

Synchronization Act, allows States to quickly implement traffic light synchronization projects, which would likely lower vehicle emissions. The bill also requires the EPA to examine the effects of traffic synchronization projects in all subsequent conformity reviews.

I believe that the two bills we are considering today are good examples of how the corrections day process works well in a bipartisan manner with the agency and committees of jurisdiction. I want to recognize the Committees on Transportation and Commerce, Chairman SHUSTER and Chairman BLILEY, and their staffs for the expedient and hard work they did to get these bills to the floor. I am hopeful that the Senate will recognize the need for quick action and send these bills to the President without delay.

Mr. DINGELL. Madam Speaker, I also rise in support of this measure as amended by the Commerce Committee. It will clarify our intent that traffic signal synchronization projects should go forward without delay while still preserving the overall duty of regional authorities to monitor the air quality impacts of transportation projects. In this way, the bill promotes local flexibility while ensuring that air quality will not be harmed.

I do regret that we must even take up this amendment to the Clean Air Act. It is my strong view that there should never have been an issue as to whether traffic light projects that ease congestion are subject to the Clean Air Act's conformity requirements. However, EPA failed to reach this common sense conclusion so we are forced to act.

I thank Chairman BLILEY, Mr. MCKEON—the author of the measure—and Mr. WAXMAN for their work on this bill.

I urge my colleagues to vote "yes" on the measure.

Mr. SCHAEFER. Madam Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Ms. GREENE of Utah). Pursuant to the rule, the previous question is ordered on the committee amendment in the nature of a substitute and the bill.

The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The question was taken; and (three-fifths having voted in favor thereof) the bill was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. SCHAEFER. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and that I may be permitted to insert extraneous material in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that she will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas are nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules but not before 5 p.m. today.

#### GOVERNMENT-SPONSORED ENTERPRISE PRIVATIZATION ACT OF 1996

Mr. MCKEON. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 1720) to amend the Higher Education Act of 1965 to provide for the cessation of Federal sponsorship of two Government-sponsored enterprises, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1720

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Government-Sponsored Enterprise Privatization Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—REORGANIZATION AND PRIVATIZATION

Sec. 101. Reorganization of the Student Loan Marketing Association through the formation of a holding company.

Sec. 102. Connie Lee privatization.

Sec. 103. Eligible institution.

#### TITLE II—MUSEUMS AND LIBRARIES

Sec. 201. Museum and library services.

Sec. 202. National Commission on Libraries and Information Science.

Sec. 203. Transfer of functions from Institute of Museum Services.

Sec. 204. Service of individuals serving on date of enactment.

Sec. 205. Consideration.

Sec. 206. Transition and transfer of funds.

#### TITLE III—EXTENSION OF PROGRAMS

Sec. 301. Extension of National Literacy Act of 1991.

Sec. 302. Adult Education Act Amendments.

Sec. 303. Extension of Carl D. Perkins Vocational and Applied Technology Education Act.

#### TITLE IV—REPEALS AND CONFORMING AMENDMENTS

Sec. 401. Repeals.

Sec. 402. Conforming amendments.

#### TITLE I—REORGANIZATION AND PRIVATIZATION

#### SEC. 101. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

(a) AMENDMENT.—Part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) is amended by inserting after section 439 (20 U.S.C. 1087-2) the following new section:

#### "SEC. 440. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

"(a) ACTIONS BY THE ASSOCIATION'S BOARD OF DIRECTORS.—The Board of Directors of the Association shall take or cause to be taken all such action as the Board of Directors deems necessary or appropriate to effect, upon the shareholder approval described in subsection (b), a restructuring of the common stock ownership of the Association, as set forth in a plan of reorganization adopted by the Board of Directors (the terms of which shall be consistent with this section) so that all of the outstanding common shares of the Association shall be directly owned by a Holding Company. Such actions may include, in the Board of Director's discretion, a merger of a wholly owned subsidiary of the Holding Company with and into the Association, which would have the effect provided in the plan of reorganization and the law of the jurisdiction in which such subsidiary is incorporated. As part of the restructuring, the Board of Directors may cause—

"(1) the common shares of the Association to be converted, on the reorganization effective date, to common shares of the Holding Company on a one for one basis, consistent with applicable State or District of Columbia law; and

"(2) Holding Company common shares to be registered with the Securities and Exchange Commission.

"(b) SHAREHOLDER APPROVAL.—The plan of reorganization adopted by the Board of Directors pursuant to subsection (a) shall be submitted to common shareholders of the Association for their approval. The reorganization shall occur on the reorganization effective date, provided that the plan of reorganization has been approved by the affirmative votes, cast in person or by proxy, of the holders of a majority of the issued and outstanding shares of the Association common stock.

"(c) TRANSITION.—In the event the shareholders of the Association approve the plan of reorganization under subsection (b), the following provisions shall apply beginning on the reorganization effective date:

"(1) IN GENERAL.—Except as specifically provided in this section, until the dissolution date the Association shall continue to have all of the rights, privileges and obligations set forth in, and shall be subject to all of the limitations and restrictions of, section 439, and the Association shall continue to carry out the purposes of such section. The Holding Company and any subsidiary of the Holding Company (other than the Association) shall not be entitled to any of the rights, privileges, and obligations, and shall not be subject to the limitations and restrictions, applicable to the Association under section 439, except as specifically provided in this section. The Holding Company and any subsidiary of the Holding Company (other than the Association or a subsidiary of the Association) shall not purchase loans insured under this Act until such time as the Association ceases acquiring such loans, except that the Holding Company may purchase such loans if the Association is merely continuing to acquire loans as a lender of last resort pursuant to section 439(q) or under an agreement with the Secretary described in paragraph (6).

"(2) TRANSFER OF CERTAIN PROPERTY.—

"(A) IN GENERAL.—Except as provided in this section, on the reorganization effective date or as soon as practicable thereafter, the Association shall use the Association's best efforts to transfer to the Holding Company or any subsidiary of the Holding Company (or both), as directed by the Holding Company, all real and personal property of the

Association (both tangible and intangible) other than the remaining property. Subject to the preceding sentence, such transferred property shall include all right, title, and interest in—

“(i) direct or indirect subsidiaries of the Association (excluding special purpose funding companies in existence on the date of enactment of this section and any interest in any government-sponsored enterprise);

“(ii) contracts, leases, and other agreements of the Association;

“(iii) licenses and other intellectual property of the Association; and

“(iv) any other property of the Association.

“(B) CONSTRUCTION.—Nothing in this paragraph shall be construed to prohibit the Association from transferring remaining property from time to time to the Holding Company or any subsidiary of the Holding Company, subject to the provisions of paragraph (4).

“(3) TRANSFER OF PERSONNEL.—On the reorganization effective date, employees of the Association shall become employees of the Holding Company (or any subsidiary of the Holding Company), and the Holding Company (or any subsidiary of the Holding Company) shall provide all necessary and appropriate management and operational support (including loan servicing) to the Association, as requested by the Association. The Association, however, may obtain such management and operational support from persons or entities not associated with the Holding Company.

“(4) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association's capital would be in compliance with the capital standards and requirements set forth in section 439(r). If, at any time after the reorganization effective date, the Association fails to comply with such capital standards, the Holding Company shall transfer with due diligence to the Association additional capital in such amounts as are necessary to ensure that the Association again complies with the capital standards.

“(5) CERTIFICATION PRIOR TO DIVIDEND.—Prior to the payment of any dividend under paragraph (4), the Association shall certify to the Secretary of the Treasury that the payment of the dividend will be made in compliance with paragraph (4) and shall provide copies of all calculations needed to make such certification.

“(6) RESTRICTIONS ON NEW BUSINESS ACTIVITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—

“(A) IN GENERAL.—After the reorganization effective date, the Association shall not engage in any new business activities or acquire any additional program assets described in section 439(d) other than in connection with—

“(i) student loan purchases through September 30, 2007;

“(ii) contractual commitments for future warehousing advances, or pursuant to letters of credit or standby bond purchase agreements, which are outstanding as of the reorganization effective date;

“(iii) the Association serving as a lender-of-last-resort pursuant to section 439(q); and

“(iv) the Association's purchase of loans insured under this part, if the Secretary, with the approval of the Secretary of the Treasury, enters into an agreement with the Association for the continuation or resumption of the Association's secondary market purchase program because the Secretary de-

termines there is inadequate liquidity for loans made under this part.

“(B) AGREEMENT.—The Secretary is authorized to enter into an agreement described in clause (iv) of subparagraph (A) with the Association covering such secondary market activities. Any agreement entered into under such clause shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The fee provided under section 439(h)(7) shall not apply to loans acquired under any such agreement with the Secretary.

“(7) ISSUANCE OF DEBT OBLIGATIONS DURING THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OBLIGATIONS.—After the reorganization effective date, the Association shall not issue debt obligations which mature later than September 30, 2008, except in connection with serving as a lender-of-last-resort pursuant to section 439(q) or with purchasing loans under an agreement with the Secretary as described in paragraph (6). Nothing in this section shall modify the attributes accorded the debt obligations of the Association by section 439, regardless of whether such debt obligations are incurred prior to, or at any time following, the reorganization effective date or are transferred to a trust in accordance with subsection (d).

“(8) MONITORING OF SAFETY AND SOUNDNESS.—

“(A) OBLIGATION TO OBTAIN, MAINTAIN, AND REPORT INFORMATION.—The Association shall obtain such information and make and keep such records as the Secretary of the Treasury may from time to time prescribe concerning—

“(i) the financial risk to the Association resulting from the activities of any associated person, to the extent such activities are reasonably likely to have a material impact on the financial condition of the Association, including the Association's capital ratio, the Association's liquidity, or the Association's ability to conduct and finance the Association's operations; and

“(ii) the Association's policies, procedures, and systems for monitoring and controlling any such financial risk.

“(B) SUMMARY REPORTS.—The Secretary of the Treasury may require summary reports of the information described in subparagraph (A) to be filed no more frequently than quarterly. If, as a result of adverse market conditions or based on reports provided pursuant to this subparagraph or other available information, the Secretary of the Treasury has concerns regarding the financial or operational condition of the Association, the Secretary of the Treasury may, notwithstanding the preceding sentence and subparagraph (A), require the Association to make reports concerning the activities of any associated person whose business activities are reasonably likely to have a material impact on the financial or operational condition of the Association.

“(C) SEPARATE OPERATION OF CORPORATIONS.—

“(i) IN GENERAL.—The funds and assets of the Association shall at all times be maintained separately from the funds and assets of the Holding Company or any subsidiary of the Holding Company and may be used by the Association solely to carry out the Association's purposes and to fulfill the Association's obligations.

“(ii) BOOKS AND RECORDS.—The Association shall maintain books and records that clearly reflect the assets and liabilities of the Association, separate from the assets and liabilities of the Holding Company or any subsidiary of the Holding Company.

“(iii) CORPORATE OFFICE.—The Association shall maintain a corporate office that is physically separate from any office of the

Holding Company or any subsidiary of the Holding Company.

“(iv) DIRECTOR.—No director of the Association who is appointed by the President pursuant to section 439(c)(1)(A) may serve as a director of the Holding Company.

“(v) ONE OFFICER REQUIREMENT.—At least one officer of the Association shall be an officer solely of the Association.

“(vi) TRANSACTIONS.—Transactions between the Association and the Holding Company or any subsidiary of the Holding Company, including any loan servicing arrangements, shall be on terms no less favorable to the Association than the Association could obtain from an unrelated third party offering comparable services.

“(vii) CREDIT PROHIBITION.—The Association shall not extend credit to the Holding Company or any subsidiary of the Holding Company nor guarantee or provide any credit enhancement to any debt obligations of the Holding Company or any subsidiary of the Holding Company.

“(viii) AMOUNTS COLLECTED.—Any amounts collected on behalf of the Association by the Holding Company or any subsidiary of the Holding Company with respect to the assets of the Association, pursuant to a servicing contract or other arrangement between the Association and the Holding Company or any subsidiary of the Holding Company, shall be collected solely for the benefit of the Association and shall be immediately deposited by the Holding Company or such subsidiary to an account under the sole control of the Association.

“(D) ENCUMBRANCE OF ASSETS.—Notwithstanding any Federal or State law, rule, or regulation, or legal or equitable principle, doctrine, or theory to the contrary, under no circumstances shall the assets of the Association be available or used to pay claims or debts of or incurred by the Holding Company. Nothing in this subparagraph shall be construed to limit the right of the Association to pay dividends not otherwise prohibited under this subparagraph or to limit any liability of the Holding Company explicitly provided for in this section.

“(E) HOLDING COMPANY ACTIVITIES.—After the reorganization effective date and prior to the dissolution date, all business activities of the Holding Company shall be conducted through subsidiaries of the Holding Company.

“(F) CONFIDENTIALITY.—Any information provided by the Association pursuant to this section shall be subject to the same confidentiality obligations contained in section 439(r)(12).

“(G) DEFINITION.—For purposes of this paragraph, the term ‘associated person’ means any person, other than a natural person, who is directly or indirectly controlling, controlled by, or under common control with, the Association.

“(9) ISSUANCE OF STOCK WARRANTS.—On the reorganization effective date, the Holding Company shall issue to the Secretary of the Treasury a number of stock warrants that is equal to one percent of the outstanding shares of the Association, determined as of the last day of the fiscal quarter preceding the date of enactment of this section, with each stock warrant entitling the holder of the stock warrant to purchase from the Holding Company one share of the registered common stock of the Holding Company or the Holding Company's successors or assigns, at any time on or before September 30, 2008. The exercise price for such warrants shall be an amount equal to the average closing price of the common stock of the Association for the 20 business days prior to the date of enactment of this section on the exchange or market which is then the primary exchange

or market for the common stock of the Association. The number of shares of Holding Company common stock subject to each warrant and the exercise price of each warrant shall be adjusted as necessary to reflect—

“(A) the conversion of Association common stock into Holding Company common stock as part of the plan of reorganization approved by the Association’s shareholders; and

“(B) any issuance or sale of stock (including issuance or sale of treasury stock), stock split, recapitalization, reorganization, or other corporate event, if agreed to by the Secretary of the Treasury and the Association.

“(10) RESTRICTIONS ON TRANSFER OF ASSOCIATION SHARES AND BANKRUPTCY OF ASSOCIATION.—After the reorganization effective date, the Holding Company shall not sell, pledge, or otherwise transfer the outstanding shares of the Association, or agree to or cause the liquidation of the Association or cause the Association to file a petition for bankruptcy under title 11, United States Code, without prior approval of the Secretary of the Treasury and the Secretary of Education.

“(d) TERMINATION OF THE ASSOCIATION.—In the event the shareholders of the Association approve a plan of reorganization under subsection (b), the Association shall dissolve, and the Association’s separate existence shall terminate on September 30, 2008, after discharge of all outstanding debt obligations and liquidation pursuant to this subsection. The Association may dissolve pursuant to this subsection prior to such date by notifying the Secretary of Education and the Secretary of the Treasury of the Association’s intention to dissolve, unless within 60 days after receipt of such notice the Secretary of Education notifies the Association that the Association continues to be needed to serve as a lender of last resort pursuant to section 439(q) or continues to be needed to purchase loans under an agreement with the Secretary described in paragraph (6). On the dissolution date, the Association shall take the following actions:

“(1) ESTABLISHMENT OF A TRUST.—The Association shall, under the terms of an irrevocable trust agreement that is in form and substance satisfactory to the Secretary of the Treasury, the Association and the appointed trustee, irrevocably transfer all remaining obligations of the Association to the trust and irrevocably deposit or cause to be deposited into such trust, to be held as trust funds solely for the benefit of holders of the remaining obligations, money or direct noncallable obligations of the United States or any agency thereof for which payment the full faith and credit of the United States is pledged, maturing as to principal and interest in such amounts and at such times as are determined by the Secretary of the Treasury to be sufficient, without consideration of any significant reinvestment of such interest, to pay the principal of, and interest on, the remaining obligations in accordance with their terms. To the extent the Association cannot provide money or qualifying obligations in the amount required, the Holding Company shall be required to transfer money or qualifying obligations to the trust in the amount necessary to prevent any deficiency.

“(2) USE OF TRUST ASSETS.—All money, obligations, or financial assets deposited into the trust pursuant to this subsection shall be applied by the trustee to the payment of the remaining obligations assumed by the trust.

“(3) OBLIGATIONS NOT TRANSFERRED TO THE TRUST.—The Association shall make proper provision for all other obligations of the Association not transferred to the trust, including the repurchase or redemption, or the

making of proper provision for the repurchase or redemption, of any preferred stock of the Association outstanding. Any obligations of the Association which cannot be fully satisfied shall become liabilities of the Holding Company as of the date of dissolution.

“(4) TRANSFER OF REMAINING ASSETS.—After compliance with paragraphs (1) and (3), any remaining assets of the trust shall be transferred to the Holding Company or any subsidiary of the Holding Company, as directed by the Holding Company.

“(e) OPERATION OF THE HOLDING COMPANY.—In the event the shareholders of the Association approve the plan of reorganization under subsection (b), the following provisions shall apply beginning on the reorganization effective date:

“(1) HOLDING COMPANY BOARD OF DIRECTORS.—The number of members and composition of the Board of Directors of the Holding Company shall be determined as set forth in the Holding Company’s charter or like instrument (as amended from time to time) or bylaws (as amended from time to time) and as permitted under the laws of the jurisdiction of the Holding Company’s incorporation.

