

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE April 29, 2022

ADVISORY: **TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 3-21, CHANGE 2**

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

FROM: ANGELA HANKS *AH*
Acting Assistant Secretary

SUBJECT: Change 2 to Training and Employment Guidance Letter No. 3-21, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2022*

1. **Purpose.** This Change 2 to Training and Employment Guidance Letter (TEGL) No. 3-21 conveys the remaining balance for Fiscal Year (FY) 2022 WOTC funding allotments and explains application requirements for State Workforce Agencies (SWAs) based on appropriated funding. Additionally, this Change 2 TEGL announces 18 states selected to receive additional FY 2022 backlog award funding and provides instructions to those states on how to proceed. The rest of TEGL No. 3-21 remains the same.
2. **Action Requested.** Grantees must meet the application requirements detailed in section 4 within 30 calendar days from the date of this TEGL issuance.
3. **Summary and Background.**
 - a. Summary - On November 15, 2021, the Employment and Training Administration (ETA) issued TEGL No. 3-21, which announced the initial WOTC funding allotments of \$3,240,420 under the Extending Government Funding and Delivering Emergency Assistance Act, 2022 (Public Law 117-43). On December 3, 2021, the Further Extending Government Funding Act of 2022 (P.L. 117-70) provided a second continuing resolution (CR) in the amount of \$3,900,335, through February 18, 2022. ETA issued a Change 1 TEGL on December 27, 2021, which announced additional FY 2022 WOTC funding authorized under CR# 2. The Consolidated Appropriations Act of 2022 (P.L. 117-103) was signed into law on March 15, 2022, authorizing the full FY 2022 appropriations. This Change 2 TEGL announces the FY 2022 full-year allotment and state balances for funding. ETA has available grant funds totaling \$18,485,000 for normal operations in FY 2022. This Change 2 TEGL announces the remaining balance of \$11,344,245 for normal operations in FY 2022. The state allotment amounts are listed on Attachment I, “*Work Opportunity Tax Credits FY*

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2022 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1 and 2.”

Additionally, the Consolidated Appropriations Act of 2022 authorized an additional \$3,500,000 in funding to support efforts to reduce WOTC processing backlogs and assist states in adopting and/or modernizing information technology for processing of certification requests. This Change 2 TEGL announces the 18 states selected to receive FY 2022 backlog awards, and their respective award amounts, in Section 4.

ETA requests that SWAs submit application(s) for funding according to the instructions in Section 4 of this TEGL.

- b. Background – The WOTC is set forth under section 51 of the Internal Revenue Code of 1986, and is effective until December 31, 2025, under Section 113 of Division EE, Title 3 -- Consolidated Appropriations Act, 2021 (P.L. 116-260). The U.S. Department of the Treasury, through the Internal Revenue Service (IRS), administers all tax-related provisions and requirements of the tax credit. The U.S. Department of Labor, through ETA, awards grants to states for administration of the WOTC.

4. Details.

Allotment Formula. ETA determines state allotments for normal WOTC operations according to the following methodology. After allocating \$20,000 to the U.S. 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, 2020 through September 30, 2021;
- 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, 2020 through September 30, 2021; 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, 2019 through September 30, 2020.

Application Requirements for FY 2022 Funding. ETA requires grantees to submit an electronically signed copy of the SF-424 Form through Grants.gov for funding opportunity number ‘ETA-WOTC-TEGL-3-21-22-C2’ at <https://www.grants.gov>, within 30 calendar days from the issuance date of this TEGL. The official, electronically signed SF-424 Form must reflect the remaining balance to the state amount listed in Attachment I for the requested estimated funding total in item #18, the Catalog of Federal Domestic Assistance Number “17.271” for item #11, and the grantee’s 12-character Unique Entity Identifier listed for item #8c on the SF-424 Form. Also, Item #18e of the SF-424 must indicate the amount of Indirect Costs claimed by the recipient, if any.

States selected for FY 2022 WOTC Backlog Award funding must enter the award amount for their state on a **separate** SF-424 Form, *Application for Federal Assistance* (OMB Control No. 4040-0004), and submit an electronically signed copy of the SF-424 through Grants.gov for Funding Opportunity Number 'ETA-WOTC-TEGL-3-21-22-C2' at www.grants.gov, within 30 calendar days from the date of this TEGL's issuance.

Starting on April 4, 2022, the DUNS Number will be replaced by a new, non-proprietary identifier requested in and assigned by SAM.gov. This new identifier is being called the Unique Entity Identifier (UEI), or the Entity ID. Each applicant must have a UEI number available, and it must be registered with the System for Award Management (SAM) at <https://www.sam.gov>, 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 available resources, they should call 1-800-518-4726 or 1-606-545-5035 to speak to a Customer Support Representative, or send an email to support@grants.gov. Please note: Effective June 2017, applicants can no longer access SAM using Internet Explorer (IE) web browser versions older than IE11.

