

<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> WOTC
	<b>CORRESPONDENCE SYMBOL</b> OWI
	<b>DATE</b> August 30, 2017

**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 2-17**

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

**FROM:** BYRON ZUIDEMA  
Deputy Assistant Secretary

**SUBJECT:** Work Opportunity Tax Credit (WOTC) Funding Allotments for Fiscal Year (FY) 2017

1. **Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the administration of the WOTC program through September 30, 2017.

2. **References.**

- Consolidated Appropriations Act, 2017 (Pub. L. 115-31);
- Sections 142 and 171 of the Protecting Americans from Tax Hikes (PATH) Act of 2015 (Pub. L. 114-113);
- Section 51 of the Internal Revenue Code of 1986, as amended;
- November 2002, Third Edition of ETA Handbook 408 (the Handbook);
- August 2009 Addendum to the Handbook, and
- Workforce Innovation and Opportunity Act, part 658.

3. **Background.** For WOTC, the Consolidated Appropriations Act, 2017, Public Law 115-31, enacted May 5, 2017 (from this point forward, referred to as “the Act”) provides \$18,485,000 for FY 2017 funds. In December 2016, Employment and Training Administration (ETA) issued program funds to State Workforce Agencies (SWAs) for Continuing Resolutions 1 and 2 for FY 2017 to maintain uninterrupted administration of the WOTC program. ETA is issuing the remaining balance of FY 2017 funds to the SWAs for the operation of authorized activities of the WOTC Program through September 30, 2017.

The WOTC program is currently authorized through December 31, 2019.

4. **Funding.** After dissemination of funding to states under Continuing Resolution (CR) 1 and CR 2, the balance of funding for the remainder of FY 2017 totals \$7,879,796. See Attachment I to see the FY 2017 full year allotment amount, total amounts obligated under

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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CR 1 and CR 2, and balance to the states. After allocating \$20,000 for the Virgin Islands, Employment and Training Administration (ETA) distributes the remaining funds to states 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. For FY 2017, 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, 2015 through September 30, 2016 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, 2015 through September 30, 2016; and
- 3) Twenty percent is based on each state's relative share of adult recipients of Temporary Assistance for Needy Families averages from October 1, 2014 through September 30, 2015.

5. **General Administration.** With these funds, SWAs are responsible for administering the WOTC program through September 30, 2017, 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 ETA Handbook 408 (the Handbook); the August 2009 Addendum to the Handbook; Section 51 of the Internal Revenue Code of 1986, as amended; the current Federal regulations which cover the job service complaint procedures at 20 CFR part 658, subpart E; and with ETA's policy directives issued to the SWAs, employer community, participating agencies and all other partners through Training and Employment Guidance Letters (TEGLs). Additionally, Attachment II, the WOTC Statement of Work, provides a list of other applicable requirements.
6. **Reporting Requirements.** SWAs must report expenditures quarterly using ETA Form 9130. Quarterly financial reports are due within 45 days following the end of each quarter, and should cover all WOTC funds. Timely submission of these reports is important to ensure proper accounting of funds. ETA will conduct a financial reconciliation at the end of the fiscal year and grant period. SWAs must use the Web-based Enterprise Business Service System (EBSS), Tax Credit Reporting System to report quarterly program activities and outcomes using ETA Form 9058. Quarterly performance reports are due within 45 days following the end of each quarter. Timely submission of these reports is important for program management purposes, and enables ETA to respond to inquiries on program activities from Congress and other stakeholders.
7. **Action Requested.** ETA requests that Regional Administrators and SWA administrators provide this TEGL to all WOTC State Coordinators and related program staff, participating agencies and all other interested partners.

8. **Inquiries.** Please direct all questions to the appropriate Regional WOTC Coordinator, listed on the WOTC program Website at:  
[http://www.doleta.gov/business/incentives/opptax/Regional\\_Contacts.cfm](http://www.doleta.gov/business/incentives/opptax/Regional_Contacts.cfm).

