

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI DNPTTA
	DATE December 5, 2024

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

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

FROM: JOSÉ JAVIER RODRÍGUEZ 
Assistant Secretary

SUBJECT: Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year 2025

1. **Purpose.** To convey the Fiscal Year (FY) 2025 initial funding allotments for WOTC application requirements for State Workforce Agencies (SWA), based on funding appropriated through a continuing resolution through December 20, 2024.
2. **Action Requested.** Grantees must meet the application requirements detailed in section 4 within 30 calendar days from the date of this Training and Employment Guidance Letter (TEGL) issuance.
3. **Summary and Background.**
 - a. Summary – On September 26, 2024, the President signed into law H.R. 9747, a continuing resolution (CR) known as the Continuing Appropriations and Extensions Act, 2025 (Pub. L. 118-83). The continuing resolution (CR) provides for incremental FY 2025 grant funding for states’ administration of the WOTC, prorated based on the CR’s expiration date of December 20, 2024. The appropriation for WOTC under this CR is \$4,101,822. Once Congress authorizes final appropriations for FY 2025, or additional incremental funding under a subsequent CR, the Employment and Training Administration (ETA) will publish a change to this TEGL to announce the incremental or full-year allotments and state balances. 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.
 - 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),

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administers all tax-related provisions and requirements of the tax credit. The U.S. Department of Labor, through ETA, awards grants to states for administration of 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 initial FY 2025 funding.

Allotment Formula. ETA determined initial FY 2025 state allotments (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 prorated funding amount through December 20, 2024.

ETA determines 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 a \$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 FY'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' 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 'new' 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://www.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://www.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://www.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* (Attachment II).

As noted above, this TEGL provides incremental funding proportional to funds appropriated through the December 20, 2024 expiration date in the Continuing Resolution; 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/>).
7. **Attachment(s).**
- Attachment I: Work Opportunity Tax Credit Fiscal Year 2025 Initial State Allotments
 - Attachment II: Work Opportunity Tax Credit Statement of Work

State	"CR #1: 10/1/24 thru 12/20/24 (22.19%)"	Total
		\$4,101,822
Alabama		63,204
Alaska		17,559
Arizona		72,528
Arkansas		34,411
California		518,848
Colorado		63,058
Connecticut		35,810
Delaware		21,541
District of Columbia		17,559
Florida		209,810
Georgia		107,341
Hawaii		22,190
Idaho		19,887
Illinois		153,888
Indiana		57,553
Iowa		46,079
Kansas		30,941
Kentucky		74,530
Louisiana		65,422
Maine		17,559
Maryland		83,976
Massachusetts		80,143
Michigan		121,030
Minnesota		60,663
Mississippi		43,681
Missouri		79,746
Montana		17,559
Nebraska		28,092
Nevada		36,118
New Hampshire		17,559

Work Opportunity Tax Credit
FY 2025 Funding under Continuing Resolution

Attachment I

New Jersey	78,690
New Mexico	35,779
New York	264,050
North Carolina	115,858
North Dakota	17,559
Ohio	183,143
Oklahoma	54,830
Oregon	54,860
Pennsylvania	149,669
Puerto Rico	21,688
Rhode Island	19,017
South Carolina	59,346
South Dakota	17,559
Tennessee	137,697
Texas	334,613
Utah	26,406
Vermont	17,559
Virginia	87,198
Washington	87,601
West Virginia	26,406
Wisconsin	68,462
Wyoming	17,559
Virgin Islands	7,988

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 U.S.C § 51(d)(12)). (That statute refers to SWAs as State employment security agencies, established in accordance with 29 U.S.C. § 49 et seq.).
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 determinations (certifications, denials, or notices of invalidation for invalid certifications that were previously issued) on a timely and consistent basis, and in accordance with the national guidelines, policies and procedures set forth by ETA.
4. Establish and implement a standard operating procedures (SOP) or operating manual for consistent administration of the WOTC program which includes 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 efforts to modernize information technology for processing certification requests. SWAs must notify their ETA Regional Coordinator of backlog reduction work plans prior to plan implementation.
6. Establish and maintain appropriate quality review processes, record keeping procedures, 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 applicants (new hires) working remotely or relocating and working in another state.

- Develop working agreements, such as MOUs or other formal agreements, with Federal, State or local partnering agencies (i.e., 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 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 recipients 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.