Revenue-Resource Enhancement Guide for Nonprofit Employment and Training Agencies: A Business Model

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Editor's Note: This Sagamore Policy Paper is the fifth in a series of essays in support of Sagamore's project on the Benefits Access Learning Cluster, an effort funded by the Charles Stewart Mott Foundation and managed by Senior Fellow April Kaplan. The project aims to identify effective employer-based models for raising awareness of and participation in work-support programs and to develop and disseminate knowledge about best practices to employers, benefit-program administrators, human-service agencies, and other important stakeholders.

Introduction

Work is the heart of Welfare Reform. The recent reauthorization of TANF increased the emphasis on work engagement and work requirements. Success in moving people to paid jobs will be a key in meeting these raised requirements. Much of the pre- and post-reauthorization debate around TANF reauthorization has focused on the quality of jobs. There are concerns that although there were huge decreases in welfare caseloads, most individuals are in low paying jobs and significant numbers have not risen out of poverty.

Welfare-to-work funding addresses this concern by primarily focusing on work placement for individuals and on providing employment, training, and work supports once they are working. The Workforce Investment Act (WIA) makes major changes in funding by moving away from contracts to individual training accounts. Unprecedented efforts have been initiated to assist individuals in moving out of poverty and to self sufficiency through work and job advancement. Initially, the emphasis was on "work first," along with performance-based contracting which emphasized quick job placements. This is now shifting to include engagement in work activities, job retention and staying off of cash assistance.

The public sector and its nonprofit community providers are often challenged on how to provide quality services to individuals such as training, living wage placements, and work placement supports. This is further exacerbated by the trend toward performance contracting. To be successful in the long run, nonprofit providers must meet employer needs and expectations, since they are the people with the jobs.

Providers bring real value to the employers' bottom line through the following:

- Staffing company approaches
- Subsidized jobs to cut the costs of new hires,
- Employer tax credits to pay for training,
- Retention support services, and
- Reducing wage costs and enhancing take home pay of employees through employee tax credits.

These strategies translate into providers becoming major players in economic development by lowering the costs of doing business for employers. At the same time, by enhancing and enlarging the capacity of employers, providers will be able to deliver on pledges for their job seekers and their other key customer—the taxpayer.

This resource guide provides a business model which allows for the use of revenue streams that are currently underutilized. While individual components are often used, they can be most effective when combined and used consistently. This guide clearly breaks out strategies for supporting employers and strategies for supporting low-wage workers.

The guide focuses on eight key resource streams. They are Food Stamp Employment and Training, Work Supplementation, Grant Diversion, On-the-Job Training, Employer Tax Credits, Individual State and Federal Earned Income Tax Credit, Child Care Credit, and Dependent Child Care Credit.

RESOURCE STREAMS THAT SUPPORT LOW-WAGE WORKERS

The Food Stamp Employment and Training Program is the most important resource stream and the most overlooked. It is much more than just a source of funding for employment and training activities for unemployed individuals. It can be also be used for underemployed individuals and employed people who volunteer. Most importantly, it can be used by populations, such as returning offenders and the developmentally disabled, who are often not served by either Food Stamps or the Food Stamp Employment and Training program. By matching funds that are already being spent, more funds can be available to support low-wage workers to help them stay employed and to advance to better jobs.

Overview of the Food Stamp Program

Federal law provides for the United States Department of Agriculture (USDA) to fund states to operate the Food Stamp Employment and Training Program (FSET). The program is unique in that it has a direct appropriation that provides 100 percent Federal funding to states and includes the cost of administration. In addition, states and their designated local agencies may be reimbursed 50 percent of the cost of employment and training programs for any eligible persons such as those receiving food stamps. The other 50 percent of the costs must be paid by the state, local agency, or community partners that are administering the FSET program. There is no limit or state allocation of the Federal portion. FSET is part of the entitlement Food Stamp benefit that funds the appropriation. This offers significant opportunity to leverage money for employment and training programs where there are state and local funds that are already being used.

Individuals receiving food stamps who are able-bodied as defined in the law and regulations are required to participate in an employment and training program unless exempt. A waiver from this requirement is available to states that apply to the USDA in geographic areas of high unemployment that meet the USDA provisions. However, even if the state has a waiver in place, individuals on food stamps may participate on a voluntary basis. This includes all individuals on food stamps, even if they are exempted, such as those engaged in work of more than 30 hours per week, those who are heads of household with a child under six, or who are waived from mandatory participation due to waiver from work requirements because of high-unemployment levels in a specific geographic area, as mentioned above. There is no negative implication for voluntary participants for failure to comply, as sanctions are not allowed that would reduce the amount of food stamps the person is eligible to receive. Voluntary participation can be very positive for Able Bodied Adults Without Dependents (ABWADs), as they are only eligible for three out of 12 months unless they are successfully participating in a Food Stamp employment and training program. The largest use of the FSET program nationally has been as a funding resource to pay for employment and training programs for individuals in state or local general relief programs.

Food stamps generally are limited to households that can include single adult individuals and whose gross income (before any deductions) is more than 130 percent of the Federal poverty line. For example, in 2006 an income of $26,000 for a household of four is 130 percent of the current poverty line. It is corrected each year upward based on the cost of living adjustment. Some selected income is not counted in the gross income calculation especially government subsidies such as public housing, Section 8 vouchers, medical assistance, and childcare subsidies. In certain cases the equivalent gross with the disregards is approximately 160 percent of poverty or $32,000.

At its lowest level, the number of people on food stamps as of July 2000 was 16.9 million. At its peak in March 1994, the level reached 28 million. Through the first nine months of fiscal year 2005, the program served an average of 25.5 million. In 2007, the value of the food stamps that the eligible household can receive with little or no income is $518 per month for a family of four, but most households receive less due to income. The program spent $17.1 billion in fiscal year 2000. In the peak year of participation, in fiscal year 1995, it spent $24.6 billion, and in fiscal year 2006 $33 billion.[i]

The program does not discourage people from going to work, as Food Stamp benefits are reduced only 24 to 36 cents for every additional dollar a recipient earns. Additionally, under a rule created in the fall of 2000, families or households can increase their earnings and continue to receive food stamps for as many as six months without any reduction at all.

Working households continue to be eligible for food stamps as long as their income is low enough to still meet the eligibility requirements. There are no time limits for how long families can receive food stamps as long as they meet eligibility requirements and cooperate if enrolled in the Food Stamp Employment and Training program. ABAWDs can only receive food stamps for three months out of 12, unless enrolled in and fully cooperating with their Food Stamp Employment and Training Program enrollment requirements. There are a number of work exemptions for adults (both singles and adults in families). People who work or who are full time students, elderly or disabled or have a child less than six years of age are generally exempt. Exempt adults can voluntarily participate in the Food Stamp Employment and Training program.

