

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE February 28, 2012

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 17-11

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 (FY) 2012

1. **Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the administration of the WOTC program through September 30, 2012.
2. **References.**
 - The Department of Labor Appropriations Act, 2012, Division F of the Consolidated Appropriations Act of 2012 (Pub. L. 112-74);
 - The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Pub. L. 111-312);
 - The American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5);
 - Internal Revenue Code of 1986, Section 51, as amended;
 - Internal Revenue Service Notices 2009-69 (August 31, 2009) and 2009-28, 2009-24 I.R.B. 1082 (June 15, 2009); and
 - ETA Handbook No. 408, November 2002, Third Edition (Handbook); and August 2009 Addendum to the Handbook (available at www.doleta.gov/wotc).
3. **Background.** In December 2011, the Employment and Training Administration (ETA) issued program funds to SWAs for Continuing Resolutions 1, 2, and 3 for FY 2012 for the uninterrupted administration of the WOTC program.
4. **Funding.** ETA is now issuing the balance of FY 2012 funds to the SWAs for the operation of authorized activities of the WOTC program through September 30, 2012. The balance of FY 2012 funds is being issued based on the appropriated level of \$18,484,997. 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.

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The FY 2012 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 October 1, 2010 through September 30, 2011 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 2010 through September 2011; 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, 2009 through September 30, 2010.

Attachment I shows the distribution of full FY 2012 WOTC funding amounts by state according to this formula, including those funds previously awarded in December 2011.

5. **General Administration.** SWAs are responsible for administering the WOTC program including the certification process, promoting the program to the employer sector, reducing and eliminating existing backlogs, and reporting program data on a quarterly basis. In addition, WOTC must be administered in accordance with the policies and procedural guidance set forth in the November 2002, Third Edition of the Handbook; the August 2009 Addendum to this Handbook; and Section 51 of the Internal Revenue Code of 1986, as amended. Current Federal Regulations at 20 CFR 658.400 Subpart E cover the complaint procedures. Other applicable requirements are listed in the Statement of Work (Attachment II).
6. **Reporting.** SWAs must report expenditures quarterly using the ETA Financial Report (ETA Form 9130). Quarterly financial reports are due within 45 days following the end of each quarter. 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 2012 or for existing prior year fund balances should be addressed to the appropriate Regional Office.

SWAs should use the Web-based Enterprise Business Service System Tax Credit Reporting System, currently in place, to report quarterly program activities and outcomes using ETA Form 9058. Quarterly program reports are due within 45 days following the end of each quarter. Timely submission of these reports is very important for program management purposes and to enable ETA to respond to inquiries about WOTC program activities. Questions about reporting on program activities and outcomes should be addressed to the appropriate Regional Office.

7. **Action Requested.** State Administrators are requested to immediately transmit this Training and Employment Guidance Letter to the appropriate staff.

8. **Inquiries.** Questions regarding these instructions should be directed to the appropriate Regional WOTC Coordinator listed on the WOTC program Web site at:
<http://www.doleta.gov/wotc>.

9. **Attachments.**

- I. FY 2012 State Allotments
- II. WOTC Statement of Work