“(2) HOLDING COMPANY NAME.—The names of the Holding Company and any subsidiary of the Holding Company (other than the Association)—

“(A) may not contain the name ‘Student Loan Marketing Association’; and

“(B) may contain, to the extent permitted by applicable State or District of Columbia law, ‘Sallie Mae’ or variations thereof, or such other names as the Board of Directors of the Association or the Holding Company deems appropriate.

“(3) USE OF SALLIE MAE NAME.—Subject to paragraph (2), the Association may assign to the Holding Company, or any subsidiary of the Holding Company, the ‘Sallie Mae’ name as a trademark and service mark, except that neither the Holding Company nor any subsidiary of the Holding Company (other than the Association or any subsidiary of the Association) may use the ‘Sallie Mae’ name on, or to identify the issuer of, any debt obligation or other security offered or sold by the Holding Company or any subsidiary of the Holding Company (other than a debt obligation or other security issued to and held by the Holding Company or any subsidiary of the Holding Company). The Association shall remit to the Secretary of the Treasury \$5,000,000 within 60 days of the reorganization effective date as compensation for the right to assign such trademark or service mark.

“(4) DISCLOSURE REQUIRED.—Until 3 years after the dissolution date, the Holding Company, and any subsidiary of the Holding Company (other than the Association), shall prominently display—

“(A) in any document offering the Holding Company’s securities, a statement that the obligations of the Holding Company and any subsidiary of the Holding Company are not guaranteed by the full faith and credit of the United States; and

“(B) in any advertisement or promotional materials which use the ‘Sallie Mae’ name or mark, a statement that neither the Holding Company nor any subsidiary of the Holding Company is a government-sponsored enterprise or instrumentality of the United States.

“(f) STRICT CONSTRUCTION.—Except as specifically set forth in this section, nothing in this section shall be construed to limit the authority of the Association as a federally chartered corporation, or of the Holding Company as a State or District of Columbia chartered corporation.

“(g) RIGHT TO ENFORCE.—The Secretary of Education or the Secretary of the Treasury,

as appropriate, may request that the Attorney General bring an action in the United States District Court for the District of Columbia for the enforcement of any provision of this section, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this section.

“(h) DEADLINE FOR REORGANIZATION EFFECTIVE DATE.—This section shall be of no further force and effect in the event that the reorganization effective date does not occur on or before 18 months after the date of enactment of this section.

“(i) DEFINITIONS.—For purposes of this section:

“(1) ASSOCIATION.—The term ‘Association’ means the Student Loan Marketing Association.

“(2) DISSOLUTION DATE.—The term ‘dissolution date’ means September 30, 2008, or such earlier date as the Secretary of Education permits the transfer of remaining obligations in accordance with subsection (d).

“(3) HOLDING COMPANY.—The term ‘Holding Company’ means the new business corporation established pursuant to this section by the Association under the laws of any State of the United States or the District of Columbia for the purposes of the reorganization and restructuring described in subsection (a).

“(4) REMAINING OBLIGATIONS.—The term ‘remaining obligations’ means the debt obligations of the Association outstanding as of the dissolution date.

“(5) REMAINING PROPERTY.—The term ‘remaining property’ means the following assets and liabilities of the Association which are outstanding as of the reorganization effective date:

“(A) Debt obligations issued by the Association.

“(B) Contracts relating to interest rate, currency, or commodity positions or protections.

“(C) Investment securities owned by the Association.

“(D) Any instruments, assets, or agreements described in section 439(d) (including, without limitation, all student loans and agreements relating to the purchase and sale of student loans, forward purchase and lending commitments, warehousing advances, academic facilities obligations, letters of credit, standby bond purchase agreements, liquidity agreements, and student loan revenue bonds or other loans).

“(E) Except as specifically prohibited by this section or section 439, any other non-material assets or liabilities of the Association which the Association’s Board of Directors determines to be necessary or appropriate to the Association’s operations.

“(6) REORGANIZATION.—The term ‘reorganization’ means the restructuring event or events (including any merger event) giving effect to the Holding Company structure described in subsection (a).

“(7) REORGANIZATION EFFECTIVE DATE.—The term ‘reorganization effective date’ means the effective date of the reorganization as determined by the Board of Directors of the Association, which shall not be earlier than the date that shareholder approval is obtained pursuant to subsection (b) and shall not be later than the date that is 18 months after the date of enactment of this section.

“(8) SUBSIDIARY.—The term ‘subsidiary’ means one or more direct or indirect subsidiaries.”

(b) TECHNICAL AMENDMENTS.—

(1) ELIGIBLE LENDER.—

(A) AMENDMENTS TO THE HIGHER EDUCATION ACT.—

(i) DEFINITION OF ELIGIBLE LENDER.—Section 435(d)(1)(F) of the Higher Education Act of 1965 (20 U.S.C. 1085(d)(1)(F)) is amended by

inserting after "Student Loan Marketing Association" the following: "or the Holding Company of the Student Loan Marketing Association, including any subsidiary of the Holding Company, created pursuant to section 440.".

(ii) DEFINITION OF ELIGIBLE LENDER AND FEDERAL CONSOLIDATION LOANS.—Sections 435(d)(1)(G) and 428C(a)(1)(A) of such Act (20 U.S.C. 1085(d)(1)(G) and 1078-3(a)(1)(A)) are each amended by inserting after "Student Loan Marketing Association" the following: "or the Holding Company of the Student Loan Marketing Association, including any subsidiary of the Holding Company, created pursuant to section 440".

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the reorganization effective date as defined in section 440(h) of the Higher Education Act of 1965 (as added by subsection (a)).

(2) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—Section 439(r) of the Higher Education Act of 1965 (20 U.S.C. 1087-2(r)) is amended—

(A) in the first sentence of paragraph (12), by inserting "or the Association's associated persons" after "by the Association";

(B) by redesignating paragraph (13) as paragraph (15); and

(C) by inserting after paragraph (12) the following new paragraph:

"(13) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request that the Attorney General bring an action in the United States District Court for the District of Columbia for the enforcement of any provision of this section, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this section."

(3) FINANCIAL SAFETY AND SOUNDNESS.—Section 439(r) of the Higher Education Act of 1965 (20 U.S.C. 1087-2(r)) is further amended—

(A) in paragraph (1)—

(i) by striking "and" at the end of subparagraph (A);

(ii) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(iii) by adding at the end the following new subparagraph:

"(C)(i) financial statements of the Association within 45 days of the end of each fiscal quarter; and

"(ii) reports setting forth the calculation of the capital ratio of the Association within 45 days of the end of each fiscal quarter.";

(B) in paragraph (2)—

(i) by striking clauses (i) and (ii) of subparagraph (A) and inserting the following:

"(i) appoint auditors or examiners to conduct audits of the Association from time to time to determine the condition of the Association for the purpose of assessing the Association's financial safety and soundness and to determine whether the requirements of this section and section 440 are being met; and

"(ii) obtain the services of such experts as the Secretary of the Treasury determines necessary and appropriate, as authorized by section 3109 of title 5, United States Code, to assist in determining the condition of the Association for the purpose of assessing the Association's financial safety and soundness, and to determine whether the requirements of this section and section 440 are being met."; and

(ii) by adding at the end the following new subparagraph:

"(D) ANNUAL ASSESSMENT.—

"(i) IN GENERAL.—For each fiscal year beginning on or after October 1, 1996, the Secretary of the Treasury may establish and collect from the Association an assessment

(or assessments) in amounts sufficient to provide for reasonable costs and expenses of carrying out the duties of the Secretary of the Treasury under this section and section 440 during such fiscal year. In no event may the total amount so assessed exceed, for any fiscal year, \$800,000, adjusted for each fiscal year ending after September 30, 1997, by the ratio of the Consumer Price Index for All Urban Consumers (issued by the Bureau of Labor Statistics) for the final month of the fiscal year preceding the fiscal year for which the assessment is made to the Consumer Price Index for All Urban Consumers for September 1997.

"(ii) DEPOSIT.—Amounts collected from assessments under this subparagraph shall be deposited in an account within the Treasury of the United States as designated by the Secretary of the Treasury for that purpose. The Secretary of the Treasury is authorized and directed to pay out of any funds available in such account the reasonable costs and expenses of carrying out the duties of the Secretary of the Treasury under this section and section 440. None of the funds deposited into such account shall be available for any purpose other than making payments for such costs and expenses."; and

(C) by inserting after paragraph (13) (as added by paragraph (2)(C)) the following new paragraph:

"(14) ACTIONS BY SECRETARY.—

"(A) IN GENERAL.—For any fiscal quarter ending after January 1, 2000, the Association shall have a capital ratio of at least 2.25 percent. The Secretary of the Treasury may, whenever such capital ratio is not met, take any one or more of the actions described in paragraph (7), except that—

"(i) the capital ratio to be restored pursuant to paragraph (7)(D) shall be 2.25 percent; and

"(ii) if the relevant capital ratio is in excess of or equal to 2 percent for such quarter, the Secretary of the Treasury shall defer taking any of the actions set forth in paragraph (7) until the next succeeding quarter and may then proceed with any such action only if the capital ratio of the Association remains below 2.25 percent.

"(B) APPLICABILITY.—The provisions of paragraphs (4), (5), (6), (8), (9), (10), and (11) shall be of no further application to the Association for any period after January 1, 2000."

(4) INFORMATION REQUIRED; DIVIDENDS.—Section 439(r) of the Higher Education Act of 1965 (20 U.S.C. 1087-2(r)) is further amended—

(A) by adding at the end of paragraph (2) (as amended in paragraph (3)(B)(ii)) the following new subparagraph:

"(E) OBLIGATION TO OBTAIN, MAINTAIN, AND REPORT INFORMATION.—

"(i) IN GENERAL.—The Association shall obtain such information and make and keep such records as the Secretary of the Treasury may from time to time prescribe concerning—

"(I) the financial risk to the Association resulting from the activities of any associated person, to the extent such activities are reasonably likely to have a material impact on the financial condition of the Association, including the Association's capital ratio, the Association's liquidity, or the Association's ability to conduct and finance the Association's operations; and

"(II) the Association's policies, procedures, and systems for monitoring and controlling any such financial risk.

"(ii) SUMMARY REPORTS.—The Secretary of the Treasury may require summary reports of such information to be filed no more frequently than quarterly. If, as a result of adverse market conditions or based on reports provided pursuant to this subparagraph or other available information, the Secretary of

the Treasury has concerns regarding the financial or operational condition of the Association, the Secretary of the Treasury may, notwithstanding the preceding sentence and clause (i), require the Association to make reports concerning the activities of any associated person, whose business activities are reasonably likely to have a material impact on the financial or operational condition of the Association.

"(iii) DEFINITION.—For purposes of this subparagraph, the term 'associated person' means any person, other than a natural person, directly or indirectly controlling, controlled by, or under common control with the Association."; and

(B) by adding at the end the following new paragraphs:

"(16) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association's capital would be in compliance with the capital standards set forth in this section.

"(17) CERTIFICATION PRIOR TO PAYMENT OF DIVIDEND.—Prior to the payment of any dividend under paragraph (16), the Association shall certify to the Secretary of the Treasury that the payment of the dividend will be made in compliance with paragraph (16) and shall provide copies of all calculations needed to make such certification."

(c) SUNSET OF THE ASSOCIATION'S CHARTER IF NO REORGANIZATION PLAN OCCURS.—Section 439 of the Higher Education Act of 1965 (20 U.S.C. 1087-2) is amended by adding at the end the following new subsection:

"(s) CHARTER SUNSET.—

"(1) APPLICATION OF PROVISIONS.—This subsection applies beginning 18 months and one day after the date of enactment of this subsection if no reorganization of the Association occurs in accordance with the provisions of section 440.

"(2) SUNSET PLAN.—

"(A) PLAN SUBMISSION BY THE ASSOCIATION.—Not later than July 1, 2007, the Association shall submit to the Secretary of the Treasury and to the Chairman and Ranking Member of the Committee on Labor and Human Resources of the Senate and the Chairman and Ranking Member of the Committee on Economic and Educational Opportunities of the House of Representatives, a detailed plan for the orderly winding up, by July 1, 2013, of business activities conducted pursuant to the charter set forth in this section. Such plan shall—

"(i) ensure that the Association will have adequate assets to transfer to a trust, as provided in this subsection, to ensure full payment of remaining obligations of the Association in accordance with the terms of such obligations;

"(ii) provide that all assets not used to pay liabilities shall be distributed to shareholders as provided in this subsection; and

"(iii) provide that the operations of the Association shall remain separate and distinct from that of any entity to which the assets of the Association are transferred.

"(B) AMENDMENT OF THE PLAN BY THE ASSOCIATION.—The Association shall from time to time amend such plan to reflect changed circumstances, and submit such amendments to the Secretary of the Treasury and to the Chairman and Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and Chairman and Ranking Minority Member of the Committee on Economic and Educational Opportunities of the House of Representatives. In no case may any amendment extend the date for full implementation of the plan beyond the dissolution date provided in paragraph (3).

“(C) PLAN MONITORING.—The Secretary of the Treasury shall monitor the Association’s compliance with the plan and shall continue to review the plan (including any amendments thereto).

“(D) AMENDMENT OF THE PLAN BY THE SECRETARY OF THE TREASURY.—The Secretary of the Treasury may require the Association to amend the plan (including any amendments to the plan), if the Secretary of the Treasury deems such amendments necessary to ensure full payment of all obligations of the Association.

“(E) IMPLEMENTATION BY THE ASSOCIATION.—The Association shall promptly implement the plan (including any amendments to the plan, whether such amendments are made by the Association or are required to be made by the Secretary of the Treasury).

“(3) DISSOLUTION OF THE ASSOCIATION.—The Association shall dissolve and the Association’s separate existence shall terminate on July 1, 2013, after discharge of all outstanding debt obligations and liquidation pursuant to this subsection. The Association may dissolve pursuant to this subsection prior to such date by notifying the Secretary of Education and the Secretary of the Treasury of the Association’s intention to dissolve, unless within 60 days of receipt of such notice the Secretary of Education notifies the Association that the Association continues to be needed to serve as a lender of last resort pursuant to subsection (q) or continues to be needed to purchase loans under an agreement with the Secretary described in paragraph (4)(A). On the dissolution date, the Association shall take the following actions:

“(A) ESTABLISHMENT OF A TRUST.—The Association shall, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Secretary of the Treasury, the Association, and the appointed trustee, irrevocably transfer all remaining obligations of the Association to a trust and irrevocably deposit or cause to be deposited into such trust, to be held as trust funds solely for the benefit of holders of the remaining obligations, money or direct non-callable obligations of the United States or any agency thereof for which payment of the full faith and credit of the United States is pledged, maturing as to principal and interest in such amounts and at such times as are determined by the Secretary of the Treasury to be sufficient, without consideration of any significant reinvestment of such interest, to pay the principal of, and interest on, the remaining obligations in accordance with their terms.

“(B) USE OF TRUST ASSETS.—All money, obligations, or financial assets deposited into the trust pursuant to this subsection shall be applied by the trustee to the payment of the remaining obligations assumed by the trust. Upon the fulfillment of the trustee’s duties under the trust, any remaining assets of the trust shall be transferred to the persons who, at the time of the dissolution, were the shareholders of the Association, or to the legal successors or assigns of such persons.

“(C) OBLIGATIONS NOT TRANSFERRED TO THE TRUST.—The Association shall make proper provision for all other obligations of the Association, including the repurchase or redemption, or the making of proper provision for the repurchase or redemption, of any preferred stock of the Association outstanding.

“(D) TRANSFER OF REMAINING ASSETS.—After compliance with subparagraphs (A) and (C), the Association shall transfer to the shareholders of the Association any remaining assets of the Association.

“(4) RESTRICTIONS RELATING TO WINDING UP.—

“(A) RESTRICTIONS ON NEW BUSINESS ACTIVITY OR ACQUISITION OF ASSETS BY THE ASSOCIATION.—

“(i) IN GENERAL.—Beginning on July 1, 2009, the Association shall not engage in any new business activities or acquire any additional program assets (including acquiring assets pursuant to contractual commitments) described in subsection (d) other than in connection with the Association—

“(I) serving as a lender of last resort pursuant to subsection (q); and

“(II) purchasing loans insured under this part, if the Secretary, with the approval of the Secretary of the Treasury, enters into an agreement with the Association for the continuation or resumption of the Association’s secondary market purchase program because the Secretary determines there is inadequate liquidity for loans made under this part.

“(ii) AGREEMENT.—The Secretary is authorized to enter into an agreement described in subclause (II) of clause (i) with the Association covering such secondary market activities. Any agreement entered into under such subclause shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The fee provided under subsection (h)(7) shall not apply to loans acquired under any such agreement with the Secretary.

“(B) ISSUANCE OF DEBT OBLIGATIONS DURING THE WIND UP PERIOD; ATTRIBUTES OF DEBT OBLIGATIONS.—The Association shall not issue debt obligations which mature later than July 1, 2013, except in connection with serving as a lender of last resort pursuant to subsection (q) or with purchasing loans under an agreement with the Secretary as described in subparagraph (A). Nothing in this subsection shall modify the attributes accorded the debt obligations of the Association by this section, regardless of whether such debt obligations are transferred to a trust in accordance with paragraph (3).

“(C) USE OF ASSOCIATION NAME.—The Association may not transfer or permit the use of the name ‘Student Loan Marketing Association’, ‘Sallie Mae’, or any variation thereof, to or by any entity other than a subsidiary of the Association.”

