

Calendar No. 180

105TH CONGRESS
1ST Session

S. 1020

[Report No. 105-86]

A BILL

To amend the National Foundation on the Arts and Humanities Act of 1965 and the Art and Architecture Indemnity Act to improve and extend the Acts, and for other purposes.

SEPTEMBER 24, 1997

Reported with an amendment

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IN THE SENATE OF THE UNITED STATES

JULY 15, 1997

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. CHAFEE, and Mr. REED) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

SEPTEMBER 24, 1997

Reported by Mr. JEFFORDS, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italie*]

A BILL

To amend the National Foundation on the Arts and Humanities Act of 1965 and the Art and Artifacts Indemnity Act to improve and extend the Acts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Arts and Humanities
3 Amendments of 1997”.

4 **TITLE I—NATIONAL FOUNDA-**
5 **TION ON THE ARTS AND THE**
6 **HUMANITIES ACT OF 1965**

7 **SEC. 101. NATIONAL FOUNDATION ON THE ARTS AND THE**
8 **HUMANITIES.**

9 The National Foundation on the Arts and the Hu-
10 manities Act of 1965 (20 U.S.C. 951 et seq.) is amended
11 to read as follows:

12 **“(a) SHORT TITLE.—This Act may be cited as the**

13 **“National Foundation on the Arts and the Humanities Act**
14 **of 1965”.**

15 **“(b) TABLE OF CONTENTS.—The table of contents**
16 **is as follows:**

“Sec. 1. Short title; table of contents.

“Sec. 2. Purposes.

“Sec. 3. Definitions.

“TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE
HUMANITIES

“Sec. 101. Establishment of the National Foundation on the Arts and the
Humanities.

“Sec. 102. General limitations on grants.

“Sec. 103. Joint administration.

“Sec. 104. Study on a true endowment.

“Sec. 105. Donations, bequests, and devises.

“Sec. 106. Authorization of appropriations.

“TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

“Sec. 201. Definitions.

“Sec. 202. Establishment of the National Endowment for the Arts.

“Sec. 203. Application procedures.
 “Sec. 204. Advisory panels.
 “Sec. 205. National Council on the Arts.
 “Sec. 206. Limitations on grants.
 “Sec. 207. Administrative provisions.
 “Sec. 208. Reports.
 “Sec. 209. Sanctions and payments.
 “Sec. 210. National Medal of Arts Awards.

“TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

“Sec. 301. Definitions.
 “Sec. 302. Establishment of the National Endowment for the Humanities.
 “Sec. 303. Application procedures.
 “Sec. 304. Review panels.
 “Sec. 305. National Council on the Humanities.
 “Sec. 306. Limitations on grants.
 “Sec. 307. Administrative provisions.
 “Sec. 308. Reports.
 “Sec. 309. Sanctions and payments.
 “Sec. 310. Awards.

1 **“SEC. 2. PURPOSES.**

2 “‘The purposes of this Act are—

3 “(1)(A) to ensure that the arts and the human-
 4 ities belong to all the people of the United States;
 5 and

6 “(B) to support the arts and the humanities,
 7 which are essential to social, cultural, and economic
 8 progress;

9 “(2) to encourage and support national
 10 progress and scholarship in the arts and the human-
 11 ities, because such encouragement and support,
 12 while primarily matters for private and local initia-
 13 tive, are also appropriate matters of concern for the
 14 Federal Government;

15 “(3) to ensure that the United States, as an ad-
 16 vanced civilization, does not limit its efforts to

1 science and technology alone but gives full value and
2 support to the other great branches of scholarly and
3 cultural activity in order to achieve a better under-
4 standing of the past, a better analysis of the
5 present, and a better view of the future;

6 “(4) to further the advancement of the arts and
7 the humanities and the access of all citizens of the
8 United States to the arts and the humanities, in
9 partnership with local, State, regional, and private
10 agencies, organizations, and individuals;

11 “(5) in furthering the advancement and access
12 described in paragraph (4); to be sensitive to the na-
13 ture of public support and the need to use public
14 funding in a manner that recognizes the responsibil-
15 ity of the Federal Government to the public good;

16 “(6) to ensure that public funds provided by the
17 Federal Government ultimately serve the public pur-
18 poses the Congress defines and are subject to the
19 conditions that traditionally govern the use of public
20 money;

21 “(7) to ensure that—

22 “(A) Federal support of the arts and the
23 humanities reflects the high place accorded by
24 the people of the United States to the Nation’s
25 rich cultural heritage; and

1 “(B) public funding of the arts and the hu-
2 manities contributes to public support for and
3 confidence in the use of taxpayer funds;

4 “(8)(A) to support the practice of art and the
5 study of the humanities, which require constant
6 dedication and devotion; and

7 “(B) while recognizing that no government can
8 create a great artist or scholar, to help create and
9 sustain not only a climate encouraging freedom of
10 thought, imagination, and inquiry, but also the ma-
11 terial conditions facilitating the release of creative
12 talent; and

13 “(9)(A) to ensure that United States students
14 receive in school, background and preparation in the
15 arts and the humanities to enable the students to
16 recognize and appreciate the aesthetic dimensions of
17 their lives, the cultural heritage of the United
18 States, and the full potential of artistic and scholarly
19 expression; and

20 “(B) to increase access to the arts and the hu-
21 manities for all persons in the United States by—

22 “(i) encouraging and developing quality
23 education in the arts and the humanities at all
24 levels, in conjunction with programs of lifelong
25 learning in the arts and the humanities for all

1 age groups and with formal systems of elemen-
 2 tary, secondary, and postsecondary education;
 3 and

4 “(ii) encouraging and facilitating the work
 5 of scholars, artists, arts institutions, and Fed-
 6 eral, State, regional, and local agencies in the
 7 area of education in the arts and the human-
 8 ities.

9 **“SEC. 3. DEFINITIONS.**

10 “In this Act:

11 “(1) ARTS.—The term ‘arts’ includes—

12 “(A) dance, design, literature, media arts,
 13 music, theater, and visual arts;

14 “(B) folk and traditional arts practiced by
 15 the diverse peoples of the United States; and

16 “(C) the presentation, performance, execu-
 17 tion, exhibition, preservation, and study of the
 18 arts described in subparagraph (A) or (B), in-
 19 cluding the study of the arts through appren-
 20 ticeships, internships, and other career oriented
 21 work-study experiences for artists and art
 22 teachers, and residencies for artists at all edu-
 23 cational levels.

24 “(2) CULTURAL HERITAGE.—The term ‘cultural
 25 heritage’ means the living legacy of creations, skills,

1 and knowledge handed down from prior genera-
 2 tions—

3 “(A) that embraces the traditional arts
 4 and ideas that are developed informally and
 5 that reflect the heritage, tradition, and history
 6 of American communities over the centuries;
 7 and

8 “(B) that continues to evolve as new
 9 groups contribute to the American experience.

10 “(3) GRANT.—The term ‘grant’ includes a loan,
 11 a contract, and a cooperative agreement.

12 “(4) GROUP.—The term ‘group’ includes any
 13 State or local arts agency, regional group, and any
 14 nonprofit organization or institution in the United
 15 States, whether or not incorporated.

16 “(5) HUMANITIES.—The term ‘humanities’ in-
 17 cludes—

18 “(A) the study and interpretation of—

19 “(i) language, both modern and classi-
 20 cal, linguistics, literature, history, jurispru-
 21 dence, philosophy, archaeology, compara-
 22 tive religion, and ethics;

23 “(ii) the history, criticism, and theory
 24 of the arts;

25 “(iii) folklore and folklife; and

1 “(iv) the aspects of the social sciences
2 that have humanistic content and employ
3 humanistic methods; and

4 “(B) the study and application of the hu-
5 manities described in subparagraph (A) to the
6 human environment with particular attention
7 to—

8 “(i) reflecting the heritage, traditions,
9 and history of the United States; and

10 “(ii) the relevance of the humanities
11 described in subparagraph (A) to the con-
12 ditions of national life.

13 “(6) PROGRAM INCOME.—

14 “(A) IN GENERAL.—The term ‘program
15 income’ means any money that is earned or re-
16 ceived, by a recipient of a grant made under
17 title II or III, from an activity supported by the
18 funds made available through the grant or from
19 a product resulting from or related to an activ-
20 ity carried out under the grant.

21 “(B) TYPES OF INCOME.—The term in-
22 cludes—

23 “(i) income from a fee for service per-
24 formed, or from the sale of an item cre-
25 ated, under the grant;

1 “(ii) income from a licensing fee on a
2 product related to an activity carried out
3 under the grant;

4 “(iii) a usage or rental fee for equip-
5 ment or property acquired under the grant;

6 “(iv) an admission fee for an activity
7 carried out under the grant;

8 “(v) income from a broadcast or dis-
9 tribution right for such an activity; and

10 “(vi) a royalty on a patent or copy-
11 right for such an activity.

12 “(7) REGIONAL GROUP.—The term ‘regional
13 group’ means any multistate group, whether or not
14 representative of contiguous States.

15 “(8) STATE.—The term ‘State’ includes, in ad-
16 dition to the several States of the United States, the
17 Commonwealth of Puerto Rico, the District of Co-
18 lumbia, Guam, American Samoa, the Commonwealth
19 of the Northern Mariana Islands, and the United
20 States Virgin Islands.

21 “(9) UNDERSERVED COMMUNITIES.—The term
22 ‘underserved communities’ means those communities
23 that have historically been outside the purview of
24 arts and humanities programs.

1 **“TITLE I—NATIONAL FOUNDA-**
 2 **TION ON THE ARTS AND THE**
 3 **HUMANITIES**

4 **“SEC. 101. ESTABLISHMENT OF THE NATIONAL FOUNDA-**
 5 **TION ON THE ARTS AND THE HUMANITIES.**

6 “(a) **ESTABLISHMENT.**—There is established a Na-
 7 tional Foundation on the Arts and the Humanities (re-
 8 ferred to in this Act as the ‘Foundation’), which shall be
 9 composed of a National Endowment for the Arts, a Na-
 10 tional Endowment for the Humanities (each of which may
 11 be referred to in this title as an ‘Endowment’), and an
 12 Institute of Museum and Library Services.

13 “(b) **PURPOSE.**—The purpose of the Foundation
 14 shall be to develop and promote a national policy of sup-
 15 port for the arts and the humanities in the United States.

16 “(c) **LIMITATION.**—In the administration of this Act
 17 no department, agency, officer, or employee of the United
 18 States shall exercise any direction, supervision, or control
 19 over the policy determination, personnel, curriculum, ad-
 20 ministration, or operation, of any school or other non-Fed-
 21 eral agency, institution, organization, or association.

22 **“SEC. 102. GENERAL LIMITATIONS ON GRANTS.**

23 “None of the grants awarded under this Act shall be
 24 used for the purposes of lobbying or for providing general
 25 membership services for groups.

1 **“SEC. 103. JOINT ADMINISTRATION.**

2 “(a) **INSPECTOR GENERAL.**—There shall be in the
3 Foundation a single Office of the Inspector General for
4 the National Endowment for the Arts and the National
5 Endowment for the Humanities. The Office shall be head-
6 ed by 1 Inspector General appointed in accordance with
7 the Inspector General Act of 1978 (5 U.S.C. App.). The
8 Inspector General shall carry out the duties prescribed in
9 such Act, including conducting appropriate reviews to en-
10 sure that recipients of grants under titles II and III com-
11 ply with the applicable regulations and procedures estab-
12 lished under this Act, including regulations relating to ac-
13 counting and financial matters.

14 “(b) **REPORTING.**—The Inspector General for the
15 National Endowment for the Arts and the National En-
16 dowment for the Humanities shall report—

17 “(1) to the Chairperson of the National Endow-
18 ment for the Arts with respect to matters relating
19 to the National Endowment for the Arts; and

20 “(2) to the Chairperson of the National Endow-
21 ment for the Humanities with respect to matters re-
22 lating to the National Endowment for the Human-
23 ities.

24 “(c) **OTHER FUNCTIONS.**—The Chairperson of the
25 National Endowment for the Arts and Chairperson of the
26 National Endowment for the Humanities shall ensure non-

1 duplication of administrative functions, such as provision
 2 of facilities and space, records management, contracting,
 3 procurement, printing, and provision of mail and library
 4 services. The Chairpersons shall enter into an interagency
 5 agreement to jointly carry out the functions with the mini-
 6 mum necessary expense.

7 “(d) REPORT.—Not later than 60 days after the date
 8 of enactment of the Arts and Humanities Amendments of
 9 1997, the Chairperson of the National Endowment for the
 10 Arts and the Chairperson of the National Endowment for
 11 the Humanities shall jointly prepare and submit to the
 12 appropriate committees of Congress a report containing
 13 a plan that describes the manner in which the Chair-
 14 persons will jointly carry out the functions described in
 15 subsection (c). Not later than 180 days after such date
 16 of enactment, the Chairpersons shall implement the plan.

17 **“SEC. 104. STUDY ON A TRUE ENDOWMENT.**

18 “(a) IN GENERAL.—The Chairperson of the National
 19 Endowment for the Arts and the Chairperson of the Na-
 20 tional Endowment for the Humanities, in consultation
 21 with persons with expertise in the arts, humanities, busi-
 22 ness, charitable giving, and copyright industries, and other
 23 appropriate Federal agencies, shall jointly conduct, or con-
 24 tract for, a study on the feasibility of establishing a true
 25 endowment for the National Endowment for the Arts and

1 the National Endowment for the Humanities in order to
2 provide supplemental funding to support the efforts of the
3 National Endowment for the Arts and the National En-
4 dowment for the Humanities, respectively.

5 “(b) SCOPE OF STUDY.—The study described in sub-
6 section (a) shall examine innovative methods through
7 which a true endowment may be funded, including such
8 methods as private fundraising, an extension of a copy-
9 right term, recapture of funds from past grants of the Na-
10 tional Endowment for the Arts and the National Endow-
11 ment for the Humanities that have proven profitable, or
12 any other innovative methods the Chairpersons determine
13 appropriate.

14 “(c) REPORT.—Not later than 1 year after the date
15 on which funding is made available under this Act to con-
16 duct the study described in subsection (a), the Chair-
17 person of the National Endowment for the Arts and the
18 Chairperson of the National Endowment for the Human-
19 ities shall jointly prepare and submit to the appropriate
20 committees of Congress a report containing recommenda-
21 tions on the innovative methods through which the true
22 endowment may be funded to support efforts described in
23 subsection (a).

1 **~~“SEC. 105. DONATIONS, BEQUESTS, AND DEVISES.~~**

2 ~~“(a) DONATIONS, BEQUESTS, AND DEVISES TO THE~~
 3 ~~FOUNDATION WITHOUT DESIGNATION.—~~

4 ~~“(1) IN GENERAL.—In any case in which any~~
 5 ~~money or other property is donated, bequeathed, or~~
 6 ~~devised to the Foundation without designation of the~~
 7 ~~Endowment for the benefit of which the money or~~
 8 ~~property is intended, each Chairperson of an Endow-~~
 9 ~~ment shall have authority to receive such money or~~
 10 ~~property.~~

11 ~~“(2) UNRESTRICTED DONATIONS, BEQUESTS,~~
 12 ~~AND DEVISES.—Except as provided in paragraph~~
 13 ~~(3), unless the Chairpersons of the Endowments~~
 14 ~~agree otherwise, the money or property described in~~
 15 ~~paragraph (1) shall be deemed to have been donated,~~
 16 ~~bequeathed, or devised in equal shares to each En-~~
 17 ~~dowment.~~

18 ~~“(3) RESTRICTED DONATIONS, BEQUESTS, AND~~
 19 ~~DEVISES.—In any case in which any money or prop-~~
 20 ~~erty is donated, bequeathed, or devised to the Foun-~~
 21 ~~dation with a condition or restriction, such money or~~
 22 ~~property shall be deemed to have been donated, be-~~
 23 ~~queathed, or devised to the Endowment whose func-~~
 24 ~~tion it is to carry out the purposes of the condition~~
 25 ~~or restriction.~~

1 “(b) DONATIONS, BEQUESTS, AND DEVISES TO THE
2 ENDOWMENTS.—

3 “(1) CHAIRPERSON OF THE NATIONAL ENDOW-
4 MENTS FOR THE ARTS.—

5 “(A) IN GENERAL.—The Chairperson of
6 the National Endowment for the Arts (referred
7 to in this paragraph as the ‘Chairperson’), in
8 carrying the functions of the Chairperson, shall
9 have authority—

10 “(i) to solicit, accept, receive, invest,
11 and use money and other property do-
12 nated, bequeathed, or devised to the En-
13 dowment, either absolutely or in trust, with
14 or without a condition or restriction, in-
15 cluding a condition that the Chairperson
16 use other funds of the Endowment for the
17 purposes of the donation, bequest, or de-
18 vise; and

19 “(ii) to sell or otherwise dispose of
20 such property,

21 to carry out the activities of the Endowment
22 under title II.

23 “(B) PROCEEDS.—

24 “(i) RECEIPT OF PROCEEDS.—Any
25 proceeds from a donation, bequest, or de-

1 vise under subparagraph (A) shall be paid
 2 by the donor or the representative of the
 3 donor to the Chairperson. Any proceeds
 4 from any sale or disposition of property
 5 under subparagraph (A) shall be retained
 6 by the Chairperson.

7 “(ii) INVESTMENT OF PROCEEDS.—

8 The Chairperson shall invest the proceeds
 9 described in clause (i) that are not re-
 10 quired to carry out subsection (c) and sec-
 11 tion 210. Such investments shall be made
 12 only in interest-bearing accounts to the
 13 credit of the National Endowment for the
 14 Arts, of which only 50 percent of the accu-
 15 mulated interest may be used for the pur-
 16 poses of carrying out the activities of the
 17 Endowment under title II.

18 “(C) Notwithstanding subparagraphs (A)
 19 and (B)(ii), any money and other property do-
 20 nated, bequeathed, or devised under subpara-
 21 graph (A)(i) with a condition or restriction shall
 22 be used, expended, or invested subject to such
 23 condition or restriction.

24 “(2) CHAIRPERSON OF THE NATIONAL ENDOW-
 25 MENTS FOR THE HUMANITIES.—

1 “(A) IN GENERAL.—The Chairperson of
 2 the National Endowment for the Humanities
 3 (referred to in this paragraph as the ‘Chair-
 4 person’), in carrying the functions of the Chair-
 5 person, shall have authority—

6 “(i) to solicit, accept, receive, invest,
 7 and use money and other property do-
 8 nated, bequeathed, or devised to the En-
 9 dowment, either absolutely or in trust, with
 10 or without a condition or restriction, in-
 11 cluding a condition that the Chairperson
 12 use other funds of the Endowment for the
 13 purposes of the donation, bequest, or de-
 14 vise; and

15 “(ii) to sell or otherwise dispose of
 16 such property,
 17 for purposes of carrying out the activities of the
 18 Endowment under title III.

19 “(B) PROCEEDS.—

20 “(i) RECEIPT OF PROCEEDS.—Any
 21 proceeds from a donation, bequest, or de-
 22 vise under subparagraph (A) shall be paid
 23 by the donor or the representative of the
 24 donor to the Chairperson. Any proceeds
 25 from any sale or disposition of property

1 under subparagraph (A) shall be retained
2 by the Chairperson.

3 “(ii) INVESTMENT OF PROCEEDS.—

4 The Chairperson shall invest the proceeds
5 described in clause (i) that are not re-
6 quired to carry out subsection (e) and sec-
7 tion 310(a). Such investments shall be
8 made only in interest-bearing accounts to
9 the credit of the National Endowment for
10 the Humanities, of which only 50 percent
11 of the accumulated interest may be used
12 for the purposes of carrying out the activi-
13 ties of the Endowment under title III.

14 “(C) Notwithstanding subparagraphs (A)
15 and (B)(ii), any money and other property do-
16 nated, bequeathed, or devised under subpara-
17 graph (A)(i) with a condition or restriction shall
18 be used, expended, or invested subject to such
19 condition or restriction.

20 “(e) USE OF DONATIONS, BEQUESTS, AND DEVISES
21 FOR CERTAIN ADMINISTRATIVE EXPENSES.—

22 “(1) IN GENERAL.—The Chairperson of the
23 National Endowment for the Arts and the Chair-
24 person of the National Endowment for the Human-

ities shall each use from the amounts received under subsection (b)—

“(A) not more than \$100,000 for fiscal year 1998 for official reception and representation expenses; and

“(B) not more than \$50,000 for each subsequent fiscal year for such expenses.

“(2) EXCEPTION.—The requirement of paragraph (1) shall not apply to expenses associated with the award established under section 310(a).

“(d) TAX LAWS.—For the purposes of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of the Endowments and received by the Chairperson of an Endowment pursuant to this section shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.

“SEC. 106. AUTHORIZATION OF APPROPRIATIONS.

“(a) NATIONAL ENDOWMENT FOR THE ARTS.—

“(1) IN GENERAL.—

“(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Arts under this Act \$175,000,000 for fiscal

year 1998, and such sums as are necessary for the fiscal years 1999 through 2002.

“(B) RESERVATION FOR ADMINISTRATION.—Of the amount appropriated for a fiscal year under subparagraph (A), there shall be reserved amounts sufficient to carry out subsection (c)(1).

“(C) SPECIAL RESERVATION FOR ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—In a fiscal year in which the aggregate amount appropriated under subparagraph (A) exceeds \$99,494,000, the amount that exceeds such aggregate amount shall be reserved for making grants under section 202(f) to carry out activities described in subsection (f)(2)(B) of such section.

“(D) RESERVATION FOR PARTNERSHIP GRANTS.—40 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(e).

“(E) RESERVATION FOR NATIONAL SIGNIFICANCE GRANTS.—40 percent of the amount appropriated for a fiscal year under subpara-

graph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(d).

“(F) RESERVATION FOR DIRECT GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(e).

“(G) RESERVATION FOR ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(f).

“(2) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for obligation until expended.

“(b) NATIONAL ENDOWMENT FOR THE HUMANITIES.—

“(1) IN GENERAL.—

1 “(A) ~~TOTAL AUTHORIZATION.~~—There are
 2 authorized to be appropriated to carry out the
 3 activities of the National Endowment for the
 4 Humanities under this Act \$175,000,000 for
 5 fiscal year 1998, and such sums as are nec-
 6 essary for fiscal years 1999 through 2002.

7 “(B) ~~RESERVATION FOR ADMINISTRA-~~
 8 ~~TION.~~—There shall be reserved amounts suffi-
 9 cient to carry out subsection (c)(2).

10 “(C) ~~RESERVATION FOR PARTNERSHIP~~
 11 ~~GRANTS.~~—30 percent of the amount appro-
 12 priated for a fiscal year under subparagraph
 13 (A) and remaining after amounts are reserved
 14 under subparagraph (B) shall be reserved for
 15 making grants under section 302(c). Of the
 16 amount reserved under this subparagraph, 5
 17 percent of such amount shall be made available
 18 for activities relating to elementary and second-
 19 ary education in the humanities.

20 “(D) ~~RESERVATION FOR NATIONAL~~
 21 ~~GRANTS.~~—35 percent of the amount appro-
 22 priated for a fiscal year under subparagraph
 23 (A) and remaining after amounts are reserved
 24 under subparagraph (B) shall be reserved for
 25 making grants under section 302(d).

1 ~~“(E) RESERVATION FOR RESEARCH AND~~
 2 ~~SCHOLARSHIP GRANTS.—35~~ percent of the
 3 amount appropriated for a fiscal year under
 4 subparagraph (A) and remaining after amounts
 5 are reserved under subparagraph (B) shall be
 6 reserved for making grants under section
 7 302(e).

8 ~~“(2) SUMS REMAINING AVAILABLE.—Sums ap-~~
 9 ~~propriated pursuant to paragraph (1) for any fiscal~~
 10 ~~year shall remain available for obligation until ex-~~
 11 ~~pended.~~

12 ~~“(e) ADMINISTRATION.—~~

13 ~~“(1) NATIONAL ENDOWMENT FOR THE ARTS.—~~

14 ~~“(A) PERCENTAGE BASED ON FUNDING~~
 15 ~~UNDER \$150,000,000.—In a case in which the~~
 16 amount appropriated for a fiscal year under
 17 subsection (a)(1)(A) is less than \$150,000,000,
 18 not more than 17 percent of the amount appro-
 19 priated for a fiscal year under subsection
 20 (a)(1)(A) may be made available for the costs
 21 of administering title II, or any other program
 22 for which the Chairperson of the National En-
 23 dowment for the Arts is responsible, of which
 24 not more than \$100,000 shall be made available
 25 for the President’s Committee on the Arts and

the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses.

~~“(B) PERCENTAGE BASED ON FUNDING OVER \$150,000,000.—In a case in which the amount appropriated for a fiscal year under subsection (a)(1)(A) is \$150,000,000 or greater, not more than 12 percent of the amount appropriated for a fiscal year under subsection (a)(1)(A) may be made available for the costs of administering title II, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, of which not more than \$100,000 shall be made available for the President’s Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses.~~

~~“(2) NATIONAL ENDOWMENT FOR THE HUMANITIES.—~~

~~“(A) PERCENTAGE BASED ON FUNDING UNDER \$150,000,000.—In a case in which the amount appropriated for a fiscal year under subsection (b)(1)(A) is less than \$150,000,000, not more than 17 percent of the amount appro-~~

1 appropriated for a fiscal year under subsection
2 (b)(1)(A) may be made available for the costs
3 of administering title III, or any other program
4 for which the Chairperson of the National Endow-
5 ment for the Humanities is responsible; of
6 which not more than \$100,000 shall be made
7 available for the President's Committee on the
8 Arts and the Humanities, none of which may be
9 used to reimburse members of the Committee
10 for travel and related expenses.

11 “(B) PERCENTAGE BASED ON FUNDING
12 OVER \$150,000,000.—In a case in which the
13 amount appropriated for a fiscal year under
14 subsection (b)(1)(A) is \$150,000,000 or great-
15 er, not more than 12 percent of such amount
16 may be made available for the costs of admin-
17 istering title III, or any other program for
18 which the Chairperson of the National Endow-
19 ment for the Humanities is responsible; of
20 which not more than \$100,000 shall be made
21 available for the President's Committee on the
22 Arts and the Humanities, none of which may be
23 used to reimburse members of the Committee
24 for travel and related expenses.

“TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

“SEC. 201. DEFINITIONS.

“In this title:

“(1) **DEVELOPING ARTS ORGANIZATION.**—The term ‘developing arts organization’ means a local arts organization of high artistic promise that—

“(A) serves as an important source of local arts programming in a community; and

“(B) has the potential to broaden public access to the arts in rural and urban underserved communities.

“(2) **FINAL JUDGMENT.**—The term ‘final judgment’ means a judgment that is either—

“(A) not reviewed by any other court that has authority to review such judgment; or

“(B) is not reviewable by any other court.

“(3) **LOCAL ARTS AGENCY.**—The term ‘local arts agency’ means a community organization, or an agency of local government, that primarily provides financial support, services, or other programs for artists and arts organizations, for the benefit of the community as a whole.

“(4) **OBSCENE; DETERMINED TO BE OBSCENE.**—

1 “(A) OBSCENE.—The term ‘obscene’
2 means, with respect to a project, production, or
3 workshop, that—

4 “(i) the average person, applying con-
5 temporary community standards, would
6 find that such project, production, or work-
7 shop, when taken as a whole, appeals to
8 the prurient interest;

9 “(ii) such project, production, or
10 workshop depicts or describes sexual con-
11 duct in a patently offensive way; and

12 “(iii) such project, production, or
13 workshop, when taken as a whole, lacks se-
14 rious literary, artistic, political or scientific
15 value.

16 “(B) DETERMINED TO BE OBSCENE.—The
17 term ‘determined to be obscene’ means deter-
18 mined, in a final judgment of a court of record
19 and of competent jurisdiction in the United
20 States, to be obscene.

21 “(5) PRODUCTION.—The term ‘production’
22 means any activity involving the execution or ren-
23 dition of the arts and meeting such standards as
24 may be approved by the Chairperson of the Endow-
25 ment.

1 ~~“(6) PROJECT.—~~

2 ~~“(A) IN GENERAL.—~~The term ‘project’
 3 means a program organized to carry out the ob-
 4 jectives of this Act, including a program to fos-
 5 ter United States artistic creativity, to commis-
 6 sion a work of art, or to develop and enhance
 7 the widest public access, knowledge, and under-
 8 standing of the arts, and includes, where appro-
 9 priate, rental or purchase of a facility, rental or
 10 purchase of land, and acquisition of equipment.

11 ~~“(B) RENOVATION OR CONSTRUCTION.—~~

12 Such term also includes—

13 ~~“(i) the renovation of a facility if—~~

14 ~~“(I) the amount of the expendi-~~
 15 ~~ture of Federal funds for such pur-~~
 16 ~~pose in the case of any facility does~~
 17 ~~not exceed \$250,000; and~~

18 ~~“(II) two-thirds of the members~~
 19 ~~of the National Council on the Arts~~
 20 ~~(who are present and voting) rec-~~
 21 ~~ommend a grant involving an expendi-~~
 22 ~~ture for such purpose; and~~

23 ~~“(ii) with respect to a grant under~~
 24 ~~section 202(d), the construction of a facil-~~
 25 ~~ity; if—~~

1 “(I) such construction is for
 2 demonstration purposes or under un-
 3 usual circumstances in which there is
 4 no other manner by which to accom-
 5 plish an artistic purpose; and

6 “(II) two-thirds of the members
 7 of the National Council on the Arts
 8 (who are present and voting) rec-
 9 ommend a grant involving an expendi-
 10 ture for such purpose.

11 “(7) WORKSHOP.—The term ‘workshop’ means
 12 a program the primary purpose of which is to en-
 13 courage the artistic development or enjoyment of
 14 amateur, student, or other participants.

15 **“SEC. 202. ESTABLISHMENT OF THE NATIONAL ENDOW-**
 16 **MENT FOR THE ARTS.**

17 “(a) ESTABLISHMENT.—There is established within
 18 the Foundation a National Endowment for the Arts (re-
 19 ferred to in this title as the ‘Endowment’).

20 “(b) CHAIRPERSON.—

21 “(1) APPOINTMENT.—The Endowment shall be
 22 headed by a chairperson, to be known as the Chair-
 23 person of the Endowment (referred to in this title as
 24 the ‘Chairperson’), who shall be appointed by the

1 President, by and with the advice and consent of the
2 Senate.

3 ~~“(2) TERM.—~~

4 ~~“(A) IN GENERAL.—~~The term of office of
5 the Chairperson shall be 4 years, except that
6 any Chairperson appointed to fill a vacancy
7 shall serve for the remainder of the term for
8 which the predecessor of the Chairperson was
9 appointed. Notwithstanding any other provision
10 of this subparagraph, on the expiration of the
11 term of office of the Chairperson, the Chair-
12 person shall serve until the successor to the
13 Chairperson is appointed and has qualified.

14 ~~“(B) REAPPOINTMENT.—~~The Chairperson
15 shall be eligible for reappointment.

