Funds are available to the local area for a two-year allocation cycle. Many questions have been asked regarding the carryover of local WIA funds. The purpose of this memo is to clarify this issue.

At the end of the first year of the allocation cycle, up to 20 percent of the allocation can be carried over for expenditure during the second year in the allocation cycle. After adjustments for transfers and amounts reserved for administration, at least 80 percent of the allocation must have been obligated in the previous program year. *(Preamble)*

Any unobligated funds in excess of 20 percent may be recaptured by the State at the end of the first year of the allocation cycle. The amount to be recaptured from each local area, if any, is based on the obligations of the funds allocated to each local area for programs serving youth, adults, or dislocated workers, less any amount reserved (up to 10 percent at the local level) for the costs of administration. This amount, if any, is separately determined for each funding stream.

At the end of the second year of the allocation cycle, all unexpended funds will be recaptured by the State.