



Governor's Advisory Council for Exceptional Citizens (GACEC)
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MEMORANDUM

DATE: April 25, 2016

TO: The Honorable Members of the Delaware General Assembly

FROM: Robert D. Overmiller, Chairperson
GACEC

RE: **Senate Bill No. 221 (Employer Tax Credit for DVR and DVI Referrals)**

The Governor's Advisory Council for Exceptional Citizens (GACEC) has reviewed **Senate Bill No. 221**, which is intended to advance the number of work opportunities made available to Delawareans with disabilities beyond those offered through State Use Law by presenting employers incentives to employ this under-represented workforce. Council **endorses** the proposed legislation since the employment rate for Delawareans with disabilities is very low (36.1%), and this legislation would encourage the hiring of individuals with disabilities.

As background, only 34.5% of non-institutionalized Americans ages 21-64 with a disability are employed. The Delaware statistic is similar, i.e., only 36.1% of such adults with a disability are employed. Delaware has several laws which promote the hiring of individuals with disabilities (lines 5-6 and 16 Del.C. §5503). In the past few years, multiple programs have been initiated to "jump-start" training and employment opportunities for this constituency. Such initiatives include the Department of Health and Social Services (DHSS) Pathways to Employment program and the Promoting Optimal Mental Health for Individuals through Supports and Empowerment (PROMISE) program. These programs are helpful but may be limited to certain age groups and disabilities. For example, individuals with traumatic brain injury, the "signature" injury of the Iraq and Afghanistan conflicts, may not qualify for either program.

Federal tax incentives exist to promote hiring of individuals with disabilities. Many states, including Maryland and New York, offer a State tax credit to supplement the federal incentives. Senate Bill No. 221 is similar to proposed legislation shared by the GACEC and other advocacy councils with the Joint Finance Committee (JFC) in February, 2013. Senate Bill No. 221 authorizes a State tax credit for employers who hire referrals from the Division of Vocational Rehabilitation (DVR)

or the Division for the Visually Impaired (DVI) after January 1, 2017. The amount of the credit would be equal to 10%, but in no event greater than \$1,500, of the gross wages paid to a qualifying person. The credit would be available for the year in which the employee is hired and the two taxable years thereafter (lines 28-38).

One advantage to linking the credit to DVR referrals is that DVR is not limited to only certain disabilities. DVR serves individuals with a wide range of physical and mental impairments. It focuses on individuals with “most significant” and “significant” disabilities. Consistent with the 2015 Annual Report from DVR’s Rehabilitation Council, in FY15 it served 7,757 clients of whom 2,861 were new applicants. It achieved a successful employment outcome for 1,138 clients with an average hourly wage of approximately \$10.50/hour. The availability of a State tax credit should augment DVR’s prospects for securing successful employment outcomes since hiring DVR referrals will be more attractive to employers.

Thank you for your time and consideration of our observations and endorsement. Please feel free to contact me or Wendy Strauss should you have any questions.