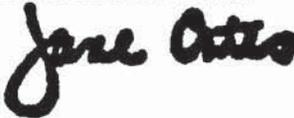


EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE February 28, 2012

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 17-11

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: JANE OATES
Assistant Secretary



SUBJECT: Work Opportunity Tax Credit (WOTC) Funding Allotments for Fiscal Year (FY) 2012

1. **Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the administration of the WOTC program through September 30, 2012.
2. **References.**
 - The Department of Labor Appropriations Act, 2012, Division F of the Consolidated Appropriations Act of 2012 (Pub. L. 112-74);
 - The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Pub. L. 111-312);
 - The American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5);
 - Internal Revenue Code of 1986, Section 51, as amended;
 - Internal Revenue Service Notices 2009-69 (August 31, 2009) and 2009-28, 2009-24 I.R.B. 1082 (June 15, 2009); and
 - ETA Handbook No. 408, November 2002, Third Edition (Handbook); and August 2009 Addendum to the Handbook (available at www.doleta.gov/wotc).
3. **Background.** In December 2011, the Employment and Training Administration (ETA) issued program funds to SWAs for Continuing Resolutions 1, 2, and 3 for FY 2012 for the uninterrupted administration of the WOTC program.
4. **Funding.** ETA is now issuing the balance of FY 2012 funds to the SWAs for the operation of authorized activities of the WOTC program through September 30, 2012. The balance of FY 2012 funds is being issued based on the appropriated level of \$18,484,997. 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 2012 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, 2010 through September 30, 2011 for the WOTC program;
- 2) Thirty percent based on each state's relative share of the Civilian Labor Force, averages for the 12-month period, from October 2010 through September 2011; and
- 3) Twenty percent based on each state's relative share of adult recipients of Temporary Assistance for Needy Families, averages for the 12-month period, from October 1, 2009 through September 30, 2010.

Attachment I shows the distribution of full FY 2012 WOTC funding amounts by state according to this formula, including those funds previously awarded in December 2011.

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, WOTC must be administered in accordance with the policies and procedural guidance set forth in the November 2002, Third Edition of the Handbook; the August 2009 Addendum to this Handbook; and Section 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 ETA Financial Report (ETA Form 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 2012 or for existing prior year fund balances should be addressed to the appropriate Regional Office.

SWAs should use the Web-based Enterprise Business Service System Tax Credit Reporting System, currently in place, to report quarterly program activities and outcomes using ETA Form 9058. Quarterly program reports are due within 45 days following the end of each quarter. Timely submission of these reports is very important for program management purposes and to enable ETA to respond to inquiries about WOTC program activities. Questions about reporting on program activities and outcomes should be addressed to the appropriate Regional Office.

7. **Action Requested.** State Administrators are requested to immediately transmit this Training and Employment Guidance Letter to the appropriate staff.

8. **Inquiries.** Questions regarding these instructions should be directed to the appropriate Regional WOTC Coordinator listed on the WOTC program Web site at:
<http://www.doleta.gov/wotc>.

9. **Attachments.**

- I. FY 2012 State Allotments
- II. WOTC Statement of Work

U. S. Department of Labor
Employment and Training Administration
Work Opportunity Tax Credits - FY 2012 State Allotments

State	Amount
Total	\$18,484,997
Alabama	303,734
Alaska	66,000
Arizona	442,955
Arkansas	210,519
California	2,124,523
Colorado	229,643
Connecticut	177,992
Delaware	66,000
District of Columbia	66,000
Florida	893,117
Georgia	527,131
Hawaii	66,000
Idaho	87,316
Illinois	761,486
Indiana	452,801
Iowa	233,925
Kansas	196,593
Kentucky	315,906
Louisiana	343,026
Maine	90,727
Maryland	316,012
Massachusetts	300,371
Michigan	616,847
Minnesota	248,770
Mississippi	188,702
Missouri	436,464
Montana	66,000
Nebraska	146,960
Nevada	98,106
New Hampshire	66,000
New Jersey	412,305
New Mexico	134,894
New York	985,894
North Carolina	564,708
North Dakota	66,000
Ohio	908,878
Oklahoma	284,891
Oregon	219,371
Pennsylvania	670,491
Puerto Rico	84,951
Rhode Island	66,000
South Carolina	251,177
South Dakota	66,000
Tennessee	639,307
Texas	1,251,695
Utah	168,672
Vermont	66,000
Virginia	447,063
Washington	434,099
West Virginia	183,081
Wisconsin	353,894
Wyoming	66,000
State Total	18,464,997
Virgin Islands	20,000

**Work Opportunity Tax Credit Program (WOTC)
Uniform State Plan Narrative (Statement of Work)**

Instructions.

State workforce agencies (SWAs) are to use Fiscal Year 2011 or Fiscal Year 2012 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 of the IRS Form 8850 and ETA Form 9061 or 9062.
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 (Handbook) and the most currently updated version of the Addendum to the Handbook.
3. Developing working agreements with partner agencies in the One-Stop Delivery System and coordinating efforts to promote WOTC to employers and job seekers and other Workforce Investment Act (WIA) 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 the audit activities.
7. Negotiating formal cooperative agreements with local WIA 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 agreements with appropriate Federal and state agencies, including the Departments of Health and Human Services, Agriculture, Housing and Urban Development, the Social Security Administration, and others 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 local WIA 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. Provisions of the Internal Revenue Code of 1986, Section 51, as amended, must be adhered to in conducting the program. By law, the SWAs are designated 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).
2. The most current edition of the ETA Handbook 408 for the WOTC and its August 2009 Addendum shall guide conditions and standards of performance for administration and operation of the program. The state must maintain a verification and quality control process in accordance with guidance in this Handbook.
3. Funding use will be reviewed against the quarterly spending plan and when expenditures are substantially below plan, the Employment and Training Administration may de-obligate funds for redistribution.