



IN THE BUSINESS OF YOUR SUCCESSSM



Capturing More Employment Tax Credits with Talent Acquisition Solutions

An ADP Webcast

Thursday, November 10, 2011

1 PM Eastern



Housekeeping

- This is one of a number of complimentary webinars that ADP offers to Finance and HR professionals each year.
- Today's webinar will last for 60 minutes, ending at 2 pm Eastern.
- The last 10 minutes of today's program have been reserved for Q&A.
- A .pdf copy of today's slides is available right now for download.
- CPE and/or RCH certificates will be emailed to those who qualify within 30 days of today's broadcast.
- Please participate in our brief survey at the conclusion of today's webinar.



CPE Credit

- Are you planning to apply for CPE and/or RCH credits for attending today's webinar?
 - A. CPE Credit Only
 - B. RCH Credit Only
 - C. Both CPE & RCH Credits
 - D. No
 - E. Not Applicable

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions

Today's Panel



Ali Parker
ADP



Craig Shoneman
Kenexa

Agenda

- WOTC Program Overview
- Recent Legislative Updates
- Talent Acquisition Overview
- Kenexa/ADP Integration for 2xBrassring[®] and Tax Credit Screening



Tax Credits & Incentives are Constantly Evolving and Are Impacted by External Factors

U.S. and global metrics reveal value of credits and incentives

- In the U.S., HIRE Act contributed to job creation - ADP alone certified over 1.8M new hires
- Increased foreign direct investment in the U.S. will lead to increased credits to capture those jobs
- U.S. unemployment rate is now at 9% - with companies recently announcing additional job reduction plans
- 45.8 million people are on Food Stamps according to USDA in May

Uncertainty in Federal and State budgets can make/break opportunity

- Deficits at both the Federal and State levels have created more compliance uncertainty around credits
- Two WOTC categories (Disconnected Youth & Unemployed Veterans) were not renewed in 2011
- Connecticut announced October 27 the new Jobs Expansion Tax Credit – consolidating 3 other programs
- Federal Renewal Communities credit was not renewed in 2011, but President proposed 20 new U.S. Growth Zones
- New York State extended Excelsior Jobs Program funding for 5 more years through 2024

Today, employers are trying to maximize profits and maintain compliance

- Employers are looking to tax credits as a way to reduce their ETR (Effective Tax Rate)
- Employers are having a more difficult time staying on top of the increasing pace of legislative changes
- Employers are looking for a wider-range of credit types to contribute to their bottom line

Overview: Federal Employment Tax Credits

■ Federal Programs

- Work Opportunity Tax Credit (includes Welfare-to-Work)
- Federal Empowerment Zone
- Federal Indian Employment Credit

■ Work Opportunity Tax Credit (WOTC)

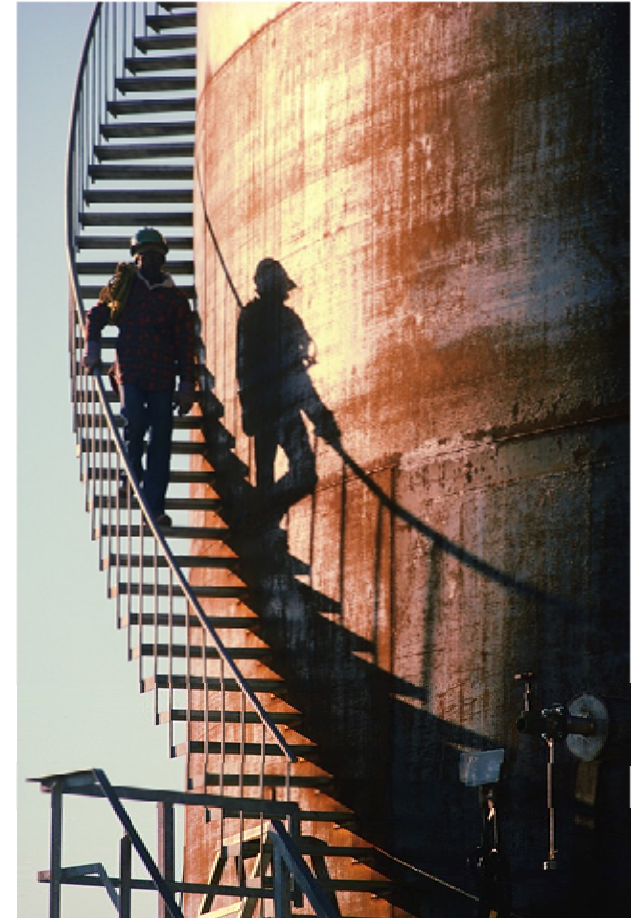
- WOTC – Credit to encourage employers to hire individuals from 1 of 10 targeted groups
- WtW – Financial incentive for employers to hire long-term family assistance recipients (added to WOTC)

