

INTRODUCED BY MACKENZIE, SIMMONS, EVANKOVICH, AUMENT, BISHOP, BOBACK, COHEN, CUTLER, DUNBAR, EVERETT, GINGRICH, GROVE, KAUFFMAN, KNOWLES, KORTZ, KULA, LUCAS, MILLARD, MILNE, MIRABITO, MURT, O'NEILL, OBERLANDER, QUINN, REED, REGAN, SAYLOR, SCHLOSSBERG, THOMAS, TOBASH, TOOHL, TURZAI, WATSON, DAY, FLECK, DAVIS AND GOODMAN, OCTOBER 17, 2013

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, DECEMBER 16, 2013

AN ACT

1 Providing for school-to-work pilot programs; establishing the  
2 CareerBound Program; providing for a tax credit; and imposing  
3 powers and duties on the Department of Labor and Industry.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the CareerBound  
8 Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall  
11 have the meanings given to them in this section unless the  
12 context clearly indicates otherwise:

13 "Board." As defined in section 103 of the act of December  
14 18, 2001 (P.L.949, No.114), known as the Workforce Development  
15 Act.

16 "Business partner." A business entity authorized to do

1 business in this Commonwealth that employs individuals in a  
2 high-priority occupation.

3 "CareerBound." The pilot program established in section 3.

4 "Department." The Department of Labor and Industry of the  
5 Commonwealth.

6 "High-priority occupation." An occupation which is included  
7 in the list issued by the Department of Labor and Industry under  
8 section 1302(e) of the act of December 18, 2001 (P.L.949,  
9 No.114), known as the Workforce Development Act.

10 "Institutions of higher education." The term includes any of  
11 the following:

12 (1) A community college operating under Article XIX-A of  
13 the act of March 10, 1949 (P.L.30, No.14), known as the  
14 Public School Code of 1949.

15 (2) A university within the State System of Higher  
16 Education.

17 (3) The Pennsylvania State University.

18 (4) The University of Pittsburgh.

19 (5) Temple University.

20 (6) Lincoln University.

21 (7) Any other institution that the Commonwealth  
22 designates as a state-related institution of higher  
23 education.

24 (8) The Thaddeus Stevens College of Technology.

25 (9) Any accredited private or independent college or  
26 university.

27 "Local workforce investment board." As defined in section  
28 103 of the act of December 18, 2001 (P.L.949, No.114), known as  
29 the Workforce Development Act.

30 "Participating agencies." The term includes the Department

1 of Education and the Department of Community and Economic  
2 Development of the Commonwealth.

3 "Pass-through entity." A partnership as defined in section  
4 301(n.0) of the act of March 4, 1971 (P.L.6, No.2), known as the  
5 Tax Reform Code of 1971, a single-member limited liability  
6 company treated as a disregarded entity for Federal income tax  
7 purposes or a Pennsylvania S corporation as defined in section  
8 301(n.1) of the Tax Reform Code of 1971.

9 "Payment." An amount of money paid in consideration for a  
10 tax credit under section 7(d).

11 "Program partners." All entities that participate in a  
12 school-to-work pilot program.

13 "Replacement school-to-work pilot program." A school-to-work  
14 pilot program which has been approved to participate in  
15 CareerBound under section 5(e).

16 "School partner." A school district, vocational-technical  
17 school, intermediate unit, charter school or cyber charter  
18 school.

19 "School-to-work pilot program." A pilot program which has  
20 been approved to participate in CareerBound.

21 "Soft skills." The workplace interpersonal and professional  
22 skills that are necessary for an employee to adhere to generally  
23 accepted workplace behaviors. The term includes work ethic,  
24 promptness, integrity and respect for others.

25 "Tax liability." An amount of tax due under Article III, IV,  
26 VI, VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6,  
27 No.2), known as the Tax Reform Code of 1971, or under Article  
28 XVI of the act of May 17, 1921 (P.L.682, No.284), known as The  
29 Insurance Company Law of 1921.

30 "Taxpayer." A business entity authorized to do business in

1 this Commonwealth and subject to taxes imposed under Article  
2 III, IV, VI, VII, VIII, IX or XV of the act of March 4, 1971  
3 (P.L.6, No.2), known as the Tax Reform Code of 1971 or a tax  
4 under Article XVI of the act of May 17, 1921 (P.L.682, No.284),  
5 known as The Insurance Company Law of 1921. The term includes a  
6 pass-through entity.

7 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),  
8 known as the Tax Reform Code of 1971.

9 "Workforce Development Act." The act of December 18, 2001  
10 (P.L.949, No.114), known as the Workforce Development Act.

11 Section 3. CareerBound Program.

12 (a) Establishment.--There is established within the  
13 department a pilot program to be known as CareerBound.