16 ~~“(c) PARTNERSHIP GRANTS.—~~

17 ~~“(1) PURPOSE.—~~The purpose of this subsection
18 is to make grants to States and regional groups to
19 support arts activities, with preference to arts edu-
20 cation and projects that reach rural and urban un-
21 derserved communities.

22 ~~“(2) GRANTS TO STATES.—~~

23 ~~“(A) AUTHORITY.—~~Using the funds re-
24 served under section 106(a)(1)(D), the Chair-
25 person, acting on the recommendation of the

1 National Council on the Arts, shall establish
2 and carry out a program of basic State grants
3 to assist States—

4 “(i)(I) in supporting projects, produc-
5 tions, or workshops that meet the standard
6 of artistic excellence and artistic merit and
7 that fulfill the purposes of this Act; and

8 “(II) in developing projects, produc-
9 tions, or workshops that will furnish pro-
10 grams, facilities, and services in the arts to
11 people and communities in each of the
12 States; and

13 “(ii) in carrying out activities that—

14 “(I) stimulate artistic activity
15 and awareness, and broaden public ac-
16 cess to the arts, in rural and urban
17 underserved communities;

18 “(II) enhance the artistic capa-
19 bilities of developing arts organiza-
20 tions through artistic, programmatic,
21 and staff development; or

22 “(III) provide technical assist-
23 ance to developing arts organizations
24 to improve managerial and organiza-
25 tional skills, financial systems man-

1 agement, and long-range fiscal plan-
2 ning.

3 “(B) APPLICATION.—In order to receive a
4 grant under this paragraph for any fiscal year,
5 a State shall submit an application described in
6 section 203 for such grant at such time and in
7 such manner as shall be specified by the Chair-
8 person and accompany such application with a
9 State plan that the Chairperson finds—

10 “(i) designates or provides for the es-
11 tablishment of a State agency (referred to
12 in this section as the ‘State agency’) as the
13 sole agency for the administration of the
14 State plan;

15 “(ii) provides that funds paid to the
16 State under this paragraph will be ex-
17 pended solely on projects, productions, or
18 workshops described in subparagraph (A)
19 and approved by the State agency;

20 “(iii) provides that the State agency
21 will make such reports, in such manner
22 and containing such information, as the
23 Chairperson may from time to time re-
24 quire, including a description of the

1 progress made toward achieving the objec-
2 tives of the State plan;

3 “(iv) provides—

4 “(I) an assurance that the State
5 agency has held, after reasonable no-
6 tice, public meetings in the State to
7 allow the public, interested groups,
8 and groups of artists to present views
9 and make recommendations regarding
10 the State plan; and

11 “(II) a summary of such rec-
12 ommendations and the response of the
13 State agency to such recommenda-
14 tions; and

15 “(v) contains—

16 “(I) for the most recent preced-
17 ing year for which information is
18 available, a description of the level of
19 participation by artists, artists’ orga-
20 nizations, and arts groups in projects,
21 productions, or workshops supported
22 by funding from the State agency
23 under this paragraph, and a descrip-
24 tion of the extent to which projects,
25 productions, or workshops supported

1 by funding from the State agency
2 under this paragraph were available to
3 all people and communities in the
4 State, especially underserved commu-
5 nities; and

6 “(H) a description of projects,
7 productions, or workshops supported
8 by funding from the State agency
9 under this paragraph that exist or are
10 being developed to address the avail-
11 ability of the arts to all people or com-
12 munities described in subclause (I) or
13 to secure wider participation of artists
14 and arts organizations described in
15 subclause (I).

16 “(C) APPROVAL.—The Chairperson may
17 not approve an application described in sub-
18 paragraph (B) unless the accompanying State
19 plan satisfies the requirements specified in sub-
20 paragraph (B).

21 “(D) ALLOTMENTS.—

22 “(i) IN GENERAL.—Of the sums avail-
23 able to carry out this paragraph for any
24 fiscal year, each State that has an applica-

tion approved by the Chairperson shall be
allotted at least \$200,000.

“(ii) ~~INSUFFICIENT FUNDS.~~—If the
sums available to carry out this paragraph
for any fiscal year are insufficient to make
the allotments under clause (i) in full, such
sums shall be allotted so that each such
State receives an equal amount.

“(iii) ~~EXCESS FUNDS.~~—In any case in
which the sums available to carry out this
paragraph for any fiscal year are in excess
of the amount required to make the allot-
ments under clause (i)—

“(I) the amount of such excess
that is not greater than 25 percent of
the sums available to carry out this
paragraph for such fiscal year shall be
available to the Chairperson for mak-
ing grants under this paragraph to
States and, in accordance with sub-
paragraph (H), regional groups; and

“(H) the amount of such excess
for such fiscal year, if any, that re-
mains after reserving in full for the
Chairperson the amount required

1 under subclause (I) shall be allotted
2 so that each State that has an appli-
3 cation approved by the Chair receives
4 an equal amount;

5 but in no event shall any State be allotted
6 less than \$200,000 under this paragraph.

7 ~~“(E) FEDERAL SHARE.—~~

8 ~~“(i) IN GENERAL.—Funding provided~~
9 ~~through a grant made under this para-~~
10 ~~graph to a State for any fiscal year shall~~
11 ~~be available to each State that has an ap-~~
12 ~~plication approved by the Chairperson, and~~
13 ~~has the State plan accompanying the appli-~~
14 ~~cation in effect on the first day of such fis-~~
15 ~~cal year, to pay not more than 50 percent~~
16 ~~of the total cost of carrying out any activ-~~
17 ~~ity described in subparagraph (A).~~

18 ~~“(ii) EXCESS PORTION.—Except as~~
19 ~~provided in clause (iii), the portion of the~~
20 ~~funding provided through any grant made~~
21 ~~under subparagraph (D)(i) to a State for~~
22 ~~any fiscal year that exceeds \$125,000 shall~~
23 ~~be available, at the discretion of the Chair-~~
24 ~~person, to pay not more than 100 percent~~
25 ~~of such cost of carrying out an activity~~

1 under this paragraph if such activity would
 2 be unavailable to the residents of the State
 3 without such portion.

4 “(iii) PERCENTAGE OF GRANT
 5 FUNDS.—The portion of the funding de-
 6 scribed in clause (ii) for any fiscal year
 7 that is available to pay not more than 100
 8 percent of such cost, as described in clause
 9 (ii), shall not exceed 20 percent of the total
 10 funding provided through such grant for
 11 such fiscal year.

12 “(F) PROHIBITION ON SUPPLANTING NON-
 13 FEDERAL FUNDS.—Funds made available under
 14 this paragraph shall be used to supplement, and
 15 shall not supplant, non-Federal funds expended
 16 for supporting activities described in subpara-
 17 graph (A).

18 “(G) UNOBLIGATED FUNDS.—Any amount
 19 allotted to a State under subparagraph (D)(i)
 20 for any fiscal year that is not obligated by the
 21 State earlier than 60 days prior to the end of
 22 the fiscal year for which the amount is appro-
 23 priated shall be available for making grants to
 24 regional groups.

1 “(H) SPECIAL RULE.—The provisions of
 2 this paragraph (other than subparagraph (D))
 3 shall apply to regional groups receiving grants
 4 under this paragraph in such manner, and to
 5 such extent, as the Chairperson shall by regula-
 6 tion prescribe.

7 “(I) DEFINITION.—In subparagraph
 8 (D)(iii)(II) and notwithstanding section 3(8),
 9 the term ‘State’ includes, in addition to the sev-
 10 eral States of the United States, only the juris-
 11 dictions specified in such section that have a
 12 population of 200,000 or more, according to the
 13 latest decennial census.

14 “(d) NATIONAL SIGNIFICANCE GRANTS.—

15 “(1) PURPOSE.—The purpose of this subsection
 16 is to make grants to groups of demonstrated and
 17 substantial artistic and cultural importance, for
 18 projects, productions, and workshops that will in-
 19 crease the access of all the people of the United
 20 States, especially underserved communities, to the
 21 best of the arts and culture of the United States.

22 “(2) IN GENERAL.—Using funds reserved under
 23 section 106(a)(1)(E), the Chairperson, acting on the
 24 recommendation of the National Council on the
 25 Arts, may establish and carry out a program of

1 grants to groups who meet the standard of artistic
 2 excellence and artistic merit and who are engaged in
 3 or concerned with the arts, for the purpose of paying
 4 for the Federal share of the cost of—

5 “(A) enabling the groups to provide or
 6 support projects, productions, or workshops de-
 7 scribed in paragraph (3) that will have a na-
 8 tional, regional, or otherwise substantial artistic
 9 or cultural impact;

10 “(B) providing administrative and manage-
 11 ment improvements for the groups, particularly
 12 in the field of long-range financial planning, in-
 13 cluding increasing levels of community support
 14 and the range of contributors to the programs
 15 of such groups; or

16 “(C) enabling the groups to provide or
 17 support projects, productions, or workshops
 18 that will serve as models for arts education.

19 “(3) PROJECTS, PRODUCTIONS, AND WORK-
 20 SHOPS.—

21 “(A) REQUIRED ELEMENTS.—Each such
 22 project, production, or workshop shall—

23 “(i) have substantial national or re-
 24 gional cultural significance; and encourage
 25 professional excellence; or

1 “(ii)(I) have significant merit; and

2 “(II) be a project, production, or
3 workshop that, if such a group did not re-
4 ceive a grant, might otherwise be unavail-
5 able to citizens for geographic or economic
6 reasons.

7 “(B) PERMISSIBLE ELEMENTS.—Each
8 such project, production, or workshop may—

9 “(i) encourage access to, education in,
10 and knowledge, understanding, enjoyment,
11 and appreciation of, the arts by the public;

12 “(ii) enhance managerial and organi-
13 zational skills and capabilities;

14 “(iii) use technology to broaden public
15 access to the arts;

16 “(iv) expand access to the arts for in-
17 dividuals with disabilities; or

18 “(v) promote access to the arts for
19 minority or underserved populations.

20 “(4) FEDERAL SHARE REQUIREMENT.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraphs (B) and (C), in the case of any
23 grant made under this subsection, the Federal
24 share described in paragraph (2) shall be 25
25 percent.

1 “(B) CERTAIN GROUPS.—In the case of
 2 any grant made under this subsection to a
 3 group with an annual budget in excess of
 4 \$3,000,000, the Federal share described in
 5 paragraph (2) shall be 16.67 percent.

6 “(C) ADJUSTMENTS.—The Chairperson
 7 may increase the Federal share applicable
 8 under this subsection for a designated grant re-
 9 cipient, with review and approval by the Na-
 10 tional Council on the Arts. The Chairperson
 11 shall not increase the Federal share above 50
 12 percent for the recipient. Not more than 10
 13 percent of the funds made available by the En-
 14 dowment for grants under this subsection for
 15 any fiscal year may be available for grants for
 16 the fiscal year for which the Chairperson in-
 17 creases the applicable Federal share.

18 “(5) PRIORITY.—In awarding grants under this
 19 subsection, the Chairperson shall give priority to
 20 projects, productions, and workshops that increase
 21 the access of the public of the United States, espe-
 22 cially underserved communities, to culture and the
 23 arts, including access by touring, by regional or na-
 24 tional dissemination, or by geographic dispersion.

25 “(e) DIRECT GRANTS.—

1 “(1) PURPOSE.—The purpose of this subsection
2 is to make grants to groups, and individuals, that
3 are broadly representative of the cultural heritage of
4 the United States and broadly geographically rep-
5 resentative, for projects, productions, and workshops
6 of the highest artistic excellence and artistic merit.

7 “(2) IN GENERAL.—Using funds reserved under
8 section 106(a)(1)(F), the Chairperson, acting on the
9 recommendation of the National Council on the
10 Arts, may establish and carry out a program of
11 grants to groups, or individuals who are engaged in
12 or concerned with the arts, to pay for the Federal
13 share of the cost of projects, productions, or work-
14 shops that meet the standard of artistic excellence
15 and artistic merit and that fulfill the purposes of
16 this Act.

17 “(3) FEDERAL SHARE REQUIREMENT.—The
18 Federal share described in paragraph (2) shall be 50
19 percent.

20 “(4) PRIORITY.—In awarding grants under this
21 subsection, the Chairperson shall give priority to
22 projects, productions, and workshops that will be
23 disseminated widely after completion.

24 “(5) ADJUSTMENTS.—The Chairperson may in-
25 crease the Federal share applicable under this sub-

1 section for a designated grant recipient, with review
 2 and approval by the National Council on the Arts.
 3 Not more than 20 percent of the funds made avail-
 4 able by the Endowment for grants under this sub-
 5 section for any fiscal year may be available for
 6 grants for the fiscal year for which the Chairperson
 7 increases the applicable Federal share.

8 “(6) SPECIAL RULE FOR GRANTS TO INDIVID-
 9 UALS.—The Chairperson shall only award a grant in
 10 accordance with this subsection to an individual de-
 11 scribed in paragraph (2) if such grant is awarded to
 12 such individual for a literature fellowship, a National
 13 Heritage Fellowship, or a Jazz Masters Fellowship.

14 “(f) ARTS EDUCATION AND UNDERSERVED COMMU-
 15 NITIES GRANTS.—

16 “(1) PURPOSE.—The purpose of this subsection
 17 is to make grants to State arts agencies and other
 18 groups to carry out activities in arts education and
 19 to carry out arts-related activities in underserved
 20 communities.

21 “(2) IN GENERAL.—Using the funds reserved
 22 under section subparagraphs (C) (as may be appro-
 23 priate) and (G) of section 106(a)(1), the Chair-
 24 person, acting on the recommendation of the Na-
 25 tional Council on the Arts, may establish and carry

1 out a program of grants to State arts agencies or
2 other groups to pay for the Federal share of the cost
3 of carrying out activities that—

4 “(A) promote and improve the availability
5 of arts instruction, and improve the quality of
6 arts education, through support of lifelong
7 learning in the arts;

8 “(B) provide—

9 “(i) instruction in the arts by inte-
10 grating and incorporating the arts in the
11 teaching of English, math, science, foreign
12 languages, civics and government, econom-
13 ics, history, and geography; or

14 “(ii) courses in the arts through
15 school programs;

16 “(C) enhance the quality of arts instruc-
17 tion in programs of teacher education;

18 “(D) develop arts faculty resources and
19 talents;

20 “(E) support and encourage the develop-
21 ment of improved curriculum materials in the
22 arts;

23 “(F) support apprenticeships, internships,
24 and other career oriented work-study experi-
25 ences for artists and arts teachers, and encour-

1 age residencies of artists at all educational lev-
 2 els;

3 “(G) stimulate artistic activity and aware-
 4 ness; and broaden public access to the arts; in
 5 underserved communities;

6 “(H) enhance the artistic capabilities of
 7 developing arts organizations in underserved
 8 communities through artistic, programmatic,
 9 and staff development; or

10 “(I) provide technical assistance to devel-
 11 oping arts organizations in underserved commu-
 12 nities to improve managerial and organizational
 13 skills, financial systems management, and long-
 14 range fiscal planning.

15 “(3) FEDERAL SHARE.—The Federal share de-
 16 scribed in paragraph (2) shall be 50 percent.

17 “(4) EVALUATION AND REPORTS FOR CERTAIN
 18 ACTIVITIES.—

19 “(A) IN GENERAL.—Each State arts agen-
 20 cy or other group that receives a grant under
 21 this subsection to carry out the activity de-
 22 scribed in paragraph (2)(B) shall conduct an
 23 ongoing evaluation of the activity.

24 “(B) EVALUATION COMPONENTS.—In con-
 25 ducting the evaluation under subparagraph (A),

a State arts agency or other group shall, in the case of students who participate in an activity described in paragraph (2)(B), monitor the progress of the student participants throughout the period of participation.

“(C) REPORT TO CHAIRPERSON.—Not later than 60 days after the date of the completion of an activity by a State arts agency or other group under subparagraph (A), the State arts agency or other group shall prepare and submit to the Chairperson a report on the evaluation conducted under subparagraph (A).

“(D) REPORT TO CONGRESS.—Not later than 60 days after the date of the submission of the report under subparagraph (C), the Chairperson shall prepare and submit to Congress a report on—

“(i) the activities funded under paragraph (2)(B); and

“(ii) the evaluations conducted by recipients under subparagraph (A).

“SEC. 203. APPLICATION PROCEDURES.

“(a) APPLICATION REQUIREMENT.—No grant shall be made under this title to any person unless the person submits an application to the Chairperson in accordance

1 with regulations and procedures established by the Chair-
 2 person.

3 ~~“(b) PROCEDURES.—~~

4 ~~“(1) IN GENERAL.—~~

5 ~~“(A) CONSIDERATIONS.—In establishing~~
 6 ~~such regulations and procedures for applica-~~
 7 ~~tions, the Chairperson shall ensure that—~~

8 ~~“(i) artistic excellence and artistic~~
 9 ~~merit of the projects, productions, and~~
 10 ~~workshops described in the application are~~
 11 ~~the criteria by which the applications are~~
 12 ~~judged by advisory panels described in sec-~~
 13 ~~tion 204, taking into consideration general~~
 14 ~~standards of decency and respect for the~~
 15 ~~diverse beliefs and values of the public of~~
 16 ~~the United States;~~

17 ~~“(ii) in selecting groups as recipients~~
 18 ~~of grants under section 202, the Chair-~~
 19 ~~person shall give preference to artistically~~
 20 ~~rural and urban underserved communities~~
 21 ~~and artists and artistic groups that have~~
 22 ~~traditionally been underrepresented in the~~
 23 ~~arts; and~~

24 ~~“(iii) the projects, productions, and~~
 25 ~~workshops described in the applications;~~

1 and awards of grants under this title, are
 2 consistent with the objectives of section
 3 202 and this section.

4 “(B) OBSCENITY PROVISIONS.—Such regu-
 5 lations and procedures shall clearly indicate
 6 that obscenity is without artistic merit, is not
 7 protected speech, and shall not be funded under
 8 this title. Projects, productions, and workshops
 9 that are determined to be obscene shall be pro-
 10 hibited from receiving grants under this title
 11 from the Endowment.

12 “(2) CONSIDERATIONS FOR THE CHAIR-
 13 PERSON.—In considering an application for a grant
 14 under this title, the Chairperson shall consider the
 15 extent to which the projects, productions, and work-
 16 shops described in the application fulfill the pur-
 17 poses of this Act, as well as their artistic excellence
 18 and artistic merit, as determined by the Chair-
 19 person.

20 “(3) CONSTRUCTION.—The disapproval or ap-
 21 proval by the Chairperson of an application for a
 22 grant under this title shall not be construed to
 23 mean, and shall not be considered to be evidence
 24 that, the project, production, or workshop, for which
 25 the applicant requested a grant, is or is not obscene.

1 ~~“SEC. 204. ADVISORY PANELS.~~

2 ~~“(a) IN GENERAL.—The Chairperson shall utilize re-~~
 3 ~~view by advisory panels—~~

4 ~~“(1) as the first step in the review of applica-~~
 5 ~~tions submitted under this Act; and~~

6 ~~“(2) to make recommendations to the National~~
 7 ~~Council on the Arts in all cases involving requests~~
 8 ~~for grants authorized under this title, except cases~~
 9 ~~in which the Chairperson exercises authority dele-~~
 10 ~~gated under section 205(f)(2).~~

11 ~~“(b) PROCEDURES.—~~

12 ~~“(1) CRITERIA.—In reviewing the applications,~~
 13 ~~such panels shall recommend applications for~~
 14 ~~projects, productions, and workshops on the basis of~~
 15 ~~artistic excellence and artistic merit, consistent with~~
 16 ~~section 203(b)(1)(A)(i).~~

17 ~~“(2) AMOUNTS.—The panels may recommend~~
 18 ~~only general ranges of funding to be provided~~
 19 ~~through the grants and may not recommend specific~~
 20 ~~amounts of such funding.~~

21 ~~“(3) REGULATIONS AND PROCEDURES.—The~~
 22 ~~Chairperson shall issue regulations and establish~~
 23 ~~procedures to—~~

24 ~~“(A) ensure that all the panels are com-~~
 25 ~~posed, to the extent practicable, of individuals~~
 26 ~~providing a wide geographic, ethnic, and minor-~~

1 ity representation as well as individuals reflect-
2 ing diverse artistic and cultural points of view;

3 “(B) ensure that all the panels include at
4 least 2 members representing lay individuals
5 who are—

6 “(i) knowledgeable about the arts;

7 “(ii) not engaged in the arts as a pro-
8 fession; and

9 “(iii) not employees of either artists’
10 organizations or arts organizations;

11 “(C) ensure that, when feasible, the proce-
12 dures used by the panels to carry out their re-
13 sponsibilities are standardized;

14 “(D) require each such panel—

15 “(i) to create written records summa-
16 rizing—

17 “(I) all meetings and discussions
18 of such panel; and

19 “(II) the recommendations made
20 by such panel to the Council; and

21 “(ii) to make such records available to
22 the public in a manner that protects the
23 privacy of individual applicants and panel
24 members;

1 “(E) permit, when necessary and feasible,
2 a site visit to view the work of an applicant and
3 deliver a written report on the work being re-
4 viewed, in order to assist panelists in making
5 their recommendations;

6 “(F)(i) require that the membership of
7 each such panel change substantially from year
8 to year; and

9 “(ii) provide that no individual be eligible
10 to serve on such a panel for more than 5 years;
11 no 2 of which may be consecutive; and

12 “(G) ensure that the panels recommend
13 more applicants for grants than are anticipated
14 can be provided funding through the grants
15 with available funds.

16 “(4) PROHIBITION ON CONFLICTS OF INTER-
17 EST.—

18 “(A) IN GENERAL.—In making appoint-
19 ments to the panels, the Chairperson shall en-
20 sure that an individual who has a pending ap-
21 plication for a grant authorized under this title,
22 who is an employee or agent of an organization
23 with such a pending application, or who has a
24 direct or indirect financial interest in any appli-
25 cation under consideration by such a panel,

1 does not serve as a member of any panel before
 2 which such application is pending.

3 “(B) DURATION.—The prohibition de-
 4 scribed in subparagraph (A) shall commence
 5 with respect to such individual beginning on the
 6 date such application is submitted, and shall
 7 continue until a final decision on the application
 8 has been reached by the Chairperson.

9 **“SEC. 205. NATIONAL COUNCIL ON THE ARTS.**

10 “(a) ESTABLISHMENT.—There is established within
 11 the Endowment a National Council on the Arts (referred
 12 to in this section as the ‘Council’).

13 “(b) COMPOSITION.—

14 “(1) IN GENERAL.—The Council shall be com-
 15 posed of the Chairperson of the Endowment, who
 16 shall be the Chairperson of the Council, and 20
 17 other members appointed by the President, by and
 18 with the advice and consent of the Senate, who shall
 19 be selected—

20 “(A) from among private citizens of the
 21 United States who—

22 “(i) are widely recognized for their
 23 broad knowledge of, or expertise in, the
 24 arts; and

1 “(ii) have established records of dis-
 2 tinguished service, or achieved eminence, in
 3 the arts;

4 “(B) so as to include practicing artists,
 5 members of cultural professions, educators,
 6 civic cultural leaders, and others who are pro-
 7 fessionally engaged in the arts; and

8 “(C) so as collectively to provide an appro-
 9 priate distribution of members among the major
 10 art fields.

11 “(2) QUALIFICATIONS.—The President may, in
 12 making such appointments, give consideration to
 13 such recommendations as may, from time to time, be
 14 submitted to the President by leading national orga-
 15 nizations in the major art fields. In making such ap-
 16 pointments, the President shall give due regard to
 17 equitable representation of women, racially and eth-
 18 nically diverse individuals, and individuals with dis-
 19 abilities, who are involved in the arts. Members of
 20 the Council shall be appointed so as to represent eq-
 21 uitably geographical areas in the United States, in-
 22 cluding rural and urban underserved communities.

23 “(c) TERMS.—

24 “(1) IN GENERAL.—

1 “(A) STAGGERED TERMS.—Each member
2 of the Council shall serve for a term of 6 years,
3 and the terms shall be staggered.

4 “(B) EXPIRATION.—Except as provided in
5 paragraph (2), the terms of all Council mem-
6 bers shall expire on the third day of September
7 in the year of expiration.

8 “(C) REAPPOINTMENT AFTER PARTIAL
9 TERM.—Each member who has served on the
10 Council for 1 term of less than 3 years shall be
11 eligible for reappointment for 1 term of 6 years.

12 “(D) VACANCY APPOINTMENTS.—Any
13 member appointed to fill a vacancy shall serve
14 for the remainder of the term for which the
15 predecessor of the member was appointed.

16 “(E) HOLDOVER SERVICE.—Notwithstand-
17 ing any other provision of this subsection, a
18 member of the Council shall serve after the ex-
19 piration of the term of the member until the
20 successor to the member takes office.

21 “(2) ADJUSTMENT TO REDUCE COUNCIL.—

22 “(A) MEMBERS WHOSE TERMS EXPIRED IN
23 1996 BUT CONTINUE TO SERVE.—

24 “(i) IN GENERAL.—The terms of 10
25 members of the Council whose terms ex-

1 pired on September 3, 1996 and who con-
 2 tinue to serve because a successor has not
 3 been appointed shall be deemed to expire
 4 on the date of enactment of the Arts and
 5 Humanities Amendments of 1997.

6 “(ii) SUCCESSORS.—The President
 7 shall appoint 7 members of the Council to
 8 succeed members whose terms are deemed
 9 to expire as described in clause (i). The
 10 terms of the successors shall expire on
 11 September 3, 2002.

12 “(B) MEMBERS WHOSE TERMS EXPIRE IN
 13 1998.—The President shall appoint 6 members
 14 of the Council to succeed the 8 members of the
 15 Council whose terms expire on September 3,
 16 1998. The terms of the successors shall expire
 17 on September 3, 2004.

18 “(C) MEMBERS WHOSE TERMS EXPIRE IN
 19 2000.—The President shall appoint 7 members
 20 of the Council to succeed the 8 members of the
 21 Council whose terms expire on September 3,
 22 2000. The terms of the successors shall expire
 23 on September 3, 2006.

24 “(d) COMPENSATION.—Members of the Council shall
 25 receive compensation at a rate to be fixed by the Chair-

1 person but not to exceed the daily equivalent of the maxi-
 2 mum rate authorized for a position above grade GS-15
 3 of the General Schedule under section 5108 of title 5,
 4 United States Code, and be allowed travel expenses includ-
 5 ing per diem in lieu of subsistence, in the same amounts
 6 and to the same extent, as authorized under section 5703
 7 of title 5, United States Code, for persons employed inter-
 8 mittently in Federal Government service.

9 “(e) MEETINGS AND DUTIES.—

10 “(1) MEETINGS.—The Council shall meet at
 11 the call of the Chairperson but not less often than
 12 twice during each calendar year. Eleven members of
 13 the Council shall constitute a quorum. All policy
 14 meetings of the Council shall be open to the public.

15 “(2) DUTIES.—The Council shall—

16 “(A) advise the Chairperson with respect
 17 to policies, programs, and procedures for carry-
 18 ing out the functions of the Chairperson under
 19 this title;

20 “(B) review applications for grants author-
 21 ized under this title and make recommendations
 22 to the Chairperson with respect to—

23 “(i) whether to approve particular ap-
 24 plications for grants authorized under this
 25 title that have been determined by advisory

1 panels to have artistic excellence and artis-
2 tic merit; and

3 “(ii) the amount of funding that the
4 Chairperson should provide through such a
5 grant with respect to each such application
6 the Council recommends for approval;

7 “(C) use as criteria for the recommenda-
8 tions of the Council—

9 “(i) the extent to which the works de-
10 scribed in the applications fulfill the pur-
11 poses of this Act and the requirements
12 under the provisions of this Act;

13 “(ii) the artistic excellence and artistic
14 merit of the works described in the appli-
15 cations; and

16 “(iii) the extent to which the applicant
17 serves an underserved community,
18 as determined by each Council member;

19 “(D) recommend more applications for
20 funding through grants than are anticipated
21 can be provided funding through the grants
22 with available funds;

23 “(E) create written records summarizing—

24 “(i) all meetings and discussions of
25 the Council; and

1 “(ii) recommendations made by the
2 Council to the Chairperson; and

3 “(F) make such records available to the
4 public in a manner that protects the privacy of
5 individual applicants for grants authorized
6 under this title; advisory panel members; and
7 Council members.

8 “(f) ACTIONS BY CHAIRPERSON.—

9 “(1) IN GENERAL.—The Chairperson shall not
10 approve or disapprove any application for a grant
11 authorized under this title until the Chairperson has
12 received the recommendation of the Council on such
13 application. The Chairperson shall have final author-
14 ity to approve each such application, and shall deter-
15 mine the final amount of funding through any grant
16 awarded. The Chairperson may not approve an ap-
17 plication with respect to which the Council makes a
18 negative recommendation.

19 “(2) DELEGATIONS.—In the case of an applica-
20 tion, or amendment of an application, submitted
21 under this title and involving \$35,000 or less, or a
22 request for change in a grant amount of 20 percent
23 or less, the Chairperson may approve or disapprove
24 such application, amendment, or request, if such ac-
25 tion is taken pursuant to the terms of an express

1 and direct delegation of authority from the Council
2 to the Chairperson, and if each such action by the
3 Chairperson is reported to the Council at the next
4 regularly scheduled meeting of the Council. Such ac-
5 tion by the Chairperson shall be used with discretion
6 and shall not become a normal practice of providing
7 funding through a grant authorized under this title.
8 The terms of any such delegation of authority shall
9 not permit obligations for expenditure of funds
10 under such delegation for any fiscal year that exceed
11 an amount equal to 2 percent of the sums appro-
12 priated for the fiscal year pursuant to section
13 106(a)(1)(A).

14 **“SEC. 206. LIMITATIONS ON GRANTS.**

15 **“(a) PROHIBITION ON SUBGRANTS.—**The Chair-
16 person shall establish procedures to ensure that no fund-
17 ing provided through a grant under this title, except a
18 grant made to a State agency, a regional group, or a local
19 arts agency that is an agency of local government, may
20 be used to make a grant to any other organization or indi-
21 vidual to conduct activity independent of the direct grant
22 recipient. Nothing in this subsection shall prohibit pay-
23 ments made in exchange for goods or services rendered.

24 **“(b) PROHIBITION ON SEASONAL SUPPORT.—**No
25 grant awarded under this title shall be used for seasonal

1 support to a group, unless the application submitted by
 2 the group for such a grant specifically identifies the con-
 3 tent of each activity to be carried out under such a grant
 4 for the season involved, including a specific identification
 5 of any project, production, or workshop.

6 “(e) USE OF FUNDS FOR PROJECTS, PRODUCTIONS,
 7 AND WORKSHOPS IN SPECIFIED DISCIPLINES.—Each
 8 project, production, or workshop funded under this title
 9 shall relate to arts, as defined in section 3.

