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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION WOTC |
| | CORRESPONDENCE SYMBOL OWI |
| | DATE March 31, 2021 |

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 06-20, CHANGE 1

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

FROM: SUZAN G. LEVINE /s/
Principal Deputy Assistant Secretary

SUBJECT: Change 1 to Training and Employment Guidance Letter No. 06-20, *Work Opportunity Tax Credit (WOTC) Funding Allotments for Fiscal Year 2021*

1. **Purpose.** This Change 1 to the Training and Employment Guidance Letter (TEGL) 06-20 conveys the remaining balance for WOTC and explains application requirements for State Workforce Agencies (SWA) based on funding appropriated for Fiscal Year (FY) 2021 through September 30, 2022. Additionally, this TEGL announces 12 states selected to receive additional FY 2021 backlog funding and provides instructions to those states on how to proceed. The remainder of TEGL No. 06-20 remains the same.
2. **Action Requested.** Grantees must meet the application requirements detailed in section 4 of this TEGL within 30 calendar days from the date of this TEGL issuance. Additionally, for the 12 states selected to receive additional FY 2021 backlog awards, grantees must meet the application requirements and submit the required application material detailed in section 4 within 15 calendar days from the date of this TEGL issuance.
3. **Summary and Background.**
 - a. Summary – On November 16, 2020, the Department issued TEGL No. 06-20, which announced the initial funding allotments of \$3,647,090 under the *Continuing Appropriations Act, 2021 and Other Extensions Act* (Public Law 116-159). This Change 1 provides the full year allotments and state balances for FY 2021, as authorized under the *Consolidated Appropriations Act, 2021* (P.L. 116-260). The amounts are listed on Attachment I “Work Opportunity Tax Credit FY 2021 State Allotments and Balance after Dissemination to States under Continuing Resolution (CR) 1.” ETA has available grant funds totaling \$18,485,000 for normal operations in FY 2021. This Change 1 announces the remaining balance of \$14,837,910 for normal operations in FY 2021. Additionally, the *Consolidated Appropriations Act, 2021* authorized an additional \$2,500,000 in funding to support WOTC efforts to

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| RESCISSIONS None | EXPIRATION DATE Continuing |
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reduce processing backlogs and assist states in adopting or modernizing information technology for processing of certification requests. This Change 1 announces the 12 states selected to receive FY 2021 backlog awards.

- b. Background – 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. WOTC is authorized until December 31, 2025 under Section 113 of Division EE, Title 3 -- *Consolidated Appropriations Act, 2021*.

4. **Details.** States must enter the remaining *balance to state* amount (provided in Attachment I) on their SF-424 Form - Application for Federal Assistance (OMB Control No. 4040-0004) as their request for FY 2020 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, 2019 through September 30, 2020;
- 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, 2019 through September 30, 2020; 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, 2018 through September 30, 2019.

Application Requirements for FY 2021 Funding. ETA requires grantees to submit an **electronically signed copy of the SF-424 through Grants.gov for the Change 1, ETA-WOTC-TEGL-06-20-2021 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 remaining balance to 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 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, call 1-800-518-4726 or 1-606-545-5035 to speak to a Customer Support Representative or email: support@grants.gov.

General Administration. SWAs are responsible for using the FY 2021 funds to conduct the WOTC activities outlined in Attachment II, Statement of Work through September 30, 2022. SWAs must enter the remaining balance to the state amount (provided in Attachment I) on their SF-424 Form - Application for Federal Assistance (OMB Control No. 4040-0004), as their request for remaining FY 2021 funding, and submit an **electronically signed copy of the SF-424 through Grants.gov for the Change 1, ETA-WOTC-TEGL-06-20-2021 at www.grants.gov, within 30 calendar days from the date of this TEGL's issuance.**

States selected for additional backlog funding must enter the award amount for their assigned funding amount on an 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 the Change 1, ETA-WOTC-TEGL-06-20-2021 at www.grants.gov, within 15 calendar days from the date of this TEGL's issuance.**

FY 2021 WOTC Backlog Awards. ETA will distribute a second set of WOTC backlog funds to approximately 12 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 2020 backlog total and the percentage ratio it represents of the state's total workload;
- b. FY 2020 financial reports; and
- c. FY 2020 qualitative data based on states' narratives, which explain how the states could use this award to make improvements to their existing systems or procedures and reduce their backlog.

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 funding last year because they are currently still spending FY 2020 backlog funding. ETA examined the remaining states' backlogs and information technology modernization needs to identify this second set of selected states. Additionally, ETA analyzed FY 2020 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 states previously submitted in FY 2020. 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 12 states with the most critical need to address backlog to receive backlog funding. Based on the availability of \$2,500,000 in funds, ETA established four funding tiers to distribute these awards to 12 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 follow:

| \$100,000 | \$200,000 | \$300,000 |
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| <ul style="list-style-type: none"> • Alabama • Hawaii • Louisiana • New Hampshire | <ul style="list-style-type: none"> • Illinois • Montana • Ohio | <ul style="list-style-type: none"> • Arizona • Oklahoma • North Dakota • South Dakota • Utah |

Note: If a state fails to submit the required application materials timely, 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.

5. **Inquiries.** Please direct all questions 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;
- Training and Employment Guidance Letter 06-20;
- P.L. 116-260 -- Consolidated Appropriations Act, 2021; and
- P. L. 116-159 -- Continuing Appropriations Act, 2021.

7. **Attachments.**

- Attachment I: WOTC FY 2021 State Allotments and Balance after Dissemination to States under Continuing Resolution (CR) 1
- Attachment II: Work Opportunity Tax Credit Statement of Work