Eligibility for Food Stamps and Food Stamp Employment & Training

Basically, a household with limited assets and income, whether single, married with children, or living within a larger household of mixed low-income adults and/or children, is eligible for some level of food stamps up to approximately 130 percent of poverty and, with various disregards, is eligible for some level of food stamps up to approximately 160 percent of poverty. This is an entitlement program, with the benefits 100 percent federally funded. There is an emphasis federally to do outreach and locate eligible individuals and make the program available them. This becomes even more important if agencies are also trying to reach low-income individuals in the homeless and criminal justice populations or families that have expired TANF benefits in order to assist them in obtaining employment services. Pre-screening eligibility tools are available for most states and can be found at http://65.216.150.143/fns/. The specific steps in applying for food stamps and becoming enrolled in Food Stamp Employment and Training are described in Appendix A.

In some areas of the country, Chicago for example, authorized organizations such as employment and training vendors may soon be able to assist applicants to apply online for food stamps and provide the supporting documentation. There is no real role for the employer other than to furnish information to the person such as how to apply.

Once the person is accepted into the Food Stamp program, the person may be mandated to enroll in the Food Stamp Employment and Training Program. If not, the person should go to the local Food Stamp office and request to be voluntarily enrolled. The person will be referred to an employment case worker at the local Food Stamp agency.

This case worker will prepare an Employment and Training Plan with the individual and make a referral to a vendor or contract agency that provides employment readiness, training, and a work placement program under contract with the agency. Some individuals may be given a mandated referral to an employment and training program. Not all states allow a voluntary program but only operate a mandatory program. All states can operate a voluntary program if they make that decision.

Eligible Reimbursable Costs

The program will cover the cost of transportation for the individual to attend training/work that is part of the program. It will cover child care at the same rates as the reimbursement by the state Child Care Development Block Grant. Other related support costs are covered that are directly associated with training or placement such as work related clothing, tools, licenses per Federal and state guidelines and approved state employment and training plans. These programs can be modified to broaden what services are provided at the states' discretion and with approval of the USDA.

Direct Individual Tax Credits (EITC, Childcare, Dependent Child Care)[ii]

Many job placements are in entry-level jobs, which may not appear "adequate" for a family to become self-sufficient. Many low-income job seekers and community-based organizations are poorly informed of opportunities to enhance worker incomes. Most striking is the failure of low-wage employees in realizing the benefits of individual tax credits.

EITC can increase the financial stability of low-wage workers. Income and family size determine the amount of the EITC. To qualify for the credit, both earned income and the modified adjusted gross income in 2006 must be less than $32,001 for a taxpayer with one qualifying child, $38,348 for a taxpayer with more than one qualifying child, and $12,120 for a taxpayer with no qualifying children. Those who qualify for the EITC and *file* a Federal tax return can get additional cash back for some or all of the Federal income tax that was taken out of their pay during the year. They can get additional cash back if the credit exceeds their tax liability.

Workers raising children can get part of their EITC in their paychecks throughout the year; this is called the Advance Payment Option. (For example, an employee who earns minimum wage would see his/her take-home pay increased by over $100 each month!) It is estimated that only 6 percent of the eligible low-income workers take advantage of this Advance Payment Option. Overall, it is estimated that only 30 percent to 40 percent of eligible low-income workers file for and receive Federal EITC at the end of the year.

In addition, many states offer their own EITC programs that normally piggyback and add to the Federal EITC. The program provides income enhancement that allows over 4 million low-income individuals to move above the poverty level at a cost of over $50 billion.

The Child Tax Credit (CTC)[iii] is another option. With the enactment of the "Economic Growth and Tax Relief Reconciliation Act of 2001, the Federal CTC has joined the Earned Income Tax Credit (EITC) as a major source of income support for low-income working families with children. The newly expanded CTC, for the first time, becomes a significant work incentive for parents entering the low-wage labor market. Originally, over a nine year period, the law doubled the CTC, in phases, from $600 per child in tax year 2001 to $1,000 per child. The new law also made the CTC partially refundable for families with annual earnings over $10,000 up to the maximum CTC benefit of $600 per child. Beginning in 2005, the amount increased from 10 percent of a family's taxable earnings above the qualifying threshold, to 15 percent of earnings above the new $11,300 threshold. The most recent tax cut legislation that passed in 2003 moved up the date to 2003 for the $1,000-per-child option. Currently, $1,000 per child is the maximum amount that is refundable. The $1,000 credit through the IRS enhances the already-considerable benefits of the EITC in Making Work Pay and, in effect, subsidizing lower paying jobs.

Child and Dependent Care Credit[iv] is yet another option. The CDCC is a tax benefit that helps families pay for childcare that they need in order to work or look for work. The credit also is available to families that must pay for care of a spouse or an adult dependent who is incapable of caring for himself or herself. The amount of expenses eligible for the credit is up to $3,000 for one qualifying dependent and up to $6,000 for two or more dependents in 2006. The maximum credit is now worth 35 percent of expenses. The minimum rate will remain at 20 percent. The maximum credit available to lower income parents will be $1,050 for one dependent and $2,100 for two or more dependents. For parents with adjusted gross income above $43,000, the maximum credit will be $600 for one dependent and $1,200 for two or more dependents.

RESOURCE STREAMS THAT SUPPORT EMPLOYERS

These include both direct and indirect supports. Indirect supports are generally in the form of tax credits to support hiring targeted groups of low-wage workers.

Wage Subsidies (Grant Diversion/Work Supplementation)

The goal of work supplementation or support is to help move public assistance food stamp recipients into non-subsidized jobs and promote self-sufficiency. Work supplementation allows the value of food stamp benefits to be paid in cash as a wage subsidy to an employer who agrees to hire and employ recipients. Households that can participate in wage supplementation programs are those receiving cash public assistance. Also included are those that had been participating in the program, subsequently lost their public assistance due to earnings, and are still receiving food stamps and earning at least $350 a month. An employer can offer either full-time or part-time jobs in the program. The duration is left open but must be defined in the state plan, including grounds for an extension of an initially approved time period for just cause.