10 “(d) LABOR STANDARDS.—

11 “(1) IN GENERAL.—It shall be a condition of
 12 the receipt of any grant under this title that the
 13 grant recipient furnish adequate assurances to the
 14 Secretary of Labor that—

15 “(A) all professional performers and relat-
 16 ed or supporting professional personnel em-
 17 ployed on projects or productions, or in work-
 18 shops, that are financed in whole or in part
 19 under this title will be paid, without subsequent
 20 deduction or rebate on any account, not less
 21 than the minimum compensation as determined
 22 by the Secretary of Labor to be the prevailing
 23 minimum compensation for persons employed in
 24 similar activities; and

1 ~~“(B) no part of any project, production, or~~
 2 ~~workshop that is financed in whole or in part~~
 3 ~~under this title will be performed or engaged in~~
 4 ~~under working conditions that are unsanitary or~~
 5 ~~hazardous or dangerous to the health and safe-~~
 6 ~~ty of the employees engaged in such project,~~
 7 ~~production, or workshop.~~

8 ~~“(2) EVIDENCE.—Compliance with the safety~~
 9 ~~and sanitary laws of the State in which the project,~~
 10 ~~production, or workshop described in paragraph~~
 11 ~~(1)(B) is to take place shall be prima facie evidence~~
 12 ~~of compliance with the assurance described in para-~~
 13 ~~graph (1)(B).~~

14 ~~“(3) STANDARDS, REGULATIONS, AND PROCE-~~
 15 ~~DURES.—The Secretary of Labor shall have the au-~~
 16 ~~thority to prescribe such standards, regulations, and~~
 17 ~~procedures as the Secretary of Labor may determine~~
 18 ~~to be necessary or appropriate to carry out this sub-~~
 19 ~~section.~~

20 ~~“(e) LIMITATION ON GRANT AWARD.—~~

21 ~~“(1) INDIVIDUALS.—No individual may receive~~
 22 ~~more than 2 grant awards under this title.~~

23 ~~“(2) AGENCIES AND ORGANIZATIONS.—No~~
 24 ~~group, other than a State arts agency, may receive~~
 25 ~~more than 3 grant awards in a fiscal year under this~~

1 title, except that this paragraph shall not apply to
 2 a group that has entered into a cooperative agree-
 3 ment with the Endowment to receive assistance
 4 under this title.

5 “(f) REQUIREMENTS FOR GROUPS.—A group shall be
 6 eligible for a grant under this title if—

7 “(1) no part of the net earnings of the group
 8 inures to the benefit of any private stockholder, or
 9 individual; and

10 “(2) a donation to such group is allowable as
 11 a charitable contribution under section 170(e) of the
 12 Internal Revenue Code of 1986.

13 “(g) CITIZENSHIP REQUIREMENTS FOR INDIVID-
 14 UALS.—An individual shall be eligible to receive a direct
 15 grant under this title if at the time such grant is received
 16 such individual—

17 “(1) is a citizen or other national of the United
 18 States; or

19 “(2) is an alien lawfully admitted to the United
 20 States for permanent residence who—

21 “(A) has filed an application for natu-
 22 ralization in the manner prescribed by section
 23 334 of the Immigration and Nationality Act (8
 24 U.S.C. 1445); and

1 “(B) is not permanently ineligible to be-
2 come a citizen of the United States.

3 “(h) **INSTALLMENTS.**—The Chairperson shall estab-
4 lish procedures to provide for the distribution of funding
5 provided through grants made under this title to recipients
6 in installments except in exceptional cases in which the
7 Chairperson determines that installments are not prac-
8 ticable. In providing any such installments to a recipient
9 of a grant under this title, the Chairperson shall ensure
10 that—

11 “(1) not more than two-thirds of such funding
12 may be provided at the time the application for the
13 grant is approved; and

14 “(2) the remainder of such funding may not be
15 provided until the Chairperson finds that the recipi-
16 ent of such grant is complying substantially with
17 this Act and with the conditions under which such
18 funding is provided to such recipient.

19 “(i) **LOANS.**—Any loan made by the Chairperson
20 under this title shall be made in accordance with terms
21 and conditions approved by the Secretary of the Treasury.

22 **“SEC. 207. ADMINISTRATIVE PROVISIONS.**

23 “(a) **AUTHORITIES OF CHAIRPERSON.**—In addition
24 to any authorities vested in the Chairperson by other pro-

1 visions of this Act, the Chairperson, in carrying out the
2 functions of the Chairperson, shall have authority—

3 “(1) to prescribe such regulations and proce-
4 dures as the Chairperson determines to be nec-
5 essary, governing the manner in which the functions
6 of the Chairperson shall be carried out;

7 “(2) to appoint and determine the compensa-
8 tion of such employees, subject to title 5, United
9 States Code, as may be necessary to carry out the
10 functions of the Chairperson, to define the duties of
11 such employees, and to supervise and direct the ac-
12 tivities of such employees;

13 “(3) to procure the temporary and intermittent
14 services of experts and consultants, including panels
15 of experts, and compensate the experts and consult-
16 ants in accordance with section 3109 of title 5,
17 United States Code;

18 “(4) to accept and utilize the voluntary services
19 of individuals and reimburse the individuals for trav-
20 el expenses, including per diem in lieu of subsist-
21 ence, in the same amounts and to the same extent
22 as authorized under section 5703 of title 5, United
23 States Code, for persons employed intermittently in
24 Federal Government service;

1 “(5) to make advance, progress, and other pay-
2 ments without regard to section 3324 of title 31,
3 United States Code;

4 “(6) to rent office space in the District of Co-
5 lumbia; and

6 “(7) to make other necessary expenditures.

7 “(b) PUBLICATIONS.—Official publications of the En-
8 dowment under this title may be supported without regard
9 to the provisions of section 501 of title 44, United States
10 Code, if the Chairperson consults with the Joint Commit-
11 tee on Printing of the Congress.

12 “(c) COORDINATION.—The Chairperson shall coordi-
13 nate the programs of the Endowment, insofar as prac-
14 ticable, with other Federal programs and programs under-
15 taken by other public agencies or private groups, and shall
16 develop the programs of the Endowment with due regard
17 to the contribution to the objectives of this title that can
18 be made by other Federal agencies under the existing pro-
19 grams. The Chairperson may enter into interagency agree-
20 ments to promote or assist with the arts-related activities
21 of other Federal agencies, on a reimbursable or non-
22 reimbursable basis, and may use funds authorized to be
23 appropriated to carry out this title to pay for the costs
24 of such promotion or assistance.

1 ~~“SEC. 208. REPORTS.~~

2 ~~“(a) ANNUAL REPORT OF CHAIRPERSON.—The~~
 3 Chairperson shall submit an annual report to the Presi-
 4 dent for submission to the appropriate committees of Con-
 5 gress on or before the 15th day of April of each year. The
 6 report shall summarize the activities of the Endowment
 7 for the preceding year, and shall include such rec-
 8 ommendations as the Chairperson determines to be appro-
 9 priate.

10 ~~“(b) FINANCIAL REPORTS AND COMPLIANCE.—~~

11 ~~“(1) IN GENERAL.—It shall be a condition of~~
 12 the receipt of a grant made under this title by the
 13 Chairperson that—

14 ~~“(A) each applicant for such grant include~~
 15 in the application described in section 203—

16 ~~“(i) a detailed description of the pro-~~
 17 posed project, production, or workshop for
 18 which the grant is requested;

19 ~~“(ii) a timetable for the completion of~~
 20 such proposed project, production, or
 21 workshop; and

22 ~~“(iii) an assurance that the applicant~~
 23 will meet the standards of artistic excel-
 24 lence and artistic merit;

25 ~~“(B)(i) each grant recipient under this~~
 26 title carry out the proposal consistent with the

1 description contained in the application, as ap-
2 proved by the Chairperson for funding through
3 the grant; and

4 “(ii) each such grant recipient seeking to
5 change the activities carried out under the
6 grant justify the requested change by a written
7 request subject to approval by the Chairperson;
8 and

9 “(C) each such grant recipient agree to
10 and comply with requirements to submit to the
11 Chairperson—

12 “(i) interim reports, including an an-
13 nual report for each project, production, or
14 workshop carried out under the grant dur-
15 ing a period exceeding 1 year, describing
16 the progress of the grant recipient in ear-
17 rying out such project, production, or
18 workshop and compliance by the grant re-
19 cipient with the conditions of receipt of
20 such grant;

21 “(ii) financial reports containing such
22 information as the Chairperson determines
23 to be necessary to ensure that the funding
24 made available through the grant is ex-

1 pended in accordance with the terms and
2 conditions under which the grant is made;

3 ~~“(iii) a final report describing the~~
4 ~~project, production, or workshop carried~~
5 ~~out with the funding provided through the~~
6 ~~grant and the compliance by the grant re-~~
7 ~~cipient with the conditions of receipt of~~
8 ~~such grant, including the condition that~~
9 ~~the work assisted meet the standards of~~
10 ~~artistic excellence and artistic merit; and~~

11 ~~“(iv) in the case of a project or pro-~~
12 ~~duction, and if practicable, as determined~~
13 ~~by the Chairperson, a copy of such project~~
14 ~~or production.~~

15 ~~“(2) REPORT REQUIREMENTS.—The Chair-~~
16 ~~person shall determine the appropriate form and~~
17 ~~timing of interim reporting described in paragraph~~
18 ~~(1)(C)(i) for a grant recipient under this title. The~~
19 ~~reports and copy described in clauses (ii), (iii), and~~
20 ~~(iv) of paragraph (1)(C) shall be due not later than~~
21 ~~90 days after the end of the period for which such~~
22 ~~grant recipient receives funding through the grant or~~
23 ~~90 days after the completion of the project, produc-~~
24 ~~tion, or workshop, whichever occurs earlier. The~~
25 ~~Chairperson may extend the 90-day period if the re-~~

1 recipient shows good cause why such an extension
2 should be granted.

3 ~~“(c) EVALUATION.—The Chairperson shall conduct a~~
4 ~~post-award evaluation of activities for which grants are~~
5 ~~made by the Chairperson under this title. Such evaluation~~
6 ~~may include an audit to determine the accuracy of the re-~~
7 ~~ports required to be submitted by grant recipients under~~
8 ~~subsection (b).~~

9 ~~“(d) REPORTS.—The Chairperson shall establish pro-~~
10 ~~cedures to require that no additional funding shall be pro-~~
11 ~~vided to a recipient of a grant authorized under this title~~
12 ~~unless such recipient has submitted to the Chairperson all~~
13 ~~required interim, financial, and final reports under sub-~~
14 ~~section (b).~~

15 **~~“SEC. 209. SANCTIONS AND PAYMENTS.~~**

16 ~~“(a) FAILURE TO SATISFY PURPOSES.—If any recip-~~
17 ~~ient of a grant made under this title, or an indirect recipi-~~
18 ~~ent of funding provided through the grant, substantially~~
19 ~~fails to satisfy the purposes for which such grant is made,~~
20 ~~as determined by the Chairperson, the Chairperson may—~~

21 ~~“(1) for purposes of determining whether to~~
22 ~~make any subsequent funding to the direct or indi-~~
23 ~~rect recipient under this title, take into consideration~~
24 ~~the results of the post-award evaluation conducted~~
25 ~~under section 208(c);~~

1 “(2) prohibit the direct and indirect recipients
2 from using the name of, or in any way associating
3 the project, production, or workshop for which the
4 grant was received with, the Endowment; and

5 “(3) if such project, production, or workshop is
6 published, require that the publication contain the
7 following statement: ‘The opinions, findings, conclu-
8 sions, and recommendations expressed in this publi-
9 cation do not reflect the views of the National En-
10 dowment for the Arts.’

11 “(b) NONCOMPLIANCE.—

12 “(1) IN GENERAL.—The Chairperson shall take
13 the actions described in paragraph (2) whenever the
14 Chairperson, after providing reasonable notice and
15 an opportunity for hearing, finds that—

16 “(A) a direct recipient of a grant under
17 this title, or an indirect recipient of funding
18 provided through the grant, is not complying
19 substantially with the provisions of this title;

20 “(B) a State agency or regional group that
21 received a grant under this title, or an indirect
22 recipient of funding provided through the grant,
23 is not complying substantially with the terms
24 and conditions of the State plan accompanying

1 the application approved for the grant under
2 this title; or

3 ~~“(C) any funding provided under this title~~
4 ~~to a recipient, State agency, or regional group~~
5 ~~described in subparagraph (A) or (B) has been~~
6 ~~diverted from the purposes for which such fund-~~
7 ~~ing was provided.~~

8 ~~“(2) ACTIONS.—On making the finding de-~~
9 ~~scribed in paragraph (1), the Chairperson shall im-~~
10 ~~mediately notify the direct recipient, State agency,~~
11 ~~or regional group that received the funding at issue~~
12 ~~that—~~

13 ~~“(A) no further funding will be provided~~
14 ~~under this title to such recipient, agency, or~~
15 ~~group until there is no longer any default or~~
16 ~~failure to comply or the diversion is corrected;~~
17 ~~or~~

18 ~~“(B) if compliance or correction is impos-~~
19 ~~sible, until such recipient, agency, or group re-~~
20 ~~pays or arranges the repayment of the Federal~~
21 ~~funds that were improperly diverted or ex-~~
22 ~~pended.~~

23 ~~“(e) OBSCENE WORKS.—~~

24 ~~“(1) DETERMINATION.—If, after providing rea-~~
25 ~~sonable notice and opportunity for a hearing on the~~

1 record, the Chairperson determines that a direct re-
 2 cipient of a grant under this title, or an indirect re-
 3 cipient of funding provided through the grant, used
 4 the funding for a project, production, or workshop
 5 that is determined to be obscene, the Chairperson
 6 shall require that until the direct recipient repays
 7 such funding (in such amount, and under such
 8 terms and conditions, as the Chairperson determines
 9 to be appropriate) to the Endowment, no subsequent
 10 funding shall be provided under this title to such re-
 11 cipient.

12 ~~“(2) CREDITING.—~~Funds repaid under this
 13 subsection to the Endowment shall be deposited in
 14 the Treasury of the United States and credited as
 15 miscellaneous receipts.

16 ~~“(3) APPLICATION.—~~

17 ~~“(A) TIMING.—~~This subsection shall not
 18 apply with respect to grants made before Octo-
 19 ber 1, 1990.

20 ~~“(B) DURATION.—~~This subsection shall
 21 not apply with respect to a project, production,
 22 or workshop after the expiration of the 7-year
 23 period beginning on the latest date on which a
 24 grant is made under this title for such project,
 25 production, or workshop.

1 “(d) ~~RECAPTURE.—~~

2 “(1) ~~IN GENERAL.—~~A recipient of funding
3 under this title shall pay the amount described in
4 paragraph (2) to the Endowment if the Chairperson
5 finds that the recipient has derived net program in-
6 come in excess of the match required under the
7 terms of the agreement from a commercially success-
8 ful project, production, or workshop funded that ex-
9 ceeds the lesser of—

10 “(A) \$50,000; or

11 “(B) twice the amount of the funding.

12 “(2) ~~AMOUNT.—~~At the discretion of the Chair-
13 person, the amount referred to in paragraph (1) is
14 not less than $\frac{1}{3}$ and not more than $\frac{1}{2}$ of the
15 amount of the net program income generated within
16 5 years after the end of the grant period, but not
17 more than the amount of the funding, unless the
18 Chairperson has reached an agreement with the
19 grantee upon the award of a grant that the amount
20 referred to in paragraph (1) shall exceed the amount
21 of the grant.

22 “(e) ~~ACCOUNT.—~~Except as otherwise provided in this
23 Act, the Treasurer of the United States shall deposit funds
24 paid under subsection (d), or repaid under this Act, in

1 a special interest bearing account to the credit of the En-
 2 dowment.

3 **~~“SEC. 210. NATIONAL MEDAL OF ARTS AWARDS.~~**

4 ~~“(a) NATIONAL MEDAL OF ARTS AWARDS.—~~

5 ~~“(1) ESTABLISHMENT.—There is established a~~
 6 ~~National Medal of Arts, which shall be a medal of~~
 7 ~~such design as is determined to be appropriate by~~
 8 ~~the President, on the basis of recommendations sub-~~
 9 ~~mitted by the National Council on the Arts, and~~
 10 ~~which shall be awarded as provided in this sub-~~
 11 ~~section.~~

12 ~~“(2) AWARDS.—The President shall from time~~
 13 ~~to time award the National Medal of Arts, on the~~
 14 ~~basis of recommendations from the National Council~~
 15 ~~on the Arts, to individuals or groups who in the~~
 16 ~~judgment of the President are deserving of special~~
 17 ~~recognition by reason of their outstanding contribu-~~
 18 ~~tions to the excellence, growth, support, and avail-~~
 19 ~~ability of the arts in the United States.~~

20 ~~“(3) NUMBER OF MEDALS.—Not more than 12~~
 21 ~~of such medals may be awarded in any calendar~~
 22 ~~year.~~

23 ~~“(4) QUALIFICATIONS.—An individual may be~~
 24 ~~awarded the National Medal of Arts if at the time~~

1 such award is made such individual meets the re-
2 quirements of section 206(g).

3 ~~“(5) GROUPS.—A group may be awarded the~~
4 National Medal of Arts if such group is organized or
5 incorporated in the United States.

6 ~~“(6) CEREMONIES.—The presentation of the~~
7 National Medal of Arts shall be made by the Presi-
8 dent with such ceremonies as the President may de-
9 termine to be appropriate, including attendance by
10 appropriate Members of Congress.

11 ~~“(b) FUNDS.—The Chairperson shall use amounts~~
12 received by the National Endowment for the Arts under
13 section 105(b)(1)(A) to carry out this section.

14 **~~“TITLE III—NATIONAL ENDOW-~~**
15 **~~MENT FOR THE HUMANITIES~~**

16 **~~“SEC. 301. DEFINITIONS.~~**

17 ~~“In this title:~~

18 ~~“(1) PROJECT.—~~

19 ~~“(A) IN GENERAL.—The term ‘project’~~
20 means an activity organized to carry out the ob-
21 jectives of this title.

22 ~~“(B) RENOVATION OR CONSTRUCTION.—~~

23 Such term also includes—

24 ~~“(i) the renovation of a facility if—~~

1 “(I) the amount of the expendi-
 2 ture of Federal funds for such pur-
 3 pose in the case of any facility does
 4 not exceed \$250,000; and

5 “(II) two-thirds of the members
 6 of the National Council on the Hu-
 7 manities (who are present and voting)
 8 recommend a grant involving an ex-
 9 penditure for such purpose; and

10 “(ii) for purposes of subsections (d)
 11 and (e) of section 302, the construction of
 12 a facility if—

13 “(I) such construction is for
 14 demonstration purposes or under un-
 15 usual circumstances in which there is
 16 no other manner by which to accom-
 17 plish a humanistic purpose; and

18 “(II) two-thirds of the members
 19 of the National Council on the Hu-
 20 manities (who are present and voting)
 21 recommend a grant involving an ex-
 22 penditure for such purpose.

23 “(2) WORKSHOP.—The term ‘workshop’ means
 24 an activity the primary purpose of which is to pro-

1 mote scholarship and teaching among the partici-
2 pants.

3 **“SEC. 302. ESTABLISHMENT OF THE NATIONAL ENDOW-**
4 **MENT FOR THE HUMANITIES.**

5 “(a) ESTABLISHMENT.—There is established within
6 the Foundation a National Endowment for the Human-
7 ities (referred to in this title as the ‘Endowment’).

8 “(b) CHAIRPERSON.—

9 “(1) APPOINTMENT.—The Endowment shall be
10 headed by a chairperson, to be known as the Chair-
11 person of the Endowment (referred to in this title as
12 the ‘Chairperson’), who shall be appointed by the
13 President, by and with the advice and consent of the
14 Senate.

15 “(2) TERM.—

16 “(A) IN GENERAL.—The term of office of
17 the Chairperson shall be 4 years, except that
18 any Chairperson appointed to fill a vacancy
19 shall serve for the remainder of the term for
20 which the predecessor of the Chairperson was
21 appointed. Notwithstanding any other provision
22 of this subparagraph, on the expiration of the
23 term of office of the Chairperson, the Chair-
24 person shall serve until the successor to the
25 Chairperson is appointed and has qualified.

1 “(B) REAPPOINTMENT.—The Chairperson
2 shall be eligible for reappointment.

3 ~~“(c) PARTNERSHIP GRANTS.—~~

4 “(1) PURPOSE.—The purpose of this subsection
5 is to support programs of humanities councils at the
6 State and local levels.

7 ~~“(2) DEFINITION.—~~

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), in this subsection, the term
10 ‘State entity’ means—

11 “(i) a State that obtains approval of
12 an application submitted under paragraph
13 (4); or

14 “(ii) in a case in which a State fails
15 to submit an application under paragraph
16 (4), an appropriate entity that obtains ap-
17 proval of an application submitted under
18 paragraph (5).

19 ~~“(B) JURISDICTION.—~~

20 “(i) STATE ENTITY.—In paragraph
21 (6)(C)(ii), the term ‘State entity’ means a
22 State entity, as defined in subparagraph
23 (A), for a State.

24 “(ii) STATE.—In clause (i), and not-
25 withstanding section 3(8), the term ‘State’,

1 includes, in addition to the several States
 2 of the United States, only the jurisdictions
 3 specified in such section that have a popu-
 4 lation of 200,000 or more, according to the
 5 latest decennial census.

6 ~~“(3) GENERAL AUTHORITY.—~~Using funds re-
 7 served under section 106(b)(1)(C), the Chairperson,
 8 acting on the recommendation of the National Coun-
 9 cil on the Humanities, is authorized, in accordance
 10 with the provisions of this subsection, to establish
 11 and carry out a program of grants to assist State
 12 entities—

13 ~~“(A) in paying for not more than 50 per-~~
 14 ~~cent of the cost (except as otherwise provided in~~
 15 ~~this subsection) of supporting activities that~~
 16 ~~achieve the objectives described in subpara-~~
 17 ~~graphs (A) through (F) of subsection (d)(2)~~
 18 ~~and in subparagraphs (A) and (B) of subsection~~
 19 ~~(e)(2); or~~

20 ~~“(B) in matching contributions from non-~~
 21 ~~Federal sources made to a trust fund the pur-~~
 22 ~~pose of which is to provide long-term financial~~
 23 ~~support for such activities.~~

24 ~~“(4) GRANTS THROUGH STATE AGENCIES.—~~

1 “(A) DESIGNATION.—In order to receive a
 2 grant under this subsection for any fiscal year,
 3 if a State desires to designate or to provide for
 4 the establishment of a State agency (referred to
 5 in this section as a ‘State agency’) as the sole
 6 agency for the administration of the State plan
 7 referred to in subparagraph (B) relating to the
 8 grant, such State shall designate as the State
 9 agency the humanities council or shall provide
 10 for the establishment of such a council.

11 “(B) APPLICATION AND STATE PLAN.—In
 12 any State that designates or provides for the
 13 establishment of a State agency as described in
 14 subparagraph (A), the chief executive officer of
 15 the State shall submit, before the beginning of
 16 each fiscal year, an application for a grant and
 17 accompany such application with a State plan
 18 that the Chairperson finds—

19 “(i) designates or provides for the es-
 20 tablishment of a State agency;

21 “(ii) provides that the chief executive
 22 officer of the State will appoint new mem-
 23 bers to the State humanities council des-
 24 ignated or established under subparagraph
 25 (A), as vacancies occur as a result of the

1 expiration of the terms of members of such
 2 council, until the chief executive officer has
 3 appointed all of the members of such coun-
 4 cil;

5 “(iii) provides for the expenditure,
 6 from State funds, of an amount equal to
 7 50 percent of the portion of the funding
 8 received by such State through a grant
 9 made under paragraph (6)(A) (relating to
 10 the minimum State allotment), or 25 per-
 11 cent of the total amount of funding re-
 12 ceived by such State through grants made
 13 under this subsection, whichever is greater,
 14 for the fiscal year involved (except as oth-
 15 erwise provided in paragraph (7));

16 “(iv) provides that funds paid to the
 17 State under this subsection will be ex-
 18 pended solely on activities, approved by the
 19 State agency, that—

20 “(I) achieve the objectives de-
 21 scribed in subparagraphs (A) through
 22 (F) of subsection (d)(2) and subpara-
 23 graphs (A) and (B) of subsection
 24 (e)(2); and

1 “(H) are designed to bring the
2 humanities to the public;

3 “(v) provides assurances that State
4 funds will be made available for the pur-
5 pose of meeting the requirements of this
6 subparagraph;

7 “(vi) provides that the State agency
8 will make such reports, in such manner
9 and containing such information, as the
10 Chairperson may from time to time re-
11 quire, including a description of the
12 progress made toward achieving the objec-
13 tives of the State plan;

14 “(vii) provides—

15 “(I) an assurance that the State
16 agency has held, after reasonable no-
17 tice, public meetings in the State to
18 allow the public, interested organiza-
19 tions, and scholars to present views
20 and make recommendations regarding
21 the State plan; and

22 “(H) a summary of such rec-
23 ommendations and of the response of
24 the State agency to such recommenda-
25 tions; and

1 “(viii) contains—

2 “(I) for the most recent preceed-
 3 ing year for which information is
 4 available; a description of the extent
 5 to which the activities supported by
 6 funding from the State agency under
 7 this subsection were available to all
 8 people and communities in the State
 9 and a description of the level of par-
 10 ticipation by scholars and scholarly
 11 organizations in activities supported
 12 by funding from the State agency
 13 under this subsection; and

14 “(II) a description of activities
 15 supported by funding from the State
 16 agency under this subsection that
 17 exist or are being developed to ad-
 18 dress the availability of the human-
 19 ities to all people or communities de-
 20 scribed in subelause (I) or to secure
 21 wider participation of scholars and
 22 scholarly organizations described in
 23 subelause (I).

24 “(C) APPROVAL.—The Chairperson may
 25 not approve an application described in sub-

1 paragraph (B) unless the accompanying State
2 plan satisfies the requirements specified in sub-
3 paragraph (B).

4 “(5) GRANTS TO APPROPRIATE ENTITIES.—

5 “(A) DESIGNATION.—In any State in
6 which the chief executive officer of the State
7 fails to submit an application under paragraph
8 (4)(B) for a fiscal year, the Chairperson may
9 make grants under paragraph (3) to an appro-
10 priate entity in the State, and each such entity
11 shall establish a procedure that ensures that 8
12 members of the governing body of such entity
13 shall be appointed by an appropriate officer or
14 agency of such State, except that in no event
15 may the number of such members exceed $\frac{1}{3}$ of
16 the total membership of such governing body.
17 The officer or agency shall select the members
18 from among individuals who have knowledge of
19 or experience in the humanities.

20 “(B) APPLICATION AND PLAN.—If a State
21 fails to submit an application under paragraph
22 (4)(B) for a fiscal year, any appropriate entity
23 in the State desiring to receive a grant under
24 this subsection for the fiscal year shall submit
25 an application for such grant at such time and

1 in such manner as shall be specified by the
 2 Chairperson, and accompany such application
 3 with a State plan that the Chairperson finds—

4 “(i) provides assurances that such en-
 5 tity will comply with the requirements of
 6 subparagraph (A);

7 “(ii) provides that funds paid to such
 8 entity under this paragraph will be ex-
 9 pended solely on activities that—

10 “(I) achieve the objectives de-
 11 scribed in subparagraphs (A) through
 12 (F) of subsection (d)(2) and subpara-
 13 graphs (A) and (B) of subsection
 14 (e)(2); and

15 “(II) are designed to bring the
 16 humanities to the public;

17 “(iii) establishes a membership policy
 18 that is designed to ensure broad public
 19 representation with respect to activities ad-
 20 ministered by such entity;

21 “(iv) provides for a nomination pro-
 22 cess that ensures opportunities for nomina-
 23 tion to membership in the governing body
 24 from various groups in such State and
 25 from a variety of segments of the popu-

1 lation of such State, including individuals
2 who by reason of their achievement, schol-
3 arship, or creativity in the humanities, are
4 especially qualified to serve as members of
5 the body;

6 “(v) provides for a membership rota-
7 tion process that ensures the regular rota-
8 tion of the membership and officers of
9 such entity;

10 “(vi) establishes reporting procedures
11 that are designed to inform the chief exec-
12 utive officer of such State, and other ap-
13 propriate officers and agencies, of the ac-
14 tivities of such entity;

15 “(vii) establishes procedures to ensure
16 public access to information relating to
17 such activities;

18 “(viii) provides that such entity will
19 make such reports, at such times, in such
20 manner, and containing such information,
21 as the Chairperson may require, including
22 a description of the progress made toward
23 achieving the objectives of the State plan;

24 “(ix) provides—

1 “(I) an assurance that the entity
2 has held, after reasonable notice, pub-
3 lic meetings in the State to allow the
4 public, interested organizations, and
5 scholars to present views and make
6 recommendations regarding the State
7 plan; and

8 “(II) a summary of such rec-
9 ommendations and of the response of
10 the entity to such recommendations;
11 and

12 “(x) contains—

13 “(I) for the most recent preced-
14 ing year for which information is
15 available, a description of the extent
16 to which activities supported by fund-
17 ing from the entity under this sub-
18 section were available to all people
19 and communities in the State and a
20 description of the level of participation
21 by scholars and scholarly organiza-
22 tions in activities supported by fund-
23 ing from the entity under this sub-
24 section; and

1 “(H) a description of activities
 2 supported by funding from the entity
 3 under this subsection that exist or are
 4 being developed to address the avail-
 5 ability of the humanities to all people
 6 or communities described in subelause
 7 (I) or to secure wider participation of
 8 scholars and scholarly organizations
 9 described in subelause (I).

10 “(C) APPROVAL.—The Chairperson may
 11 not approve an application described in sub-
 12 paragraph (B) unless the accompanying plan
 13 satisfies the requirements specified in subpara-
 14 graph (B).

15 “(6) ALLOTMENTS.—

16 “(A) IN GENERAL.—Of the sums available
 17 to carry out this subsection for any fiscal year,
 18 each State entity shall be allotted at least
 19 \$200,000.

20 “(B) INSUFFICIENT SUMS.—If the sums
 21 available to carry out this subsection for any
 22 fiscal year are insufficient to make the allot-
 23 ments under subparagraph (A) in full, such
 24 sums shall be allotted so that each State entity
 25 receives an equal amount.

1 “(C) ~~EXCESS FUNDS.~~—In any case in
 2 which the sums available to carry out this sub-
 3 section for any fiscal year are in excess of the
 4 amount required to make the allotments under
 5 subparagraph (A)—

6 “(i) ~~34~~ percent of the amount of such
 7 excess for such fiscal year shall be avail-
 8 able to the Chairperson for making grants
 9 under this subsection to State entities;

10 “(ii) ~~44~~ percent of the amount of such
 11 excess for such fiscal year shall be allotted
 12 so that each State entity receives an equal
 13 amount; and

14 “(iii) the remainder of the amount of
 15 such excess for such fiscal year shall be al-
 16 lotted so that each State entity receives an
 17 amount that bears the same ratio to such
 18 remainder as the population of the State
 19 for which the application is approved bears
 20 to the population of all the States.

