I. **Carry Forward Funds:** Unobligated balance of Title I funds not in excess of 20 percent of the total allocation.

Allowable carry forward funds are subject to all of the minimum/maximum cost limitations. For example, additional administrative expenditures cannot be charged against any carry forward funds if the full allowable percentage has already been spent. Depending on the cause(s) of the under-expenditure, the State Workforce Investment Board (SWIB), or its designee, has some flexibility in allowing the Local Workforce Investment Board’s (LWIB) grantee(s) to carry forward funds in excess of 20 percent since the minimum obligation requirement (80 percent) applies to the local area as a whole §667.160.

II. **Reallocation:** The State may reallocate funds from the prior program year funding stream to eligible local areas.

A. **Recapture:**
   1. The amount to be recaptured, if any, from each local area funding stream for youth, adult, and dislocated workers for purposes of reallocation must be based on the prior year’s unobligated balance of funds that exceeds 20 percent of that year’s allocation for the program, less any amount reserved (up to 10 percent) for the costs of administration [§667.160(b)].

   2. Unobligated balances are to be determined based on allocations adjusted for any transfer between the adult and dislocated worker funding streams [§667.150(b) and §667.160(b)].

   3. Any increase or decrease in allocation will occur in the following program year’s grant.

B. **Eligible Local Areas:**
Those local areas, which have obligated at least 80 percent of the local area formula and discretionary allocations for the program year prior to the program year for which the determination is being made, will be considered eligible to receive the reallocated funds. This amount, if any, must be separately determined for each funding stream [§667.160(c), WIA Sections 128(c)(4) and 133(c)(4)].
C. State Requirements:
   1. Reallocation of funds will normally be processed during October or November of the second year of allocation (state requirement).

   2. Grantees receiving reallocated funds will be required to submit a modification to their plan and/or scope of work (state requirement).

III. Hold Harmless Provision: (20CFR 667.135); WIA Adult and Youth Allocations

A. 1. For the first two fiscal years after the date on which a local area is designated under section 116 of WIA, the State may elect to apply the “hold harmless” provisions specified in paragraph (B) of this section to local area allocations of WIA youth funds under §667.130(c) and to allocations of WIA adult funds under §667.130(d).

   2. Effective at the end of the second full fiscal year after the date on which a local area is designated under section 116 of WIA the State must apply the “hold harmless” specified in paragraph (B) of this section to local area allocations of WIA youth funds under §667.130(c) and to allocations of WIA adult funds under §667.130(d).

   3. There are no “hold harmless” provisions that apply to local area allocations of WIA dislocated worker funds.

B. 1. If a State elects to apply a “hold-harmless” under paragraph (A)(1) of this section, a local area must not receive an allocation amount for a fiscal year that is less than 90 percent of the average allocation of the local area for the two preceding fiscal years.

   2. In applying the “hold harmless” under paragraph (A)(2) of this section, a local area must not receive an allocation amount for a fiscal year that is less than 90 percent of the average allocation of the local area for the two preceding fiscal years.

   3. Amounts necessary to increase allocations to local areas must be obtained by ratably reducing the allocations to be made to other local areas.

   4. If the amounts of WIA funds appropriated in a fiscal year are not sufficient to provide the amount specified in paragraph (B)(1) of this section to all local areas, the amounts allocated to each local area must be ratably reduced. (WIA secs. 128(b)(2)(A)(ii), 133(b)(2)(A)(ii), 506.)
IV. Reallotment:

A. Reallotment occurs between states and is initiated by the U.S. Department of Labor. For a state to be eligible to receive a reallotment of youth, adult, or dislocated worker funds, a state must have obligated at least 80 percent of the prior program year allotment, less any amount reserved for the costs of administration. A state’s eligibility to receive a reallotment is separately determined for each funding stream [§667.150(c)].

B. If Nevada is subject to losing funds due to under-expenditure, only those responsible for the under-expenditure will incur a loss of funding.

V. Period of Availability: Funds not expended in the two (2) year period (program year and the succeeding program year) must be returned to the state [§667.107(b)(2)(i and ii)].

A. Returned funds are available for expenditure and may be used during the third program year of availability for statewide projects or they may be distributed to other local areas if the local area has fully expended its allocation of funds for the same program year within the two-year period.

B. Funds will be tracked separately by year of appropriation and identified by cost category.