The pay must meet applicable Federal or state minimum wage rates or higher. If the wage supplementation is lower than the person's food stamp allotment a supplemental issuance of food stamps is still required but otherwise the person is not entitled to any food stamp benefits. The intent is to freeze the allotment at the time the person enters the program. The individual must be in the food stamp program prior to beginning in order to be eligible for a work supplementation. The state must submit an approved plan to the USDA. There are current guidelines and rules issued by USDA on initiating such a program.[v]

The importance of wage subsidies is that it allows for temporary subsidization of paid work slots up to the full cost for a defined period of time. TANF plans of most states offer wage subsidies which reimburse employers for a portion of wages paid to targeted individuals. The two most common types are grant diversion, work supplementation, and On-the-Job Training (OJT). Work supplementation subsidizes employers who hire welfare recipients or low-income families who meet the state's criteria. They pay for the subsidies with funds that otherwise have gone to the individuals as welfare grants. OJT, which is funded through the employment and training system (WIA), offers subsidies to employers to hire and provide training to a broader group of disadvantaged job seekers. Welfare to Work, another employment and training program, can also provide wage subsidies. Programs differ in the amount and duration of the subsidies. Subsidies are often available only for higher paying (above minimum wage) jobs. Some programs limit the number of subsidized positions that one employer can claim. Wage subsidies are generally time limited, with many providing the subsidies from three to up to 12 months.

Oregon's Jobs Plus program uses funds that otherwise would have been spent on welfare grants, food stamp benefits, or Unemployment Compensation to subsidize training and six months of employment. An employer may decide after the first four months not to hire the employee for a permanent, unsubsidized position. In this case, during the final two months of the position, the employee is provided eight paid hours a week to seek full-time employment elsewhere. The program also includes employer contributions of $1 per hour worked (after 30 days on the job) to an education fund for the employee.[vi]

The unique approach in this business model is to turn these wage supplements into a revenue source and to manage the money to provide increased value added to employers for hiring job candidates from the nonprofit organizations.

<u>Employer Tax Credits</u>
Tax credits are another resource available to businesses that hire targeted individuals. Two Federal tax credit programs are the Work Opportunities Tax Credit (WOTC) and the Welfare to Work Tax Credit program (WWTC).

The WOTC credits employers for up to $2,400 of the first year's wages for new hires who fall within certain target groups.[vii] These include long-term welfare recipients, food stamp recipients, ex-felons, veterans, high-risk youth, vocational rehabilitation referrals and Supplemental Security Income (SSI) recipients. The WWTC credits employers for 35 percent of first year wages and 50 percent of second year wages (qualified wages are capped at $10,000 per year). The credit is available for long-term welfare recipients or individuals that have reached a time limit on welfare receipt.[viii]

Two more business tax credits are the Empowerment Zone Employment Credit (EZ Wage Credit) and the Renewal Community Employment Credit (RC Wage Credit).[ix] The EZ Wage Credit is a credit against Federal taxes of up to $3,000 for businesses for each year of EZ designation for every existing employee and new hire who both lives and works within the EZ. The RC Wage Credit is a credit against Federal taxes of up to $2,500 for businesses for each year of RC designation for every existing employee and new hire who both lives and works within the RC.

In addition to these Federal wage subsidies, many states provide similar inducements or specialized state/Federal credits including participation in specialized community or economic development zone programs.

<u>How Wage Credits Work</u>
Wage credits reduce the amount of Federal income tax that a business has to pay. Once a business has determined its income, it subtracts its business and other allowable deductions to arrive at its *taxable income.* The amount of taxes owed is then calculated against the taxable income. A tax credit is a direct subtraction from the amount of taxes owed. So, if a business calculated that it owed $50,000 in taxes and had $20,000 in tax credits, it would owe only $30,000 in taxes. In some cases, wage credits can be carried forward or backward under the IRS's general business credit rules. If the business owed $50,000 in taxes and had tax credits equal to $53,000, it would owe $0 taxes this year and could carry the additional $3,000 in tax credits forward to upcoming years, or, in some cases, carry it back to prior years to reduce taxes owed in those years.

The business model discussed above uses these significant revenue sources to provide yet another funding stream.

BUSINESS MODEL APPROACH AND OBJECTIVES

The business model is based on a social entrepreneur approach to the workforce development field which leverages public and private financing sources that benefit employers and individual job seekers. The model modifies the business model of traditional staffing agencies that allows a bridge between commercial services and social services. The model's focus is to serve as a labor/supply firm to meet the staffing needs of employers at a low cost at the same time that it provides job training and career advancement for low skilled workers. Instead of seeking to maximize profits by limiting investment in pre-employment preparation, the model seeks to make a high-quality investment in equipping low-wage workers and other low-income people with new sets of skills to meet employers' identified needs and hiring schedules.

The model's objective is to blend public investments in workforce development with leading commercial practices to establish career ladder programs for the unemployed and working poor. New human resource supply chains and working methods are established that help the human resources departments of employers to become more productive by tapping underutilized segments of the labor market in an efficient and effective way.

The model generates revenues to finance the pre-employment preparation process by leveraging an array of public funding sources. It particularly uses innovative financing strategies like employer tax credits, wage subsidies, matching funds that allow the drawing of public funds, and assisting low-income workers to maximize direct tax credits. This ensures that low-income workers fully access tax credits which raise their level of income to a living wage when they work. The model gives employers the benefit of a publicly financed job training system which gains them a reliable pool of workers trained at greatly reduced cost. The model provides temporary and temporary-to-permanent workers and upgrading of incumbent workers' skill levels. The model follows solid business approaches. It can provide a cost-effective flow of qualified candidates for entry level jobs that are hard for employers to fill because of high demand, high turnover, and poor selection methods. The model provides for investing in extensive pre-employment training tailored to employer specifications and post employment support for new hires. It facilitates delivering well-paying jobs with a future to its low-income clients which encourages them to stay in the job.

Hiring Requisites

Overall, research recently conducted by the Mott Foundation found the following areas are identified by employers as important hiring requisites. This business model is in a strong position to meet the conditions of employers.