21 ~~“(7) LIMITATIONS.—~~

22 ~~“(A) FEDERAL SHARE.—~~

23 “(i) ~~IN GENERAL.~~—Funding provided
 24 through a grant made under this sub-
 25 section to a State entity for any fiscal year

1 shall be available to each State entity that
2 has an application approved by the Chair-
3 person, and has the State plan accompany-
4 ing the application in effect on the first
5 day of such fiscal year, to pay not more
6 than 50 percent of the total cost of carry-
7 ing out any activity described in paragraph
8 (3).

9 “(ii) EXCESS PORTION.—Except as
10 provided in clause (iii), the portion of the
11 funding provided through any grant made
12 under paragraph (6)(A) to a State entity
13 for any fiscal year that exceeds \$125,000
14 shall be available, at the discretion of the
15 Chairperson, to pay not more than 100
16 percent of such cost of carrying out an ac-
17 tivity under this subsection if such activity
18 would be unavailable to the residents of
19 the State without such portion.

20 “(iii) PERCENTAGE OF GRANT
21 FUNDS.—The portion of the funding de-
22 scribed in clause (ii) for any fiscal year
23 that is available to pay not more than 100
24 percent of such cost, as described in clause
25 (ii), shall not exceed 20 percent of the total

1 of the funding provided through such grant
 2 for such fiscal year.

3 ~~“(B) PROHIBITION ON SUPPLANTING NON-~~
 4 ~~FEDERAL FUNDS.—~~Funds made available under
 5 this subsection shall be used to supplement, and
 6 shall not supplant, non-Federal funds expended
 7 for supporting activities described in paragraph
 8 ~~(3).~~

9 ~~“(8) UNOBLIGATED FUNDS.—~~Any amount al-
 10 lotted to a State entity under paragraph (6) for any
 11 fiscal year that is not obligated by the State entity
 12 earlier than 60 days prior to the end of the fiscal
 13 year for which the amount is appropriated shall be
 14 available for making grants under subsections (d)
 15 and (e).

16 ~~“(9) LIMITATION ON MULTIPLE ENTITIES.—~~
 17 The Chairperson may not make grants under this
 18 subsection to more than 1 entity in any State.

19 ~~“(d) NATIONAL GRANTS.—~~

20 ~~“(1) PURPOSE.—~~The purpose of this subsection
 21 is to provide support for grants to groups, individ-
 22 uals, and State agencies or entities to carry out ac-
 23 tivities relating to education and the public human-
 24 ities that have a national audience and are of na-
 25 tional significance, such as activities relating to edu-

1 eation in the humanities; media projects; projects in
 2 museums and by historical organizations; projects in
 3 libraries and archives; public humanities projects;
 4 endowment building; and technology activities.

5 “(2) GENERAL AUTHORITY.—Using funds re-
 6 served under section 106(b)(1)(D), the Chairperson,
 7 acting on the recommendation of the National Coun-
 8 cil on the Humanities, may establish and carry out
 9 a program of grants to groups, or in appropriate
 10 cases individuals, who or which meet the standard of
 11 excellence in the humanities and significance in the
 12 humanities; or State agencies or entities; to pay for
 13 the Federal share of the cost of activities, in accord-
 14 ance with subsection (f), to—

15 “(A) develop and encourage the pursuit of
 16 a national policy to further the public good
 17 through public funding of the humanities;

18 “(B) initiate and support research and
 19 programs to strengthen the research and teach-
 20 ing potential of the United States in the hu-
 21 manities;

22 “(C) foster the exchange of information in
 23 the humanities;

24 “(D) foster education in, and public under-
 25 standing and appreciation of, the humanities;

1 “(E) support projects that foster or pro-
2 mote literacy;

3 “(F) ensure that the benefit of the pro-
4 grams of the Endowment will also be available
5 to the citizens of the United States where such
6 programs would otherwise be unavailable due to
7 geographic or economic reasons;

8 “(G) enable the groups to increase the lev-
9 els of continuing support and to increase the
10 range of contributors to the program of the
11 groups;

12 “(H) provide administrative and manage-
13 ment improvements for the groups, particularly
14 in the field of long-range financial planning;

15 “(I) enable the groups to increase audience
16 participation in, and appreciation of, programs
17 sponsored by the groups;

18 “(J) develop new sources of long-term sup-
19 port for educational, scholarly, and public pro-
20 grams in the humanities, including renovating
21 or constructing facilities, augmenting or estab-
22 lishing endowment funds, and purchasing cap-
23 ital equipment to ensure financial stability;

24 “(K) stimulate greater cooperation among
25 the groups especially designed to serve better

1 the communities in which the groups are lo-
 2 cated; and

3 “(L) foster greater citizen involvement in
 4 planning the cultural development of a commu-
 5 nity.

6 “(e) RESEARCH AND SCHOLARSHIP GRANTS.—

7 “(1) PURPOSE.—The purpose of this subsection
 8 is to encourage the development and dissemination
 9 of significant scholarship in the humanities by
 10 groups, individuals, and State agencies or entities by
 11 such means as fellowships for college and university
 12 faculty and independent scholars, dissertation
 13 grants, summer stipends, and funds for scholarly
 14 publications, reference materials, basic research, in-
 15 stitutional programs, and preservation.

16 “(2) GENERAL AUTHORITY.—Using funds re-
 17 served under section 106(b)(1)(E), the Chairperson,
 18 acting on the recommendation of the National Coun-
 19 cil on the Humanities, may establish and carry out
 20 a program of grants to groups, individuals, State
 21 agencies, and State entities for the purpose of pay-
 22 ing for the Federal share of the cost, in accordance
 23 with subsection (f), of—

24 “(A) initiating and supporting (including
 25 supporting through fellowships) training, work-

shops, programs, research, and publications, in the humanities, that have substantial scholarly and cultural significance and that reach or reflect the cultural heritage of the United States;

“(B) fostering projects that provide access to, and preserving materials important to research, education, and public understanding regarding, the humanities;

“(C) enabling the groups to increase the levels of continuing support and to increase the range of contributors to the program of the groups;

“(D) providing administrative and management improvements for the groups, particularly in the field of long-range financial planning; and

“(E) developing new sources of long-term support for educational, scholarly, and public programs in the humanities, including renovating or constructing facilities, augmenting or establishing endowment funds, and purchasing capital equipment to ensure financial stability.

“(3) TRAINING; WORKSHOPS; RESEARCH.—A fellowship awarded to an individual under paragraph (2)(A) may be used for the purpose of supporting

1 study or research at an appropriate nonprofit insti-
 2 tution selected by the individual, for a stated period
 3 of time. The total amount of any grant under para-
 4 graph (2)(A) to any group engaging in workshop ac-
 5 tivities for which an admission or other charge is
 6 made to the general public shall not exceed 30 per-
 7 cent of the total cost of such activities.

8 “(4) CONSIDERATIONS.—In selecting a group
 9 or individual as a recipient of a grant to be made
 10 under this subsection, the Chairperson shall give
 11 particular regard to scholars, and educational and
 12 cultural institutions, that traditionally have been
 13 underrepresented in the humanities.

14 “(f) FEDERAL SHARE AND NON-FEDERAL SHARE
 15 FOR NATIONAL GRANTS AND RESEARCH AND SCHOLAR-
 16 SHIP GRANTS.—

17 “(1) FEDERAL SHARE.—

18 “(A) IN GENERAL.—Except as provided in
 19 paragraph (3), and subject to subparagraph
 20 (B), the Federal share described subsection
 21 (d)(2) or (e)(2) shall be determined by the
 22 Chairperson, after recommendation from the
 23 Council.

24 “(B) SPECIAL RULE.—With respect to a
 25 fiscal year, the Chairperson shall ensure that

the aggregate amount of funding provided by the Chairperson through grants under subsections (d)(2) and (e)(2) for that fiscal year shall equal the aggregate amount of non-Federal contributions made for that fiscal year, in accordance with paragraph (2), by recipients of grants awarded under subsections (d)(2) and (e)(2).

~~“(2) NON-FEDERAL SHARE.—~~

~~“(A) IN GENERAL.—~~Except as provided in paragraph (3) and subject to subparagraph (B), the Chairperson shall have the discretion in determining the amount of non-Federal contribution that a recipient of a grant under subsection (d)(2) or (e)(2) shall be required to make toward the cost of an activity funded under the grant.

~~“(B) SPECIAL RULE.—~~With respect to a fiscal year, the Chairperson shall ensure that the aggregate amount of non-Federal contributions provided by recipients of grants under subsections (d)(2) and (e)(2) for that fiscal year shall equal the aggregate amount of funding that the Chairperson provided through

1 grants under subsections (d)(2) and (e)(2) for
 2 that fiscal year.

3 ~~“(3) SPECIAL RULES FOR ACTIVITIES RELATING~~
 4 ~~TO NEW SOURCES OF LONG-TERM SUPPORT.—~~

5 ~~“(A) FEDERAL SHARE.—The Federal~~
 6 ~~share described in subsection (d)(2) or (e)(2)~~
 7 ~~for an activity described in subsection (d)(2)(J)~~
 8 ~~or (e)(2)(E) shall be an amount equal to 25~~
 9 ~~percent of the cost of the activity.~~

10 ~~“(B) NON-FEDERAL SHARE.—A recipient~~
 11 ~~that receives a grant under subsection (d) to~~
 12 ~~carry out an activity described in paragraph~~
 13 ~~(2)(J) of such subsection, or subsection (e) to~~
 14 ~~carry out an activity described in paragraph~~
 15 ~~(2)(E) of such subsection, shall make available~~
 16 ~~non-Federal contributions toward the costs of~~
 17 ~~the activity in an amount equal to 75 percent~~
 18 ~~of such costs (\$3 for each \$1 of Federal funds~~
 19 ~~provided in the grant).~~

20 **~~“SEC. 303. APPLICATION PROCEDURES.~~**

21 ~~“To be eligible to receive a grant under this title, a~~
 22 ~~State, group, individual, agency, or, organization shall~~
 23 ~~submit an application to the Chairperson at such time,~~
 24 ~~in such manner, and containing such information as the~~
 25 ~~Chairperson may prescribe.~~

1 **~~“SEC. 304. REVIEW PANELS.~~**

2 ~~“The Chairperson may select panels of experts under~~
 3 ~~section 307(a)(3) to review and make recommendations~~
 4 ~~with respect to the approval of applications for grants au-~~
 5 ~~thorized under this title. In selecting the panels, the Chair-~~
 6 ~~person shall appoint individuals who have exhibited exper-~~
 7 ~~tise and leadership in the field under review, who broadly~~
 8 ~~represent diverse humanistic perspectives and geographic~~
 9 ~~factors, and who broadly represent cultural diversity.~~

10 **~~“SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.~~**

11 ~~“(a) ESTABLISHMENT.—There is established within~~
 12 ~~the Endowment a National Council on the Humanities (re-~~
 13 ~~ferred to in this section as the ‘Council’).~~

14 ~~“(b) COMPOSITION.—~~

15 ~~“(1) IN GENERAL.—The Council shall be com-~~
 16 ~~posed of the Chairperson of the Endowment, who~~
 17 ~~shall be the Chairperson of the Council, and 20~~
 18 ~~other members appointed by the President, by and~~
 19 ~~with the advice and consent of the Senate, who shall~~
 20 ~~be selected—~~

21 ~~“(A) from among private citizens of the~~
 22 ~~United States who—~~

23 ~~“(i) are recognized for their broad~~
 24 ~~knowledge of, or expertise in, the human-~~
 25 ~~ities; and~~

1 “(ii) have established records of dis-
 2 tinguished service, or achieved eminence, in
 3 the humanities;

4 “(B) so as to include scholars and others
 5 who are professionally engaged in the human-
 6 ities; and

7 “(C) so as collectively to provide an appro-
 8 priate distribution of members among the major
 9 humanities fields.

10 “(2) QUALIFICATIONS.—The President may, in
 11 making such appointments, give consideration to
 12 such recommendations as may, from time to time, be
 13 submitted to the President by leading national orga-
 14 nizations in the major humanities fields. In making
 15 such appointments, the President shall give due re-
 16 gard to equitable representation of women, racially
 17 and ethnically diverse individuals, and individuals
 18 with disabilities, who are involved in the humanities.
 19 Members of the Council shall be appointed so as to
 20 represent equitably geographical areas in the United
 21 States.

22 “(c) TERMS.—

23 “(1) IN GENERAL.—

1 “(A) STAGGERED TERMS.—Each member
2 of the Council shall serve for a term of 6 years,
3 and the terms shall be staggered.

4 “(B) EXPIRATION.—Except as provided in
5 paragraph (2), the terms of all Council mem-
6 bers shall expire on the third day of September
7 in the year of expiration.

8 “(C) REAPPOINTMENT AFTER PARTIAL
9 TERM.—Each member who has served on the
10 Council for 1 term of less than 3 years shall be
11 eligible for reappointment for 1 term of 6 years.

12 “(D) VACANCY APPOINTMENTS.—Any
13 member appointed to fill a vacancy shall serve
14 for the remainder of the term for which the
15 predecessor of the member was appointed.

16 “(E) HOLDOVER SERVICE.—Notwithstand-
17 ing any other provision of this subsection, a
18 member of the Council shall serve after the ex-
19 piration of the term of the member until the
20 successor to the member takes office.

21 “(2) ADJUSTMENT TO REDUCE COUNCIL.—

22 “(A) MEMBERS WHOSE TERMS EXPIRED IN
23 1996 BUT CONTINUE TO SERVE.—

24 “(i) IN GENERAL.—The terms of 6
25 members of the Council whose terms ex-

1 pired on September 3, 1996 and who con-
 2 tinue to serve because a successor has not
 3 been appointed shall be deemed to expire
 4 on the date of enactment of the Arts and
 5 Humanities Amendments of 1997.

6 “(ii) SUCCESSORS.—The President
 7 shall appoint 3 members of the Council to
 8 succeed members whose terms are deemed
 9 to expire as described in clause (i).

10 “(B) MEMBERS WHOSE TERMS EXPIRE IN
 11 2000.—

12 “(i) IN GENERAL.—The terms of 2
 13 members of the Council whose terms expire
 14 on September 3, 2000 shall be deemed to
 15 expire on September 3, 2002.

16 “(ii) SUCCESSORS.—The President
 17 shall not appoint any members to succeed
 18 the members whose terms are deemed to
 19 expire as described in clause (i).

20 “(d) COMPENSATION.—Members of the Council shall
 21 receive compensation at a rate to be fixed by the Chair-
 22 person but not to exceed the daily equivalent of the maxi-
 23 mum rate authorized for a position above grade GS-15
 24 of the General Schedule under section 5108 of title 5,
 25 United States Code, and be allowed travel expenses includ-

1 ing per diem in lieu of subsistence, as authorized under
 2 section 5703 of title 5, United States Code, for persons
 3 employed intermittently in Federal Government service.

4 “(e) MEETINGS AND DUTIES.—

5 “(1) MEETINGS.—The Council shall meet at
 6 the call of the Chairperson but not less often than
 7 twice during each calendar year. Eleven members of
 8 the Council shall constitute a quorum.

9 “(2) DUTIES.—The Council shall—

10 “(A) advise the Chairperson with respect
 11 to policies, programs, and procedures for carry-
 12 ing out the functions of the Chairperson under
 13 this title; and

14 “(B) review applications for grants author-
 15 ized under this title and make recommendations
 16 to the Chairperson with respect to the approval
 17 of each application.

18 “(f) ACTIONS BY CHAIRPERSON.—

19 “(1) IN GENERAL.—The Chairperson shall not
 20 approve or disapprove any application for a grant
 21 authorized under this title until the Chairperson has
 22 received the recommendation of the Council on such
 23 application, unless the Council fails to make a rec-
 24 ommendation on the application within a reasonable
 25 time.

1 ~~“(2) DELEGATIONS.—In the case of an applica-~~
2 ~~tion submitted under this title and involving \$35,000~~
3 ~~or less, the Chairperson may approve or disapprove~~
4 ~~such application if such action is taken pursuant to~~
5 ~~the terms of an express and direct delegation of au-~~
6 ~~thority from the Council to the Chairperson, and if~~
7 ~~each such action by the Chairperson is reviewed by~~
8 ~~the Council. The terms of any such delegation of au-~~
9 ~~thority shall not permit obligations for expenditure~~
10 ~~of funds under such delegation for any fiscal year~~
11 ~~that exceed an amount equal to 3 percent of the~~
12 ~~sums appropriated for the fiscal year pursuant to~~
13 ~~section 106(b)(1)(A).~~

14 **~~“SEC. 306. LIMITATIONS ON GRANTS.~~**

15 ~~“(a) CRITERIA FOR ELIGIBILITY FOR GRANTS.—~~

16 ~~“(1) DEFINITIONS.—In this subsection:~~

17 ~~“(A) PRODUCTION ENTITY.—The term~~
18 ~~‘production entity’ means any partnership, cor-~~
19 ~~poration, business enterprise, or other organiza-~~
20 ~~tion engaged in the production of a film or pub-~~
21 ~~lication.~~

22 ~~“(B) GROUP.—The term ‘group’ includes~~
23 ~~any State or local government, State or local~~
24 ~~public agency, Indian tribe, or nonprofit asso-~~
25 ~~ciation, organization, institution, or society.~~

1 “(C) NATIONAL OF THE UNITED
 2 STATES.—The term ‘national of the United
 3 States’ means a citizen of the United States or
 4 a person who owes permanent allegiance to the
 5 United States.

6 “(2) CRITERIA.—The Chairperson, with the ad-
 7 vice of the National Council on the Humanities,
 8 shall establish criteria for eligibility for grants made
 9 under this title. The criteria shall provide the follow-
 10 ing:

11 “(A) GROUP.—A group shall be eligible to
 12 receive a grant under this title if—

13 “(i) no part of the net earnings of the
 14 group inures to the benefit of any private
 15 stockholder, or individual; and

16 “(ii) a donation to such group is al-
 17 lowable as a charitable contribution under
 18 section 170(e) of the Internal Revenue
 19 Code of 1986.

20 “(B) PRODUCTION ENTITY.—A production
 21 entity that is a nonprofit group shall be eligible
 22 to receive a grant under this title if the Chair-
 23 person, with the advice of the National Council
 24 on the Humanities, determines that providing
 25 such a grant will significantly advance the

1 knowledge or understanding of the humanities
2 in the United States.

3 “(C) INDIVIDUAL.—An individual shall be
4 eligible to receive a grant under this title if—

5 “(i) the individual is a citizen or na-
6 tional of the United States; and

7 “(ii) the Chairperson, with the advice
8 of the National Council on the Humanities,
9 determines that providing the grant will
10 significantly advance the knowledge or un-
11 derstanding of the humanities in the Unit-
12 ed States.

13 “(b) ADMISSION CHARGES.—No grant shall be made
14 under this title for an activity (other than an activity con-
15 ducted by a school, college, or university) for which a di-
16 rect or an indirect admission charge is requested if the
17 proceeds, after deducting reasonable costs, are used for
18 purposes other than assisting the grant recipient to de-
19 velop high standards of scholarly excellence or encourage
20 greater appreciation of the humanities by the citizens of
21 the United States.

22 “(c) LABOR STANDARDS.—The provisions of section
23 206(d) shall apply to activities financed under this title
24 in the same manner and to the same extent as the provi-
25 sions apply to activities financed under title II.

1 **“SEC. 307. ADMINISTRATIVE PROVISIONS.**

2 “(a) **AUTHORITIES OF CHAIRPERSON.**—In addition
3 to any authorities vested in the Chairperson by other pro-
4 visions of this Act, the Chairperson, in carrying out the
5 functions of the Chairperson, shall have authority—

6 “(1) to prescribe such regulations and proce-
7 dures as the Chairperson determines to be nec-
8 essary, governing the manner in which the functions
9 of the Chairperson shall be carried out;

10 “(2) to appoint and determine the compensa-
11 tion of such employees, subject to title 5, United
12 States Code, as may be necessary to carry out the
13 functions of the Chairperson, to define the duties of
14 such employees, and to supervise and direct the ac-
15 tivities of such employees;

16 “(3) to procure the temporary and intermittent
17 services of experts and consultants, including panels
18 of experts, and compensate the experts and consult-
19 ants in accordance with section 3109 of title 5,
20 United States Code;

21 “(4) to accept and utilize the voluntary services
22 of individuals and reimburse the individuals for trav-
23 el expenses, including per diem in lieu of subsist-
24 ence, in the same amounts and to the same extent
25 as authorized under section 5703 of title 5, United

1 States Code, for persons employed intermittently in
2 Federal Government service;

3 “(5) to make advance, progress, and other pay-
4 ments without regard to section 3324 of title 31,
5 United States Code;

6 “(6) to rent office space in the District of Co-
7 lumbia; and

8 “(7) to make other necessary expenditures.

9 “(b) PUBLICATIONS.—Official publications of the En-
10 dowment under this title may be supported without regard
11 to the provisions of section 501 of title 44, United States
12 Code, if the Chairperson consults with the Joint Commit-
13 tee on Printing of the Congress.

14 “(c) COORDINATION.—The Chairperson shall coordi-
15 nate the programs of the Endowment, insofar as prac-
16 ticable, with other Federal programs, programs of des-
17 ignated State humanities agencies, and programs under-
18 taken by other public agencies or private groups, and shall
19 develop the programs of the Endowment with due regard
20 to the contribution to the objectives of this title that can
21 be made by other Federal agencies under the existing pro-
22 grams. The Chairperson may enter into interagency agree-
23 ments to promote or assist with the humanities-related ac-
24 tivities of other Federal agencies, on a reimbursable or
25 nonreimbursable basis, and may use funds authorized to

1 be appropriated to carry out this title to pay for the costs
 2 of such promotion or assistance.

3 **~~“SEC. 308. REPORTS.~~**

4 ~~“(a) ANNUAL REPORT OF CHAIRPERSON.—The~~
 5 Chairperson shall submit an annual report to the Presi-
 6 dent for submission to the appropriate committees of Con-
 7 gress on or before the 15th day of April of each year. The
 8 report shall summarize the activities of the Endowment
 9 for the preceding year, and may include such evaluations
 10 and other reports as the Chairperson determines to be ap-
 11 propriate.

12 ~~“(b) FINANCIAL REPORTS AND COMPLIANCE.—~~

13 ~~“(1) IN GENERAL.—It shall be a condition of~~
 14 the receipt of a grant made under this title by the
 15 Chairperson that each such grant recipient agree to
 16 and comply with requirements to submit to the
 17 Chairperson—

18 ~~“(A) financial reports containing such in-~~
 19 formation as the Chairperson determines to be
 20 necessary to ensure that the funding provided
 21 through the grant is expended in accordance
 22 with the terms and conditions under which the
 23 grant is made;

24 ~~“(B) a report describing the activity ear-~~
 25 ried out with the funding provided through the

1 grant and the compliance by the grant recipient
 2 with the conditions of receipt of such grant, in-
 3 cluding the condition that the work assisted
 4 meets the standards of excellence in humanities
 5 and significance in the humanities; and

6 “(C) if practicable, as determined by the
 7 Chairperson, a copy of the work resulting from
 8 the activity.

9 “(2) REPORTS.—The reports and copy de-
 10 scribed in paragraph (1) shall be due not later than
 11 90 days after the end of the period for which such
 12 grant recipient receives funding through the grant or
 13 90 days after the completion of the work, whichever
 14 occurs earlier. The Chairperson may extend the 90-
 15 day period if the recipient shows good cause why
 16 such an extension should be granted.

17 “(e) EVALUATION.—The Chairperson shall conduct a
 18 post-award evaluation of activities for which grants are
 19 made by the Chairperson under this title. Such evaluation
 20 may include an audit to determine the accuracy of the re-
 21 ports required to be submitted by grant recipients under
 22 subsection (b).

23 “(d) ANNUAL REPORT OF NATIONAL COUNCIL ON
 24 THE HUMANITIES.—

1 “(1) IN GENERAL.—The National Council on
 2 the Humanities may submit an annual report to the
 3 President for submission to the appropriate commit-
 4 tees of Congress on or before the 15th day of April
 5 of each year.

6 “(2) CONTENTS.—The report shall include writ-
 7 ten records summarizing—

8 “(A) all meetings and discussions of the
 9 Council; and

10 “(B) recommendations made by the Coun-
 11 cil to the Chairperson.

12 “(3) PRIVACY.—The Council shall ensure that
 13 the information contained in the report will be pre-
 14 sented in a manner that protects the privacy of indi-
 15 vidual applicants for grants authorized under this
 16 title and Council members.

17 **“SEC. 309. SANCTIONS AND PAYMENTS.**

18 “(a) FAILURE TO SATISFY PURPOSES.—If any recip-
 19 ient of a grant made under this title, or an indirect recipi-
 20 ent of funding provided through the grant, substantially
 21 fails to satisfy the purposes for which such grant is made,
 22 as determined by the Chairperson, the Chairperson may—

23 “(1) for purposes of determining whether to
 24 make any subsequent funding to the direct or indi-
 25 rect recipient under this title, take into consideration

1 the results of the post-award evaluation conducted
 2 under section 308(e);

3 “(2) prohibit the direct and indirect recipients
 4 from using the name of, or in any way associating
 5 the project, production, or workshop for which the
 6 grant was received with, the Endowment; and

7 “(3) if such project, production, or workshop is
 8 published, require that the publication contain the
 9 following statement: ‘The opinions, findings, conclu-
 10 sions, and recommendations expressed in this publi-
 11 cation do not reflect the views of the National En-
 12 dowment for the Humanities.’

13 “(b) NONCOMPLIANCE.—

14 “(1) IN GENERAL.—The Chairperson shall take
 15 the actions described in paragraph (2) whenever the
 16 Chairperson, after providing reasonable notice and
 17 an opportunity for hearing, finds that—

18 “(A) a direct recipient of a grant under
 19 this title, or an indirect recipient of funding
 20 provided through the grant, is not complying
 21 substantially with the provisions of this title;

22 “(B) a State agency or entity that received
 23 a grant under this title, or an indirect recipient
 24 of funding provided through the grant, is not
 25 complying substantially with terms and condi-

tions of the State plan accompanying the application approved for the grant under this title; or

~~“(C) any funding provided under this title to a recipient or State agency or entity described in subparagraph (A) or (B) has been diverted from the purposes for which such funding was provided.~~

~~“(2) ACTIONS.—On making the finding described in paragraph (1), the Chairperson shall immediately notify the direct recipient, or State agency or entity, that received the funding at issue that—~~

~~“(A) no further funding will be provided under this title to such recipient or State agency or entity until there is no longer any default or failure to comply or the diversion is corrected; or~~

~~“(B) if compliance or correction is impossible, until such recipient or State agency or entity repays or arranges the repayment of the Federal funds that were improperly diverted or expended.~~

~~“(c) RECAPTURE.—~~

~~“(1) IN GENERAL.—A recipient of funding under this title shall pay the amount described in~~

paragraph (2) to the Endowment if the Chairperson finds that the recipient has derived net program income in excess of the match required under the terms of the agreement from the commercially successful activities funded that exceeds the lesser of—

“(A) \$50,000; or

“(B) twice the amount of the funding.

“(2) AMOUNT.—At the discretion of the Chairperson, the amount referred to in paragraph (1) is not less than $\frac{1}{3}$ and not more than $\frac{1}{2}$ of the amount of the net program income generated within 5 years after the end of the grant period, but not more than the amount of the funding, unless the Chairperson has reached an agreement with the grantee upon the award of a grant that the amount referred to in paragraph (1) shall exceed the amount of the grant.

“(d) ACCOUNT.—Except as otherwise provided in this Act, the Treasurer of the United States shall deposit funds paid under subsection (c), or repaid under this Act, in a special interest bearing account to the credit of the Endowment.

“SEC. 310. AWARDS.

“(a) JEFFERSON LECTURE IN THE HUMANITIES AWARD.—The Chairperson may award annually the Jef-

1 ferson Lecture in the Humanities Award to 1 individual
 2 for distinguished intellectual achievement in the human-
 3 ities. Each such award shall not exceed \$10,000.

4 “(b) NATIONAL HUMANITIES MEDAL.—

5 “(1) IN GENERAL.—The President may award
 6 the National Humanities Medal to individuals or
 7 groups whose work—

8 “(A) has expanded the understanding of
 9 citizens of the United States in the area of hu-
 10 manities;

11 “(B) has broadened such citizens engage-
 12 ment with the humanities; or

13 “(C) has helped preserve and expand the
 14 access of such citizens to important resources in
 15 the humanities.

16 “(2) NUMBER OF MEDALS.—Not more than 12
 17 of such medals may be awarded in any calendar
 18 year.

19 “(3) CEREMONIES.—The presentation of the
 20 National Humanities Medal shall be made by the
 21 President with such ceremonies as the President
 22 may determine to be appropriate, including attend-
 23 ance by appropriate Members of Congress.”.

1 **SEC. 102. CONFORMING AMENDMENTS.**

2 Section 8G of the Inspector General Act of 1978 (5
3 U.S.C. App.) is amended—

4 (1) in subsection (a)—

5 (A) in paragraph (2), by striking “the Na-
6 tional Endowment for the Arts, the National
7 Endowment for the Humanities,” and inserting
8 “the portion of the National Foundation on the
9 Arts and the Humanities consisting of the Na-
10 tional Endowment for the Arts and the Na-
11 tional Endowment for the Humanities,”; and

12 (B) in paragraph (4)—

13 (i) in subparagraph (A), by striking at
14 the end “and”;

15 (ii) in subparagraph (B), by inserting
16 after the semicolon “and”; and

17 (iii) by adding at the end the follow-
18 ing:

19 “(C) with respect to the National Endow-
20 ment for the Arts and the National Endowment
21 for the Humanities, the term means the Chair-
22 person of the National Endowment for the Arts
23 with respect to matters relating to the National
24 Endowment for the Arts and the Chairperson of
25 the National Endowment for the Humanities
26 with respect to matters relating to the Chair-

1 person of the National Endowment for the Hu-
 2 manities;”;

3 ~~(2)~~ in subsection ~~(e)~~, by inserting before the pe-
 4 riod the following: “, except that the Inspector Gen-
 5 eral for the National Endowment for the Arts and
 6 the National Endowment for the Humanities shall
 7 be jointly appointed by the Chairperson of the Na-
 8 tional Endowment for the Arts and the Chairperson
 9 of the National Endowment for the Humanities”;
 10 and

11 ~~(3)~~ in the first sentence of subsection ~~(d)~~, by in-
 12 serting before the period the following: “, except as
 13 provided in section 103 of the National Foundation
 14 on the Arts and the Humanities Act of 1965”.

15 **TITLE II—ARTS AND ARTIFACTS** 16 **INDEMNITY ACT**

17 **SEC. 201. ARTS AND ARTIFACTS.**

18 The Arts and Artifacts Indemnity Act (20 U.S.C. 971
 19 et seq.) is amended to read as follows:

20 **“SECTION 1. SHORT TITLE.**

21 “This Act may be cited as the ‘Arts and Artifacts
 22 Indemnity Act’.

