**Section 2625.70 Reallotment of Funds**

Section 303 of the Act contains provisions for the reallotment of excess carry-forward from states, as well as a requirement that states establish procedures to ensure the availability of funds for deobligation should a state have excess carry-forward. The reallotment of funds from states will be determined on the basis of an allowable carry-forward which equals 20% of the allotment for the previous program year plus funds not expended from the year prior to the previous year. The procedure for the reallocation of funds within Illinois will be contingent upon Illinois' status vis-a-vis the national reallotment process.

a) Procedures When the State Loses Funds Through U.S. DOL Reallotment

1) When Illinois loses funds due to reallotment by the U.S. DOL, the amount of the loss is proportioned according to the amount underspent by the SDAs as a group and by the Department. The determination of funds to be reallotted from the state is made on the basis of funds received by the state as a whole (i.e., funds received by substate areas and the Department). The statewide allowable carry-forward is 20% of the total statewide allotment, and the statewide excess carry-forward is the amount by which the combined carry-forward from both sources exceeds the allowable.

2) Following the determination of this statewide excess, excess carry-forward is calculated separately for the combined substate areas and for the Department, again on the basis of a 20% allowable carry-forward limit. If both have carry-forward in excess of their 20% allowable limit, then the excess carry-forward for each can simply be combined to provide for the state reallotment amount. If one is not in excess of the 20% allowable carry-forward limit, then the total state reallotment amount must be provided by the other.

3) In the event that the Department has carry-forward in excess of its allowable limit, the necessary amount of funds will be deobligated directly.

4) To determine excess carry-forward at the substate level, the following procedures will be adhered to:

A) An amount equal to 15% of the allocation for each SDA will be considered "allowable" carry-forward. Carry-forward above this amount will be considered "excess" carry-forward. The amount of "excess" carry-forward from each SDA will be aggregated. From this "pool" of funds will be deducted any substate share of state funds sent to the U.S. DOL as part of the national reallotment.

B) An SDA expending 85% or more of its total funds available will be eligible to receive funds redistributed from this "pool" of excess carry-forward funds, as adjusted by the results of the U.S. DOL reallotment process.

C) Any funds remaining in this "pool" will then be reallocated to "eligible" SDAs, on the basis of a two-part formula modeled on the federal formula used to reallot funds among the states. In the first step, the relative allocation percentages are calculated for eligible substate areas. Based on these relative percentages, the amount to be reallocated is distributed. However, the amount reallocated to substate areas with unemployment rates at or below the statewide average are taken back and "re-pooled." The relative allocation percentages are then again used to distribute this amount to all "eligible" SDAs. In this manner, SDAs with higher than average unemployment rates are eligible to receive reallocated funds from both distributions, while those with a lower rate of unemployment receive funds only from the second distribution.

b) Procedures When the State Gains, or Does Not Lose Funds Through U.S. DOL Reallotment

1) Again, a "pool" of excess substate area funds would be constructed, based upon a 15% of allowable carry-forward. In this case, however, the state as a whole would gain funds reallotted from other states or, of the amount received by the state in this manner, 60% would be added directly to the "pool" of substate area funds to be reallocated. This total amount would then be distributed according to the two-step method described above.

2) The remaining 40% of the funds received from the reallotment from other states would come to the Department and would be available for the same uses as the 40% state portion of the original allotment.

3) These reallotment and reallocation processes would be completed by October 1 of each year or the first working day after that date.

4) All funds received by substate areas in this manner would be subject to the same cost category limitations as the funds originally allocated during any program year.

(Source: Added at 15 Ill. Reg. 10368, effective July 1, 1991)