

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE March 19, 2020

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 13-19

TO: STATE WORKFORCE DEVELOPMENT AGENCIES
STATE WORKFORCE ADMINISTRATORS
WORK OPPORTUNITY TAX CREDIT COORDINATORS

FROM JOHN PALLASCH 
Assistant Secretary

SUBJECT: Work Opportunity Tax Credit Funding Allotments for Fiscal Year 2020

1. **Purpose.** To convey the Work Opportunity Tax Credit (WOTC) Fiscal Year (FY) 2020 funding allotments, including remaining balance to states, and application requirements for State Workforce Agencies (SWA).
2. **Action Requested.** Grantees must meet the application requirements detailed in section 5 within 30 calendar days from the date of this Training and Employment Guidance Letter (TEGL) issuance.
3. **Summary and Background.** The Work Opportunity Tax Credit (WOTC) is authorized until December 31, 2020 (Section 143 of Division Q of P.L. 116-94 -- Further Consolidated Appropriation Act, 2020). The U.S. Departments of Labor and Treasury jointly administer WOTC. The Department of Treasury, through the Internal Revenue Service (IRS), administers all tax-related provisions and requirements of the Federal tax credit. The Department of Labor, through the Employment and Training Administration (ETA), awards grants to states for administration of WOTC.

ETA has available grant funds totaling \$18,485,000 for normal WOTC operations in FY 2020. The Department awarded \$2,626,719 under the first Continuing Resolution (P.L. 116-59 -- Continuing Appropriations Act, 2020, and Health Extenders Act of 2019) and awarded \$1,464,012 under the second Continuing Resolution (P.L. 116-69 -- Further Continuing Appropriations Act, 2020, and Further Health Extenders Act of 2019). Therefore, the remaining balance to the states is \$14,394,269. See Attachment I for the remaining balance amounts to each state.

In addition to \$18,485,000 in base funds, Congress appropriated \$2,500,000 to reduce the processing backlog for WOTC. ETA plans to distribute these additional funds to approximately 6-12 states with the most critical need to alleviate their backlogs. The award of the \$2,500,000 will be informed by a combination of ETA's data on backlogs and states' input. ETA will issue a change to this TEGL to publicly announce the additional awards.

RESCISSIONS None	EXPIRATION DATE Continuing
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4. **Details.** States must enter the remaining *balance to state* amount, which is provided in Attachment I, on their SF-424 Form - Application for Federal Assistance (OMB Control No. 4040-0004) as their request for FY 2020 funding.

After allocating \$20,000 to the Virgin Islands, ETA distributes the remaining funds to the SWAs by administrative formula with a \$66,000 minimum allotment and a 95 percent stop-loss/120 percent stop-gain from the previous year allotment share percentage. The administrative formula is calculated as follows:

- a) 50 percent is based on each state's relative share of total WOTC certifications issued from October 1, 2018 through September 30, 2019;
- b) 30 percent is based on each state's relative share of the Civilian Labor Force averages for the 12-month period from October 1, 2018 through September 30, 2019; and
- c) 20 percent is based on each state's relative share of adult recipients of Temporary Assistance for Needy Families averages from October 1, 2017 through September 30, 2018.

Application Requirements for FY 2020 Funding. In an effort to achieve greater efficiency and as part of ETA's ongoing effort to streamline the grant award process, ETA requires grantees to submit an **electronically signed copy of a SF-424 Form through Grants.gov for the ETA-WOTC-TEGL-13-19-2020 at: www.grants.gov, within 30 calendar days from the date of this TEGL's issuance.** The official, electronically signed SF-424 Form must reflect the remaining balance to state amount listed in Attachment I for the requested estimated funding total in item #18 and the Catalog of Federal Domestic Assistance Number, 17.271 for item #11.

- Each applicant must have a Dun and Bradstreet Data Universal Numbering System (DUNS) Number available and must be registered with the System for Award Management (SAM) at: www.sam.gov before submitting an application. Please note: Effective June 2017, you can no longer access SAM using Internet Explorer (IE) Versions older than IE11. You either need to upgrade to an Internet Explorer version of IE11 or higher, or access SAM with another supported browser type (Chrome, Firefox, Safari, etc.).
- To submit the required documents, applicants must follow the "Apply for Grants" link on Grants.gov and download the links for the grant application package. For this grant opportunity, applicants should not follow the "Find Grants" link, as this is not a competitive funding opportunity. If applicants encounter a problem with Grants.gov and do not find an answer in any of the other resources, call 1-800-518-4726 or 1-606-545-5035 to speak to a Customer Support Representative or email: support@grants.gov.

