

<b>II. Program-Specific Recovery Plan for Recovery.gov (Q 2.8 of Guidance)</b>	
<b>DOL Agency MAX ID and name: Employment and Training Administration (ETA)</b>	
<b>Recovery Program: Work Opportunity Tax Credit (WOTC) Program</b>	
Does this program align with an existing CFDA program?	17.271
<b>1. Objectives:</b>	
Program Purpose	<p>The Work Opportunity Tax Credit (WOTC) Program was created in 1996 by the Small Business Job Protection Act P.L. 104-188). The program provides a tax credit to incentivize private-sector businesses to hire individuals from 12 target groups who have consistently faced significant barriers to employment, including the two new target groups authorized by the Recovery Act.</p> <p>The two new target groups are: 1) unemployed veterans and 2) disconnected youth. An individual will qualify as an unemployed veteran if they were discharged or released from active duty from the Armed Forces during the five-year period prior to hiring and received unemployment compensation for more than four weeks during the year before being hired by the business that will receive the tax credit. An individual qualifies as a disconnected youth if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months, or they are not readily employable due to lack of basic skills.</p>
Public Benefits	<p>The benefits are two-fold: 1) the program enables the disadvantaged persons in the targeted groups to gradually move from economic dependency into self-sufficiency as they earn a steady income and become contributing tax payers, and 2) the participating private-sector businesses are provided with a federal income tax credit for up to \$2,400 if they hire individuals in the two new target groups, Unemployed Veterans and Disconnected Youth; up to \$4,800 if they hire certain Disabled Veterans; and up to \$9,000 if they hire Long-term TANF recipients for a two-year period. .</p>
<b>2. Projects and Activities:</b>	
Kinds and scope of projects and activities to be performed	<p>In general, the program offers a tax credit to businesses who hire disadvantaged members of the 12 target groups. The program is administered jointly by the Departments of Labor and Treasury. Treasury, the lead agency for the WOTC Program, administers the tax credit's provisions through the Internal Revenue Service (IRS). Labor, through the Employment and Training Administration (ETA), allocates program funds to the States, develops policy and program guidance for the processing, verification and certification processes, develops a quarterly reporting system to collect program data, provides technical assistance and training, and oversees program implementation at the regional level.</p> <p>To assist States in administering the program under its expanded scope, ETA is actively engaged in providing the state workforce agencies technical assistance for effective program administration.</p> <p>State Workforce Agencies (SWAs) administer WOTC and help ensure the timely processing of applications. The operational management of the WOTC certification process includes: 1) determining whether the</p>

	<p>certification requests received were filed in a timely manner, 2) verifying target group eligibility with different state service providers, and 3) issuing to employers the state's final determination (i.e., a certification or a denial).</p> <p>SWAs will inform employers about the changes to WOTC – especially the two new target groups. They will also be involved in establishing quality control and record-keeping capability in accordance with IRS's records retention requirements. Lastly, SWAs are responsible for data management and more specifically, the collecting and reporting of program data to ETA on a quarterly basis to ensure program integrity.</p> <p>The Internal Revenue Service has defined the two target groups (unemployed veterans and disconnected youth) so as to require access to state unemployment insurance data to verify an individual meets the definition. SWAs are required to develop partnerships with their state unemployment insurance programs to obtain this data.</p> <p>NOTE: No Recovery Act funds were appropriated to support additional administrative costs of implementing the two new target groups. The total budget for States to administer the WOTC program nationally for FY 2009 is \$17,368,000. The proposed funding target for FY 2010 is \$18,520,000.</p>
<b>3. Characteristics:</b>	
Types of Financial Awards to be used	A – Formula Grants
Type of Recipient	State
Type of Beneficiary	Employers/Workers
<b>4. Major Planned Program Milestones:</b>	
Issuance of IRS Notice providing definitions of “unemployed veteran” and “disconnected youth”	NOTE: This step had to be completed before ETA's Training and Employment Guidance Letter could be finalized.
	Completed: May 28, 2009
New Forms	All seven reporting and administrative/processing forms and all program related materials, including an Addendum to the ETA Handbook 408, were revised and updated to reflect the two new target groups introduced by the Recovery Act and its statutory requirements. The package was submitted to the Office of Management and Budget (OMB) for clearance. These program materials were communicated in the Training and Employment Guidance Letter (TEGL) and National Training Webinars.
	Completed: September 1, 2009