14 (b) Administration.--The program shall be administered by  
15 the department to empower local workforce investment boards,  
16 school partners and business partners to collaboratively develop  
17 innovative school-to-work pilot programs to do all the  
18 following:

19 (1) Provide students with career exploration  
20 opportunities and exposure to high-priority occupations which  
21 will enable each student to make an informed decision on his  
22 or her future career path.

23 (2) Provide local workforce investment boards with the  
24 funding and support necessary to convene school partners and  
25 business partners to implement innovative school-to-work  
26 pilot programs.

27 (3) Provide business partners with an opportunity to  
28 participate in a tax credit program and to develop  
29 collaborative relationships with school partners and local  
30 workforce investment boards so that the next generation of

1 workers are well-equipped to meet the demand for high-  
2 priority occupations.

3 (4) Provide school partners with the funds and framework  
4 to deliver to students a relevant and rigorous curriculum  
5 which prepares students for high-priority occupations.

6 (5) Provide program partners with informational  
7 resources to help them conduct successful school-to-work  
8 pilot programs.

9 Section 4. School-to-work pilot program requirements.

10 (a) Curriculum.--The curriculum for a school-to-work pilot  
11 program must include one or more of the following components:

12 (1) Early exposure. Curriculum approved under this  
13 paragraph must provide students with a broad orientation to  
14 the tools, processes and procedures used by individuals  
15 employed in a high-priority occupation. Activities may  
16 include student visits to a business partner's facilities for  
17 company tours, demonstrations, field trips and lessons to  
18 familiarize students with the basic features of a high-  
19 priority occupation.

20 (2) Practical exposure. Curriculum approved under this  
21 paragraph must provide students with a detailed understanding  
22 of the tools, processes and procedures used by individuals  
23 employed in a high-priority occupation. Activities may  
24 include extended visits by students to a business partner's  
25 facilities for demonstrations, job shadowing and hands-on  
26 experience with the duties and skills necessary to be  
27 employed in a high-priority occupation.

28 (3) Extended exposure. Curriculum approved under this  
29 paragraph must provide students with an in-depth  
30 understanding of the tools, processes and procedures used by

1 individuals employed in a high-priority occupation.  
2 Activities may include apprenticeships, internships and  
3 cooperative learning opportunities to give the student  
4 practical knowledge which could be directly applicable to a  
5 high-priority occupation.

6 (b) Occupational focus.--Curricula approved under subsection  
7 (a) must be focused on providing students with exposure to high-  
8 priority occupations which are either designated as high-  
9 priority occupations Statewide or within the region served by  
10 the local workforce investment board.

11 (c) Soft skills development.--Curricula approved under  
12 subsection (a) must include some instruction on the development  
13 of soft skills.

#### 14 Section 5. Application and approval process.

15 (a) Application.--A local workforce investment board may  
16 submit an application to the department requesting approval for  
17 participation in CareerBound.

18 (b) Application requirements.--A completed application must  
19 describe the proposed school-to-work pilot program on a form and  
20 in a manner prescribed by the department. An application must  
21 include all of the following:

22 (1) A list of program partners, including a declaration  
23 of interest by at least one school partner and at least one  
24 business partner. The program partners may include  
25 institutions of higher education, nonprofit business-support  
26 entities and economic development agencies.

27 (2) A description of proposed curriculum, encompassing  
28 at least one component listed in section 4(a)(1), (2) and  
29 (3).

30 (3) A projection of costs associated with the proposed

1 school-to-work pilot program, including an enumeration of any  
2 opportunities to leverage other funding and programming  
3 resources.

4 (4) A list of high-priority occupations which will be  
5 the focus of the proposed school-to-work pilot program.

6 (5) Documentation of any commitment by a business  
7 partner that plans to make payment to the CareerBound program  
8 and will seek to utilize the tax credit provisions in section  
9 7(a).

10 (6) A start date for the proposed school-to-work pilot  
11 program.

12 (7) A list of clear objectives and measurable goals that  
13 the proposed school-to-work pilot program will seek to  
14 achieve.

15 (8) Documentation of an agreement among the program  
16 partners describing the role of each program partner within  
17 the proposed school-to-work pilot program and the  
18 expectations that each program partner agrees to fulfill.

19 (c) Approval process.--

20 (1) The department, in consultation with participating  
21 agencies and the board as needed, shall approve up to seven  
22 school-to-work pilot programs for participation in  
23 CareerBound.

24 (2) Priority must be given to a proposed school-to-work  
25 pilot program demonstrating one or more of the following  
26 characteristics:

27 (i) substantial program integration across  
28 educational levels, including use of multiple curricula  
29 components listed in section 4(a);

30 (ii) an ability to leverage other funding and

1 programming resources; or  
2 (iii) a commitment from a business partner to  
3 provide preferred interviews to students completing the  
4 school-to-work pilot program.

