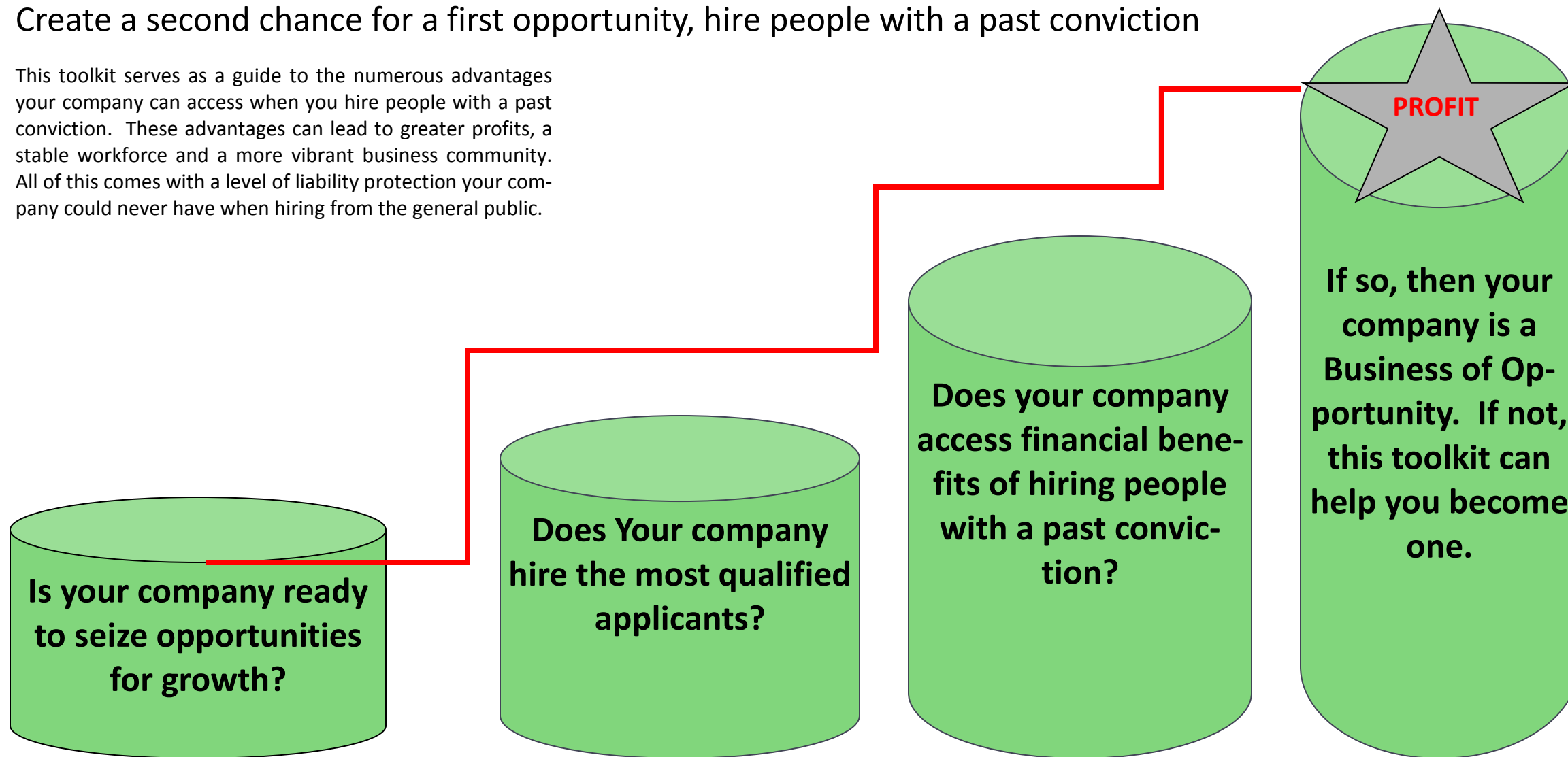


# Is Your Company a Business of Opportunity ?

Create a second chance for a first opportunity, hire people with a past conviction

This toolkit serves as a guide to the numerous advantages your company can access when you hire people with a past conviction. These advantages can lead to greater profits, a stable workforce and a more vibrant business community. All of this comes with a level of liability protection your company could never have when hiring from the general public.



This Toolkit was created by: Urban Strategies Council, National Employment Law Project, All of Us or None and the East Bay Community Law Center

## Your Company Grows With Opportunity

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**Save money on salary, spend money on your business**

Many employers are unaware of the wide range of resources available to them if they hire people who have past convictions. Employers can get a full-time employee at a substantially reduced cost by taking advantage of tax credits for hiring people with past convictions. In the Bay Area, employment service providers will work with employers to support their newly-hired employee with transportation credits, additional training, and skills development – all at no cost to the employer. By factoring available benefits and supports into hiring decisions, you may find that hiring people with a past conviction is a cost-effective decision.