(d) DISCRIMINATION IN SECONDARY MARKETS PROHIBITED.—Part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) is amended by adding after section 440 (as added by subsection (a)) the following new section:

**“SEC. 440A. DISCRIMINATION IN SECONDARY MARKETS PROHIBITED.**

“The Student Loan Marketing Association (and, if the Association is privatized under section 440, any successor entity functioning as a secondary market for loans under this part, including the Holding Company described in such section) shall not engage directly or indirectly in any pattern or practice that results in a denial of a borrower’s access to loans under this part because of the borrower’s race, sex, color, religion, national origin, age, disability status, income, attendance at a particular eligible institution, length of the borrower’s educational program, or the borrower’s academic year at an eligible institution.”

(e) REPEALS.—

(1) IN GENERAL.—Sections 439 of the Higher Education Act of 1965 (20 U.S.C. 1087-2) and 440 of such Act (as added by subsection (a) of this section) are repealed.

(2) EFFECTIVE DATE.—The repeals made by paragraph (1) shall be effective one year after—

(A) the date on which all of the obligations of the trust established under section 440(d)(1) of the Higher Education Act of 1965 (as added by subsection (a)) have been extinguished, if a reorganization occurs in accordance with section 440 of such Act; or

(B) the date on which all of the obligations of the trust established under subsection 439(s)(3)(A) of such Act (as added by sub-

section (c)) have been extinguished, if a reorganization does not occur in accordance with section 440 of such Act.

(f) ASSOCIATION NAMES.—Upon dissolution in accordance with section 439(s) of the Higher Education Act of 1965 (20 U.S.C. 1087-2), the names “Student Loan Marketing Association”, “Sallie Mae”, and any variations thereof may not be used by any entity engaged in any business similar to the business conducted pursuant to section 439 of such Act (as such section was in effect on the date of enactment of this Act) without the approval of the Secretary of the Treasury.

(g) RIGHT TO ENFORCE.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request that the Attorney General bring an action in the United States District Court for the District of Columbia for the enforcement of any provision of subsection (f), or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with subsection (f).

**SEC. 102. CONNIE LEE PRIVATIZATION.**

(a) STATUS OF THE CORPORATION AND CORPORATE POWERS; OBLIGATIONS NOT FEDERALLY GUARANTEED.—

(1) STATUS OF THE CORPORATION.—The Corporation shall not be an agency, instrumentality, or establishment of the United States Government, nor a Government corporation, nor a Government controlled corporation, as such terms are defined in section 103 of title 5, United States Code. No action under section 1491 of title 28, United States Code (commonly known as the Tucker Act) shall be allowable against the United States based on the actions of the Corporation.

(2) CORPORATE POWERS.—The Corporation shall be subject to the provisions of this section, and, to the extent not inconsistent with this section, to the District of Columbia Business Corporation Act (or the comparable law of another State, if applicable). The Corporation shall have the powers conferred upon a corporation by the District of Columbia Business Corporation Act (or such other applicable State law) as from time to time in effect in order to conduct the Corporation’s affairs as a private, for-profit corporation and to carry out the Corporation’s purposes and activities incidental thereto. The Corporation shall have the power to enter into contracts, to execute instruments, to incur liabilities, to provide products and services, and to do all things as are necessary or incidental to the proper management of the Corporation’s affairs and the efficient operation of a private, for-profit business.

(3) LIMITATION ON OWNERSHIP OF STOCK.—

(A) SECRETARY OF THE TREASURY.—The Secretary of the Treasury, in completing the sale of stock pursuant to subsection (c), may not sell or issue the stock held by the Secretary of Education to an agency, instrumentality, or establishment of the United States Government, or to a Government corporation or a Government controlled corporation, as such terms are defined in section 103 of title 5, United States Code, or to a government-sponsored enterprise as such term is defined in section 3 of the Congressional Budget Act of 1974 (2 U.S.C. 622).

(B) STUDENT LOAN MARKETING ASSOCIATION.—The Student Loan Marketing Association shall not increase its share of the ownership of the Corporation in excess of 42 percent of the shares of stock of the Corporation outstanding on the date of enactment of this Act. The Student Loan Marketing Association shall not control the operation of the Corporation, except that the Student Loan Marketing Association may participate in the election of directors as a shareholder, and may continue to exercise the Student

Loan Marketing Association's right to appoint directors under section 754 of the Higher Education Act of 1965 (20 U.S.C. 1132f-3) as long as that section is in effect.

(C) PROHIBITION.—Until such time as the Secretary of the Treasury sells the stock of the Corporation owned by the Secretary of Education pursuant to subsection (c), the Student Loan Marketing Association shall not provide financial support or guarantees to the Corporation.

(D) FINANCIAL SUPPORT OR GUARANTEES.—After the Secretary of the Treasury sells the stock of the Corporation owned by the Secretary of Education pursuant to subsection (c), the Student Loan Marketing Association may provide financial support or guarantees to the Corporation, if such support or guarantees are subject to terms and conditions that are no more advantageous to the Corporation than the terms and conditions the Student Loan Marketing Association provides to other entities, including, where applicable, other monoline financial guaranty corporations in which the Student Loan Marketing Association has no ownership interest.

(4) NO FEDERAL GUARANTEE.—

(A) OBLIGATIONS INSURED BY THE CORPORATION.—

(i) FULL FAITH AND CREDIT OF THE UNITED STATES.—No obligation that is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation that is guaranteed by the full faith and credit of the United States.

(ii) STUDENT LOAN MARKETING ASSOCIATION.—No obligation that is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation that is guaranteed by the Student Loan Marketing Association.

(iii) SPECIAL RULE.—This paragraph shall not affect the determination of whether such obligation is guaranteed for purposes of Federal income taxes.

(B) SECURITIES OFFERED BY THE CORPORATION.—No debt or equity securities of the Corporation shall be deemed to be guaranteed by the full faith and credit of the United States.

(5) DEFINITION.—The term "Corporation" as used in this section means the College Construction Loan Insurance Association as in existence on the day before the date of enactment of this Act, and any successor corporation.

(b) RELATED PRIVATIZATION REQUIREMENTS.—

(1) NOTICE REQUIREMENTS.—

(A) IN GENERAL.—During the six-year period following the date of enactment of this Act, the Corporation shall include, in each of the Corporation's contracts for the insurance, guarantee, or reinsurance of obligations, and in each document offering debt or equity securities of the Corporation, a prominent statement providing notice that—

(i) such obligations or such securities, as the case may be, are not obligations of the United States, nor are such obligations or such securities, as the case may be, guaranteed in any way by the full faith and credit of the United States; and

(ii) the Corporation is not an instrumentality of the United States.

(B) ADDITIONAL NOTICE.—During the five-year period following the sale of stock pursuant to subsection (c)(1), in addition to the notice requirements in subparagraph (A), the Corporation shall include, in each of the contracts and documents referred to in such subparagraph, a prominent statement providing notice that the United States is not an investor in the Corporation.

(2) CORPORATE CHARTER.—The Corporation's charter shall be amended as necessary

and without delay to conform to the requirements of this section.

(3) CORPORATE NAME.—The name of the Corporation, or of any direct or indirect subsidiary thereof, may not contain the term "College Construction Loan Insurance Association", or any substantially similar variation thereof.

(4) ARTICLES OF INCORPORATION.—The Corporation shall amend the Corporation's articles of incorporation without delay to reflect that one of the purposes of the Corporation shall be to guarantee, insure, and reinsure bonds, leases, and other evidences of debt of educational institutions, including Historically Black Colleges and Universities and other academic institutions which are ranked in the lower investment grade category using a nationally recognized credit rating system.

(5) REQUIREMENTS UNTIL STOCK SALE.—Notwithstanding subsection (d), the requirements of sections 754 and 760 of the Higher Education Act of 1965 (20 U.S.C. 1132f-3 and 1132f-9), as such sections were in effect on the day before the date of enactment of this Act, shall continue to be effective until the day immediately following the date of closing of the purchase of the Secretary of Education's stock (or the date of closing of the final purchase, in the case of multiple transactions) pursuant to subsection (c)(1) of this Act.

(c) SALE OF FEDERALLY OWNED STOCK.—

(1) SALE OF STOCK REQUIRED.—The Secretary of the Treasury shall sell, pursuant to section 324 of title 31, United States Code, the stock of the Corporation owned by the Secretary of Education as soon as possible after the date of enactment of this Act, but not later than six months after such date.

(2) PURCHASE BY THE CORPORATION.—In the event that the Secretary of the Treasury is unable to sell the stock, or any portion thereof, at a price acceptable to the Secretary of Education and the Secretary of the Treasury, the Corporation shall purchase, within six months after the date of enactment of this Act, such stock at a price determined by the Secretary of the Treasury and acceptable to the Corporation based on the independent appraisal of one or more nationally recognized financial firms, except that such price shall not exceed the value of the Secretary of Education's stock as determined by the Congressional Budget Office in House Report 104-153, dated June 22, 1995.

(3) REIMBURSEMENT OF COSTS OF SALE.—The Secretary of the Treasury shall be reimbursed from the proceeds of the sale of the stock under this subsection for all reasonable costs related to such sale, including all reasonable expenses relating to one or more independent appraisals under this subsection.

(4) ASSISTANCE BY THE CORPORATION.—The Corporation shall provide such assistance as the Secretary of the Treasury and the Secretary of Education may require to facilitate the sale of the stock under this subsection.

(d) REPEAL OF STATUTORY RESTRICTIONS AND RELATED PROVISIONS.—Part D of title VII of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is repealed.

**SEC. 103. ELIGIBLE INSTITUTION.**

(a) AMENDMENT.—Section 481(b) of the Higher Education Act of 1965 (20 U.S.C. 1088(b)) is amended by inserting after the end of the first sentence the following new sentence: "For the purposes of determining whether an institution meets the requirements of clause (6), the Secretary shall not consider the financial information of any institution for a fiscal year that began on or before April 30, 1994."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any de-

termination made on or after July 1, 1994, by the Secretary of Education pursuant to section 481(b)(6) of the Higher Education Act of 1965 (20 U.S.C. 1088(b)(6)).

**TITLE II—MUSEUMS AND LIBRARIES**

**SEC. 201. MUSEUM AND LIBRARY SERVICES.**

The Museum Services Act (20 U.S.C. 961 et seq.) is amended to read as follows:

**"TITLE II—MUSEUM AND LIBRARY SERVICES**

**"Subtitle A—General Provisions**

**"SEC. 201. SHORT TITLE.**

"This title may be cited as the 'Museum and Library Services Act'.

**"SEC. 202. GENERAL DEFINITIONS.**

"As used in this title:

"(1) COMMISSION.—The term 'Commission' means the National Commission on Libraries and Information Science established under section 3 of the National Commission on Libraries and Information Sciences Act (20 U.S.C. 1502).

"(2) DIRECTOR.—The term 'Director' means the Director of the Institute appointed under section 204.

"(3) INSTITUTE.—The term 'Institute' means the Institute of Museum and Library Services established under section 203.

"(4) MUSEUM BOARD.—The term 'Museum Board' means the National Museum Services Board established under section 275.

**"SEC. 203. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.**

"(a) ESTABLISHMENT.—There is established, within the National Foundation on the Arts and the Humanities, an Institute of Museum and Library Services.

"(b) OFFICES.—The Institute shall consist of an Office of Museum Services and an Office of Library Services. There shall be a National Museum Services Board in the Office of Museum Services.

**"SEC. 204. DIRECTOR OF THE INSTITUTE.**

"(a) APPOINTMENT.—

"(1) IN GENERAL.—The Institute shall be headed by a Director, appointed by the President, by and with the advice and consent of the Senate.

"(2) TERM.—The Director shall serve for a term of 4 years.

"(3) QUALIFICATIONS.—Beginning with the first individual appointed to the position of Director after the date of the enactment of the Government-Sponsored Enterprise Privatization Act of 1996, every second individual so appointed shall be appointed from among individuals who have special competence with regard to library and information services. Beginning with the second individual appointed to the position of Director after the date of enactment of the Government-Sponsored Enterprise Privatization Act of 1996, every second individual so appointed shall be appointed from among individuals who have special competence with regard to museum services.

"(b) COMPENSATION.—The Director may be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

"(c) DUTIES AND POWERS.—The Director shall perform such duties and exercise such powers as may be prescribed by law, including awarding financial assistance for activities described in this title.

"(d) NONDELEGATION.—The Director shall not delegate any of the functions of the Director to any person who is not an officer or employee of the Institute.

"(e) COORDINATION.—The Director shall ensure coordination of the policies and activities of the Institute with the policies and activities of other agencies and offices of the Federal Government having interest in and responsibilities for the improvement of museums and libraries and information services.

**SEC. 205. DEPUTY DIRECTORS.**

"The Office of Library Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have a graduate degree in library science and expertise in library and information services. The Office of Museum Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have expertise in museum services.

**SEC. 206. PERSONNEL.**

"(a) IN GENERAL.—The Director may, in accordance with applicable provisions of title 5, United States Code, appoint and determine the compensation of such employees as the Director determines to be necessary to carry out the duties of the Institute.

"(b) VOLUNTARY SERVICES.—The Director may accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

**SEC. 207. CONTRIBUTIONS.**

"The Institute is authorized to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such property or services in furtherance of the functions of the Institute. Any proceeds from such gifts, bequests, or devises, after acceptance by the Institute, shall be paid by the donor or the representative of the donor to the Director. The Director shall enter the proceeds in a special interest-bearing account to the credit of the Institute for the purposes specified in each case.

**"Subtitle B—Library Services and Technology****SEC. 211. SHORT TITLE.**

"This subtitle may be cited as the 'Library Services and Technology Act'.

**SEC. 212. PURPOSE.**

"It is the purpose of this subtitle—

"(1) to consolidate Federal library service programs;

"(2) to stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages;

"(3) to promote library services that provide all users access to information through State, regional, national and international electronic networks;

"(4) to provide linkages among and between libraries; and

"(5) to promote targeted library services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills.

**SEC. 213. DEFINITIONS.**

"As used in this subtitle:

"(1) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community, including any Alaska native village, regional corporation, or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized by the Secretary of the Interior as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

"(2) LIBRARY.—The term 'library' includes—

"(A) a public library;

"(B) a public elementary school or secondary school library;

"(C) an academic library;

"(D) a research library, which for the purposes of this subtitle means a library that—

"(i) makes publicly available library services and materials suitable for scholarly research and not otherwise available to the public; and

"(ii) is not an integral part of an institution of higher education; and

"(E) a private library, but only if the State in which such private library is located determines that the library should be considered a library for purposes of this subtitle.

"(3) LIBRARY CONSORTIUM.—The term 'library consortium' means any local, statewide, regional, interstate, or international cooperative association of library entities which provides for the systematic and effective coordination of the resources of school, public, academic, and special libraries and information centers, for improved services for the clientele of such library entities.

"(4) STATE.—The term 'State', unless otherwise specified, includes each of the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(5) STATE LIBRARY ADMINISTRATIVE AGENCY.—The term 'State library administrative agency' means the official agency of a State charged by the law of the State with the extension and development of public library services throughout the State.

"(6) STATE PLAN.—The term 'State plan' means the document which gives assurances that the officially designated State library administrative agency has the fiscal and legal authority and capability to administer all aspects of this subtitle, provides assurances for establishing the State's policies, priorities, criteria, and procedures necessary to the implementation of all programs under this subtitle, submits copies for approval as required by regulations promulgated by the Director, identifies a State's library needs, and sets forth the activities to be taken toward meeting the identified needs supported with the assistance of Federal funds made available under this subtitle.

**SEC. 214. AUTHORIZATION OF APPROPRIATIONS.**

"(a) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated \$150,000,000 for fiscal year 1997 and such sums as may be necessary for each of the fiscal years 1998 through 2002 to carry out this subtitle.

"(2) TRANSFER.—The Secretary of Education shall—

"(A) transfer any funds appropriated under the authority of paragraph (1) to the Director to enable the Director to carry out this subtitle; and

"(B) not exercise any authority concerning the administration of this title other than the transfer described in subparagraph (A).

"(b) FORWARD FUNDING.—

"(1) IN GENERAL.—To the end of affording the responsible Federal, State, and local officers adequate notice of available Federal financial assistance for carrying out ongoing library activities and projects, appropriations for grants, contracts, or other payments under any program under this subtitle are authorized to be included in the appropriations Act for the fiscal year preceding the fiscal year during which such activities and projects shall be carried out.

"(2) ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.—In order to effect a transition to the timing of appropriation action authorized by subsection (a), the application of this section may result in the enactment, in a fiscal year, of separate appropriations for a program under this subtitle (whether in the same appropriations Act or otherwise) for two consecutive fiscal years.

"(c) ADMINISTRATION.—Not more than 3 percent of the funds appropriated under this section for a fiscal year may be used to pay for the Federal administrative costs of carrying out this subtitle.

**"CHAPTER 1—BASIC PROGRAM REQUIREMENTS****SEC. 221. RESERVATIONS AND ALLOTMENTS.**

"(a) RESERVATIONS.—

"(1) IN GENERAL.—From the amount appropriated under the authority of section 214 for any fiscal year, the Director—

"(A) shall reserve 1½ percent to award grants in accordance with section 261; and

"(B) shall reserve 4 percent to award national leadership grants or contracts in accordance with section 262.

"(2) SPECIAL RULE.—If the funds reserved pursuant to paragraph (1)(B) for a fiscal year have not been obligated by the end of such fiscal year, then such funds shall be allotted in accordance with subsection (b) for the fiscal year succeeding the fiscal year for which the funds were so reserved.

"(b) ALLOTMENTS.—

"(1) IN GENERAL.—From the sums appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year, the Director shall award grants from minimum allotments, as determined under paragraph (3), to each State. Any sums remaining after minimum allotments are made for such year shall be allotted in the manner set forth in paragraph (2).