9. **Attachments.**

- I. FY 2017 WOTC State Allotments and Balance After Dissemination to States under CR 1 and 2
- II. WOTC Statement of Work

U. S. Department of Labor  
Employment and Training Administration

**Work Opportunity Tax Credits**  
**FY 2017 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1 and 2**

State	FY 2017 Full Year Allotment Amount	Obligated under CR# 1 (10/1/16 through 12/09/16)	Obligated under CR# 2 (12/10/16 through 04/28/17)	Balance to States
<b>Total</b>	<b>\$18,485,000</b>	<b>\$3,527,838</b>	<b>\$7,077,366</b>	<b>\$7,879,796</b>
Alabama	346,793	69,668	139,766	137,359
Alaska	66,000	12,596	25,270	28,134
Arizona	342,751	68,856	138,136	135,759
Arkansas	164,782	33,104	66,411	65,267
California	2,392,454	480,628	964,212	947,614
Colorado	287,914	46,168	92,621	149,125
Connecticut	137,726	27,668	55,507	54,551
Delaware	66,000	12,596	25,270	28,134
District of Columbia	66,000	12,596	25,269	28,135
Florida	1,072,806	175,368	351,813	545,625
Georgia	557,191	96,886	194,369	265,936
Hawaii	67,426	13,545	27,175	26,706
Idaho	67,564	13,573	27,230	26,761
Illinois	810,202	138,988	278,831	392,383
Indiana	371,722	74,676	149,812	147,234
Iowa	242,419	48,700	97,701	96,018
Kansas	158,209	31,783	63,762	62,664
Kentucky	318,152	63,915	128,222	126,015
Louisiana	356,274	71,573	143,586	141,115
Maine	88,677	17,815	35,738	35,124
Maryland	249,160	49,123	98,548	101,489
Massachusetts	325,411	55,406	111,152	158,853
Michigan	715,708	129,350	259,494	326,864
Minnesota	232,624	44,832	89,939	97,853
Mississippi	201,481	32,532	65,263	103,686
Missouri	353,702	71,056	142,550	140,096
Montana	66,000	12,596	25,269	28,135
Nebraska	113,714	22,844	45,830	45,040
Nevada	95,890	19,264	38,646	37,980
New Hampshire	66,000	12,596	25,269	28,135
New Jersey	353,906	71,097	142,633	140,176
New Mexico	131,846	20,969	42,067	68,810
New York	870,376	174,286	349,643	346,447
North Carolina	551,950	110,883	222,448	218,619
North Dakota	66,000	12,596	25,269	28,135
Ohio	837,907	167,710	336,451	333,746
Oklahoma	220,443	44,286	88,843	87,314
Oregon	256,610	47,915	96,123	112,572
Pennsylvania	810,517	138,314	277,479	394,724
Puerto Rico	91,696	18,317	36,747	36,632
Rhode Island	66,000	12,596	25,269	28,135
South Carolina	305,184	56,677	113,702	134,805
South Dakota	66,000	12,596	25,269	28,135
Tennessee	624,864	125,531	251,834	247,499
Texas	1,230,285	247,156	495,832	487,297
Utah	130,515	26,220	52,600	51,695
Vermont	66,000	12,596	25,269	28,135
Virginia	407,435	77,043	154,559	175,833
Washington	487,860	89,387	179,323	219,150
West Virginia	141,665	28,460	57,094	56,111
Wisconsin	281,189	56,489	113,325	111,375
Wyoming	66,000	12,596	25,269	28,135
<b>State Total</b>	<b>18,465,000</b>	<b>3,524,021</b>	<b>7,069,709</b>	<b>7,871,270</b>
Virgin Islands	20,000	3,817	7,657	8,526

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

State Workforce Agencies (SWAs) are to use Fiscal Year 2017 funds 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 revocations 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 procedures and capabilities related to the orderly management of WOTC certification requests, including reviewing forms, record keeping, and reporting.
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 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, 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. Public Law 104-188 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).
2. The most current edition of the WOTC program Handbook and its updated August 2009 Addendum shall guide conditions and standards of performance for the administration and operation of the program. The SWAs 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; when expenditures are substantially below plan, ETA may de-obligate funds for redistribution.