**Work Opportunity Tax Credits reduce employers' federal income tax liability by up to \$2400 when hiring a formerly incarcerated person.**

See p. 4

**Hiring formerly incarcerated people is easier and safer than you think.**  
(See p. 5)


Many employers may hesitate to hire people with criminal records because of concerns about risk and liability. The extent of an employer's liability for an employee's actions is limited, and a special bonding program exists for employers who hire people with a past conviction. At low or no-cost the Federal Bonding Program protects employers against employee dishonesty, such as theft, forgery, larceny, or embezzlement of money or property and can cover as much as \$25,000 in losses.

## Your Company is Opportunity

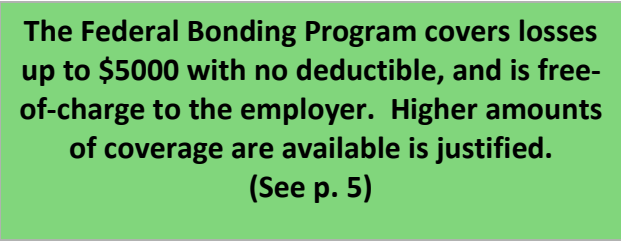
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You decide who to hire, but are you making the most informed hiring decision possible? Is your pool of applicants as qualified as your competitors?

In making a hiring decision you need the most qualified employee for the job – this person may have a past conviction. Many people with a conviction are highly skilled and motivated workers who, had they not made certain mistakes in their past, would have been more successful in their careers. About one in four Americans has a criminal record of some kind -- meaning you may be missing out on qualified potential employees that could bring great dedication and benefits to your business. Competing businesses may already be hiring people who have past convictions and reaping the benefits.




**Are you hiring the most qualified employee for the job?  
Are your competitors?**



**The Federal Bonding Program covers losses up to \$5000 with no deductible, and is free-of-charge to the employer. Higher amounts of coverage are available is justified.  
(See p. 5)**

In addition to wanting their business to be profitable, most employers want to make a positive contribution to their community. Hiring people who have a past conviction and want to work is a powerful way to make our community safer. Including people with past convictions on your staff promotes diversity and expands opportunities for people who want to work, feed their families, and be productive members of society.



**Safer Communities are more profitable communities.**

## Being a Business of Opportunity has Financial Benefits

Great financial benefits exist for employers who hire people with a past conviction. Many of the programs described below provide the greatest levels of support when you first hire the applicant; which gradually diminishes as your newly-hired worker stabilizes. These programs will help you most during the initial employment period, when you are likely to be investing the greatest amount of labor and capital on training a new employee.

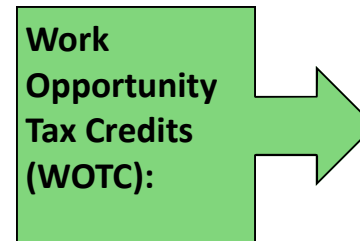
### Work Opportunity Tax Credits

The WOTC reduces employers' federal income tax liability by up to \$2400 per qualified new worker and, under certain circumstances, up to \$6000. Employers may claim this tax credit for two years, and there is no limit on how many WOTC workers an employer may claim. Qualified workers include (among others) people with convictions hired within one year after release from prison, and/or people in state-approved rehabilitation programs.

Wages paid to temporary, seasonal, part-time, and full-time employees qualify for the credit. To qualify, you send two simple forms to the California Employment Development Department (EDD) requesting certification for the WOTC. A one-page form must be completed by the day you make the job offer (Form DE 8725); another one-page form (DE 8737) is due within 28 days of hiring the eligible employee.

Forms DE 8725 and DE 8737 (also known as IRS 8850) may be found at:

[www.edd.ca.gov/Jobs\\_and\\_Training/Work\\_Opportunity\\_Tax\\_Credit.htm](http://www.edd.ca.gov/Jobs_and_Training/Work_Opportunity_Tax_Credit.htm)

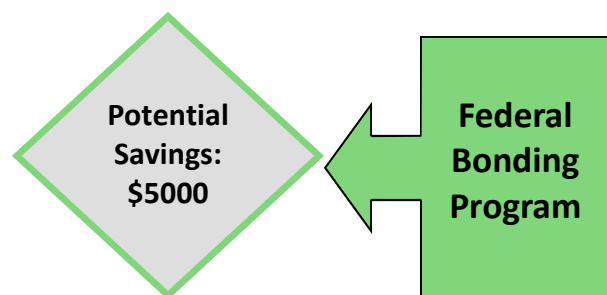


## Being a Business of Opportunity has Financial Benefits



The State of California Enterprise Zone (EZ) program targets economically distressed areas in California with special state and local incentives to encourage business investment and promote the creation of new jobs. If your business is located in an EZ you may qualify for a wide range of State and local benefits designed to help businesses succeed and expand. These incentives include hiring credits of \$37,440 or more for each qualified employee hired over a five-year period, including formerly-incarcerated people, and sales tax credits on purchases of up to \$20 million per year of qualified machinery and parts.