■ Qualification Criteria

- WOTC - Employees must be a new hire, be a member of one of the targeted groups, have completed the IRS Form 8850 on or before date of hire, work a minimum of 120 hours
- WtW – Employee must be a long-term assistance recipient, have completed IRS form 8850 on or before date of hire and work a minimum of 400 hours.

■ Value

- **WOTC: Up to \$2,400 per certified employee for the first year of employment only**
- **WtW: Up to \$9,000 per certified employee for the first two years of employment only**



Work Opportunity Tax Credit Basics

■ Screen Applicants and/or New Hires

- Screening consists of asking questions to complete the IRS Form 8850 to determine eligibility
- If a screened applicant does not meet the criteria, then no further filing action is necessary
- If a screened applicant does meet the criteria, then the 8850 form is completed, any supporting paperwork is gathered, and it is submitted to the state agency for processing
- **These steps must be completed within 28 days from date of hire**
- The state agency will issue a certification which allows the company to calculate the credit value for that employee and capture that credit

■ WOTC is a Federal Program Which is Administered by the States

- For a multi-state company, the screening process for all applicants/new hires is the same, but the filing and certification process will vary from state to state
- The backlog of requests waiting for processing is quite long in many states and is not uncommon to be at least 1 year
- This creates a tracking and filing issue around pending credits – especially for multi-state companies with large numbers of new hires each year

■ Credit Value Determination

- Once certification is received – leveraging payroll records to determine qualifying hours and wage rates will determine ultimate credit value
- Due to state processing backlogs, it is possible that an employee may no longer be employed at a company when they receive the certification and calculate the credit

Work Opportunity Tax Credit Target Group Trends

- WOTC offers employers an incentive to hire and retain employees who qualify as a member of a target group
- Recent economic conditions have expanded populations in some target groups – automating screening in your HR process, can maximize credits for your tax department

WOTC Categories

- Hurricane Katrina Employees
- Long Term Family Assistance Recipient
- Qualified & Disabled Veterans
- Supplemental Security Income Recipients
- Ex-Felons
- Qualified Summer Youth
- Vocational Rehabilitation Referrals
- Food Stamp Recipients 18–39 Years of Age
- Designated Community Residents age 18-39
- Other TANF Recipient

40% of restaurant companies are experiencing rising turnover (July 2011) up from 31% the previous quarter

