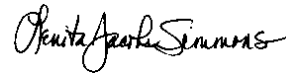


<b>U.S. Department of Labor</b> Employment and Training Administration Washington, D.C. 20210	<b>CLASSIFICATION</b> WOTC/WtW
	<b>CORRESPONDENCE SYMBOL</b> OWS
	<b>DATE</b> March 6, 2001

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 13-00

**TO:** : ALL STATE WORKFORCE LIAISONS  
ALL STATE EMPLOYMENT SECURITY AGENCIES  
ALL STATE WORKER ADJUSTMENT LIAISONS  
ALL ONE-STOP CENTER SYSTEM LEADS

**FROM** : LENITA JACOBS-SIMMONS  
Deputy Assistant Secretary



**SUBJECT** : Planning Guidelines for Employment Service (ES)  
Fiscal Year 2001 Cost Reimbursable Grants for  
Work Opportunity Tax Credit (WOTC)/Welfare-to-Work  
Tax Credit (WtW) Programs.

1. Purpose. To provide planning estimates and guidance for Fiscal Year (FY) 2001 WOTC/WtW programs under the Wagner-Peyser Act Annual Funding Agreement.

2. References. The Wagner-Peyser Act, Section 7(d); the Small Business Job Protection Act (P.L. 104-188); the Taxpayer Relief Act of 1997 (P.L. 105-34); the Tax and Trade Relief Extension Act of 1998 (P.L. 105-277); the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170); 29 CFR Parts 93, 96, 97 and 98; and OMB Circular A-87.

3. Background. The WOTC/WtW tax credits were reauthorized for a 30-month period through December 31, 2001 (retroactive to the credits' expiration date of June 30, 1999) by the Ticket to Work and Work Incentives Improvement Act of 1999, signed December 17, 1999. State Employment Security Agencies (SESAs) are responsible for administering both tax credits, including the certification process, and for reporting on results.

4. Grant Officer Authority. Pursuant to Training and Employment Information Notice No. 24-99, **grant officer authority for the ES**

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> December 31, 2001
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**Base Formula allotments to States and the ES Cost Reimbursable Grants was transferred from the Employment and Training Administration (ETA) Regional Offices to the National Office.**

The National Office Grant Officer recently issued advance funding to all States under the new FY 2001 agreement and pursuant to a FY 2001 Continuing Resolution which authorized partial funding. Please note, however, that any remaining grant actions pertaining to pre-FY 2001 funds for the WOTC/WtW tax credit programs will continue to be handled through Regional Office Grant Officers.

5. Work Opportunity/Welfare-to-Work Tax Credits Activities. The ES National Activities spending plan includes \$20,000,000 for the WOTC/WtW programs. Of this total, \$500,000 is being withheld to pay estimated WOTC/WtW postage costs. Of the remaining \$19,500,000, \$20,000 will be allotted to the Virgin Islands and the balance will be distributed based on a \$64,000 minimum allotment and a 95% stop-loss/120% stop-gain from the FY 2000 allotment share percentage, based on a formula as follows: (1) 50% is allocated based on each State's relative share of total certifications issued for WOTC and for the WtW tax credit; (2) 30% is allocated based on each State's relative share of the civilian labor force (CLF); and (3) 20% is allocated based on each State's relative share of the adult recipients of Temporary Assistance for Needy Families (TANF). The data utilized for these factors reflect actual certifications reported for FY 2000, CY 1999 CLF averages, and adult recipients of TANF for FY 1999.

6. General Administration. Regional Offices are responsible for field level review of the ES grants. This includes review and approval of State plans, analysis of expenditures and performance data, and on-site reviews. States are expected to administer WOTC/WtW funds in accordance with the Act and applicable regulations, and the terms and conditions of the Wagner-Peyser Act Annual Funding Agreement, which include administrative requirements and cost principles of Federal Regulations at 29 CFR Part 97 and OMB Circular A-87. Further, programs must also be administered in accordance with the policy and procedure guidance set forth in the second edition of ETA Handbook 408. Current ES Regulations at 20 CFR 658.400 Subpart E cover the complaint and appeals procedures. Other applicable regulatory provisions are incorporated in the grant plan Statement of Work (attached).

7. Reporting. States are to plan for total expenditures (exclusive of "carry in" funds) by calendar quarter. A separate Financial Status Report (SF-269 -- long form) must be submitted quarterly by each State for each year of funds provided, until such time as all funds have been expended or the period of availability for the WOTC/WtW plan has expired, whichever occurs

first. Expenditure reports (one original and two copies) are to be submitted to the appropriate ETA Regional Office. **Timely submission of these reports is extremely important to ensure proper accounting of funds.** Previous year fund balances will remain in the existing grant and should be expended under the current ETA (Regional Office) and State Master Agreement **before any FY 2001 funds are expended.** FY 2001 funds will be allocated and expended pursuant to the new Wagner-Peyser Act Annual Funding Agreement between the State and the ETA National Office.