"(2) REMAINDER.—From the remainder of any sums appropriated under the authority of section 214 that are not reserved under subsection (a) and not allotted under paragraph (1) for any fiscal year, the Director shall award grants to each State in an amount that bears the same relation to such remainder as the population of the State bears to the population of all States.

"(3) MINIMUM ALLOTMENT.—

"(A) IN GENERAL.—For the purposes of this subsection, the minimum allotment for each State shall be \$340,000, except that the minimum allotment shall be \$40,000 in the case of the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(B) RATABLE REDUCTIONS.—If the sum appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year is insufficient to fully satisfy the aggregate of the minimum allotments for all States for that purpose for such year, each of such minimum allotments shall be reduced ratably.

"(C) SPECIAL RULE.—

"(i) IN GENERAL.—Notwithstanding any other provision of this subsection and using funds allotted for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau under this subsection, the Director shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this subtitle in accordance with the provisions of this subtitle that the Director determines are not inconsistent with this subparagraph.

"(ii) AWARD BASIS.—The Director shall award grants pursuant to clause (i) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.

"(iii) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under

this subtitle for any fiscal year that begins after September 30, 2001.

“(iv) ADMINISTRATIVE COSTS.—The Director may provide not more than 5 percent of the funds made available for grants under this subparagraph to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subparagraph.

“(4) DATA.—The population of each State and of all the States shall be determined by the Director on the basis of the most recent data available from the Bureau of the Census.

**“SEC. 222. ADMINISTRATION.**

“(a) IN GENERAL.—Not more than 4 percent of the total amount of funds received under this subtitle for any fiscal year by a State may be used for administrative costs.

“(b) CONSTRUCTION.—Nothing in this section shall be construed to limit spending for evaluation costs under section 224(c) from sources other than this subtitle.

**“SEC. 223. PAYMENTS; FEDERAL SHARE; AND MAINTENANCE OF EFFORT REQUIREMENTS.**

“(a) PAYMENTS.—Subject to appropriations provided pursuant to section 214, the Director shall pay to each State library administrative agency having a State plan approved under section 224 the Federal share of the cost of the activities described in the State plan.

“(b) FEDERAL SHARE.—

“(1) IN GENERAL.—The Federal share shall be 66 percent.

“(2) NON-FEDERAL SHARE.—The non-Federal share of payments shall be provided from non-Federal, State, or local sources.

“(c) MAINTENANCE OF EFFORT.—

“(1) STATE EXPENDITURES.—

“(A) REQUIREMENT.—

“(i) IN GENERAL.—The amount otherwise payable to a State for a fiscal year pursuant to an allotment under this chapter shall be reduced if the level of State expenditures, as described in paragraph (2), for the previous fiscal year is less than the average of the total of such expenditures for the 3 fiscal years preceding that previous fiscal year. The amount of the reduction in allotment for any fiscal year shall be equal to the amount by which the level of such State expenditures for the fiscal year for which the determination is made is less than the average of the total of such expenditures for the 3 fiscal years preceding the fiscal year for which the determination is made.

“(ii) CALCULATION.—Any decrease in State expenditures resulting from the application of subparagraph (B) shall be excluded from the calculation of the average level of State expenditures for any 3-year period described in clause (i).

“(B) DECREASE IN FEDERAL SUPPORT.—If the amount made available under this subtitle for a fiscal year is less than the amount made available under this subtitle for the preceding fiscal year, then the expenditures required by subparagraph (A) for such preceding fiscal year shall be decreased by the same percentage as the percentage decrease in the amount so made available.

“(2) LEVEL OF STATE EXPENDITURES.—The level of State expenditures for the purposes of paragraph (1) shall include all State dollars expended by the State library administrative agency for library programs that are consistent with the purposes of this subtitle. All funds included in the maintenance of effort calculation under this subsection shall be expended during the fiscal year for which the determination is made, and shall not include capital expenditures, special one-time project costs, or similar windfalls.

“(3) WAIVER.—The Director may waive the requirements of paragraph (1) if the Director

determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

**“SEC. 224. STATE PLANS.**

“(a) STATE PLAN REQUIRED.—

“(1) IN GENERAL.—In order to be eligible to receive a grant under this subtitle, a State library administrative agency shall submit a State plan to the Director not later than April 1, 1997.

“(2) DURATION.—The State plan shall cover a period of 5 fiscal years.

“(3) REVISIONS.—If a State library administrative agency makes a substantive revision to its State plan, then the State library administrative agency shall submit to the Director an amendment to the State plan containing such revision not later than April 1 of the fiscal year preceding the fiscal year for which the amendment will be effective.

“(b) CONTENTS.—The State plan shall—

“(1) establish goals, and specify priorities, for the State consistent with the purposes of this subtitle;

“(2) describe activities that are consistent with the goals and priorities established under paragraph (1), the purposes of this subtitle, and section 231, that the State library administrative agency will carry out during such year using such grant;

“(3) describe the procedures that such agency will use to carry out the activities described in paragraph (2);

“(4) describe the methodology that such agency will use to evaluate the success of the activities established under paragraph (2) in achieving the goals and meeting the priorities described in paragraph (1);

“(5) describe the procedures that such agency will use to involve libraries and library users throughout the State in policy decisions regarding implementation of this subtitle; and

“(6) provide assurances satisfactory to the Director that such agency will make such reports, in such form and containing such information, as the Director may reasonably require to carry out this subtitle and to determine the extent to which funds provided under this subtitle have been effective in carrying out the purposes of this subtitle.

“(c) EVALUATION AND REPORT.—Each State library administrative agency receiving a grant under this subtitle shall independently evaluate, and report to the Director regarding, the activities assisted under this subtitle, prior to the end of the 5-year plan.

“(d) INFORMATION.—Each library receiving assistance under this subtitle shall submit to the State library administrative agency such information as such agency may require to meet the requirements of subsection (c).

“(e) APPROVAL.—

“(1) IN GENERAL.—The Director shall approve any State plan under this subtitle that meets the requirements of this subtitle and provides satisfactory assurances that the provisions of such plan will be carried out.

“(2) PUBLIC AVAILABILITY.—Each State library administrative agency receiving a grant under this subtitle shall make the State plan available to the public.

“(3) ADMINISTRATION.—If the Director determines that the State plan does not meet the requirements of this section, the Director shall—

“(A) immediately notify the State library administrative agency of such determination and the reasons for such determination;

“(B) offer the State library administrative agency the opportunity to revise its State plan;

“(C) provide technical assistance in order to assist the State library administrative agency in meeting the requirements of this section; and

“(D) provide the State library administrative agency the opportunity for a hearing.

**“CHAPTER 2—LIBRARY PROGRAMS**

**“SEC. 231. GRANTS TO STATES.**

“(a) IN GENERAL.—Of the funds provided to a State library administrative agency under section 214, such agency shall expend, either directly or through subgrants or cooperative agreements, at least 96 percent of such funds for—

“(1) establishing or enhancing electronic linkages among or between libraries and library consortia; and

“(2) targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

“(b) SPECIAL RULE.—Each State library administrative agency receiving funds under this chapter may apportion the funds available for the purposes described in subsection (a) between the two purposes described in paragraphs (1) and (2) of such subsection, as appropriate, to meet the needs of the individual State.

**“CHAPTER 3—ADMINISTRATIVE PROVISIONS**

**“Subchapter A—State Requirements**

**“SEC. 251. STATE ADVISORY COUNCILS.**

“Each State desiring assistance under this subtitle may establish a State advisory council which is broadly representative of the library entities in the State, including public, school, academic, special, and institutional libraries, and libraries serving individuals with disabilities.

**“Subchapter B—Federal Requirements**

**“SEC. 261. SERVICES FOR INDIAN TRIBES.**

“From amounts reserved under section 221(a)(1)(A) for any fiscal year the Director shall award grants to organizations primarily serving and representing Indian tribes to enable such organizations to carry out the activities described in section 231.

**“SEC. 262. NATIONAL LEADERSHIP GRANTS OR CONTRACTS.**

“(a) IN GENERAL.—From the amounts reserved under section 221(a)(1)(B) for any fiscal year the Director shall establish and carry out a program awarding national leadership grants or contracts to enhance the quality of library services nationwide and to provide coordination between libraries and museums. Such grants or contracts shall be used for activities that may include—

“(1) education and training of persons in library and information science, particularly in areas of new technology and other critical needs, including graduate fellowships, traineeships, institutes, or other programs;

“(2) research and demonstration projects related to the improvement of libraries, education in library and information science, enhancement of library services through effective and efficient use of new technologies, and dissemination of information derived from such projects;

“(3) preservation or digitization of library materials and resources, giving priority to projects emphasizing coordination, avoidance of duplication, and access by researchers beyond the institution or library entity undertaking the project; and

“(4) model programs demonstrating cooperative efforts between libraries and museums.

“(b) GRANTS OR CONTRACTS.—

“(1) IN GENERAL.—The Director may carry out the activities described in subsection (a)

by awarding grants to, or entering into contracts with, libraries, agencies, institutions of higher education, or museums, where appropriate.

“(2) **COMPETITIVE BASIS.**—Grants and contracts under this section shall be awarded on a competitive basis.

“(c) **SPECIAL RULE.**—The Director shall make every effort to ensure that activities assisted under this section are administered by appropriate library and museum professionals or experts.

**“SEC. 263. STATE AND LOCAL INITIATIVES.**

“Nothing in this subtitle shall be construed to interfere with State and local initiatives and responsibility in the conduct of library services. The administration of libraries, the selection of personnel and library books and materials, and insofar as consistent with the purposes of this subtitle, the determination of the best uses of the funds provided under this subtitle, shall be reserved for the States and their local subdivisions.

**“Subtitle C—Museum Services**

**“SEC. 271. PURPOSE.**

“It is the purpose of this subtitle—

“(1) to encourage and assist museums in their educational role, in conjunction with formal systems of elementary, secondary, and postsecondary education, and with programs of nonformal education for all age groups;

“(2) to assist museums in modernizing their methods and facilities so that the museums are better able to conserve the cultural, historic, and scientific heritage of the United States; and

“(3) to ease the financial burden borne by museums as a result of their increasing use by the public.

**“SEC. 272. DEFINITIONS.**

“As used in this subtitle:

“(1) **MUSEUM.**—The term ‘museum’ means a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or aesthetic purposes, that utilizes a professional staff, owns or utilizes tangible objects, cares for the tangible objects, and exhibits the tangible objects to the public on a regular basis.

“(2) **STATE.**—The term ‘State’ means each of the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

**“SEC. 273. MUSEUM SERVICES ACTIVITIES.**

“(a) **GRANTS.**—The Director, subject to the policy direction of the Museum Board, may make grants to museums to pay for the Federal share of the cost of increasing and improving museum services, through such activities as—

“(1) programs that enable museums to construct or install displays, interpretations, and exhibitions in order to improve museum services provided to the public;

“(2) assisting museums in developing and maintaining professionally trained or otherwise experienced staff to meet the needs of the museums;

“(3) assisting museums in meeting the administrative costs of preserving and maintaining the collections of the museums, exhibiting the collections to the public, and providing educational programs to the public through the use of the collections;

“(4) assisting museums in cooperating with each other in developing traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

“(5) assisting museums in the conservation of their collections;

“(6) developing and carrying out specialized programs for specific segments of the public, such as programs for urban neighborhoods, rural areas, Indian reservations, and penal and other State institutions; and

“(7) model programs demonstrating cooperative efforts between libraries and museums.

**“(b) CONTRACTS AND COOPERATIVE AGREEMENTS.—**

“(1) **PROJECTS TO STRENGTHEN MUSEUM SERVICES.**—The Director, subject to the policy direction of the Museum Board, is authorized to enter into contracts and cooperative agreements with appropriate entities, as determined by the Director, to pay for the Federal share of enabling the entities to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations acts.

“(2) **LIMITATION ON AMOUNT.**—The aggregate amount of financial assistance made available under this subsection for a fiscal year shall not exceed 15 percent of the amount appropriated under this subtitle for such fiscal year.

“(3) **OPERATIONAL EXPENSES.**—No financial assistance may be provided under this subsection to pay for operational expenses.

**“(c) FEDERAL SHARE.—**

“(1) **50 PERCENT.**—Except as provided in paragraph (2), the Federal share described in subsections (a) and (b) shall be not more than 50 percent.

“(2) **GREATER THAN 50 PERCENT.**—The Director may use not more than 20 percent of the funds made available under this subtitle for a fiscal year to make grants under subsection (a), or enter into contracts or agreements under subsection (b), for which the Federal share may be greater than 50 percent.

“(d) **REVIEW AND EVALUATION.**—The Director shall establish procedures for reviewing and evaluating grants, contracts, and cooperative agreements made or entered into under this subtitle. Procedures for reviewing grant applications or contracts and cooperative agreements for financial assistance under this subtitle shall not be subject to any review outside of the Institute.

**“SEC. 274. AWARD.**

“The Director, with the advice of the Museum Board, may annually award a National Award for Museum Service to outstanding museums that have made significant contributions in service to their communities.

**“SEC. 275. NATIONAL MUSEUM SERVICES BOARD.**

“(a) **ESTABLISHMENT.**—There is established in the Institute a National Museum Services Board.

**“(b) COMPOSITION AND QUALIFICATIONS.—**

“(1) **COMPOSITION.**—The Museum Board shall consist of the Director and 14 members appointed by the President, by and with the advice and consent of the Senate.

“(2) **QUALIFICATIONS.**—The appointive members of the Museum Board shall be selected from among citizens of the United States—

“(A) who are members of the general public;

“(B) who are or have been affiliated with—

“(i) resources that, collectively, are broadly representative of the curatorial, conservation, educational, and cultural resources of the United States; or

“(ii) museums that, collectively, are broadly representative of various types of museums, including museums relating to science, history, technology, art, zoos, and botanical gardens; and

“(C) who are recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

“(3) **GEOGRAPHIC AND OTHER REPRESENTATION.**—Members of the Museum Board shall be appointed to reflect persons from various geographic regions of the United States. The Museum Board may not include, at any time, more than 3 members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved with museums.

**“(c) TERMS.—**

“(1) **IN GENERAL.**—Each appointive member of the Museum Board shall serve for a term of 5 years, except that—

“(A) of the members first appointed, 3 shall serve for terms of 5 years, 3 shall serve for terms of 4 years, 3 shall serve for terms of 3 years, 3 shall serve for terms of 2 years, and 2 shall serve for terms of 1 year, as designated by the President at the time of nomination for appointment; and

“(B) any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

“(2) **REAPPOINTMENT.**—No member of the Museum Board who has been a member for more than 7 consecutive years shall be eligible for reappointment.

“(3) **SERVICE UNTIL SUCCESSOR TAKES OFFICE.**—Notwithstanding any other provision of this subsection, a member of the Museum Board shall serve after the expiration of the term of the member until the successor to the member takes office.

“(d) **DUTIES AND POWERS.**—The Museum Board shall have the responsibility to advise the Director on general policies with respect to the duties, powers, and authority of the Institute relating to museum services, including general policies with respect to—

“(1) financial assistance awarded under this subtitle for museum services; and

“(2) projects described in section 262(a)(4).

“(e) **CHAIRPERSON.**—The President shall designate 1 of the appointive members of the Museum Board as Chairperson of the Museum Board.

**“(f) MEETINGS.—**

“(1) **IN GENERAL.**—The Museum Board shall meet—

“(A) not less than 3 times each year, including—

“(i) not less than 2 times each year separately; and

“(ii) not less than 1 time each year in a joint meeting with the Commission, convened for purposes of making general policies with respect to financial assistance for projects described in section 262(a)(4); and

“(B) at the call of the Director.

“(2) **VOTE.**—All decisions by the Museum Board with respect to the exercise of the duties and powers of the Museum Board shall be made by a majority vote of the members of the Museum Board who are present. All decisions by the Commission and the Museum Board with respect to the policies described in paragraph (1)(A)(ii) shall be made by a 2/3 majority vote of the total number of the members of the Commission and the Museum Board who are present.

“(g) **QUORUM.**—A majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official meetings of the Museum Board, but a lesser number of members may hold hearings. A majority of the members of the Commission and a majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the Museum Board.

“(h) **COMPENSATION AND TRAVEL EXPENSES.—**

“(1) COMPENSATION.—Each member of the Museum Board who is not an officer or employee of the Federal Government may be compensated at a rate to be fixed by the President, but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Museum Board. All members of the Museum Board who are officers or employees of the Federal Government shall serve without compensation in addition to compensation received for their services as officers or employees of the Federal Government.

“(2) TRAVEL EXPENSES.—The members of the Museum Board may be allowed travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

“(i) COORDINATION.—The Museum Board, with the advice of the Director, shall take steps to ensure that the policies and activities of the Institute are coordinated with other activities of the Federal Government.

**“SEC. 276. AUTHORIZATION OF APPROPRIATIONS.**

“(a) GRANTS.—For the purpose of carrying out this subtitle, there are authorized to be appropriated to the Director \$28,700,000 for the fiscal year 1997, and such sums as may be necessary for each of the fiscal years 1998 through 2002.

“(b) ADMINISTRATION.—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the administrative costs of carrying out this subtitle.

“(c) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation until expended.”

**SEC. 202. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE.**

(a) FUNCTIONS.—Section 5 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1504) is amended—

(1) by redesignating subsections (b) through (d) as subsections (d) through (f), respectively; and

(2) by inserting after subsection (a) the following:

“(b) The Commission shall have the responsibility to advise the Director of the Institute of Museum and Library Services on general policies with respect to the duties, powers, and authority of the Institute of Museum and Library Services relating to library services, including—

“(1) general policies with respect to—

“(A) financial assistance awarded under the Museum and Library Services Act for library services; and

“(B) projects described in section 262(a)(4) of such Act; and

“(2) measures to ensure that the policies and activities of the Institute of Museum and Library Services are coordinated with other activities of the Federal Government.