1. Pre-Employment Preparation. Employers were adamant in their desire to receive applicants with basic skills and a strong work ethic. Although many had developed rigorous screening strategies to eliminate low-potential applicants (e.g., hard-to-serve/employ), most preferred that publicly sponsored referral agencies undertake this responsibility.
2. Short-term Preparation and Skills Training. Although conventional wisdom maintains that employers just want motivated and work-ready applicants, findings from this research show a strong appeal of short-term skills training targeted to a specific industry or workplace. Even one week of training appears useful in introducing the basic concepts and terminology of the prospective workplace. Both employers and recipients appear to take comfort and find value in even a brief familiarization with an industry.
3. Addressing Personal Barriers. Employers are acutely aware that issues such as child care and transportation can affect job performance. They strongly believe that significant efforts must be devoted to helping prospective workers solve these problems before entering the workplace.
4. Job Retention/Worker Adjustment. Employers also understand that many new workers have difficulties adjusting to the routines and pressures of daily work. As such, they are open to social service and/or community groups providing job retention services.
5. Job Retention/Workplace Adjustment. Not only are employers concerned about new workers, they also understand the need to adjust current workplace policies and practices to better accommodate the diverse characteristics of a new work force. In particular, a number of firms cited the need of supervisor training; something that only a few knew how to find.
6. Income Enhancement. Although employers acknowledge that wages for many entry-level positions are insufficient to support a family, they are poorly informed of opportunities to enhance worker incomes. Most striking is the failure to assist low-wage employees in realizing the benefits of the Earned Income Tax Credit.
7. Career Advancement. Recognizing that many entry-level positions do not offer sufficient wages to support a family, a number of employers advocate for continuing education after placement. Most, although not all, see career enhancement training as an important factor in job retention and workplace productivity. Employers also recognize the need for workers to obtain higher wages in order to support their families.

BUSINESS MODEL SUPPORT FOR EMPLOYERS

Use of Wage Subsidies (Work Supplementation/Grant Diversion)

Wage subsidies and tax credits have been popular approaches to engage the business community in welfare and employment programs by offering employers incentives for training, hiring, and/or retaining welfare recipients and other disadvantaged job seekers. The incentives are meant both to encourage employers to hire individuals and to reimburse the employer for any added training costs associated with less skilled workers. Businesses have generally not been interested in taking advantage of incentives, especially since there are often cumbersome administrative requirements and caveats. In some cases, an inducement may actually be a disincentive to employers, suggesting that the targeted individuals are not qualified or are excessive risks. An additional possibility is that the business would have hired the person anyway resulting in increased costs of placements without any real benefit.

The traditional method is to approach a potential employer and offer the wage supplement directly through the governmental agency. This requires gaining the cooperation of the governmental unit that administers the grant subsidies and then having the employer make direct contact and sign a contract or memo of understanding with the local government unit. The employer then must submit an invoice with required documentation, usually the payroll register listing the actual wages paid, to obtain after-the-fact reimbursement.

As an alternative, if the community-based employment and training agency is the employer of record during the initial job placement period acting as a temporary service, then the community-based agency can execute all the wage subsidy agreements directly with the local governmental agency that is responsible for the program. This allows an efficiency of scale and does not put the employer in the middle. Most businesses are happy to forgo the direct relationship with the government, including the ongoing monthly billing.

Private temporary service businesses charge a premium to the business needing the employees—for instance, $10/hour for basic clerical support—but actually pay the individual $7/hour. The $3/hour difference provides the income to operate the business and make a profit. In this case the community-based organization can charge a lower premium or no premium at all using the wage subsidy revenue to cover the cost of pre-employment preparation, screening, and other costs of operating the temporary business. Such and organization can include post-placement support to make placements successful and reduce turnover. The temporary service placement does not have to be with the same employer that may produce a permanent long-term placement, although this is often the case. The private for-profit placement agencies charge a fee for permanent placements. Again, the nonprofit community employment and training agency can either charge a fee or reduce or eliminate the fee, which adds real value to a business as a labor supply and public social purpose venture.

In New York City a local nonprofit employment and training vendor bid on providing the city government with temporary help, which previously had been provided by for-profit firm(s). The vendor was able to offer a very competitive price by taking advantage of wage subsidies through targeting and recruiting welfare and related job candidates that were eligible for work subsidies. The vendor would perform pre-placement training of the candidates, screen candidates for available jobs, act as the employer of record and payroll agent, and provide post-employment support. As the job candidates gained experience they were placed in long-term private sector positions per a performance placement contract with the Welfare to Work or TANF agency for which payments were based on job placement and retention. Much higher retention rates were realized due to the job adjustment services commenced during the temporary employment placement and continued through support services on the job.

The specifics of how these wage subsidies or grant diversions operated were as follows: An overall Memorandum of Agreement was signed between the city and the nonprofit employment agency. The agreement noted the jobs, rate of pay, methods of reimbursement, and a commitment to comply with the applicable Federal and state laws with the objective being permanent employment if performance was satisfactory. Individuals referred and selected by the local social service agency agreed to grant diversion and signed an agreement that part of the grant would be diverted to offset the wage being paid. The advantage to the individual was that the person was entitled to a residual grant in addition to the wages he or she received *and* would continue to maintain government health insurance, food stamps, and reimbursement for the cost of any needed child care. The actual amount of the grant diversion was calculated on the basis of 50 percent of the wages not to exceed $300 or the person's welfare grant prior to employment if less than $300.

Each month the nonprofit employment agency billed the local social service agency for the cost of the wages paid to those individuals and attached the actual payroll. The local social service agency paid, again on the basis of 50 percent of the wages paid, including fringe benefit costs (mainly Social Security) not to exceed $300 or the person's grant prior to placement. The subsidy was provided for six months.

Separately, since the agency serving as a temporary service vendor also had employed the individuals, the agency paid $7/hour to the individual. However, it charged the employer $9/hour, using the $2 difference to pay for the costs of providing job preparation, screening, hiring, placement, supervision, payroll, job support case management, and support for the individuals placed.

The agency also had a performance-based contract with the social service agency for job placement. This contract paid $1,500 for job placement, $1500 for retention in employment after three months, and $1500 for retention after six months in an unsubsidized job.

See Appendix B to follow 110 enrollees through this example.

BUSINESS MODEL SUPPORT FOR LOW-WAGE WORKERS

<u>Use of Food Stamp Employment and Training</u>

There are many current employment and training programs that serve clients who are on food stamps or who are eligible due to their income level. These programs are state or locally funded and do not involve any Federal funds. They are often meant to serve developmentally disabled, mentally ill, and criminal justice or homeless populations.

In New York, parole and probation departments had employment programs covered by state and/or local funding as part of extensive efforts to move these individuals to employment. There was general agreement that better pre-release planning would be ideal so that when released from the state prison system or local jail, the individuals would have an employment plan and be connected to a specific employment and training community-based organization for training and job placement. In order to expand opportunities and provide some income support, the food stamp application was completed so that upon release, the individuals would have access to food stamps and be able to be enrolled in the Food Stamp Employment and Training program. Since the Food Stamp program provides 50 percent match, this allowed the current programs to be greatly expanded to serve more people at no local or state cost thus leveraging the Federal matching funds. Now that it is possible at state option to use the food stamps as work supplementation payments to offset part of the cost of the paid employment, it offers additional leveraged funds to provide employment and training and job placement services. The individuals were also enrolled in the Medical Assistance program to provide health insurance coverage.

