

## CONCERNS ABOUT HIRING INDIVIDUALS WITH A CRIMINAL RECORD

### ~INCENTIVES FOR EMPLOYERS~

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*This fact sheet is designed to share information with employers about incentive programs aimed at getting individuals with a criminal record back to work. Below information provided by National H.I.R.E. Network, [www.hirenetwork.org](http://www.hirenetwork.org).*

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#### **Federal Fidelity Bonding Program**

The Federal Bonding Program issues fidelity bonds which serve as insurance policies for employers. Bonding protects employers in case of theft, forgery, larceny, or embezzlement of money or property by an employee who is covered by the bond. The program serves as a tool for employers for “at-risk” job seekers. **The bond coverage is \$5000-\$25,000 and is free for employers and last for six months (each state determines the bonding amount).** The bond becomes effective the first day of employment and is issued by the Department of Labor.

Bonds can be issued for:

- At risk job seekers whose background might lead an employer to question their honesty and deny them a job (persons with a criminal record, persons with a substance abuse history or in treatment for alcohol or drugs, persons with no work history, and persons transitioning from welfare to work).
- Full time and part time positions are covered as well as private and public sectors employers. Job seekers can also obtain a bond through a temporary agency.
- Workers must meet the state’s legal age for working.
- Bonds can be used to cover current employees who need bonding to prevent being laid off or secure a promotion to a new position with their current employer.

For more information about the Federal Bonding Program, visit [www.ides.state.il.us](http://www.ides.state.il.us) or The U.S. Department of Labor website at [www.doleta.gov/documents/fedbonding.asp](http://www.doleta.gov/documents/fedbonding.asp)

#### **Work Opportunity Tax Credit (WOTC)**

The Work Opportunity Tax Credit (WOTC) is a federal tax credit that provides an incentive for employers to hire, train, and retain job seekers who are among nine groups- including former felons- who often experience barriers to employment. WOTC reduces an employer’s federal income tax liability by as much as \$2,400 per qualified new worker. (\$750 if working 120 hours OR \$1,200 if working 400 hours or more per qualified summer youth). WOTC applies only to new employees hired after September 30, 1996.

The new employee must belong to one of nine target groups:

- A member of a family that is receiving or recently received Temporary Assistance to Needy Families (TANF).
- An 18-24 year old member of a family that is receiving or recently received Food Stamps.

- An 18-24 year old resident of one of the Federally designated Empowerment Zones (EZs), Enterprise Communities (ECs), or Renewal Communities (RCs).
- A 16-17 year old EZ/EC or RC resident hired between May 1 and September 15 as a summer youth employee (must work at least 90 days).
- A veteran who is a member of a family that is receiving or recently received Food Stamps.
- A disabled person who completed or is completing rehabilitative services from a State or the U.S. Department of Veterans Affairs.
- An ex-felon who is a member of a low-income family.
- A recipient of Supplemental Security Income (SSI) benefits.
- The New York Liberty Zone Business Employee (requires no certification).

**Employers can participate in the following ways:**

- Complete the one page IRS Form 8850 the day the job offer is made.
- Complete either the one page ETA Form 9061 or Form 9062.
- If the new employee has already been conditionally certified as belonging to a WOTC target group, complete the bottom part of ETA Form 9062 (and sign and date it).
- If the new employee has not been conditionally certified, the employer and/or the new employee must fill out and complete, sign and date ETA Form 9061.
- Mail the signed IRS and ETA forms to the employer's State Workforce Agency. The IRS form must be mailed within 21 days of the employee's employment-start date.

*You can visit the Illinois Department of Employment Security Website for the necessary forms and instructions at [www.ides.state.il.us/employer/uitax/credits.asp](http://www.ides.state.il.us/employer/uitax/credits.asp)*

**Welfare to Work Tax Credit**

The Welfare-to-Work Tax Credit is a federal income tax credit that encourages employers to hire long-term family assistance recipients, who begin to work any time after December 31, 1997. This new tax credit can reduce employers' federal tax liability by as much as \$8,500 per new hire. The Welfare-to-Work Tax Credit (WtWTC) is administered under the Work Opportunity Tax Credit (WOTC) certification procedures.

- The Welfare-to-Work Tax Credit applies to new hires that begin work after December 31, 2001, and before January 1, 2004, and are employed at least 400 hours or 180 days.

Eligibility includes:

- Long-term welfare recipient who is a member of a family that receives Temporary Assistance to Needy Families (TANF) for at least the 18 consecutive months before the date of hire or whose TANF eligibility expired under Federal or State law after August 5, 1997.
- Individuals hired within 2 years after their eligibility expired or who received TANF for any 18-month period, and who are hired within 2 years after the end of the earliest 18-month period.
- New hires must be employed 400 or more hours or 180 days is 35% of qualified wages for the first year of employment and 50% for the second year. Qualified wages are capped at \$10,000 per year. Wages include tax-exempt amounts received under accident or health plans as well as educational assistance and dependent assistance programs.

**Employers can participate in the following ways:**

- Apply for and receive certification from the State Workforce Agency (SWA) that their new hire is a long-term TANF recipient before they can claim the Welfare-to-Work Tax Credit on their federal tax return. (Department of Human Services).
- Complete the one-page IRS Form 8850, "Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Tax Credits," by the date the job offer is made.

- Complete either the one-page ETA Form 9062, “Conditional Certification Form,” **or** ETA Form 9061, “Individual Characteristics Form,” if the job seeker has not received a Conditional Certification.
- Mail the signed IRS 8850 and ETA 9061 or 9062 together to **Department of Commerce and Economic Opportunity**. The IRS 8850 must be mailed within 21 days after the new hire’s employment-start-date.

*You can visit the Illinois Department of Employment Security Website for the necessary forms and instructions at [www.ides.state.il.us/employer/uitax/credits.asp](http://www.ides.state.il.us/employer/uitax/credits.asp)*

### **Other Incentives**

- TIFWorks Chicago ([www.cityofchicago.org/tifworks/](http://www.cityofchicago.org/tifworks/))
- Illinois Department of Public Health Waiver ([www.idph.state.il.state.us](http://www.idph.state.il.state.us))
- Illinois Certificate of Relief from Disability and Certificate of Good Conduct (pending)

### **More information about incentives for businesses?**

U. S Department of Labor, Employment & Training Administration [www.uses.doleta.gov](http://www.uses.doleta.gov)

Illinois Department of Commerce and Economic Opportunity  
[www.commerce.state.il.us](http://www.commerce.state.il.us)