“(c)(1) The Commission shall meet not less than 1 time each year in a joint meeting with the National Museum Services Board, convened for purposes of providing advice on general policy with respect to financial assistance for projects described in section 262(a)(4) of such Act.

“(2) All decisions by the Commission and the National Museum Services Board with respect to the advice on general policy described in paragraph (1) shall be made by a 2/3 majority vote of the total number of the members of the Commission and the National Museum Services Board who are present.

“(3) A majority of the members of the Commission and a majority of the members of the National Museum Services Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the National Museum Services Board.”

(b) MEMBERSHIP.—Section 6 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1505) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking “Librarian of Congress” and inserting “Librarian of Congress, the Director of the Institute of Museum and Library Services (who shall serve as an ex officio, nonvoting member);”; and

(B) in the second sentence—

(i) by striking “special competence or interest in” and inserting “special competence in or knowledge of”; and

(ii) by inserting before the period the following: “and at least one other of whom shall be knowledgeable with respect to the library and information service and science needs of the elderly”; and

(C) in the third sentence, by inserting “appointive” before “members”; and

(D) in the last sentence, by striking “term and at least” and all that follows and inserting “term.”; and

(2) in subsection (b), by striking “the rate specified” and all that follows through “and while” and inserting “the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including traveltime) during which the members are engaged in the business of the Commission. While”.

**SEC. 203. TRANSFER OF FUNCTIONS FROM INSTITUTE OF MUSEUM SERVICES.**

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term “Federal agency” has the meaning given to the term “agency” by section 551(1) of title 5, United States Code;

(2) the term “function” means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term “office” includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS FROM THE INSTITUTE OF MUSEUM SERVICES AND THE LIBRARY PROGRAM OFFICE.—There are transferred to the Director of the Institute of Museum and Library Services established under section 203 of the Museum and Library Services Act—

(1) all functions that the Director of the Institute of Museum Services exercised before the date of enactment of this section (including all related functions of any officer or employee of the Institute of Museum Services); and

(2) all functions that the Director of Library Programs in the Office of Educational Research and Improvement in the Department of Education exercised before the date of enactment of this section and any related function of any officer or employee of the Department of Education.

(c) DETERMINATIONS OF CERTAIN FUNCTIONS BY THE OFFICE OF MANAGEMENT AND BUDGET.—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under subsection (b).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the Director of the Institute of Museum and Library Services may delegate any of the functions transferred to the Director of the Institute of Museum and Library Services by this section and any function transferred or granted to such Director of the Institute of

Museum and Library Services after the effective date of this section to such officers and employees of the Institute of Museum and Library Services as the Director of the Institute of Museum and Library Services may designate, and may authorize successive delegations of such functions as may be necessary or appropriate, except that any delegation of any such functions with respect to libraries shall be made to the Deputy Director of the Office of Library Services and with respect to museums shall be made to the Deputy Director of the Office of Museum Services. No delegation of functions by the Director of the Institute of Museum and Library Services under this section or under any other provision of this section shall relieve such Director of the Institute of Museum and Library Services of responsibility for the administration of such functions.

(e) REORGANIZATION.—The Director of the Institute of Museum and Library Services may allocate or reallocate any function transferred under subsection (b) among the officers of the Institute of Museum and Library Services, and may establish, consolidate, alter, or discontinue such organizational entities in the Institute of Museum and Library Services as may be necessary or appropriate.

(f) RULES.—The Director of the Institute of Museum and Library Services may prescribe, in accordance with chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Director of the Institute of Museum and Library Services determines to be necessary or appropriate to administer and manage the functions of the Institute of Museum and Library Services.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the Institute of Museum and Library Services. Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the purposes of this section.

(i) EFFECT ON PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided by this section, the transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employee to be separated or reduced in grade or compensation for 1 year after the date of transfer of such employee under this section.

(2) EXECUTIVE SCHEDULE POSITIONS.—Except as otherwise provided in this section, any

person who, on the day preceding the effective date of this section, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Institute of Museum and Library Services to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.

(j) SAVINGS PROVISIONS.—

(1) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that were in effect before the effective date of this section, or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the Director of the Institute of Museum and Library Services or other authorized official, a court of competent jurisdiction, or by operation of law.

(2) PROCEEDINGS NOT AFFECTED.—This section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Institute of Museum Services on the effective date of this section, with respect to functions transferred by this section. Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to the orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this paragraph shall be construed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(3) SUITS NOT AFFECTED.—This section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(4) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Institute of Museum Services, or by or against any individual in the official capacity of such individual as an officer of the Institute of Museum Services, shall abate by reason of the enactment of this section.

(5) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Institute of Museum Services relating to a function transferred under this section may be continued by the Institute of Museum and

Library Services with the same effect as if this section had not been enacted.

(k) TRANSITION.—The Director of the Institute of Museum and Library Services may utilize—

(1) the services of such officers, employees, and other personnel of the Institute of Museum Services with respect to functions transferred to the Institute of Museum and Library Services by this section; and

(2) funds appropriated to such functions for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Director of the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Director of the Institute of Museum and Library Services; and

(2) the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Institute of Museum and Library Services.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Director of the Institute of Museum and Library Services shall prepare and submit to the appropriate committees of Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the effective date of this section, the Director of the Institute of Museum and Library Services shall submit to the appropriate committees of Congress the recommended legislation referred to under paragraph (1).

**SEC. 204. SERVICE OF INDIVIDUALS SERVING ON DATE OF ENACTMENT.**

Notwithstanding section 204 of the Museum and Library Services Act, the individual who was appointed to the position of Director of the Institute of Museum Services under section 205 of the Museum Services Act (as such section was in effect on the day before the date of enactment of this Act) and who is serving in such position on the day before the date of enactment of this Act shall serve as the first Director of the Institute of Museum and Library Services under section 204 of the Museum and Library Services Act (as added by section 201 of this title), and shall serve at the pleasure of the President.

**SEC. 205. CONSIDERATION.**

Consistent with title 5, United States Code, in appointing employees of the Office of Library Services, the Director of the Institute of Museum and Library Services shall give strong consideration to individuals with experience in administering State-based and national library and information services programs.

**SEC. 206. TRANSITION AND TRANSFER OF FUNDS.**

(a) TRANSITION.—The Director of the Office of Management and Budget shall take appropriate measures to ensure an orderly transition from the activities previously administered by the Director of Library Programs in the Office of Educational Research and Improvement in the Department of Education to the activities administered by the Institute for Museum and Library Services under this title. Such measures may include the transfer of appropriated funds.

(b) TRANSFER.—The Secretary of Education shall transfer to the Director the amount of funds necessary to ensure the orderly transi-

tion from activities previously administered by the Director of the Office of Library Programs in the Office of Educational Research and Improvement in the Department of Education to the activities administered by the Institute for Museum and Library Services. In no event shall the amount of funds transferred pursuant to the preceding sentence be less than \$200,000.

**TITLE III—EXTENSION OF PROGRAMS**

**SEC. 301. EXTENSION OF NATIONAL LITERACY ACT OF 1991.**

(a) NATIONAL WORKFORCE LITERACY ASSISTANCE COLLABORATIVE.—Subsection (c) of section 201 of the National Literacy Act of 1991 (20 U.S.C. 1211-1(c)) is amended by striking "\$5,000,000" and all that follows through the period and inserting "such sums as may be necessary for fiscal year 1997."

(b) FUNCTIONAL LITERACY AND LIFE SKILLS PROGRAM FOR STATE AND LOCAL PRISONERS.—Paragraph (3) of section 601(i) of the National Literacy Act of 1991 (20 U.S.C. 1211-2(i)) is amended by striking "\$10,000,000" and all that follows through the period and inserting "such sums as may be necessary for fiscal year 1997."

**SEC. 302. ADULT EDUCATION ACT AMENDMENTS.**

The Adult Education Act (20 U.S.C. 1201 et seq.) is amended—

(1) in section 312—

(A) in each of subparagraphs (A) and (B) of paragraph (1), by moving the margins two ems to the right;

(B) in each of paragraphs (11) through (15), by moving the margins two ems to the right; and

(C) by adding at the end the following:

"(16) The term 'family literacy services' means services that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family and that integrate all of the following activities:

"(A) Interactive literacy activities between parents and their children.

"(B) Training for parents on how to be the primary teacher for their children and full partners in the education of their children.

"(C) Parent literacy training.

"(D) An age-appropriate education program for children."

(2) in section 313(a), by striking "the fiscal year 1991," and all that follows through "1995" and inserting "fiscal year 1997";

(3) in section 321, by inserting "and family literacy services" after "and activities";

(4) in the first sentence of section 322(a)(1), by inserting "and family literacy services" after "adult education programs";

(5) in section 341(a), by inserting "and for family literacy services" after "adult education";

(6) in section 356(k), by striking "\$25,000,000" and all that follows through the period and inserting "such sums as may be necessary for fiscal year 1997.";

(7) in section 371(e)(1), by striking "the fiscal year 1991," and all that follows through the period and inserting "fiscal year 1997.";

(8) in section 384, by striking subsections (c) through (n); and

(9) by adding at the end the following:

**"SEC. 386. NATIONAL INSTITUTE FOR LITERACY.**

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the 'Institute'). The Institute shall be administered under the terms of an interagency agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (in this section referred to as the 'Interagency Group'). The Interagency Group may include in the Institute any research and development center, institute, or clearinghouse established within the

Department of Education, the Department of Labor, or the Department of Health and Human Services whose purpose is determined by the Interagency Group to be related to the purpose of the Institute.

“(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education, the Department of Labor, and the Department of Health and Human Services.

“(3) BOARD RECOMMENDATIONS.—The Interagency Group shall consider the recommendations of the National Institute for Literacy Advisory Board (in this section referred to as the ‘Board’) established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals.

“(4) DAILY OPERATIONS.—The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g).

“(b) DUTIES.—

“(1) IN GENERAL.—The Institute shall improve the quality and accountability of the adult basic skills and literacy delivery system by—

“(A) providing national leadership for the improvement and expansion of the system for delivery of literacy services;

“(B) coordinating the delivery of such services across Federal agencies;

“(C) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

“(D) supporting the creation of new methods of offering improved literacy services;

“(E) funding a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to improve literacy by—

“(i) encouraging the coordination of literacy services;

“(ii) carrying out evaluations of the effectiveness of adult education and literacy activities;

“(iii) enhancing the capacity of State and local organizations to provide literacy services; and

“(iv) serving as a reciprocal link between the Institute and providers of adult education and literacy activities for the purpose of sharing information, data, research, expertise, and literacy resources;

“(F) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of adult education and literacy activities;

“(G) providing information, and other program improvement activities to national, State, and local organizations, such as—

“(i) improving the capacity of national, State, and local public and private organizations that provide literacy and basic skills services, professional development, and technical assistance, such as the State or regional adult literacy resource centers referred to in subparagraph (E); and

“(ii) establishing a national literacy electronic database and communications network;

“(H) working with the Interagency Group, Federal agencies, and the Congress to ensure that such Group, agencies, and the Congress have the best information available on literacy and basic skills programs in formulating Federal policy with respect to the issues of literacy, basic skills, and workforce and career development; and

“(I) assisting with the development of policy with respect to literacy and basic skills.

“(2) GRANTS, CONTRACTS, AND AGREEMENTS.—The Institute may make grants to, or enter into contracts or cooperative agree-

ments with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

“(c) LITERACY LEADERSHIP.—

“(1) FELLOWSHIPS.—The Institute, in consultation with the Board, may award fellowships, with such stipends and allowances as the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

“(2) USE OF FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

“(3) INTERNS AND VOLUNTEERS.—The Institute, in consultation with the Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

“(d) NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.—

“(1) ESTABLISHMENT.—

“(A) IN GENERAL.—There is established a National Institute for Literacy Advisory Board. The Board shall consist of 10 individuals appointed by the President, with the advice and consent of the Senate, from individuals who—

“(i) are not otherwise officers or employees of the Federal Government; and

“(ii) are representative of entities or groups described in subparagraph (B).

“(B) ENTITIES OR GROUPS DESCRIBED.—The entities or groups referred to in subparagraph (A) are—

“(i) literacy organizations and providers of literacy services, including—

“(I) nonprofit providers of literacy services;

“(II) providers of programs and services involving English language instruction; and

“(III) providers of services receiving assistance under this title;

“(ii) businesses that have demonstrated interest in literacy programs;

“(iii) literacy students;

“(iv) experts in the area of literacy research;

“(v) State and local governments; and

“(vi) representatives of employees.

“(2) DUTIES.—The Board—

“(A) shall make recommendations concerning the appointment of the Director and staff of the Institute;

“(B) shall provide independent advice on the operation of the Institute; and

“(C) shall receive reports from the Interagency Group and the Director.

“(3) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided, the Board established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

“(4) TERMS.—

“(A) IN GENERAL.—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which  $\frac{1}{3}$  of the members are selected each year. Any such member

may be appointed for not more than 2 consecutive terms.

“(B) VACANCY APPOINTMENTS.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made. A vacancy in the Board shall not affect the powers of the Board.

“(5) QUORUM.—A majority of the members of the Board shall constitute a quorum but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board's members present.

“(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

“(7) MEETINGS.—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

“(e) GIFTS, BEQUESTS, AND DEVICES.—The Institute may accept, administer, and use gifts or donations of services, money, or property, both real and personal.

“(f) MAILS.—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

“(g) DIRECTOR.—The Interagency Group, after considering recommendations made by the Board, shall appoint and fix the pay of a Director.

“(h) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the maximum rate payable under section 5376 of title 5, United States Code.

“(i) EXPERTS AND CONSULTANTS.—The Board and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

“(j) REPORT.—The Institute shall submit a report biennially to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this subsection shall include—

“(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for the period covered by the report;

“(2) a description of how plans for the operation of the Institute for the succeeding two fiscal years will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the Department of Education, the Department of Labor, and the Department of Health and Human Services; and

“(3) any additional minority, or dissenting views submitted by members of the Board.

“(k) FUNDING.—Any amounts appropriated to the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.

“(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated

\$10,000,000 for fiscal year 1997 and such sums as may be necessary for each of the fiscal years 1998 through 2002 to carry out this section."

**SEC. 303. EXTENSION OF CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.**

Subsection (a) of section 3 of the Carl D. Perkins Vocational and Applied Technology Act is amended by striking "appropriated" and all that follows through "1995" and inserting "appropriated for fiscal year 1997 such sums as may be necessary".

**TITLE IV—REPEALS AND CONFORMING AMENDMENTS**

**SEC. 401. REPEALS.**

(a) GENERAL IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).  
(2) Title II of Public Law 95-250 (92 Stat. 172).

(3) The Library Services and Construction Act (20 U.S.C. 351 et seq.).

(4) Part F of the Technology for Education Act of 1994 (contained in title III of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7001 et seq.)).

(5) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(6) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), except subtitle B and section 738 of such title (42 U.S.C. 11431 et seq. and 11448).

(b) IMMEDIATE REPEAL OF HIGHER EDUCATION ACT OF 1965 PROVISIONS.—The following provisions of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) are repealed:

(1) Part B of title I (20 U.S.C. 1011 et seq.), relating to articulation agreements.

(2) Part C of title I (20 U.S.C. 1015 et seq.), relating to access and equity to education for all Americans through telecommunications.

(3) Title II (20 U.S.C. 1021 et seq.), relating to academic libraries and information services.

(4) Chapter 3 of subpart 2 of part A of title IV (20 U.S.C. 1070a-31 et seq.), relating to presidential access scholarships.

(5) Chapter 4 of subpart 2 of part A of title IV (20 U.S.C. 1070a-41 et seq.), relating to model program community partnerships and counseling grants.

(6) Section 409B (20 U.S.C. 1070a-52), relating to an early awareness information program.

(7) Chapter 8 of subpart 2 of part A of title IV (20 U.S.C. 1070a-81), relating to technical assistance for teachers and counselors.

(8) Subpart 8 of part A of title IV (20 U.S.C. 1070f), relating to special child care services for disadvantaged college students.

(9) Section 428J (20 U.S.C. 1078-10), relating to loan forgiveness for teachers, individuals performing national community service and nurses.

(10) Section 486 (20 U.S.C. 1093), relating to training in financial aid services.

(11) Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.) relating to State post-secondary review programs.

(12) Part A of title V (20 U.S.C. 1102 et seq.), relating to State and local programs for teacher excellence.

(13) Part B of title V (20 U.S.C. 1103 et seq.), relating to national teacher academies.

(14) Subpart 1 of part C of title V (20 U.S.C. 1104 et seq.), relating to Paul Douglas teacher scholarships.

(15) Subpart 3 of part C of title V (20 U.S.C. 1106 et seq.), relating to the teacher corps.

(16) Subpart 3 of part D of title V (20 U.S.C. 1109 et seq.), relating to class size demonstration grants.

(17) Subpart 4 of part D of title V (20 U.S.C. 1110 et seq.), relating to middle school teaching demonstration programs.

(18) Subpart 1 of part E of title V (20 U.S.C. 1111 et seq.), relating to new teaching careers.

(19) Subpart 1 of part F of title V (20 U.S.C. 1113), relating to the national mini corps programs.

(20) Section 586 (20 U.S.C. 1114), relating to demonstration grants for critical language and area studies.

(21) Section 587 (20 U.S.C. 1114a), relating to development of foreign languages and cultures instructional materials.

