

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE November 14, 2022

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 06-22

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

FROM: BRENT PARTON /s/
Acting Assistant Secretary

SUBJECT: Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2023

1. **Purpose.** To convey the Fiscal Year (FY) 2023 initial funding allotments for WOTC and the application requirements for State Workforce Agencies (SWA) based on funding appropriated through a continuing resolution (CR) through December 16, 2022.
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 September 30, 2022, the Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023 (Pub. L. 117-180) was signed into law, providing a continuing resolution, which allows for incremental FY 2023 grant funding for states’ administration of WOTC, pro-rated based on the CR’s end date of December 16, 2022. The allotment for WOTC under this CR is \$3,900,335. Once Congress authorizes final appropriations for FY 2023, the Employment and Training Administration (ETA) will publish a change to this TEGL to announce the full year allotments and state balances. If applicable, ETA will also announce any additional funding appropriated to reduce processing backlogs and assist states in adopting or modernizing information technology for processing of certification requests. ETA requests that SWAs submit applications for funding as allotted in Attachment I to this TEGL.
 - b. Background – The WOTC is set forth under section 51 of the Internal Revenue Code of 1986, as amended (26 U.S.C. sec. 51), and is effective until December 31, 2025, under Consolidated Appropriations Act, 2021 (Pub. L. 116-260), Division EE, Title 1, Section 113. The U.S. Department of the Treasury, through the Internal Revenue Service (IRS), administers all tax-related provisions and requirements of the Federal tax credit. The

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U.S. Department of Labor, through the ETA, awards grants to states for administration of WOTC.

4. **Details.** States must enter the state allotment amount (provided in Attachment I) on their SF-424 Form, *Application for Federal Assistance* (OMB Control No. 4040-0004), as their request for FY 2023 funding.

Allotment Formula. ETA determines state allotments for normal WOTC operations according to the following methodology. 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 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, 2021 through September 30, 2022;
- 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, 2021 through September 30, 2022; 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, 2020 through September 30, 2021.

Application Requirements for FY 2023 Funding. ETA requires grantees to submit an electronically signed copy of the SF-424 Form, *Application for Federal Assistance* (OMB Control No. 4040-0004), as their official request for funding opportunity number 'ETA-WOTC-TEGL-06-22-2023' at <https://www.grants.gov>, within 30 calendar days from the issuance date of this TEGL. The official, electronically signed SF-424 Form must reflect the amount listed in Attachment I as the state's requested estimated funding total in item #18, and the Catalog of Federal Domestic Assistance Number '17.271' for item #11, and the grantee's 12-character Unique Entity Identifier (UEI number) listed for item #8c.

Grantees should indicate the estimated amount of Indirect Costs to be claimed by the recipient for FY 2023, if any, as a sentence for item #15, Descriptive Title of Applicant's Project. Grantees may use the amount of indirect costs reported against their FY 2022 WOTC grant as an approximate for FY 2023 indirect cost expenditures. For example: "*Indirect Costs for this award are estimated at \$19,000.*" If there is no estimated Indirect Costs, the following statement, must be entered: "*Indirect Costs for this award are estimated at \$0.00.*"

Effective April 2022, the Dun and Bradstreet Data Universal Numbering System (DUNS) number was replaced by a new, non-proprietary identifier requested in and assigned by the System for Award Management ([SAM.gov](https://www.sam.gov)). This new identifier is called the Unique Entity Identifier (UEI), or the Entity ID. Each applicant must have a UEI number available, and it must be registered at <https://www.sam.gov>, before submitting an SF-424 application. To submit the required documents, applicants must follow the "Apply for Grants" link on [Grants.gov](https://www.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](https://www.grants.gov) and do not find an answer in any of the other available resources, they should call 1-800-518-4726 or 1-606-545-5035 to speak to a Customer Support Representative, or send an email to support@grants.gov.

Revised Award Descriptions. As part of a Federal government-wide effort to describe grant activities consistently and accurately, ETA is revising its standard grant award descriptions. States may see the following text in the grant award or in online descriptions of the WOTC grants:

- **Purpose:** The purpose of this grant is to allow SWAs to administer WOTC per ETA guidance and provisions of the IRS Code of 1986, Section 51, as amended. Law designates the SWAs as the only agencies that can issue a Certification (26 USC §51(d)(12)). That statute refers to SWAs as State employment security agencies, established in accordance with 29 U.S.C. 49.
- **Activities to be performed:** SWAs must use funds to implement the requirements set forth in the *WOTC Statement of Work*, including to: Designate a state coordinator who oversees the administration of WOTC for each state grant; 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; and Establish and maintain appropriate forms’ quality review process, record keeping, and reporting capability related to the orderly management of WOTC certification requests.
- **Expected Outcomes:** For WOTC grants, SWAs will issue determinations (certifications or denials) for employers’ certification requests, which facilitate tax credits determined by the U.S. Department of the Treasury. SWAs will increase efficiency in processing employers’ certification requests and develop plans that include an estimated timeline to eliminate existing backlogs of certification requests.
- **Intended Beneficiaries:** Job seekers who have access to a higher number of employment opportunities, and employers who seek to increase hiring of qualified job applicants. Other beneficiaries include state and local partner agencies in the American Job Center network that coordinate efforts to promote WOTC to employers, job seekers, and other Workforce Innovation and Opportunity Act partners.
- **Subrecipient Activities:** SWAs, as WOTC grant recipients, do not typically subaward funds. States that wish to subaward funds should seek approval from their Grant Officer.

General Administration. With their FY 2023 grant award, SWAs are responsible for conducting the WOTC activities outlined in the *WOTC Statement of Work* (Attachment II). As noted above, this TEGP provides incremental funding proportional to funds appropriated through the December 16, 2022 Continuing Resolution; the timing and amount(s) of subsequent incremental funding depend on future appropriations.

Reporting Requirements.

- a) **Quarterly Financial Report** – SWAs must report fiscal 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 inquiries to the appropriate Regional WOTC Coordinator listed on the WOTC website at <https://www.dol.gov/agencies/eta/wotc/contact/regional-offices>.

6. **References.**

- Section 51 of the Internal Revenue Code of 1986, as amended (<https://uscode.house.gov/view.xhtml?path=/prelim@title26/subtitleA/chapter1/subchapterA/part4/subpartF&edition=prelim>);
- Section 49 of Title 29 of the United States Code (Labor) ([https://uscode.house.gov/view.xhtml?req=\(title:29%20section:49%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:29%20section:49%20edition:prelim)));
- Pub. L. 116-260, Consolidated Appropriations Act of 2021 (<https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>); and
- Pub. L. 117-180, Continuing Appropriations and Ukraine Supplemental Appropriations Act of 2023 (<https://www.congress.gov/117/bills/hr6833/BILLS-117hr6833enr.pdf>).

7. **Attachment(s).**

- Attachment I: Work Opportunity Tax Credit Fiscal Year 2023 Initial State Allotments
- Attachment II: Work Opportunity Tax Credit Statement of Work