1989


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MEMORANDUM

TO: LHR Education Staff
FROM: Sarah Malm
DATE: July 20, 1989
SUBJECT: Amendment to LSCA

The attached amendment will be offered by Senator Simon at the full committee mark-up.

This amendment would waive the maximum grant amount under title V of LSCA for major urban resource libraries. The term major urban resource library is defined in Section 3(14) of LSCA.

(14) "major urban resource library" means any public library located in a city having a population of 100,000 or more individuals, as determined by the Secretary.

No more than thirty percent of the total sums appropriated for the title may be used to provide grants to major urban resource libraries. Seventy percent of the grants will continue to be distributed in amounts not to exceed $15,000.

This amendment will allow those areas which experience a large demand for foreign language material due to their population to receive substantial grants. Seventy percent of the sums appropriated will continue to be distributed to rural and urban communities alike.
Notes for report language
July 11, 1989

Maintenance of effort

The law requires that there be available from state and local sources for each year not less than the total amount actually expended in the second preceding year. The law also requires that LSCA Title I funds be matched by state and local funds. The maintenance of effort requirement has proved helpful in securing and maintaining state and local support for LSCA programs. States are maintaining their support of LSCA programs and in many cases the states are substantially overmatched (they expend and report expenditures far in excess of that required for participation in LSCA).

As LSCA programs have changed to accommodate different needs identified in successive reauthorizations, there has been no provision for reassessing and updating the reporting of matching expenditures. Overmatching results in excessive paperwork and bookkeeping. HR 2742 provides that each five years the state library administrative agency may review its state and local expenditures under the programs and file with the Secretary a current, revised expenditure level to be used for measuring the maintenance of effort in future years. The review and revision authorized in the bill may be made of the FY 1988 and FY 1989 expenditures, providing a basis for measuring effort in FY 1990 and thereafter.

MURLS

The paragraph that follows subsection (7) of Section 103 the law provides that "No State shall, in carrying out the provisions of clause (2) of this section, reduce the amount paid to an urban resource library below the amount that such library received in the year preceding the year for which the determination is made under such clause (2)"). The MURLS provision goes into effect when the LSCA Title I appropriation exceeds $60 million, requiring that up to one half the funds available of the "excess" must be grated to the MURLS libraries. In FY 1989 the LSCA Title I appropriation is $81 million. If the appropriation for FY 1990 were to be decreased by $5 million, the states would have to maintain MURLS payments in FY 1990 at the FY 1989 level even though the allocations would be reduced substantially.

HR 2742 would address this by providing that the payments to MURLS libraries could be ratably reduced to the extent that Federal allocations to the State are reduced. HR 2742 would also authorize a ratable reduction to the extent that the 1990 Census shows the population of a city has decreased.

(Note: The ratable reduction language could be dropped from HR 2742 if the paragraph that follows subsection (7) were deleted from the law.)

Language.
Simon Amendment

In recognition of the increasing demand on libraries for foreign language materials, the escalating costs of these materials, and in recognition that major urban resource libraries have a disproportionate demand for foreign language materials, the Committee adopted an amendment offered by Senator Simon.

Title V of the Library Services and Construction Act provides grants to state and local libraries for foreign language material acquisition. The Simon amendment waives the maximum grant amount available under Title V for major urban resource libraries (as defined in the Library Services and Construction Act). The amendment allows for no more than thirty percent of the total funds appropriated for Title V to provide grants to major urban resource libraries which exceed the existing grant cap of $15,000.

The Committee recognizes that major urban resource libraries provide smaller libraries with foreign language materials. For example, forty percent of all information requests to the Chicago Public Library from other libraries in the State of Illinois are for foreign language materials. Therefore, the Committee adopted this language to afford major urban resource libraries with more flexibility in obtaining Title V funding. The Committee also recognizes that libraries serving smaller communities have a need for foreign language materials. To meet this need, the Committee encourages smaller libraries to apply for grants provided under Title V.
Library Literacy Centers

Recognizing the need to improve efforts to curb the high incidence of adult functional illiteracy, the Secretary is authorized to provide grants to local libraries for the establishment of model library centers. The centers may operate in existing local libraries under the direction of the State library administrative agency in conjunction with other bodies such as the State Educational Agency, the State Employment Agency, and public television. Grant money may be used to produce videos to be distributed by the local library or to be viewed within the library itself.
A significant part of the nation's library resources is endangered and must be preserved. The acidic nature of paper used for books, magazines, newspapers and government records since about 1850 causes many library materials to become brittle and crumble with use. Cramped and unsuitable shelving conditions in many libraries also endanger library materials which will be needed by future generations.