(22) Subpart 4 of part F of title V (20 U.S.C. 1116), relating to faculty development grants.

(23) Section 597 and subsection (b) of section 599 (20 U.S.C. 1117a and 1117c), relating to early childhood staff training and professional enhancement.

(24) Section 605 (20 U.S.C. 1124a), relating to intensive summer language institutes.

(25) Section 607 (20 U.S.C. 1125a), relating to periodicals and other research material published outside the United States.

(26) Part A of title VII (20 U.S.C. 1132b et seq.), relating to improvement of academic and library facilities.

(27) Title VIII (20 U.S.C. 1133 et seq.), relating to cooperative education programs.

(28) Part D of title X (20 U.S.C. 1135f), relating to the Dwight D. Eisenhower leadership program.

(c) IMMEDIATE REPEAL OF EDUCATION AMENDMENTS OF 1986 PROVISIONS.—The following provisions of the Higher Education Amendments of 1986 are repealed:

(1) Part D of title XIII (20 U.S.C. 1029 note), relating to library resources.

(2) Part E of title XIII (20 U.S.C. 1221-1 note), relating to a National Academy of Science study.

(3) Part B of title XV (20 U.S.C. 4441 et seq.), relating to Native Hawaiian and Alaska Native culture and art development.

(d) IMMEDIATE REPEAL OF EDUCATION AMENDMENTS OF 1974 PROVISION.—Section 519 of the Education Amendments of 1974 (20 U.S.C. 1221i) is repealed.

(e) IMMEDIATE REPEAL OF EDUCATION AMENDMENTS OF 1992 PROVISIONS.—The following provisions of the Higher Education Amendments of 1992 are repealed:

(1) Part F of title XIII (25 U.S.C. 3351 et seq.), relating to American Indian post-secondary economic development scholarships.

(2) Part G of title XIII (25 U.S.C. 3371), relating to American Indian teacher training.

(3) Section 1406 (20 U.S.C. 1221e-1 note), relating to a national survey of factors associated with participation.

(4) Section 1409 (20 U.S.C. 1132a note), relating to a study of environmental hazards in institutions of higher education.

(5) Section 1412 (20 U.S.C. 1101 note), relating to a national job bank for teacher recruitment.

(6) Part B of title XV (20 U.S.C. 1452 note), relating to a national clearinghouse for post-secondary education materials.

(7) Part C of title XV (20 U.S.C. 1101 note), relating to a school-based decisionmakers demonstration program.

(8) Part D of title XV (20 U.S.C. 1145h note), relating to grants for sexual offenses education.

(9) Part E of title XV (20 U.S.C. 1070 note), relating to Olympic scholarships.

(10) Part G of title XV (20 U.S.C. 1070a-11 note), relating to advanced placement fee payment programs.

**SEC. 402. CONFORMING AMENDMENTS.**

(a) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(b) REFERENCES TO TITLE II OF PUBLIC LAW 95-250.—Section 103 of Public Law 95-250 (16 U.S.C. 791) is amended—

(1) by striking the second sentence of subsection (a); and

(2) by striking the second sentence of subsection (b).

(c) REFERENCES TO LIBRARY SERVICES AND CONSTRUCTION ACT.—

(1) TECHNOLOGY FOR EDUCATION ACT OF 1994.—The Technology for Education Act of 1994 (20 U.S.C. 6801 et seq.) is amended in section 3113(10) by striking "section 3 of the Library Services and Construction Act;" and inserting "section 213 of the Library Services and Technology Act;"

(2) OMNIBUS EDUCATION RECONCILIATION ACT OF 1981.—Section 528 of the Omnibus Education Reconciliation Act of 1981 (20 U.S.C. 3489) is amended—

(A) by striking paragraph (12); and

(B) by redesignating paragraphs (13) through (15) as paragraphs (12) through (14), respectively.

(3) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—Section 3113(10) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6813(10)) is amended by striking "section 3 of the Library Services and Construction Act" and inserting "section 213 of the Library Services and Technology Act".

(4) COMMUNITY IMPROVEMENT VOLUNTEER ACT OF 1994.—Section 7305 of the Community Improvement Volunteer Act of 1994 (40 U.S.C. 276d-3) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

(5) APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking "Library Services and Construction Act;"

(6) DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966.—Section 208(2) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3338(2)) is amended by striking "title II of the Library Services and Construction Act;"

(7) PUBLIC LAW 87-688.—Subsection (c) of the first section of the Act entitled "An Act to extend the application of certain laws to American Samoa", approved September 25, 1962 (48 U.S.C. 1666(c)) is amended by striking "the Library Services Act (70 Stat. 293; 20 U.S.C. 351 et seq.)."

(8) COMMUNICATIONS ACT OF 1934.—Paragraph (4) of section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)(4)) is amended by striking "library not eligible for participation in State-based plans for funds under title III of the Library Services and Construction Act (20 U.S.C. 335c et seq.);" and inserting "library or library consortium not eligible for assistance from a State library administrative agency under the Library Services and Technology Act".

(d) REFERENCE TO SCHOOL DROPOUT ASSISTANCE ACT.—Section 441 of the General Education Provisions Act (42 U.S.C. 1232d), as amended by section 261(f) of the Improving America's Schools Act of 1994, is further amended by striking "(subject to the provisions of part C of title V of the Elementary and Secondary Education Act of 1965)".

(e) REFERENCES TO TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(1) TABLE OF CONTENTS.—The table of contents of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 1142 et seq.) is amended by striking the items relating to title VII of such Act, except subtitle B and section 738 of such title.

(2) TITLE 31, UNITED STATES CODE.—Section 6703(a) of title 31, United States Code, is amended—

(A) by striking paragraph (15); and  
 (B) by redesignating paragraphs (16) through (19) as paragraphs (15) through (18), respectively.

(f) REFERENCES TO INSTITUTE OF MUSEUM SERVICES.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking the following:

“Director of the Institute of Museum Services,” and inserting the following:

“Director of the Institute of Museum and Library Services.”.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—Section 301 of the Department of Education Organization Act (20 U.S.C. 3441) is amended—

(A) in subsection (a)—  
 (i) by striking paragraph (5); and  
 (ii) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(B) in subsection (b)—  
 (i) by striking paragraph (4); and  
 (ii) by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.

(3) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(A) Sections 2101(b), 2205(c)(1)(D), 2208(d)(1)(H)(v), and 2209(b)(1)(C)(vi), and subsections (d)(6) and (e)(2) of section 10401 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6621(b), 6645(c)(1)(D), 6648(d)(1)(H)(v), 6649(b)(1)(C)(vi), and 8091(d)(6) and (e)(2)) are amended by striking “the Institute of Museum Services” and inserting “the Institute of Museum and Library Services”.

(B) Section 10412(b) of such Act (20 U.S.C. 8102(b)) is amended—

(i) in paragraph (2), by striking “the Director of the Institute of Museum Services,” and inserting “the Director of the Institute of Museum and Library Services,”; and

(ii) in paragraph (7), by striking “the Director of the Institute of Museum Services,” and inserting “the Director of the Institute of Museum and Library Services.”.

(C) Section 10414(a)(2)(B) of such Act (20 U.S.C. 8104(a)(2)(B)) is amended by striking clause (iii) and inserting the following new clause:

“(iii) the Institute of Museum and Library Services.”.

(g) REFERENCES TO OFFICE OF LIBRARIES AND LEARNING RESOURCES.—Section 413(b)(1) of the Department of Education Organization Act (20 U.S.C. 3473(b)(1)) is amended—

(1) by striking subparagraph (H); and  
 (2) by redesignating subparagraphs (I) through (M) as subparagraphs (H) through (L), respectively.

(h) REFERENCES TO STATE POSTSECONDARY REVIEW ENTITY PROGRAMS.—The Higher Education Act of 1965 is amended—

(1) in section 356(b)(2) (20 U.S.C. 10696(b)), by striking “II,”;

(2) in section 453(c)(2) (20 U.S.C. 1087c(c)(2))—

(A) by striking subparagraph (E); and  
 (B) by redesignating subparagraphs (F) through (H) as subparagraphs (E) through (G), respectively;

(3) in section 487(a)(3) (20 U.S.C. 1094(a)(3)), by striking subparagraph (B) and redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(4) in section 487(a)(15) (20 U.S.C. 1094(a)(15)), by striking “the Secretary of Veterans Affairs, and State review entities under subpart 1 of part H” and inserting “and the Secretary of Veterans Affairs”;

(5) in section 487(a)(21) (20 U.S.C. 1094(a)(21)), by striking “, State postsecondary review entities,”;

(6) in section 487(c)(1)(A)(i) (20 U.S.C. 1094(c)(1)(A)(i)), by striking “State agencies, and the State review entities referred to in

subpart 1 of part H” and inserting “and State agencies”;

(7) in section 487(c)(4) (20 U.S.C. 1094(c)(4)), by striking “, after consultation with each State review entity designated under subpart 1 of part H,”;

(8) in section 487(c)(5) (20 U.S.C. 1094(c)(5)), by striking “State review entities designated under subpart 1 of part H,”;

(9) in section 496(a)(7) (20 U.S.C. 1099b(a)(7)), by striking “and the appropriate State postsecondary review entity”;

(10) in section 496(a)(8) (20 U.S.C. 1099b(a)(8)), by striking “and the State postsecondary review entity of the State in which the institution of higher education is located”;

(11) in section 498(g)(2) (20 U.S.C. 1099c(g)(2)), by striking everything after the first sentence;

(12) in section 498A(a)(2)(D) (20 U.S.C. 1099c-1(a)(2)(D)), by striking “by the appropriate State postsecondary review entity designated under subpart 1 of this part or”;

(13) in section 498A(a)(2) (20 U.S.C. 1099c-1(a)(2))—

(A) by inserting “and” after the semicolon at the end of subparagraph (E);

(B) by striking subparagraph (F); and  
 (C) by redesignating subparagraph (G) as subparagraph (F); and

(14) in section 498A(a)(3) (20 U.S.C. 1099c-1(a)(3))—

(A) by inserting “and” after the semicolon at the end of subparagraph (C);

(B) by striking “; and” at the end of subparagraph (D) and inserting a period; and

(C) by striking subparagraph (E).

THE SPEAKER pro tempore (Ms. GREENE of Utah). Pursuant to the rule, the gentleman from California [Mr. MCKEON] and the gentleman from Missouri [Mr. CLAY] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. MCKEON].

Mr. MCKEON. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise today in support of H.R. 1720, the Government Sponsored Enterprise Privatization Act of 1996.

This important legislation will: privatize two government sponsored enterprises, Sallie Mae and Connie Lee; eliminate over 40 unfunded higher education programs including the State Postsecondary Review Entities or SPREE's; consolidate and improve Federal library and museum programs; and extend for 1 year the National Literacy Act, the Adult Education and Literacy Act, and the Carl D. Perkins Vocational and Applied Technology Education Act, which otherwise will expire on September 30 of this year.

I would like to focus my remarks on the higher education provisions in this legislation, and in particular the privatization of Sallie Mae and Connie Lee.

The Student Loan Marketing Association, or Sallie Mae, was established in 1972 under a Federal charter authorized by part B of title IV of the Higher Education Act. At that time, there was a tremendous need for a secondary market that would purchase student loans from lenders, freeing up capital so that those lenders could continue to make student loans. Under its Federal

charter, Sallie Mae gained certain advantages, including the ability to raise large amounts of capital in a cost effective way. People across the nation invested in this public-private partnership, knowing that their investment was also fostering access to higher education.

However, times have changed. Today, there is an extremely competitive secondary market for student loans, and the practice of securitization has made it far easier for financial institutions to raise capital for student loans. Now there is ample private capital available for student loans, and virtually every eligible student has access to student loans. The Federal charter which initially helped Sallie Mae assist students is now hampering Sallie Mae's ability to put its expertise to work in the private market to provide services outside of the student loan arena. Clearly the time has come when it is advantageous to both the taxpayer and Sallie Mae to allow Sallie Mae to become a fully private company with no Federal ties and no government sponsored advantages.

The legislation before us today gives Sallie Mae's stockholders the right to vote to reorganize and become a private company. Upon voting to reorganize, the existing Government Sponsored Enterprise [GSE] will continue to purchase student loans until September 30, 2007. On September 30, 2008, the GSE will dissolve, and 1 year later the charter legislation found in the Higher Education Act will be repealed. In the event Sallie Mae's stockholders vote against reorganization, Sallie Mae will have until July 1, 2013 to wind down its business and dissolve the GSE.

In privatizing Sallie Mae, both the taxpayer and Sallie Mae are clearly winners. Sallie Mae is freed from a burdensome Federal charter and allowed to apply its expertise to compete in new markets. And, as Sallie Mae profits, so will the taxpayer. Upon privatization, Sallie Mae will be required to pay for the use of the Sallie Mae name. In addition, the Government will receive stock warrants from Sallie Mae. If a new and private Sallie Mae is successful and the price of its stock rises, the Treasury will be able to cash in these warrants, and the taxpayer will profit along with the new company.

As with Sallie Mae, the College Construction Loan Insurance Association, or Connie Lee, is another example of a successful public-private partnership which has served its purpose. Connie Lee was created by Congress under title VII of the Higher Education Amendments of 1986. At that time, the deterioration of physical infrastructure such as buildings and physical plants was a pressing problem for institutions of higher education, and financing facilities improvements was an option only for schools of the highest credit caliber. Connie Lee was created to underwrite the financing of these needed improvements; leveraging large amounts of capital with little risk to the government.

However, Connie Lee has never enjoyed the advantages of most government sponsored enterprises. In fact, the only Government help Connie Lee has received was start-up capital, in return for which Government received stock in Connie Lee. And, the law which created Connie Lee also narrowly limited the business activities which Connie Lee could pursue. Clearly, Connie Lee was always meant to be a private company.

For Connie Lee, privatization means the ability to determine its own destiny. Privatization will allow Connie Lee to use its expertise in facilities underwriting to help secure funding for elementary and secondary schools, higher education facilities, and local municipal projects. In return, the taxpayer is relieved of any implicit risk, should Connie Lee have future financial difficulties.

This legislation simply repeals the authorizing legislation which created Connie Lee, thereby freeing Connie Lee of from the restrictions of the Higher Education Act which limit the types of business in which Connie Lee can engage. The Treasury is directed to sell the stock currently owned by the U.S. Government within a set period of time in order to fully sever all Federal ties. In the event that the Treasury Department is unable to sell this stock, this legislation requires Connie Lee to buy it back at a price that is fair to both Connie Lee and the taxpayer. Connie Lee will no longer have any Federal charter or any ties to the Federal Government.

Privatizing Sallie Mae and Connie Lee is simply good government for the 1990's. This legislation frees the American taxpayer from subsidizing activities which will flourish long after government sponsorship has ceased. It also shows a willingness on the part of this Congress to take a public-private partnership and turn it into a fully private venture when Government support is no longer necessary. This legislation represents a carefully crafted compromise between Connie Lee and Sallie Mae, the administration, and the potential competitors of these newly privatized firms. In the process, it paves the way to a future of smaller, less intrusive government. Both of these companies want to be fully private firms. It is time for us as a Congress to sever our ties to them.

In addition to privatizing two Government sponsored enterprises, the legislation before us today begins to streamline the Higher Education Act by eliminating over 40 programs which are completely unfunded. I am pleased to note that among these programs is the State Postsecondary Review Entities, or SPREES, which creates excessive and burdensome paperwork requirements for schools, represents an unwarranted State intrusion into their campuses, and in some cases poses a threat to their educational missions. As with the SPREES, all of these programs were enacted with the best of in-

tentions. However, eliminating these unfunded provisions will simplify our higher education law and help reduce the size of government.

Unfortunately, the legislation before us today represents only a fraction of the reform in the area of job training and education that I, along with other members on the Opportunities Committee, worked so hard in moving forward during the last 2 years. Under H.R. 1617, otherwise referred to as the Careers Act, over 120 programs would have been consolidated into block grants to States and localities; communities would have had more flexibility to target resources where they were most needed; and thousands of Americans would have been able to secure training vouchers in order to upgrade their skills at educational institutions of their choosing. Unfortunately, change is always difficult, and there was a ground swell of support for the status quo—which is why today we are able to move only a small portion of the original Careers legislation. But let me make this very clear. I fully intend to continue this endeavor. I will push forward with a job training system which provides flexibility to States; maintains accountability and empowers individuals to learn.

Madam Speaker, the Government Sponsored Enterprise Privatization Act is straight-forward, commonsense legislation. It represents a modest but earnest effort to reduce the size and scope of government, and it does so in a way that benefits both the taxpayer and private enterprise. This legislation does not cost the government or the taxpayer a dime, and in fact it will save money, but it will also pave the way to a future of smaller, less intrusive government. I urge my colleagues to support this legislation and vote "yes" on H.R. 1720.

Madam Speaker, I reserve the balance of my time.

Mr. CLAY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I reluctantly rise in support of H.R. 1720 which provides straight reauthorizations for three education programs scheduled to expire at the end of this year. Those programs are the National Literacy Act, the Adult Education Act, and the Carl D. Perkins Vocational and Applied Technology Education Act. The 1-year extensions included in this bill will help add some certainty to these programs as they continue to compete for funding through the appropriations process.

In addition, the legislation includes changes to other programs that were worked out through bipartisan negotiations involving both the House and the Senate earlier this year.

This bill provides for the privatization of two Government-sponsored enterprises, Sallie Mae and Connie Lee. I have already voted in support of privatization and will do so again today, but, as I said, with reluctance. Let me explain my apprehension.