Revised Award Descriptions. As part of a Federal government-wide effort to describe grant activities consistently and accurately, ETA is revising its standard grant award descriptions. States may see the following text in the grant award or in online descriptions of the WOTC grants:

- **Purpose:** The purpose of this grant is to allow state workforce agencies (SWAs) to administer WOTC per ETA guidance and provisions of the Internal Revenue Code of 1986, Section 51, as amended. Law designates the SWAs as the only agencies that can issue a Certification (26 USC sec. 51(d)(12)).
- **Activities to be performed:** SWAs must use funds to implement the requirements set forth in the WOTC Statement of Work, including to: Designate a state coordinator who oversees the administration of WOTC for each state grant; Determine eligibility of individuals as members of targeted groups on a timely basis, and 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; and Establish and maintain appropriate forms' quality review process, record keeping, and reporting capability related to the orderly management of WOTC certification requests. .
- **Expected Outcomes:** For WOTC grants, SWAs will issue determinations (certifications or denials) for employers' certification requests, which facilitate tax credits determined by the U.S. Department of the Treasury. For WOTC backlog awards, SWAs will increase efficiency in processing employers' certification requests and develop plans that include an estimated timeline to eliminate existing backlogs of certification requests.
- **Intended Beneficiaries:** Job seekers who have access to a higher number of employment opportunities, and employers who seek to increase hiring of qualified job applicants. Other beneficiaries include state and local partner agencies in the

American Job Center network that coordinate efforts to promote WOTC to employers, job seekers, and other Workforce Innovation and Opportunity Act (WIOA) partners.

- **Subrecipient Activities:** SWAs, as WOTC grant recipients, do not typically subaward funds. States that wish to subaward funds should seek approval from the Grant Officer.

FY 2022 WOTC Backlog Awards. ETA will distribute WOTC backlog awards to approximately 18 new states with the most critical needs to alleviate processing backlogs and assist states in adopting or modernizing information technology for processing of certification requests. To inform the selection process, ETA analyzed the following data:

- a. FY 2021 backlog total and the percentage ratio it represents of the state's total workload;
- b. FY 2020 and FY 2021 financial reports; and
- c. FY 2021 qualitative data based on states' narratives.

ETA carefully reviewed these three sources of data to gain an understanding of the states' needs and any contributing factors that led to the states' backlog. ETA did not consider the states that received backlog awards in FY 2020 nor FY 2021 due to the overlapping grant period of performance. ETA examined the remaining states' backlogs and information technology modernization needs to identify this third set of selected states. Additionally, ETA analyzed FY 2020 and FY 2021 financial reports to determine a state's ability to use additional funding and did not select states with extraordinarily low expenditure rates to receive backlog funds. Finally, ETA reviewed the narratives that the states previously submitted in FY 2021, and reconfirmed states' information in FY 2022. The narratives explain the states' existing processing systems, how the system impacts their ability to efficiently process certification requests, and how the states could use this award to make improvements to their existing systems or procedures to reduce their backlog. The selected states expressed interest in this additional backlog funding to help them attain staff support, enhance their current partial automated systems, and develop automated systems. Based on these factors, ETA identified 18 states with the most critical need to address backlog or system modernization issues and to receive additional funding. Based on the availability of \$3,500,000 in funds, ETA established three funding tiers to distribute these awards to 18 states:

- Tier 1 = \$100,000
- Tier 2 = \$200,000
- Tier 3 = \$300,000

The selected states and corresponding funding amounts for these awards are as follows:

\$100,000	\$200,000	\$300,000
• District of Columbia • Massachusetts • Nebraska	• Arkansas • Georgia • Maine	• Iowa • Maryland • Tennessee

• Puerto Rico • Vermont • U.S. Virgin Island	• Michigan • Minnesota • Mississippi • New Mexico	• Texas • Wisconsin
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Note: If a state fails to submit the required application materials in a timely manner, or decides to refuse the award, ETA reserves the right to either redistribute such funds to the other selected states and/or consider additional state(s) for an award, as appropriate. A subsequent Change TEGL will announce these funds after award, if applicable.

General Administration. SWAs are responsible for using their FY 2022 funding allotments to conduct WOTC activities outlined in the WOTC Statement of Work. See Attachment II of TEGL No. 3-21, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2022*, for the *Work Opportunity Tax Credit (WOTC) Statement of Work*, available here: https://wdr.doleta.gov/directives/corr_doc.cfm?docn=3188.

Reporting Requirements.

- a) **Quarterly Financial Report** – SWAs must report fiscal 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 Support 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.