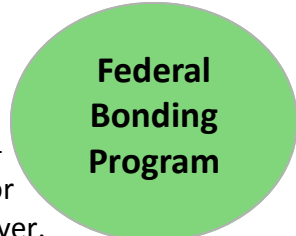
For more information and forms required for claiming the Enterprise Zone Hiring Tax Credit visit the on line EZ Tax Credit Vouchering System at [www.EZOakland.com](http://www.EZOakland.com) or the California Association of Enterprise Zones, <http://www.caez.org> Bay Area EZ's are located in Oakland, San Francisco, San Jose and Richmond.



The Federal Bonding Program issues fidelity bonds – business insurance policies protecting private employers against “employee dishonesty,” such as theft, forgery, larceny, or embezzlement of money or property. The bond covers losses of up to \$5000 with no deductible, and is free-of-charge to the employer. Higher amounts of coverage (up to \$25,000) are available if justified. Bond coverage is available for any at-risk job applicant whose background may lead employers to question their honesty and deny them a job. The only requirement is that workers must be paid wages with federal taxes automatically deducted from their pay.

To apply simply make the applicant a job offer and set a date for the individual to start work. The bond goes into effect the first day of employment, and terminates automatically after six months. No paperwork is required to start or terminate the bonds. U.S. Department of Labor:

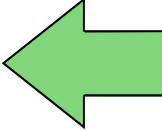
[www.bonds4jobs.com](http://www.bonds4jobs.com)



## Becoming a Business of Opportunity Starts with Hiring

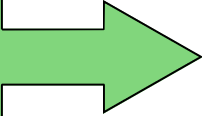
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Collecting past conviction history on all job applicants is generally unnecessary, unless the job involves unsupervised contact with finances or special populations (children, disabled people, and the elderly). Eliminating this question from an initial application will encourage people with records to apply, which will increase your pool of potential employees. **In order to access the special benefits available when you hire an applicant with a conviction history, consider asking the applicant for this information during an interview, or after you have offered that person a job and explain the benefits their past conviction would bring to the company's bottom line.**



**Consider using an application that does not require disclosure of past convictions.**

**Notify the applicant if they have been rejected because of a job-related conviction.**

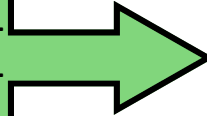


Federal law requires that you to provide a copy of their background report to the applicant before he or she is rejected, and that you allow the applicant to correct inaccuracies in the report. By following this process, you will provide an otherwise-qualified applicant with the opportunity to produce additional evidence of rehabilitation (e.g. personal & professional references, certificates, trainings). By looking beyond past convictions, you are able to hire the best person for the job.

## Becoming a Business of Opportunity Starts with Hiring

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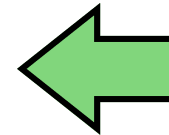
**Beware of background checks provided by consumer reporting agencies.**



Commercially prepared background checks often contain inaccurate information. If you conduct a background check using a private screening company, California law requires that you notify the applicant, obtain consent, and allow the applicant to obtain a copy of the report within 3 days of the date the employer receives it. Additionally, even if the background check contains impermissible information – such as arrests that did not lead to conviction or dismissals – you are still prohibited from considering this information when making an employment decision.

Eliminating the costs of conducting a background check on every applicant saves money. You are not required to conduct criminal background checks of prospective employees to avoid negligent hiring liability. If your position requires a background check, conduct the check only after you have decided the applicant is otherwise qualified, or after a conditional offer of employment has been made. In doing so, you will reduce administrative and human resources costs associated with unnecessary background checks.

**Conduct background checks only when it is a required for the position.**



**LOCAL RESOURCES TO ACCESS BENEFITS**

For Information about Oakland's Enterprise Zone Tax Credit, Contact:

Susana Villarreal  
Oakland Enterprise Zone Coordinator  
510-238-7794  
svillarreal@oaklandnet.com  
www.EZOakland.com

For Information about the Work Opportunity Tax Credit, Contact:

The Sacramento WOTC Center  
1-866-593-0173

For Information about the Federal Bonding Program, Contact:

Employment Development Department located at  
East Oakland One-Stop Career Center  
Eartha Carroll  
Employment Program Representative  
(510) 563-5285

If you have comments or suggestions on how to make this information more relevant and useful to employers, please contact Linda Evans at All of Us or None by email, [linda@prisonerswithchildren.org](mailto:linda@prisonerswithchildren.org)