Last Thursday, in response to a request by a member of my staff for

harmless information from Sallie Mae regarding privatization revenue, Sallie Mae mistakenly faxed him a document which strongly suggests possible partisan work by Sallie Mae officials on behalf of the Republicans.

There are at least two very disturbing things about the document. First, the document is referred to as a "candidate's package," and it is a highly charged, partisan document that will help Republicans attack the direct loan program and gives them ammunition to defend themselves against the accurate charges that they have tried to cut student loans.

The second alarming thing about the fax is that it includes a cover page showing that the document was sent to a Republican representative, the gentleman from Virginia, Mr. TOM DAVIS, by one of Sallie Mae's House lobbyists. That fax page has a note on it to Mr. DAVIS that says, and I quote, "Here's the full candidate's package." Other details about this bizarre and potentially illegal activity are described in this morning's Washington Post.

However, I might say in defense of Sallie Mae that the president and chief executive officer wrote a letter to me dated September 18, where he says that, and I quote, "The document which I have subsequently read is completely inappropriate in its language and tone, and I am at a loss to express my disappointment that this should have happened. This material was not sanctioned nor reviewed by either myself or senior management."

Also, the chairman of the board wrote to President Clinton and he noted that he had directed that an internal investigation be conducted and that appropriate disciplinary action be taken against those individuals responsible for this document.

Madam Speaker, I think that the appropriate agencies and congressional committees have an obligation to fully investigate this matter, and until that happens, a dark cloud will hang over the issue of Sallie Mae's privatization.

Madam Speaker, I reserve the balance of my time.

Mr. MCKEON. Madam Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. GUNDERSON], a strong supportive member of the committee.

(Mr. GUNDERSON asked and was given permission to revise and extend his remarks.)

Mr. GUNDERSON. Madam Speaker, I regret we are not here passing a comprehensive careers bill. I regret, like Mr. CLAY, that there was any political activity that was in any way involved in this, and I think we all ought to make sure that does not happen again.

But having said all that, I rise in strong support of this bill because if this is the best that we can do this session, then this is exactly what we should do.

Many of us are aware that we tried to define priorities in this Congress, balancing the budget, figuring out what programs ought to still be a primary Federal role and which ones ought not.

I think there is little doubt in this body on a bipartisan basis that we have come to that point in time when Sallie Mae and Connie Lee no longer justify being Government-sponsored enterprises. More than that, they do not want to continue to be Government-sponsored enterprises constrained by those restrictions. And, more than that, by privatizing them, we actually can make some money that we can direct toward other human resource programs that are so important.

□ 1330

So we have done that in this bill, we have done it with Sallie Mae over a period of time, making sure that before the year 2005 they would continue to use Sallie Mae for its primary purposes. Any other business activities would have to occur by a separately created business enterprise.

Likewise with Connie Lee. We have made it clear that, as we look at the changing dynamics in school construction certainly on the higher education level, that they ought to be freed up once they disavow themselves of any Federal Government bonds to go into that private sector and provide that kind of insurance.

But this bill also does some other things that everyone ought to be for. For example, we not only reauthorize the library and museum programs, but we move them into important incentives for distance learning and the Internet use. We target funds for the disabled and the illiterate, and we limit administrative expenses so that more dollars can actually be spent on services and delivery of services to people.

Finally, as was mentioned by our leader, the gentleman from California [Mr. MCKEON], we do important things in adult education and literacy. I encourage all of my colleagues to vote for this bill.

Mr. CLAY. Madam Speaker, I yield 2 minutes to the gentleman from Florida [Mr. DEUTSCH].

Mr. DEUTSCH. Madam Speaker, I rise in support of this legislation. As all of us are aware, the existence of the direct student loan program is limiting the market for guaranteed student loans. Sallie Mae's restrictive Federal charter provides it with no viable option for replacing business loss to direct lending and to other student loan financing vehicles and to the other 40 or more secondary markets. These factors dim Sallie Mae's future financial prospects. Sallie Mae's privatization will relieve taxpayers of over \$50 billion in implicit liabilities.

On September 20, in a speech in Portland, OR, President Clinton said, and I quote:

"We're going to privatize organizations that can now work better in the private sector, like Sallie Mae. We've got the direct student loan program. They need to be able to do some other things as well."

In return for its privatization, Sallie Mae will pay to the Government \$5 mil-

lion for the use of the Sallie Mae name and issue 500,000 stock warrants to the Government, allowing taxpayers to benefit from the future success of the fully private Sallie Mae; subsidizing an effort that will no longer need subsidizing; and making the Government more efficient.

Madam Speaker, I urge the support of the bill.

Mr. MCKEON. Madam Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. KLUG].

Mr. KLUG. Madam Speaker, I thank my colleague from California for yielding me this time and congratulate him and also the chairman of the full committee, the gentleman from Pennsylvania [Mr. GOODLING] for this important piece of legislation on privatizing Sallie Mae.

When the Speaker asked me at the beginning of the last session of Congress to lay out a number of targets of opportunity for privatization, this was high on everyone's list, and we have actually had a fair amount of success this Congress with the naval petroleum reserves and selling off the United States Enrichment Corporation, getting the National Weather Service out in some specialty crop forecasting, asking the IRS to use private debt collection firms to augment its collection of outstanding taxpayer bills. But this piece of legislation today I think is extraordinarily important for one major reason, and that is for the first time in history we have a Government-sponsored enterprise stepping forward and saying we no longer want any ties with the Government; we want the ability to stand on our own.

And it makes sense because when Sallie Mae was first established in 1972 to create a secondary market for federally guaranteed student loans, there was a huge shortage in the marketplace. But since that time there are now 47 different participants and thousands of lenders nationwide who are now originating loans and financing them in a variety of ways.

Madam Speaker, Sallie Mae at this point is essentially handicapped from being able to enter new lines of business. It is a Government-sponsored enterprise which is withering on the vine. Today we will get the Government regulations out of the way and allow Sallie Mae and also Connie Lee to compete in the private sector, and perhaps fundamentally more important, we will remove nearly \$50 billion, that is \$50 billion, in implicit liabilities now insured by U.S. taxpayers.

I know that my colleagues on the Committee on Economic and Educational Opportunities were disappointed that they could not move forward a comprehensive career bill, but I think at the end of the day, privatizing Sallie Mae is a tremendous accomplishment for both the committee itself and also this Congress as a whole.

Mr. CLAY. Madam Speaker, I yield 4 minutes to the gentlewoman from Florida [Mrs. MEEK].

Mrs. MEEK of Florida. Madam Speaker, I rise to sort of prick the Congress' conscience about some of the things that happen in H.R. 1720.

I was one of the 79 people on this floor who voted against this bill when it came before us before, and today, as I read the conference report on the Privatization Act, I do not see too many changes in the concerns which I had the very first time.

I voted against the bill at that time not because of the Sallie Mae situation, in that I thought that was a progressive move to try to consolidate and to try to make the entire program move more smoothly, but I cannot sit here and not tell my colleagues that some of the things that they left out of this bill which were so appealing and so begged for in their committee, they still did not make any changes this time.

First of all, I disagree vehemently about the way they decided to close out some of the programs which are currently funded as if they were just by Topsy, be able to adjust themselves to the changes which they have made or did not make in 1790 that were so many.

First of all, I want to give my colleagues just a little bit of information. I worked in higher education for 40 odd years straight through, and I saw how these Federal programs worked as far as the scholarship programs, financial aid, all of them worked. Many of them worked very haphazardly, and many students were left out, but at least we did much better than we are doing in 1720 because in 1720 we are stopping most of these programs; I think about 40 of them have been eliminated. I may have that figure wrong, but about 53 of them have been eliminated according to their report here.

Now I call Members' attention to the fellowships which allow many students to not be able to continue. I also call their attention to the fact that they have completely ignored the needs of disabled students who desire and who really must have some access to higher education. Disabled students have their rights. They passed the American Disabilities Act some time ago, so these disabled students really need the rights which they had in the first in the beginning, and they decided to eliminate those at this time. They repeal the development grants which would allow faculty people to be trained so that they could work with disabled students. There are many, many disabled students throughout the colleges and institutions in this country could benefit if they had faculty members who were trained to the point that they could help these students. Disabled students, I want my colleagues to understand, desire and need the ability to have good teaching and good instruction as well as any other students. So they do need teachers who are trained to teach them how to read, just as one would any other students.

I thought some of the dissenting views at the back of this bill really incorporated the kinds of things that I am calling to my colleagues' attention this morning, and there will be others this morning who will disagree and not support this bill, not because of the privatization of Sallie Mae. That is not why. But they will because they failed to pay any attention to the needs of students throughout this country.

Now if it were not for some of the minority education programs that they have funded in the past, many minorities and women would not have received postgraduate education. It is because they really received some Federal aid in terms of education. So there is a reciprocal reward for people having received graduate education and how to be able to train women to teach women and to do minorities and to allow them to get the professional training and graduate training which they need to carry this on.

I could go on and on because of the 53 programs that they cut out, but I cannot sit down without appealing a little bit for the libraries of this country. My colleagues have heard, and I know my time is out so I will say, by their repealing 53 programs, they made no attempt to put them back is not a good thing.

Mr. MCKEON. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, just in response to my dear friend from Florida, let me just say that this maybe is a different version of the bill than she has seen. Of the 41 programs on the list that we have in this bill, four of them did receive a total of \$8.8 million in fiscal year 1995. However, in 1996 the administration did not request any funds for these four programs nor were funds requested for fiscal year 1997, and none were provided. So there is no funding for any of the programs that we have cut.

Madam Speaker, I yield 1½ minutes to the gentleman from Illinois [Mr. HASTERT] who has been very supportive in getting this bill to the floor.

Mr. HASTERT. Madam Speaker, I wish to thank the majority leader, the gentleman from Texas [Mr. ARMEY], the Committee on Economic and Educational Opportunity chairman, the gentleman from Pennsylvania [Mr. GOODLING], and certainly the opportunity to work with the chairman of the opportunity subcommittee in answering my request in bring legislation to authorize library services to the House floor. H.R. 1720, the Government sponsored Enterprise Privatization Act improves the provisions of the Library Services and Technology Act. This bill authorizes \$150 million for library services for fiscal year 1977 and insures the authorization necessary for fiscal years 1998 through the year 2002.

Madam Speaker, the program has wide bipartisan support in both houses of congress, and it is important that we continue it. I am very pleased it will be

continued. Many local libraries have used these funds to assist them with expansion projects and to purchase new equipment. This legislation will make these programs even more effective by making these programs more flexible and easier to use. At the same time it will give libraries the ability to keep up with the information age with access to new technologies and allowing them to share resources.

Communities in my district have greatly benefitted from this program. In the past year along Elgin, Aurora, and Mendota have greatly improved their community services in libraries in addition to towns like Geneva and St. Charles and Warrenville in order to better serve the needs of its residents. Because of these grants, Mendota Graves Hume Public Library is proceeding with its Multi-county Rural Cooperative Collection Management program. This program allows libraries to fill specific needs for one another; Aurora public library's implementing its changing resources and changing world, and in Elgin, the public library's district resources through shared technology.

Madam Speaker, I ask for a positive vote on this bill.

Mr. CLAY. Madam Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. KANJORSKI].

Mr. KANJORSKI. Madam Speaker, first of all may I congratulate both the gentlemen on the majority side and minority side for taking up in the closing moments of the 104th Congress a very important piece of legislation that will allow for the privatizing of Sallie Mae. There are members of the minority such as the gentleman from Florida [Mr. PETERSON] and the gentleman from Texas [Mr. EDWARDS] and myself who have worked diligently during this session of the Congress to promote privatization of Sallie Mae. It is an institution that has matured, and under this legislation it will meet new needs of college students and colleges and universities after the privatization of both Sallie Mae and Connie Lee. It is an effort that we can all move forward with pride.

It is, I think, a very good example of the privatization from the standpoint that I think what the American people really want us to do is to recognize when organizations become mature and can be self-sufficient and can enter into the private market to assume risks that government no longer has to underwrite. This is a perfect example of this accomplishment. It also allows for direct lending to continue, but it provides that Sallie Mae, by being able to enter into other activities, can make itself much more self-sufficient and supportive of the obligations that presently exist in the marketplace and otherwise would have to be guaranteed by the United States Government.

To my friend from Florida, I should say, "Dr. MEEK," we are remiss if we did not call to her attention that some of the programs that have been left out

of this bill pending on the floor are only programs that have been reauthorized, and they are being now deauthorized, but this legislation will not have an adverse impact and is nothing nearly as severe as what previously came out of the committee.

What is now being offered is a very streamlined bill. It provides primarily for privatization, of Sallie Mae and Connie Lee, and then it does reauthorize some programs and, of course, provides for the development of a program for library services.

I would urge my colleagues both on the minority side and the majority side, in the spirit of the statements of the gentleman from Wisconsin [Mr. GUNDERSON] to the full House just a few minutes ago to the effect that here is an opportunity for all of us in a very mature manner who have studied this for a long period of time to see something done right. Passage of this bill does mean reform or change, and it means privatization, but in none of those instances is it radical or extreme. It is using the marketplace and the free market system to perform what government had to perform before, and it does so in a very positive, straightforward and open method.

So I simply compliment the leadership on the majority side and the minority side for having attained this compromise, and I urge my colleagues to support the bill, in spite of the fact that there were some political problems that did arise. None of us are innocent of those kinds of problems. Sometimes our staff and some of our friends have excesses, we have to allow for that, but I think everybody on both sides of the aisle and the White House are comfortable with this bill. I urge all my colleagues to support its passage.

□ 1345

Mr. CLAY. Madam Speaker, I yield back the balance of my time.

Mr. MCKEON. Madam Speaker, I yield 2 minutes to the gentleman from California [Mr. CUNNINGHAM], a good friend who is chairman of the Subcommittee on Early Childhood, Youth, and Families, and has responsibility for the library portion of the bill.

[Mr. CUNNINGHAM asked and was given permission to add extraneous materials.]

Mr. CUNNINGHAM. Madam Speaker, I rise in support of H.R. 1720. Let me tell the Members why. I think especially there are three main parts: The creation of the Institute for Museum and Library Services; adult education and literacy programs; privatization of Sallie Mae.

We had a monumental debate here on the House floor with the issue of 85-15, which I believe will be resolved in this particular case. Rather than speak from my notes, Madam Speaker, let me tell the Members why I think it is even more important.

In education we have less than 12 percent of our schools that have even a

single phone jack. If we are going to prepare our children for the 21st century, there must be the fiber optics and the modernization. Even there the schools do not have library services enough to meet those needs.

If we can link up those libraries in our colleges, our public libraries, and yes, even here in Washington, DC, think about how that will help this country. When we talk about the delta, the difference between the successful and the poor, the answer is education. We will find chronologically gifted folks at libraries; we will find the very young at libraries, as well. Whether it is through job training or whether it is through education services, this bill goes a long way to help that.

I think the telecommunications bill that we passed encourages that, and I think there are ways we can work with Members on the other side of the aisle as far as reform in our tax system, to where we can encourage those private enterprises that will invest in our children, which is a way of investing in the future. Part of that is our library services and our job training.

Perhaps we have not gone far enough in this particular Congress in job training. I will give that to my colleagues on the other side of the aisle. But I think there is an area which we can work on in the next Congress that will be beneficial as far as the libraries.

The library portion was being threatened because it was in a portion of the bill that we placed it in that may not make it through by the end of this Congress. This legislation, I think, helps remedy that. It has bipartisan support. I would like to thank the gentlemen on both sides of the aisle.

Madam Speaker, I rise in support of H.R. 1720. I would like to bring attention to four important parts of this legislation: The creation of the Institute for Museum and Library Services, the renewal of certain adult education and literacy programs, the privatization of Sallie Mae, and the resolution of the so-called 85-15 issue.

The Institute of Museum and Library Services:

With the close help of America's museum and library communities, this legislation creates an Institute of Museum and Library Services. It merges the Institute of Museum Services and our Federal Library Services and Construction Act programs into one organization. We do this for three reasons.

First, museums and libraries are first and foremost deliverers of information. Through books and exhibits, microfiche, video, and the Internet, they can and do work together for the benefit of citizens and communities.

Second, the advance of the information age is transforming how people obtain information. So we have placed a new focus on the Federal role in these programs toward electronically linking libraries and museums to one another, to other agencies and services, and to communities, schools, and citizens. We all know that the printing press revolutionized Europe in the Middle Ages by making books available to everyone. Today's Internet has that same potential: to bring people and information together from a whole world apart, with the simple point and click of a mouse.

And third, the IMLS simplifies the administration of Federal museum and library programs, while maintaining their unique and useful character. Its leadership will alternate from leaders in libraries or museums. The IMLS library division will make simplified grants to State library agencies. And the IMLS museum portion will continue awarding grants to local museum organizations.

At this point, I would like to include for the RECORD letters of support from California.

Madam Speaker, our libraries and museums are a national treasure. They are a free and open institution of learning for every American, regardless of wealth or background. They provide information, help people find jobs, offer entertainment, and unite our communities. They represent the best in America. In short, they work. And while most of their funding is from local, State, and private resources, the Federal Government has a role. By adopting this legislation, we provide the catalyst to help bring our museums and libraries into the 21st century.

Renewal of adult education and literacy programs:

H.R. 1720 also continues the authorization for our Federal adult education and literacy programs. Adult education provides individuals who lack the most basic skills—such as literacy, English proficiency, or a high school equivalency diploma—the tools they need to have a fighting chance at the American dream. An individual who cannot read or perform basic math cannot hope to find a good job, or to benefit from job training.

