

# Youth Employment Tax Credit Policies

- Reduce the marginal cost of hiring youth workers
- Tend to be categorical subsidies rather than incremental subsidies
- Policy focus can vary -- all youth, summer, disadvantaged, non-college bound

## Policy Categories

1. Internship
2. Apprenticeship
3. Disadvantaged Youth
4. Youth-oriented organizations
5. Minimum wage offset

### *Internship (MN, MO, NM, NE, ND)*

- Credit is percentage of wages up to a maximum dollar amount (carryforward or refundable)
- Employers must:
  - Partner with a college or university
  - Enter into a written agreement
  - Supervise and evaluate the student
  - Provide follow-up data
- Students must:
  - Be in 11th or 12th grade, or seeking credentials at college/university/vocational
  - Have completed 50% of their coursework
  - Intern in an occupation that is closely related to their field of study
  - Work a minimum number of hours
- Programs must:
  - Be limited to given number of eligible students, number of years
  - Have a minimum and/or maximum number of eligible hours
  - Be certified with the state DOL, indicating that
    - They would not hire the student w/o tax credit
    - The student did not previously work for employer
    - The student does not displace another worker
  - Prioritize underserved/at-risk/disadvantaged populations

### *Apprenticeship (AR, CT, LA, RI, SC, TN)*

- Credit is percentage of wages or \$/hr up to a maximum dollar amount, number of years
- Students must:
  - Be of a certain age or in a certain grade
  - Be registered with an educational/career/apprenticeship plan (3-yrs to 5-yrs)
  - Be available for a minimum time commitment (FT or PT)
- Employers must:
  - Be in a specific industry or offer specific occupational opportunities
  - Be registered with state or U.S. DOL
  - Offer apprenticeships that exceed their historical average

- Programs must:
  - Be registered or certified with state or feds
  - Be limited number of eligible businesses
  - Offer supervised learning opportunities with evaluations
  - Integrate academic and vocational learning
  - Provide academic and occupational credentials
  - Provide access and support to non-traditional groups
  - Abide by a minimum and/or maximum number of hours

### *Disadvantaged Youth (WOTC, NY)*

- Federal Work Opportunity Tax Credit in 2009-2010 included “disconnected youth”
  - Age 16-24 on the hire date
  - Not regularly attending any school for 6-months prior to hire
  - Not employed during 6-months prior to hire
  - Not readily employable due to lack of sufficient skills
  - Credit = Wages \* hours worked \* credit %
- State programs
  - Certain age
  - Fixed or variable credit allocated over time, scaled to hours worked
  - Business and youth certified by state DOL
  - Identified risk factors
    - At least 18 w/o diploma
    - In a family that receives TANF/SNAP/SSI benefits
    - Receives free/reduced lunch
    - Referred by rehabilitation agency or formerly in prison
    - Homeless
    - In or from foster care
    - Veteran
    - Live in public housing

### *Youth-oriented organizations (MO, NE)*

- Credit equal to percentage of monetary donation
- Minimum donation required
- Eligible organizations:
  - Non-profits
  - Schools
  - Businesses
- Credit for contributions to a state fund that provides grants

### *Minimum wage offset (NY)*

- Certain age
- Credit is \$/hr (adjustment for wage level)
- Eligible hours could be capped or unlimited