

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI DNPTTA
	DATE June 5, 2025

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 08-24, CHANGE 2

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

FROM: LORI FRAZIER BEARDEN 
Acting Assistant Secretary

SUBJECT: Change 2 to Training and Employment Guidance Letter (TEGL) No. 08-24, Work Opportunity Tax Credit (WOTC) Initial Funding Allotments for Fiscal Year (FY) 2025

1. **Purpose.** To convey the remaining Fiscal Year (FY) 2025 Work Opportunity Tax Credit (WOTC) funding allotments and explain application requirements for State Workforce Agencies (SWA), based on appropriated funding. Furthermore, this Change 2 TEGL announces 29 states selected to receive additional FY 2025 backlog award funding and provides instructions to those states on how to proceed. The rest of Training and Employment Guidance Letter (TEGL) No. 08-24 remains the same.
2. **Action Requested.** Grantees must meet the application requirements detailed in section 4 within 30 calendar days from the date of this TEGL issuance.
3. **Summary and Background.**
 - a. Summary – On December 5, 2024, the Employment and Training Administration (ETA) issued TEGL No. 08-24, which announced the initial FY 2025 WOTC funding allotments of \$4,101,822 under the Continuing Appropriations and Extensions Act, 2025 (Pub. L. 118-83, September 26, 2024). Congress passed a second continuing resolution (CR#2) known as the American Relief Act, 2025, (Pub. L. 118-158, December 21, 2024). CR#2 provided for incremental FY 2025 grant funding for states' administration of the WOTC, prorated based on CR#2's expiration date of March 14, 2025. The appropriation for WOTC under CR#2 was \$4,253,398. On March 15, 2025, the President signed the Full-Year Continuing Appropriations and Extensions Act, 2025 (Pub. L. 119-4, March 15, 2025) into law, authorizing the full year FY 2025 appropriations. This Change 2 TEGL announces the full-year appropriation and availability of the remaining balance to the states in the amount of \$10,129,780. The state allotment amounts are listed in Attachment I, "*Work Opportunity Tax Credit Fiscal Year 2025 State Allotments and Balance after Dissemination to States under Continuing Resolutions 1 through 2.*" ETA requests that SWAs submit applications for funding as allotted in Attachment I of this TEGL.

RESCISSIONS None	EXPIRATION DATE Continuing
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- 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), administers all tax-related provisions and requirements of the tax credit. The U.S. Department of Labor, through ETA, awards grants to states to administer the WOTC.

4. WOTC Allotment Formula and Application Instructions.

Allotment Formula. While under a CR for FY 2025 appropriations, incremental allotments to states were based on the prior fiscal year's formula and allotment percentage. ETA determined CR1 and CR2 WOTC state allotment amounts for FY 2025 by calculating each state's relative share of full-year FY 2024 funding and multiplying each state's relative share by the total FY 2025 CR prorated funding amounts, through December 20, 2024, and March 14, 2025, respectively. Once Congress passed the full-year FY 2025 appropriation, ETA determined FY 2025 state allotments for normal WOTC operations ('balance after dissemination to states under CR1 and CR2'), 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. ETA calculates 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, 2023 through September 30, 2024);
- 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, 2023 through September 30, 2024); 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 fiscal year's available data (October 1, 2023 through September 30, 2024).

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 within 30 calendar days from the issuance date of this TEGL at <https://www.grants.gov>.

The official, electronically signed SF-424 Form should be marked as a '**continuation**' application for funding, and grantees must enter their state-specific allotment amount listed in Attachment I as the state's requested estimated funding total in item #18 as their request for FY 2025 funding. States selected for FY 2025 WOTC Backlog Award funding must enter the state-specific award amount listed in Section 4 of this TEGL on a **separate** SF-424 Form.

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://sam.gov)) before submitting an SF-424 application.

If grantees previously indicated the estimated amount of Indirect Costs to be claimed by the recipient for FY 2025 expenditures under the SF-424 Form, submitted for the CR1 initial funding distribution announced in TEGL No. 08-24, grantees should not resubmit this information again in item #15, ‘Descriptive Title of Applicant’s Project,’ as part of this SF424 application request for remaining balances funding.

To submit the required documents, applicants must follow the “Apply for Grants” link on [Grants.gov](https://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. For the remaining balance funding, the opportunity number is ‘ETA-WOTC-TEGL-08-24-C2,’ and for backlog awards funding, the opportunity number is ‘ETA-WOTC-TEGL-08-24-C2-BACKLOG.’ If applicants encounter a problem with [Grants.gov](https://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.

General Administration. With their FY 2025 grant award, SWAs are responsible for conducting the WOTC activities outlined in the *WOTC Statement of Work* (See Attachment II of TEGL 08-24, available here: <https://www.dol.gov/agencies/eta/advisories/tegl-08-24>).

FY 2025 WOTC System Modernization Awards. ETA intends to distribute WOTC System Modernization awards to 29 states with the most critical needs for adopting or modernizing information technology for processing of certification requests, and/or assistance in alleviating processing backlogs. To inform the selection process, ETA analyzed the following data:

- a. FY 2024 backlog total and percentage ratio it represents of the state’s total workload; and
- b. FY 2023 and FY 2024 financial reports.

ETA also asked all interested states to describe their intended uses of system modernization awards, specifically how the states would use this award to make improvements to their existing systems or procedures and reduce their backlog, and/or how states have used prior backlog awards to make improvements to their systems/reduce processing backlog.

