of WIA, the Secretary must, upon re-
quest, provide technical assistance, as
authorized under WIA sections 136(g)
and 170.
(b) If a State fails to meet the nego-
tiated levels of performance for core
indicators of performance or customer
satisfaction indicators for the same
program in two successive years, the
amount of the succeeding year’s alloca-
tion for the applicable program may be
reduced by up to five percent.
(c) The exact amount of any alloca-
tion reduction will be based upon the
degree of failure to meet the nego-
tiated levels of performance for core
indicators. In making a determination
of the amount, if any, of such a sanc-
tion, we may consider factors such as:
(1) The State’s performance relative
to other States;
(2) Improvement efforts underway;
(3) Incremental improvement on the
performance measures;
(4) Technical assistance previously
provided;
(5) Changes in economic conditions
and program design;
(6) The characteristics of partici-
pants served compared to the partici-
pant characteristics described in the
State Plan; and
(7) Performance on other core indica-
tors of performance and customer sat-
satisfaction indicators for that program.
(WIA sec. 136(g).)
(d) Only performance that is less
than 80 percent of the negotiated levels
will be deemed to be a failure to
achieve negotiated levels of perform-
ance.
(e) In accordance with 20 CFR
667.300(e), a State grant may be reduced
for failure to submit an annual per-
formance progress report.
(f) A State may request review of a
sanction we impose in accordance with
the provisions of 20 CFR 667.800.

Subpart C—Local Measures of
Performance
§ 666.300 What performance indicators
apply to local areas?
(a) Each local workforce investment
area in a State is subject to the same
core indicators of performance and the
customer satisfaction indicators that
apply to the State under § 666.100(a).
(b) In addition to the indicators de-
scribed in paragraph (a) of this section,
under § 666.110, the Governor may apply
additional indicators of performance to
local areas in the State. (WIA sec.
136(c)(1).)

§ 666.310 What levels of performance
apply to the indicators of perform-
ance in local areas?
(a) The Local Board and the chief
elected official must negotiate with
the Governor and reach agreement on
the local levels of performance for each
indicator identified under § 666.300. The
levels must be based on the State nego-
tiated levels of performance estab-
lished under § 666.120 and take into ac-
count the factors described in para-
graph (b) of this section.
(b) In determining the appropriate
local levels of performance, the Gov-
ernor, Local Board and chief elected of-
 official must take into account specific
economic, demographic and other char-
acteristics of the populations to be
served in the local area.
(c) The performance levels agreed to
under paragraph (a) of this section
must be incorporated in the local plan.
(WIA secs. 118(b)(3) and 136(c).)

Subpart D—Incentives and
Sanctions for Local Performance
§ 666.400 Under what circumstances
are local areas eligible for State In-
centive Grants?
(a) States must use a portion of the
funds reserved for Statewide workforce
investment activities under WIA sec-
tions 128(a) and 133(a)(1) to provide In-
centive Grants to local areas for re-
gional cooperation among local boards
(including local boards for a designated
region, as described in WIA section
116(c)), for local coordination of activi-
ties carried out under this Act, and for
exemplary performance on the local
performance measures established
under subpart C of this part.
(b) The amount of funds used for In-
centive Grants under paragraph (a) of
this section and the criteria used for
determining exemplary local perform-
ance levels to qualify for the incentive
grants are determined by the Governor.
(WIA sec. 134(a)(2)(B)(iii).)