

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 *Jane Oates*
Assistant Secretary

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

1. **Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the administration of the WOTC program through September 30, 2011.
2. **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.
3. **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.
4. **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

Attachment I

U. S. Department of Labor
Employment and Training Administration
Work Opportunity Tax Credits
FY 2011 State Allotments

State	Amount
Total	\$18,482,960
Alabama	291,281
Alaska	66,000
Arizona	466,217
Arkansas	221,574
California	2,169,138
Colorado	199,398
Connecticut	187,339
Delaware	66,000
District of Columbia	66,000
Florida	940,019
Georgia	554,814
Hawaii	66,000
Idaho	79,041
Illinois	801,476
Indiana	476,580
Iowa	246,210
Kansas	206,917
Kentucky	263,226
Louisiana	361,040
Maine	95,492
Maryland	332,607
Massachusetts	316,145
Michigan	609,023
Minnesota	253,377
Mississippi	184,249
Missouri	459,385
Montana	66,000
Nebraska	128,298
Nevada	103,258
New Hampshire	66,000
New Jersey	433,957
New Mexico	141,978
New York	887,418
North Carolina	474,351
North Dakota	66,000
Ohio	956,608
Oklahoma	299,852
Oregon	230,891
Pennsylvania	606,722
Puerto Rico	89,412
Rhode Island	66,000
South Carolina	242,400
South Dakota	66,000
Tennessee	672,880
Texas	1,282,179
Utah	145,946
Vermont	66,000
Virginia	372,511
Washington	428,721
West Virginia	152,551
Wisconsin	372,479
Wyoming	66,000
State Total	18,462,960
Virgin Islands	20,000

**Work Opportunity Tax Credit Program
Statement of Work**

Instructions.

State Workforce Agencies (SWAs) are to use the balance of Fiscal Year 2011 funds for the following program activities:

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. Processing existing backlogs.
4. Developing working agreements with partner agencies in the One-Stop Service Delivery System and coordinating efforts to promote WOTC to employers and job seekers and other Workforce Investment Act (WIA) partners.
5. 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).
6. Establishing and maintaining appropriate forms review, record keeping, and reporting capability related to the orderly management of WOTC certification requests.
7. 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.
8. Negotiating formal cooperative agreements with local WIA areas, State Vocational Rehabilitation Agencies, Veterans Administration, 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.
9. 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 when determining target group eligibility.
10. 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.
11. Cooperating with employment and training organizations already working with the private sector such as: veterans' organizations, employer committees, and 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, conducting outreach activities).
2. The most current edition of the program Handbook for the WOTC shall guide conditions and standards of performance for administration and operation of the program. The state shall maintain a verification and quality control process in accordance with guidance in this Handbook.
3. Funding utilization will be reviewed against the quarterly spending plan, and when expenditures are substantially below plan, ETA may de-obligate funds for redistribution.