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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 166\*  
134<sup>th</sup> General Assembly

## Bill Analysis

[Click here for S.B. 166's Fiscal Note](#)

**Version:** As Reported by Senate Primary & Secondary Education

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## SUMMARY

### Student Pathways for Career Success Grant Program

- Requires the Department of Education to establish the Student Pathways for Career Success Grant Program.

### Financial incentives for work-based learning experiences

- Requires the Governor's Office of Workforce Transformation, the Department of Education, the Chancellor of Higher Education, and JobsOhio to create a program that establishes financial incentives for Ohio businesses to provide work-based learning experiences for students enrolled in an approved career-technical program.

### Employers Providing Work-Based Learning Pilot Program

- Creates the Employers Providing Work-Based Learning Pilot Program, which, for the program's two-year duration, requires the Administrator of Workers' Compensation to grant a premium rate discount for an employer that provides a work-based learning experience for students enrolled in an approved career-technical education program.
- Prohibits, for the program's duration, an insurance company from increasing a premium rate under a policy insuring an employer against liability for an employee's injury, occupational disease, or death not covered by the Workers' Compensation Law solely because the employer provides a work-based learning experience under the program.

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\* This analysis was prepared before the report of the Senate Primary & Secondary Education Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

- Requires the Administrator, at the program's end, to submit a report to the General Assembly regarding the program.
- Exempts from Ohio's Minor Labor Law a student who is participating in an employer's work-based learning experience under the program.

### **Withholding tax credit for career-technical program participants**

- Authorizes an income tax withholding credit for employers equal to 15% of the taxes withheld from wages paid to a student participating in a career-technical education program.

### **Compensation of JVSDs in community reinvestment areas**

- Requires a JVSD to receive similar compensation as a city, local, or exempted village school district when the latter negotiates such an agreement with respect to a commercial or industrial project subject to a community reinvestment area tax exemption.

### **Driver education course credit**

- Permits a student to receive credit for a driver education course conducted by a school or district or any agency or organization that the district contracts with as either an elective or as an approved industry-recognized credential.
- Permits a career-technical planning district to use a portion of career-technical education funds to make a driver education course available to high school students enrolled in the district.

### **Driver's license as an industry-recognized credential**

- Requires the industry-recognized credential committee to update its list of credentials and licenses that qualify for a high school diploma to include a driver's license obtained by a student through a driver education course offered by a school district.

### **Career-technical digital learning**

- Permits approved career-technical education programs to provide remote or digital learning opportunities to students on a full-time or hybrid basis to the extent practicable.

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## **DETAILED ANALYSIS**

### **Student Pathways for Career Success Grant Program**

The bill requires the Department of Education to establish the Student Pathways for Career Success Grant Program to provide grants to lead districts of career-technical planning

districts (CTPD) and Ohio Technical Centers for the purpose of improving or expanding upon career-technical education programming that meets state or regional workforce needs.<sup>1</sup>

A CTPD is an organizational unit for the provision of career-technical services for grades 7-12. Each CTPD is either a joint vocational school district, a comprehensive career-technical program operated by a single school district (usually a larger city school district), or a contract arrangement among several districts. In either case, one of the participating districts assigned to a CTPD is the lead district of the CTPD.<sup>2</sup> Ohio Technical Centers are career technical centers and schools that provide adult education and are recognized as such by the Chancellor of Higher Education.<sup>3</sup> Most, if not all, of the state's CTPDs are also Ohio Technical Centers.

Under the bill, the State Board of Education must adopt rules to administer the grant program. Those rules must address all of the following:

1. Grant eligibility requirements;
2. Grant applications forms and procedures, including reapplication procedures; and
3. Any other rules the Board considers necessary for the operation of the program.<sup>4</sup>

The State Board's rules may prioritize the awarding of grants for career-technical education programs that prepare students for occupations that are listed as "in-demand" under current law.<sup>5</sup>

## **Financial incentives for work-based learning experiences**

The bill requires the Governor's Office of Workforce Transformation, in collaboration with the Department of Education, the Chancellor of Higher Education, and JobsOhio to create a program that establishes financial incentives for Ohio businesses to provide work-based learning experiences for students enrolled in an approved career-technical program. To qualify, a businesses' work-based learning experiences must align with the framework developed by the Department for school districts and community schools to use in granting units of high school credit to students who demonstrate subject area competency through work-based learning experiences. In addition, the bill expressly requires the businesses' work-based learning experiences to comply with applicable state minor labor laws. This provision appears to be limited to the requirement to employ only those minors who have the proper age and schooling certificate for their position of employment.<sup>6</sup>

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<sup>1</sup> R.C. 3303.07.

