

Work Opportunity Tax Credit (WOTC)

Statement of Work

State Workforce Development Agencies, also known as State Workforce Agencies (SWA), must use funds for the Fiscal Year to conduct the following mandatory activities:

1. Adhere to Employment and Training Administration (ETA) guidance, and provisions of the Internal Revenue Code of 1986, Section 51, as amended, in administering the Work Opportunity Tax Credit (WOTC) certification process. Law designates the SWA as the only agency that can issue a Certification (26 USC §51(d)(12)). (That statute refers to SWAs as State employment security agencies, established in accordance with 29 U.S.C. 49).
2. Designate a State Coordinator who oversees the WOTC administration for each state grant and attends monthly technical assistance grantee calls hosted by ETA's National and/or Regional Offices.
3. 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.
4. Establish and implement an appeals resolution process in accordance with the guidelines provided by ETA.
5. Develop a backlog reduction plan that includes an estimated timeline to eliminate the state's existing backlog based on current policies and procedures and notify their ETA Regional Coordinator prior to plan implementation.
6. Establish and maintain appropriate forms' quality review process, record keeping, and reporting capability related to the orderly management of WOTC certification requests in accordance with the policies and procedures set forth by ETA.
7. Establish and maintain an orderly system for regularly verifying the eligibility of a random sample of individuals certified under WOTC on a quarterly basis, and initiating effective corrective action when appropriate, as indicated by results of such quality control activities.

Additionally, SWAs are strongly encouraged to use the funds to conduct the following activities:

- Adopt information technology (i.e., systems applications, software, etc.) to process certification requests more efficiently, or make modernization improvements to their existing systems or procedures to increase efficiency and reduce any processing backlog.
- Develop working agreements, such as Memoranda of Understanding (MOU) or other formal agreements, with partner agencies in the American Job Center network (also known as the One-Stop Career Center system) to coordinate efforts to promote WOTC to employers, job seekers and other Workforce Innovation and Opportunity Act partners.
- Develop working agreements such as MOUs or other formal agreements with other SWAs for the timely and orderly processing of "out of state" certification requests requiring SWAs to provide available documentation and/or records for WOTC potentially eligible applicants (new hires) relocating and working in another state.

- Develop working agreements, such as MOUs or other formal agreements, with state or local partnering agencies (i.e., state Vocational Rehabilitation Agencies, Veterans Affairs Administration and related organizations, Employment Networks, and other local workforce areas), for the purposes of expediting verification of targeted group eligibility information submitted in certification requests, and issuing Conditional Certifications, where appropriate. SWAs are expected to train state and participating agency staff, and provide monitoring and technical assistance to these agencies, as appropriate, for conducting targeted group preliminary eligibility determinations and issuing Conditional Certifications.

Other Grant Agreement Conditions

By entering into this agreement, the SWA agrees to the following conditions:

- SWAs must assure that all data exchanges conducted through or during the course of performance of this grant will be conducted in a manner consistent with applicable Federal law and [TEGL NO. 39-11](#), issued on June 28, 2012. All such activity conducted by ETA and/or recipient/s will be performed in a manner consistent with applicable state and Federal laws.
- SWAs must fulfill performance and financial reporting requirements under the grant agreement.