



BUSINESS BUILDER

TIPS FOR DC SMALL BUSINESSES



MARCH 2015

PAYROLL COSTS

Often small business owners know they need to hire new employees to keep up with growth but are deterred by the costs.

Below are resources available to help DC small business owners **budget for new employees** (see back page) and **reduce payroll costs**.

REDUCING PAYROLL COSTS

The DC Government has several programs through the Department of Employment Services (DOES) that will help reduce your payroll costs and hire local workers.

1 | Work Opportunity Tax Credit (WOTC)

A federally-funded program that reduces the federal tax liability of private-for-profit DC employers who hire new employees from selected target groups, which include veterans, returning citizens, persons who receive SNAP/TANF, and more.

If your business **hired qualified workers in 2014**, you have **until April 30, 2015 to retroactively apply** to receive credit.

If you **hired (or are considering hiring) qualified workers in 2015**, contact DOES who is accepting applications while the program is on a federal hiatus. Be sure to **apply within 28 days of the employee's start date**.

To review a **list of qualified workers** and **start your application**, visit <http://does.dc.gov/node/155162> or contact DOES/James Clopton at 202.698.5136 or james.clopton@dc.gov.

2 | Hire Project Empowerment Graduates

Adult workers who graduate from DC's *Project Empowerment Program* are eager to demonstrate their new job readiness and occupational skills after overcoming barriers to employment. Employers who



Benefits of WOTC Tax Credit

WOTC can reduce an employer's federal income tax liability by as much as \$9,600 per employee hired.

—U.S Department of Labor



hire these trained workers will receive subsidies to pay for up to six months of their employment. To learn more, call 202.698.5599 or visit <http://does.dc.gov/service/project-empowerment-program>.

3 | Hire Veterans

Returning veterans have skills that can benefit many types of businesses. The *DC Office of Veterans Affairs* can help you screen the pool of available workers to find qualified employees. To obtain free recruiting assistance, contact Elliot Duvall at 202.724.5454 or elliot.duvall@dc.gov.

4 | Hire DC Youth

If you hire a DC youth worker as old as 21 years, the *Mayor Marion S. Barry's Summer Youth Employment Program (SYEP)* will subsidize 6-weeks of wages (June 28-August 7, 2015). DOES will match qualified youth with your business' needs. You can arrange work schedules as late as 10pm or weekends.

To register for the program, visit www.summerjobs.dc.gov. For more information, contact DOES/Maleka Lenzy, 202.698.3495, maleka.lenzy@dc.gov.



BUDGETING FOR NEW EMPLOYEES

Hiring qualified workers can help expand your business and free up your time as the business owner to focus on managing and growing your small business

1 | Set Minimum Base Wages Amount

Most DC businesses are required to pay at least the **DC Minimum Wage** (\$9.50 as of July 1, 2014). Some may need to pay the current **DC Living Wage** (\$13.80 as of January 1, 2015).

To determine which minimum hourly rate your small business must pay, and learn about exceptions, visit www.does.dc.gov/service/wage-and-hour-compliance.

2 | Plan for Required and Optional Costs

For additional assistance, contact DOES at 202.671.1880

Employment Taxes—These taxes include federal Social Security/FIC (about 6.2%), Unemployment (about 6.2%), and Medicare (1.45%).

Workers' Compensation Insurance Premium—This required cost will vary depending on how hazardous your industry is (for example, the cost for construction industry positions may be higher). Contact your insurance provider to obtain an estimate.



FIND MORE HIRING HELP AT:

DOES Office of Wage and Hour
www.does.dc.gov/service/wage-and-hour-compliance

SCORE Small Business Hiring Guide
www.score.org/resources/eguide-small-business-hiring

SBA Hiring Guides for:

Steps to Hire New Employee www.sba.gov/content/hire-your-first-employee

Required Employee Benefits www.sba.gov/content/required-employee-benefits

Optional Employee Benefits www.sba.gov/content/optional-employee-benefits

The Benefits of Paying Living Wage



Employers find that paying a living wage results in increased productivity, decreased employee turnover and an ability to hire skilled workers that would otherwise be deterred by low wages.

—Partnership for Working Families



Sick Leave—All DC businesses must provide paid leave to employees including temporary, part-time and restaurant/bar workers. The number of leave hours will vary by size of business. For more information, visit DOES at www.does.dc.gov/service/wage-and-hour-compliance.

Optional Benefits may make your position more attractive to qualified workers. Examples include insurance (health, life, disability), retirement plans or child care. As an employer, you would need to pay administrative fees to offer each benefit.

3 | Plan for Recruitment Costs

Don't forget to account for the costs of advertising, time spent interviewing instead of performing other business functions, and training new employees. This online calculator can help you estimate www.cepr.net/calculators/turnover_calc.html.

Reduce advertising costs by listing your job posting for free with **DC Networks Job Bank** (dcnetworks.org) which is viewed by job seekers in DC and nationwide.