See Appendix C for hypothetical examples of how the Food Stamp Employment and Training Program could work to leverage funds.

<u>Individual Tax Credits: EITC, Child Credit and Dependent Care Credit</u>

Although the sweeping welfare reform law of 1996 has received widespread attention in the media and among policymakers, the development of the nation's work support system, which is a vital complement to the 1996 reforms, has received far less attention. The work support system is a series of programs that provide benefits to poor and low-income working families. In popular parlance, they are programs that "make work pay." The most important of these programs are the minimum wage, the Earned Income

Tax Credit, the child tax credit, income supplement programs conducted by states, food stamps, health insurance, child support enforcement, and child care. A recent study by the Congressional Budget Office showed that numerous expansions of these programs since the mid-1980s have resulted in an increase by a factor of more than eight the value of Federal work support benefits now being paid to working families. These programs play an important role in maintaining work incentives, supplementing earned income so working families can provide a minimum living standard for their children, and helping families when unemployment hits. In 1999, low- and moderate-income families were eligible for $52 billion in assistance from these programs.

EITC, combined with the child credit, can allow low-income working families to receive more than $5,000. A companion state EIC program can add even more to this amount. Advanced Earned Income Tax Credit can allow a working family to receive up to $143 per month in advance ($1,712 for tax year 2007) as extra money in their paychecks. The Dependent Care Credit is not refundable but can further reduce any remaining tax liability if the family has paid for dependent care in order to enable them to work. In this model, where the nonprofit training agency may be the employer of record and the people are working initially in temporary to permanent placements, the organization should be sure that the employed individuals are fully aware of the advanced EITC so they can both increase their take home pay and realize their eligibility for these benefits when they file their income tax. When the organizations facilitate the process, it effectively and significantly raises take home pay. It allows low-income workers to be able to have more adequate and rewarding work experiences by having more disposable income to meet their living expenses and raise their standard of living. It basically ensures people working full time, full year, even at minimum wage, to raise their disposable income above the Federal poverty guidelines. The organization should also be sure that individuals are aware of free tax filing support through their local voluntary income tax assistance site(s) supported by the IRS which are designed to help low-income workers claim their benefits and file their income taxes. It is critical that the low-income workers actually file their income tax even if they do not have any tax liability as they can get a supplement to their wages. Single individuals are also eligible if they earn less than $12,120.

Assisting individuals to take full advantage of individual tax credit programs can also be of great value to the businesses employing low-income workers. The tax credits, in effect, raise the effective take home pay, which, in turn, raises retention of the workers, thus reducing turnover and the associated high costs. Because support is being provided to maximize these work supports, the "make work pay" incentives can attract workers who have more skills or experience to the participating organizations than those community based organizations that are not providing the additional and higher take home pay. Higher quality or better qualified staff than what might otherwise be available through the general labor market system and lower turnover rates can be a real plus for businesses and help in creating real value added business partnerships. Through the use of all the resources discussed in this model, (services such as pre-employment preparation, short-term job preparation, job skills training, and coaching to address personal barriers, job retention/worker adjustment, workplace adjustment, income enhancement, and career advancement), community-based training organizations will be more than able to offer value to businesses that exceeds those offered by private temporary and placement companies.

See Appendix D for a hypothetical case with work support benefits.

What are the specific steps that must be taken by the individual to access these tax credits?

1. EITC – Advanced Payments
   EITC Advance Payments are obtained by the eligible person completing Form W5. Once the person is employed either by the community-based employment and training agency as the employer of record or with the employer as a permanent placement, the individual should file a W5 form. The form should be given to the person's employer, i.e. community-based employment and training agency. The employer can then advance up to $143 per paycheck to the employee. The program is virtually at no cost to the employer. The employer makes the advance payments to the employee from the employment taxes that the employers would normally deposit or send to the IRS. The amount is paid to employees with no income tax withheld. The employer then claims the amount as a timely payment on his or her quarterly employment tax form (Form 941). All the employer requires from the employee is Form W5. The form does not need to be forwarded to the IRS, only kept on file. This is available to the community-based employment and training provider if it is the present employer and then, when placed permanently, applies to the new employer. There is no time limit and it is available as long as the person's income is low enough to qualify. The person, however, must file a W5 with each employer to continue to receive the advance EITC payment in each paycheck.

2. EITC "Regular" Payment
   The EITC credit reduces the amount of Federal tax owed and can result in a refund check. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. In order to claim, the person must file his or her income tax by completing forms 1040, 1040A or 1040 EZ and attach schedule EIC. Obtaining IRS publication 596 "Earned Income Credit" is advised. Also, encourage the individuals to get help from Volunteer Income Tax Assistance (VITA) programs. For more information, see IRS Estimator at:
   http://apps.irs.gov/app/eitc2006/Forward_2006_Calc.do

3. Child Care Tax Credit
   Families get the new Child Tax Credit (CTC) by filing a Federal income tax return Form 1040 or 1040A. The instructions and worksheet included in the form packet will help tax filers to figure their

income tax and calculate their possible CTC. The CTC is first used to reduce or eliminate any income tax that a tax filer owes. If any of the CTC is remaining after the income tax has been eliminated (i.e., if the family's income tax was less than its maximum CTC), the tax filer moves on to the next step in the process.

The tax filer files Form 8812, "Additional Child Tax Credit." This form is used to find out if the family qualifies for a CTC refund and, if so, the amount of the refund. The form must be attached to the tax return for a family to receive the CTC refund.

a. Eligible families can get up to $1,000 for each dependent child under age 17 claimed on their tax return. (For example, a parent with two such children can claim a CTC of up to $2,000, which is to say two children at $1,000 each.) The CTC first is used to reduce or eliminate a family's income tax liability. Families may be able to get all or part of any remaining CTC as a refund.
b. The CTC refund is based on the amount by which the family's income exceeds $11,300. Families with CTC remaining after their income tax liability has been eliminated may receive a refund in the *lesser* of two amounts: (1) the amount of the family's CTC that remains, or (2) fifteen percent of the family's earned income over $11,300. (For example, if a family earns $15,000, fifteen percent of its income above $11,300 is $555: $15,000 - $11,300 = $3,700; ten percent of $3,700 is $555.)

