EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE June 27, 2018

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 21-17

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

FROM: ROSEMARY LAHASKY
Deputy Assistant Secretary

SUBJECT: Work Opportunity Tax Credit Funding Allotments for Fiscal Year 2018

1. **Purpose.** To convey the Work Opportunity Tax Credit (WOTC) Fiscal Year (FY) 2018 grant funding allotments and application requirements for the State Workforce Development Agencies, also known as State Workforce Agencies (SWA).

2. **References.**
   - Consolidated Appropriations Act, 2018 (Pub. L. 115-141);
   - Continuing Appropriations Act, 2018 (Pub. L. 115-96);
   - Continuing Appropriations Act, 2018 (Pub. L. 115-90);
   - Continuing Appropriations Act, 2018 (Pub. L. 115-56);
   - Consolidated Appropriations Act, 2017 (Pub. L. 115-31);
   - Protecting Americans from Tax Hikes (PATH) Act of 2015 (Pub. L. No. 114-113);
   - Section 51 of the Internal Revenue Code (Code) of 1986, as amended;
   - November 2002, Third Edition of ETA Handbook 408 (the Handbook); and
   - August 2009 Addendum to the Handbook.

3. **Background.** Section 142(a) of the PATH Act amended Section 51(c) of the Code to extend WOTC through December 31, 2019. 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 issued grant funds totaling $3,487,623 for FY 2018 Continuing Resolutions (CR) 1 through 3, Pub. Law 115-96, to maintain uninterrupted administration of WOTC. In this Training and Employment Guidance Letter (TEGL), ETA requests SWAs submit applications for funding for the remainder of FY 2018 state balances, which totals $14,997,377 (See Attachment I).

RESCISSIONS	EXPIRATION DATE
None	Continuing

4. **Funding.** States must enter the allocations provided in Attachment I on their SF-424 Form - Application for Federal Assistance (OMB Control No. 4040-0004) as their request for FY 2018 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.

   a) 50 percent is based on each state's relative share of total certifications issued from October 1, 2016, through September 30, 2017, for WOTC;
   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, 2016, through September 30, 2017; 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, 2015, through September 30, 2016.

5. **Application Requirements for FY 2018 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 Funding Opportunity Number ETA-WOTC-TEGL-21-17-FY2018 at https://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 balance to the state amount listed in the FY 2018 State Allotments Funding Table, 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: https://www.sam.gov/portal/SAM/ before submitting an application.
   - 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.

6. **General Administration.** SWAs are responsible for using the remaining FY 2018 funding allotments to conduct the following WOTC activities through September 30, 2018: 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) performance reporting 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 WOTC Statement of Work, Attachment II.

7. **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 Enterprise Business Service System (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.

8. **Action Requested.** Grantees must meet the application requirements detailed in section 5 **within 30 calendar days** from the date of this TEGL's issuance.

9. **Inquiries.** Please direct all questions to the appropriate Regional WOTC Coordinator, listed on the WOTC website at: http://www.doleta.gov/business/incentives/opptax/Regional_Contacts.cfm.

10. **Attachments.**
    Attachment I: Fiscal Year (FY) 2018 State Allotments
    Attachment II: WOTC Statement of Work

U. S. Department of Labor
Employment and Training Administration

Attachment I

Work Opportunity Tax Credits
FY 2018 State Allotments and Balance after Dissemination to States under Continuing Resolutions

State	FY 2018 Full Year Allotment Amount	Obligated under Continuing Resolutions	Balance to States
Total	**$18,485,000**	**$3,487,623**	**$14,997,377**
Alabama	329,453	65,099	264,354
Alaska	66,000	12,389	53,611
Arizona	325,613	64,340	261,273
Arkansas	156,543	30,932	125,611
California	2,461,331	449,104	2,012,227
Colorado	273,518	54,046	219,472
Connecticut	130,840	25,853	104,987
Delaware	67,278	12,389	54,889
District of Columbia	66,000	12,389	53,611
Florida	1,019,166	201,384	817,782
Georgia	529,331	104,594	424,737
Hawaii	66,000	12,657	53,343
Idaho	66,000	12,683	53,317
Illinois	769,692	152,089	617,603
Indiana	353,136	69,778	283,358
Iowa	257,241	45,506	211,735
Kansas	150,299	29,698	120,601
Kentucky	362,033	59,722	302,311
Louisiana	338,460	66,879	271,581
Maine	84,243	26,784	57,459
Maryland	298,992	46,772	252,220
Massachusetts	329,825	61,085	268,740
Michigan	679,923	134,350	545,573
Minnesota	233,686	43,667	190,019
Mississippi	191,407	37,821	153,586
Missouri	424,442	66,396	358,046
Montana	66,000	12,389	53,611
Nebraska	136,457	21,346	115,111
Nevada	91,096	18,000	73,096
New Hampshire	66,000	12,389	53,611
New Jersey	370,184	66,434	303,750
New Mexico	132,208	24,750	107,458
New York	964,562	163,384	801,178
North Carolina	524,353	103,610	420,743
North Dakota	66,000	19,934	46,066
Ohio	796,012	157,289	638,723
Oklahoma	224,618	41,381	183,237
Oregon	243,780	48,170	195,610
Pennsylvania	769,991	152,148	617,843
Puerto Rico	87,111	17,213	69,898
Rhode Island	66,000	12,389	53,611
South Carolina	289,925	57,288	232,637
South Dakota	66,000	12,389	53,611
Tennessee	749,837	117,298	632,539
Texas	1,168,771	230,945	937,826
Utah	123,989	24,500	99,489
Vermont	66,000	12,389	53,611
Virginia	387,063	76,482	310,581
Washington	463,467	91,580	371,887
West Virginia	134,582	26,593	107,989
Wisconsin	314,542	52,784	261,758
Wyoming	66,000	12,389	53,611
State Total	18,465,000	3,483,869	14,981,131
Virgin Islands	20,000	3,754	16,246

Attachment II

Work Opportunity Tax Credit (WOTC)
Statement of Work

State Workforce Development Agencies, also known as State Workforce Agencies (SWA), are to use Fiscal Year 2018 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 ETA.

4. 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.

5. 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.

6. Establish and implement an appeals resolution process in accordance with the guidelines provided by ETA.

7. Establish and maintain appropriate forms' review, record keeping, and reporting capability related to the orderly management of WOTC certification requests.

8. 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.

9. 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.

10. Negotiate formal cooperative agreements with appropriate state agencies to expedite verification of information provided to the SWA by participating target group members.

11. 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.

12. 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.

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. 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.