Provisions under Sec. 7(f)(2)(A):

Mandatory designation of the existing Humanities Councils in States desiring to designate a State agency, and the requirement that Governors appoint new members through a natural rotation (or attrition) process until such time as he has appointed the entire Board, are meant to assure a smooth transition from private voluntary council operation to State agency operation of humanities programs. (2(A) and 2(A)(v))

The provision that a State, which elects to designate, must for appropriate/its matching share a sum or amount equal to at least 35 percentum of the total assistance received under paragraph (4) (rather than the first sentence of paragraph (4)), is so that small States do not incur undue hardships while larger states receive a share out of proportion to their State matching share -- i.e., a matching fixed/sum for all States is inequitable: For example, WV receives $300,000 from all sources under paragraph (4), whereas a larger State might receive as much as $800,000, yet each would be required to put up $100,000 each in state funds. (2(A)(ii))

The requirement that State matching funds must be newly appropriated each year, is to prevent other State Agency funds (such as State Arts Agencies) from being raided to establish the new agency, while at the same time assures the concurrence of the State's Legislature in the agency designation. (2(A)(iv))

The requirement that all funding available for the Humanities programs in the States shall be used for the purpose of conducting public-humanities projects, is to prevent an immediate raid, or drain on funds for predominantly academic, scholarly, or other non-public programs. (2(A)(iii))

Provisions under Sec. 7(f)(2)(B):

Those States not picking up the option to designate state agencies, will revert to current law, except that the Governor is empowered to appoint 4 members to the Councils, instead of the current two members, will prevent Governors from allowing the program to die, through inaction, such as that proposed in the certification, non-certification, process in the Pell amendment.
Sec. 10 (a) Section 7(f)(2) of the Act is amended to read as follows:

"(2) (A) Whenever a State desires to designate or to provide for the establishment of a State agency as the sole agency for the administration of the State plan, such State shall designate the current Humanities Council, or entity, as the State Agency, and shall match from State funds, a sum equal to at least 35 percentum of that portion of Federal financial assistance received by such State under this subsection which is described in paragraph (4) of this subsection relating to a State's total grant aid for the fiscal year involved. In any State in which the State selects the option described in this paragraph, the State shall submit an application for grants at such time as shall be specified by the Chairman and accompany such application with a plan which the Chairman finds --

"(i) designates or provides for the establishment of a State agency (hereafter in this section referred to as the 'State Agency') as the sole agency for the administration of the State plan;

"(ii) provides, from State funds, an amount equal to at least 35 percentum of the amount of Federal financial assistance described in paragraph (4) of this subsection received by such State under this subsection for the fiscal year involved;

"(iii) provides that funds paid to the State under this subsection will be expended solely on public humanities programs;

"(iv) provides that the State matching funds shall be newly appropriated each year for the purpose of funding public humanities programs and activities;

"(v) provides that the Governor shall appoint new members to the State Humanities Board as vacancies occur through natural rotation, until such time as he has appointed the entire Board; and

"(vi) provides that the State agency will make such reports, in such form, and containing such information, as the Chairman may require."
"(B) In any State in which the chief executive officer of the State does not elect to designate a State agency as the sole agency for the administration of the State plan under subparagraph (A) of this paragraph, the grant recipient in that State shall --

"(i) establish a procedure which assures that four members of the governing body of such grant recipient shall be appointed by an appropriate officer or agency of such State; and

"(ii) provide, from any source, an amount equal to the amount of Federal financial assistance received by such grant recipient under this subsection in the fiscal year involved."