

# WorkSource Information Notice (WIN)

WorkSource Standards & Integration Division

Policy Clarification |  Q&A |  Other

Number: WIN - 0016  
Date: March 6, 2012  
Expiration Date: N/A

**TO:** Workforce Development System Partners

**FROM:** Amy Smith-Rubeck, Deputy Assistant Commissioner

**SUBJECT:** Guidance on the Combined Use of On the Job Training (OJT) and the Work Opportunity Tax Credit (WOTC) for Veterans

### **Purpose:**

To encourage the combination or packaging of OJT opportunities involving veterans with a WOTC for qualifying veterans to further incent employers to participate in the Governor's 10% OJT for Veterans and Youth.

### **Action Required:**

Each Workforce Development Council (WDC) should distribute this information to business services and other staff in the WDC, local WorkSource office(s), and WorkSource affiliate sites. This information should also be shared with local system partners that work with veterans and businesses.

### **Summary:**

The Governor directed \$325,000 of WIA 10% discretionary funds for OJT opportunities for Veterans and Youth (see WorkSource Information Notice 0014). As it relates to veterans (including older youth who may be veterans), WOTC, used in combination with an OJT for veterans, may result in added benefit and provide added incentive for employers to participate in the OJT program.

The WOTC is a federal income tax credit that can save employers up to \$2,400 during the first year of employment for each qualified employee or up to \$9,000 over two years for each qualified employee when employers hire someone from a targeted group that has traditionally faced significant barriers to employment (including certain categories of veterans).

It is the policy of the Employment Security Department (ESD) to make the WOTC program available to job-ready individuals who meet the eligibility criteria and are having difficulty finding employment. ESD is also promoting this program to qualified employers who desire to receive a tax credit for hiring individuals from various targeted groups including the following categories of veterans:

- Veterans who are members of a family receiving Supplemental Nutrition Assistance Program (SNAP) for at least 3 consecutive months in the 15 months prior to the date of hire, and who served on active duty (other than active duty for training) in the Armed Forces of the United

States for a period of more than 180 days, or were discharged or released from active duty in the Armed Forces of the United States for a service-connected disability; and/or

- Veterans who received unemployment compensation under a state or federal law for at least 4 weeks during the one-year period ending on the hiring date and were discharged from active duty within 5 years ending on the hiring date.

Employers can claim up to 40 percent of the first \$6,000 in qualified first-year wages for a maximum credit of \$2,400 per certified employee. Qualified first-year wages are capped at \$6,000 for all WOTC target groups for each of the two qualifying years, except for Summer Youth (\$3,000), Disabled Veteran (\$12,000), and Long-Term TANF recipients (\$10,000).

Schedule of tax credit below:

Certified employee hours worked during the first year:

- 1-119 hours = No Credit
- 120-399 hours = 25 percent of capped wages
- 400+ hours = 40 percent of capped wages

**Important Note:**

One constraint that applies to an OJT-WOTC combination is that OJT hours count toward the WOTC, but OJT wages paid during the training **do not** count toward the WOTC. Thus, the hours spent during the training may be used, but the salary the employee draws during the training time may not be used. Employers must register for the WOTC during the first 28 days of the employment (starting with the first day of OJT). A minimum of 120 hours of employment is required to qualify for WOTC.

**References:**

- ETA Handbook Number 408, Third Edition, November 2002 and addendums
- [WorkSource System Policy 3690, Revision 1](#)
- [WorkSource Information Notice 0014](#)

**Website:**

<http://www.wa.gov/esd/1stop/policies.htm>

<http://www.esd.wa.gov/hireanemployee/resources/taxcredits/index.php>

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