Simply put, our investment in effective adult education transforms those who are dependent upon society into contributors to society. Like the library and museum portion of H.R. 1720, these provisions were included in the CAREERS legislation which is stalled in the Senate. It deserves our support.

Privatizing Sallie Mae:

Sallie Mae, the Student Loan Marketing Association, is a Government-sponsored enterprise, owned by private stockholders, that provides a secondary market for student loan financing. When President Clinton advanced his direct lending initiative, it limited Sallie Mae's traditional market, and impacted Sallie Mae stockholders.

I oppose President Clinton's direct lending plan because, over 7 years, it costs taxpayers \$1 billion more to provide the same number of student loans as private markets. And while the President has sought to have direct lending replace private markets, Congress has limited the growth of direct lending. Nevertheless, direct lending is a fact of life today. Its existence unfairly impacts the thousands of senior citizens, private pensions, and other Americans who own stock in Sallie Mae.

Allowing Sallie Mae stockholders the opportunity to vote to privatize is simply a matter of fairness. The legislation structures any privatization carefully, so taxpayers and citizens alike get their money's worth.

Partial resolution of 85-15:

This legislation also contains a partial resolution of the so-called 85-15 issue. The 85-15 policy enacted by Congress has been implemented retroactively on for-profit institutions of higher learning. Such schools are made responsible for their compliance with regulations before they were published on May 1, 1994. This kind of retroactive enforcement is simply un-American.

Our bill ends retroactive, preregulatory enforcement of the 85-15 rule.

Unfortunately, H.R. 1720 does not make a further necessary reform which I support. The measure does not exclude Federal training money from the 15 percent of a for-profit school's income coming from sources other than the Higher Education Act. As we all know, Federal training programs are not authorized by the Higher Education Act. They are authorized under other legislation. But the Department of Education has been enforcing 85-15 contrary to the will and intent of Congress. I am confident we will revisit this issue.

Support H.R. 1720:

I urge all of my colleagues to support H.R. 1720. It's good for libraries and museums, for our children and our seniors, for students, and for many of our excellent for-profit educational institutions.

Madam Speaker, I include for the RECORD the following letters:

CALIFORNIA STATE LIBRARY,  
Sacramento, CA, September 23, 1996.

Hon. RANDY "DUKE" CUNNINGHAM,  
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN CUNNINGHAM: The California State Library applauds your initiatives to pass the successor to the Library Services and Construction Act (LSCA) with the forward thinking Library Services and Technology Act (LSTA), and we support the passage of H.R. 1720 to achieve this goal.

Thank you for your continued efforts on behalf of California library users.

Yours sincerely,

Dr. KEVIN STARR,  
State Librarian of California.

P.S.—You have become the champion of public libraries! All of us are grateful to you for your vision and leadership!

KS.

CALIFORNIA LIBRARY OF  
SERVICES BOARD,  
Sacramento, CA, September 23, 1996.

Hon. RANDY "DUKE" CUNNINGHAM,  
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN CUNNINGHAM: On behalf of the public libraries of California, I support the Library Services and Technology Act that is in H.R. 1720. This Act will provide much needed assistance to our libraries using state based priorities. Our libraries support your efforts to help our children be lifelong readers, and to incorporate the new technologies in their development as productive adults in our society.

Sincerely,

JOAN K. KALLENBERG,  
President.

ESCONDIDO PUBLIC LIBRARY,  
Escondido, CA, September 23, 1996.

DEAR CONGRESSMAN CUNNINGHAM: The Escondido Public Library applauds your initiatives to pass the successor to the Library Services and Construction Act (LSCA) with the forward-thinking Library Services and Technology Act (LSTA). We would appreciate a "yes" vote for the passage of H.R. 1720 to achieve this goal.

Thank you for continued efforts on behalf of California Library users.

Sincerely,

BARBARA L. LOOMIS,  
Assistant City Librarian.

Mr. MCKEON. Madam Speaker, I yield 3 minutes to my friend, the gentleman from Virginia, Mr. TOM DAVIS.

(Mr. DAVIS asked and was given permission to revise and extend his remarks.)

Mr. DAVIS. Madam Speaker, let me first say that I think the incident the

gentleman from Missouri [Mr. CLAY] has referred to was regrettable. We know it was not sanctioned from Sallie Mae. It was not requested from our office, I can tell the gentleman, in terms of a candidate package. We obviously are always happy to hear from our corporate constituents over any issue of concern, but somebody I think acted a little overzealously.

I want to thank the gentleman from Missouri for the way he has handled this and note how, on our side, when there were efforts to take away the tax exemption from the NEA, I was one of the Republicans who do not believe in getting even with your enemies, and am in support of their continued tax exemption, and the same with the PIRGS. In that spirit, we are moving ahead and staying with the issue.

Sallie Mae has permanent roots within the 11th Congressional District. When I was chairman of the county board we helped move their permanent headquarters out there, and they have been a great corporate citizen. I have seen the kind of partner they have been to our northern Virginia community, bringing hundreds of high technology jobs to our community and the promise of stable employment for years to come.

But they bring a lot with it. Already, their work in the Reston community with the Reston Interfaith Center and the Embry Rucker Shelter are legendary. I know their employees will touch many more northern Virginia charities as time goes on.

Sallie Mae is about to embark upon a great new adventure as a corporation, which will benefit northern Virginia and the American people. For northern Virginia, privatization will mean more jobs as Sallie Mae expands its business beyond student loans. It means that the state-of-the-art Reston technology center is a resource for more than just students and parents, but for more of Virginia's and America's families and businesses.

Congress should not miss this historic opportunity to recharter a Government-sponsored enterprise as a fully private company, but it must act while the company is still healthy and before it encounters further economic uncertainties. Sallie Mae is a company on the cutting edge of technology with a rare knowledge of the higher education community. I am confident that by allowing the company to build upon its student loan business, it will serve a number of public needs that could not be anticipated by this Congress or the next.

We should not pass up the chance to relieve the American taxpayer of nearly \$50 billion or more in implicit liability for Sallie Mae's obligations. I therefore urge passage of this bill.

Madam Speaker, I would express my thanks to the chairman, the gentleman from California [Mr. MCKEON], the gentleman from California [Mr. CUNNINGHAM], the gentleman from Missouri [Mr. CLAY], and all those concerned.

Mr. MCKEON. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I want to take this time to thank the gentleman from Missouri [Mr. CLAY], ranking Member of the full committee, for his leadership and support in helping bring this bill to the floor, even though there were problems that have been discussed. I think he is to be commended for that. I appreciate it on a personal note.

Madam Speaker, I would like to urge a strong "yes" vote for this bill.

Mr. GOODLING. Mr. Speaker, today I rise in support of H.R. 1720, the Government-sponsored Enterprise Privatization Act of 1996. This legislation will privatize two Government-sponsored enterprises, the Student Loan Marketing Association "Sallie Mae" and the College Construction Loan Insurance Association "Connie Lee". In addition, it provides for the elimination of more than 40 unfunded programs found in the Higher Education Act, consolidates and improves Federal library and museum programs, and provides extensions for the National Literacy Act, the Adult Education and Literacy Act, and the Carl D. Perkins Vocational and Applied Technology Act.

Sallie Mae and Connie Lee are both Government-sponsored enterprises chartered under the Higher Education Act. Both are for-profit, stockholder owned companies which have successfully fulfilled their intended purposes. After more than a year of discussions with the Treasury Department with respect to privatization, I am happy to support this bill that paves the way for a smooth transition to private sector status which works for Sallie Mae, Connie Lee, and the Federal Government.

The bill before us also extends the Adult Education Act for 1 year and although it does not make major improvements to the act, we have included one important change. H.R. 1720 clarifies that funds under the Adult Education Act may be used for family literacy programs.

If we are going to effectively reduce the number of adults who are illiterate, we must work with families. Children with parents who can help them with their school work have a greater likelihood of succeeding in school. Family literacy programs provide adults with the education and parenting skills necessary to help their children succeed in school. At the same time, they work with children to improve their academic skills. While some States do use their adult education funds for family literacy programs, it is important that we amend current law to clarify that this is an allowable use of funds.

Finally, this legislation extends the authorization for the National Institute for Literacy and revises current law to allow the Institute to more effectively assist with national efforts to improve the literacy level of our country's citizens.

My one regret about H.R. 1720, is that it represents only a small fraction of the reform in the area of job training and education that I have pushed for during this Congress. My committee devoted a huge amount of time to consolidating job training programs into block grants to States and localities that would have resulted in greater flexibility in this Country's efforts to enhance our job training system. Unfortunately, the Senate has been unable to

bring H.R. 1617, the full CAREERS legislation, to the Senate floor, so today we are considering a small portion of that legislation.

With that one regret, I strongly support passage of H.R. 1720.

Mr. CUNNINGHAM. Madam Speaker, I rise in support of H.R. 1720. I would like to bring attention to four important parts of this legislation: the creation of the Institute for Museum and Library Services, the renewal of certain adult education and literacy programs, the privatization of Sallie Mae, and the resolution of the so-called 85-15 issue.

#### THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES

With the close help of America's museum and library communities, this legislation creates an Institute of Museum and Library Services. It merges the Institute of Museum Services and our Federal Library Services and Construction Act programs into one organization. We do this for three reasons.

First, museums and libraries are first and foremost deliverers of information. Through books and exhibits, microfiche, video, and the Internet, they can and do work together for the benefit of citizens and communities.

Second, the advance of the Information Age is transforming how people obtain information. So we have placed a new focus on the Federal role in these programs—toward electronically linking libraries and museums to one another, to other agencies and services, and to communities, schools, and citizens. We all know that the printing press revolutionized Europe in the Middle Ages by making books available to everyone. Today's Internet has that same potential—to bring people and information together from a whole world apart, with the simple point and click of a mouse.

And third, the IMLS simplifies the administration of Federal museum and library programs, while maintaining their unique and useful character. Its leadership will alternate from leaders in libraries or museums. The IMLS library division will make simplified grants to State library agencies. And the IMLS museums portion will continue awarding grants to local museum organizations.

I have already included for the RECORD letters of support from the California State Libraries, and others.

Mr. Speaker, our libraries and museums are a national treasure. They are a free and open institution of learning for every American, regardless of wealth or background. They provide information, help people find jobs, offer entertainment, and unite our communities. They represent the best in America. In short, they work. And while most of their funding is from local, State and private resources, the Federal Government has a role. By adopting this legislation, we provide the catalyst to help bring our museums and libraries into the 21st Century.

#### RENEWAL OF ADULT EDUCATION AND LITERACY PROGRAMS

H.R. 1720 also continues the authorization for our Federal adult education and literacy programs. Adult education provides individuals who lack the most basic skills—such as literacy, English proficiency, or a high school equivalency diploma—the tools they need to have a fighting chance at the American dream. An individual who cannot read or perform basic math cannot hope to find a good job, or to benefit from job training.

Simply put, our investment in effective adult education transforms those who are dependent

upon society into contributors to society. Like the library and museum portion of H.R. 1720, these provisions were included in the CAREERS legislation which is stalled in the Senate. It deserves our support.

PRIVATIZING SALLIE MAE

Sallie Mae, the Student Loan Marketing Association, is a Government-sponsored enterprise, owned by private stockholders, that provides a secondary market for student loan financing. When President Clinton advanced his Direct Lending initiative, it limited Sallie Mae's traditional market, and impacted Sallie Mae stockholders.

I oppose President Clinton's direct lending plan because, over 7 years, it costs taxpayers \$1 billion more to provide the same number of student loans as private markets. And while the President has sought to have direct lending replace private markets, Congress has limited the growth of direct lending. Nevertheless, direct lending is a fact of life today. Its existence unfairly impacts the thousands of senior citizens, private pensions, and other Americans who own stock in Sallie Mae.

Allowing Sallie Mae stockholders the opportunity to vote to privatize is simply a matter of fairness. The legislation structures any privatization carefully, so taxpayers and citizens alike get their money's worth.

PARTIAL RESOLUTION OF 85-15

This legislation also contains a partial resolution of the so-called 85-15 issue. The 85-15 policy enacted by Congress has been implemented retroactively on for-profit institutions of higher learning. Such schools are made responsible for their compliance with regulations before they were published on May 1, 1994. This kind of retroactive enforcement is simply un-American.

Our bill ends retroactive, preregulatory enforcement of the 85-15 rule.

Unfortunately, H.R. 1720 does not make a further necessary reform which I support. The measure does not exclude Federal training money from the 15 percent of a for-profit school's income coming from sources other than the Higher Education Act. As we all know, Federal training programs are not authorized by the Higher Education Act. They are authorized under other legislation. But the Department of Education has been enforcing 85-15 contrary to the will and intent of Congress. I am confident we will revisit this issue.

SUPPORT OF 1720

I urge all my colleagues to support H.R. 1720. It is good for libraries and museums, for our children and our seniors, for students, and for many of our excellent for-profit educational institutions. Thank you, and I yield back the balance of my time.

Mr. ROBERTS. Madam Speaker, I rise in support of H.R. 1720, the Government-Sponsored Enterprise Privatization Act of 1996. In particular, I am pleased that H.R. 1720 includes the privatization of the Student Loan Marketing Association, or Sallie Mae.

Sallie Mae has fulfilled the mission of its Federal charter. However, as a for-profit, stockholder owned company, Sallie Mae wishes to continue to operate without the support of U.S. taxpayers and without restrictions from the U.S. Government. Sallie Mae's interest in privatization clearly shows that it remains committed to continuing its strong record in providing student loan servicing for hundreds of thousands of Americans.

H.R. 1720 is an excellent example of how a properly managed Government program can use Federal resources to serve the American public and successfully make the transition to private business without Government assistance.

Mr. MCKEON. Madam Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Ms. GREENE of Utah). The question is on the motion offered by the gentleman from California [Mr. MCKEON], that the House suspend the rules and pass the bill, H.R. 1720, as amended.

The question was taken; and (two-thirds of those having voted in favor thereof) the rules were suspended and the bill as amended, was passed.

The title was amended so as to read: "A bill to reorganize the Student Loan Marketing Association, to privatize the College Construction Loan Insurance Association, to amend the Museum Services Act to include provisions improving and consolidating Federal library service programs, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MCKEON. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1720.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

WATER DESALINATION ACT OF 1996

Mr. DOOLITTLE. Madam Speaker, I move to suspend the rules and pass the Senate bill (S. 811) to authorize research into the desalinization and reclamation of water and authorize a program for States, cities, or qualifying agencies desiring to own and operate a water desalinization or reclamation facility to develop such facilities, and for other purposes, as amended.

The Clerk read as follows:

S. 811

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Water Desalination Act of 1996".

SEC. 2. DEFINITIONS.

As used in this Act:

(1) DESALINATION OR DESALTING.—The terms "desalination" or "desalting" mean the use of any process or technique for the removal and, when feasible, adaptation to beneficial use, of organic and inorganic elements and compounds from saline or biologically impaired waters, by itself or in conjunction with other processes.

(2) SALINE WATER.—The term "saline water" means sea water, brackish water, and other mineralized or chemically impaired water.

(3) UNITED STATES.—The term "United States" means the States of the United

States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(4) USUABLE WATER.—The term "usable water" means water of a high quality suitable for environmental enhancement, agricultural, industrial, municipal, and other beneficial consumptive or nonconsumptive uses.

(5) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

SEC. 3. AUTHORIZATION OF RESEARCH AND STUDIES.

(a) IN GENERAL.—In order to determine the most cost-effective and technologically efficient means by which usable water can be produced from saline water or water otherwise impaired or contaminated, the Secretary is authorized to award grants and to enter into contracts, to the extent provided in advance in appropriation Acts, to conduct, encourage, and assist in the financing of research to develop processes for converting saline water into water suitable for beneficial uses. Awards of research grants and contracts under this section shall be made on the basis of a competitive, merit-reviewed process. Research and study topics authorized by this section include—

- (1) investigating desalination processes;
- (2) ascertaining the optimum mix of investment and operating costs;
- (3) determining the best designs for different conditions of operation;
- (4) investigating methods of increasing the economic efficiency of desalination processes through dual-purpose co-facilities with other processes involving the use of water;
- (5) conducting or contracting for technical work, including the design, construction, and testing of pilot systems and test beds, to develop desalting processes and concepts;
- (6) studying methods for the recovery of byproducts resulting from desalination to offset the costs of treatment and to reduce environmental impacts from those byproducts; and
- (7) salinity modeling and toxicity analysis of brine discharges, cost reduction strategies for constructing and operating desalination facilities, and the horticultural effects of desalinated water used for irrigation.

(b) PROJECT RECOMMENDATIONS AND REPORTS TO THE CONGRESS.—As soon as practicable and within three years after the date of enactment of this Act, the Secretary shall recommend to Congress desalination demonstration projects or full-scale desalination projects to carry out the purposes of this Act and to further evaluate and implement the results of research and studies conducted under the authority of this section. Recommendations for projects shall be accompanied by reports on the engineering and economic feasibility of proposed projects and their environmental impacts.

(c) AUTHORITY TO ENGAGE OTHERS.—In carrying out research and studies authorized in this section, the Secretary may engage the necessary personnel, industrial or engineering firms, Federal laboratories, water resources research and technology institutes, other facilities, and educational institutions suitable to conduct investigations and studies authorized under this section.

(d) ALTERNATIVE TECHNOLOGIES.—In carrying out the purposes of this Act, the Secretary shall ensure that at least three separate technologies are evaluated and demonstrated for the purposes of accomplishing desalination.

SEC. 4. DESALINATION DEMONSTRATION AND DEVELOPMENT.

(a) IN GENERAL.—In order to further demonstrate the feasibility of desalination processes investigated either independently or in research conducted pursuant to section 3,