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Attachment: Analysis, Elementary & Secondary Education Consolidation Bill

Appropriations, FY 1981

Continuing resolution. A bill (HR 3512) extending the FY 1981 continuing resolution through September 30 for library and other programs of several government agencies was passed by the House on May 13 and should reach the Senate floor this week. Last year's continuing resolution, H.J.Res. 644 (PL 96-536), expires on June 5; HR 3512 would continue it through the end of the fiscal year.

All federal library programs are included, but the early expiration date is most critical for the Library Services and Construction Act which is not forwarded funded. The Education Department has withheld 28 percent of LSCA funds until Congress made a decision concerning the remaining three months of the FY 1981 fiscal year. Barring any changes on the Senate floor, LSCA funds could be released if and when HR 3512 becomes law. The remaining steps are Senate passage, a House-Senate conference to resolve differences in the two versions, final passage of the conference report, and the President's signature.

Rescissions. HR 3512 also rescinds some funds already appropriated for FY 1981. The major library programs affected (as outlined in the House and Senate Appropriations Committee reports -- H.Rept. 97-29, S.Rept. 97-67) are as follows:

	FY 1981 Appropriation to Date	Admin.- Proposed Rescission	House- Passed Rescission	Senate Committee Recommendation
ESEA IV-B School libs.	\$171,000,000	-\$42,750,000	-\$21,375,000	-\$10,000,000
HEA II-A College libs.	4,988,000	---	---	-4,988,000
HEA II-B Training, demo.	1,167,000	---	---	-500,000
Natl. Lib. of Medicine	34,899,000	-341,000	---	-341,000

Excerpts from the Senate Appropriations Committee report illuminate the reasoning behind its actions. On ESEA IV-B school libraries and instructional resources:

This program has not been increased within the past 3 years despite the rising rate of inflation which has driven up prices of books and instructional equipment, such as audio-visual equipment. The Committee in recognizing the important role played by adequate library facilities and equipment in elementary and secondary education is proposing a more modest cut than either the administration or the House recommended.

On the Higher Education Act title II-A college library program:

At times of necessary fiscal restraint, the Committee believes it is not sound policy to continue to support programs, which are not directed to any specific Federal priority, nor require any means test for eligibility. The amount of each grant is relatively small and in many cases, while useful, would not have any appreciable impact on the purchasing power of college libraries.

On the HEA II-B library training and research and demonstration program:

This reduction, like many others proposed, reflects the necessity to reduce Federal spending, particularly in programs that do not provide direct services, and encourage greater support from State, local, and private sources. The Committee directs the Department to apply the rescission equitably between training and demonstration activities.

ACTION NEEDED: Supporters of any of these four programs should contact House and Senate Appropriations Committee members (see lists attached to February 10 Newsletter) immediately to urge that the more favorable amount be retained by House-Senate conferees. This is particularly important to counteract the faulty reasoning of the Senate report on the HEA II-A and B programs. Because of the increased sharing of resources among academic and other types of libraries and because II-A funds can now be used for networking as well as for materials, it is misleading to speak of the impact of HEA II-A only in terms of the amount going to each college library. Nor is it reasonable to assume that state and local governments would step in to recruit minorities to librarianship or conduct research and demonstrations.

Supplementals. HR 3512 also covers supplemental funding requests for FY 1981. GPO's Superintendent of Documents had requested a supplemental of \$2,562,000 to meet the increased costs of the depository library program. The House cut the request in half and the Senate committee eliminated it entirely. The effects are expected to be increased reliance on microfiche and a delay in issuance of the General Accounting Office's Legislative History File. The Senate Appropriations Committee also asked GAO to report on the purpose and cost of the Legislative History File, and whether there is a requirement that it be sent to depository libraries which request it.

Supplementals for increased pay costs were requested for most agencies. A \$4,000 request for the National Commission on Libraries and Information Science was not approved by either the House or the Senate committee. The Library of Congress, which requested \$9.8 million, would receive \$8 million in both House and Senate versions.