ETA analyzed FY 2023 and FY 2024 financial reports to determine a state’s ability to use additional funding and did not select states with extraordinarily low expenditure rates to receive additional backlog funds. ETA also reviewed states’ narrative proposals to confirm states’ backlogs and information technology modernization needs. 29 states expressed interest in additional backlog funding to help them attain staff support, enhance or replace their current partially automated systems, and/or develop automated systems to more efficiently process certification requests. ETA validated the proposed uses and need for

funding from the 29 states that applied, to ensure funds were allotted to address system modernization issues and/or existing backlog to receive additional funding. Based on the availability of \$2,500,000 in funds, and the relative size of the state and their proposed solutions, ETA established three funding tiers to distribute these awards:

- Tier 1 = \$50,000
- Tier 2 = \$75,000
- Tier 3 = \$100,000

The selected states and corresponding funding amounts for these awards are as follows:

\$50,000	\$75,000	\$100,000
Delaware	Alaska	Arizona
Florida	Maine	Arkansas
Georgia	Michigan	California
Louisiana	New Hampshire	Connecticut
Vermont	Oklahoma	Illinois
	Wyoming	Indiana
		Maryland
		Massachusetts
		Minnesota
		Montana
		Nebraska
		New Jersey
		North Carolina
		North Dakota
		Ohio
		South Carolina
		Virginia
		Wisconsin

Note: If a state fails to submit the required application materials timely, or decides to refuse the award, ETA reserves the right to either redistribute such funds to the other selected states and/or consider additional state(s) for an award, as appropriate.

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 are important to ensure proper accounting of funds.
- b. **Quarterly Performance Report** – SWAs must use the web-based State Workforce Agency Reporting and Analysis System (SWARAS) 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 are 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>);
 - Pub. L. 118-83, Continuing Appropriations and Extensions Act, 2025 (<https://www.congress.gov/118/plaws/>);
 - Pub. L. 118-158, American Relief Act, 2025 ([BILLS-118hr10545enr.pdf](#)); and
 - Pub. L. 119-4, Full-Year Continuing Appropriations and Extensions Act, 2025 ([BILLS-119hr1968eh.pdf](#))
7. **Attachment.**
- Attachment I: Work Opportunity Tax Credit Fiscal Year 2025 State Allotments

Work Opportunity Tax Credit
FY 2025 State Allotments and Balance after Dissemination to States under Continuing Resolutions (CR) 1 through 2

State	FY 2025 Full Year Allotment Amount	Obligated under CR# 1 (10/1/24 through 12/20/24)	Obligated under CR# 2 (12/21/24 through 3/14/25)	Balance to States
Total	\$18,485,000	\$4,101,822	\$4,253,398	\$10,129,780
Alabama	341,798	63,204	65,540	213,054
Alaska	94,957	17,559	18,208	59,190
Arizona	312,637	72,528	75,209	164,900
Arkansas	186,089	34,411	35,682	115,996
California	2,230,506	518,848	538,022	1,173,636
Colorado	271,721	63,058	65,388	143,275
Connecticut	154,199	35,810	37,134	81,255
Delaware	116,492	21,541	22,338	72,613
District of Columbia	94,957	17,559	18,208	59,190
Florida	904,497	209,810	217,563	477,124
Georgia	462,574	107,341	111,308	243,925
Hawaii	119,103	22,190	23,011	73,902
Idaho	107,544	19,887	20,621	67,036
Illinois	662,730	153,888	159,574	349,268
Indiana	311,236	57,553	59,679	194,004
Iowa	198,212	46,079	47,782	104,351
Kansas	133,119	30,941	32,085	70,093
Kentucky	320,813	74,530	77,283	169,000
Louisiana	282,113	65,422	67,839	148,852
Maine	94,957	17,559	18,208	59,190
Maryland	361,672	83,976	87,080	190,616
Massachusetts	344,886	80,143	83,104	181,639
Michigan	521,350	121,030	125,502	274,818
Minnesota	261,123	60,663	62,904	137,556
Mississippi	188,287	43,681	45,295	99,311
Missouri	431,254	79,746	82,693	268,815
Montana	94,957	17,559	18,208	59,190
Nebraska	120,877	28,092	29,129	63,656
Nevada	155,593	36,118	37,452	82,023
New Hampshire	94,957	17,559	18,208	59,190
New Jersey	425,544	78,690	81,598	265,256
New Mexico	153,502	35,779	37,102	80,621
New York	1,135,912	264,050	273,808	598,054
North Carolina	499,537	115,858	120,140	263,539
North Dakota	94,957	17,559	18,208	59,190
Ohio	789,477	183,143	189,910	416,424
Oklahoma	296,509	54,830	56,855	184,824
Oregon	236,118	54,860	56,887	124,371
Pennsylvania	644,156	149,669	155,201	339,286
Puerto Rico	117,286	21,688	22,490	73,108
Rhode Island	102,839	19,017	19,719	64,103
South Carolina	255,868	59,346	61,539	134,983
South Dakota	94,957	17,559	18,208	59,190
Tennessee	591,445	137,697	142,785	310,963
Texas	1,440,358	334,613	346,978	758,767
Utah	142,800	26,406	27,382	89,012
Vermont	94,957	17,559	18,208	59,190
Virginia	471,551	87,198	90,420	293,933
Washington	376,940	87,601	90,838	198,501
West Virginia	119,644	26,406	27,382	65,856
Wisconsin	294,476	68,462	70,991	155,023
Wyoming	94,957	17,559	18,208	59,190
State Total	18,449,000	4,093,834	4,245,114	10,110,052
Virgin Islands	36,000	7,988	8,284	19,728