*National Restaurant Association Workforce Index

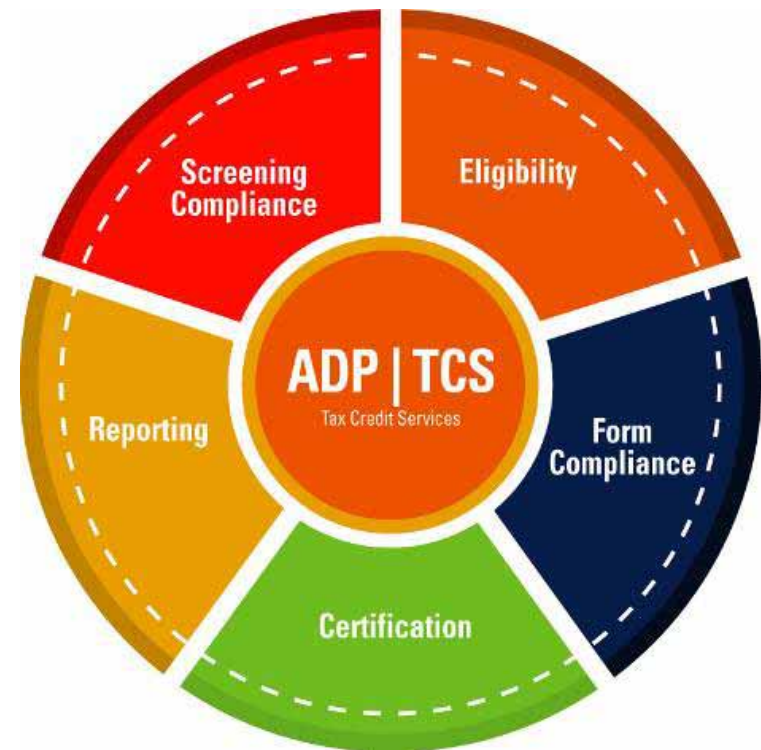
Nearly 30% of all retail workers were 24 years old or younger in 2010

Retailers employ nearly 50% of all teenagers in the workforce

*National Retail Federation from US Dept of Labor Statistics

Successful WOTC Program Process Benchmarks

- Due to the 28-day screening time limit, paperwork required, and varying lengths of time by state in returning certifications, a sound process is essential to all successful WOTC programs
- Key Process Benchmarks:
 - Screening Compliance
 - Eligibility
 - Form Compliance
 - Certification
 - Reporting – Program Metrics



ADP WOTC Process Wheel

**July 2009-June 2010 - official total of all certifications reported by the IRS and the number of certifications in the same period completed by ADP*

Polling Question 1

- **How familiar are you with Federal WOTC or credits and incentives in your state, or in another state where your company does business?**
 - A. We screen new hires for WOTC, but don't use state credits
 - B. We use state credits & incentives – but don't have a WOTC program
 - C. We take advantage of both federal and state credits
 - D. We currently don't capture any credits

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Legislative Update

Kenexa[®]



Recent Congressional Activity

- **Recent activity this week**

- The last week in October and the first in November were busy times for our Government Relations team as they met with staffers for more than fifteen members of Congress
- The focus for all fiscal issues on the Hill is on the work of the joint select committee on the deficit ("super committee")
 - 12 members, split evenly between the House and Senate and between both parties, are working to deliver a plan by no later than November
- Senate Finance Committee Chairman Max Baucus (D-Montana) started a discussion with his committee members this week on the possible content of a tax extender bill to be taken up in December
- Republican leaders in the House have also begun to discuss tax extenders and are encouraging the business community to email or call their Republican representatives to express their views and to urge them not to allow WOTC to expire
- The weak employment market continues to be a concern in Washington, and WOTC is seen as a program that should be a part of any jobs initiative that Congress considers
 - This coming week, Senate Majority Leader Harry Reid (D-Nevada) will bring the veterans WOTC credits in the President's Jobs Act up for a vote

Polling Question 2

- **How do you keep up with legislative changes to tax, tax credit, and incentive programs?**
 - A. Have an internal team that actively manages updates
 - B. Have advisory members in Congress or state capitals
 - C. Use an outside news service
 - D. No system in place

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Kenexa 2x Platform Talent Acquisition Solution



The Origins of Talent Acquisition Solutions

- Automate the recruitment process
- Requisition management
- Aid organizations in achieving regulatory compliance
- Automate candidate communications
- Candidate pre-screening
- Searching, reporting, etc.

What is the Value of a Talent Acquisition System Today?

