

OMB 1205-0371, Justification for Non-Substantive Change Request Work Opportunity Tax Credit (WOTC) Program

On November 22, 2011, President Obama signed into law H.R. 674 (the VOW to Hire Heroes Act of 2011 (the Act)). Section 261, the “Returning Heroes and Wounded Warriors Work Opportunity Tax Credit,” amends the definition of the Veteran’s target group and expands employment services to all veterans, effective immediately. These amendments and provisions apply to new employees who begin working for an employer starting the day after enactment, November 23, 2011, up to December 31, 2012.

Action Requested: ETA seeks OMB approval to make minimal changes to ETA 9058 Report 1, “Certification Workload and Characteristics of Certified Individuals,” and ETA 9061, “Individual Characteristics Form - Work Opportunity Tax Credit,” (and its Spanish version). ETA is preparing instructions for the states and employers which will require employers to indicate in the top margin of ETA Form 9061 which Veteran expanded group they hired, and for which they are requesting certification.

BACKGROUND. The WOTC Program, enacted by the Small Business Job Protection Act of 1996 (P.L. 104-188) and Section 51 of the Internal Revenue Code (IRC) were created by Congress as a tax credit incentive to those employers who provide a first-employment opportunity and training to the members of a number of targeted groups, which have faced significant barriers to employment. On December 31, 2010, the two WOTC groups (Unemployed Veterans and Disconnected Youth) created by Public Law 111-5 expired. ETA issued TEGL 20-10 to the state workforce agencies (SWAs) to provide program guidance. The guidance required SWAs to continue to accept but not process certification requests (for the expired two groups) filed by employers and their representatives in a timely manner pending a potential retroactive extension of these groups. Currently, the legislative authority for this program will expire on December 31, 2011, but the expectation is that Congress will retroactively extend it. Meanwhile an extension of the PRA expiration date, now slated for November 30, 2011, is pending.

NEW PROVISIONS: Section 261 of the Act, “Returning Heroes and Wounded Warriors Work Opportunity Tax Credit,” made the following amendments to the original Veteran target group:

- 1) Qualified wages for the current Disabled Veteran (DV) group remain capped at \$12,000 for a maximum credit of up to \$4,800;
- 2) Qualified wages for members of the DV group receiving Unemployment compensation for at least 6 months were increased to \$24,000 for a maximum tax credit of up to \$9,600;
- 3) The P.L. 111-5 Unemployed Veteran (UV) expired group was extended and amended. The Act divides the original UV target group into two groups:
 - a. U Veterans receiving Unemployment compensation for at least 4 weeks and

- b. U Veterans receiving Unemployment compensation for at least 6 weeks in the year prior to hire;

Note. The 5-year period ending on the hiring day requirement for this expired group was rescinded;

- 4) Qualified tax-exempt (i.e., non-profits) organizations hiring these veterans are now eligible to claim the WOTC;
- 5) The Act gives the Secretary of Treasury authority to provide alternate methods for certification of certain amended veteran groups; and
- 6) The provisions and amendments became effective the date the President signed it into law, November 22, 2011; they apply to new hires that begin to work for an employer the day after enactment, November 23, 2011, up to December 31, 2012.
- 7) Qualified wages for the current Disabled Veteran (DV) group remain capped at \$12,000 for a maximum credit of up to \$4,800;
- 8) Qualified wages for members of the DV group receiving Unemployment compensation for at least 6 months were increased to \$24,000 for a maximum tax credit of up to \$9,600;
- 9) The P.L. 111-5 Unemployed Veteran (UV) expired group was extended and amended. The Act divides the original UV target group into two groups:
 - a. U Veterans receiving Unemployment compensation for at least 4 weeks in the year prior to hire, and
 - b. U Veterans receiving Unemployment compensation for at least 6 weeks in the year prior to hire;

Note. The 5-year period ending on the hiring day requirement for this expired group was rescinded;

- 10) Qualified tax-exempt (i.e., non-profit) organizations can now participate by hiring these veterans and are now eligible to claim the WOTC;
- 11) The Act gives the Secretary of Treasury authority to provide alternate methods for certification of certain amended veteran groups; and
- 12) The provisions and amendments become effective the date the President signed it into law, November 22, 2011.
 - a. These provisions apply to new hires that begin to work for an employer the day after enactment, November 23, 2011 and through December 31, 2012.

The following table summarizes and illustrates the amendments and provisions to the original Veteran group:

| Veteran (B) | Qualified Wages | Max Credit |
|--|------------------------|-------------------|
| Vet receiving SNAP for 3 of 12 months. | \$6,000 | \$2,400 |
| Disabled Vet entitled to compensation for service-connected disability | \$12,000 | \$4,800 |
| Disabled Vet entitled to compensation for service-connected disability & receiving UI for 6 mos. within 1-yr of hiring date | \$24,000 | \$9,600 |
| Vet receiving UI for 4 weeks and less than 6 months within 1 yr. of hiring date. | \$6,000 | \$2,400 |
| Vet receiving UI for at least 6 mos. within 1 year of hiring date. | \$14,000 | \$5,600 |

Changes to ETA 9061 and ETA 9058:

I. ETA 9061 and Instructions

Page 1, Box 13:

Added two statements that cover amendments to this original group and updated the instructions to reflect the updates.

Page 2. Box 20:

Deleted the third statement that refers to the expired Unemployed Veteran group.

Added a last statement covering a new provision.

Box 21:

Deleted all language referring to the Disconnected Youth expired group.

Added language asking for information regarding tax-exempt organization status to help ETA track the participation of this new employer.

The instructions to individuals in the section below, **Examples of Documentary Evidence and Collateral Contacts**, were updated to reflect deletions of documentation no longer required or needed for the ARRA (P.L. 111-5) expired target groups and to reflect new documentation --if necessary-- required for the expanded Veteran group.

II. ETA Form 9058 – Report 1 and Instructions

Box 10. Deleted target group, Unemployed Veteran.

Box 11. Deleted target group, Disconnected Youth.

Boxes 2a to 12 were rearranged to make room for the new and expended Veteran groups as follows:

Box 2a. After “Veteran,” added (V),

Box 2b. After “Disabled Veteran,” added (DV),

Added Box 2c and titled it “DV receiving UI for 6 mos.,”

Added Box 2d. and titled it “V receiving UI for 4 weeks.,”

Added Box 2e and titled it “V receiving UI for 6 months prior to yr. of hire,”

Renumbered the rest of the target groups for boxes 3 through 12.,

Box 10 became Long-term TANF.,

Box 11. TOTAL (For Qtr.), and

Box 12. (YTD)