



Episode 27 – On the Work Opportunity Tax Credit

This document provides resources for educators looking for ways to incorporate current events into their curriculum. Each podcast episode is approximately 20 minutes long and available on all major podcast outlets for free. This document provides opportunities for either short-answer/essay-style questions or discussion questions to delve further into topics. Email taxnerds@gmail.com for an answer key.

In this episode, we outline the history of the WOTC, discuss the limited evidence on its effectiveness, and highlight potential areas for improvement.

Concepts covered

- Business tax credits
- The Work Opportunity Tax Credit

Multiple choice and True/False questions

1. Which individual tax credit is a companion to the WOTC and subsidizes employment?
 - a. The Child Tax Credit
 - b. The Low-Income Housing Credit
 - c. The Employer Provided Child Care Credit
 - d. The Earned Income Tax Credit
2. Which of the following is the primary goal of the WOTC?
 - a. To incentivize businesses to provide jobs to workers who have historically faced challenges in the labor market.
 - b. To reduce the overall unemployment rate.
 - c. To incentivize individuals to seek employment.
 - d. To incentivize businesses to provide job training programs to under-skilled workers.
3. The WOTC was intended to fix three major flaws of its predecessor, the Targeted Jobs Tax Credit, by doing which of the following? Select all that apply.
 - a. Increasing the amount of the credit available to businesses
 - b. Reformulating targeted groups
 - c. Requiring that worker eligibility for the credit be established before the date of hire
 - d. Lengthening minimum employment periods

4. In 2020, how many groups of eligible workers were there from which companies can hire to claim the credit?
- a. Five
 - b. Nine
 - c. Ten
 - d. Twenty
5. An employer can claim the largest WOTC for wages paid to eligible employees who work at least _____ hours during their first year of employment and a reduced credit for wages paid to eligible employees who work at least _____ hours.
- a. 500; 250
 - b. 400; 200
 - c. 240; 120
 - d. 400; 120
6. If an individual who is from a targeted group earns \$25,000 in her first year of employment, and she is not a disabled veteran, what amount of WOTC can her employer claim?
- a. \$2,400
 - b. \$6,000
 - c. \$10,000
 - d. \$12,500
7. True or False: The maximum credit for most targeted groups increases every year to keep up with inflation.
- a. True
 - b. False
8. Wages paid to which two groups of targeted workers can result in credits in excess of \$2,400?
- a. Ex-felons
 - b. SNAP recipients
 - c. Qualified veterans
 - d. Long-term family assistance recipients
9. Most certified workers come from which group?
- a. Ex-felons
 - b. SNAP recipients
 - c. Qualified veterans
 - d. Long-term family assistance recipients
10. Most WOTC certifications in 2021 (43%) were in which industry?
- a. Office & Administrative Support
 - b. Retail
 - c. Restaurants
 - d. Education