General Administration. SWAs are responsible for using the remaining FY 2020 funding allotments to conduct the following WOTC activities through September 30, 2020:

1. Implementing the certification process and issuing final determination to employers or their authorized representatives;
2. Promoting WOTC to employers;
3. Reducing and eliminating existing backlogs; and
4. Reporting performance data on a quarterly basis.

In addition, SWAs must administer the WOTC in accordance with the policies and procedural guidance set forth by ETA and requirements outlined in Attachment II.

Reporting Requirements.

- a) **Quarterly Financial Report** – SWAs must report expenditures quarterly using ETA Form 9130. Financial reports are due no later than 45 days following the end of each quarter. Timely submission of these reports is important to ensure proper accounting of funds.
 - b) **Quarterly Performance Report** – SWAs must use the web-based EBSS *Tax Credit Reporting System* to report quarterly activities and outcomes using ETA Form 9058. Performance reports are due no later than 45 days following the end of each quarter. Timely submission of these reports is important for administration purposes.
5. **Inquiries.** Please direct all questions to the appropriate Regional WOTC Coordinator listed on the WOTC website at:
<https://www.doleta.gov/business/incentives/opptax/contact/regional-offices.cfm>.
6. **References.**
- Section 51 of the Internal Revenue Code (Code) of 1986, as amended;
 - P.L.116-94 -- Further Consolidated Appropriations Act, 2020;
 - P.L. 116-59 -- Continuing Appropriations Act, 2020, and Health Extenders Act of 2019;
 - P.L. 116-69 -- Further Continuing Appropriations Act, 2020, and Further Health Extenders Act of 2019.
7. **Attachments.**
- Attachment I: FY 2020 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1 through 2
- Attachment II: Work Opportunity Tax Credit (WOTC) Statement of Work

Work Opportunity Tax Credits
FY 2020 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1 through 2

State	FY 2020 Full Year Allotment Amount	Obligated under CR# 1 (10/1/19 through 11/21/19)	Obligated under CR# 2 (11/22/19 through 12/20/19)	Balance to States
Total	\$18,485,000	\$2,626,719	\$1,464,012	\$14,394,269
Alabama	297,331	44,474	24,788	228,069
Alaska	66,000	9,379	5,227	51,394
Arizona	317,962	47,560	26,508	243,894
Arkansas	141,280	21,133	11,778	108,369
California	2,506,695	356,961	198,955	1,950,779
Colorado	276,118	41,301	23,020	211,797
Connecticut	132,376	17,663	9,844	104,869
Delaware	68,335	10,222	5,697	52,416
District of Columbia	66,000	9,379	5,227	51,394
Florida	919,798	137,582	76,682	705,534
Georgia	562,066	71,457	39,827	450,782
Hawaii	66,000	9,379	5,227	51,394
Idaho	66,000	9,379	5,227	51,394
Illinois	823,598	103,904	57,912	661,782
Indiana	318,705	47,671	26,570	244,464
Iowa	255,168	38,168	21,273	195,727
Kansas	135,645	20,290	11,308	104,047
Kentucky	412,718	61,734	34,408	316,576
Louisiana	305,460	45,690	25,466	234,304
Maine	76,029	11,372	6,339	58,318
Maryland	371,525	44,837	24,991	301,697
Massachusetts	359,536	49,414	27,541	282,581
Michigan	670,220	91,786	51,158	527,276
Minnesota	267,646	36,018	20,074	211,554
Mississippi	214,284	25,839	14,402	174,043
Missouri	415,097	62,090	34,606	318,401
Montana	66,000	9,379	5,227	51,394
Nebraska	155,561	23,269	12,968	119,324
Nevada	114,554	13,565	7,561	93,428
New Hampshire	66,000	9,379	5,227	51,394
New Jersey	355,698	53,205	29,654	272,839
New Mexico	137,584	19,934	11,111	106,539
New York	966,783	144,610	80,599	741,574
North Carolina	528,533	79,057	44,063	405,413
North Dakota	66,000	9,379	5,227	51,394
Ohio	718,400	107,457	59,892	551,051
Oklahoma	240,370	33,697	18,781	187,892
Oregon	239,901	35,884	20,000	184,017
Pennsylvania	803,232	103,945	57,934	641,353
Puerto Rico	83,328	12,464	6,947	63,917
Rhode Island	66,000	9,379	5,227	51,394
South Carolina	261,658	39,138	21,814	200,706
South Dakota	66,000	9,379	5,227	51,394
Tennessee	762,514	114,056	63,570	584,888
Texas	1,187,238	157,778	87,938	941,522
Utah	111,901	16,738	9,329	85,834
Vermont	66,000	9,379	5,227	51,394
Virginia	349,325	52,252	29,122	267,951
Washington	418,279	62,566	34,871	320,842
West Virginia	121,460	18,168	10,126	93,166
Wisconsin	335,089	45,759	25,504	263,826
Wyoming	66,000	9,379	5,227	51,394
State Total	18,465,000	2,623,877	1,462,428	14,378,695
Virgin Islands	20,000	2,842	1,584	15,574

