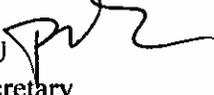


EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE April 29, 2016

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 20-15

TO: STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS

FROM: PORTIA WU 
Assistant Secretary

SUBJECT: Work Opportunity Tax Credit Funding Allotments for Fiscal Year 2016

1. **Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the remainder of Fiscal Year 2016 for the administration of the Work Opportunity Tax Credit (WOTC) program.

2. **References.**

- Consolidated Appropriations Act, 2016 (Pub. L. 114-113);
- Sections 119 and 139 of the Tax Increase Prevention Act of 2014 (Pub. L. 113-295);
- Sections 309 and 327 of the American Taxpayer Relief Act of 2012 (Pub. L. 112-40);
- Section 261 of the VOW to Hire Heroes Act of 2011 (Pub. L. 112-56);
- Section 51 of the Internal Revenue Code of 1986, as amended;
- Wagner-Peyser Act, Section 7;
- Training and Employment Guidance Letter (TEGL) No.21-14, Work Opportunity Tax Credit (WOTC) Funding Allotments for Fiscal Year (FY) 2015 (March 17, 2015);
- ETA Handbook No. 408, November 2002, Third Edition (the Handbook);
- August 2009 Addendum to Handbook 408.

3. **Background.** On December 18, 2015, President Obama signed into law the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act), which retroactively reauthorizes the WOTC program for a 5-year period, after December 31, 2014 to December 31, 2019. Also, on December 18, 2015, the Consolidated Appropriations Act, 2016 (Pub. L. 114-113) was signed into law, which provides Department of Labor funding appropriations for the remainder of FY 2016.

4. **Funding.** ETA is now issuing the balance of FY 2016 funding in the amount of \$14,856,665 to the SWAs for the implementation of WOTC program activities through September 30, 2016. The appropriated level for FY 2016 totals \$18,485,000.

RESCISSIONS None	EXPIRATION DATE Continuing
----------------------------	--------------------------------------

After allocating \$20,000 for the Virgin Islands, ETA distributes the remaining funds to the states by administrative formula with a \$66,000 minimum allotment. No states receive an allotment below 95 percent or more than 120 percent of the allotment share percentage it received in FY 2015. For FY 2016, the formula allotment data factors and percentages are as follows:

- 1) Fifty percent is based on each state's relative share of total certifications issued from October 1, 2014 through September 30, 2015 for the WOTC Program;
- 2) Thirty percent is based on each state's relative share of the Civilian Labor Force averages for the 12-month period from October 1, 2014 through September 30, 2015;
- 3) Twenty percent is based on each state's relative share of adult recipients of Temporary Assistance to Needy Families averages from October 1, 2013 through September 30, 2014.

The table in Attachment I is divided into three columns. The first column shows the full FY 2016 allotments by state; the second column shows the funding sent to the SWAs from the Continuing Resolution for the period October 1, 2015 through December 11, 2015; and the third column shows the final distribution of the balance of FY 2016 WOTC funds allotted by state.

5. **General Administration.** With these funds, SWAs are responsible for administering the WOTC program, including the certification process, promoting the program to employers, reducing and eliminating existing backlogs, and reporting program data on a quarterly basis. In addition, SWAs must administer the WOTC in accordance with the policies and procedural guidance set forth in the November 2002, Third Edition of ET Handbook 408 (the Handbook); the August 2009 Addendum to the Handbook; Section 51 of the Internal Revenue Code of 1986, as amended; and the current Federal regulations which cover the job service complaint procedures at 20 CFR 658.400.

6. **Action Requested.** Please provide this TEGL to all WOTC State Coordinators and related program staff, participating agencies and all other interested partners.

7. **Inquiries.** Please direct all questions to the appropriate Regional WOTC Coordinator, listed on the WOTC program Web site at:

http://www.doleta.gov/business/incentives/opptax/Regional_Contacts.cfm.

