

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE November 16, 2020

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 6-20

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

FROM: JOHN PALLASCH 
Assistant Secretary

SUBJECT: Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2021

1. **Purpose.** To convey the WOTC Fiscal Year (FY) 2021 initial funding allotments and application requirements for State Workforce Agencies (SWA) based on funding appropriated through a continuing resolution (CR) through December 11, 2020.
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 October 1, 2020, the Continuing Appropriations Act, 2021 (Public Law 116-159) was signed into law and provides a continuing resolution (CR), which allows uninterrupted administration of WOTC through December 11, 2020. Through this CR, the congressional allotment is for \$3,647,090. Once Congress authorizes final appropriations for FY 2021, ETA will publish a change to this TEGL to announce the full year allotments and state balances. With this TEGL, the Employment and Training Administration (ETA) requests that SWAs submit applications for funding.
 - b. Background – The WOTC is authorized until December 31, 2020 (Section 143 of Division Q of P.L.116-94 -- Further Consolidated Appropriation Act, 2020). 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 ETA, awards grants to states for administration of WOTC.

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

4. **Details.** States must enter 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 FY 2021 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 a SF-424 Form through Grants.gov for the [fill in Funding Opportunity Number] 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. Please note: Effective June 2017, you can no longer access SAM using Internet Explorer (IE) Versions older than IE11. You either need to upgrade to an Internet Explorer version of IE11 or higher, or access SAM with another supported browser type (Chrome, Firefox, Safari, etc.).

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, CR funding allotments to conduct the WOTC activities outlined in Attachment II. Statement of Work through December 11, 2020.

Reporting Requirements.

- a) **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.
 - 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 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.**
- Section 51 of the Internal Revenue Code (Code) of 1986, as amended; and
 - P.L. 116-159 -- Continuing Appropriations Act, 2021.
7. **Attachment(s).**
- Attachment I: Work Opportunity Tax Credit Fiscal Year 2021 State Allotments
 - Attachment II: Work Opportunity Tax Credit Statement of Work

Work Opportunity Tax Credits	
Fiscal Year 2021 State Allotments	
State	Continuing Resolution #1 10/1/20 thru 12/11/20 (19.73%)
Total	\$3,647,090
Alabama	58,663
Alaska	13,022
Arizona	62,734
Arkansas	27,875
California	494,571
Colorado	54,478
Connecticut	26,118
Delaware	13,482
Dist. of Columbia	13,022
Florida	181,476
Georgia	110,896
Hawaii	13,022
Idaho	13,022
Illinois	162,496
Indiana	62,880
Iowa	50,345
Kansas	26,763
Kentucky	81,429
Louisiana	60,267
Maine	15,001
Maryland	73,302
Massachusetts	70,936
Michigan	132,234
Minnesota	52,807
Mississippi	42,278
Missouri	81,899
Montana	13,022
Nebraska	30,692
Nevada	22,601
New Hampshire	13,022
New Jersey	70,179
New Mexico	27,145
New York	190,746
North Carolina	104,279
North Dakota	13,022
Ohio	141,740
Oklahoma	47,425
Oregon	47,332
Pennsylvania	158,478
Puerto Rico	16,441
Rhode Island	13,022
South Carolina	51,625
South Dakota	13,022
Tennessee	150,444
Texas	234,242
Utah	22,078
Vermont	13,022
Virginia	68,922
Washington	82,526
West Virginia	23,964
Wisconsin	66,113
Wyoming	13,022
Virgin Islands	3,946

Work Opportunity Tax Credit

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 the Work Opportunity Tax Credit (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 which 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, to enhance a SWA's ability to successfully administer WOTC, SWAs should use the funds to conduct the following activities below, if necessary:

- Establish and maintain a memorandum of understanding (MOU) or other similar 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 partners.
- Establish and maintain a memorandum of understanding (MOU) or other similar 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.
- Establish and maintain a memorandum of understanding (MOU) or other similar 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.

- 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 Guidance on the Handling and Protection of Personally Identifiable Information (PII) (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.