Congressional Budget

House-Senate conferees agreed May 14 on recommended congressional budget levels and on binding reconciliation instructions which will affect fiscal years 1981, '82, '83 and '84. The conferees worked out the differences between the House and Senate passed versions of H.Con.Res. 115. The Senate-passed version encompassed S.Con.Res. 9, budget reconciliation requirements, and S.Con.Res. 19, the first budget resolution for FY 1982. The House put both subjects in one resolution, H.Con.Res. 115 and passed it May 7 with a substitute amendment developed by Phil Gramm (D-TX) and Delbert Latta (R-OH).

Although the budget resolutions do not mention library programs specifically, they do set spending levels for various budget functions, one of which (Function 500) covers education (including libraries, arts and humanities), training, employment and social service programs. A comparison of the total budget figures plus the Function 500 amounts are shown below:

H.Con.Res. 115 (1st Congr. Budget Resolution, FY 1982) (Figures in billions)	Total Revenues Expected	Total Budget Authority	Total Outlays Expected	Total Deficit/Surplus	Func.500 Budget Authority	Func.500 Expected Outlays
Current Services Budget (to maintain programs as is)	706.5	806.7	736.2	-29.0	36.6	35.0
Senate-passed Budget and Administration Proposal	650.3	775.9	700.8	-50.5	26.8	27.4
As Passed by House (Gramm-Latta amendment)	657.8	764.6	688.8	-31.0	24.6	25.7
As Approved by House Budget Committee (Jones version)	688.9	787.7	714.6	-25.6	28.2	29.4
House-Senate Conference (final) Version	657.8	770.9	695.5	-37.7	26.2	26.9

Other substitute amendments to increase the amounts available for education and social programs were offered on the House floor by Del. Walter Fauntroy of the District of Columbia for the Congressional Black Caucus and by Rep. David Obey (D-WI). Neither was given any chance of success, and both lost by substantial margins.

The crucial vote came on whether to substitute the Gramm/Latta amendment for the text of H.Con.Res. 115 as approved by the House Budget Committee. The latter, crafted by Chairman James Jones (D-OK) and other Budget Committee Democrats, included most of the Administration proposals but shifted about 2 percent of the budget from other areas into "people programs," including education and postal subsidies. However, the Gramm/Latta substitute was adopted 253-176; it makes deeper cuts than the Administration had requested, and was endorsed by President Reagan. Sixty-three Democrats crossed party lines to vote in favor of the Gramm/Latta substitute:

Democrats Voting "Aye" on Gramm/Latta Substitute

Albosta	Daniel (VA)	Hall, Ralph (TX)	Levitas	Santini
Andrews	Derrick	Hall, Sam (TX)	Long (MD)	Shelby
Anthony	Dyson	Hance	Luken	Skelton
Atkinson	English	Hatcher	Mazzoli	Stenholm
Barnard	Evans (GA)	Hightower	McDonald	Stump
Bennett	Evans (IN)	Holland	Mica	Tauzin
Bevill	Flippo	Huckaby	Montgomery	Volkmer
Bouquard	Fountain	Hutto	Mottl	White
Bowen	Fuqua	Ireland	Natcher	Wilson
Breaux	Gibbons	Jacobs	Nelson	Yatron
Brinkley	Ginn	Jenkins	Nichols	Young (MO)
Byron	Gramm	Jones (TN)	Patterson	
Chappell	Hall (OH)	Leath	Roemer	

All Republicans voted for Gramm/Latta. Only one member did not vote -- Rep. William Cotter (D-CT). The House then went on to adopt the amended budget resolution 270-154. Both House and Senate are expected to approve the conference report (H.Rept. 97-46) shortly. Congressional budget resolutions do not require the President's signature.

