

# QUICK FACTS

## EMPLOYER INCENTIVES FOR FAIR CHANCE HIRING

**Instructions:** The government has taken a few steps to address the fallout caused by legal regulatory restrictions, increase access to employment for people with criminal records, and incentivize employers to hire people with a criminal records. Below are some facts and tips to help you learn about and access the incentives.

### Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers who invest in American job seekers who have consistently faced barriers to employment, including **the formerly incarcerated or those previously convicted of a felony**.

#### Facts:

- ▶ Employers of all sizes can claim this credit.
- ▶ The WOTC is equal to up to 40% of up to \$6,000 of wages paid to an individual in their first year of employment. A 25% rate applies to wages for individuals who perform fewer than 400 but at least 120 hours of service for an employer.
- ▶ An employer cannot claim the WOTC for employees who are rehired.
- ▶ Individuals need to be certified as being a member of the targeted group (formerly incarcerated) and perform at least 400 hours of service for that employer.
- ▶ To claim the WOTC, an employer and job applicant must complete form 8850 on or before the day an offer is made.
- ▶ The employer has 28 days to submit the form.
- ▶ The WOTC may be claimed by any employer who hires an eligible applicant within a year of being convicted of a felony or being released from prison

Link to website: [Work Opportunity Tax Credit | Internal Revenue Service \(irs.gov\)](#)

### Federal Bonding Program

The Federal Bonding Program (FBP) was created in 1966 by the Department of Labor (DOL). The program provides fidelity bonds for “at risk,” hard to place job seekers. This population includes **justice involved citizens**.

#### Facts:

- ▶ Each bond has a \$5000 limit with a \$0 deductible.
- ▶ The bond protects the employer from any fraudulent or dishonest acts done by the employee during the first 6 months of employment on or away from the worksite.
- ▶ The bonds come at no cost to the employer or job applicant and can be applied to full, part time, and temporary employees.

Link to website: [About the FBP | FBP Background | The Federal Bonding Program \(bonds4jobs.com\)](#)