5. **Inquiries.** Please direct inquiries to the appropriate WOTC Regional Coordinator listed on the WOTC website at <https://www.dol.gov/agencies/eta/wotc/contact/regional-offices>.

6. **References.**

- Training and Employment Guidance Letter (TEGL) No. 03-21, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2022* (https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3188);
- Change 1 to TEGL No. 03-21, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2022* (https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6032);
- Section 51 of the Internal Revenue Code of 1986, as amended (<https://uscode.house.gov/view.xhtml?path=/prelim@title26/subtitleA/chapter1/subchapterA/part4/subpartF&edition=prelim>);
- P.L. 117-43 -- Extending Government Funding and Delivering Emergency Assistance Act of 2022 (<https://www.congress.gov/117/plaws/publ43/PLAW-117publ43.pdf>);
- P.L. 117-70 -- Further Extending Government Funding Act of 2022 (<https://www.congress.gov/117/plaws/publ70/PLAW-117publ70.pdf>);

- P.L. 117-86 -- Further Additional Extending Government Funding Act of 2022 (<https://www.congress.gov/117/plaws/publ86/PLAW-117publ86.pdf>); and
- P.L. 117-103 -- Consolidated Appropriations Act of 2022 (<https://www.congress.gov/117/bills/hr2471/BILLS-117hr2471enr.pdf>).

7. **Attachment(s).**

- Attachment I: Work Opportunity Tax Credits FY 2022 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1 through 2

Work Opportunity Tax Credits
FY 2022 State Allotments and Balance after Dissemination to States under
Continuing Resolutions (CR) 1 through 2

State	FY 2022 Full Year Allotment Amount	Obligated under CR# 1 (10/1/21 through 12/03/21)	Obligated under CR# 2 (12/04/21 through 02/18/22)	Balance to States
Total	\$18,485,000	\$3,240,420	\$3,900,335	\$11,344,245
Alabama	290,402	49,516	59,600	181,286
Alaska	66,000	11,570	13,926	40,504
Arizona	286,961	52,952	63,735	170,274
Arkansas	136,147	25,123	30,239	80,785
California	2,423,147	440,238	529,894	1,453,015
Colorado	315,145	51,705	62,235	201,205
Connecticut	150,908	22,045	26,535	102,328
Delaware	85,229	12,450	14,987	57,792
District of Columbia	66,000	11,570	13,926	40,504
Florida	830,118	153,178	184,374	492,566
Georgia	507,265	93,604	112,666	300,995
Hawaii	69,506	11,570	13,926	44,010
Idaho	78,682	13,884	16,711	48,087
Illinois	743,297	137,158	165,090	441,049
Indiana	287,632	53,076	63,884	170,672
Iowa	230,290	42,494	51,149	136,647
Kansas	122,420	22,590	27,190	72,640
Kentucky	372,478	68,732	82,729	221,017
Louisiana	303,161	50,870	61,229	191,062
Maine	68,617	12,662	15,240	40,715
Maryland	419,689	61,872	74,472	283,345
Massachusetts	400,530	64,697	77,873	257,960
Michigan	604,874	111,615	134,346	358,913
Minnesota	292,845	45,859	55,197	191,789
Mississippi	218,305	38,192	45,969	134,144
Missouri	398,548	73,542	88,520	236,486
Montana	66,000	11,570	13,926	40,504
Nebraska	140,394	25,906	31,183	83,305
Nevada	157,767	24,098	29,005	104,664
New Hampshire	66,000	11,570	13,926	40,504
New Jersey	337,889	59,236	71,300	207,353
New Mexico	162,673	25,378	30,546	106,749
New York	1,104,812	186,758	224,791	693,263
North Carolina	477,001	88,019	105,944	283,038
North Dakota	66,000	11,570	13,926	40,504
Ohio	700,755	129,308	155,641	415,806
Oklahoma	274,022	50,564	60,862	162,596
Oregon	274,174	46,475	55,940	171,759
Pennsylvania	748,005	138,026	166,136	443,843
Puerto Rico	77,585	13,877	16,703	47,005
Rhode Island	75,240	13,884	16,711	44,645
South Carolina	263,650	46,722	56,236	160,692
South Dakota	66,000	11,570	13,926	40,504
Tennessee	688,169	126,985	152,846	408,338
Texas	1,379,023	214,333	257,982	906,708
Utah	114,167	18,635	22,431	73,101
Vermont	66,000	11,570	13,926	40,504
Virginia	435,789	73,484	88,449	273,856
Washington	437,804	69,658	83,844	284,302
West Virginia	124,597	22,991	27,674	73,932
Wisconsin	327,288	60,393	72,693	194,202
Wyoming	66,000	11,570	13,926	40,504
State Total	18,465,000	3,236,914	3,896,115	11,331,971
Virgin Islands	20,000	3,506	4,220	12,274