

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC/WtWTC
	CORRESPONDENCE SYMBOL OWS
	DATE January 7, 2002

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 9-01

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

/s/

FROM : EMILY STOVER DeROCCO
 Assistant Secretary

SUBJECT : Work Opportunity Tax Credit (WOTC) and Welfare-to-Work Tax Credit Program (WtWTC) Procedural Guidance During Authorization Lapse.

1. Purpose. To provide procedural guidance to States for processing requests for certification under the Work Opportunity and Welfare-to-Work Tax Credit program after the December 31, 2001 expiration. This guidance covers the period January 1 through September 30, 2002, or until further notice.

2. References. The *Ticket to Work and Work Incentives Improvement Act of 1999*, (P.L. 106-170); Internal Revenue Code of 1986, Sections 51 and 51A, as amended; and ETA Handbook No. 408, Second Edition, November 1998.

3. Background. The WOTC and WtWTC program legislative authority expired on December 31, 2001. WOTC and WtWTC program reauthorization legislation was contained in the Economic Stimulus package on which Congress failed to complete action in December. There is no indication at this time if or when the Congress may pass legislation that reauthorizes the program or whether the President will sign such legislation.

In the past when the tax credit program lapsed and the Congress subsequently reauthorized the program, legislative provisions allowed for retroactive certification of eligibility for the period between the expiration date and the reauthorization date. However, to be eligible for the tax credit during that period, employers must have properly filed requests for certification in a timely manner and states must have received and logged them in for subsequent approval or denial. Final job seeker eligibility certification could only be made after the tax credit reauthorization legislative provisions were known.

RESCISSIONS None	EXPIRATION DATE September 30, 2002
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In the event that the tax credit program is reauthorized with such retroactive provisions, proper management of employer certification requests may help prevent large backlogs.

4. Action Required

State Workforce Agency (SWA) Administrators are requested to inform employers regarding the WOTC and WtW tax credit authorization lapse and the conditions for employer certification requests of new hires during this period. Employers should be notified, however, that although Congress has provided for retroactive eligibility certification in the past, certifications for an employer's new hires during this hiatus are not guaranteed.

SWAs are also requested to adhere to the following:

- States must accept and fully process WOTC and WtWTC certification requests for employer hires made prior to January 1, 2002.
- States should accept, date stamp, log, and retain certification requests employer new hires made between January 1, and September 30, 2002.
- States may conduct all steps necessary to process certification requests up to, but not including, issuance of the actual certification or denial.
- States and Participating Agencies (PAs) should continue to issue Conditional Certifications of job seeker eligibility.
- States should notify all PAs of this guidance upon receipt of this advisory.
- Funding to support the tax credit program has been included in several Continuing Resolutions (CR) authorized since October 1, 2001. States have received a Notice of Obligation (NOO) through their appropriate regional Office for a proportionate share of the funding available. These funds should be used to support program administration. When the President signs into law the FY

2002 DOL Appropriations bill, which includes full year funding for the tax credit program, DOL will release additional funds for states to carry out these activities.

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- States may utilize Sec. 7(a) and (b) Wagner-Peyser funds for handling and processing WOTC and WtWTC employer requests. States choosing to do so must modify their annual plans to reflect such activities and send the modification to their Cost Reimbursable Grants for approval to the respective regional office and to the national office to the Attention of: James Stockton, Jstockton@doleta.gov at USDOL, ETA, OFAM, Office of Grant and Contract Management, 200 Constitution Avenue N.W., Room S-4203, Washington DC, 20210.

5. Inquiries. Direct all questions to the appropriate Regional WOTC/WtWTC Coordinator.