

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> WOTC
	<b>CORRESPONDENCE SYMBOL</b> OWI DNPTTA
	<b>DATE</b> January 4, 2024

**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 06-23, CHANGE 1**

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

**FROM:** BRENT PARTON /s/  
Principal Deputy Assistant Secretary

**SUBJECT:** Change 1 to Training and Employment Guidance Letter No. 06-23, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2024*

1. **Purpose.** This Change 1 to Training and Employment Guidance Letter (TEGL) No. 06-23 conveys additional Fiscal Year (FY) 2024 WOTC funding allotments and application requirements for State Workforce Agencies (SWAs), based on funding appropriated through a continuing resolution (CR) through February 2, 2024. The rest of TEGL No. 06-23 remains the same.

2. **Action Requested.** Grantees must meet the application requirements detailed in section 4 within 30 calendar days from the date of this TEGL issuance.

3. **Summary and Background.**

- a. Summary – On November 14, 2023, the Employment and Training Administration (ETA) issued TEGL No. 06-23, which announced the initial FY 2024 WOTC funding allotments of \$2,423,384 under the Continuing Appropriations Act, 2024 and Other Extensions Act (Pub. L. 118-15). The continuing resolution (CR) allowed for incremental grant funding for states’ administration of the WOTC, pro-rated based on the CR’s end date of November 17, 2023. On November 16, 2023, the Further Continuing Appropriations and Other Extensions Act, 2024 (Pub. L. 118-22) became law, providing a second continuing resolution (CR2) through February 2, 2024. This Change 1 TEGL announces additional FY 2024 WOTC allotments under CR2 in the amount of \$3,889,243. The state allotment amounts are listed in Attachment I, “*Work Opportunity Tax Credit Fiscal Year 2024 Funding under Continuing Resolution #2.*”

ETA requests that SWAs submit applications for funding as allotted in Attachment I to this TEGL. Once Congress authorizes final appropriations, or a third CR for FY 2024, ETA will publish a Change 2 to this TEGL to announce either the full-year

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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allotments and state balances or additional CR3 funding, as applicable. 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 certification requests.

- b. Background – The WOTC is set forth under section 51 of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 51), and is effective until December 31, 2025, under the 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 tax credit. The U.S. Department of Labor, through ETA, awards grants to states for administration of WOTC.

- 4. **Details.** States must enter their state-specific allotment amount (provided in Attachment I) on their SF-424 Form, *Application for Federal Assistance* (OMB Control No. 4040-004), as their official request for additional (CR2) FY 2024 funding for normal WOTC operations. States must enter the value listed in the “Total” column of Attachment I.

**Allotment Formula.** In February 2023, ETA published a Request for Comment in the Federal Register (88 FR 10540) requesting public comment on proposed modifications to WOTC procedural guidance and the administrative formula used to calculate annual state allotments. The proposed formula changes included an inflation-adjusted increase to state minimum funding allotments and revised metrics used in the formula methodology. ETA will use the revised administrative formula to calculate states’ remaining balances for FY 2024 allotments once Congress passes the full-year FY 2024 appropriation. ETA will announce the full-year FY 2024 allotments and revised administrative formula in a subsequent Change TEG.

While under a continuing resolution, incremental allotments to states are based on the prior fiscal year’s allotment percentage. ETA determined FY 2024 continuing resolution #2 state allotment amounts (provided in Attachment I) for normal WOTC operations by calculating each state’s relative share of FY 2023 full-year funding, and multiplying each state’s relative share by the total FY 2024 WOTC CR2 prorated funding amount through February 2, 2024. ETA determined FY 2023 state allotments for normal WOTC operations according to the following methodology: After allocating \$20,000 to the U.S. 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. We calculate the administrative formula 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 2024 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-06-23-2024-C1’ at <https://www.grants.gov>, within 30 calendar days from the issuance date of this TEGL.

The official, electronically signed SF-424 Form should be marked as a “Continuation” application for item #2 and must reflect the amount listed in Attachment I as the state’s requested estimated funding total in item #18. Grantees must enter the Catalog of Federal Domestic Assistance Number ‘17.271’ for item #11, and the grantee’s 12-character Unique Entity Identifier (UEI number) should be listed for item #8c. Each applicant must have a UEI number available, and it must be registered in the System for Award Management at [SAM.gov](https://sam.gov) before submitting an SF-424 application.

Grantees previously indicated the estimated amount of Indirect Costs to be claimed by the recipient for FY 2024 expenditures under the SF-424 Form submitted for the CR1 funding distribution announced in TEGL No. 06-23. Therefore, grantees should NOT resubmit this information again in item #15, ‘Descriptive Title of Applicant’s Project,’ as part of this SF-424 application request for CR2 funding.

All States must submit an electronically signed copy of the SF-424 through [Grants.gov](https://www.grants.gov). 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](mailto:support@grants.gov).

**Award Descriptions.** As part of a Federal government-wide effort to describe grant activities consistently and accurately, ETA uses standard grant award descriptions. States may see the following text in the grant awards or online descriptions of 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 U.S.C. § 51(d)(12)). The statute refers to SWAs as state employment security agencies, established in accordance with the Wagner-Peyser Act, 29 U.S.C. § 49 et seq.
- **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 processes, 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 (WIOA) partners.
- **Subrecipient Activities:** SWAs, as WOTC grant recipients, do not typically subaward funds. States that wish to subaward funds should seek approval from their ETA Grant Officer.

**General Administration.** With their FY 2024 grant award, SWAs are responsible for conducting the WOTC activities outlined in the *WOTC Statement of Work*. (See Attachment II of TEGL 06-23, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2024*, available here: <https://www.dol.gov/agencies/eta/advisories/tegl-06-23>). As noted above, this Change 1 TEGL provides incremental funding proportional to funds appropriated through the February 2, 2024 expiration date in Continuing Resolution #2; the timing and amount(s) of subsequent incremental funding depends 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 (U.S.C. § 51) (<https://uscode.house.gov/view.xhtml?path=/prelim@title26/subtitleA/chapter1/subchapterA/part4/subpartF&edition=prelim>);
    - Chapter 4B of Title 29 of the United States Code (Labor) (<https://uscode.house.gov/view.xhtml?path=/prelim@title29/chapter4B&edition=prelim>);

- Pub. L. 116-260, Consolidated Appropriations Act, 2021, which authorizes WOTC (<https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>);
- Pub. L. 117-328, Consolidated Appropriations Act, 2023 (<https://www.congress.gov/117/plaws/publ328/PLAW-117publ328.pdf>);
- Pub. L. 118-15, Continuing Appropriations Act, 2024 and Other Extensions Act (<https://www.congress.gov/118/plaws/publ15/PLAW-118publ15.pdf>);
- Pub. L. 118-22, Further Continuing Appropriations and Other Extensions Act, 2024 (<https://www.congress.gov/118/plaws/publ22/PLAW-118publ22.pdf>);
- Training and Employment Guidance Letter No. 06-23, *Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2024*, and Attachments (<https://www.dol.gov/agencies/eta/advisories/tegl-06-23>); and
- Federal Register (88 FR 10540): [Work Opportunity Tax Credit, Request for Comments Regarding Proposed Modifications to Procedural Guidance and Administrative Formula.](#)

**7. Attachment(s).**

- Attachment I: Work Opportunity Tax Credit Fiscal Year 2024 State Allotments under Continuing Resolution (CR) 2