

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> WOTC
	<b>CORRESPONDENCE SYMBOL</b> OWI
	<b>DATE</b> November 15, 2021

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

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

**FROM:** ANGELA HANKS **AH**  
Acting Assistant Secretary

**SUBJECT:** Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2022

1. **Purpose.** To convey the WOTC Fiscal Year (FY) 2022 initial funding allotments and application requirements for State Workforce Agencies (SWA) based on funding appropriated through a continuing resolution (CR) through December 3, 2021.
2. **Action Requested.** Grantees must meet the application requirements detailed in section 4 within 30 calendar days from the date of this Training and Employment Guidance Letter (TEGL) issuance.
3. **Summary and Background.**
  - a. Summary – On September 30, 2021, the Extending Government Funding and Delivering Emergency Assistance Act, 2022 (Public Law 117-43) was signed into law, providing a continuing resolution (CR), which allows for the uninterrupted administration of the WOTC through December 3, 2021. The allotment for WOTC under this CR is \$3,240,420. Once Congress authorizes final appropriations for FY 2022, the Employment and Training Administration (ETA) will publish a change to this TEGL to announce the full year allotments and state balances. If applicable, ETA will also announce any additional funding appropriated to reduce processing backlogs and assist states in adopting or modernizing information technology for processing of certification requests. ETA requests that SWAs submit applications for funding as allotted in Attachment I to this TEGL.
  - b. Background – The WOTC is set forth under section 51 of the Internal Revenue Code of 1986 (Code) and is effective until December 31, 2025 under Section 113 of Division EE, Title 3 -- Further 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 Federal tax credit. The U.S. Department of Labor, through the ETA, awards grants to states for administration of WOTC.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
----------------------------	--------------------------------------

4. **Details.** States must enter the state allotment amount (provided in Attachment I) on their SF-424 Form, *Application for Federal Assistance* (OMB Control No. 4040-0004), as their request for FY 2022 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, 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-03-21-2022 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 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 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 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](mailto:support@grants.gov). Please note: Effective June 2017, applicants can no longer access SAM using Internet Explorer (IE) web browser versions older than IE11.

**General Administration.** SWAs are responsible for using the FY 2022 CR funding allotment to conduct WOTC activities outlined in Attachment II, *WOTC Statement of Work*, through December 3, 2021.

**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 Regional WOTC Coordinator listed on the WOTC website at <https://www.dol.gov/agencies/eta/wotc/contact/regional-offices>.

6. **References.**

- Section 51 of the Internal Revenue Code of 1986 as amended; and
- P.L. 117-43 -- Extending Government Funding and Delivering Emergency Assistance Act of 2022.

7. **Attachment(s).**

- Attachment I: Work Opportunity Tax Credit Fiscal Year 2022 Initial State Allotments
- Attachment II: Work Opportunity Tax Credit Statement of Work

**Work Opportunity Tax Credit  
FY 2022 State Allotments under Continuing Resolution #1**

State	CR #1 10/1/21 thru 12/03/21 (17.53%)
<b>Total</b>	<b>\$3,240,420</b>
Alabama	49,516
Alaska	11,570
Arizona	52,952
Arkansas	25,123
California	440,238
Colorado	51,705
Connecticut	22,045
Delaware	12,450
District of Columbia	11,570
Florida	153,178
Georgia	93,604
Hawaii	11,570
Idaho	13,884
Illinois	137,158
Indiana	53,076
Iowa	42,494
Kansas	22,590
Kentucky	68,732
Louisiana	50,870
Maine	12,662
Maryland	61,872
Massachusetts	64,697
Michigan	111,615
Minnesota	45,859
Mississippi	38,192
Missouri	73,542
Montana	11,570
Nebraska	25,906
Nevada	24,098
New Hampshire	11,570
New Jersey	59,236
New Mexico	25,378
New York	186,758
North Carolina	88,019
North Dakota	11,570
Ohio	129,308
Oklahoma	50,564
Oregon	46,475
Pennsylvania	138,026
Puerto Rico	13,877
Rhode Island	13,884
South Carolina	46,722
South Dakota	11,570
Tennessee	126,985
Texas	214,333
Utah	18,635
Vermont	11,570
Virginia	73,484
Washington	69,658
West Virginia	22,991
Wisconsin	60,393
Wyoming	11,570
Virgin Islands	3,506

## **Work Opportunity Tax Credit (WOTC)**

### **Statement of Work**

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

1. The SWA must adhere to Employment and Training Administration (ETA) guidance, and 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).
2. Designate a state coordinator, who oversees the administration of WOTC, for each state grant.
3. 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.
4. Establish and implement an appeals resolution process in accordance with the guidelines provided by ETA.
5. Develop a backlog reduction plan that includes an estimated timeline to eliminate existing backlogs based on current policies and procedures, and notify your regional coordinator prior to implementation.
6. Establish and maintain appropriate forms' quality review process, record keeping, and reporting capability related to the orderly management of WOTC certification requests.
7. 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.

Additionally, SWAs may also use the funds to realize the following items below:

- Develop working agreements, such as Memorandums of Understanding (MOU) or other formal agreements, with partner agencies in the American Job Center network (also known as the One-Stop Career Center system) and coordinate efforts to promote WOTC to employers, job seekers and other Workforce Innovation and Opportunity Act (WIOA) partners.
- Develop working agreements such as MOUs or other formal 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.
- Develop working agreements such as MOUs or other formal agreements with state or local partnering agencies (i.e. state Vocational Rehabilitation Agencies, Veterans Administration and related organizations, Employment Networks, and other local workforce areas), for the purposes of expediting verification of targeted group eligibility information submitted in the certification request, and issuing Conditional Certifications, where appropriate.

- 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.

### **Other Grant Agreement Conditions**

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

- SWAs must 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](https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7872) (https://wdr.doleta.gov/directives/corr\_doc.cfm?DOCN=7872) 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.
- Fulfill performance and financial reporting requirements under grant agreement.