8. Grant and Plan Effective Date. Plans should cover the twelve (12) month period from the start of FY 2001, i.e., October 1, 2000 through September 30, 2001.

9. Action Required. SESA Administrators are requested to:

a. Immediately transmit this planning issuance to the appropriate State staff.

b. Submit three (3) copies of the FY 2001 WOTC/WtW Annual Plan to the appropriate Regional Office. Plans should be prepared in accordance with Attachments I, II, and III (Grant Procedures, Allocation List, and Plan Narrative Instructions) and be submitted to the appropriate Regional Office by March 20, 2001.

The Plan must include:

- i. Transmittal Letter;
- ii. Application for Federal Assistance (SF 424);
- iii. Budget Expenditure Plan (SF 424 A - Section D only);
- iv. Plan Narrative: these plans should include only those activities that will be supported with FY 2001 funds.

10. Inquiries. Program questions may be directed to your Regional Office contact person or to Carmen Ortiz (Office of Workforce Security, Division of USES/ALMIS) at (202)693-2786. All questions regarding grant and financial issues should be directed to Gwendolyn Baron-Simms or Fred Tello at (202)693-3309, or (202)693-3333, respectively.

11. Attachments.

- I. Grant Procedures
- II. Allocations for FY 2001
- III. WOTC/WtW Plan Narrative Instructions

## Grant Procedures

A. Grant Agreements. The current "Master Agreement" (pre-Program Year 2000/Fiscal Year 2001) established an ongoing grant relationship between the Department of Labor (DOL) and individual States to carry out responsibilities, on behalf of the Department, authorized under Section 7(d) of the Wagner-Peyser Act. This agreement will remain in effect (administered by the Regional Offices) for purposes of expending prior year funds only. With the transfer of grant officer authority, the ETA National Office has executed new Wagner-Peyser Act, Annual Funding Agreements with each State, to include both the base grant and cost reimbursable grant funds for PY 2000 and FY 2001. The Agreement includes a Standard Assurances and Certifications package to encompass most PY 2000/FY 2001 requirements. Notice of Obligation authority documents will be issued by the National Office Grant Officer based on Regional Office approval of required annual plans.

B. Annual Plan. The WOTC/WtW Annual Plan must include a transmittal letter, an Application for Federal Assistance (SF-424), a Budget Expenditure Plan (SF 424A, Section D only), and a Plan Narrative. Negotiations between the Grantee and the Regional Office will determine the acceptability of the Annual Plan.

- 1) Plans should cover a period of twelve (12) months from the start of FY 2001, i.e. October 1, 2000 through September 30, 2001.
- 2) States must submit three (3) copies of the FY 2001 WOTC/WtW Annual Plan to the appropriate Regional Office. Plans should be submitted by March 20, 2001. Please contact your Regional Office representative if there is a need for additional time.

Plans should be prepared in accordance with Attachments I, II, and III (Grant Procedures, Allocations, and Plan Narrative Instructions) and be submitted to the appropriate Regional Office.

- 3) Regional Offices will coordinate the review of plans and negotiate work plans with the States. Each State is to prepare a plan which includes a description of the activities to be conducted in accordance with the information contained in Attachment III.

C. FY 2001 Modifications. The Regional Office and the State may jointly modify the Annual Plan during the program year subject to the approval of the National Office Grant Officer. The plan modification must include a transmittal letter, a revised plan narrative, and a quarterly spending plan (i.e., SF 424 A, Section D only). Regional Offices are responsible for coordinating both funding adjustments and Annual Plan modifications. The Regional Office will have the authority to recommend fund adjustments where a State is not spending at agreed upon levels. When an adjustment is necessary, a bilateral modification may be issued by the ETA Grant Officer.

In the event that the Secretary of Labor may be required by future legislation to carry out other responsibilities not anticipated in the Annual Plan, the States will be requested to submit a modification to the Annual Plan in order to carry out these additional duties.

D. Financial Reconciliation. After the end of the grant period, a financial reconciliation procedure will be conducted by the Regional Office to reconcile accounting records maintained by the State with the Department's original accounts.

