

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI DNPTTA
	DATE March 11, 2025

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 08-24, CHANGE 1

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

FROM: AMY SIMON /s/
Acting Assistant Secretary

SUBJECT: Change 1 to Training and Employment Guidance Letter (TEGL) No. 08-24, Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year (FY) 2025

1. **Purpose.** To convey additional Fiscal Year (FY) 2025 Work Opportunity Tax Credit (WOTC) funding allotments and application requirements for State Workforce Agencies (SWA), based on funding appropriated through a second continuing resolution (CR#2) through March 14, 2025. The rest of Training and Employment Guidance Letter (TEGL) No. 08-24 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 December 5, 2024, the Employment and Training Administration (ETA) issued TEGL No. 08-24, which announced the initial FY 2025 WOTC funding allotments of \$4,101,822 under the American Relief Act, 2025, (Pub. L. 118-158, September 26, 2024). Congress passed a second continuing resolution (CR#2) known as the American Relief Act, 2025, (Pub. L. 118-158, December 21, 2024). CR#2 provides for incremental FY 2025 grant funding for states' administration of the WOTC, prorated based on the CR#2's expiration date of March 14, 2025. The appropriation for WOTC under CR#2 is \$4,253,398. Once Congress authorizes final appropriations for FY 2025 or additional incremental funding under a subsequent CR, ETA will publish a change to this TEGL to announce the full-year or incremental allotments and balances for states. 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 of this TEGL.

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- 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 authorized until December 31, 2025, under the Consolidated Appropriations Act, 2021 (Pub. L. 116-260), Division EE, Title I, 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 to administer the 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. 4040-0004), as their request for incremental FY 2025 funding.

Allotment Formula. While under a continuing resolution, ETA calculates incremental allotments to states based on the prior fiscal year's allotment percentages. Specifically, ETA determined the FY 2025 CR #2 state allotment amounts (provided in Attachment I) for normal WOTC operations by calculating each state's relative share of FY 2024 funding and multiplying each state's relative share by the total FY 2025 WOTC CR# 2 prorated funding amount through March 14, 2025.

Once Congress authorizes final appropriations for FY 2025, ETA will determine FY 2025 state allotments for normal WOTC operations according to the following methodology:

After allocating \$36,000 to the U.S. Virgin Islands, ETA distributes the remaining funds to the SWAs by administrative formula with an estimated \$94,957 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. 40 percent based on each State's relative share of certifications issued for the most recently completed fiscal year's available data (October 1 through September 30);
- b. 40 percent based on each State's relative share of the denials issued for the most recently completed fiscal year's available data (October 1 through September 30); and
- c. 20 percent is based on each state's relative share of Civilian Labor Force (CLF) averages for the 12-month period of the most recently completed fiscal year's available data (October 1 through September 30).

Application Requirements for FY 2025 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-08-24, 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 funding 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 for item #8c. Each applicant

must have a UEI number available, and it must be registered in the System for Award Management ([SAM.gov](https://sam.gov)) before submitting an SF-424 application.

Grantees should indicate the estimated amount of Indirect Costs to be claimed by the recipient for FY 2025 expenditures, 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 2024 WOTC grant as an approximate for FY 2025 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.*"

To submit the required documents, applicants must follow the "Apply for Grants" link on [Grants.gov](https://grants.gov) and download the links for the grant application package. For this funding opportunity, applicants may also follow the "Search Grants" link and enter 'ETA-WOTC-TEGL-08-24' in the Keyword(s) field to search for the formula funding opportunity. If applicants encounter a problem with [Grants.gov](https://grants.gov) and do not find an answer in 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.

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 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 set forth in 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 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 (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 Grant Officer.

General Administration. With their FY 2025 grant award, SWAs are responsible for conducting the WOTC activities outlined in the *WOTC Statement of Work* (See Attachment II of TEGl 08-24, available here: <https://www.dol.gov/agencies/eta/advisories/tegl-08-24>). As noted above, this TEGl provides incremental funding proportional to funds appropriated through the March 14, 2025 expiration date in CR#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 (26 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 extended the authorization for WOTC (<https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>);
- Pub. L. 118-47, Further Consolidated Appropriations Act, 2024 (<https://www.congress.gov/118/plaws/publ47/PLAW-118publ47.pdf>);
- TEGl No. 06-23, Change 2, *Change 2 to Training and Employment Guidance Letter No. 06-23, Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2024* (<https://www.dol.gov/agencies/eta/advisories/tegl-06-23-change-2>); and
- Pub. L. 118-83, Continuing Appropriations and Extensions Act, 2025 (<https://www.congress.gov/118/plaws/>).
- Pub. L. 118-158, American Relief Act, 2025 ([BILLS-118hr10545enr.pdf](https://www.congress.gov/bills/118/hr10545/enr/pdf)).

7. **Attachment(s).**

- Attachment I: Work Opportunity Tax Credit Fiscal Year 2025 CR 2 State Allotments