Meanwhile, various House and Senate committees have begun the painful process of making the savings required by the reconciliation provisions of H.Con.Res. 115. Normally, the reconciliation process involves appropriations committee savings and changes by authorizing committees in eligibility for entitlement programs. This time the authorizing committees must also recommend changes in laws to reduce the authorized levels of funding for most discretionary programs for FY 1982, '83 and '84. Such changes must be forwarded by the committees to the Budget Committees by June 12. The Budget Committees then put together a reconciliation bill which both House and Senate must approve.

Postal Subsidy Cuts

On May 13 and 14, Rep. William Ford (D-MI), chair of the House Post Office and Civil Service Committee, held oversight hearings on the effects of proposed postal subsidy cuts. Eileen Cooke of the ALA Washington Office described the calamitous effect of substantial postal rate increases on library budgets. If revenue foregone appropriations to the U.S. Postal Service are reduced as proposed (and as assumed in the first Congressional budget resolution), the third class nonprofit bulk rate would increase from the current 3.5¢ per piece to approximately 5¢ per piece. Phasing in of full cost rates for the fourth class library rate would be eliminated. The last step of the phased rates scheduled for 1987 would take effect October 1 as shown below:

4th class library rate	7/6/80 thru 3/21/81	3/22/81 thru 7/5/81	7/6/81 thru 9/30/81	10/1/81 (the full 1987 rate would be imposed on this date if cuts enacted)
First pound.	19¢	21¢	25¢	50¢
Each addit. 1b. thru 7 lbs.	7¢	8¢	9¢	17¢
Each addit. 1b.	5¢	5¢	6¢	9.5¢

The October 1 increase would follow a recently approved rate increase effective March 22 (which increased the phased rate schedule for library rate by 32 percent, much higher than other rate increases) and a regularly scheduled phased rate increase effective July 6. Altogether, the table above represents a 163 percent increase for a one-pound package or a 158 percent increase for a two-pound package in just over six months. Postmaster General William Bolger recently testified: "By allocating the cut to the entire phasing subsidy request, we would leave intact the continuing subsidy which covers free mail for the blind...."

ACTION AND DATA NEEDED: Rep. Ford's message: Many of those who will be affected by postal subsidy cuts do not yet realize it. Many Members of Congress see the cuts as a slap at USPS and do not realize it will hurt their constituents. Write to your own legislators to tell them of the impact of increased postal rates on library services. Urge library users, especially Books-by-Mail and interlibrary loan users, to write as well. Also write to the Treasury, Postal Service, General Government Appropriations Subcommittees (see lists attached to February 10 Newsletter), which decide on revenue foregone appropriations. Chairman Ford has asked for additional information, especially statistical impact data, so please send blind copies of letters or other information to the ALA Washington Office.

Library Eligibility for NOW Accounts

Depository (banking) institutions could offer interest-bearing checking (NOW) accounts to libraries under a proposed interpretation by the Federal Reserve System in the April 20 Federal Register (pp. 22600-602). Currently, NOW accounts are available to individuals and certain nonprofit organizations, but the regulations have resulted in a series of case-by-case rulings. To simplify matters, the Federal Reserve System Board of Governors proposes to make NOW accounts available to (1) individuals if the funds are not used primarily for business purposes, (2) nonprofit organizations described in section 501(c)(3) through (13) and (19) of the Internal Revenue Code, and (3) governmental units, if the funds are used for the purposes of schools, colleges, universities, libraries, or hospitals. Comments are due by June 15. For further information contact Gilbert Schwartz (202/452-3625) or Paul Pilecki (202/452-3281), Legal Division, Federal Reserve System, Washington, D.C. 20551.

Elementary and Secondary Education Consolidation

The Administration's elementary and secondary education block grant legislative proposal, transmitted to Congress April 28, includes school library resources and instructional equipment as one of eleven eligible activities (to replace 33 existing programs) in a block grant to the states. Funding is projected to be 20 percent less than the current total for the 33 programs, almost all federal requirements would be eliminated, and there would be no guarantee that funds would be passed through to local education agencies or that federal funds would not be substituted for state and local funding. The bill seems guaranteed to generate intense competition among programs for a decreasing amount of funds, and to direct great pressure on the state office or agency making funding decisions.