## FY 2001 State WOTC Allotments

STATE	FY 2001 CR through 12/5/00	Balance of FY 2001 Formula Allotment	Total FY 2001 Allotment
Alabama	\$70,162	\$266,468	\$336,630
Alaska	\$12,692	\$51,308	\$64,000
Arizona	\$52,991	\$201,255	\$254,246
Arkansas	\$76,560	\$290,768	\$367,328
California	\$458,167	\$1,912,562	\$2,370,729
Colorado	\$41,112	\$156,140	\$197,252
Connecticut	\$51,937	\$197,252	\$249,189
Delaware	\$12,692	\$51,308	\$64,000
District of Columbia	\$12,692	\$51,308	\$64,000
Florida	\$151,661	\$575,994	\$727,655
Georgia	\$87,027	\$381,027	\$468,054
Hawaii	\$12,692	\$51,308	\$64,000
Idaho	\$12,692	\$51,308	\$64,000
Illinois	\$224,314	\$851,922	\$1,076,236
Indiana	\$59,763	\$255,022	\$314,785
Iowa	\$43,112	\$191,578	\$234,690
Kansas	\$28,733	\$109,124	\$137,857
Kentucky	\$63,927	\$242,790	\$306,717
Louisiana	\$107,334	\$407,641	\$514,975
Maine	\$14,153	\$53,752	\$67,905
Maryland	\$103,964	\$394,846	\$498,810
Massachusetts	\$88,877	\$337,544	\$426,421
Michigan	\$133,019	\$600,437	\$733,456
Minnesota	\$68,907	\$261,701	\$330,608
Mississippi	\$36,424	\$138,335	\$174,759
Missouri	\$94,527	\$359,005	\$453,532
Montana	\$12,692	\$51,308	\$64,000
Nebraska	\$23,324	\$88,582	\$111,906
Nevada	\$22,929	\$87,083	\$110,012
New Hampshire	\$12,692	\$51,308	\$64,000

STATE	FY 2001 CR through 12/5/00	Balance of FY 2001 Formula Allotment	Total FY 2001 Allotment
New Jersey	\$112,036	\$425,500	\$537,536
New Mexico	\$23,900	\$118,587	\$142,487
New York	\$270,814	\$1,028,524	\$1,299,338
North Carolina	\$89,564	\$453,240	\$542,804
North Dakota	\$12,692	\$51,308	\$64,000
Ohio	\$144,514	\$731,313	\$875,827
Oklahoma	\$34,364	\$130,509	\$164,873
Oregon	\$50,764	\$192,799	\$243,563
Pennsylvania	\$219,008	\$831,768	\$1,050,776
Puerto Rico	\$18,308	\$92,650	\$110,958
Rhode Island	\$12,692	\$51,308	\$64,000
South Carolina	\$44,258	\$168,087	\$212,345
South Dakota	\$12,692	\$51,308	\$64,000
Tennessee	\$79,783	\$403,745	\$483,528
Texas	\$204,635	\$892,592	\$1,097,227
Utah	\$18,892	\$71,752	\$90,644
Vermont	\$12,692	\$51,308	\$64,000
Virginia	\$81,520	\$309,606	\$391,126
Washington	\$101,609	\$385,900	\$487,509
West Virginia	\$23,637	\$89,769	\$113,406
Wisconsin	\$84,266	\$320,035	\$404,301
Wyoming	\$12,692	\$51,308	\$64,000
Virgin Islands	\$3,956	\$16,044	\$20,000
TOTAL	\$3,861,056	\$15,638,944	\$19,500,000
Postage	\$94,944	\$405,056	\$500,000
TOTAL ALLOTMENT	\$3,956,000	\$16,044,000	\$20,000,000

Work Opportunity Tax Credit (WOTC)/Welfare-to-Work (WtW) Tax Credit  
Plan Narrative Instructions

Statement of Work. State agencies will submit detailed narrative descriptions of their plans for carrying out the following functions:

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;
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 second edition of ETA Handbook 408;
3. Establishing and implementing an Appeals' Resolution and Policy Clarification System in accordance with the guidelines provided in the second edition of ETA Handbook 408 (Chapter VIII, Section F, pp VIII-4-8);
4. Establishing and maintaining appropriate forms review, record keeping, and reporting capability related to the orderly management of WOTC/WtW certification requests;
5. Establishing and maintaining an orderly system for regularly verifying the eligibility of a random sample of individuals certified under the WOTC/WtW programs, and initiating effective corrective action when appropriate as indicated by results of such activities;
6. Negotiating formal cooperative agreements with Workforce Investment Areas under the Workforce Investment Act (WIA), State Vocational Rehabilitation agencies, and other State and local agencies and organizations for the purposes of issuing conditional certifications where appropriate, and/or augmenting WOTC/WtW marketing activities;
7. Negotiating formal cooperative agreements with appropriate State agencies, including the Departments of Health and Human Services, Agriculture and Housing and Urban Development to expedite verification of information provided to the SESAs by participating target group members;
8. Training, as appropriate, State and participating agency staff, and providing monitoring and technical assistance to these agencies, as appropriate; and



9. Cooperating with employment and training organizations already working with the private sector, such as Job Corps Centers, veterans organizations, Job Service Employer Committees (JSECs) and Workforce Investment Boards, to inform employers about requirements for use of WOTC/WtW.

#### Special Assurances

1. Provisions of the Internal Revenue Code Section 51, as amended, must be adhered to in conducting the program. By law, SESAs are designated to provide WOTC/WtW program services.

2. Conditions and standards of performance for administration and operation of the program shall be guided by the second edition of ETA Handbook No. 408 for the Work Opportunity Tax Credit program. The State shall maintain a verification and quality control program in accordance with Handbook guidance.

3. Fund utilization will be reviewed against the quarterly spending plan and when expenditures are substantially below plan, ETA may deobligate funds for redistribution.