- **Simplify the recruitment process while driving down costs**
- **Engage with candidates wherever they are, anytime**
- **Improve quality of hire**
- **Drive business growth**

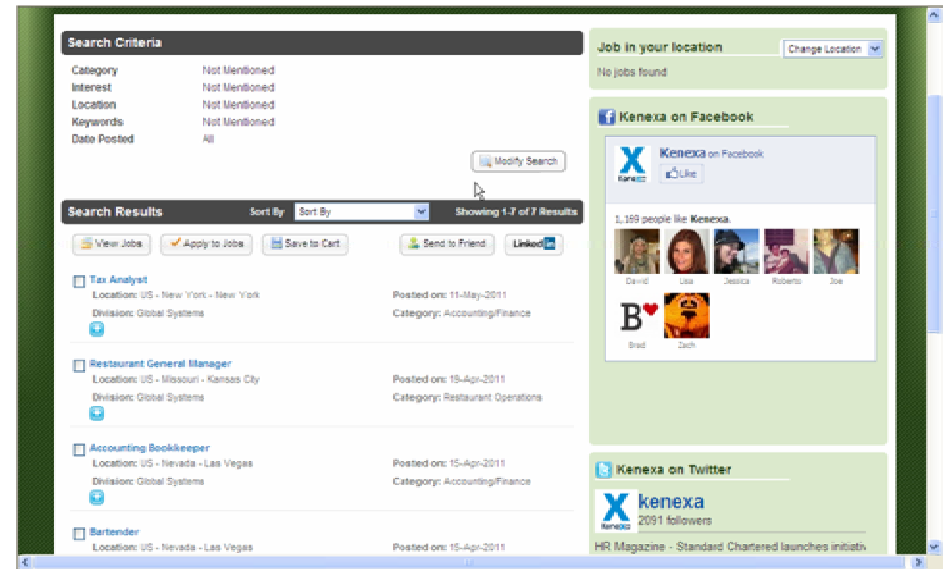
Key Features

■ Attract & engage candidates

- Sourcing
- CRM
- Social Solutions
- Configurable questionnaires
- Branded career sites

