

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U. S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE March 5, 2010

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 16-09

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Work Opportunity Tax Credit (WOTC) Funding Allotments for Fiscal Year 2010

1. **Purpose.** To provide state workforce agencies (SWAs) responsible for management of the WOTC Program with funding allotments for the period October 1, 2009 through September 30, 2010.

2. **References.**

- Department of Labor Appropriations Act, 2010, Division D, Title I of the Consolidated Appropriations Act of 2010 (P.L. 111-117)
- American Recovery and Reinvestment Act (Recovery Act) of 2009 Section 1221, (P.L. 111-5)
- Section 51 of the Internal Revenue Code of 1986, as amended;
- Wagner-Peyser Act, Section 7(d)
- Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28)
- Tax Relief and Health Care Act of 2006 (P.L. 109-432)
- Working Families Tax Relief Act of 2004 (P.L. 108-311)
- Small Business Job Protection Act of 1996 (P.L. 104-188)
- August 2009 Addendum to Third Edition, November 2002, ETA Handbook 408
- Third Edition, November 2002, of ETA Handbook 408

3. **Background.** The funds for the allotments announced in this Training and Employment Guidance Letter (TEGL) are part of the funds appropriated under the Department of Labor Consolidated Appropriations Act of 2010 (P.L. 111-117), signed into law by President Obama on December 16, 2009.

RESCISSIONS None	EXPIRATION DATE: Continuing
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On May 25, 2007, the Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28) reauthorized the Work Opportunity Tax Credit program for an additional 44-month period, through August 31, 2011. On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act (the Recovery Act) of 2009 (P.L. 111-5). This legislation introduced two new target groups: 1) Unemployed Veterans and 2) Disconnected Youth who begin to work for an employer after December 31, 2008.

4. **Funding.** ETA is issuing Fiscal Year (FY) 2010 funding to the SWAs for WOTC Program implementation activities and elimination of certification backlogs. The appropriated level for FY 2010 totals \$18,520,000. After allocating \$20,000 for the Virgin Islands, funds are distributed to states by administrative formula with a \$66,000 minimum allotment and a 95 percent stop-loss/120 percent stop-gain from the prior year allotment share percentage.

The FY 2010 formula allotment data factors and related percentages are as follows:

- (1) Fifty percent based on each state's relative share of total certifications issued from July 1, 2008 – June 30, 2009 for the WOTC program;
- (2) Thirty percent based on each state's relative share of the Civilian Labor Force, averages for the 12-month period, from October 2008 through September 2009; and
- (3) Twenty percent based on each state's relative share of adult recipients of Temporary Assistance for Needy Families, averages for the 12-month period, from October 1, 2007 through September 30, 2008.

Attachment I shows the distribution of FY 2010 WOTC funding amounts by state for program operations in 2010. For FY 2010, there will no longer be a postage reserve taken from funds distributed by formula. All funds are distributed by formula, and all states will use their formula funds to cover postage costs. Funds will be issued by the Grant Officer with the requirement that expenditures must comply with the Uniform State Plan

Narrative (i.e., the Statement of Work – Attachment II) and the policy guidance in this TEGL.

5. **General Administration.** SWAs are responsible for administering the WOTC Program, including processing certification requests, promoting the program to employers, reducing and eliminating existing backlogs, and reporting program data on a quarterly basis.

In addition, the WOTC must be administered in accordance with the policies and procedural guidance set forth in the November 2002, Third Edition of ETA Handbook No. 408 (Handbook) and the August 2009 Addendum to this Handbook, and Section 51 of the Internal Revenue Code. Current Federal Regulations at 20 CFR 658.400 Subpart E cover the Job Service complaint procedures.

6. **Reporting.** SWAs should report expenditures quarterly by completing Standard Form 9130 (SF-9130) (OMB No. 1205-0461) and entering expenditures into ETA's Web-based Enterprise Business Support System (EBSS), Cost Reporting System. These reports should cover all WOTC grant funds. Quarterly financial reports are due within 30 days following the end of each quarter per 29 CFR 97.41(b)(4). Timely submission of these reports is extremely important to ensure proper accounting of funds. Regional Offices will conduct a financial reconciliation at the end of the fiscal year. Questions regarding financial management and reporting for FY 2010 or for existing prior year fund balances should be addressed to the appropriate Regional Office.

SWAs should use the Web-based EBSS modified Tax Credit Reporting System, currently in place, to report quarterly program activities and outcomes. A schedule with report due dates will be available at: <http://www.doleta.gov/business/incentives/opptax>. Quarterly performance reports are due within 45 days following the end of each quarter. **Note.** States were granted an additional 90 days to submit quarterly performance reports during the WOTC program's early implementation years. However, to ensure greater transparency and timely data for the WOTC program, ETA has decided to remove the 90-day grace period effective upon receipt of this TEGL. Program reports will now be due 45 days following the close of each quarter.

7. **Action Requested.** State Administrators are requested to immediately transmit this TEGL to the appropriate staff.

8. **Inquiries.** Questions regarding these allotments may be directed to the appropriate Regional Office. Information on allotments and planning requirements may also be found on ETA's Web site at:

<http://www.doleta.gov>.

9. **Attachments:**

- I. FY 2010 WOTC State Allotments
- II. WOTC Uniform State Plan Narrative (Statement of Work)