

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE August 30, 2017

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 2-17

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

FROM: BYRON ZUIDEMA /s/
Deputy Assistant Secretary

SUBJECT: Work Opportunity Tax Credit (WOTC) Funding Allotments for Fiscal Year (FY) 2017

1. **Purpose.** To provide the State Workforce Agencies (SWAs) with final funding allotments for the administration of the WOTC program through September 30, 2017.

2. **References.**

- Consolidated Appropriations Act, 2017 (Pub. L. 115-31);
- Sections 142 and 171 of the Protecting Americans from Tax Hikes (PATH) Act of 2015 (Pub. L. 114-113);
- Section 51 of the Internal Revenue Code of 1986, as amended;
- November 2002, Third Edition of ETA Handbook 408 (the Handbook);
- August 2009 Addendum to the Handbook, and
- Workforce Innovation and Opportunity Act, part 658.

3. **Background.** For WOTC, the Consolidated Appropriations Act, 2017, Public Law 115-31, enacted May 5, 2017 (from this point forward, referred to as “the Act”) provides \$18,485,000 for FY 2017 funds. In December 2016, Employment and Training Administration (ETA) issued program funds to State Workforce Agencies (SWAs) for Continuing Resolutions 1 and 2 for FY 2017 to maintain uninterrupted administration of the WOTC program. ETA is issuing the remaining balance of FY 2017 funds to the SWAs for the operation of authorized activities of the WOTC Program through September 30, 2017.

The WOTC program is currently authorized through December 31, 2019.

4. **Funding.** After dissemination of funding to states under Continuing Resolution (CR) 1 and CR 2, the balance of funding for the remainder of FY 2017 totals \$7,879,796. See Attachment I to see the FY 2017 full year allotment amount, total amounts obligated under

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CR 1 and CR 2, and balance to the states. After allocating \$20,000 for the Virgin Islands, Employment and Training Administration (ETA) distributes the remaining funds to states by administrative formula with a \$66,000 minimum allotment and a 95 percent stop-loss/120 percent stop-gain from the previous year allotment share percentage. For FY 2017, the formula allotment data factors and percentages are as follows:

- 1) Fifty percent is based on each state's relative share of total certifications issued from October 1, 2015 through September 30, 2016 for the WOTC Program;
- 2) Thirty percent is based on each state's relative share of the Civilian Labor Force averages for the 12-month period from October 1, 2015 through September 30, 2016; and
- 3) Twenty percent is based on each state's relative share of adult recipients of Temporary Assistance for Needy Families averages from October 1, 2014 through September 30, 2015.

5. **General Administration.** With these funds, SWAs are responsible for administering the WOTC program through September 30, 2017, including the certification process, promoting the program to employers, reducing and eliminating existing backlogs, and reporting program data on a quarterly basis. In addition, SWAs must administer the WOTC in accordance with the policies and procedural guidance set forth in the November 2002, Third Edition of ETA Handbook 408 (the Handbook); the August 2009 Addendum to the Handbook; Section 51 of the Internal Revenue Code of 1986, as amended; the current Federal regulations which cover the job service complaint procedures at 20 CFR part 658, subpart E; and with ETA's policy directives issued to the SWAs, employer community, participating agencies and all other partners through Training and Employment Guidance Letters (TEGLs). Additionally, Attachment II, the WOTC Statement of Work, provides a list of other applicable requirements.
6. **Reporting Requirements.** SWAs must report expenditures quarterly using ETA Form 9130. Quarterly financial reports are due within 45 days following the end of each quarter, and should cover all WOTC funds. Timely submission of these reports is important to ensure proper accounting of funds. ETA will conduct a financial reconciliation at the end of the fiscal year and grant period. SWAs must use the Web-based Enterprise Business Service System (EBSS), Tax Credit Reporting System to report quarterly program activities and outcomes using ETA Form 9058. Quarterly performance reports are due within 45 days following the end of each quarter. Timely submission of these reports is important for program management purposes, and enables ETA to respond to inquiries on program activities from Congress and other stakeholders.
7. **Action Requested.** ETA requests that Regional Administrators and SWA administrators provide this TEGL to all WOTC State Coordinators and related program staff, participating agencies and all other interested partners.

8. **Inquiries.** Please direct all questions to the appropriate Regional WOTC Coordinator, listed on the WOTC program Website at:
http://www.doleta.gov/business/incentives/opptax/Regional_Contacts.cfm.

9. **Attachments.**

I. FY 2017 WOTC State Allotments and Balance After Dissemination to States under CR 1 and 2

II. WOTC Statement of Work