4. Child and Dependent Care Credit
   Families can claim the Child and Dependent Care Credit (CDCC) by filing a Federal income tax return, either Form 1040 or 1040A, and attaching a separate "schedule" or form with their return. With Form 1040 families must attach Form 2441. With Form 1040A families use Schedule 2.

   The size of the CDCC depends on the number of children or dependents in care, a family's income, and the amount the family paid for care during the year. It can be as much as $1,050 for families with one child or dependent in care and $2,100 for families with more than one child or dependent in care.

   Families can claim only a limited amount of their child care expenses. Families with one child or dependent can claim up to $3,000 in these expenses and families with more than one child or dependent can claim up to $6,000. Eligible families will receive a credit worth between 20 percent and 35 percent of these expenses, depending on their income.

See Appendix E for examples of individuals accessing tax credits.

What is the role of the employment organization or employer in helping individuals to access these tax credits?

The major role of both the employment and training organization and the employer is to provide information, encourage families to take the necessary steps of filing their income tax returns, and completing the necessary forms to claim the Earned Income Tax, Credit Child Tax Credit, Child and Dependent Care Credit and offer the Advanced Earned Income Credit.

The other action the employment and training vendor or employer could consider is obtaining or providing information on completing the tax estimate form which, if the worker is projected to have no or lower tax liability as a result of EITC, the CTC, Child and Dependent Credit, additional exemptions could be reflected on the person's W2 form. In this way taxes are not deducted from the person's check and then refunded at the end of the year. Instead, the funds are available throughout the year in order to help make ends meet. Being able to rely on a regular check can resolve housing and child care issues which might otherwise present crises that interfere with the person sustaining work. It is important to emphasize that **care must be taken so the person does not end up in the situation that they actually owe taxes at the end of the year.**

Employers can also assist employees to receive higher refunds from those tax credits by offering pre-tax programs for public transportation and IRS-flexible benefits plans that allow wages to be set aside for health insurance or health expenses not covered by an employee's health insurance, child and dependent care, and 401(k) or equivalent pre-tax retirement or savings plans. Earnings set aside through pre-tax programs do not count in computing EITC and the Child Credit. The pre-tax programs not only reduce any tax liability for the funds set aside to pay for public transportation, health related costs not covered by health insurance or the employers cost of health insurance premiums, child and dependent care and money set aside for retirement, but also increase eligibility and the amount of refund received through CTC and EIC. Since this is pre-tax it also saves the employer from paying the employer contribution for taxes associated with the family of programs connected with Social Security, in addition to saving the employee from paying this tax on amounts set aside for these purposes.

CONCLUSION

In short, there is a business model that provider organizations can use to add real value to the job seeker being trained and placed—and there are real business rationales and financial incentives for the businesses using this model and employing these individuals.

APPENDIX A – FOOD STAMP APPLICATION PROCESS

Step 1: Contact the local Food Stamp office. In the telephone book, the office should be listed under "Food Stamps," "Social Services," "Human Services," "Public Assistance," or a similar title. Each state has a "Food Stamp Hotline" telephone number offering information on the program including the local application sites. Pre-screening eligibility tools are available for most states and can be found from the following FNS web site: http://65.216.150.143/fns/

Step 2: When application is made, the applicant will need to provide several pieces of information proving identity, income, rent, etc. The most important information is as follows:

If employed: Last four pay stubs or a letter from employer stating gross and net wages for the past month.

If unemployed: Proof that employment was terminated. Also ask for identification and claim cards for unemployment benefits.

Fixed income: All award letters or Photostats of checks for all pensions, including VA, SSI, and Social Security benefits. Support payments must be verified through court order or divorce papers.

Proof of resources: Savings account passbooks (parents' and children's); all checking account books, in addition to the last checking account statement and cancelled checks; all stocks, bonds, savings certificates, annuity funds and credit union membership must be reported and verified.

Proof of income: A copy of the income tax return for past year. A profit and loss statement is required (self-employed) for the current calendar quarter.

Proof of household bills: Rent receipt or mortgage and tax payments, gas, heat, electric, water and telephone receipts for bills due in the current month.

College students: Proof of education expenses (tuition) and proof of income (loans, scholarships, contributions, earnings).

Social Security number: The Social Security number for each member of the household. If a member of the household does not have a Social Security number, the food stamp certifier will assist in obtaining one.

Alien immigrants: Aliens are not eligible for food stamps unless they meet the new criteria established by the Federal PRWORA (Personal Responsibility and Work Opportunity Reconciliation Act) legislation. Individuals who have 40 quarters of work history may be eligible. Veterans and their dependents may be eligible.

Refugees/asylees: Must have been granted refugee/asylee status within the past 5 years.

Step 3: Federal law says that once the head of household submits the application form, the Food Stamp Certification Office must interview the applicant and notify him within 30 days if he qualifies. Thus, after an application is received, an eligibility worker will hold an interview, usually on the same day, with the client, another member of the household, or a household's authorized representative to gather information and explain the Food Stamp Program. After all required verifications are completed, the household will be notified by mail whether or not it is eligible, and, if so, the benefit amount, certification period and issuance procedure.

The current maximum allotment levels for the continental United States, in effect from October 1, 2006, to September 30, 2007, are:

Household Size	Maximum Allotment level
1	$155
2	284
3	408
4	518
5	615
6	738
7	916
8	932
Each additional member	+117

APPENDIX B – WAGE SUPPLEMENTATION EXAMPLE

Following 110 enrollees through this example illustrates the role of wage subsidies and also several other revenue sources that are part of this model. Again, one can lower or eliminate both the hourly rate premium charged for the temporary employees or the placement to the businesses in order to offer real value to the business to develop effective partnerships.

Of the 110 enrollees, ten drop out during the pre-employment/job preparation phase, leaving 100 that are actually placed in positions providing wage supplementation. Five drop out in the first three months and another five in the subsequent three to six months. Of the 90 persons that receive wage supplementation, 70 are eligible for $300, ten are eligible for $200, and ten are eligible for $100 per month.	
Wage Supplementation:	**Revenue**
70 x 300 x 6 months	$126,000
10 x 200 x 6 months	$12,000
10 x 100 x 6 months	$6,000
Total	$144,000
Temporary Service Payments*	
Changed above wage cost	
$2 x 35 hours x 90 x 26 weeks (6 months) *For simplicity did not include payment for hours worked by people who were placed but subsequently quit or were discharged.	$163,800
Performance-based Contract	
Placement Payment 100 x $1500	$150,000
Retention after 3 months (assumes 5 quit or were discharged after 3 months) 95 x $1500	$142,500
Retention after 6 months 90 x $1500	$135,000
Subtotal	$427,500
Total revenue received by community-based organization	**$735,300**

The wage supplementation could be increased dramatically by also using the value of the enrollees' food stamps to increase the wage supplementation under the work support program. This could result in another $144,000, or doubling the work supplementation payments. Lastly, employer tax credits WOC, WTW and Enterprise Zone Tax Credits could add another $225,000 in this example, bringing the total revenue received to $1,104,300.