■ Improve quality of hire

- Integrated assessments
- Employee referrals
- Automated filtering

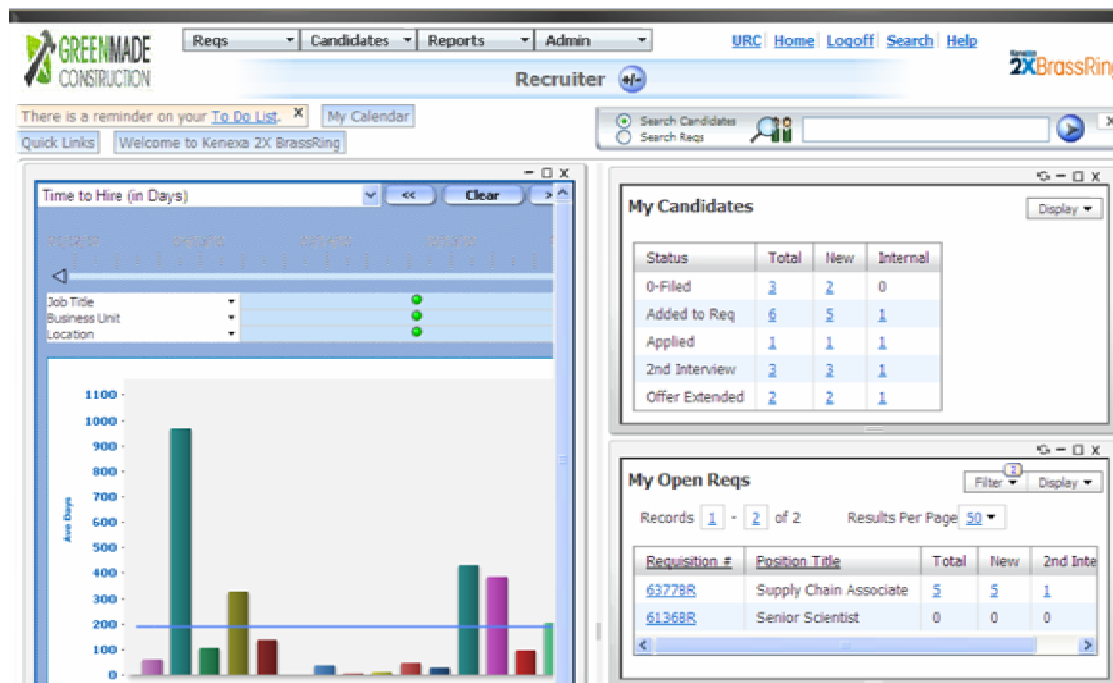


Social networking information



Key Features

- **Streamline recruiting process while driving down costs**
 - Highly configurable solution
 - Award winning mobile device solution
 - Integrated onboarding solution



Polling Question 3

- **What is your organization's top talent acquisition solution challenge today?**
 - A. We are in a war for talent – building a talent pipeline
 - B. Reaching talent via social media
 - C. Developing a mobile recruitment strategy
 - D. We don't have an automated talent acquisition solution

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The Value of Linking Kenexa and ADP



Tax Credits Integration

- Eligibility & documents will be available through the talent record

The screenshot displays a web application window titled "Talent Record - Microsoft Internet Explorer provided by Kenexa Technology, Inc.". The main content area is titled "Talent Record: Adler, Rick" and includes a sub-tab "1758R: Office Manager".

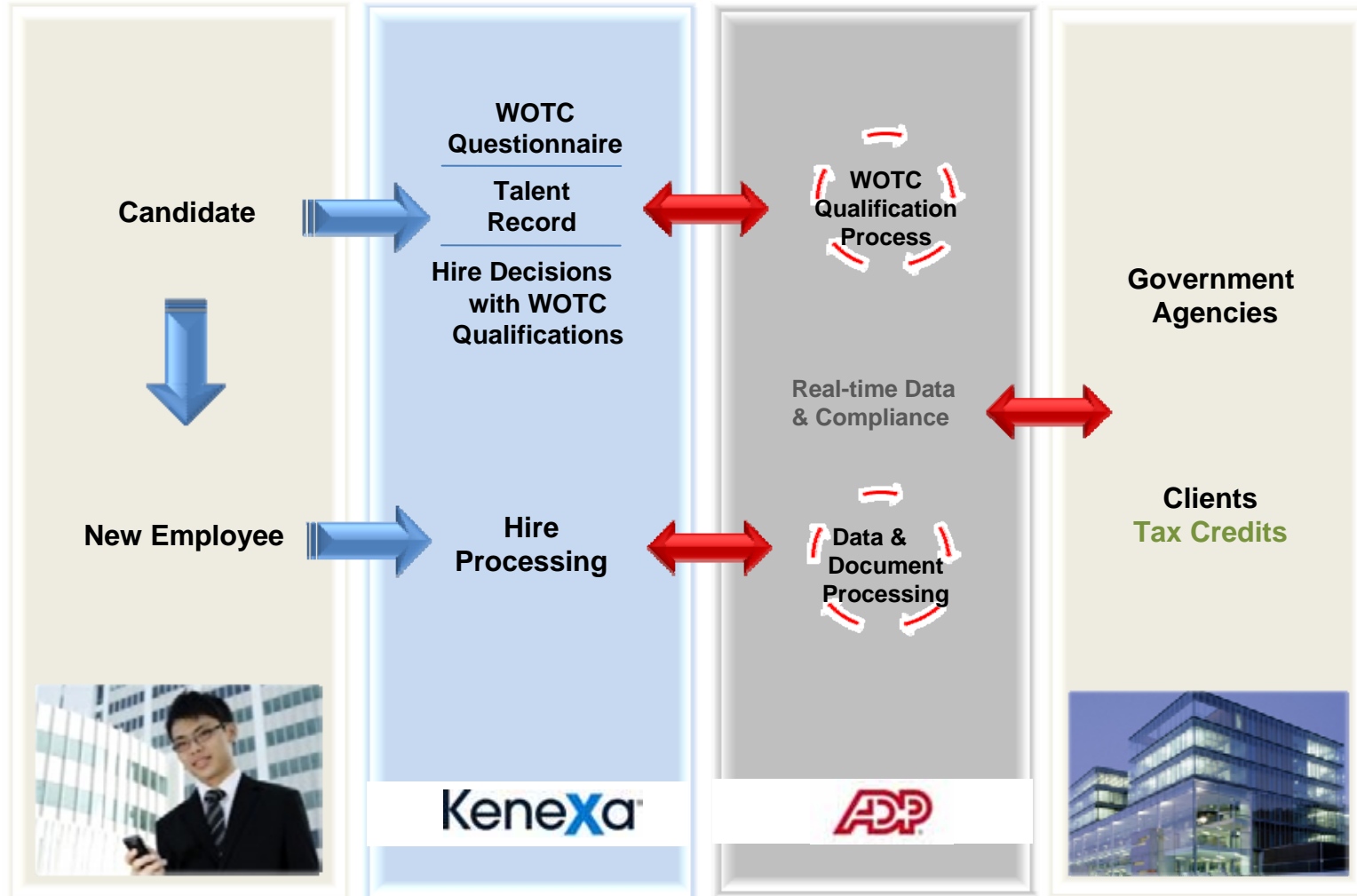
Contact information for Rick Adler is shown: 523 E. Gerber St, New York, NY 10025, Home (212) 254-2222, Work (212) 324-1111, and email rick@adler.com. The candidate type is "Employee Referral", HR Status is "Background check", and HR status date is 27-Oct-2009.

