

## 2013 Program Report Card: Job Expansion Tax Credit (Department of Economic & Community Development)

*Quality of Life Result:* All Connecticut working age residents have jobs that provide financial self-sufficiency.

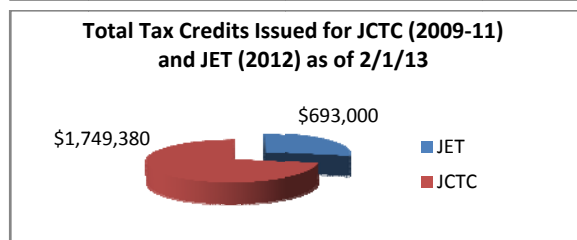
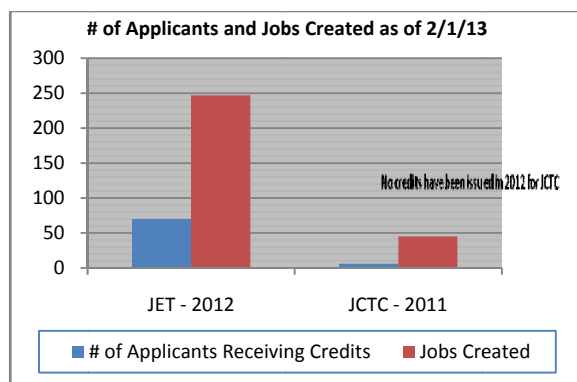
*Contribution to the Result:* In October 2011, the General Assembly passed the Jobs Bill that created the Job Expansion Tax Credit Program (JET), which simplified and updated the Job Creation Tax Credit Program (JCTC) program to target certain populations and increase usage. JET and JCTC provides a financial benefit to firms in the form of tax credits as they hire workers; it thus contributes to the result by offering incentives for employers to create jobs for Connecticut residents. Over the past three years, the JCTC program has had very low participation and beginning January 1, 2012, DECD no longer issued eligibility certificates for this tax credit. JET tax credits are being to be earned for the income year ending December 31, 2012.

Program Expenditures	# of Applicants	# of Applicants Receiving Credits	Federal Funding	Other Funding	Total Tax Credits Issued
JCTC Actual Income Year Ending 12/31/10	13	6	N/A	N/A	\$676,983
JCTC Actual Income Year Ending 12/31/11	13	4	N/A	N/A	\$515,923
JCTC Estimated 12/31/12	13	4	N/A	N/A	\$500,000
JET Estimated 12/31/12	903 actual	450 est.	N/A	N/A	\$12,150,000 est.

*Partners:* Current: CT Dept. of Labor (DOL), Bureau of Rehabilitative Services (BRS), CT Dept. of Veteran Affairs (VA), CT Innovations, CT Housing Finance Authority, CT Economic Resource Center, Depart. of Developmental Services (DDS), Dept. of Mental Health and Addiction Services (DMHAS), HEDCO, CEDF, and SeCTer, and CTCIC.

### How Much Did We Do?

Measure: Dollar value of tax credit (the tax cost) and number of firms participating.



### Story behind the baseline:

DECD advertises the JET on its website and marketed the program extensively during its business outreach forums that were held throughout CT. Firms weigh the costs & benefits of participating. Based on the number of applicants enrolled in the program and tax credits received as of 2/1/2013, this is trending in a favorable direction. DECD conducts an employment review of firms utilizing this credit to determine if they create new jobs in the stated timeframe. DECD uses the DOL wage records to confirm reported data, along with information from the VA, BRS, DDS, and DMHAS.

**Trend:** ▲

### Is Anyone Better Off?

Measure: Number of workers hired.

### Story behind the baseline:

As of 2/1/13, the JET program as created 247 jobs and applications demonstrating job creation continue to arrive at DECD on a daily basis. The JET program lasts three years for each firm. Each year the participating firm submits its job creation record that DECD verifies. DECD tracks the number and types of workers hired under the program (the credit is \$900 per worker if he/she is unemployed, a vet, or receiving services from BRS, DDS, or DMHAS and \$500 for anyone else irrespective of their wage). The maximum credit per job created under this program would be \$10,800.

ECD believes that workers hired under this program are better off because they had no job prior to being hired by the firm awarded the tax credit or, if hired from existing positions, they are better off because of a better fit in the new company, additional wages, etc. We assume firms are better off because their labor costs temporarily decline because of the JET program.

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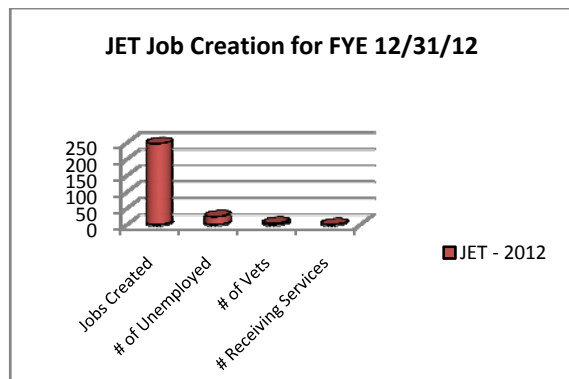
*Quality of Life Result:* All Connecticut working age residents have jobs that provide financial self-sufficiency.

DECD cannot force employers to focus on a harder-to-serve population (disabled, minority or long-term unemployed) or pay a living wage. DECD does not know if firms would have hired new workers irrespective of the credit. The credit incentivizes hiring workers especially the unemployed, veterans and those receiving services from BRS, DDS, or DMHAS as the statute provides.

**Trend:** ▲

### Is Anyone Better Off?

Measure: Number of veterans, unemployed and those receiving services that are hired, along with the credit amounts issued under each of these categories. This is a measure provided under the new JET statute. As DECD performs an audit of the new program, it will collect data to establish a baseline and subsequent changes from it. The following is breakdown of those categories.



Note: Information as of 2/1/13 – tax credit and employment information continues to be provided by applicants requesting to receive the tax credit for 2012.

### Story behind the baseline:

DECD is focused on implementing the new law to ensure that it has the desired impact. That includes determining whether the incentive results in additional hiring of the targeted population because of the credits and whether the credits make a difference to employer hiring and economic viability.

Because firms requesting this credit must provide the worker's status, DECD will assess how well the JET is moving the target groups into employment. Based on information received as of 2/1/2013, the trend is favorable.

**Trend:** ▲

### Proposed Actions to Turn the Curve:

Over the next fiscal year, DECD will continue partner with other state agencies and NGOs (e.g., CEDF, HEDCO, CTC, seCTer) to publicize its assistance programs and the Job Expansion Tax Credit. DECD will deploy its sales and marketing resources to ensure that those Connecticut firms needing this assistance most will know about it and use it to increase employment in the state. If necessary, DECD will also propose legislation to better enhance and target this program so that it is meeting the needs of Connecticut's employers and improving opportunities for its residents.

### Data Development Agenda:

Over the next fiscal year and now that applicants are receiving the JET tax credit, DECD will develop a survey and sample JET applicants that have received the tax credit to determine whether there is a career path associated with the positions hired and the

difference the credit made in the firms hiring decisions and how well DECD performed in administering the credit. DECD will monitor its marketing programs to determine how best to reach firms to take advantage of the JETC. Over the next fiscal year, DECD will survey the literature for best practices regarding job creation incentives and seek to improve the legislation. In the future, DECD will add new metrics to the program to better measure program effectiveness including actual vs. projected new job creation, types of companies using the program and ROI for the state.