Testimony (Summers, page 6) showed that in several states small amounts of LSCA funds have been allocated for aspects of preservation. These initiatives have largely been undertaken under Title III as a part of a state's resource sharing program in which the state library works with universities, all types of libraries, information centers, networks, and others.

Amendments to Title III authorize a preservation program in which state library agencies would work with libraries, historical societies, archives, scholarly organizations and other agencies in a comprehensive program to ensure preservation of endangered library materials. Testimony (Strong, page 3 and page 3 of attachment) indicated the need for at least $5.1 million annually for systematic statewide preservation programs. Even with lesser resources at this point we hope that a state-by-state infrastructure for cooperation in preservation can be developed under Title III.

J. Shubert
New York State Library
518-474-5930

July 10, 1989

CRARY.8
Title II of LSCA has been amended to expand its focus from the construction and renovation of public library facilities to include their enhancement through technology. Committee amendments affecting Title II, including the addition of "technology enhancement" to the name of this title, adding a definition of the term "technology enhancement," and expanding the meanings of the terms "construction" and "equipment," all take note of the new realities of public library service. Witnesses (Hatch, p. 99-100) noted, for instance, that the "agricultural producer, manufacturer or student in the very smallest rural community needs access to that global information network just as badly as anyone else." Yet the costs for equipment to provide such access are high -- "we are talking now about libraries that are used to using typewriters that are twenty years old, and now we are introducing technology that will have to be upgraded and replaced in four to five years to make it available and able to enter into this global market place." Many public libraries have not been able to allocate funds from their operating budgets sufficient to take full advantage of technological applications. Capitalization costs have posed a significant barrier. It is the Committee's intent that substantial technological equipment necessary to provide access to information, that is, equipment in the nature of a capital investment, may be an eligible use of Title II funds, even though not part of a construction or renovation project.

suggested pmt long on S 1291
3/89 C. Henderson
also phoned by P. Sullivan
differences are fewer than she might have expected.

Since taking office after an election in January, Mr. Manley has displayed a level of equanimity, and a lack of bitterness, as compared to his earlier term in the 1970s. Then, driven by a strident left wing, Mr. Manley's administration gave itself over to bombast and ideological grandstanding. The economy, hit by high oil prices and low demand for bauxite, the main export, declined rapidly.

After replacing Mr. Edward Seaga, the conservative who became prime minister in 1980, Mr. Manley's People's National Party appears to have lost sight of social credit principles on which it was founded 50 years ago. The change of government has been unusually seamless for Jamaica.

According to Mr. Seymour Mullings, the Finance Minister, the Government intends to continue those of Mr. Seaga's policies which worked, and to change those which have not.

Consequently, Mrs. Thatcher will find that Mr. Manley shares her outlook on some aspects of economic management. Mr. Manley is continuing Mr. Seaga's programme of reducing the role of government in the economy. One of the Government's first acts was to free the state companies and is increasing the incentives for the private business sector to expand, creating a new climate of growth and lower 21 per cent unemployment rate and to lift exports.

Both Mr. Manley and Mrs. Thatcher, however, are likely to agree to disagree on some issues, including South Africa. Mr. Manley shares the belief of many of his Commonwealth colleagues that more economic pressure from the industrialised countries is a necessary tool for eventual political change in Pretoria.

Mr. Seaga's Administration would appear to be more commonly impressed with the direction of his successor's policies. "There is a clear pre-occupation with form rather than with substance," the former prime minister contends. "There is also a preoccupation with sending signals, a signal which appear to be mixed."

If Mr. Manley is preoccupied on his current visit to Europe the he will see the prime minister of France, Spain, Norway and Sweden in Berlin. The German government will be with the state of the island's economy. Recent growth after a decade of stagnation was dampened last September when hurricane Gilbert scored a direct hit on the island.

