

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE July 18, 2011

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 3-11

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Work Opportunity Tax Credit (WOTC) Fiscal Year 2011 Funding Allotments

- Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the administration of the WOTC program through September 30, 2011.
- References.** The Full-Year Continuing Appropriations Act of 2011; Section 1221 of the American Recovery and Reinvestment Act (P.L. 111-5); Section 51 of the Internal Revenue Code of 1986, as amended; Wagner-Peyser Act, Section 7(d); Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28); Tax Relief and Health Care Act of 2006 (P.L. 109-432); Working Families Tax Relief Act of 2004 (P.L. 108-311); Small Business Job Protection Act of 1996 (P.L. 104-188); the November 2002, Third Edition of ETA Handbook 408 Handbook (the Handbook); and the August 2009 Addendum to the Handbook.
- Background.** On December 7, 2010, the Employment and Training Administration (ETA) issued program funds to the State Workforce Agencies (SWAs) from Continuing Resolution (CR) 1 and again on February 17, 2011 from CRs 2-4 for the uninterrupted administration of the WOTC program.
- Funding.** ETA is issuing the balance of Fiscal Year (FY) 2011 funds to the SWAs for the operation of authorized activities of the WOTC Program through September 30, 2011. The balance of FY 2011 funds is being issued based on the appropriated level for FY 2010, which totaled \$18,520,000, minus the 0.2 percent rescission required in the FY 2011 Appropriations Act, or \$18,482,960. After allocating \$20,000 for the Virgin Islands, funds are distributed to states by administrative formula with a \$66,000 minimum allotment and a 95 percent stop-loss/120 percent stop-gain from the prior year allotment share percentage.

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The FY 2011 formula allotment data factors and related percentages are as follows:

- (1) Fifty percent based on each state's relative share of total certifications issued from October 1, 2009 through September 30, 2010 for the WOTC program;
- (2) Thirty percent based on each state's relative share of the Civilian Labor Force (CLF), averages for the 12-month period, from October 2009 through September 2010; and
- (3) Twenty percent based on each state's relative share of adult recipients of Temporary Assistance for Needy Families (TANF), averages for the 12-month period, from October 1, 2008 through September 30, 2009.

Attachment I shows the distribution of full FY 2011 WOTC funding amounts by state according to this formula, including those funds previously awarded in December and February.

5. **General Administration.** SWAs are responsible for administering the WOTC Program including the certification process, promoting the program to the employer sector, reducing and eliminating existing backlogs and reporting program data on a quarterly basis.

In addition, the WOTC must be administered in accordance with the policies and procedural guidance set forth in the November 2002, Third Edition of ETA Handbook No. 408 (Handbook) and the August 2009 Addendum to this Handbook and Sec. 51 of the Internal Revenue Code of 1986, as amended. Current Federal Regulations at 20 CFR 658.400 Subpart E cover the complaint procedures. Other applicable requirements are listed in the Statement of Work (Attachment II).

6. **Reporting.** SWAs must report expenditures quarterly using the U.S. DOL ETA Financial Report (ETA-9130). Quarterly financial reports are due within 45 days following the end of each quarter. Timely submission of these reports is extremely important to ensure proper accounting of funds. Regional Offices will conduct a financial reconciliation at the end of the fiscal year. Questions regarding financial management and reporting for FY 2011 or for existing prior year fund balances should be addressed to the appropriate Regional Office.

SWAs should use the Web-based EBSS Tax Credit Reporting System, currently in place, to report quarterly program activities and outcomes. A schedule of report due dates is available at: <http://www.doleta.gov/business/incentives/opptax>. Quarterly performance reports are due within 45 days following the end of each quarter.

7. **Action Requested.** State Administrators are requested to immediately transmit this TEGL to the appropriate staff.

8. **Inquiries.** Questions regarding these allotments may be directed to the appropriate Regional Office.

9. **Attachments:**

- I. FY 2011 States' Allotments
- II. WOTC Statement of Work