



September 8, 2026

Members of the U.S. Senate and U.S. House of Representatives

Dear Senators and Members of Congress,

The Critical Labor Coalition (“CLC”), a nonprofit organization made up of the trade associations, employers, and companies listed below, writes in strong support of extending and expanding the Work Opportunity Tax Credit (“WOTC”). For three decades, WOTC has helped employers build strong workforces by offsetting the cost of hiring individuals who have historically faced significant barriers to employment. ***The nation needs WOTC now more than ever, as U.S. labor force participation is at its lowest rate in 50 years*** (excluding COVID-19 pandemic disruptions). With the mission of eliminating the U.S. labor shortage, CLC urges Congress to pass the *Improve and Enhance the Work Opportunity Tax Credit Act* (“IEWOTC”) (S.3265, H.R.6231) and retroactively extend and expand this important incentive.

This Labor Day should celebrate American workers' contributions to the nation. Instead, it highlights the hastening deterioration of U.S. labor force participation. In July 2026, the labor force participation rate (LFPR) fell to 61.4 percent, and the employment-population ratio dropped to 58.9 percent—meaning fewer than six of ten working-age Americans were employed.¹ Meanwhile, employers in healthcare, construction, skilled trades and service industries cannot fill critical vacancies: 70 percent report struggling to find suitable workers.²

Congress created WOTC thirty years ago to incentivize hiring, reduce public dependency, and encourage employers to hire from vulnerable populations, including recipients of public assistance programs, the disability community, long-term unemployed individuals, second-chance workers, and qualified veterans, among others. Unfortunately, WOTC has not been comprehensively modernized to reflect today’s labor market since it was passed in 1997 and the credit expired at the end of 2025.

WOTC targets demographic groups that directly match the core drivers of non-participation in the U.S. labor force. According to BLS data, between 500,000 and 1 million non-participating individuals with disabilities indicate readiness or a desire to work if given suitable opportunities or accommodations.³ Long-term unemployed individuals are disproportionately likely to stop

¹ <https://www.bls.gov/news.release/empsit.htm>

² <https://explodingtopics.com/blog/labor-shortage-stats>

³ [https://www.bls.gov/news.release/pdf/disabl.pdf#:~:text=\(See%20table%201.\)%20For%20both%20people%20with,as%20marginall,y%20attached%20to%20the%20labor%20force.](https://www.bls.gov/news.release/pdf/disabl.pdf#:~:text=(See%20table%201.)%20For%20both%20people%20with,as%20marginall,y%20attached%20to%20the%20labor%20force.)





looking for work altogether, allocating them to "discouraged worker" status.⁴ Additionally, prior felony convictions reduce a person's likelihood of formal employment by up to 30 percentage points, driving millions of working-age individuals out of the formal economy.⁵

The IEWOTC Act is a bipartisan, bicameral solution that helps transition these underserved demographics from economic detachment into active employment. By extending WOTC, adding a second credit to incentivize job stability, and adding military spouses as a target group, IEWOTC would create thousands of new jobs. According to the U.S. Department of Labor, 1,577,683 WOTC certifications were issued in the United States in 2024.⁶ If simply extended, WOTC is estimated to directly support 131,000 new jobs (44,000 full-time equivalent (FTE) workers).⁷ If extended and expanded as outlined in IEWOTC, the tax credit would directly support 480,000 new jobs (163,000 FTE workers).⁸

WOTC is a vital lifeline for both businesses and workers seeking stable employment. This Labor Day, CLC urges you to support the Improve and Enhance the Work Opportunity Tax Credit Act (S.3265, H.R.6231) and retroactively extend and expand WOTC.

On behalf of hundreds of thousands of U.S. business owners, thank you for considering this important issue.

Sincerely,

Misty Chally
Executive Director

⁴ [https://www.cmswotc.com/work-opportunity-tax-credit-statistics-2022/#:~:text=Veteran%20unemployed%204%20Weeks%20\(50%2C344%20total\)%201.96%25%2C,Tax%20Credit%20Statistics%20By%20Target%20Group%202012%2D2022](https://www.cmswotc.com/work-opportunity-tax-credit-statistics-2022/#:~:text=Veteran%20unemployed%204%20Weeks%20(50%2C344%20total)%201.96%25%2C,Tax%20Credit%20Statistics%20By%20Target%20Group%202012%2D2022).

⁵ https://www.cmswotc.com/work-opportunity-tax-credit-statistics-2023/#:~:text=Table_title%3A%20States%20Issuing%20Most%20Credits%20by%20Target,6%20Mo.%20%7C%20California%20%7C%207%2C032%20%7C

⁶ <https://www.dol.gov/agencies/eta/wotc/performance#table1>

⁷ <https://smucker.house.gov/sites/evo-subsites/smucker.house.gov/files/evo-media-document/ey-improve-and-enhance-the-work-opportunity-tax-credit-act-report-final-04-21-2025.pdf>

⁸ Id.