<sup>2</sup> R.C. 3317.023(A) and 3317.161, neither in the bill. See also R.C. 3313.90, not in the bill.

<sup>3</sup> R.C. 3333.94, not in the bill.

<sup>4</sup> R.C. 3303.07(C).

<sup>5</sup> R.C. 3303.07(D); See R.C. 6301.11, not in the bill.

<sup>6</sup> R.C. 3317.162; also see R.C. 3313.603(J)(3) and 4109.02, neither in the bill.

On the other hand, under the bill's separate temporary Work-Based Learning Pilot Program, an employer is exempt from the state minor labor laws (see below).

## **Employers Providing Work-Based Learning Pilot Program**

The bill creates the Employers Providing Work-Based Learning Pilot Program, which expires two years after the bill's effective date. For the program's duration, both of the following apply:

- The Administrator of Workers' Compensation, subject to the approval of the Bureau of Workers' Compensation Board of Directors, must grant a discount on premium rates for an employer that provides a work-based learning experience for students enrolled in an approved career-technical education program.
- An insurance company cannot increase an employer's premium rate under a policy insuring the employer against liability for an employee's injury, occupational disease, or death not covered under the Workers' Compensation Law<sup>7</sup> solely because the employer provides a work-based learning experience under the program.<sup>8</sup>

## **Minor labor laws**

Under continuing law, a student participating in a career-technical program approved by the Ohio Department of Education is exempt from Ohio's Minor Labor Law.<sup>9</sup> The bill specifies that, pursuant to continuing law, Ohio's Minor Labor Law does not apply to a student enrolled in an approved career-technical education program who is participating in an employer's work-based learning experience.<sup>10</sup>

Both federal and state law govern the employment of minors, and an employer may be subject to one or both laws. The federal Fair Labor Standards Act<sup>11</sup> (FLSA) and Ohio's Minor Labor law generally set the working conditions for minors, including hours of work, safety, and minimum age requirements. A minor cannot be employed in any occupation considered hazardous under either law. An employer that violates minor labor standards under one or both laws may be subject to civil and criminal penalties.

Although a student who is participating in an employer's work-based learning experience under the program is exempt from Ohio's Minor Labor Law, the FLSA would continue to apply to an employer subject to the law. But if specified conditions are met under

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<sup>7</sup> R.C. Chapters 4121, 4123, 4127, and 4131.

<sup>8</sup> Section 3(A), by reference to R.C. 3317.161, not in the bill.

<sup>9</sup> R.C. Chapter 4109.

<sup>10</sup> Section 3(B), by reference to R.C. 4109.06, not in the bill.

<sup>11</sup> 29 United States Code 201 *et seq.*

the FLSA, a minor classified as a student learner may engage in some of the activities considered hazardous that would otherwise be prohibited for minors.<sup>12</sup>

## Report

Not later than the date on which the program expires, the Administrator must prepare and submit to the President of the Senate and the Speaker of the House of Representatives a report that includes:

- The name of each employer that participated in and received a discount on premium rates under the program;
- The amount of the discount on premium rates that each employer received under the program; and
- Statistical information regarding the students who participated in an employer's work-based learning experience (the Administrator must not include information that identifies those students).<sup>13</sup>

## Withholding tax credit for career-technical program participants

The bill authorizes an income tax withholding credit for employers who hire students age 19 or younger for a work-based learning experience, internship, or cooperative education program associated with the student's career-technical education program. The credit equals 15% of the income taxes withheld from the student's wages.

Under continuing law, employers withhold income taxes from their employees' wages and remit those taxes on the employees' behalf to the state. The bill's credit would essentially allow an employer to keep 15% of the taxes withheld from a student's wages, rather than remit those taxes to the state. Under the bill, the student is still considered to have paid the taxes, so the student's liability has not changed.

As an example: An employer pays a qualifying student \$5,000 as part of an internship, and is required to withhold \$100 of state income taxes on that compensation. Under the bill, the employer would remit \$85 to the state and keep \$15. The employee is considered to have paid all \$100 of those taxes, as if the employer had remitted all \$100.<sup>14</sup>

## Compensation of JVSDs in community reinvestment areas

The bill requires that, if a city, local, or exempted village school district negotiates to receive compensation for property tax revenue forgone on a commercial or industrial project

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<sup>12</sup> 29 Code of Federal Regulations 570.50 *et seq.* See LSC's [Minor Labor Laws](#) Members Brief for more details on the hazardous occupations that are generally prohibited for minors, exemptions allowing some minors to engage in certain hazardous occupations, and penalties under the FLSA and Ohio's Minor Labor Law.