5 (3) Additional consideration must be given to a proposed  
6 school-to-work pilot program which includes multiple business  
7 partners or multiple school partners or which targets middle  
8 school or early high school students for early exposure  
9 activities OR WHICH IS INTEGRATED INTO A SCHOOL PARTNER'S <--  
10 CURRICULUM AS A CREDIT COURSE.

11 (d) Contractual relationship.--Within 30 days of the  
12 completion of the approval process, the department shall enter  
13 into a contract with all local workforce investment boards that  
14 submitted an application that was approved. The contract shall  
15 require the signatories to provide the services described in the  
16 approved school-to-work pilot program from funds appropriated or  
17 distributed for this purpose or from funds identified by the  
18 participating agencies for this purpose under the general  
19 appropriation act.

20 (e) Termination and replacement.--The department, in  
21 consultation with participating agencies and the board as  
22 needed, may terminate a school-to-work pilot program for failure  
23 to comply with program requirements. Consistent with the  
24 requirements in subsection (c), a replacement school-to-work  
25 pilot program may be approved.

26 (f) Expiration.--A school-to-work pilot program shall expire  
27 at the end of the fourth school year of operation.

28 Section 6. Program operation.

29 (a) Cooperative management.--In collaboration with the  
30 participating agencies and the board, the department shall

1 manage the operation of CareerBound, establish an application  
2 process, enumerate outcome-based metrics by which school-to-work  
3 pilot programs will be evaluated in the reports under section 9  
4 and institute such guidelines and procedures as are necessary to  
5 implement CareerBound. The guidelines must enumerate allowed and  
6 disallowed expenses, provided that administrative expenses over  
7 5% shall be disallowed.

8 (a.1) Informational resources.--In collaboration with the  
9 participating agencies and the board, the department shall  
10 provide informational resources to help program partners conduct  
11 successful school-to-work pilot programs.

12 (b) Distribution.--The department, in consultation with  
13 participating agencies and the board as needed, shall determine  
14 the distribution of available funds from the restricted account  
15 in section 7(e) among the school-to-work pilot programs,  
16 provided that a school-to-work pilot program receives no less  
17 than 50% of the funds designated to it under section 7(c.1).  
18 Section 7. Application for tax credit.

19 (a) Business partner.--A taxpayer that is a business partner  
20 may apply to the Department of Community and Economic  
21 Development for a tax credit. An application under this  
22 subsection must include the amount of tax credit requested by  
23 the taxpayer and must be made within 30 days of the taxpayer's  
24 signing of the contract under section 5(d).

25 (b) Other taxpayers.--A taxpayer that is not a business  
26 partner may apply to the Department of Community and Economic  
27 Development for a tax credit. An application under this  
28 subsection must include the amount of tax credit requested by  
29 the taxpayer.

30 (c) Availability of tax credits.--The following shall apply:

1           (1) For taxpayers that are business partners applying  
2 for a tax credit under subsection (a), tax credits under this  
3 article shall be made available by the Department of  
4 Community and Economic Development on a first-come, first-  
5 served basis within the limitation established under  
6 subsection (g). The availability of tax credits under this  
7 paragraph shall expire 90 days after completion of the  
8 approval process under section 5(c).

9           (2) Tax credits remaining after the allocation under  
10 paragraph (1) shall be made available to all other taxpayers  
11 by the Department of Community and Economic Development on a  
12 first-come, first-served basis within the limitation  
13 established under subsection (g).

14       (c.1) Designation by taxpayer.--A taxpayer applying for a  
15 tax credit under subsection (a) or (b) may designate a school-  
16 to-work pilot program to receive funds under section 6(b).

17       (d) Payments.--A taxpayer that is approved to receive a tax  
18 credit under subsection (a) or (b) shall make payment to the  
19 Department of Community and Economic Development in the amount  
20 approved by the Department of Community and Economic  
21 Development. The payment shall be made in the manner prescribed  
22 by the Department of Community and Economic Development.

23       (e) Restricted account.--The Department of Community and  
24 Economic Development shall deposit all payments made pursuant to  
25 subsection (d) into a restricted account for distribution to  
26 school-to-work pilot programs according to section 6(b).

27       (f) Tax credit certificate.--The following shall apply:

28           (1) Upon receipt of payment under subsection (d), the  
29 Department of Community and Economic Development shall issue  
30 to the taxpayer a tax credit certificate equal to the total

1 tax credits approved for the taxpayer. For a taxpayer that is  
2 a business partner applying under subsection (a), the tax  
3 credit amount must be equal to 90% of the amount paid in  
4 subsection (d). For a taxpayer applying under subsection (b),  
5 the tax credit amount must be equal to 75% of the amount paid  
6 in subsection (d).

7 (2) The tax credit certificate must state:

8 (i) The amount of tax credits that the taxpayer may  
9 claim.