APPENDIX C FOR HYPOTHETICAL EXAMPLES OF HOW THE FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM COULD WORK TO LEVERAGE FUNDS

An organization entitled "Employment Now" has a job training and placement grant to enroll 200 individuals per year for $227,750. These individuals are parolees through the state parole office. The grant provides for developing an employment and training plan for each enrollee with job readiness training. It prepares each enrollee to perform job search, engages enrollees in structured group job search, and refers them to GED, ESL, substance abuse and other related services and programs that address barriers to long-term employment. Developed with selected employers, it matches related short-term job skill training based on available jobs and job history, skills and job interest of enrollees. The program has a goal of placing 100 individuals per year in entry-level jobs. The program operates on a work first basis with quick job entry for the individuals and support services once employed to sustain the employment placement. The funds cover a half-time director, three case managers, a job developer, $10,000 for purchase of specific job skills training, and one support person. The budget breaks down as follows:

BUDGET FOR EMPLOYMENT NOW

Staff Position	Salary	Percent of Time on Project	Current Contract	Increased Contract as Result of FSET	New Contract Level as Result of Leveraging FSET
Case Manager (3)	$30,000	100 percent	$90,000	$90,000	$180,000
Job Developer	$30,000	100 percent	$30,000	$30,000	$60,000
Director	$50,000	50 percent	$25,000	$25,000	$50,000
Support Staff-Admin	$20,000	100 percent	$20,000	$20,000	$40,000
	Fringe Benefits for Personnel 25 percent		$41,250	$41,250	$82,500
	Sub-Total Personnel Expenses		$206,250	$206,250	$412,500

PROGRAM EXPENSES/ADMINISTRATION

Line Item	Current Contract	Increased Contract as Result of FSET	New Contract Level as Result of Leveraging FSET
Consultant/professional Services	$2,000	$2,000	4,000
Travel	500	500	1,000
Space Cost & Rental	8,000	8,000	16,000
Consumable Supplies	1,000	1,000	2,000
Purchased Services	10,000	10,000	20,000
Sub-Total	21,500	21,500	43,000
Total Expenses	$227,750	$227,750	$455,500

One-hundred percent of the costs are allowable costs under the Food Stamp Employment and Training Program. Since none of the enrollees have significant assets or any income, all are eligible to be enrolled in the Food Stamp program.

The first step is for the Employment Now program to be a contractor authorized to accept referrals from the local Food Stamp program for employment and training services. Since this would allow the state probation agency to potentially double the number of people served under the program, the state probation agency is in the best position to approach the local Food Stamp agency. In NYC's case, both agencies were interested in expanding employment opportunities. The social service agency wanted ex-felons to have a job so that they were less likely to be on general relief (welfare), in the local homeless shelters system, and/or return to being a hard core substance abuse user requiring substance abuse/medical services on a long-term basis from the medical assistance program. The parole office wanted to reduce recidivism. Employment had been shown to be a key factor. NYS parole had limited funds for employment programs so could only service a small percentage of the paroles that needed, wanted, and could benefit from this approach.

The steps are as follows: State probation signed a Memorandum of Understanding with the local Food Stamp agency to provide employment and training services to food stamp participants. The state corrections office also was a party and signed the agreement to act as the food stamp application facilitators. The state corrections, working with state parole as part of the pre-release planning, assisted interested inmates within 30 days prior to release to complete the food stamp application including obtaining the required documentation. The local Food Stamp office received the food stamp applications and processed them so that eligibility was established concurrently with release. This insured that 100 percent of the individuals referred to Employment Now were enrolled in the Food Stamp program. The agreement between the local Food Stamp agency and state parole agency provided that it would reimburse 50 percent of the costs for the Employment Now program for all individuals receiving food stamps which was everyone.

Invoice for Month of May 2002 Please remit to Employment Now, 102 Third Avenue East, New York, NY	
Personnel Services	$34,375
Program Expenses/Administration:	
Consultant/Professional Services	334
Travel	83
Space Cost & Rental	1,333
Consumable Supplies	167
Purchased Services	1,666
Subtotal	$3,583
TOTAL	**$37,958**

The state parole office reimbursed Employment Now the $37,958 and submitted the bills to the local Food Stamp program. The local Food Stamp program reimbursed the state parole office $18,979 and claimed $37,958 of which the Federal reimbursement is 50 percent or $18,979 reflecting the $18,979 required match which was the original budget and provided by the state parole office funds.

The Employment Now program had to provide the local Food Stamp program with required information such as who were the individuals enrolled, their Employment Plan, specific activity they were enrolled in, attendance, and job placement. As in the past the Employment Now program billed the state parole office each month on the basis of actual expenditures that month. The state parole office, in turn, billed the local Food Stamp program which claimed the 50 percent Federal funds and passed those funds back to the state parole office. The state parole office, as a result of these new funds, increased the grant to Employment Now to $444,500, so Employment Now could serve 400 enrollees, which doubled the program. Employment Now doubled its staff and budget.

This would work in any program where local or state funds are not already being used as required match for Federal funds and serving food stamp eligible individuals. The key ingredients are:

1. Having the individuals apply to the local Food Stamp agency and be found eligible for food stamp benefits,
2. Ensuring that the individuals are mandated to or voluntarily enrolled in the Food Stamp Employment and Training Program, and
3. Ensuring that the local community-based program is an approved employment and training contractor based on local or state contract policies or through its existing current state/local agency such as state parole or mental health agencies.

The local community employment and training organization must be willing and able to provide the required reporting information to the local Food Stamp agency.

APPENDIX D – HYPOTHETICAL CASE WITH WORK SUPPORT BENEFITS

Profile of a Single Parent's Eligibility for Public Benefits

This hypothetical profile of a single parent's eligibility for public benefits assumes wages and health coverage for low-skilled manufacturing employees typical in the Chicago area. These wages also represent those for newly employed TANF recipients generally. With an annual income of $16,640, the total benefits available to this family with EITC, Child Credit, Kid Care (Illinois SCHIP), child care assistance, and food stamps comes to $12,855 a year. This represents a 77 percent increase in annual household resources.