Work Opportunity Tax Credit (WOTC)

Statement of Work

State Workforce Development Agencies, also known as State Workforce Agencies (SWA), are to use Fiscal Year 2020 funds to realize the following responsibilities:

1. Designate a state coordinator, who oversees the administration of WOTC, for each state grant.
2. Determine eligibility of individuals as members of targeted groups, on a timely basis, and performing a “quality review” by a second staff person for each determination within 48 hours of receipt.
3. Issue employer certifications, denials, or notices of invalidation for tax credits on a timely basis and in accordance with the policies and procedures set forth by the Employment and Training Administration (ETA).
4. Develop a backlog reduction plan which includes an estimated timeline to reduce and eliminate existing backlogs based on current policies and procedures, and notify your regional coordinator prior to implementation.
5. Develop working agreements with partner agencies in the American Job Center network (also known as the One-Stop Career Center system) and coordinating efforts to promote WOTC to employers and job seekers and other Workforce Innovation and Opportunity Act (WIOA) partners.
6. Develop working agreements with other SWAs for the timely and orderly processing of “out of state” Certification Requests (i.e., applications) requiring SWAs to provide available documentation and records for WOTC potentially eligible applicants/new hires relocating and working in another state.
7. Establish and implement an appeals resolution process in accordance with the guidelines provided by ETA.
8. Establish and maintain appropriate forms’ review, record keeping, and reporting capability related to the orderly management of WOTC certification requests.
9. Establish and maintain an orderly system for regularly verifying the eligibility of a random sample of individuals certified under WOTC and initiating effective corrective action when appropriate as indicated by results of such activities.
10. Negotiate formal cooperative agreements with local workforce areas, State Vocational Rehabilitation Agencies, Veterans Administration and related groups, Employment Networks and other state and local agencies, and organizations for the purposes of issuing Conditional Certifications where appropriate.

11. Negotiate formal cooperative agreements with appropriate state agencies to expedite verification of information provided to the SWA by participating target group members.
12. Train state and participating agency staff and provide monitoring and technical assistance to these agencies, as appropriate, for conducting target group preliminary eligibility determinations and issuing Conditional Certifications.
13. Cooperate with employment and training organizations already working with the private sector such as: veteran organizations, employer committees, and workforce development boards to inform employers about the tax benefits to be derived from participation and the eligibility requirements under WOTC.
14. Assure that all data exchanges conducted through or during the course of performance of this grant will be conducted in a manner consistent with applicable Federal law and TEGL NO. 39-11 (issued June 28, 2012). All such activity conducted by ETA and/or recipient/s will be performed in a manner consistent with applicable state and Federal laws.

Other Grant Agreement Conditions

By entering into this agreement, the SWA agrees to the following conditions:

- The SWA must adhere to provisions of the Internal Revenue Code of 1986, Section 51, as amended, in administering WOTC. Law designates the SWAs as the only agencies that can issue a Certification (26 USC sec. 51(d)(12)). The SWAs can enter into cooperative agreements with certain participating agencies and together provide other WOTC related services (e.g., outreach activities).
- ETA will review funding use against the quarterly spending plan. When expenditures are substantially below plan, ETA may de-obligate funds for redistribution.