Gilbert's ghost still haunts the economy, which was rocked at the rate of 5.5 per cent last year but which now appears to have expanded by less than 1 per cent. "The effects of the storm are clear in the effect it had on agriculture," says Mr. Mullings, "the decline in the rate of growth of the economy is due the storm."

The economy could not meet performance targets agreed with the International Monetary Fund under a stand-by credit agreement. Mr. Mullings says a new pact has been concluded with the Fund that suggests there will be no fundamental changes in economic policy. He discounts recent suggestions of a currency devaluation. "The devaluation will not happen, it will not happen, it will not happen," he told the nation.

And while the Government is that three of the four pillars of the economy--tourism, bauxite mining and refining and manufacturing--will grow this year, agriculture, the third leading sector, is not expected to remain above 1983 and 1986. It is a marked contrast to the 1980s during which time agriculture, instead of suffering a 21 per cent decline as a result of the storm, Mr. Mullings has predicted growth of 4 per cent this year.

But it may be hard to convince the demands placed on the economy in servicing the foreign debt of $4.5bn ($2bn) which is just over half the island's Gross Domestic Product. The duties represent 41 per cent of the Government's projected expenditure for this year, says Mr. Mullings, and 39 per cent of earnings from exports of goods.

Government officials say the prime minister's visit to Europe is not in search of financial assistance, but rather "explaining our programme will be discussed." He has already visited Washington and spoken with President Bush, apparently forestalling any repeat of the strained relations with the US in the 1970s.

Mr. Manley, however, appears to be treading carefully in implementing his promise to reopen the diplomatic ties with neighbouring Cuba which were cut by Mr. Seaga in 1981. "The Government does not want to appear to be in a hurry to restore ties with Cuba because this could be misinterpreted by those who are looking for something to hit us with," explained a foreign official. "Diplomatic relations with Cuba will be restored but in due course."

In the four months since it took office, Mr. Manley's administration has had mixed reviews. Mr. Seaga said that although the storm damaged the economy, the decline in growth is the result of the Government's "inability to manage a market system economy" in the first few weeks. "It takes only a small accident to knock a car to crash it," the opposition leader said.

Mr. Manley will be more encouraged by the reaction of the private sector. "The Government's effort at continuity is a good thing," says Mr. Delroy Lindsay, executive director of the Private Sector Organization of Jamaica. "Some of its policies were good but he did not go far enough. Mr. Manley is prepared to go further in deregulating the economy and making the private sector the principal engine of growth." He emphasized that the economy must be able to produce for export and to compete in the global market.

Mr. Paul Chui-Young, one of the Island's leading bankers, said the new government "has made a deliberate attempt to cultivate the confidence of the business sector."

But the more moderate face of Mr. Manley's new administration ruffles with some former party members. "The election has given us a change which is neither of form nor substance," suggested a former member of Parliament, "we need not be looking at the wind which was put to the wind in the early 1980s."

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**SMALL ISSUE DEVELOPMENT BOND PROGRAM**

**HON. CHARLES HATCHER**

**OF GEORGIA**

**IN THE HOUSE OF REPRESENTATIVES**

**Thursday, June 22, 1989**

Mr. HATCHER, Mr. Speaker, today I am introducing a resolution calling for a 1-year extension of the Small Issue Development Bond [SIDB] Program. I believe that this program is the most effective Federal tool for assisting economic development efforts at the local level.

State and local governments have used these tax-exempt bonds, and are used to finance the construction of new manufacturing plants or expand existing businesses. Small issue bonds enable smaller and medium-size businesses to obtain capital at rates competitive with those charged to large corporations.

This week our colleagues on the ways and means committee are beginning their consideration of 1989 tax legislation as part of the budget agreement for fiscal year 1990. It is anticipated that extension of this existing tax provision will be included in any tax legislation this year. Of all tax provisions expiring at the end of 1989, the Small Issue development bond program is the least expensive. Extension of this program represents a Federal revenue loss of only $7 million during fiscal year 1990.

Mr. Speaker, we have seen many economic development programs eliminated or severely curtailed in recent years. The SIDB Program is a cost-effective tool for stimulating job creation and economic growth in both rural and urban areas. Over 45 of my colleagues in both parties have joined me as original co-sponsors.