1 **“SEC. 2. INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTI-**
 2 **FACTS.**

3 “The Federal Council on the Arts and Humanities
 4 (referred to in this Act as the ‘Council’) established under
 5 section 8, may enter into agreements to indemnify against
 6 loss or damage such items as may be eligible for such in-
 7 demnity agreements under section 3—

8 “(1) in accordance with the provisions of this
 9 Act; and

10 “(2) on such terms and conditions as the Coun-
 11 cil shall prescribe, by regulation, in order to achieve
 12 the objectives of this Act and, consistent with such
 13 objectives, to protect the financial interest of the
 14 United States.

15 **“SEC. 3. ELIGIBLE ITEMS.**

16 “(a) TYPES OF ITEMS.—The Council may enter into
 17 an indemnity agreement under section 2 with respect to
 18 items—

19 “(1) that are—

20 “(A) works of art, including tapestries,
 21 paintings, sculpture, folk art, and graphics and
 22 craft arts;

23 “(B) manuscripts, rare documents, books,
 24 or other printed or published materials;

25 “(C) other artifacts or objects; or

1 ~~“(D) photographs, motion pictures, or~~
2 ~~audio and video tape;~~

3 ~~“(2) that are of educational, cultural, historical,~~
4 ~~or scientific value; and~~

5 ~~“(3) the exhibition of which is certified (where~~
6 ~~appropriate) by the Secretary of State or the des-~~
7 ~~ignee of the Secretary of State as being in the na-~~
8 ~~tional interest.~~

9 ~~“(b) ITEMS ON EXHIBITION.—~~

10 ~~“(1) SCOPE.—An indemnity agreement made~~
11 ~~under this Act shall cover eligible items while on ex-~~
12 ~~hibition, generally when the items are part of an ex-~~
13 ~~change of exhibitions. An item described in sub-~~
14 ~~section (a) that is part of an exhibition that origi-~~
15 ~~nates either in the United States or outside the~~
16 ~~United States and that is touring the United States~~
17 ~~shall be considered to be an eligible item.~~

18 ~~“(2) DEFINITION.—For purposes of this sub-~~
19 ~~section, the term ‘on exhibition’ includes the period~~
20 ~~of time beginning on the date the eligible items leave~~
21 ~~the premises of the lender or place designated by the~~
22 ~~lender and ending on the date such items are re-~~
23 ~~turned to the premises of the lender or place des-~~
24 ~~ignated by the lender.~~

1 **~~“SEC. 4. APPLICATIONS.~~**

2 ~~“(a) IN GENERAL.—Any person, nonprofit agency,~~
 3 ~~institution, or government desiring to enter into an indem-~~
 4 ~~nity agreement for eligible items under this Act shall sub-~~
 5 ~~mit an application to the Council at such time, in such~~
 6 ~~manner and in accordance with such procedures, as the~~
 7 ~~Council shall, by regulation, prescribe.~~

8 ~~“(b) CONTENTS.—An application submitted under~~
 9 ~~subsection (a) shall—~~

10 ~~“(1) describe each item to be covered by the~~
 11 ~~agreement (including an estimated value of such~~
 12 ~~item);~~

13 ~~“(2) show evidence that the item is an item de-~~
 14 ~~scribed in section 3(a); and~~

15 ~~“(3) set forth policies, procedures, techniques,~~
 16 ~~and methods with respect to preparation for, and~~
 17 ~~conduct of, exhibition of the item, and any transpor-~~
 18 ~~tation related to such item.~~

19 ~~“(c) APPROVAL.—On receipt of an application under~~
 20 ~~this section, the Council shall review the application as~~
 21 ~~described in section 5 and, if the Council agrees with the~~
 22 ~~estimated value described in the application and if such~~
 23 ~~application conforms with the requirements of this Act,~~
 24 ~~approve the application and enter into an indemnity agree-~~
 25 ~~ment with the applicant under section 2. On such ap-~~
 26 ~~proval, the agreement shall constitute a contract between~~

1 the Council and the applicant pledging the full faith and
 2 credit of the United States to pay any amount for which
 3 the Council becomes liable under such agreement. The
 4 Council, for such purpose, is authorized to pledge the full
 5 faith and credit of the United States.

6 **“SEC. 5. INDEMNITY AGREEMENT.**

7 “(a) REVIEW.—On receipt of an application meeting
 8 the requirements of subsections (a) and (b) of section 4,
 9 the Council shall review the estimated value of the items
 10 for which coverage by an indemnity agreement is sought.
 11 If the Council agrees with such estimated value, for the
 12 purposes of this Act, the Council shall, after approval of
 13 the application as provided for in subsection (c) of section
 14 4, make an indemnity agreement.

15 “(b) AGGREGATE AMOUNT OF LOSS OR DAMAGE.—
 16 The aggregate amount of loss or damage covered by in-
 17 demnity agreements made under this Act shall not exceed
 18 \$3,000,000,000, at any one time.

19 “(c) INDIVIDUAL AMOUNT OF LOSS OR DAMAGE.—
 20 No indemnity agreement for a single exhibition shall cover
 21 loss or damage in excess of \$300,000,000.

22 “(d) EXTENT OF COVERAGE.—If the estimated value
 23 of the items covered by an indemnity agreement for a sin-
 24 gle exhibition is—

1 “(1) \$2,000,000 or less, then coverage under
2 this Act shall extend only to loss or damage in ex-
3 cess of the first \$15,000 of loss or damage to the
4 items covered;

5 “(2) more than \$2,000,000 but less than
6 \$10,000,000, then coverage under this Act shall ex-
7 tend only to loss or damage in excess of the first
8 \$25,000 of loss or damage to the items covered;

9 “(3) not less than \$10,000,000 but less than
10 \$125,000,000, then coverage under this Act shall ex-
11 tend only to loss or damage in excess of the first
12 \$50,000 of loss or damage to the items covered;

13 “(4) not less than \$125,000,000 but less than
14 \$200,000,000, then coverage under this Act shall ex-
15 tend only to loss or damage in excess of the first
16 \$100,000 of loss or damage to the items covered; or

17 “(5) \$200,000,000 or more, then coverage
18 under this Act shall extend only to loss or damage
19 in excess of the first \$200,000 of loss or damage to
20 the items covered.

21 **“SEC. 6. REGULATIONS AND CERTIFICATION.**

22 “(a) **REGULATIONS.**—The Council shall prescribe
23 regulations providing for prompt adjustment of valid
24 claims for loss or damage to items that are covered by
25 an agreement entered into pursuant to section 2, including

1 provision for arbitration of issues relating to the dollar
 2 value of damages involving less than total loss or destruc-
 3 tion of such covered items.

4 “(b) CERTIFICATION.—In the case of a claim of loss
 5 or damage with respect to an item that is covered by an
 6 agreement entered into pursuant to section 2, the Council
 7 shall certify the validity of the claim and the amount of
 8 the loss to the Speaker of the House of Representatives
 9 and the President pro tempore of the Senate.

10 **“SEC. 7. REPORT.**

11 “The Council shall prepare, and submit at the end
 12 of each fiscal year to the appropriate committees of Con-
 13 gress, a report containing information on—

14 “(1) all claims paid pursuant to this Act during
 15 such year;

16 “(2) pending claims against the Council under
 17 this Act as of the end of such year; and

18 “(3) the aggregate face value of contracts en-
 19 tered into by the Council that are outstanding at the
 20 end of such year.

21 **“SEC. 8. ESTABLISHMENT OF THE FEDERAL COUNCIL ON**
 22 **THE ARTS AND THE HUMANITIES.**

23 “(a) ESTABLISHMENT.—

24 “(1) IN GENERAL.—There is established a Fed-
 25 eral Council on the Arts and the Humanities.

1 “(2) STATUS AS AN AGENCY.—For the purposes
 2 of this Act, the Council shall be an agency within
 3 the meaning of the appropriate definitions of such
 4 term in title 5, United States Code.

5 “(b) MEMBERSHIP.—

6 “(1) IN GENERAL.—The Council shall be com-
 7 posed of the Chairperson of the National Endow-
 8 ment for the Arts, the Chairperson of the National
 9 Endowment for the Humanities, the Director of the
 10 Institute of Museum and Library Services, the Sec-
 11 retary of Education, the Secretary of the Smithso-
 12 nian Institution, the Director of the National
 13 Science Foundation, the Librarian of Congress, the
 14 Director of the National Gallery of Art, the Chair-
 15 man of the Commission of Fine Arts, the Archivist
 16 of the United States, the Commissioner, Public
 17 Buildings Service, General Services Administration,
 18 the Assistant Secretary for Aging, a member des-
 19 ignated by the Secretary of State, and a member
 20 designated by the Secretary of the Interior, a mem-
 21 ber designated by the Chairman of the Senate Com-
 22 mission on Art and Antiquities, and a member des-
 23 ignated by the Speaker of the House of Representa-
 24 tives.

1 ~~“(2) DESIGNATION OF PRESIDING OFFICER.—~~

2 The President shall designate the presiding officer of
3 the Council from among the members.

4 ~~“(3) AUTHORITY TO CHANGE THE MEMBER-~~

5 ~~SHIP.—~~The President is authorized to change the
6 membership of the Council as the President deems
7 necessary to meet changes in Federal programs or
8 executive branch organization.

9 ~~“(c) FUNCTIONS.—~~

10 ~~“(1) IN GENERAL.—~~Except as provided in para-
11 graph (2), the Council shall—

12 ~~“(A) carry out the functions of the Council~~
13 described in sections 1 through 7;

14 ~~“(B) promote coordination between the~~
15 programs and activities of the National Foun-
16 dation on the Arts and Humanities and related
17 programs and activities of other Federal agen-
18 cies; and

19 ~~“(C) encourage an ongoing dialogue in~~
20 support of the arts and the humanities among
21 Federal agencies.

22 ~~“(2) RESTRICTIONS.—~~The following members
23 of the Council shall not carry out the functions de-
24 scribed in paragraph (1)(A):

1 “(A) The Secretary of the Smithsonian In-
2 stitution.

3 “(B) The Director of the National Gallery
4 of Art.

5 “(C) The member of the Council des-
6 ignated by the Chairman of the Senate Com-
7 mission on Art and Antiquities.

8 “(D) The member of the Council des-
9 ignated by the Speaker of the House of Rep-
10 resentatives.

11 “(3) LIMITATION ON USE OF EMPLOYEES.—No
12 employee (other than a member of the Council) of
13 the Council may carry out the activities described in
14 subparagraphs (B) and (C) of paragraph (1).

15 **“SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

16 ““There are authorized to be appropriated such sums
17 as may be necessary—

18 “(1) to enable the Council to carry out the
19 functions (except the functions described in subpara-
20 graphs (B) and (C) of section 8(e)(1)) of the Coun-
21 cil under this Act; and

22 “(2) to pay claims certified pursuant to section
23 6(b).”.

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Arts and Humanities*
 3 *Amendments of 1997”.*

4 **TITLE I—NATIONAL FOUNDA-**
 5 **TION ON THE ARTS AND THE**
 6 **HUMANITIES ACT OF 1965**

7 **SEC. 101. NATIONAL FOUNDATION ON THE ARTS AND THE**
 8 **HUMANITIES.**

9 *The National Foundation on the Arts and the Human-*
 10 *ities Act of 1965 (20 U.S.C. 951 et seq.) is amended to read*
 11 *as follows:*

12 **“SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

13 “(a) **SHORT TITLE.**—*This Act may be cited as the ‘Na-*
 14 *tional Foundation on the Arts and the Humanities Act of*
 15 *1965’.*

16 “(b) **TABLE OF CONTENTS.**—*The table of contents is*
 17 *as follows:*

 “Sec. 1. *Short title; table of contents.*

 “Sec. 2. *Purposes.*

 “Sec. 3. *Definitions.*

“TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE
 HUMANITIES

 “Sec. 101. *Establishment of the National Foundation on the Arts and the*
 Humanities.

 “Sec. 102. *General limitations on grants.*

 “Sec. 103. *Joint administration.*

 “Sec. 104. *Study on a true endowment.*

 “Sec. 105. *Donations, bequests, and devises.*

 “Sec. 106. *Authorization of appropriations.*

“TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

 “Sec. 201. *Definitions.*

 “Sec. 202. *Establishment of the National Endowment for the Arts.*

“Sec. 203. *Application procedures.*
 “Sec. 204. *Advisory panels.*
 “Sec. 205. *National Council on the Arts.*
 “Sec. 206. *Limitations on grants.*
 “Sec. 207. *Administrative provisions.*
 “Sec. 208. *Reports.*
 “Sec. 209. *Sanctions and payments.*
 “Sec. 210. *National Medal of Arts Awards.*

“TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

“Sec. 301. *Definitions.*
 “Sec. 302. *Establishment of the National Endowment for the Humanities.*
 “Sec. 303. *Application procedures.*
 “Sec. 304. *Review panels.*
 “Sec. 305. *National Council on the Humanities.*
 “Sec. 306. *Limitations on grants.*
 “Sec. 307. *Administrative provisions.*
 “Sec. 308. *Reports.*
 “Sec. 309. *Sanctions and payments.*
 “Sec. 310. *Awards.*

1 **“SEC. 2. PURPOSES.**

2 *“The purposes of this Act are—*

3 *“(1)(A) to ensure that the arts and the human-*
 4 *ities belong to all the people of the United States; and*

5 *“(B) to support the arts and the humanities,*
 6 *which are essential to social, cultural, and economic*
 7 *progress;*

8 *“(2) to encourage and support national progress*
 9 *and scholarship in the arts and the humanities, be-*
 10 *cause such encouragement and support, while pri-*
 11 *marily matters for private and local initiative, are*
 12 *also appropriate matters of concern for the Federal*
 13 *Government;*

14 *“(3) to ensure that the United States, as an ad-*
 15 *vanced civilization, does not limit its efforts to science*
 16 *and technology alone but gives full value and support*

1 *to the other great branches of scholarly and cultural*
 2 *activity in order to achieve a better understanding of*
 3 *the past, a better analysis of the present, and a better*
 4 *view of the future;*

5 *“(4) to further the advancement of the arts and*
 6 *the humanities and the access of all citizens of the*
 7 *United States to the arts and the humanities, in part-*
 8 *nership with local, State, regional, and private agen-*
 9 *cies, organizations, and individuals;*

10 *“(5) in furthering the advancement and access*
 11 *described in paragraph (4), to be sensitive to the na-*
 12 *ture of public support and the need to use public*
 13 *funding in a manner that recognizes the responsibil-*
 14 *ity of the Federal Government to the public good;*

15 *“(6) to ensure that public funds provided by the*
 16 *Federal Government ultimately serve the public pur-*
 17 *poses the Congress defines and are subject to the con-*
 18 *ditions that traditionally govern the use of public*
 19 *money;*

20 *“(7) to ensure that—*

21 *“(A) Federal support of the arts and the hu-*
 22 *manities reflects the high place accorded by the*
 23 *people of the United States to the Nation’s rich*
 24 *cultural heritage; and*

1 “(B) public funding of the arts and the hu-
2 manities contributes to public support for and
3 confidence in the use of taxpayer funds;

4 “(8)(A) to support the practice of art and the
5 study of the humanities, which require constant dedi-
6 cation and devotion; and

7 “(B) while recognizing that no government can
8 create a great artist or scholar, to help create and sus-
9 tain not only a climate encouraging freedom of
10 thought, imagination, and inquiry, but also the mate-
11 rial conditions facilitating the release of creative tal-
12 ent; and

13 “(9)(A) to ensure that United States students re-
14 ceive in school, background and preparation in the
15 arts and the humanities to enable the students to rec-
16 ognize and appreciate the aesthetic dimensions of
17 their lives, the cultural heritage of the United States,
18 and the full potential of artistic and scholarly expres-
19 sion; and

20 “(B) to increase access to the arts and the hu-
21 manities for all persons in the United States by—

22 “(i) encouraging and developing quality
23 education in the arts and the humanities at all
24 levels, in conjunction with programs of lifelong
25 learning in the arts and the humanities for all

1 *age groups and with formal systems of elemen-*
 2 *tary, secondary, and postsecondary education;*
 3 *and*

4 *“(ii) encouraging and facilitating the work*
 5 *of scholars, artists, arts institutions, and Fed-*
 6 *eral, State, regional, and local agencies in the*
 7 *area of education in the arts and the humanities.*

8 **“SEC. 3. DEFINITIONS.**

9 *“In this Act:*

10 *“(1) ARTS.—The term ‘arts’ includes—*

11 *“(A) dance, design, literature, media arts,*
 12 *music, theater, and visual arts;*

13 *“(B) folk and traditional arts practiced by*
 14 *the diverse peoples of the United States; and*

15 *“(C) the presentation, performance, execu-*
 16 *tion, exhibition, preservation, and study of the*
 17 *arts described in subparagraph (A) or (B), in-*
 18 *cluding the study of the arts through apprentice-*
 19 *ships, internships, and other career oriented*
 20 *work-study experiences for artists and art teach-*
 21 *ers, and residencies for artists at all educational*
 22 *levels.*

23 *“(2) CULTURAL HERITAGE.—The term ‘cultural*
 24 *heritage’ means the living legacy of creations, skills,*
 25 *and knowledge handed down from prior generations—*

1 “(A) *that embraces the traditional arts and*
 2 *ideas that are developed informally and that re-*
 3 *fect the heritage, tradition, and history of Amer-*
 4 *ican communities over the centuries; and*

5 “(B) *that continues to evolve as new groups*
 6 *contribute to the American experience.*

7 “(3) *GRANT.—The term ‘grant’ includes a loan,*
 8 *a contract, and a cooperative agreement.*

9 “(4) *GROUP.—The term ‘group’ includes any*
 10 *State or local arts agency, regional group, and any*
 11 *nonprofit organization or institution in the United*
 12 *States, whether or not incorporated.*

13 “(5) *HUMANITIES.—The term ‘humanities’ in-*
 14 *cludes—*

15 “(A) *the study and interpretation of—*

16 “(i) *language, both modern and classi-*
 17 *cal, linguistics, literature, history, jurispru-*
 18 *dence, philosophy, archaeology, comparative*
 19 *religion, and ethics;*

20 “(ii) *the history, criticism, and theory*
 21 *of the arts;*

22 “(iii) *folklore and folklife; and*

23 “(iv) *the aspects of the social sciences*
 24 *that have humanistic content and employ*
 25 *humanistic methods; and*

1 “(B) *the study and application of the hu-*
 2 *manities described in subparagraph (A) to the*
 3 *human environment with particular attention*
 4 *to—*

5 “(i) *reflecting the heritage, traditions,*
 6 *and history of the United States; and*

7 “(ii) *the relevance of the humanities*
 8 *described in subparagraph (A) to the condi-*
 9 *tions of national life.*

10 “(6) *PROGRAM INCOME.—*

11 “(A) *IN GENERAL.—The term ‘program in-*
 12 *come’ means any money that is earned or re-*
 13 *ceived, by a recipient of a grant made under title*
 14 *II or III, from an activity supported by the*
 15 *funds made available through the grant or from*
 16 *a product resulting from or related to an activ-*
 17 *ity carried out under the grant.*

18 “(B) *TYPES OF INCOME.—The term in-*
 19 *cludes—*

20 “(i) *income from a fee for service per-*
 21 *formed, or from the sale of an item created,*
 22 *under the grant;*

23 “(ii) *income from a licensing fee on a*
 24 *product related to an activity carried out*
 25 *under the grant;*

1 “(iii) a usage or rental fee for equip-
2 ment or property acquired under the grant;

3 “(iv) an admission fee for an activity
4 carried out under the grant;

5 “(v) income from a broadcast or dis-
6 tribution right for such an activity; and

7 “(vi) a royalty on a patent or copy-
8 right for such an activity.

9 “(7) *REGIONAL GROUP*.—The term ‘regional
10 group’ means any multistate group, whether or not
11 representative of contiguous States.

12 “(8) *STATE*.—The term ‘State’ includes, in addi-
13 tion to the several States of the United States, the
14 Commonwealth of Puerto Rico, the District of Colum-
15 bia, Guam, American Samoa, the Commonwealth of
16 the Northern Mariana Islands, and the United States
17 Virgin Islands.

18 “(9) *UNDERSERVED COMMUNITIES*.—The term
19 ‘underserved communities’ means those communities
20 that have historically been outside the purview of arts
21 and humanities programs.

1 **“TITLE I—NATIONAL FOUNDA-**
 2 **TION ON THE ARTS AND THE**
 3 **HUMANITIES**

4 **“SEC. 101. ESTABLISHMENT OF THE NATIONAL FOUNDA-**
 5 **TION ON THE ARTS AND THE HUMANITIES.**

6 “(a) *ESTABLISHMENT.*—There is established a Na-
 7 tional Foundation on the Arts and the Humanities (referred
 8 to in this Act as the ‘Foundation’), which shall be composed
 9 of a National Endowment for the Arts, a National Endow-
 10 ment for the Humanities (each of which may be referred
 11 to in this title as an ‘Endowment’), and an Institute of
 12 Museum and Library Services.

13 “(b) *PURPOSE.*—The purpose of the Foundation shall
 14 be to develop and promote a national policy of support for
 15 the arts and the humanities in the United States.

16 “(c) *LIMITATION.*—In the administration of this Act
 17 no department, agency, officer, or employee of the United
 18 States shall exercise any direction, supervision, or control
 19 over the policy determination, personnel, curriculum, ad-
 20 ministration, or operation, of any school or other non-Fed-
 21 eral agency, institution, organization, or association.

22 **“SEC. 102. GENERAL LIMITATIONS ON GRANTS.**

23 “None of the grants awarded under this Act shall be
 24 used for the purposes of lobbying or for providing general
 25 membership services for groups.

1 **“SEC. 103. JOINT ADMINISTRATION.**

2 “(a) *INSPECTOR GENERAL.*—*There shall be in the*
 3 *Foundation a single Office of the Inspector General for the*
 4 *National Endowment for the Arts and the National Endow-*
 5 *ment for the Humanities. The Office shall be headed by 1*
 6 *Inspector General appointed in accordance with the Inspec-*
 7 *tor General Act of 1978 (5 U.S.C. App.). The Inspector Gen-*
 8 *eral shall carry out the duties prescribed in such Act, in-*
 9 *cluding conducting appropriate reviews to ensure that re-*
 10 *cipients of grants under titles II and III comply with the*
 11 *applicable regulations and procedures established under this*
 12 *Act, including regulations relating to accounting and fi-*
 13 *nancial matters.*

14 “(b) *REPORTING.*—*The Inspector General for the Na-*
 15 *tional Endowment for the Arts and the National Endow-*
 16 *ment for the Humanities shall report—*

17 “(1) *to the Chairperson of the National Endow-*
 18 *ment for the Arts with respect to matters relating to*
 19 *the National Endowment for the Arts; and*

20 “(2) *to the Chairperson of the National Endow-*
 21 *ment for the Humanities with respect to matters re-*
 22 *lating to the National Endowment for the Human-*
 23 *ities.*

24 “(c) *OTHER FUNCTIONS.*—*The Chairperson of the Na-*
 25 *tional Endowment for the Arts and Chairperson of the Na-*
 26 *tional Endowment for the Humanities shall ensure non-*

1 *duplication of administrative functions, such as provision*
 2 *of facilities and space, records management, contracting,*
 3 *procurement, printing, and provision of mail and library*
 4 *services. The Chairpersons shall enter into an interagency*
 5 *agreement to jointly carry out the functions with the mini-*
 6 *mum necessary expense.*

7 “(d) *REPORT.*—Not later than 60 days after the date
 8 *of enactment of the Arts and Humanities Amendments of*
 9 *1997, the Chairperson of the National Endowment for the*
 10 *Arts and the Chairperson of the National Endowment for*
 11 *the Humanities shall jointly prepare and submit to the ap-*
 12 *propriate committees of Congress a report containing a*
 13 *plan that describes the manner in which the Chairpersons*
 14 *will jointly carry out the functions described in subsection*
 15 *(c). Not later than 180 days after such date of enactment,*
 16 *the Chairpersons shall implement the plan.*

17 **“SEC. 104. STUDY ON A TRUE ENDOWMENT.**

18 “(a) *IN GENERAL.*—The Chairperson of the National
 19 *Endowment for the Arts and the Chairperson of the Na-*
 20 *tional Endowment for the Humanities, in consultation with*
 21 *persons with expertise in the arts, humanities, business,*
 22 *charitable giving, and copyright industries, and other ap-*
 23 *propriate Federal agencies, shall jointly conduct, or con-*
 24 *tract for, a study on the feasibility of establishing a true*
 25 *endowment for the National Endowment for the Arts and*

1 *the National Endowment for the Humanities in order to*
 2 *provide supplemental funding to support the efforts of the*
 3 *National Endowment for the Arts and the National Endow-*
 4 *ment for the Humanities, respectively.*

5 “(b) *SCOPE OF STUDY.*—*The study described in sub-*
 6 *section (a) shall examine innovative methods through which*
 7 *a true endowment may be funded, including such methods*
 8 *as private fundraising, an extension of a copyright term,*
 9 *recapture of funds from past grants of the National Endow-*
 10 *ment for the Arts and the National Endowment for the Hu-*
 11 *manities that have proven profitable, or any other innova-*
 12 *tive methods the Chairpersons determine appropriate.*

13 “(c) *REPORT.*—*Not later than 1 year after the date*
 14 *on which funding is made available under this Act to con-*
 15 *duct the study described in subsection (a), the Chairperson*
 16 *of the National Endowment for the Arts and the Chair-*
 17 *person of the National Endowment for the Humanities shall*
 18 *jointly prepare and submit to the appropriate committees*
 19 *of Congress a report containing recommendations on the in-*
 20 *novative methods through which the true endowment may*
 21 *be funded to support efforts described in subsection (a).*

22 **“SEC. 105. DONATIONS, BEQUESTS, AND DEVISES.**

23 “(a) *DONATIONS, BEQUESTS, AND DEVISES TO THE*
 24 *FOUNDATION WITHOUT DESIGNATION.*—

1 “(1) *IN GENERAL.*—*In any case in which any*
 2 *money or other property is donated, bequeathed, or*
 3 *devised to the Foundation without designation of the*
 4 *Endowment for the benefit of which the money or*
 5 *property is intended, each Chairperson of an Endow-*
 6 *ment shall have authority to receive such money or*
 7 *property.*

8 “(2) *UNRESTRICTED DONATIONS, BEQUESTS, AND*
 9 *DEVISES.*—*Except as provided in paragraph (3), un-*
 10 *less the Chairpersons of the Endowments agree other-*
 11 *wise, the money or property described in paragraph*
 12 *(1) shall be deemed to have been donated, bequeathed,*
 13 *or devised in equal shares to each Endowment.*

14 “(3) *RESTRICTED DONATIONS, BEQUESTS, AND*
 15 *DEVISES.*—*In any case in which any money or prop-*
 16 *erty is donated, bequeathed, or devised to the Founda-*
 17 *tion with a condition or restriction, such money or*
 18 *property shall be deemed to have been donated, be-*
 19 *queathed, or devised to the Endowment whose func-*
 20 *tion it is to carry out the purposes of the condition*
 21 *or restriction.*

22 “(b) *DONATIONS, BEQUESTS, AND DEVISES TO THE*
 23 *ENDOWMENTS.*—

24 “(1) *CHAIRPERSON OF THE NATIONAL ENDOW-*
 25 *MENTS FOR THE ARTS.*—

1 “(A) *IN GENERAL.*—*The Chairperson of the*
 2 *National Endowment for the Arts (referred to in*
 3 *this paragraph as the ‘Chairperson’), in carry-*
 4 *ing out the functions of the Chairperson, shall*
 5 *have authority—*

6 “(i) *to solicit, accept, receive, invest,*
 7 *and use money and other property donated,*
 8 *bequeathed, or devised to the Endowment,*
 9 *either absolutely or in trust, with or with-*
 10 *out a condition or restriction, including a*
 11 *condition that the Chairperson use other*
 12 *funds of the Endowment for the purposes of*
 13 *the donation, bequest, or devise; and*

14 “(ii) *to sell or otherwise dispose of such*
 15 *property,*
 16 *to carry out the activities of the Endowment*
 17 *under title II.*

18 “(B) *PROCEEDS.*—

19 “(i) *RECEIPT OF PROCEEDS.*—*Any*
 20 *proceeds from a donation, bequest, or devise*
 21 *under subparagraph (A) shall be paid by*
 22 *the donor or the representative of the donor*
 23 *to the Chairperson. Any proceeds from any*
 24 *sale or disposition of property under sub-*

1 paragraph (A) shall be retained by the
2 Chairperson.

3 “(ii) *INVESTMENT OF PROCEEDS.*—The
4 Chairperson shall invest the proceeds de-
5 scribed in clause (i) that are not required to
6 carry out subsection (c) and section 210.
7 Such investments shall be made only in in-
8 terest-bearing accounts to the credit of the
9 National Endowment for the Arts, of which
10 only 50 percent of the accumulated interest
11 may be used for the purposes of carrying
12 out the activities of the Endowment under
13 title II.

14 “(C) Notwithstanding subparagraphs (A)
15 and (B)(ii), any money and other property do-
16 nated, bequeathed, or devised under subpara-
17 graph (A)(i) with a condition or restriction shall
18 be used, expended, or invested subject to such
19 condition or restriction.

20 “(2) *CHAIRPERSON OF THE NATIONAL ENDOW-*
21 *MENTS FOR THE HUMANITIES.*—

22 “(A) *IN GENERAL.*—The Chairperson of the
23 National Endowment for the Humanities (re-
24 ferred to in this paragraph as the ‘Chairperson’),

1 *in carrying out the functions of the Chairperson,*
 2 *shall have authority—*

3 “(i) *to solicit, accept, receive, invest,*
 4 *and use money and other property donated,*
 5 *bequeathed, or devised to the Endowment,*
 6 *either absolutely or in trust, with or with-*
 7 *out a condition or restriction, including a*
 8 *condition that the Chairperson use other*
 9 *funds of the Endowment for the purposes of*
 10 *the donation, bequest, or devise; and*

11 “(ii) *to sell or otherwise dispose of such*
 12 *property,*

13 *for purposes of carrying out the activities of the*
 14 *Endowment under title III.*

15 “(B) *PROCEEDS.—*

16 “(i) *RECEIPT OF PROCEEDS.—Any*
 17 *proceeds from a donation, bequest, or devise*
 18 *under subparagraph (A) shall be paid by*
 19 *the donor or the representative of the donor*
 20 *to the Chairperson. Any proceeds from any*
 21 *sale or disposition of property under sub-*
 22 *paragraph (A) shall be retained by the*
 23 *Chairperson.*

24 “(ii) *INVESTMENT OF PROCEEDS.—The*
 25 *Chairperson shall invest the proceeds de-*

scribed in clause (i) that are not required to carry out subsection (c) and section 310(a). Such investments shall be made only in interest-bearing accounts to the credit of the National Endowment for the Humanities, of which only 50 percent of the accumulated interest may be used for the purposes of carrying out the activities of the Endowment under title III.

