

Mass Workforce Issuance

Workforce Issuance No. 08-23

Policy Information

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Regional Directors

cc: WIA State Partners

From: David W. Mackley, Director
Department of Workforce Development

Date: July 1, 2008

Subject: **Federal Training and Education Tax Credits**

Purpose: To notify Local Workforce Investment Boards, One-Stop Career Center Operators and other local workforce investment partners of Federal Tax Credits potentially available to career center customers whose training and education needs cannot be met through Individual Training Accounts (ITAs) because of ineligibility, limited WIA resources or other reasons.

Background: The U.S. Department of Labor Employment and Training Administration (ETA) published Training and Employment Notice No. 42-07, Federal Training and Education Tax Credits on June 1, 2008 (Attachment A) requesting states to inform their workforce development system partners of the availability of the Hope Tax Credit and the Lifetime Learning Tax Credit.

The tax credits were implemented to help offset the costs of higher education for individuals by reducing the amount of federal income tax owed.

The Hope Tax Credit allows up to a \$1,650 reduction in taxes owed for students who meet a modified adjusted gross income limit. The amount of the credit is calculated on the individual's tuition costs for the first two-years of post-secondary education.

The Lifetime Learning Tax Credit allows for up to a \$2,000 credit per year for tuition and qualified expenses for higher education and career training. There is no limit on the number of years the credit can be claimed.

Attachment A contains web addresses for the specific IRS websites to access detailed eligibility information and forms for both tax credits. The Attachment also contains a one-page informational flyer that can be replicated for posting or distribution to interested career center customers.

Action

Required: Please assure that all appropriate staff are informed of the availability of these tax credit programs.

Inquiries: Inquiries should be directed to the Internal Revenue Service using the web addresses found in Attachment A.