

**EXAMPLE: Project ReConnect, Office of Classification and Programs, Florida Department of Corrections**

In order to encourage employers to hire people with criminal records, the program's literature concentrates on highlighting the availability of the Federal Bonding Program, as well as the Work Opportunity Tax Credit. Working in partnership with Workforce Florida, Inc., the program assists employers in accessing this funding.

In partnership with workforce leaders, departments of corrections can determine the best way to communicate with potential employers. Some states provide information packets to employers on general issues related to hiring released individuals.

Policymakers can also create first source agreements to require government or government-subsidized contractors to hire local residents or particular populations, including people with criminal records.

**EMPLOYER FINANCIAL INCENTIVES FOR HIRING INDIVIDUALS RELEASED FROM PRISON OR JAIL**

PROGRAM	DESCRIPTION
Federal Bonding Program	Created in 1966 by the US Department of Labor, the Federal Bonding Program helps to alleviate employer concerns that at-risk job applicants will be untrustworthy workers by allowing employers to request—free of charge—fidelity bonds to cover people who, like released individuals, cannot be covered by commercial insurance, such as offenders. A fidelity bond is a business insurance policy that protects the employer in case of any loss of money or property due to employee dishonesty. It is, in effect, a “guarantee” to the employer that the person hired will be an honest worker. Fidelity bonds issued through the Federal Bonding Program insure the employer, at no cost, against theft, forgery, larceny, or embezzlement by the employee. Either the employer or the job applicant can request that a bond be issued by the local agency certified by the Federal Bonding Program. <i>More information is available at <a href="http://www.doleta.gov/documents/fedbonding.asp">www.doleta.gov/documents/fedbonding.asp</a>.</i>
Work Opportunity Tax Credit	The Work Opportunity Tax Credit (WOTC), authorized by the Small Business Job Protection Act of 1996 (P.L. 104-188), is a federal tax credit that encourages employers to hire job seekers who might otherwise be perceived as less desirable by reducing employers’ federal income tax liability by as much as \$2,400 per qualified new worker. Among the nine categories of new hires who qualify for the tax credit are people who have been convicted of felonies and are members of low-income families. The WOTC was reauthorized in March 2002, to extend the period of eligibility to workers hired up until January 2004. <sup>48</sup> <i>More information is available at <a href="http://www.usdoleta.gov/wotcdata.asp">www.usdoleta.gov/wotcdata.asp</a>.</i>
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 (which can include people released from prison or jail) who begin to work any time after December 31, 1997, and before January 2004. Established by the Taxpayer Relief Act of 1997, this new tax credit can reduce employers’ federal tax liability by as much as \$8,500 per new hire (depending on the amount that the new hire earns) over the first two years. Qualified wages are capped at \$10,000 per year. <i>More information is available at <a href="http://www.usdoleta.gov/wtw.asp">www.usdoleta.gov/wtw.asp</a>.</i>

<sup>48</sup> As noted, the WOTC (as well as the Welfare-to-Work Tax Credit) had an original reauthorization date of January 2004. Although the date

has passed, neither program has yet been reauthorized; however, both programs have been extended until Congress takes some further action.