“(C) Notwithstanding subparagraphs (A) and (B)(ii), any money and other property donated, bequeathed, or devised under subparagraph (A)(i) with a condition or restriction shall be used, expended, or invested subject to such condition or restriction.

“(c) *USE OF DONATIONS, BEQUESTS, AND DEVISES FOR CERTAIN ADMINISTRATIVE EXPENSES.*—

“(1) *IN GENERAL.*—The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall each use from the amounts received under subsection (b)—

“(A) not more than \$100,000 for fiscal year 1998 for official reception and representation expenses; and

1 “(B) not more than \$50,000 for each subse-
2 quent fiscal year for such expenses.

3 “(2) *EXCEPTION.*—The requirement of para-
4 graph (1) shall not apply to expenses associated with
5 the award established under section 310(a).

6 “(d) *TAX LAWS.*—For the purposes of the income tax,
7 gift tax, and estate tax laws of the United States, any
8 money or other property donated, bequeathed, or devised to
9 the Foundation or one of the Endowments and received by
10 the Chairperson of an Endowment pursuant to this section
11 shall be deemed to have been donated, bequeathed, or devised
12 to or for the use of the United States.

13 **“SEC. 106. AUTHORIZATION OF APPROPRIATIONS.**

14 “(a) *NATIONAL ENDOWMENT FOR THE ARTS.*—

15 “(1) *IN GENERAL.*—

16 “(A) *TOTAL AUTHORIZATION.*—There are
17 authorized to be appropriated to carry out the
18 activities of the National Endowment for the
19 Arts under this Act \$105,000,000 for fiscal year
20 1998, and such sums as are necessary for the fis-
21 cal years 1999 through 2002.

22 “(B) *RESERVATION FOR ADMINISTRA-*
23 *TION.*—Of the amount appropriated for a fiscal
24 year under subparagraph (A), there shall be re-

served amounts sufficient to carry out subsection (c)(1).

“(C) *SPECIAL RESERVATION FOR ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.*—In a fiscal year in which the aggregate amount appropriated under subparagraph (A) exceeds \$99,494,000, the amount that exceeds such aggregate amount shall be reserved for making grants under section 202(f) to carry out activities described in subsection (f)(2)(B) of such section.

“(D) *RESERVATION FOR PARTNERSHIP GRANTS.*—40 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(c).

“(E) *RESERVATION FOR NATIONAL SIGNIFICANCE GRANTS.*—40 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(d).

“(F) *RESERVATION FOR DIRECT GRANTS.*—10 percent of the amount appropriated for a fis-

1 *cal year under subparagraph (A) and remaining*
 2 *after amounts are reserved under subparagraphs*
 3 *(B) and (C) shall be reserved for making grants*
 4 *under section 202(e).*

5 *“(G) RESERVATION FOR ARTS EDUCATION*
 6 *AND UNDERSERVED COMMUNITIES GRANTS.—10*
 7 *percent of the amount appropriated for a fiscal*
 8 *year under subparagraph (A) and remaining*
 9 *after amounts are reserved under subparagraphs*
 10 *(B) and (C) shall be reserved for making grants*
 11 *under section 202(f).*

12 *“(2) SUMS REMAINING AVAILABLE.—Sums ap-*
 13 *propriated pursuant to paragraph (1) for any fiscal*
 14 *year shall remain available for obligation until ex-*
 15 *pended.*

16 *“(b) NATIONAL ENDOWMENT FOR THE HUMANITIES.—*

17 *“(1) IN GENERAL.—*

18 *“(A) TOTAL AUTHORIZATION.—There are*
 19 *authorized to be appropriated to carry out the*
 20 *activities of the National Endowment for the*
 21 *Humanities under this Act \$175,000,000 for fis-*
 22 *cal year 1998, and such sums as are necessary*
 23 *for fiscal years 1999 through 2002.*

1 “(B) RESERVATION FOR ADMINISTRA-
2 TION.—There shall be reserved amounts sufficient
3 to carry out subsection (c)(2).

4 “(C) RESERVATION FOR PARTNERSHIP
5 GRANTS.—30 percent of the amount appro-
6 priated for a fiscal year under subparagraph (A)
7 and remaining after amounts are reserved under
8 subparagraph (B) shall be reserved for making
9 grants under section 302(c). Of the amount re-
10 served under this subparagraph, 5 percent of
11 such amount shall be made available for activi-
12 ties relating to elementary and secondary edu-
13 cation in the humanities.

14 “(D) RESERVATION FOR NATIONAL
15 GRANTS.—35 percent of the amount appro-
16 priated for a fiscal year under subparagraph (A)
17 and remaining after amounts are reserved under
18 subparagraph (B) shall be reserved for making
19 grants under section 302(d).

20 “(E) RESERVATION FOR RESEARCH AND
21 SCHOLARSHIP GRANTS.—35 percent of the
22 amount appropriated for a fiscal year under
23 subparagraph (A) and remaining after amounts
24 are reserved under subparagraph (B) shall be re-
25 served for making grants under section 302(e).

1 “(2) *SUMS REMAINING AVAILABLE.*—Sums ap-
 2 propriated pursuant to paragraph (1) for any fiscal
 3 year shall remain available for obligation until ex-
 4 pended.

5 “(c) *ADMINISTRATION.*—

6 “(1) *NATIONAL ENDOWMENT FOR THE ARTS.*—

7 “(A) *FISCAL YEAR 1998.*—17 percent of the
 8 amount appropriated for fiscal year 1998 under
 9 subsection (a)(1)(A) may be made available for
 10 the costs of administering title II, or any other
 11 program for which the Chairperson of the Na-
 12 tional Endowment for the Arts is responsible.

13 “(B) *FISCAL YEARS 1999 THROUGH 2002.*—
 14 12 percent of the amount appropriated for each
 15 of the fiscal years 1999 through 2002 under sub-
 16 section (a)(1)(A) may be made available for the
 17 costs of administering title II, or any other pro-
 18 gram for which the Chairperson of the National
 19 Endowment for the Arts is responsible.

20 “(C) *FUNDS FOR THE PRESIDENT’S COM-*
 21 *MITTEE ON THE ARTS.*—Of the amount made
 22 available under this paragraph for a fiscal year,
 23 not more than \$100,000 shall be made available
 24 for the President’s Committee on the Arts and
 25 the Humanities, none of which may be used to

1 *reimburse members of the Committee for travel*
 2 *and related expenses.*

3 “(2) *NATIONAL ENDOWMENT FOR THE HUMAN-*
 4 *ITIES.—*

5 “(A) *FISCAL YEAR 1998.—17 percent of the*
 6 *amount appropriated for fiscal year 1998 under*
 7 *subsection (b)(1)(A) may be made available for*
 8 *the costs of administering title III, or any other*
 9 *program for which the Chairperson of the Na-*
 10 *tional Endowment for the Humanities is respon-*
 11 *sible.*

12 “(B) *FISCAL YEARS 1999 THROUGH 2002.—*
 13 *12 percent of the amount appropriated for each*
 14 *of the fiscal years 1999 through 2002 under sub-*
 15 *section (b)(1)(A) may be made available for the*
 16 *costs of administering title III, or any other pro-*
 17 *gram for which the Chairperson of the National*
 18 *Endowment for the Humanities is responsible.*

19 “(C) *FUNDS FOR THE PRESIDENT’S COM-*
 20 *MITTEE ON THE ARTS.—Of the amount made*
 21 *available under this paragraph for a fiscal year,*
 22 *not more than \$100,000 shall be made available*
 23 *for the President’s Committee on the Arts and*
 24 *the Humanities, none of which may be used to*

1 *reimburse members of the Committee for travel*
 2 *and related expenses.*

3 **“TITLE II—NATIONAL**
 4 **ENDOWMENT FOR THE ARTS**

5 **“SEC. 201. DEFINITIONS.**

6 *“In this title:*

7 *“(1) DEVELOPING ARTS ORGANIZATION.—The*
 8 *term ‘developing arts organization’ means a local arts*
 9 *organization of high artistic promise that—*

10 *“(A) serves as an important source of local*
 11 *arts programming in a community; and*

12 *“(B) has the potential to broaden public ac-*
 13 *cess to the arts in rural and urban underserved*
 14 *communities.*

15 *“(2) FINAL JUDGMENT.—The term ‘final judg-*
 16 *ment’ means a judgment that is either—*

17 *“(A) not reviewed by any other court that*
 18 *has authority to review such judgment; or*

19 *“(B) is not reviewable by any other court.*

20 *“(3) LOCAL ARTS AGENCY.—The term ‘local arts*
 21 *agency’ means a community organization, or an*
 22 *agency of local government, that primarily provides*
 23 *financial support, services, or other programs for art-*
 24 *ists and arts organizations, for the benefit of the com-*
 25 *munity as a whole.*

1 “(4) *OBSCENE; DETERMINED TO BE OBSCENE.*—

2 “(A) *OBSCENE.*—*The term ‘obscene’ means,*
 3 *with respect to a project, production, or work-*
 4 *shop, that—*

5 “(i) *the average person, applying con-*
 6 *temporary community standards, would*
 7 *find that such project, production, or work-*
 8 *shop, when taken as a whole, appeals to the*
 9 *prurient interest;*

10 “(ii) *such project, production, or work-*
 11 *shop depicts or describes sexual conduct in*
 12 *a patently offensive way; and*

13 “(iii) *such project, production, or*
 14 *workshop, when taken as a whole, lacks seri-*
 15 *ous literary, artistic, political, or scientific*
 16 *value.*

17 “(B) *DETERMINED TO BE OBSCENE.*—*The*
 18 *term ‘determined to be obscene’ means deter-*
 19 *mined, in a final judgment of a court of record*
 20 *and of competent jurisdiction in the United*
 21 *States, to be obscene.*

22 “(5) *PRODUCTION.*—*The term ‘production’*
 23 *means any activity involving the execution or ren-*
 24 *dition of the arts and meeting such standards as may*
 25 *be approved by the Chairperson of the Endowment.*

1 “(6) *PROJECT*.—

2 “(A) *IN GENERAL*.—*The term ‘project’*
 3 *means a program organized to carry out the ob-*
 4 *jectives of this Act, including a program to foster*
 5 *United States artistic creativity, to commission*
 6 *a work of art, or to develop and enhance the*
 7 *widest public access, knowledge, and understand-*
 8 *ing of the arts, and includes, where appropriate,*
 9 *rental or purchase of a facility, rental or pur-*
 10 *chase of land, and acquisition of equipment.*

11 “(B) *RENOVATION OR CONSTRUCTION*.—
 12 *Such term also includes—*

13 “(i) *the renovation of a facility if—*

14 “(I) *the amount of the expendi-*
 15 *ture of Federal funds for such purpose*
 16 *in the case of any facility does not ex-*
 17 *ceed \$250,000; and*

18 “(II) *two-thirds of the members of*
 19 *the National Council on the Arts (who*
 20 *are present and voting) recommend a*
 21 *grant involving an expenditure for*
 22 *such purpose; and*

23 “(ii) *with respect to a grant under sec-*
 24 *tion 202(d), the construction of a facility,*
 25 *if—*

1 “(I) *such construction is for dem-*
 2 *onstratation purposes or under unusual*
 3 *circumstances in which there is no*
 4 *other manner by which to accomplish*
 5 *an artistic purpose; and*

6 “(II) *two-thirds of the members of*
 7 *the National Council on the Arts (who*
 8 *are present and voting) recommend a*
 9 *grant involving an expenditure for*
 10 *such purpose.*

11 “(7) *WORKSHOP.—The term ‘workshop’ means a*
 12 *program the primary purpose of which is to encour-*
 13 *age the artistic development or enjoyment of amateur,*
 14 *student, or other participants.*

15 **“SEC. 202. ESTABLISHMENT OF THE NATIONAL ENDOW-**
 16 **MENT FOR THE ARTS.**

17 “(a) *ESTABLISHMENT.—There is established within*
 18 *the Foundation a National Endowment for the Arts (re-*
 19 *ferred to in this title as the ‘Endowment’).*

20 “(b) *CHAIRPERSON.—*

21 “(1) *APPOINTMENT.—The Endowment shall be*
 22 *headed by a chairperson, to be known as the Chair-*
 23 *person of the Endowment (referred to in this title as*
 24 *the ‘Chairperson’), who shall be appointed by the*

1 *President, by and with the advice and consent of the*
 2 *Senate.*

3 “(2) *TERM.*—

4 “(A) *IN GENERAL.*—*The term of office of the*
 5 *Chairperson shall be 4 years, except that any*
 6 *Chairperson appointed to fill a vacancy shall*
 7 *serve for the remainder of the term for which the*
 8 *predecessor of the Chairperson was appointed.*
 9 *Notwithstanding any other provision of this sub-*
 10 *paragraph, on the expiration of the term of office*
 11 *of the Chairperson, the Chairperson shall serve*
 12 *until the successor to the Chairperson is ap-*
 13 *pointed and has qualified.*

14 “(B) *REAPPOINTMENT.*—*The Chairperson*
 15 *shall be eligible for reappointment.*

16 “(c) *PARTNERSHIP GRANTS.*—

17 “(1) *PURPOSE.*—*The purpose of this subsection*
 18 *is to make grants to States and regional groups to*
 19 *support arts activities, with preference to arts edu-*
 20 *cation and projects that reach rural and urban un-*
 21 *derserved communities.*

22 “(2) *GRANTS TO STATES.*—

23 “(A) *AUTHORITY.*—*Using the funds reserved*
 24 *under section 106(a)(1)(D), the Chairperson, act-*
 25 *ing on the recommendation of the National*

1 *Council on the Arts, shall establish and carry*
2 *out a program of basic State grants to assist*
3 *States—*

4 “(i)(I) *in supporting projects, produc-*
5 *tions, or workshops that meet the standard*
6 *of artistic excellence and artistic merit and*
7 *that fulfill the purposes of this Act; and*

8 “(II) *in developing projects, produc-*
9 *tions, or workshops that will furnish pro-*
10 *grams, facilities, and services in the arts to*
11 *people and communities in each of the*
12 *States; and*

13 “(ii) *in carrying out activities that—*

14 “(I) *stimulate artistic activity*
15 *and awareness, and broaden public ac-*
16 *cess to the arts, in rural and urban*
17 *underserved communities;*

18 “(II) *enhance the artistic capa-*
19 *bilities of developing arts organizations*
20 *through artistic, programmatic, and*
21 *staff development; or*

22 “(III) *provide technical assistance*
23 *to developing arts organizations to im-*
24 *prove managerial and organizational*

1 *skills, financial systems management,*
2 *and long-range fiscal planning.*

3 “(B) *APPLICATION.*—*In order to receive a*
4 *grant under this paragraph for any fiscal year,*
5 *a State shall submit an application described in*
6 *section 203 for such grant at such time and in*
7 *such manner as shall be specified by the Chair-*
8 *person and accompany such application with a*
9 *State plan that the Chairperson finds—*

10 “(i) *designates or provides for the es-*
11 *tablishment of a State agency (referred to in*
12 *this section as the ‘State agency’)* *as the sole*
13 *agency for the administration of the State*
14 *plan;*

15 “(ii) *provides that funds paid to the*
16 *State under this paragraph will be ex-*
17 *pended solely on projects, productions, or*
18 *workshops described in subparagraph (A)*
19 *and approved by the State agency;*

20 “(iii) *provides that the State agency*
21 *will make such reports, in such manner and*
22 *containing such information, as the Chair-*
23 *person may from time to time require, in-*
24 *cluding a description of the progress made*

1 *toward achieving the objectives of the State*
2 *plan;*

3 “(iv) provides—

4 “(I) *an assurance that the State*
5 *agency has held, after reasonable no-*
6 *tice, public meetings in the State to*
7 *allow the public, interested groups, and*
8 *groups of artists to present views and*
9 *make recommendations regarding the*
10 *State plan; and*

11 “(II) *a summary of such rec-*
12 *ommendations and the response of the*
13 *State agency to such recommendations;*
14 *and*

15 “(v) contains—

16 “(I) *for the most recent preceding*
17 *year for which information is avail-*
18 *able, a description of the level of par-*
19 *ticipation by artists, artists’ organiza-*
20 *tions, and arts groups in projects, pro-*
21 *ductions, or workshops supported by*
22 *funding from the State agency under*
23 *this paragraph, and a description of*
24 *the extent to which projects, produc-*
25 *tions, or workshops supported by fund-*

1 *ing from the State agency under this*
 2 *paragraph were available to all people*
 3 *and communities in the State, espe-*
 4 *cially underserved communities; and*

5 *“(II) a description of projects,*
 6 *productions, or workshops supported*
 7 *by funding from the State agency*
 8 *under this paragraph that exist or are*
 9 *being developed to address the avail-*
 10 *ability of the arts to all people or com-*
 11 *munities described in subclause (I) or*
 12 *to secure wider participation of artists*
 13 *and arts organizations described in*
 14 *subclause (I).*

15 *“(C) APPROVAL.—The Chairperson may not*
 16 *approve an application described in subpara-*
 17 *graph (B) unless the accompanying State plan*
 18 *satisfies the requirements specified in subpara-*
 19 *graph (B).*

20 *“(D) ALLOTMENTS.—*

21 *“(i) IN GENERAL.—Of the sums avail-*
 22 *able to carry out this paragraph for any*
 23 *fiscal year, each State that has an applica-*
 24 *tion approved by the Chairperson shall be*

1 allotted at least \$200,000, or 1 percent of
2 such sums, whichever is greater.

3 “(ii) *INSUFFICIENT FUNDS.*—If the
4 sums available to carry out this paragraph
5 for any fiscal year are insufficient to make
6 the allotments under clause (i) in full, such
7 sums shall be allotted so that each such
8 State receives an equal amount.

9 “(iii) *EXCESS FUNDS.*—In any case in
10 which the sums available to carry out this
11 paragraph for any fiscal year are in excess
12 of the amount required to make the allot-
13 ments under clause (i)—

14 “(I) the amount of such excess
15 that is not greater than 25 percent of
16 the sums available to carry out this
17 paragraph for such fiscal year shall be
18 available to the Chairperson for mak-
19 ing grants under this paragraph to
20 States and, in accordance with sub-
21 paragraph (H), regional groups; and

22 “(II) the amount of such excess for
23 such fiscal year, if any, that remains
24 after reserving in full for the Chair-
25 person the amount required under sub-

1 *clause (I) shall be allotted so that each*
2 *State that has an application ap-*
3 *proved by the Chair receives an equal*
4 *amount;*

5 *but in no event shall any State be allotted*
6 *under this paragraph less than \$200,000 or*
7 *1 percent of the sums available to carry out*
8 *this paragraph, whichever is greater.*

9 “(E) *FEDERAL SHARE.*—

10 “(i) *IN GENERAL.*—*Funding provided*
11 *through a grant made under this paragraph*
12 *to a State for any fiscal year shall be avail-*
13 *able to each State that has an application*
14 *approved by the Chairperson, and has the*
15 *State plan accompanying the application*
16 *in effect on the first day of such fiscal year,*
17 *to pay not more than 50 percent of the total*
18 *cost of carrying out any activity described*
19 *in subparagraph (A).*

20 “(ii) *EXCESS PORTION.*—*Except as*
21 *provided in clause (iii), the portion of the*
22 *funding provided through any grant made*
23 *under subparagraph (D)(i) to a State for*
24 *any fiscal year that exceeds \$125,000 shall*
25 *be available, at the discretion of the Chair-*

1 *person, to pay not more than 100 percent of*
2 *such cost of carrying out an activity under*
3 *this paragraph if such activity would be*
4 *unavailable to the residents of the State*
5 *without such portion.*

6 “(iii) *PERCENTAGE OF GRANT*
7 *FUNDS.—The portion of the funding de-*
8 *scribed in clause (ii) for any fiscal year*
9 *that is available to pay not more than 100*
10 *percent of such cost, as described in clause*
11 *(ii), shall not exceed 20 percent of the total*
12 *funding provided through such grant for*
13 *such fiscal year.*

14 “(F) *PROHIBITION ON SUPPLANTING NON-*
15 *FEDERAL FUNDS.—Funds made available under*
16 *this paragraph shall be used to supplement, and*
17 *shall not supplant, non-Federal funds expended*
18 *for supporting activities described in subpara-*
19 *graph (A).*

20 “(G) *UNOBLIGATED FUNDS.—Any amount*
21 *allotted to a State under subparagraph (D)(i) for*
22 *any fiscal year that is not obligated by the State*
23 *earlier than 60 days prior to the end of the fiscal*
24 *year for which the amount is appropriated shall*

1 *be available for making grants to regional*
 2 *groups.*

3 “(H) *SPECIAL RULE.*—*The provisions of*
 4 *this paragraph (other than subparagraph (D))*
 5 *shall apply to regional groups receiving grants*
 6 *under this paragraph in such manner, and to*
 7 *such extent, as the Chairperson shall by regula-*
 8 *tion prescribe.*

9 “(I) *DEFINITION.*—*In subparagraph*
 10 *(D)(iii)(II) and notwithstanding section 3(8),*
 11 *the term ‘State’ includes, in addition to the sev-*
 12 *eral States of the United States, only the juris-*
 13 *dictions specified in such section that have a*
 14 *population of 200,000 or more, according to the*
 15 *latest decennial census.*

16 “(d) *NATIONAL SIGNIFICANCE GRANTS.*—

17 “(1) *PURPOSE.*—*The purpose of this subsection*
 18 *is to make grants to groups of demonstrated and sub-*
 19 *stantial artistic and cultural importance for projects,*
 20 *productions, and workshops that will increase the ac-*
 21 *cess of all the people of the United States, especially*
 22 *underserved communities, to the best of the arts and*
 23 *culture of the United States.*

24 “(2) *IN GENERAL.*—*Using funds reserved under*
 25 *section 106(a)(1)(E), the Chairperson, acting on the*

1 *recommendation of the National Council on the Arts,*
 2 *may establish and carry out a program of grants to*
 3 *groups who meet the standard of artistic excellence*
 4 *and artistic merit and who are engaged in or con-*
 5 *cerned with the arts, for the purpose of paying for*
 6 *the Federal share of the cost of—*

7 “(A) *enabling the groups to provide or sup-*
 8 *port projects, productions, or workshops de-*
 9 *scribed in paragraph (3) that will have a na-*
 10 *tional, regional, or otherwise substantial artistic*
 11 *or cultural impact;*

12 “(B) *providing administrative and manage-*
 13 *ment improvements for the groups, particularly*
 14 *in the field of long-range financial planning, in-*
 15 *cluding increasing levels of community support*
 16 *and the range of contributors to the programs of*
 17 *such groups; or*

18 “(C) *enabling the groups to provide or sup-*
 19 *port projects, productions, or workshops that will*
 20 *serve as models for arts education.*

21 “(3) *PROJECTS, PRODUCTIONS, AND WORK-*
 22 *SHOPS.—*

23 “(A) *REQUIRED ELEMENTS.—Each such*
 24 *project, production, or workshop shall—*

1 “(i) *have substantial national or re-*
 2 *gional cultural significance, and encourage*
 3 *professional excellence; or*

4 “(ii)(I) *have significant merit; and*

5 “(II) *be a project, production, or work-*
 6 *shop that, if such a group did not receive a*
 7 *grant, might otherwise be unavailable to*
 8 *citizens for geographic or economic reasons.*

9 “(B) *PERMISSIBLE ELEMENTS.—Each such*
 10 *project, production, or workshop may—*

11 “(i) *encourage access to, education in,*
 12 *and knowledge, understanding, enjoyment,*
 13 *and appreciation of, the arts by the public;*

14 “(ii) *enhance managerial and organi-*
 15 *zational skills and capabilities;*

16 “(iii) *use technology to broaden public*
 17 *access to the arts;*

18 “(iv) *expand access to the arts for in-*
 19 *dividuals with disabilities; or*

20 “(v) *promote access to the arts for mi-*
 21 *nority or underserved populations.*

22 “(4) *FEDERAL SHARE REQUIREMENT.—*

23 “(A) *IN GENERAL.—Except as provided in*
 24 *subparagraphs (B) and (C), in the case of any*
 25 *grant made under this subsection, the Federal*

1 *share described in paragraph (2) shall be 25 per-*
2 *cent.*

3 “(B) *CERTAIN GROUPS.—In the case of any*
4 *grant made under this subsection to a group*
5 *with an annual budget in excess of \$3,000,000,*
6 *the Federal share described in paragraph (2)*
7 *shall be 16.67 percent.*

8 “(C) *ADJUSTMENTS.—The Chairperson may*
9 *increase the Federal share applicable under this*
10 *subsection for a designated grant recipient, with*
11 *review and approval by the National Council on*
12 *the Arts. The Chairperson shall not increase the*
13 *Federal share above 50 percent for the recipient.*
14 *Not more than 10 percent of the funds made*
15 *available by the Endowment for grants under*
16 *this subsection for any fiscal year may be avail-*
17 *able for grants for the fiscal year for which the*
18 *Chairperson increases the applicable Federal*
19 *share.*

20 “(5) *PRIORITY.—In awarding grants under this*
21 *subsection, the Chairperson shall give priority to*
22 *projects, productions, and workshops that increase the*
23 *access of the public of the United States, especially*
24 *underserved communities, to culture and the arts, in-*
25 *cluding access by touring, by regional or national dis-*

1 *semination, or by geographic dispersion, and to arts*
2 *education.*

3 “(e) *DIRECT GRANTS.*—

4 “(1) *PURPOSE.*—*The purpose of this subsection*
5 *is to make grants to groups, and individuals, that are*
6 *broadly representative of the cultural heritage of the*
7 *United States and broadly geographically representa-*
8 *tive, for projects, productions, and workshops of the*
9 *highest artistic excellence and artistic merit.*

10 “(2) *IN GENERAL.*—*Using funds reserved under*
11 *section 106(a)(1)(F), the Chairperson, acting on the*
12 *recommendation of the National Council on the Arts,*
13 *may establish and carry out a program of grants to*
14 *groups, or individuals who are engaged in or con-*
15 *cerned with the arts, to pay for the Federal share of*
16 *the cost of projects, productions, or workshops that*
17 *meet the standard of artistic excellence and artistic*
18 *merit and that fulfill the purposes of this Act.*

19 “(3) *FEDERAL SHARE REQUIREMENT.*—*The Fed-*
20 *eral share described in paragraph (2) shall be 50 per-*
21 *cent.*

22 “(4) *PRIORITY.*—*In awarding grants under this*
23 *subsection, the Chairperson shall give priority to*
24 *projects, productions, and workshops that will be dis-*
25 *seminated widely after completion, and to projects,*

1 *productions, and workshops concerning arts edu-*
 2 *cation.*

3 “(5) *ADJUSTMENTS.*—*The Chairperson may in-*
 4 *crease the Federal share applicable under this sub-*
 5 *section for a designated grant recipient, with review*
 6 *and approval by the National Council on the Arts.*
 7 *Not more than 20 percent of the funds made available*
 8 *by the Endowment for grants under this subsection*
 9 *for any fiscal year may be available for grants for the*
 10 *fiscal year for which the Chairperson increases the*
 11 *applicable Federal share.*

12 “(6) *SPECIAL RULE FOR GRANTS TO INDIVID-*
 13 *UALS.*—*The Chairperson shall only award a grant in*
 14 *accordance with this subsection to an individual de-*
 15 *scribed in paragraph (2) if such grant is awarded to*
 16 *such individual for a literature fellowship, a National*
 17 *Heritage Fellowship, or a Jazz Masters Fellowship.*

18 “(f) *ARTS EDUCATION AND UNDERSERVED COMMU-*
 19 *NITIES GRANTS.*—

20 “(1) *PURPOSE.*—*The purpose of this subsection*
 21 *is to make grants to State arts agencies and other*
 22 *groups to carry out activities in arts education and*
 23 *to carry out arts-related activities in underserved*
 24 *communities.*

1 “(2) *IN GENERAL.*—*Using the funds reserved*
 2 *under section subparagraphs (C) (as may be appro-*
 3 *priate) and (G) of section 106(a)(1), the Chairperson,*
 4 *acting on the recommendation of the National Coun-*
 5 *cil on the Arts, may establish and carry out a pro-*
 6 *gram of grants to State arts agencies or other groups*
 7 *to pay for the Federal share of the cost of carrying*
 8 *out activities that—*

9 “(A) *promote and improve the availability*
 10 *of arts instruction, and improve the quality of*
 11 *arts education, through support of lifelong learn-*
 12 *ing in the arts;*

13 “(B) *provide—*

14 “(i) *instruction in the arts by integrat-*
 15 *ing and incorporating the arts in the teach-*
 16 *ing of English, math, science, foreign lan-*
 17 *guages, civics and government, economics,*
 18 *history, and geography; or*

19 “(ii) *courses in the arts through school*
 20 *programs;*

21 “(C) *enhance the quality of arts instruction*
 22 *in programs of teacher education;*

23 “(D) *develop arts faculty resources and tal-*
 24 *ents;*

1 “(E) support and encourage the develop-
 2 ment of improved curriculum materials in the
 3 arts;

4 “(F) support apprenticeships, internships,
 5 and other career oriented work-study experiences
 6 for artists and arts teachers, and encourage
 7 residencies of artists at all educational levels;

8 “(G) stimulate artistic activity and aware-
 9 ness, and broaden public access to the arts, in
 10 underserved communities;

11 “(H) enhance the artistic capabilities of de-
 12 veloping arts organizations in underserved com-
 13 munities through artistic, programmatic, and
 14 staff development; or

15 “(I) provide technical assistance to develop-
 16 ing arts organizations in underserved commu-
 17 nities to improve managerial and organizational
 18 skills, financial systems management, and long-
 19 range fiscal planning.

20 “(3) FEDERAL SHARE.—The Federal share de-
 21 scribed in paragraph (2) shall be 50 percent.

22 “(4) EVALUATION AND REPORTS FOR CERTAIN
 23 ACTIVITIES.—

24 “(A) IN GENERAL.—Each State arts agency
 25 or other group that receives a grant under this

1 *subsection to carry out the activity described in*
 2 *paragraph (2)(B) shall conduct an ongoing eval-*
 3 *uation of the activity.*

4 *“(B) EVALUATION COMPONENTS.—In con-*
 5 *ducting the evaluation under subparagraph (A),*
 6 *a State arts agency or other group shall, in the*
 7 *case of students who participate in an activity*
 8 *described in paragraph (2)(B), monitor the*
 9 *progress of the student participants throughout*
 10 *the period of participation.*

11 *“(C) REPORT TO CHAIRPERSON.—Not later*
 12 *than 60 days after the date of the completion of*
 13 *an activity by a State arts agency or other*
 14 *group under subparagraph (A), the State arts*
 15 *agency or other group shall prepare and submit*
 16 *to the Chairperson a report on the evaluation*
 17 *conducted under subparagraph (A).*

18 *“(D) REPORT TO CONGRESS.—Not later*
 19 *than 60 days after the date of the submission of*
 20 *the report under subparagraph (C), the Chair-*
 21 *person shall prepare and submit to Congress a*
 22 *report on—*

23 *“(i) the activities funded under para-*
 24 *graph (2)(B); and*

1 “(ii) the evaluations conducted by re-
2 cipients under subparagraph (A).