8. **Attachments.**

- Attachment I. Work Opportunity Tax Credits FY 2016 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1
- Attachment II. Work Opportunity Tax Credit (WOTC) Program Statement of Work

U. S. Department of Labor
Employment and Training Administration

Attachment I

Work Opportunity Tax Credits
FY 2016 State Allotments and Balance after Dissemination to States
under Continuing Resolutions (CR) 1

State	FY 2016 Full Year Allotment Amount	Obligated under CR# 1 (10/1/15 through 12/11/15)	Balance to States
Total	\$18,485,000	\$3,628,335	\$14,856,665
Alabama	365,045	75,424	289,621
Alaska	66,000	12,955	53,045
Arizona	360,790	74,545	286,245
Arkansas	173,455	35,428	138,027
California	2,518,373	475,081	2,043,292
Colorado	241,911	45,391	196,520
Connecticut	144,975	29,954	115,021
Delaware	66,000	12,955	53,045
District of Columbia	66,000	12,955	53,045
Florida	918,883	189,856	729,027
Georgia	507,660	104,891	402,769
Hawaii	70,975	12,955	58,020
Idaho	71,120	14,695	56,425
Illinois	728,264	128,151	600,113
Indiana	391,286	78,357	312,929
Iowa	255,178	52,724	202,454
Kansas	166,536	34,409	132,127
Kentucky	334,897	69,195	265,702
Louisiana	375,025	64,346	310,679
Maine	93,344	19,286	74,058
Maryland	257,393	53,182	204,211
Massachusetts	290,313	59,983	230,330
Michigan	677,760	111,458	566,302
Minnesota	234,908	48,536	186,372
Mississippi	170,458	35,219	135,239
Missouri	372,318	76,927	295,391
Montana	66,000	12,955	53,045
Nebraska	119,699	24,732	94,967
Nevada	100,937	20,855	80,082
New Hampshire	66,000	12,955	53,045
New Jersey	372,533	69,387	303,146
New Mexico	109,872	22,701	87,171
New York	913,214	182,558	730,656
North Carolina	581,000	95,035	485,965
North Dakota	66,000	12,955	53,045
Ohio	878,758	181,565	697,193
Oklahoma	232,045	47,944	184,101
Oregon	251,060	51,304	199,756
Pennsylvania	724,732	149,741	574,991
Puerto Rico	95,978	18,025	77,953
Rhode Island	66,000	12,955	53,045
South Carolina	296,973	61,359	235,614
South Dakota	66,000	12,955	53,045
Tennessee	657,752	135,902	521,850
Texas	1,295,037	267,576	1,027,461
Utah	137,384	28,386	108,998
Vermont	66,000	12,955	53,045
Virginia	403,685	79,218	324,467
Washington	468,365	76,611	391,754
West Virginia	149,121	30,811	118,310
Wisconsin	295,988	61,156	234,832
Wyoming	66,000	12,955	53,045
State Total	18,465,000	3,624,409	14,840,591
Virgin Islands	20,000	3,926	16,074

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

State Workforce Agencies (SWAs) are to use Fiscal Year 2016 funds announced herein for:

1. Determining 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.
2. Issuing employer certifications, denials, or notices of invalidation for tax credits on a timely basis and in accordance with the policies and procedures set forth in the ETA Handbook No. 408, Third Edition, November 2002 (the Handbook) and the August 2009 Addendum to the Handbook.
3. Developing 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.
4. Establishing and implementing an Appeals Resolution and Policy Clarification System in accordance with the guidelines provided in the Handbook (Chapter VIII, Section F, pp.VIII-5-8).
5. Establishing and maintaining appropriate forms review, record keeping, and reporting capability related to the orderly management of WOTC certification requests.
6. Establishing and maintaining an orderly system for regularly verifying the eligibility of a random sample of individuals certified under the WOTC Program and initiating effective corrective action when appropriate as indicated by results of such activities.
7. Negotiating formal cooperative agreements with local WIOA 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, and/or augmenting WOTC outreach activities.
8. Negotiating formal cooperative agreements with appropriate state agencies, including the Departments of Health and Human Services, Agriculture, Housing and Urban Development and the Social Security Administration to expedite verification of information provided to the SWA by participating target group members.
9. Training state and participating agency staff and providing monitoring and technical assistance to these agencies, as appropriate, for conducting target group preliminary eligibility determinations and issuing Conditional Certifications.

10. Cooperating with employment and training organizations already working with the private sector such as: veteran organizations, employer committees, and workforce investment boards to inform employers about the tax benefits to be derived from participation and the eligibility requirements under the WOTC Program.

Grant Agreement Conditions.

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

1. The SWA must adhere to provisions of the Internal Revenue Code of 1986, Section 51, as amended, in conducting the program. 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 program services (e.g., issuing Conditional Certifications, outreach activities only).
2. The most current edition of the WOTC program Handbook and its updated August 2009 Addendum shall guide conditions and standards of performance for administration and operation of the program. The SWA shall maintain a verification and quality control process in accordance with guidance in this Handbook
3. ETA will review funding use against the quarterly spending plan and when expenditures are substantially below plan; ETA may de-obligate funds for redistribution.