

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE February 8, 2019

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 10-18

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

FROM: MOLLY E. CONWAY 
Acting Assistant Secretary

SUBJECT: Work Opportunity Tax Credit Funding Allotments for Fiscal Year 2019

1. **Purpose.** To convey the Work Opportunity Tax Credit (WOTC) Fiscal Year (FY) 2019 grant funding allotments and application requirements for the State Workforce Development Agencies, also known as State Workforce Agencies (SWA).
2. **Action Requested.** State Administrators are requested to provide this information to appropriate staff. The Employment and Training Administration (ETA) requests SWAs submit applications for funding for the FY 2019 state allotments, which totals \$18,485,000 (Attachment I). Grantees must meet the application requirements detailed in Section 4 **within 30 calendar days** from the date of issuance of this Training and Employment Guidance Letter (TEGL).
3. **Summary and Background.**
 - a. Summary – This TEGL announces the availability of WOTC FY 2019 state allotments to conduct WOTC activities and grant award application requirements for grantees to receive funding allocations. In addition, it provides general administrative policies and procedural guidance set forth by ETA and requirements outlined in the WOTC Statement of Work (Attachment II).
 - b. Background – On September 28, 2018, the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (Pub. L. 115-245) was signed into law, which provides Department of Labor funding appropriations for FY 2019. Section 142(a) of the Protecting Americans from Tax Hikes Act of 2015 (PATH Act) amended Section 51(c) of the Internal Revenue Code to extend WOTC through December 31, 2019. The U.S. Departments of Labor and Treasury jointly administer WOTC. The Department of Treasury, through the Internal Revenue Service, administers all tax-related provisions and requirements of the federal tax credit. The Department of Labor, through ETA, awards grants to states for administration of WOTC.

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4. **Funding, Application, Administration, and Reporting Requirements.**

- a. **Funding.** States must enter the allocations provided in Attachment I on their Application for Federal Assistance, SF-424 Form, (OMB Control No. 4040-0004) as their request for FY 2019 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.

- 50 percent is based on each state's relative share of total certifications issued from October 1, 2016, through September 30, 2017, for WOTC;
 - 30 percent is based on each state's relative share of the Civilian Labor Force averages for the 12-month period from July 1, 2017, through June 30, 2018; and
 - 20 percent is based on each state's relative share of adult recipients of Temporary Assistance for Needy Families averages from October 1, 2016, through September 30, 2017.
- b. **Application Requirements for FY 2019 Funding.** ETA requires that grantees submit an **electronically signed copy of a SF-424 Form through Grants.gov for Funding Opportunity Number ETA-WOTC-TEGL-10-18-FY2019 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 state amount listed in the FY 2019 State Allotments table, Attachment I, for the requested 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/SAM/> before submitting an application. **Note:** You must access this link with a supported browser type such as Chrome, Firefox, or Safari.
 - To submit the required documents, applicants must follow the "Apply for Grants" link on [Grants.gov](https://www.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](https://www.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.
- c. **General Administration.** SWAs are responsible for using the FY 2019 funding allotments to conduct the following WOTC activities through September 30, 2019: 1) implementing the certification process and issuing final determination to employers or their authorized representatives; 2) promoting WOTC to employers; 3) reducing and eliminating existing backlogs; and 4) reporting performance data on a quarterly basis.

In addition, SWAs must administer the WOTC in accordance with the policies and procedural guidance set forth by ETA and requirements outlined in the WOTC Statement of Work, Attachment II.

d. Reporting Requirements.

- **Quarterly Financial Report** – SWAs must report 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.
- **Quarterly Performance Report** – SWAs must use the web-based Enterprise Business Service System 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 all questions to the appropriate Regional WOTC Coordinator, listed on the WOTC website at:

<https://www.doleta.gov/business/incentives/opptax/contact/regional-offices.cfm>.

