

(1) Subpart 2 of part A of subchapter II of this chapter.

(2) Subpart 1 of part D of subchapter II of this chapter.

(3) Subpart 1 of part A of subchapter IV of this chapter.

(4) Subpart 1 of part A of subchapter V of this chapter.

(Pub. L. 89-10, title VI, §6152, as added Pub. L. 107-110, title VI, §601, Jan. 8, 2002, 115 Stat. 1888.)

§ 7321b. Limitations on administrative expenditures

Each local educational agency that has entered into a local flexibility demonstration agreement with the Secretary under this division may use for administrative purposes not more than 4 percent of the total amount of funds allocated to the agency under the programs included in the scope of the agreement.

(Pub. L. 89-10, title VI, §6153, as added Pub. L. 107-110, title VI, §601, Jan. 8, 2002, 115 Stat. 1889.)

§ 7321c. Performance review and penalties

(a) Midterm review

(1) Failure to make adequate yearly progress

If, during the term of a local flexibility demonstration agreement, a local educational agency fails to make adequate yearly progress for 2 consecutive years, the Secretary shall, after notice and opportunity for a hearing, promptly terminate the agreement.

(2) Noncompliance

The Secretary may, after providing notice and an opportunity for a hearing (including the opportunity to provide information as provided for in paragraph (3)), terminate a local flexibility demonstration agreement under this division if there is evidence that the local educational agency has failed to comply with the terms of the agreement.

(3) Evidence

If a local educational agency believes that the Secretary's determination under this subsection is in error for statistical or other substantive reasons, the local educational agency may provide supporting evidence to the Secretary, and the Secretary shall consider that evidence before making a final early termination determination.

(b) Final review

If, at the end of the 5-year term of a local flexibility demonstration agreement entered into under this division, the local educational agency has not met the requirements described in section 7321(c) of this title, the Secretary may not renew the agreement under section 7321d of this title and, beginning on the date on which such term ends, the local educational agency shall be required to comply with each of the program requirements in effect on such date for each program included in the local flexibility demonstration agreement.

(Pub. L. 89-10, title VI, §6154, as added Pub. L. 107-110, title VI, §601, Jan. 8, 2002, 115 Stat. 1889.)

§ 7321d. Renewal of local flexibility demonstration agreement

(a) In general

Except as provided in section 7321c of this title and in accordance with this section, the Secretary shall renew for one additional 5-year term a local flexibility demonstration agreement entered into under this division if the local educational agency has met, by the end of the original term of the agreement, the requirements described in section 7321(c) of this title.

(b) Notification

The Secretary may not renew a local flexibility demonstration agreement under this division unless, not less than 6 months before the end of the original term of the agreement, the local educational agency seeking the renewal notifies the Secretary of its intention to renew.

(c) Effective date

A renewal under this section shall be effective at the end of the original term of the agreement or on the date on which the local educational agency seeking renewal provides to the Secretary all data required under the agreement, whichever is later.

(Pub. L. 89-10, title VI, §6155, as added Pub. L. 107-110, title VI, §601, Jan. 8, 2002, 115 Stat. 1889.)

§ 7321e. Reports

(a) Transmittal to Congress

Not later than 60 days after the Secretary receives a report described in section 7321(b)(10)¹ of this title, the Secretary shall make the report available to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.

(b) Limitation

A State in which a local educational agency that has a local flexibility demonstration agreement is located may not require such local educational agency to provide any application information with respect to the programs included within the scope of that agreement other than that information that is required to be included in the report described in section 7321(b)(10)¹ of this title.

(Pub. L. 89-10, title VI, §6156, as added Pub. L. 107-110, title VI, §601, Jan. 8, 2002, 115 Stat. 1890.)

SUBPART 4—STATE ACCOUNTABILITY FOR ADEQUATE YEARLY PROGRESS

§ 7325. Accountability for adequate yearly progress

In the case of a State educational agency that has a plan approved under subpart 1 of part A of subchapter I of this chapter after January 8, 2002, and has a plan approved under subpart 1 of part A of subchapter III of this chapter after January 8, 2002, the Secretary shall annually, starting with the beginning of the first school year following the first two school years for which such plans were implemented, review whether the State has—

¹ So in original. Probably should be section "7321(c)(10)".