3 **“SEC. 203. APPLICATION PROCEDURES.**

4 “(a) *APPLICATION REQUIREMENT.*—No grant shall be
5 made under this title to any person unless the person sub-
6 mits an application to the Chairperson in accordance with
7 regulations and procedures established by the Chairperson.

8 “(b) *PROCEDURES.*—

9 “(1) *IN GENERAL.*—

10 “(A) *CONSIDERATIONS.*—In establishing
11 such regulations and procedures for applications,
12 the Chairperson shall ensure that—

13 “(i) artistic excellence and artistic
14 merit of the projects, productions, and
15 workshops described in the application are
16 the criteria by which the applications are
17 judged by advisory panels described in sec-
18 tion 204, taking into consideration general
19 standards of decency and respect for the di-
20 verse beliefs and values of the public of the
21 United States;

22 “(ii) in selecting groups as recipients
23 of grants under section 202, the Chairperson
24 shall give preference to artistically rural
25 and urban underserved communities and

1 *artists and artistic groups that have tradi-*
 2 *tionally been underrepresented in the arts,*
 3 *and to groups proposing arts education ac-*
 4 *tivities;*

5 *“(iii) the projects, productions, and*
 6 *workshops described in the applications,*
 7 *and awards of grants under this title, are*
 8 *consistent with the objectives of section 202*
 9 *and this section; and*

10 *“(iv) an application distributed to an*
 11 *applicant for a grant includes a copy of the*
 12 *Financial Management Guide for Nonprofit*
 13 *Organizations that is published by the Of-*
 14 *fice of the Inspector General for the Na-*
 15 *tional Endowment for the Arts and the Na-*
 16 *tional Endowment for the Humanities.*

17 *“(B) OBSCENITY PROVISIONS.—Such regu-*
 18 *lations and procedures shall clearly indicate that*
 19 *obscenity is without artistic merit, is not pro-*
 20 *tected speech, and shall not be funded under this*
 21 *title. Projects, productions, and workshops that*
 22 *are determined to be obscene shall be prohibited*
 23 *from receiving grants under this title from the*
 24 *Endowment.*

1 “(2) *CONSIDERATIONS FOR THE CHAIR-*
 2 *PERSON.—In considering an application for a grant*
 3 *under this title, the Chairperson shall consider the ex-*
 4 *tent to which the projects, productions, and workshops*
 5 *described in the application fulfill the purposes of this*
 6 *Act, as well as their artistic excellence and artistic*
 7 *merit, as determined by the Chairperson.*

8 “(3) *CONSTRUCTION.—The disapproval or ap-*
 9 *proval by the Chairperson of an application for a*
 10 *grant under this title shall not be construed to mean,*
 11 *and shall not be considered to be evidence that, the*
 12 *project, production, or workshop, for which the appli-*
 13 *cant requested a grant, is or is not obscene.*

14 **“SEC. 204. ADVISORY PANELS.**

15 “(a) *IN GENERAL.—The Chairperson shall utilize re-*
 16 *view by advisory panels—*

17 “(1) *as the first step in the review of applica-*
 18 *tions submitted under this Act; and*

19 “(2) *to make recommendations to the National*
 20 *Council on the Arts in all cases involving requests for*
 21 *grants authorized under this title, except cases in*
 22 *which the Chairperson exercises authority delegated*
 23 *under section 205(f)(2).*

24 “(b) *PROCEDURES.—*

1 “(1) *CRITERIA.*—*In reviewing the applications,*
2 *such panels shall recommend applications for projects,*
3 *productions, and workshops on the basis of artistic ex-*
4 *cellence and artistic merit, consistent with section*
5 *203(b)(1)(A)(i).*

6 “(2) *AMOUNTS.*—*The panels may recommend*
7 *only general ranges of funding to be provided through*
8 *the grants and may not recommend specific amounts*
9 *of such funding.*

10 “(3) *REGULATIONS AND PROCEDURES.*—*The*
11 *Chairperson shall issue regulations and establish pro-*
12 *cedures to—*

13 “(A) *ensure that—*

14 “(i) *all the panels are composed, to the*
15 *extent practicable, of individuals providing*
16 *a wide geographic, ethnic, and minority*
17 *representation as well as individuals reflect-*
18 *ing diverse artistic and cultural points of*
19 *view; and*

20 “(ii) *not more than 10 percent of the*
21 *aggregate number of members of all the ad-*
22 *visory panels are members from the same*
23 *State;*

1 “(B) ensure that all the panels include at
 2 least 2 members representing lay individuals
 3 who are—

4 “(i) knowledgeable about the arts;

5 “(ii) not engaged in the arts as a pro-
 6 fession; and

7 “(iii) not employees of either artists’
 8 organizations or arts organizations;

9 “(C) ensure that, when feasible, the proce-
 10 dures used by the panels to carry out their re-
 11 sponsibilities are standardized;

12 “(D) require each such panel—

13 “(i) to create written records summa-
 14 rizing—

15 “(I) all meetings and discussions
 16 of such panel; and

17 “(II) the recommendations made
 18 by such panel to the Council; and

19 “(ii) to make such records available to
 20 the public in a manner that protects the
 21 privacy of individual applicants and panel
 22 members;

23 “(E) permit, when necessary and feasible, a
 24 site visit to view the work of an applicant and
 25 deliver a written report on the work being re-

1 viewed, in order to assist panelists in making
2 their recommendations;

3 “(F)(i) require that the membership of each
4 such panel change substantially from year to
5 year; and

6 “(ii) provide that no individual be eligible
7 to serve on such a panel for more than 5 years,
8 no 2 of which may be consecutive; and

9 “(G) ensure that the panels recommend
10 more applicants for grants than are anticipated
11 can be provided funding through the grants with
12 available funds.

13 “(4) PROHIBITION ON CONFLICTS OF INTER-
14 EST.—

15 “(A) IN GENERAL.—In making appoint-
16 ments to the panels, the Chairperson shall ensure
17 that an individual who has a pending applica-
18 tion for a grant authorized under this title, who
19 is an employee or agent of an organization with
20 such a pending application, or who has a direct
21 or indirect financial interest in any application
22 under consideration by such a panel, does not
23 serve as a member of any panel before which
24 such application is pending.

1 “(B) *DURATION.*—*The prohibition described*
 2 *in subparagraph (A) shall commence with re-*
 3 *spect to such individual beginning on the date*
 4 *such application is submitted, and shall continue*
 5 *until a final decision on the application has been*
 6 *reached by the Chairperson.*

7 **“SEC. 205. NATIONAL COUNCIL ON THE ARTS.**

8 “(a) *ESTABLISHMENT.*—*There is established within*
 9 *the Endowment a National Council on the Arts (referred*
 10 *to in this section as the ‘Council’).*

11 “(b) *COMPOSITION.*—

12 “(1) *IN GENERAL.*—*The Council shall be com-*
 13 *posed of the Chairperson of the Endowment, who shall*
 14 *be the Chairperson of the Council, and 20 other mem-*
 15 *bers appointed by the President, by and with the ad-*
 16 *vice and consent of the Senate, who shall be selected—*

17 “(A) *from among private citizens of the*
 18 *United States who—*

19 “(i) *are widely recognized for their*
 20 *broad knowledge of, or expertise in, the arts;*
 21 *and*

22 “(ii) *have established records of distin-*
 23 *guished service, or achieved eminence, in the*
 24 *arts;*

1 “(B) so as to include practicing artists,
 2 members of cultural professions, educators, civic
 3 cultural leaders, and others who are profes-
 4 sionally engaged in the arts; and

5 “(C) so as collectively to provide an appro-
 6 priate distribution of members among the major
 7 art fields.

8 “(2) QUALIFICATIONS.—*The President may, in*
 9 *making such appointments, give consideration to such*
 10 *recommendations as may, from time to time, be sub-*
 11 *mitted to the President by leading national organiza-*
 12 *tions in the major art fields. In making such appoint-*
 13 *ments, the President shall give due regard to equitable*
 14 *representation of women, racially and ethnically di-*
 15 *verse individuals, and individuals with disabilities,*
 16 *who are involved in the arts. Members of the Council*
 17 *shall be appointed so as to represent equitably geo-*
 18 *graphical areas in the United States, including rural*
 19 *and urban underserved communities.*

20 “(c) TERMS.—

21 “(1) IN GENERAL.—

22 “(A) STAGGERED TERMS.—*Each member of*
 23 *the Council shall serve for a term of 6 years, and*
 24 *the terms shall be staggered.*

1 “(B) *EXPIRATION.*—*Except as provided in*
 2 *paragraph (2), the terms of all Council members*
 3 *shall expire on the third day of September in the*
 4 *year of expiration.*

5 “(C) *REAPPOINTMENT AFTER PARTIAL*
 6 *TERM.*—*Each member who has served on the*
 7 *Council for 1 term of less than 3 years shall be*
 8 *eligible for reappointment for 1 term of 6 years.*

9 “(D) *VACANCY APPOINTMENTS.*—*Any mem-*
 10 *ber appointed to fill a vacancy shall serve for the*
 11 *remainder of the term for which the predecessor*
 12 *of the member was appointed.*

13 “(E) *HOLDOVER SERVICE.*—*Notwithstand-*
 14 *ing any other provision of this subsection, a*
 15 *member of the Council shall serve after the expi-*
 16 *ration of the term of the member until the succes-*
 17 *sor to the member takes office.*

18 “(2) *ADJUSTMENT TO REDUCE COUNCIL.*—

19 “(A) *MEMBERS WHOSE TERMS EXPIRED IN*
 20 *1996 BUT CONTINUE TO SERVE.*—

21 “(i) *IN GENERAL.*—*The terms of 10*
 22 *members of the Council whose terms expired*
 23 *on September 3, 1996 and who continue to*
 24 *serve because a successor has not been ap-*
 25 *pointed shall be deemed to expire on the*

1 *date of enactment of the Arts and Human-*
 2 *ities Amendments of 1997.*

3 “(ii) *SUCCESSORS.—The President*
 4 *shall appoint 7 members of the Council to*
 5 *succeed members whose terms are deemed to*
 6 *expire as described in clause (i). The terms*
 7 *of the successors shall expire on September*
 8 *3, 2002.*

9 “(B) *MEMBERS WHOSE TERMS EXPIRE IN*
 10 *1998.—The President shall appoint 6 members of*
 11 *the Council to succeed the 8 members of the*
 12 *Council whose terms expire on September 3,*
 13 *1998. The terms of the successors shall expire on*
 14 *September 3, 2004.*

15 “(C) *MEMBERS WHOSE TERMS EXPIRE IN*
 16 *2000.—The President shall appoint 7 members of*
 17 *the Council to succeed the 8 members of the*
 18 *Council whose terms expire on September 3,*
 19 *2000. The terms of the successors shall expire on*
 20 *September 3, 2006.*

21 “(d) *COMPENSATION.—Members of the Council shall*
 22 *receive compensation at a rate to be fixed by the Chair-*
 23 *person but not to exceed the daily equivalent of the maxi-*
 24 *mum rate authorized for a position above grade GS–15 of*
 25 *the General Schedule under section 5108 of title 5, United*

1 *States Code, and be allowed travel expenses including per*
 2 *diem in lieu of subsistence, in the same amounts and to*
 3 *the same extent, as authorized under section 5703 of title*
 4 *5, United States Code, for persons employed intermittently*
 5 *in Federal Government service.*

6 “(e) *MEETINGS AND DUTIES.*—

7 “(1) *MEETINGS.*—*The Council shall meet at the*
 8 *call of the Chairperson but not less often than twice*
 9 *during each calendar year. Eleven members of the*
 10 *Council shall constitute a quorum. All policy meet-*
 11 *ings of the Council shall be open to the public.*

12 “(2) *DUTIES.*—*The Council shall—*

13 “(A) *advise the Chairperson with respect to*
 14 *policies, programs, and procedures for carrying*
 15 *out the functions of the Chairperson under this*
 16 *title;*

17 “(B) *review applications for grants author-*
 18 *ized under this title and make recommendations*
 19 *to the Chairperson with respect to—*

20 “(i) *whether to approve particular ap-*
 21 *plications for grants authorized under this*
 22 *title that have been determined by advisory*
 23 *panels to have artistic excellence and artis-*
 24 *tic merit; and*

1 “(ii) the amount of funding that the
2 Chairperson should provide through such a
3 grant with respect to each such application
4 the Council recommends for approval;

5 “(C) use as criteria for the recommenda-
6 tions of the Council—

7 “(i) the extent to which the works de-
8 scribed in the applications fulfill the pur-
9 poses of this Act and the requirements
10 under the provisions of this Act;

11 “(ii) the artistic excellence and artistic
12 merit of the works described in the applica-
13 tions;

14 “(iii) the extent to which the applicant
15 serves an underserved community; and

16 “(iv) the extent to which the applicant
17 proposes arts education activities,
18 as determined by each Council member;

19 “(D) recommend more applications for
20 funding through grants than are anticipated can
21 be provided funding through the grants with
22 available funds;

23 “(E) create written records summarizing—

24 “(i) all meetings and discussions of the
25 Council; and

1 “(ii) recommendations made by the
2 Council to the Chairperson; and

3 “(F) make such records available to the
4 public in a manner that protects the privacy of
5 individual applicants for grants authorized
6 under this title, advisory panel members, and
7 Council members.

8 “(f) ACTIONS BY CHAIRPERSON.—

9 “(1) IN GENERAL.—The Chairperson shall not
10 approve or disapprove any application for a grant
11 authorized under this title until the Chairperson has
12 received the recommendation of the Council on such
13 application. The Chairperson shall have final author-
14 ity to approve each such application, and shall deter-
15 mine the final amount of funding through any grant
16 awarded. The Chairperson may not approve an ap-
17 plication with respect to which the Council makes a
18 negative recommendation.

19 “(2) DELEGATIONS.—In the case of an applica-
20 tion, or amendment of an application, submitted
21 under this title and involving \$35,000 or less, or a re-
22 quest for change in a grant amount of 20 percent or
23 less, the Chairperson may approve or disapprove such
24 application, amendment, or request, if such action is
25 taken pursuant to the terms of an express and direct

1 *delegation of authority from the Council to the Chair-*
 2 *person, and if each such action by the Chairperson is*
 3 *reported to the Council at the next regularly scheduled*
 4 *meeting of the Council. Such action by the Chair-*
 5 *person shall be used with discretion and shall not be-*
 6 *come a normal practice of providing funding through*
 7 *a grant authorized under this title. The terms of any*
 8 *such delegation of authority shall not permit obliga-*
 9 *tions for expenditure of funds under such delegation*
 10 *for any fiscal year that exceed an amount equal to 2*
 11 *percent of the sums appropriated for the fiscal year*
 12 *pursuant to section 106(a)(1)(A).*

13 **“SEC. 206. LIMITATIONS ON GRANTS.**

14 “(a) *PROHIBITION ON SUBGRANTS.—The Chairperson*
 15 *shall establish procedures to ensure that no funding pro-*
 16 *vided through a grant under this title, except a grant made*
 17 *to a State agency, a regional group, or a local arts agency*
 18 *that is an agency of local government, may be used to make*
 19 *a grant to any other organization or individual to conduct*
 20 *activity independent of the direct grant recipient. Nothing*
 21 *in this subsection shall prohibit payments made in ex-*
 22 *change for goods or services rendered.*

23 “(b) *PROHIBITION ON SEASONAL SUPPORT.—No grant*
 24 *awarded under this title shall be used for seasonal support*
 25 *to a group, unless the application submitted by the group*

1 *for such a grant specifically identifies the content of each*
 2 *activity to be carried out under such a grant for the season*
 3 *involved, including a specific identification of any project,*
 4 *production, or workshop.*

5 “(c) *USE OF FUNDS FOR PROJECTS, PRODUCTIONS,*
 6 *AND WORKSHOPS IN SPECIFIED DISCIPLINES.—Each*
 7 *project, production, or workshop funded under this title*
 8 *shall relate to arts, as defined in section 3.*

9 “(d) *LABOR STANDARDS.—*

10 “(1) *IN GENERAL.—It shall be a condition of the*
 11 *receipt of any grant under this title that the grant re-*
 12 *cipient furnish adequate assurances to the Secretary*
 13 *of Labor that—*

14 “(A) *all professional performers and related*
 15 *or supporting professional personnel employed*
 16 *on projects or productions, or in workshops, that*
 17 *are financed in whole or in part under this title*
 18 *will be paid, without subsequent deduction or re-*
 19 *bate on any account, not less than the minimum*
 20 *compensation as determined by the Secretary of*
 21 *Labor to be the prevailing minimum compensa-*
 22 *tion for persons employed in similar activities;*
 23 *and*

24 “(B) *no part of any project, production, or*
 25 *workshop that is financed in whole or in part*

1 *under this title will be performed or engaged in*
 2 *under working conditions that are unsanitary or*
 3 *hazardous or dangerous to the health and safety*
 4 *of the employees engaged in such project, produc-*
 5 *tion, or workshop.*

6 “(2) *EVIDENCE.—Compliance with the safety*
 7 *and sanitary laws of the State in which the project,*
 8 *production, or workshop described in paragraph*
 9 *(1)(B) is to take place shall be prima facie evidence*
 10 *of compliance with the assurance described in para-*
 11 *graph (1)(B).*

12 “(3) *STANDARDS, REGULATIONS, AND PROCE-*
 13 *DURES.—The Secretary of Labor shall have the au-*
 14 *thority to prescribe such standards, regulations, and*
 15 *procedures as the Secretary of Labor may determine*
 16 *to be necessary or appropriate to carry out this sub-*
 17 *section.*

18 “(e) *LIMITATION ON GRANT AWARD.—*

19 “(1) *INDIVIDUALS.—No individual may receive*
 20 *more than 2 grant awards under this title.*

21 “(2) *AGENCIES AND ORGANIZATIONS.—No group,*
 22 *other than a State arts agency, may receive more*
 23 *than 3 grant awards in a fiscal year under this title,*
 24 *except that this paragraph shall not apply to a group*

1 *that has entered into a cooperative agreement with*
 2 *the Endowment to receive assistance under this title.*

3 “(f) *REQUIREMENTS FOR GROUPS.*—*A group shall be*
 4 *eligible for a grant under this title if—*

5 “(1) *no part of the net earnings of the group in-*
 6 *ures to the benefit of any private stockholder, or indi-*
 7 *vidual; and*

8 “(2) *a donation to such group is allowable as a*
 9 *charitable contribution under section 170(c) of the In-*
 10 *ternal Revenue Code of 1986.*

11 “(g) *CITIZENSHIP REQUIREMENTS FOR INDIVID-*
 12 *UALS.*—*An individual shall be eligible to receive a direct*
 13 *grant under this title if at the time such grant is received*
 14 *such individual—*

15 “(1) *is a citizen or other national of the United*
 16 *States; or*

17 “(2) *is an alien lawfully admitted to the United*
 18 *States for permanent residence who—*

19 “(A) *has filed an application for natu-*
 20 *ralization in the manner prescribed by section*
 21 *334 of the Immigration and Nationality Act (8*
 22 *U.S.C. 1445); and*

23 “(B) *is not permanently ineligible to be-*
 24 *come a citizen of the United States.*

1 “(h) *INSTALLMENTS.*—*The Chairperson shall establish*
 2 *procedures to provide for the distribution of funding pro-*
 3 *vided through grants made under this title to recipients in*
 4 *installments except in exceptional cases in which the Chair-*
 5 *person determines that installments are not practicable. In*
 6 *providing any such installments to a recipient of a grant*
 7 *under this title, the Chairperson shall ensure that—*

8 “(1) *not more than two-thirds of such funding*
 9 *may be provided at the time the application for the*
 10 *grant is approved; and*

11 “(2) *the remainder of such funding may not be*
 12 *provided until the Chairperson finds that the recipi-*
 13 *ent of such grant is complying substantially with this*
 14 *Act and with the conditions under which such fund-*
 15 *ing is provided to such recipient.*

16 “(i) *LOANS.*—*Any loan made by the Chairperson*
 17 *under this title shall be made in accordance with terms and*
 18 *conditions approved by the Secretary of the Treasury.*

19 **“SEC. 207. ADMINISTRATIVE PROVISIONS.**

20 “(a) *AUTHORITIES OF CHAIRPERSON.*—*In addition to*
 21 *any authorities vested in the Chairperson by other provi-*
 22 *sions of this Act, the Chairperson, in carrying out the func-*
 23 *tions of the Chairperson, shall have authority—*

24 “(1) *to prescribe such regulations and procedures*
 25 *as the Chairperson determines to be necessary, govern-*

1 *ing the manner in which the functions of the Chair-*
2 *person shall be carried out;*

3 “(2) to appoint and determine the compensation
4 of such employees, subject to title 5, United States
5 Code, as may be necessary to carry out the functions
6 of the Chairperson, to define the duties of such em-
7 ployees, and to supervise and direct the activities of
8 such employees;

9 “(3) to procure the temporary and intermittent
10 services of experts and consultants, including panels
11 of experts, and compensate the experts and consult-
12 ants in accordance with section 3109 of title 5, Unit-
13 ed States Code;

14 “(4) to accept and utilize the voluntary services
15 of individuals and reimburse the individuals for trav-
16 el expenses, including per diem in lieu of subsistence,
17 in the same amounts and to the same extent as au-
18 thorized under section 5703 of title 5, United States
19 Code, for persons employed intermittently in Federal
20 Government service;

21 “(5) to make advance, progress, and other pay-
22 ments without regard to section 3324 of title 31,
23 United States Code;

24 “(6) to rent office space in the District of Colum-
25 bia; and

1 “(7) to make other necessary expenditures.

2 “(b) *PUBLICATIONS.*—Official publications of the En-
3 dowment under this title may be supported without regard
4 to the provisions of section 501 of title 44, United States
5 Code, if the Chairperson consults with the Joint Committee
6 on Printing of the Congress.

7 “(c) *COORDINATION.*—The Chairperson shall coordi-
8 nate the programs of the Endowment, insofar as prac-
9 ticable, with other Federal programs and programs under-
10 taken by other public agencies or private groups, and shall
11 develop the programs of the Endowment with due regard
12 to the contribution to the objectives of this title that can
13 be made by other Federal agencies under the existing pro-
14 grams. The Chairperson may enter into interagency agree-
15 ments to promote or assist with the arts-related activities
16 of other Federal agencies, on a reimbursable or non-
17 reimbursable basis, and may use funds authorized to be ap-
18 propriated to carry out this title to pay for the costs of
19 such promotion or assistance.

20 **“SEC. 208. REPORTS.**

21 “(a) *ANNUAL REPORT OF CHAIRPERSON.*—The Chair-
22 person shall submit an annual report to the President for
23 submission to the appropriate committees of Congress on
24 or before the 15th day of April of each year. The report
25 shall summarize the activities of the Endowment for the

1 *preceding year, and shall include such recommendations as*
 2 *the Chairperson determines to be appropriate.*

3 “(b) *FINANCIAL REPORTS AND COMPLIANCE.*—

4 “(1) *IN GENERAL.*—*It shall be a condition of the*
 5 *receipt of a grant made under this title by the Chair-*
 6 *person that—*

7 “(A) *each applicant for such grant include*
 8 *in the application described in section 203—*

9 “(i) *a detailed description of the pro-*
 10 *posed project, production, or workshop for*
 11 *which the grant is requested;*

12 “(ii) *a timetable for the completion of*
 13 *such proposed project, production, or work-*
 14 *shop; and*

15 “(iii) *an assurance that the applicant*
 16 *will meet the standards of artistic excellence*
 17 *and artistic merit;*

18 “(B)(i) *each grant recipient under this title*
 19 *carry out the proposal consistent with the de-*
 20 *scription contained in the application, as ap-*
 21 *proved by the Chairperson for funding through*
 22 *the grant; and*

23 “(ii) *each such grant recipient seeking to*
 24 *change the activities carried out under the grant*

1 *justify the requested change by a written request*
2 *subject to approval by the Chairperson; and*

3 “(C) *each such grant recipient agree to and*
4 *comply with requirements to submit to the*
5 *Chairperson—*

6 “(i) *interim reports, including an an-*
7 *nual report for each project, production, or*
8 *workshop carried out under the grant dur-*
9 *ing a period exceeding 1 year, describing*
10 *the progress of the grant recipient in carry-*
11 *ing out such project, production, or work-*
12 *shop and compliance by the grant recipient*
13 *with the conditions of receipt of such grant;*

14 “(ii) *financial reports containing such*
15 *information as the Chairperson determines*
16 *to be necessary to ensure that the funding*
17 *made available through the grant is ex-*
18 *pended in accordance with the terms and*
19 *conditions under which the grant is made;*

20 “(iii) *a final report describing the*
21 *project, production, or workshop carried out*
22 *with the funding provided through the grant*
23 *and the compliance by the grant recipient*
24 *with the conditions of receipt of such grant,*
25 *including the condition that the work as-*

1 sisted meet the standards of artistic excel-
2 lence and artistic merit; and

3 “(iv) in the case of a project or produc-
4 tion, and if practicable, as determined by
5 the Chairperson, a copy of such project or
6 production.

7 “(2) *REPORT REQUIREMENTS.*—The Chairperson
8 shall determine the appropriate form and timing of
9 interim reporting described in paragraph (1)(C)(i)
10 for a grant recipient under this title. The reports and
11 copy described in clauses (ii), (iii), and (iv) of para-
12 graph (1)(C) shall be due not later than 90 days after
13 the end of the period for which such grant recipient
14 receives funding through the grant or 90 days after
15 the completion of the project, production, or workshop,
16 whichever occurs earlier. The Chairperson may extend
17 the 90-day period if the recipient shows good cause
18 why such an extension should be granted.

19 “(c) *EVALUATION.*—The Chairperson shall conduct a
20 post-award evaluation of activities for which grants are
21 made by the Chairperson under this title. Such evaluation
22 may include an audit to determine the accuracy of the re-
23 ports required to be submitted by grant recipients under
24 subsection (b).

1 “(d) *REPORTS.*—*The Chairperson shall establish pro-*
 2 *cedures to require that no additional funding shall be pro-*
 3 *vided to a recipient of a grant authorized under this title*
 4 *unless such recipient has submitted to the Chairperson all*
 5 *required interim, financial, and final reports under sub-*
 6 *section (b).*

7 **“SEC. 209. SANCTIONS AND PAYMENTS.**

8 “(a) *FAILURE TO SATISFY PURPOSES.*—*If any recipi-*
 9 *ent of a grant made under this title, or an indirect recipient*
 10 *of funding provided through the grant, substantially fails*
 11 *to satisfy the purposes for which such grant is made, as*
 12 *determined by the Chairperson, the Chairperson may—*

13 “(1) *for purposes of determining whether to make*
 14 *any subsequent funding to the direct or indirect re-*
 15 *cipient under this title, take into consideration the re-*
 16 *sults of the post-award evaluation conducted under*
 17 *section 208(c);*

18 “(2) *prohibit the direct and indirect recipients*
 19 *from using the name of, or in any way associating*
 20 *the project, production, or workshop for which the*
 21 *grant was received with, the Endowment; and*

22 “(3) *if such project, production, or workshop is*
 23 *published, require that the publication contain the fol-*
 24 *lowing statement: ‘The opinions, findings, conclu-*
 25 *sions, and recommendations expressed in this publica-*

1 *tion do not reflect the views of the National Endow-*
 2 *ment for the Arts.’.*

3 “(b) *NONCOMPLIANCE.*—

4 “(1) *IN GENERAL.*—*The Chairperson shall take*
 5 *the actions described in paragraph (2) whenever the*
 6 *Chairperson, after providing reasonable notice and an*
 7 *opportunity for hearing, finds that—*

8 “(A) *a direct recipient of a grant under this*
 9 *title, or an indirect recipient of funding provided*
 10 *through the grant, is not complying substantially*
 11 *with the provisions of this title;*

12 “(B) *a State agency or regional group that*
 13 *received a grant under this title, or an indirect*
 14 *recipient of funding provided through the grant,*
 15 *is not complying substantially with the terms*
 16 *and conditions of the State plan accompanying*
 17 *the application approved for the grant under*
 18 *this title; or*

19 “(C) *any funding provided under this title*
 20 *to a recipient, State agency, or regional group*
 21 *described in subparagraph (A) or (B) has been*
 22 *diverted from the purposes for which such fund-*
 23 *ing was provided.*

24 “(2) *ACTIONS.*—*On making the finding described*
 25 *in paragraph (1), the Chairperson shall immediately*

1 *notify the direct recipient, State agency, or regional*
 2 *group that received the funding at issue that—*

3 “(A) *no further funding will be provided*
 4 *under this title to such recipient, agency, or*
 5 *group until there is no longer any default or*
 6 *failure to comply or the diversion is corrected; or*

7 “(B) *if compliance or correction is impos-*
 8 *sible, until such recipient, agency, or group re-*
 9 *pays or arranges the repayment of the Federal*
 10 *funds that were improperly diverted or expended.*

11 “(c) *OBSCENE WORKS.—*

12 “(1) *DETERMINATION.—If, after providing rea-*
 13 *sonable notice and opportunity for a hearing on the*
 14 *record, the Chairperson determines that a direct re-*
 15 *recipient of a grant under this title, or an indirect re-*
 16 *recipient of funding provided through the grant, used*
 17 *the funding for a project, production, or workshop*
 18 *that is determined to be obscene, the Chairperson shall*
 19 *require that until the direct recipient repays such*
 20 *funding (in such amount, and under such terms and*
 21 *conditions, as the Chairperson determines to be ap-*
 22 *propriate) to the Endowment, no subsequent funding*
 23 *shall be provided under this title to such recipient.*

24 “(2) *CREDITING.—Funds repaid under this sub-*
 25 *section to the Endowment shall be deposited in the*

1 *Treasury of the United States and credited as mis-*
 2 *cellaneous receipts.*

3 “(3) *APPLICATION.*—

4 “(A) *TIMING.*—*This subsection shall not*
 5 *apply with respect to grants made before October*
 6 *1, 1990.*

7 “(B) *DURATION.*—*This subsection shall not*
 8 *apply with respect to a project, production, or*
 9 *workshop after the expiration of the 7-year pe-*
 10 *riod beginning on the latest date on which a*
 11 *grant is made under this title for such project,*
 12 *production, or workshop.*

13 “(d) *RECAPTURE.*—

14 “(1) *IN GENERAL.*—*A recipient of funding under*
 15 *this title shall pay the amount described in para-*
 16 *graph (2) to the Endowment if the Chairperson finds*
 17 *that the recipient has derived net program income in*
 18 *excess of the match required under the terms of the*
 19 *agreement from the creation of an original, commer-*
 20 *cially successful project, production, or workshop*
 21 *funded that exceeds the lesser of—*