10 (ii) The tax years in which the tax credits may  
11 first be utilized by the taxpayer.

12 (iii) A penalty or other remedy for noncompliance.

13 (iv) The procedure to be used for transferring the  
14 tax credits to another taxpayer.

15 (v) Other requirements that the Department of  
16 Community and Economic Development and Department of  
17 Revenue consider to be necessary.

18 (g) Amount.--

19 (1) The total aggregate amount of all tax credits issued  
20 under this act may not exceed \$10,000,000.

21 (2) The total amount of tax credits issued to a taxpayer  
22 under this act may not exceed \$500,000.

23 Section 8. Carryover, carryback, refund and assignment.

24 (a) Carryover.--If the taxpayer cannot use the entire amount  
25 of the tax credit for the taxable year in which the taxpayer is  
26 eligible for the credit, the excess may be carried over to  
27 succeeding taxable years and used as a credit against the  
28 taxpayer's tax liability for those taxable years. Each time that  
29 the tax credit is carried over to a succeeding taxable year it  
30 shall be reduced by the amount of tax credits claimed during the

1 immediately preceding taxable year. The tax credits awarded  
2 under this act may not be utilized for tax years beginning after  
3 December 31, 2018.

4 (b) Carryback or refund.--A taxpayer may not be entitled to  
5 carry back or obtain a refund of an unused tax credit.

6 (c) Sale or assignment.--A taxpayer, upon application to and  
7 approval by the Department of Revenue, may sell or assign, in  
8 whole or in part, a tax credit granted to the taxpayer under  
9 this act if the taxpayer does not have a tax liability against  
10 which the tax credit may be applied in a taxable year in which  
11 the tax credit is permitted to be claimed. The Department of  
12 Revenue shall establish guidelines for the approval of an  
13 application under this subsection. Before an application is  
14 approved, the Department of Revenue shall make a finding that  
15 the taxpayer and its assignee have filed the required State tax  
16 reports and returns for the taxable years and paid any balance  
17 of State tax due as determined by the Department of Revenue.

18 (d) Purchaser and assignee.--The purchaser or assignee of a  
19 tax credit under subsection (c) shall immediately claim the  
20 credit against its tax liability in the taxable year in which  
21 the purchase or assignment is made. The purchaser or assignee  
22 may not carry back, carry forward or obtain a refund of or sell  
23 or assign the tax credit. The purchaser or assignee shall notify  
24 the Department of Revenue of the seller or assignor of the tax  
25 credit in compliance with procedures specified by the Department  
26 of Revenue.

27 Section 9. Annual and final reports.

28 (a) Annual reports.--Within 60 days of the end of a school  
29 year in which a school-to-work pilot program is in operation,  
30 the department, participating agencies and the board shall

1 jointly submit a report to the Governor, the Auditor General,  
2 the chairman and minority chairman of the Appropriations  
3 Committee of the Senate, the chairman and minority chairman of  
4 the Education Committee of the Senate, the chairman and minority  
5 chairman of the Labor and Industry Committee of the Senate, the  
6 chairman and minority chairman of the Appropriations Committee  
7 of the House of Representatives, the chairman and minority  
8 chairman of the Education Committee of the House of  
9 Representatives and the chairman and minority chairman of the  
10 Labor and Industry Committee of the House of Representatives  
11 regarding the implementation of CareerBound and the school-to-  
12 work pilot programs over the previous school year.

13 (b) Final report.--Within six months of the expiration of  
14 the school-to-work pilot programs according to section 5(f), the  
15 department, participating agencies and the board shall jointly  
16 submit a report to the the Governor, the Auditor General, the  
17 chairman and minority chairman of the Appropriations Committee  
18 of the Senate, the chairman and minority chairman of the  
19 Education Committee of the Senate, the chairman and minority  
20 chairman of the Labor and Industry Committee of the Senate, the  
21 chairman and minority chairman of the Appropriations Committee  
22 of the House of Representatives, the chairman and minority  
23 chairman of the Education Committee of the House of  
24 Representatives and the chairman and minority chairman of the  
25 Labor and Industry Committee of the House of Representatives  
26 regarding the implementation of CareerBound and the school-to-  
27 work pilot programs.

28 (c) Report contents.--In addition to information or analysis  
29 required by the department, in consultation with participating  
30 agencies and the board as needed, the interim and final reports

1 must include information about each school-to-work pilot  
2 program, including whether each school-to-work pilot program  
3 achieved the clear objectives and measurable goals proposed  
4 under section 5(b)(7), an analysis of each school-to-work pilot  
5 program according to the outcome-based metrics enumerated by the  
6 department in section 6(a), the number of participating students  
7 and the amount spent. The reports must identify best practices  
8 observed from among the most successful school-to-work programs.  
9 Section 10. Effective date.  
10 This act shall take effect immediately.