

Governor receives the plan (including such a modification), unless the Governor makes a written determination during the 90-day period that—

(1) deficiencies in activities carried out under this subtitle or subtitle B have been identified, through audits conducted under section 184 or otherwise, and the local area has not made acceptable progress in implementing corrective measures to address the deficiencies;

(2) the plan does not comply with the applicable provisions of this Act; or

(3) the plan does not align with the State plan, including failing to provide for alignment of the core programs to support the strategy identified in the State plan in accordance with section 102(b)(1)(E).

### **CHAPTER 3—BOARD PROVISIONS**

#### **SEC. 111. FUNDING OF STATE AND LOCAL BOARDS.**

(a) STATE BOARDS.—In funding a State board under this subtitle, a State—

(1) shall use funds available as described in section 129(b)(3) or 134(a)(3)(B); and

(2) may use non-Federal funds available to the State that the State determines are appropriate and available for that use.

(b) LOCAL BOARDS.—In funding a local board under this subtitle, the chief elected official and local board for the local area—

(1) shall use funds available as described in section 128(b)(4); and

(2) may use non-Federal funds available to the local area that the chief elected official and local board determine are appropriate and available for that use.

### **CHAPTER 4—PERFORMANCE ACCOUNTABILITY**

#### **SEC. 116. PERFORMANCE ACCOUNTABILITY SYSTEM.**

(a) PURPOSE.—The purpose of this section is to establish performance accountability measures that apply across the core programs to assess the effectiveness of States and local areas (for core programs described in subtitle B) in achieving positive outcomes for individuals served by those programs.

(b) STATE PERFORMANCE ACCOUNTABILITY MEASURES.—

(1) IN GENERAL.—For each State, the performance accountability measures for the core programs shall consist of—

(A)(i) the primary indicators of performance described in paragraph (2)(A); and

(ii) the additional indicators of performance (if any) identified by the State under paragraph (2)(B); and

(B) a State adjusted level of performance for each indicator described in subparagraph (A).

(2) INDICATORS OF PERFORMANCE.—

(A) PRIMARY INDICATORS OF PERFORMANCE.—

(i) IN GENERAL.—The State primary indicators of performance for activities provided under the adult and dislocated worker programs authorized under chapter 3 of subtitle B, the program of adult education and literacy activities authorized under title II, the

employment services program authorized under sections 1 through 13 of the Wagner-Peyser Act (29 U.S.C. 49 et seq.) (except that subclauses (IV) and (V) shall not apply to such program), and the program authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), other than section 112 or part C of that title (29 U.S.C. 732, 741), shall consist of—

(I) the percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program;

(II) the percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program;

(III) the median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;

(IV) the percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent (subject to clause (iii)), during participation in or within 1 year after exit from the program;

(V) the percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains toward such a credential or employment; and

(VI) the indicators of effectiveness in serving employers established pursuant to clause (iv).

(ii) PRIMARY INDICATORS FOR ELIGIBLE YOUTH.—The primary indicators of performance for the youth program authorized under chapter 2 of subtitle B shall consist of—

(I) the percentage of program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from the program;

(II) the percentage of program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from the program; and

(III) the primary indicators of performance described in subclauses (III) through (VI) of subparagraph (A)(i).

(iii) INDICATOR RELATING TO CREDENTIAL.—For purposes of clause (i)(IV), or clause (ii)(III) with respect to clause (i)(IV), program participants who obtain a secondary school diploma or its recognized equivalent shall be included in the percentage counted as meeting the criterion under such clause only if such participants, in addition to obtaining such diploma or its recognized equivalent, have obtained or retained employment or are in an education or training program leading to a recognized postsecondary credential within 1 year after exit from the program.

(iv) INDICATOR FOR SERVICES TO EMPLOYERS.—Prior to the commencement of the second full program year after the date of enactment of this Act, for purposes of clauses (i)(VI), or clause (ii)(III) with respect to clause (i)(IV), the Secretary of Labor and the Secretary of Education, after consultation with the representatives described in paragraph (4)(B), shall jointly develop and establish, for purposes of this subparagraph, 1 or more primary indicators of performance that indicate the effectiveness of the core programs in serving employers.

(B) ADDITIONAL INDICATORS.—A State may identify in the State plan additional performance accountability indicators.

(3) LEVELS OF PERFORMANCE.—

(A) STATE ADJUSTED LEVELS OF PERFORMANCE FOR PRIMARY INDICATORS.—

(i) IN GENERAL.—For each State submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the corresponding primary indicators of performance described in paragraph (2) for each of the programs described in clause (ii).

(ii) INCLUDED PROGRAMS.—The programs included under clause (i) are—

(I) the youth program authorized under chapter 2 of subtitle B;

(II) the adult program authorized under chapter 3 of subtitle B;

(III) the dislocated worker program authorized under chapter 3 of subtitle B;

(IV) the program of adult education and literacy activities authorized under title II;

(V) the employment services program authorized under sections 1 through 13 of the Wagner-Peyser Act (29 U.S.C. 49 et seq.); and

(VI) the program authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), other than section 112 or part C of that title (29 U.S.C. 732, 741).

(iii) IDENTIFICATION IN STATE PLAN.—Each State shall identify, in the State plan, expected levels of performance for each of the corresponding primary indicators of performance for each of the programs described in clause (ii) for the first 2 program years covered by the State plan.

(iv) AGREEMENT ON STATE ADJUSTED LEVELS OF PERFORMANCE.—

(I) FIRST 2 YEARS.—The State shall reach agreement with the Secretary of Labor, in conjunction with the Secretary of Education on levels of performance for each indicator described in clause (iii) for each of the programs described in clause (ii) for each of the first 2 program years covered by the State plan. In reaching the agreement, the State and the Secretary of Labor in conjunction with the Secretary of Education shall take into