The Administration's bill was introduced May 4 in the Senate by Sen. Orrin Hatch (R-UT), Chairman of the Labor and Human Resources Committee. The text of the bill (S. 1103) plus a section-by-section analysis, summary, and list of antecedent programs appears in the May 4 Congressional Record (pp. S4329-38, daily edition). The Senate education subcommittee began hearings on S. 1103 May 7. The Administration's bill has not been introduced in the House as yet. Attached to this Newsletter is an analysis of the bill with emphasis on the title II provisions which would replace ESEA IV-B.

Medical Libraries

Sen. Orrin Hatch (R-UT), Chairman of the Senate Labor and Human Resources Committee, introduced on March 25 a bill, S. 800 (the Health Care Research and Research Training Amendments) which, among other things, would extend the Medical Library Assistance Act for three years at an authorization level of \$6 million, one-third the current level of \$18.5 million and considerably less than the current funding of \$9.8 million. The bill would also repeal three MLAA programs (Training, Special Scientific Projects, and Publications), make mandatory the charging of user fees for services provided by Regional Medical Libraries, reduce the maximum institutional Resource Grant from \$200,000 to \$100,000 and narrow the focus of Resource Grants to the sharing of information only.

The Senate committee held hearings on the bill April 1 and attempted to mark it up on May 6. Members could not agree on several amendments offered by Sen. Edward Kennedy (D-MA), the ranking minority member. One Kennedy amendment accepted would restore authorization for the Publications program. Two amendments to MLAA were offered by Sen. Hatch and accepted by the committee. One would authorize such sums as necessary above the \$6 million to allow current trainees to finish although no new training grants would be made. Another Hatch amendment would make a major change in NLM policy; it would require NLM to recover full costs for all its information products, but then would exempt all but commercial users. S. 800 was deadlocked at an 8-8 tie when Sen. Lowell Weicker (R-CT), one of nine Republicans on the committee, voted with the seven Democrats. Thus the bill was not approved, and the committee has not yet attempted further action on it. Hearings were held on the House bill (HR 2562), a one-year extension of MLAA at a \$9 million authorization level, on March 20 and April 6 and 7.

Federal Register Availability in Libraries

The May 4 Federal Register (pp. 25067-75) included a list of libraries that have announced the availability of the Federal Register and the Code of Federal Regulations. The list will be updated at least annually. Any library that maintains these publications, makes them available to the public, and wishes to be included on future lists should write to the Director of the Federal Register, NARS, GSA, Washington, D.C. 20408 (202/523-5227). A complete listing of Government Depository Libraries is available without charge from The Library, U.S. Government Printing Office, 5236 Eisenhower Avenue, Alexandria, VA 22304.

ANALYSIS OF ELEMENTARY & SECONDARY EDUCATION CONSOLIDATION ACT OF 1981 (S. 1103)

TITLE I - FINANCIAL ASSISTANCE TO MEET SPECIAL EDUCATIONAL NEEDS

Purpose. To provide resources to states and local education agencies (LEAs) to help meet special needs of the educationally disadvantaged and handicapped.

Authorization. \$3.8 billion for FY 1982, \$4 billion for FY 1983, \$4.2 billion for FY 1984, \$4.4 billion for FY 1985, and \$4 billion for FY 1986.

Allotments to the states. Except for one percent reserved for insular areas and Indian reservations, funds would be allotted to the states on a combined poverty based and school age population based formula. Thirteen percent would be used by the states to consolidate services for students in state-operated schools for the handicapped, neglected and delinquent (ESEA I), for migratory students (ESEA I), and for adults lacking basic skills (Adult Education Act).

Allocations to local education agencies. The remaining 87 percent would be allocated by the states to LEAs "on the basis of data which the State determines are consistent with meeting the needs of eligible children" to consolidate services for educationally deprived children (ESEA I), handicapped children (The Education for All Handicapped Children Act), and children in desegregating schools (Emergency School Aid Act).