The "Resume/CV" tab is active, showing an objective to contribute to media buying and a list of experience as a Broadcast Media Coordinator at S.R. Oakley & Company from August 1997 to Present. The resume text includes: "Negotiate and place spot broadcast media buys in two markets. Assist Senior Broadcast Negotiator on maintenance of all buys in four additional markets. Process market revisions. Coordinate added value opportunities. Order buys and check against contracts. Evaluate makegoods."

Below the resume is an "Action Log" table with the following data:

Action	Date	Action by	Details	Name/Type	From	To
HR Status - Updated	27-Oct-2009	Sheppard, Trina		Current Status	Interview	Background check
Note Added	20-Oct-2009	Recruiter, Sally	Note text: Follow up with references (-1758R:Offic...	Public		
HR Status - Updated	08-Oct-2009	Hitterman, Veronica		Current Status		0-Filed
Added to Folder	08-Oct-2009	Hitterman, Veronica				0-Filed
HR Status - Updated	11-Mar-2009	Recruiter, Sally		Status History	Phone Screen	Interview
HR Status - Updated	11-Mar-2009	Recruiter, Sally		Status History	Phone Screen	Interview

WOTC Integrated Process



Value of Tax Credits Integration

- **Generation of revenue by HR**
 - May offset the cost of the talent acquisition solution
- **Increased number of tax credits**
 - Eligibility visible during hiring process
 - No need to remember who was eligible after hire
 - Automated forms delivery
- **No additional cost**
 - ADP and Kenexa receive a small percentage of each credit processed
- **Low risk**
 - If no credits processed you don't pay

Polling Question 4

- **How does your company's talent acquisition solution and tax credit screening integrate?**
 - A. We have talent software but do not screen for tax credits
 - B. Integrated single process
 - C. Two separate systems to manage
 - D. We screen for tax credits but do not have talent solution in place

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Q&A

Kenexa



Thank You for Joining Us Today

- **For more information on how talent acquisition and tax credit screening can be automated with Kenexa and ADP, please contact us:**
 - Bob Jaworski, Kenexa: bob.jaworski@kenexa.com
 - Neil DeLucia, ADP: neil.delucia@adp.com

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Thank you for attending.



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