Hypothetical Family: Mary Smith and two children

- Mary, a single mom with two children, ages two and five, has worked as an assembler in a factory earning $8 per hour since January 2001, with a 40-hour work week; she has no other income.
- The children's grandmother, who lives nearby, provides child care; however, the working mom has difficulty make regular payments, and the grandmother is threatening to stop providing regular child care.
- Mary pays $85 per month for dependent health coverage sponsored by employer.
- Mary pays $550 per month rent but pays own heat and has a window air conditioner.

Work Supports Benefits

- Mary is eligible for EITC, with two qualifying children. EITC benefit for the 2001 tax year is $4,150, of which up to $143/month can be added to her take home paychecks during the year.
- Mary is eligible for child care credit of up to $2,000 for the two children, of which 15 percent of earned income above $11,300 can actually be received as additional income (rather than through a refund at the end of the year offsetting any income tax liability).
- The family is eligible for KidCare Assist (Illinois CHIP–equivalent of Medicaid coverage for the two children); this will result in savings of $85 per month now spent on dependent coverage. That is an annual value $1,020.
- The family is eligible for a Child Care subsidy for two children, which is worth $222 monthly, or $2,664 on an annualized basis. This presumes the grandmother is a legal, licensed exempt provider. Placement in a licensed child care facility would significantly increase the value of this benefit. (Amount varies by state program.)
- The family is eligible for food stamps in the amount of $223 monthly, or $2,676 on an annualized basis.

Total annualized value of work supports: $12,855, with no Federal income tax liability:

EITC	$4,150
Additional Child Care Credit	$ 801
Medical savings	$1,020
Child Care Subsidy	$2,664
Food Stamps	$2,676

APPENDIX E – EXAMPLES OF INDIVIDUALS ACCESSING TAX CREDITS

1. Single parent with two children
   Ms. Brown has two children and earned $20,000 in 2006. During the year, she had $500 in Federal income tax withheld from her pay and owes the IRS an additional $198. But because Ms. Brown spent $3,000 during the year on child care for her two children, she is eligible for a CDCC up to 35 percent of what she spent on care, or up to $1,050. Her CDCC eliminates the $198 in taxes Ms. Brown still owes and pays her back for the $500 in taxes that were withheld from her pay. She thus receives a CDCC of $698. Ms. Brown is also eligible for an Earned Income Credit of $2,553. Plus, she is now eligible for $1,000 from the new provisions of the Child Tax Credit. She will get a total refund of $4,930 from the IRS, which includes $3,430 for the EIC, $1,000 for the Child Tax Credit, and $500 in refunds for the taxes withheld from her paychecks.
2. Single parent with one child
   Maxine is a single parent with a 12-year-old dependent child. She earned $15,000 in 2006, and owes $255 in income tax. Her maximum CTC of $1,000 is first used to eliminate her $255 income tax, leaving $745 of it remaining ($1,000 - $255 = $745). Fifteen percent of Maxine's earnings over $11,300 equal $555. Since the remaining CTC is more than $555, Maxine is eligible to receive a refund of the full calculated fifteen percent amount—$555. She also is eligible for an EIC of $2,710, bringing her total refund to $3,265.
3. Married couple with four children
   Sam and Barbara are married and raising four children under age 17. They earned $25,000 in 2006, and owe no income tax. Their maximum possible CTC is $4,000 (4 children x $1,000). Fifteen percent of their earnings over $11,300 is $2,055 ($25,000 - $11,300 = $13,700; 15 percent of $13,700 is $2,055). Since the couple has no income tax liability, none of their CTC is used. Thus, the full $4,000 remains. However, this is more than fifteen percent of their earnings above $11,300, so Sam and Barbara receive a CTC refund of $2,055. They also qualify for an EIC of $2,800, bringing their total refund to $4,855. (*NOTE: Although this family has more than two children, the special rule described below in Example 4 is not needed to help them, since they benefit more under the new CTC rules.)*
4. A special procedure is used to figure the CTC refund for some families with three or more children.
   Charles and Linda are married and raising three children under age 17. Only Charles is employed. In 2006, he earned $13,000, some $995 of which was withheld for payroll taxes (Social Security and Medicare). Linda received $3,000 in dividend income from stock inherited from her parents, which is intended to help pay for their children's education. They owe no income tax on their overall income of $16,000. However, since their annual investment income exceeds the $2,800 limit for EIC eligibility, they do not qualify for the EIC.

2006 Income	$ 16,000
Earned Income:	13,000
Investment Income:	3,000
Income tax:	0
Payroll tax:	995
15 percent of earnings over $11,300	255
Dependent children under 17:	3
Maximum CTC:	3,000
New CTC Refund:	995
EIC:	0
Total Refund:	$995

Endnotes

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[i] USDA, Food and Nutrition Service, web site: http://www.fns.usda.gov/fns/

[ii] Internal Revenue Service, Publication 596, 2006, http://www.irs.gov/publications/p596/index.html

[iii] Internal Revenue Service, U.S. Department of the Treasury, "Child Tax Credit," 2006, Web site: http://www.irs.gov/newsroom/article/0,,id=106182,00.html

[iv] Internal Revenue Service, U.S. Department of the Treasury. "Child and Dependent Care Credit." *The Digital Daily, The Newsroom*. Washington, DC. 2006, Web site: www.irs.gov/newsroom/article/0,,id=106189,00.html.

[v] U.S. Department of Agriculture, Food & Nutrition Service. *Food Stamp Program. Work Supplementation or Support Guidance Questions and Answers*. Washington, DC. 2004. Web site: http://www.fns.usda.gov/fsp/rules/Memo/PRWORA/99/Section_849.htm

[vi] State of Oregon, Department of Human Services, http://www.oregon.gov/DHS/assistance/jobsprogram.shtml

[vii] U.S. Department of Labor, Employment & Training Administration. "Work Opportunity Tax Credit. What is the Work Opportunity Tax Credit?" Washington, DC.: U.S. DOL. 2004. Web site: http://www.doleta.gov/business/Incentives/opptax/

[viii] U.S. Department of Labor, Employment & Training Administration. "Welfare-to-Work Tax Credit. What is the Welfare-to-Work Tax Credit?" Washington, DC: U.S. DOL. 2004. Web site: http://www.uses.doleta.gov/wtw.cfm

[ix] The Department of Housing and Urban Development, Web site: http://www.ezec.gov/Pubs/taxincentives051701.pdf