TITLE II - FINANCIAL ASSISTANCE FOR IMPROVEMENT OF SCHOOL RESOURCES AND PERFORMANCE

Purpose. To provide resources to strengthen the ability of states and local schools to improve educational services.

Authorization. \$565 million for FY 1982, \$593.3 million for FY 1983, \$622.9 million for FY 1984, \$654.1 million for FY 1985, and \$686.8 million for FY 1986.

Allotments to the states. One percent would be reserved for insular areas and Indian reservations, and the rest allotted to the states on a school-age population basis except that no state would receive less than .6 percent of the total allotted.

Authorized activities. 1) Projects to strengthen the curriculum of schools, such as basic skills instruction, law-related education, arts education.

2) Projects to increase community involvement in school programs.

3) Professional development programs for teachers, administrators and other school personnel.

4) Pilot and demonstration projects, including improving education for children with special educational needs, addressing problems such as student motivation and school violence, using technology to improve the quality of instruction, and improving educational equity for women.

5) Regional and interstate educational programs.

6) Technical assistance and dissemination of information.

7) Studies and other projects to improve school management and the coordination of resources in a school to meet the needs of individual children.

8) The acquisition for instructional purposes of school library resources, textbooks, and instructional equipment and materials.

9) To the extent necessary to implement other eligible activities, repairs and minor remodeling of schools and other instructional facilities.

10) Programs to strengthen state educational oversight and management through such activities as the collection and analysis of statistics, consultation and advice to LEAs, studies of educational policy issues and assessment of educational progress, and exchanging information about successful educational practices.

11) Administration activities, including planning, technical assistance, evaluation, information dissemination and audits.

Eligible recipients. States could carry out Title II activities directly or through subgrants or contracts to LEAs or other public agencies or nonprofit private organizations or institutions, including community-based organizations. There is no requirement to pass any funds through to the local level.

TITLE III - GENERAL PROVISIONS

State plans and reports. States must prepare an annual plan, and report on activities every two years. Both must be made public within the state, with opportunity for public comment, but there is no requirement for federal review of these documents. LEAs and other subgrantees must provide "such information as the State deems necessary" for preparation of the plan and report. No local plans would be required for title II.

Fiscal requirements. There would be no requirements for maintenance of effort or for matching funds, and no prohibition against replacing state and local education funds with federal dollars. The only teeth in the bill are requirements for independent audits every two years, including audits of LEAs receiving funds, to be sent to the state legislature and to the Secretary of Education. Any funds mis-spent must be repaid or deducted from future allotments.

Private School Participation. Requirements essentially continue those of ESEA I and IV, except that the by-pass provision would first give the state an opportunity to provide services within a reasonable period of time.

Definitions. "School library resources" and "instructional purposes" are not defined. The definition of "equipment" includes "instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, telecommunications, sensory, and other technological aids and devices, and books, periodicals, documents, and other related materials."

Consultation. There would be no requirements for consultation with library/media specialists or with anyone. State advisory councils would be eliminated.

State administration. For administration and purposes (10) and (11) above, states could spend \$600,000 or the sum of 2 percent of the title I allotment plus 9 percent of the title II allotment, whichever is greater. However, the entire sum would come from title II funds. Each state would determine internally who at the state level (governor's office, state legislature, state education agency) would receive and administer the funds, since the bill does not specify this. Forward funding would be retained, with funds to be obligated on July 1 of each fiscal year.

Hold harmless provisions. States would be held harmless but only on a percentage basis in FY 1982 and '83. For 1982 each state would receive the same proportion of title II funds that it and other organizations in the state received in 1981 under the antecedent programs. For 1983 each state would receive at least 75 percent of the 1982 amount, and a proportion of any excess based on its share of the national school age population. Payments would be ratably reduced if appropriations are not sufficient to meet these provisions.