<sup>13</sup> Section 3(C).

<sup>14</sup> R.C. 5747.07 and 5747.073.

subject to a community reinvestment area (CRA) tax exemption granted by a local government, the joint vocational school district (JVSD) whose territory includes the project site must be compensated at the same rate, and under the same terms, as the other school district. The JVSD compensation is required regardless of whether the other district's compensation is paid by the project's owner or the local government authorizing the exemption. The JVSD must also receive notice of a proposed CRA in the same manner as the other district.<sup>15</sup>

Under continuing law, municipalities and counties may create a CRA to provide a property tax exemption to owners who invest in property improvements or new construction within the CRA. Before the exemption may apply to a commercial or industrial project, the local government and the project owner must enter into an agreement prescribing the specific terms of and the requirements for maintaining the exemption. If an agreement proposes to exempt more than 50% of the project's value, the agreement must first be approved by the city, local, or exempted village school district in which the project would be located, and that approval may be conditioned paying compensation to the district. However, no permission is required if the district is compensated by the local government or the project owner in an amount that would hold the district harmless for excess revenue forgone as a result of the exemption percentage equaling or exceeding that 50% threshold.

### **Driver education course credit**

The bill permits students to receive credit for a driver education course completed at their school district of attendance or through any agency or organization that the district contracts with to offer such a course as follows:

1. Up to one-half unit towards high school elective credits that may substitute for other currently accepted elective coursework, described below; or
2. Up to two points of industry-recognized credentials to be used toward a high school diploma under the workforce graduation pathway.<sup>16</sup>

Further, the bill permits a career-technical planning district to use a portion of career-technical education funds received under current law to make a driver education course available to high school students enrolled in the district.<sup>17</sup>

Under continuing law, students are required to complete five units of elective coursework consisting of one or any combination of foreign language, fine arts, business, career-technical education, family and consumer sciences, technology which may include computer science, agricultural education, an approved junior reserve officer training corps (JROTC) program, or English language arts, mathematics, science, or social studies courses not otherwise required for graduation.<sup>18</sup> Also, under continuing law, students may select different

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<sup>15</sup> R.C. 3735.671, 5709.82, and 5709.83.

<sup>16</sup> R.C. 3301.17(C)(2).

<sup>17</sup> R.C. 3301.17.

<sup>18</sup> R.C. 3313.603(C)(8), not in the bill.

pathways of requirements to earn a high school diploma. Under the workforce readiness graduation pathway, a student must earn 12 points of industry-recognized credentials to qualify. The points system was established by a statutorily prescribed committee appointed by the Superintendent of Public Instruction, in collaboration with the Governor's Office of Workforce Transformation and representatives of business organizations, to develop a list of industry-recognized credentials and licenses that may be used to qualify for a high school diploma.<sup>19</sup>

### **Driver's license as an industry-recognized credential**

The bill requires the industry-recognized credential committee to update its list of credentials and licenses that qualify for a high school diploma to include a driver's license obtained by a student through a driver education course offered by a school district.<sup>20</sup>

Under continuing law, the Superintendent of Public Instruction, in collaboration with the Governor's Office of Workforce Transformation and representatives of business organizations, was required to establish the industry-recognized credential committee to:

1. Establish criteria for acceptable industry-recognized credentials and licenses aligned with the in-demand jobs list published by the Department of Job and Family Services;
2. Review the list of industry-recognized credentials and licenses that was in existence on January 1, 2018, and update the list as it considers necessary; and
3. Review and update the list of industry-recognized credentials and licenses at least biennially.

### **Career-technical digital learning**

The bill permits approved career-technical education programs to provide remote or digital learning opportunities to students on a full-time or hybrid basis to the extent practicable.<sup>21</sup>

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## **HISTORY**

Action	Date
Introduced	04-21-21
Reported, S. Primary & Secondary Education	---

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<sup>19</sup> See R.C. 3313.618(A)(3) and 3313.6113, neither in the bill.

<sup>20</sup> R.C. 3313.6113(B)(4).

<sup>21</sup> R.C. 3313.905.