Issuance of Training and Employment Guidance Letter No-3-09 Implementing Tax Credit Provisions for Two New Targeted	Training and Employment Guidance Letter 3-09 was issued to the States, the workforce system and the business sector detailing implementation of the two new Recovery Act categories in compliance with IRS's guidance. ETA issued TEGL 3-09 as well as a Change 1 and a Change 2 providing additional guidance and a national youth self attestation form. A Change 3, providing a minor clarification, is in clearance. TEGL 03-09 was published September 9, 2009. Change 1 was published on October 7, 2009; and Change 2 on March 5, 2010
	Completed: March 5, 2010
Funding/Strategic Plans	ETA revised guidance to the States related to their strategic plans for implementing the WOTC program. The new plan includes the two new targeted populations. ETA implemented the new planning process in FY 2010 through TEGL 16-09.
	Completed: March 5, 2010
Technical Assistance Webinars	ETA will conduct ongoing technical assistance through Webinars, monthly conference calls, e-mail and telephone communications, and regional meetings. Three National Webinars trained public and private sector representatives on new provisions introduced by the Recovery Act of 2009. Monthly conference calls with Regional WOTC coordinators supported provision of technical assistance to the states. A northeast regional conference for states and employers on the new Recovery Act categories also occurred in 2009. Webinars were completed by September 8, 2009. The Regional Conference was held on November 18, 2009.
	Expected Completion Date: Ongoing
Program Reporting	Regional WOTC Coordinators will be trained on the quarterly review process that will assist them in monitoring the accuracy of the States' quarterly reports.
	Expected Completion Date: Ongoing
Quarterly financial and program reports	Quarterly financial and program reports are due 45 days after the end of each quarter, by Fiscal Year, according to ETA Workforce Investment Act and Wagner-Peyser Act reporting policy. Fiscal Year 2010 began on October 1, 2009.
	Expected Completion Date: Ongoing
<b>5. Monitoring and Evaluation:</b>	
<p>The Department has established reporting systems and OMB-approved forms that grantees use to track, document and report expenditures and performance on a quarterly basis. Grantees are required to certify the accuracy of these reports prior to submitting them to ETA through the electronic reporting systems.</p> <p>ETA uses its Grants Electronic Management System (GEMS) and other related electronic data collection systems to conduct and document quarterly desk reviews of financial obligations, expenditures and program performance. Grantees identified as "high-risk grantees" through these reviews are given priority attention for on-site monitoring. ETA's quarterly desk reviews along with on-site reviews are used to identify potential risks and encourage program improvements through technical assistance and training.</p>	

Additionally, Regional WOTC Coordinators conduct periodic compliance review visits of States with special needs or deficiencies. To assist in the review, coordinators use the *Technical Assistance and Compliance Review Worksheet Guide* (OMB No. 1205-0371) which covers all financial and program components. ETA is also collecting more frequent information from States through “Monthly Conference Calls” with the WOTC Regional Coordinators. This information is used to plan and provide technical assistance and guidance to the States for the successful administration of the program.

To further ensure that funds are spent on the intended purpose and accurately reported, the Department requires all grantees to submit single audits annually. ETA works with grantees to resolve any audit findings through additional reviews and the development and implementation of corrective action plans.

**6. Measures:**

Measure Text	Applications processed for new target groups
Measure Type	Output
Measure Frequency	Quarterly
Direction of Measure	Increasing
Unit of Measure	Number of applications processed
Explanation of Measure	<p>The Recovery Act introduced two new groups: 1) Unemployed Veterans and 2) Disconnected Youth with their respective eligibility requirements.</p> <p>This new measure will be an aggregate report of the number of applications processed by all (SWAs) grantees. The Recovery Act did not provide additional funds for the administration of WOTC, but did expand the scope of eligible target groups. A baseline has yet to be determined for the number of applications processed.</p> <p>Program year is listed as 2010 due to a delay in issuance of guidance regarding the new ARRA categories; states were not able to begin issuing certifications until Fall 2009.</p>
Year	2010
Original Program Target	N/A
Revised Full Program Target	TBD
Targeted ARRA Increment	N/A
Actual	TBD
Goal Lead	Grace A. Kilbane, Administrator, Office of Workforce Investment

**7. Transparency and Accountability:**

Consistent with the transparency and accountability objectives of the Recovery Act, States submit quarterly reports which provide information on applications received, certified and denied. The reports include information on the two new target groups, disconnected youth and unemployed veterans.

ETA posts the summary of program data on the ETA website and the DOL Recovery webpage.

<b>8. Federal Infrastructure Investments:</b>
N/A
<b>9. Barriers to Effective Implementation:</b>
N/A
<b>10. Environmental Review Compliance:</b>
N/A