6. References.

- Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (Pub. L. 115-245);
- Consolidated Appropriations Act, 2018 (Pub. L. 115-141);
- The PATH Act (Pub. L. 114-113);
- Section 51 of the Internal Revenue Code of 1986, as amended; and
- Guidance on the Handling and Protection of Personally Identifiable Information (PII), Training and Employment Guidance Letter 39-11.

7. Attachments.

Attachment I: FY 2019 State Allotments

Attachment II: WOTC Statement of Work

**Work Opportunity Tax Credits
FY 2019 State Allotments**

State	Amount
Total	\$18,485,000
Alabama	312,980
Alaska	66,000
Arizona	334,697
Arkansas	148,716
California	2,512,045
Colorado	290,650
Connecticut	124,298
Delaware	71,932
District of Columbia	66,000
Florida	968,208
Georgia	502,864
Hawaii	66,000
Idaho	66,000
Illinois	731,207
Indiana	335,479
Iowa	268,598
Kansas	142,784
Kentucky	434,440
Louisiana	321,537
Maine	80,031
Maryland	315,535
Massachusetts	347,741
Michigan	645,927
Minnesota	253,467
Mississippi	181,837
Missouri	436,944
Montana	66,000
Nebraska	163,748
Nevada	95,462
New Hampshire	66,000
New Jersey	374,419
New Mexico	140,285
New York	1,017,666
North Carolina	556,350
North Dakota	66,000
Ohio	756,211
Oklahoma	237,136
Oregon	252,527
Pennsylvania	731,491
Puerto Rico	87,714
Rhode Island	66,000
South Carolina	275,429
South Dakota	66,000
Tennessee	802,646
Texas	1,110,332
Utah	117,790
Vermont	66,000
Virginia	367,710
Washington	440,294
West Virginia	127,853
Wisconsin	322,020
Wyoming	66,000
State Total	18,465,000
Virgin Islands	20,000

**Work Opportunity Tax Credit (WOTC)
Statement of Work**

State Workforce Development Agencies, also known as State Workforce Agencies (SWA), are to use Fiscal Year 2019 funds to realize the following responsibilities:

1. Designate a state coordinator, who oversees the administration of WOTC, for each state grant.
2. Determine eligibility of individuals as members of targeted groups, on a timely basis, and performing a “quality review” by a second staff person for each determination within 48 hours of receipt.
3. 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 the Employment and Training Administration (ETA).
4. Develop a backlog reduction plan which includes an estimated timeline to reduce and eliminate existing backlogs based on current policies and procedures, and notify your regional coordinator prior to implementation.
5. Develop working agreements with partner agencies in the American Job Center network (also known as the One-Stop Career Center system) and coordinating efforts to promote WOTC to employers and job seekers and other Workforce Innovation and Opportunity Act (WIOA) partners.
6. Develop working 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.
7. Establish and implement an appeals resolution process in accordance with the guidelines provided by ETA.
8. Establish and maintain appropriate forms’ review, record keeping, and reporting capability related to the orderly management of WOTC certification requests.
9. 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.
10. Negotiate formal cooperative agreements with local workforce areas, State Vocational Rehabilitation Agencies, Veterans Administration and related groups, Employment Networks and other state and local agencies, and organizations for the purposes of issuing Conditional Certifications where appropriate.

11. Negotiate formal cooperative agreements with appropriate state agencies to expedite verification of information provided to the SWA by participating target group members.
12. 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.
13. Cooperate with employment and training organizations already working with the private sector such as: veteran organizations, employer committees, and workforce development boards to inform employers about the tax benefits to be derived from participation and the eligibility requirements under WOTC.
14. 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 (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.

Other Grant Agreement Conditions

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

- The SWA must adhere to 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. The SWAs can enter into cooperative agreements with certain participating agencies and together provide other WOTC related services (e.g., outreach activities).
- ETA will review funding use against the quarterly spending plan. When expenditures are substantially below plan, ETA may de-obligate funds for redistribution.