

## HR BEST PRACTICES

# How to Get Up to 100% WOTC Screening and Why



## Helping Turn Small Change into Big Dollars

What if you could potentially drop money to your bottom line while completing your normal hiring requirements, further proving how valuable your HR team is? About **\$1 billion** in WOTC (Work Opportunity Tax Credits) tax credits are claimed each year according to the Department of Labor (DOL). Whether you aren't taking advantage of WOTC credits now at all, or are not screening 100% of your applicants, you may be missing out.

### Background

**WOTC** is a federal tax credit available to employers who hire and retain employees from certain targeted demographic groups that typically have challenges gaining employment. Employers can receive a federal tax credit up to \$9,600 per eligible employee.

It's often said that timing is everything and WOTC is no different. Federal requirements dictate that WOTC paperwork must be filled out on or before the day of the job offer. Employers are often challenged to meet screening deadlines when determining applicant eligibility for WOTC, potentially leaving valuable tax credit savings on the table.

Typically, the more screenings a company completes, the higher the likelihood of receiving tax credits. However, WOTC screening is voluntary, which can often result in companies not achieving their full potential in credits. It is in an employer's best interest to present the WOTC screening form early and often to help ensure that applicants complete the screening form.



## Is this really worth my time?

Many of our clients tell us that they don't think they hire any or many people who would qualify for WOTC credits. If you feel that way too, maybe you don't screen at all or only screen a small percentage of your applicants. However, there may be more opportunities to qualify than you think, and since long-term unemployed workers are eligible, many workers displaced during the pandemic or who needed nutritional assistance during that time may now qualify. Historical data from our Equifax clients shows an average of 20-30%<sup>1</sup> of an employer's employee base may qualify for WOTC tax credits, and that was before the effects of the pandemic.



### Consider these eligible categories:

Supplemental Nutrition Assistance Program (SNAP) recipients

Unemployed or disabled military veterans

Long-term unemployed

Temporary Assistance for Needy Families (TANF) recipients

Residents living in designated economically struggling communities

People with disabilities who have completed or are completing vocational rehabilitation

People with criminal histories

Supplemental Security Income recipients

Teens from designated empowerment zones employed for summer work

Chances are, you are hiring employees who will qualify your organization for these lucrative tax credits, and you just need to identify them! Bottom line, the more you screen, the more WOTC tax credits your company could potentially get.

<sup>1</sup>Equifax client data, 2020-2021

### Consider this example.

A simple 25% increase in WOTC screening for an organization with 5,000 annual new hires could result in over \$130,000 of additional tax credits.<sup>2</sup> Tax credits may go up to \$9,600 per employee, so the math can add up quickly.

**75%  
SCREENING RATE**



**\$390,000**

**100%  
SCREENING RATE**



**\$520,000**

*This is an example of a client's experience, but might not be representative of your future success — since your success is dependent upon the unique facts and circumstances of your individual company.*

Failure to maximize WOTC screenings leads to **missed opportunity**.

**Credits increase** as more employees are successfully screened.

A **small improvement** in screening can have a **significant impact** on results – \$130,000 **increased income**.



<sup>2</sup>Calculations based on 5,000 new hires. 20% WOTC eligible. 52% certified, \$1,000 credit.

## How can you get up to 100% screening?

### Present the form early and often

Since the WOTC screening form must be filled out by the candidate, presenting the form at many points in the application process can help improve the possibility of having it completed. Therefore your company has an increased chance of identifying eligible candidates.

### Here are some other recommendations from our subject matter experts:



Make presentation of WOTC screening mandatory for all applicants, in every location



Track completion rates by hiring location, and if it's not 100%, figure out why and take action



Conduct WOTC training for all hiring managers and share results to help sustain support for the program



Consider an automated platform that syncs with your onboarding or Applicant Tracking System (ATS) platform

**Tip:** If your hiring process is a long one, have your applicants fill it out again if 30 days have passed since it was last completed since eligibility may have changed.



### Some things are better together

Peanut butter and jelly, hot chocolate and marshmallows, and Tuesdays and tacos to name a few. And there are two parts of the hiring process that you might not think of that complement each other perfectly: WOTC screening and Form I-9 completion.

As both WOTC and I-9 workflows have similar timing requirements, combining completion of the federally mandated Form I-9 with WOTC screening provides applicants the opportunity to voluntarily screen for available tax credits. By strategically including the required Form I-9 in the same packet and requiring that applicants advance through the WOTC Form 8850 before completing Form I-9, the likelihood of it being completed is increased. This strategic workflow could help maximize credit capture opportunities due to improved screening rates while still helping meet the strict adherence to I-9 regulations.

### Work with subject matter experts

Maybe your team doesn't have a lot of expertise with WOTC. That's not a good enough reason to leave money on the table. You can work with an experienced WOTC provider who can present the screening form and often apply for the certification on your behalf. Many times, there are integrations with your HCM systems that can help streamline this process even more.



## Added benefit

In a [recent poll](#), nearly 80% of workers say they want to work for a company that values diversity, equity, and inclusion. Hiring workers who may have had barriers to employment may help you reach your goals of having a more diverse workforce.

### Our Equifax data<sup>3</sup> shows that workers hired through WOTC...



...on average,  
stayed in their jobs  
for the same  
amount of time  
or longer as  
non-WOTC hires



...are less likely to  
leave their job in  
the first year than  
their cohorts



...typically progress  
through the ranks  
at the same pace  
as traditionally  
hired co-workers



<sup>3</sup>Equifax research study on new hires (WOTC and non-WOTC) over the period of 2008-2013. Sourced from The Work Number® and Equifax clients' WOTC certifications.



Learn more about the impact WOTC can have by checking out this [case study](#) of a bank that improved their WOTC credit value by more than \$600,000 per year by working with Equifax Workforce Solutions. If your organization needs help with WOTC screening or any aspect of the [onboarding](#) process, reach out to our subject matter experts from Equifax Workforce Solutions.

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