22 “(A) \$50,000; or

23 “(B) *twice the amount of the funding.*

24 “(2) *AMOUNT.*—*At the discretion of the Chair-*
 25 *person, the amount referred to in paragraph (1) is*

1 *not less than $\frac{1}{3}$ and not more than $\frac{1}{2}$ of the amount*
 2 *of the net program income generated within 5 years*
 3 *after the end of the grant period, but not more than*
 4 *the amount of the funding, unless the Chairperson has*
 5 *reached an agreement with the grantee upon the*
 6 *award of a grant that the amount referred to in para-*
 7 *graph (1) shall exceed the amount of the grant.*

8 “(e) *ACCOUNT.—Except as otherwise provided in this*
 9 *Act, the Treasurer of the United States shall deposit funds*
 10 *paid under subsection (d), or repaid under this Act, in a*
 11 *special interest bearing account to the credit of the Endow-*
 12 *ment.*

13 **“SEC. 210. NATIONAL MEDAL OF ARTS AWARDS.**

14 “(a) *NATIONAL MEDAL OF ARTS AWARDS.—*

15 “(1) *ESTABLISHMENT.—There is established a*
 16 *National Medal of Arts, which shall be a medal of*
 17 *such design as is determined to be appropriate by the*
 18 *President, on the basis of recommendations submitted*
 19 *by the National Council on the Arts, and which shall*
 20 *be awarded as provided in this subsection.*

21 “(2) *AWARDS.—The President shall from time to*
 22 *time award the National Medal of Arts, on the basis*
 23 *of recommendations from the National Council on the*
 24 *Arts, to individuals or groups who in the judgment*
 25 *of the President are deserving of special recognition*

1 *by reason of their outstanding contributions to the ex-*
 2 *cellence, growth, support, and availability of the arts*
 3 *in the United States.*

4 “(3) *NUMBER OF MEDALS.*—*Not more than 12 of*
 5 *such medals may be awarded in any calendar year.*

6 “(4) *QUALIFICATIONS.*—*An individual may be*
 7 *awarded the National Medal of Arts if at the time*
 8 *such award is made such individual meets the re-*
 9 *quirements of section 206(g).*

10 “(5) *GROUPS.*—*A group may be awarded the*
 11 *National Medal of Arts if such group is organized or*
 12 *incorporated in the United States.*

13 “(6) *CEREMONIES.*—*The presentation of the Na-*
 14 *tional Medal of Arts shall be made by the President*
 15 *with such ceremonies as the President may determine*
 16 *to be appropriate, including attendance by appro-*
 17 *priate Members of Congress.*

18 “(b) *FUNDS.*—*The Chairperson shall use amounts re-*
 19 *ceived by the National Endowment for the Arts under sec-*
 20 *tion 105(b)(1)(A) to carry out this section.*

21 **“TITLE III—NATIONAL ENDOW-**
 22 **MENT FOR THE HUMANITIES**

23 **“SEC. 301. DEFINITIONS.**

24 *“In this title:*

25 “(1) *PROJECT.*—

1 “(A) *IN GENERAL.*—*The term ‘project’*
 2 *means an activity organized to carry out the ob-*
 3 *jectives of this title.*

4 “(B) *RENOVATION OR CONSTRUCTION.*—
 5 *Such term also includes—*

6 “(i) *the renovation of a facility if—*

7 “(I) *the amount of the expendi-*
 8 *ture of Federal funds for such purpose*
 9 *in the case of any facility does not ex-*
 10 *ceed \$250,000; and*

11 “(II) *two-thirds of the members of*
 12 *the National Council on the Human-*
 13 *ities (who are present and voting) rec-*
 14 *ommend a grant involving an expendi-*
 15 *ture for such purpose; and*

16 “(ii) *for purposes of subsections (d)*
 17 *and (e) of section 302, the construction of a*
 18 *facility if—*

19 “(I) *such construction is for dem-*
 20 *onstrations purposes or under unusual*
 21 *circumstances in which there is no*
 22 *other manner by which to accomplish a*
 23 *humanistic purpose; and*

24 “(II) *two-thirds of the members of*
 25 *the National Council on the Human-*

1 *ities (who are present and voting) rec-*
 2 *ommend a grant involving an expendi-*
 3 *ture for such purpose.*

4 “(2) *WORKSHOP.*—*The term ‘workshop’ means*
 5 *an activity the primary purpose of which is to pro-*
 6 *mote scholarship and teaching among the partici-*
 7 *pants.*

8 **“SEC. 302. ESTABLISHMENT OF THE NATIONAL ENDOW-**
 9 **MENT FOR THE HUMANITIES.**

10 “(a) *ESTABLISHMENT.*—*There is established within*
 11 *the Foundation a National Endowment for the Humanities*
 12 *(referred to in this title as the ‘Endowment’).*

13 “(b) *CHAIRPERSON.*—

14 “(1) *APPOINTMENT.*—*The Endowment shall be*
 15 *headed by a chairperson, to be known as the Chair-*
 16 *person of the Endowment (referred to in this title as*
 17 *the ‘Chairperson’), who shall be appointed by the*
 18 *President, by and with the advice and consent of the*
 19 *Senate.*

20 “(2) *TERM.*—

21 “(A) *IN GENERAL.*—*The term of office of the*
 22 *Chairperson shall be 4 years, except that any*
 23 *Chairperson appointed to fill a vacancy shall*
 24 *serve for the remainder of the term for which the*
 25 *predecessor of the Chairperson was appointed.*

1 *Notwithstanding any other provision of this sub-*
 2 *paragraph, on the expiration of the term of office*
 3 *of the Chairperson, the Chairperson shall serve*
 4 *until the successor to the Chairperson is ap-*
 5 *pointed and has qualified.*

6 “(B) *REAPPOINTMENT.*—*The Chairperson*
 7 *shall be eligible for reappointment.*

8 “(c) *PARTNERSHIP GRANTS.*—

9 “(1) *PURPOSE.*—*The purpose of this subsection*
 10 *is to support programs of humanities councils at the*
 11 *State and local levels.*

12 “(2) *DEFINITION.*—

13 “(A) *IN GENERAL.*—*Except as provided in*
 14 *subparagraph (B), in this subsection, the term*
 15 *‘State entity’ means—*

16 “(i) *a State that obtains approval of*
 17 *an application submitted under paragraph*
 18 *(4); or*

19 “(ii) *in a case in which a State fails*
 20 *to submit an application under paragraph*
 21 *(4), an appropriate entity that obtains ap-*
 22 *proval of an application submitted under*
 23 *paragraph (5).*

24 “(B) *JURISDICTION.*—

1 “(i) *STATE ENTITY*.—In paragraph
2 (6)(C)(ii), the term ‘State entity’ means a
3 State entity, as defined in subparagraph
4 (A), for a State.

5 “(ii) *STATE*.—In clause (i), and not-
6 withstanding section 3(8), the term ‘State’,
7 includes, in addition to the several States of
8 the United States, only the jurisdictions
9 specified in such section that have a popu-
10 lation of 200,000 or more, according to the
11 latest decennial census.

12 “(3) *GENERAL AUTHORITY*.—Using funds re-
13 served under section 106(b)(1)(C), the Chairperson,
14 acting on the recommendation of the National Coun-
15 cil on the Humanities, is authorized, in accordance
16 with the provisions of this subsection, to establish and
17 carry out a program of grants to assist State enti-
18 ties—

19 “(A) in paying for not more than 50 per-
20 cent of the cost (except as otherwise provided in
21 this subsection) of supporting activities that
22 achieve the objectives described in subparagraphs
23 (A) through (F) of subsection (d)(2) and in sub-
24 paragraphs (A) and (B) of subsection (e)(2); or

1 “(B) *in matching contributions from non-*
 2 *Federal sources made to a trust fund the purpose*
 3 *of which is to provide long-term financial sup-*
 4 *port for such activities.*

5 “(4) *GRANTS THROUGH STATE AGENCIES.—*

6 “(A) *DESIGNATION.—In order to receive a*
 7 *grant under this subsection for any fiscal year,*
 8 *if a State desires to designate or to provide for*
 9 *the establishment of a State agency (referred to*
 10 *in this section as a ‘State agency’) as the sole*
 11 *agency for the administration of the State plan*
 12 *referred to in subparagraph (B) relating to the*
 13 *grant, such State shall designate as the State*
 14 *agency the humanities council or shall provide*
 15 *for the establishment of such a council.*

16 “(B) *APPLICATION AND STATE PLAN.—In*
 17 *any State that designates or provides for the es-*
 18 *tablishment of a State agency as described in*
 19 *subparagraph (A), the chief executive officer of*
 20 *the State shall submit, before the beginning of*
 21 *each fiscal year, an application for a grant and*
 22 *accompany such application with a State plan*
 23 *that the Chairperson finds—*

24 “(i) *designates or provides for the es-*
 25 *tablishment of a State agency;*

1 “(ii) provides that the chief executive
2 officer of the State will appoint new mem-
3 bers to the State humanities council des-
4 ignated or established under subparagraph
5 (A), as vacancies occur as a result of the ex-
6 piration of the terms of members of such
7 council, until the chief executive officer has
8 appointed all of the members of such coun-
9 cil;

10 “(iii) provides for the expenditure,
11 from State funds, of an amount equal to 50
12 percent of the portion of the funding re-
13 ceived by such State through a grant made
14 under paragraph (6)(A) (relating to the
15 minimum State allotment), or 25 percent of
16 the total amount of funding received by
17 such State through grants made under this
18 subsection, whichever is greater, for the fis-
19 cal year involved (except as otherwise pro-
20 vided in paragraph (7));

21 “(iv) provides that funds paid to the
22 State under this subsection will be expended
23 solely on activities, approved by the State
24 agency, that—

1 “(I) achieve the objectives de-
2 scribed in subparagraphs (A) through
3 (F) of subsection (d)(2) and subpara-
4 graphs (A) and (B) of subsection
5 (e)(2); and

6 “(II) are designed to bring the hu-
7 manities to the public;

8 “(v) provides assurances that State
9 funds will be made available for the purpose
10 of meeting the requirements of this subpara-
11 graph;

12 “(vi) provides that the State agency
13 will make such reports, in such manner and
14 containing such information, as the Chair-
15 person may from time to time require, in-
16 cluding a description of the progress made
17 toward achieving the objectives of the State
18 plan;

19 “(vii) provides—

20 “(I) an assurance that the State
21 agency has held, after reasonable no-
22 tice, public meetings in the State to
23 allow the public, interested organiza-
24 tions, and scholars to present views

1 *and make recommendations regarding*
2 *the State plan; and*

3 *“(II) a summary of such rec-*
4 *ommendations and of the response of*
5 *the State agency to such recommenda-*
6 *tions; and*

7 *“(viii) contains—*

8 *“(I) for the most recent preceding*
9 *year for which information is avail-*
10 *able, a description of the extent to*
11 *which the activities supported by fund-*
12 *ing from the State agency under this*
13 *subsection were available to all people*
14 *and communities in the State and a*
15 *description of the level of participation*
16 *by scholars and scholarly organizations*
17 *in activities supported by funding*
18 *from the State agency under this sub-*
19 *section; and*

20 *“(II) a description of activities*
21 *supported by funding from the State*
22 *agency under this subsection that exist*
23 *or are being developed to address the*
24 *availability of the humanities to all*
25 *people or communities described in*

1 subclause (I) or to secure wider par-
2 ticipation of scholars and scholarly or-
3 ganizations described in subclause (I).

4 “(C) *APPROVAL.*—The Chairperson may not
5 approve an application described in subpara-
6 graph (B) unless the accompanying State plan
7 satisfies the requirements specified in subpara-
8 graph (B).

9 “(5) *GRANTS TO APPROPRIATE ENTITIES.*—

10 “(A) *DESIGNATION.*—In any State in which
11 the chief executive officer of the State fails to sub-
12 mit an application under paragraph (4)(B) for
13 a fiscal year, the Chairperson may make grants
14 under paragraph (3) to an appropriate entity in
15 the State, and each such entity shall establish a
16 procedure that ensures that 8 members of the
17 governing body of such entity shall be appointed
18 by an appropriate officer or agency of such
19 State, except that in no event may the number
20 of such members exceed $\frac{1}{3}$ of the total member-
21 ship of such governing body. The officer or agen-
22 cy shall select the members from among individ-
23 uals who have knowledge of or experience in the
24 humanities.

1 “(B) *APPLICATION AND PLAN.*—If a State
 2 *fails to submit an application under paragraph*
 3 *(4)(B) for a fiscal year, any appropriate entity*
 4 *in the State desiring to receive a grant under*
 5 *this subsection for the fiscal year shall submit an*
 6 *application for such grant at such time and in*
 7 *such manner as shall be specified by the Chair-*
 8 *person, and accompany such application with a*
 9 *State plan that the Chairperson finds—*

10 “(i) *provides assurances that such en-*
 11 *tity will comply with the requirements of*
 12 *subparagraph (A);*

13 “(ii) *provides that funds paid to such*
 14 *entity under this paragraph will be ex-*
 15 *pended solely on activities that—*

16 “(I) *achieve the objectives de-*
 17 *scribed in subparagraphs (A) through*
 18 *(F) of subsection (d)(2) and subpara-*
 19 *graphs (A) and (B) of subsection*
 20 *(e)(2); and*

21 “(II) *are designed to bring the hu-*
 22 *manities to the public;*

23 “(iii) *establishes a membership policy*
 24 *that is designed to ensure broad public rep-*

1 *resentation with respect to activities admin-*
2 *istered by such entity;*

3 *“(iv) provides for a nomination process*
4 *that ensures opportunities for nomination*
5 *to membership in the governing body from*
6 *various groups in such State and from a*
7 *variety of segments of the population of*
8 *such State, including individuals who by*
9 *reason of their achievement, scholarship, or*
10 *creativity in the humanities, are especially*
11 *qualified to serve as members of the body;*

12 *“(v) provides for a membership rota-*
13 *tion process that ensures the regular rota-*
14 *tion of the membership and officers of such*
15 *entity;*

16 *“(vi) establishes reporting procedures*
17 *that are designed to inform the chief execu-*
18 *tive officer of such State, and other appro-*
19 *priate officers and agencies, of the activities*
20 *of such entity;*

21 *“(vii) establishes procedures to ensure*
22 *public access to information relating to such*
23 *activities;*

24 *“(viii) provides that such entity will*
25 *make such reports, at such times, in such*

1 manner, and containing such information,
2 as the Chairperson may require, including
3 a description of the progress made toward
4 achieving the objectives of the State plan;

5 “(ix) provides—

6 “(I) an assurance that the entity
7 has held, after reasonable notice, public
8 meetings in the State to allow the pub-
9 lic, interested organizations, and schol-
10 ars to present views and make rec-
11 ommendations regarding the State
12 plan; and

13 “(II) a summary of such rec-
14 ommendations and of the response of
15 the entity to such recommendations;
16 and

17 “(x) contains—

18 “(I) for the most recent preceding
19 year for which information is avail-
20 able, a description of the extent to
21 which activities supported by funding
22 from the entity under this subsection
23 were available to all people and com-
24 munities in the State and a descrip-
25 tion of the level of participation by

1 *scholars and scholarly organizations in*
 2 *activities supported by funding from*
 3 *the entity under this subsection; and*

4 *“(II) a description of activities*
 5 *supported by funding from the entity*
 6 *under this subsection that exist or are*
 7 *being developed to address the avail-*
 8 *ability of the humanities to all people*
 9 *or communities described in subclause*
 10 *(I) or to secure wider participation of*
 11 *scholars and scholarly organizations*
 12 *described in subclause (I).*

13 *“(C) APPROVAL.—The Chairperson may not*
 14 *approve an application described in subpara-*
 15 *graph (B) unless the accompanying plan satis-*
 16 *fies the requirements specified in subparagraph*
 17 *(B).*

18 *“(6) ALLOTMENTS.—*

19 *“(A) IN GENERAL.—Of the sums available*
 20 *to carry out this subsection for any fiscal year,*
 21 *each State entity shall be allotted at least*
 22 *\$200,000.*

23 *“(B) INSUFFICIENT SUMS.—If the sums*
 24 *available to carry out this subsection for any fis-*
 25 *cal year are insufficient to make the allotments*

1 *under subparagraph (A) in full, such sums shall*
 2 *be allotted so that each State entity receives an*
 3 *equal amount.*

4 “(C) *EXCESS FUNDS.—In any case in*
 5 *which the sums available to carry out this sub-*
 6 *section for any fiscal year are in excess of the*
 7 *amount required to make the allotments under*
 8 *subparagraph (A)—*

9 “(i) *34 percent of the amount of such*
 10 *excess for such fiscal year shall be available*
 11 *to the Chairperson for making grants under*
 12 *this subsection to State entities;*

13 “(ii) *44 percent of the amount of such*
 14 *excess for such fiscal year shall be allotted*
 15 *so that each State entity receives an equal*
 16 *amount; and*

17 “(iii) *the remainder of the amount of*
 18 *such excess for such fiscal year shall be al-*
 19 *lotted so that each State entity receives an*
 20 *amount that bears the same ratio to such*
 21 *remainder as the population of the State for*
 22 *which the application is approved bears to*
 23 *the population of all the States.*

24 “(7) *LIMITATIONS.—*

25 “(A) *FEDERAL SHARE.—*

1 “(i) *IN GENERAL.*—Funding provided
2 through a grant made under this subsection
3 to a State entity for any fiscal year shall be
4 available to each State entity that has an
5 application approved by the Chairperson,
6 and has the State plan accompanying the
7 application in effect on the first day of such
8 fiscal year, to pay not more than 50 percent
9 of the total cost of carrying out any activity
10 described in paragraph (3).

11 “(ii) *EXCESS PORTION.*—Except as
12 provided in clause (iii), the portion of the
13 funding provided through any grant made
14 under paragraph (6)(A) to a State entity
15 for any fiscal year that exceeds \$125,000
16 shall be available, at the discretion of the
17 Chairperson, to pay not more than 100 per-
18 cent of such cost of carrying out an activity
19 under this subsection if such activity would
20 be unavailable to the residents of the State
21 without such portion.

22 “(iii) *PERCENTAGE OF GRANT*
23 *FUNDS.*—The portion of the funding de-
24 scribed in clause (ii) for any fiscal year
25 that is available to pay not more than 100

percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total of the funding provided through such grant for such fiscal year.

“(B) *PROHIBITION ON SUPPLANTING NON-FEDERAL FUNDS.*—Funds made available under this subsection shall be used to supplement, and shall not supplant, non-Federal funds expended for supporting activities described in paragraph (3).

“(8) *UNOBLIGATED FUNDS.*—Any amount allotted to a State entity under paragraph (6) for any fiscal year that is not obligated by the State entity earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall be available for making grants under subsections (d) and (e).

“(9) *LIMITATION ON MULTIPLE ENTITIES.*—The Chairperson may not make grants under this subsection to more than 1 entity in any State.

“(d) *NATIONAL GRANTS.*—

“(1) *PURPOSE.*—The purpose of this subsection is to provide support for grants to groups, individuals, and State agencies or entities to carry out activities relating to education and the public humanities that have a national audience and are of na-

1 *tional significance, such as activities relating to edu-*
 2 *cation in the humanities, media projects, projects in*
 3 *museums and by historical organizations, projects in*
 4 *libraries and archives, public humanities projects, en-*
 5 *dowment building, and technology activities.*

6 “(2) *GENERAL AUTHORITY.*—*Using funds re-*
 7 *served under section 106(b)(1)(D), the Chairperson,*
 8 *acting on the recommendation of the National Coun-*
 9 *cil on the Humanities, may establish and carry out*
 10 *a program of grants to groups, or in appropriate*
 11 *cases individuals, who or which meet the standard of*
 12 *excellence in the humanities and significance in the*
 13 *humanities, or State agencies or entities, to pay for*
 14 *the Federal share of the cost of activities, in accord-*
 15 *ance with subsection (f), to—*

16 “(A) *develop and encourage the pursuit of a*
 17 *national policy to further the public good*
 18 *through public funding of the humanities;*

19 “(B) *initiate and support research and pro-*
 20 *grams to strengthen the research and teaching*
 21 *potential of the United States in the humanities;*

22 “(C) *foster the exchange of information in*
 23 *the humanities;*

24 “(D) *foster education in, and public under-*
 25 *standing and appreciation of, the humanities;*

1 “(E) support projects that foster or promote
2 literacy;

3 “(F) ensure that the benefit of the programs
4 of the Endowment will also be available to the
5 citizens of the United States where such pro-
6 grams would otherwise be unavailable due to geo-
7 graphic or economic reasons;

8 “(G) enable the groups to increase the levels
9 of continuing support and to increase the range
10 of contributors to the program of the groups;

11 “(H) provide administrative and manage-
12 ment improvements for the groups, particularly
13 in the field of long-range financial planning;

14 “(I) enable the groups to increase audience
15 participation in, and appreciation of, programs
16 sponsored by the groups;

17 “(J) develop new sources of long-term sup-
18 port for educational, scholarly, and public pro-
19 grams in the humanities, including renovating
20 or constructing facilities, augmenting or estab-
21 lishing endowment funds, and purchasing cap-
22 ital equipment to ensure financial stability;

23 “(K) stimulate greater cooperation among
24 the groups especially designed to serve better the

1 *communities in which the groups are located;*
 2 *and*

3 “(L) *foster greater citizen involvement in*
 4 *planning the cultural development of a commu-*
 5 *nity.*

6 “(e) *RESEARCH AND SCHOLARSHIP GRANTS.—*

7 “(1) *PURPOSE.—The purpose of this subsection*
 8 *is to encourage the development and dissemination of*
 9 *significant scholarship in the humanities by groups,*
 10 *individuals, and State agencies or entities by such*
 11 *means as fellowships for college and university faculty*
 12 *and independent scholars, dissertation grants, sum-*
 13 *mer stipends, and funds for scholarly publications,*
 14 *reference materials, basic research, institutional pro-*
 15 *grams, and preservation.*

16 “(2) *GENERAL AUTHORITY.—Using funds re-*
 17 *served under section 106(b)(1)(E), the Chairperson,*
 18 *acting on the recommendation of the National Coun-*
 19 *cil on the Humanities, may establish and carry out*
 20 *a program of grants to groups, individuals, State*
 21 *agencies, and State entities for the purpose of paying*
 22 *for the Federal share of the cost, in accordance with*
 23 *subsection (f), of—*

24 “(A) *initiating and supporting (including*
 25 *supporting through fellowships) training, work-*

1 *shops, programs, research, and publications, in*
2 *the humanities, that have substantial scholarly*
3 *and cultural significance and that reach or re-*
4 *fect the cultural heritage of the United States;*

5 *“(B) fostering projects that provide access*
6 *to, and preserving materials important to re-*
7 *search, education, and public understanding re-*
8 *garding, the humanities;*

9 *“(C) enabling the groups to increase the lev-*
10 *els of continuing support and to increase the*
11 *range of contributors to the program of the*
12 *groups;*

13 *“(D) providing administrative and man-*
14 *agement improvements for the groups, particu-*
15 *larly in the field of long-range financial plan-*
16 *ning; and*

17 *“(E) developing new sources of long-term*
18 *support for educational, scholarly, and public*
19 *programs in the humanities, including renovat-*
20 *ing or constructing facilities, augmenting or es-*
21 *tablishing endowment funds, and purchasing*
22 *capital equipment to ensure financial stability.*

23 *“(3) TRAINING; WORKSHOPS; RESEARCH.—A fel-*
24 *lowship awarded to an individual under paragraph*
25 *(2)(A) may be used for the purpose of supporting*

1 *study or research at an appropriate nonprofit institu-*
 2 *tion selected by the individual, for a stated period of*
 3 *time. The total amount of any grant under para-*
 4 *graph (2)(A) to any group engaging in workshop ac-*
 5 *tivities for which an admission or other charge is*
 6 *made to the general public shall not exceed 30 percent*
 7 *of the total cost of such activities.*

8 “(4) *CONSIDERATIONS.—In selecting a group or*
 9 *individual as a recipient of a grant to be made under*
 10 *this subsection, the Chairperson shall give particular*
 11 *regard to scholars, and educational and cultural in-*
 12 *stitutions, that traditionally have been underrep-*
 13 *resented in the humanities.*

14 “(f) *FEDERAL SHARE AND NON-FEDERAL SHARE FOR*
 15 *NATIONAL GRANTS AND RESEARCH AND SCHOLARSHIP*
 16 *GRANTS.—*

17 “(1) *FEDERAL SHARE.—*

18 “(A) *IN GENERAL.—Except as provided in*
 19 *paragraph (3), and subject to subparagraph (B),*
 20 *the Federal share described subsection (d)(2) or*
 21 *(e)(2) shall be determined by the Chairperson,*
 22 *after recommendation from the Council.*

23 “(B) *SPECIAL RULE.—With respect to a fis-*
 24 *cal year, the Chairperson shall ensure that the*
 25 *aggregate amount of funding provided by the*

Chairperson through grants under subsections (d)(2) and (e)(2) for that fiscal year shall equal the aggregate amount of non-Federal contributions made for that fiscal year, in accordance with paragraph (2), by recipients of grants awarded under subsections (d)(2) and (e)(2).

“(2) NON-FEDERAL SHARE.—

“(A) IN GENERAL.—Except as provided in paragraph (3) and subject to subparagraph (B), the Chairperson shall have the discretion in determining the amount of non-Federal contribution that a recipient of a grant under subsection (d)(2) or (e)(2) shall be required to make toward the cost of an activity funded under the grant.

“(B) SPECIAL RULE.—With respect to a fiscal year, the Chairperson shall ensure that the aggregate amount of non-Federal contributions provided by recipients of grants under subsections (d)(2) and (e)(2) for that fiscal year shall equal the aggregate amount of funding that the Chairperson provided through grants under subsections (d)(2) and (e)(2) for that fiscal year.

“(3) SPECIAL RULES FOR ACTIVITIES RELATING TO NEW SOURCES OF LONG-TERM SUPPORT.—

1 “(A) *FEDERAL SHARE.*—*The Federal share*
 2 *described in subsection (d)(2) or (e)(2) for an ac-*
 3 *tivity described in subsection (d)(2)(J) or*
 4 *(e)(2)(E) shall be an amount equal to not more*
 5 *than 25 percent of the cost of the activity.*

6 “(B) *NON-FEDERAL SHARE.*—*A recipient*
 7 *that receives a grant under subsection (d) to*
 8 *carry out an activity described in paragraph*
 9 *(2)(J) of such subsection, or subsection (e) to*
 10 *carry out an activity described in paragraph*
 11 *(2)(E) of such subsection, shall make available*
 12 *non-Federal contributions toward the costs of the*
 13 *activity in an amount equal to not less than 75*
 14 *percent of such costs.*

15 **“SEC. 303. APPLICATION PROCEDURES.**

16 *“To be eligible to receive a grant under this title, a*
 17 *State, group, individual, agency, or, organization shall sub-*
 18 *mit an application to the Chairperson at such time, in such*
 19 *manner, and containing such information as the Chair-*
 20 *person may prescribe.*

21 **“SEC. 304. REVIEW PANELS.**

22 *“The Chairperson may select panels of experts under*
 23 *section 307(a)(3) to review and make recommendations*
 24 *with respect to the approval of applications for grants au-*
 25 *thorized under this title. In selecting the panels, the Chair-*

1 *person shall appoint individuals who have exhibited exper-*
 2 *tise and leadership in the field under review, who broadly*
 3 *represent diverse humanistic perspectives and geographic*
 4 *factors, and who broadly represent cultural diversity.*

5 **“SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.**

6 “(a) *ESTABLISHMENT.*—*There is established within*
 7 *the Endowment a National Council on the Humanities (re-*
 8 *ferred to in this section as the ‘Council’).*

9 “(b) *COMPOSITION.*—

10 “(1) *IN GENERAL.*—*The Council shall be com-*
 11 *posed of the Chairperson of the Endowment, who shall*
 12 *be the Chairperson of the Council, and 20 other mem-*
 13 *bers appointed by the President, by and with the ad-*
 14 *vice and consent of the Senate, who shall be selected—*

15 “(A) *from among private citizens of the*
 16 *United States who—*

17 “(i) *are recognized for their broad*
 18 *knowledge of, or expertise in, the human-*
 19 *ities; and*

20 “(ii) *have established records of distin-*
 21 *guished service, or achieved eminence, in the*
 22 *humanities;*

23 “(B) *so as to include scholars and others*
 24 *who are professionally engaged in the human-*
 25 *ities; and*

1 “(C) so as collectively to provide an appro-
 2 priate distribution of members among the major
 3 humanities fields.

4 “(2) *QUALIFICATIONS.*—*The President may, in*
 5 *making such appointments, give consideration to such*
 6 *recommendations as may, from time to time, be sub-*
 7 *mitted to the President by leading national organiza-*
 8 *tions in the major humanities fields. In making such*
 9 *appointments, the President shall give due regard to*
 10 *equitable representation of women, racially and eth-*
 11 *nically diverse individuals, and individuals with dis-*
 12 *abilities, who are involved in the humanities. Mem-*
 13 *bers of the Council shall be appointed so as to rep-*
 14 *resent equitably geographical areas in the United*
 15 *States.*

16 “(c) *TERMS.*—

17 “(1) *IN GENERAL.*—

18 “(A) *STAGGERED TERMS.*—*Each member of*
 19 *the Council shall serve for a term of 6 years, and*
 20 *the terms shall be staggered.*

21 “(B) *EXPIRATION.*—*Except as provided in*
 22 *paragraph (2), the terms of all Council members*
 23 *shall expire on the third day of September in the*
 24 *year of expiration.*

1 “(C) *REAPPOINTMENT AFTER PARTIAL*
 2 *TERM.—Each member who has served on the*
 3 *Council for 1 term of less than 3 years shall be*
 4 *eligible for reappointment for 1 term of 6 years.*

5 “(D) *VACANCY APPOINTMENTS.—Any mem-*
 6 *ber appointed to fill a vacancy shall serve for the*
 7 *remainder of the term for which the predecessor*
 8 *of the member was appointed.*

9 “(E) *HOLDOVER SERVICE.—Notwithstand-*
 10 *ing any other provision of this subsection, a*
 11 *member of the Council shall serve after the expi-*
 12 *ration of the term of the member until the succes-*
 13 *sor to the member takes office.*

14 “(2) *ADJUSTMENT TO REDUCE COUNCIL.—*

15 “(A) *MEMBERS WHOSE TERMS EXPIRED IN*
 16 *1996 BUT CONTINUE TO SERVE.—*

17 “(i) *IN GENERAL.—The terms of 6*
 18 *members of the Council whose terms expired*
 19 *on September 3, 1996 and who continue to*
 20 *serve because a successor has not been ap-*
 21 *pointed shall be deemed to expire on the*
 22 *date of enactment of the Arts and Human-*
 23 *ities Amendments of 1997.*

24 “(ii) *SUCCESSORS.—The President*
 25 *shall appoint 3 members of the Council to*

1 *succeed members whose terms are deemed to*
 2 *expire as described in clause (i).*

3 “(B) *MEMBERS WHOSE TERMS EXPIRE IN*
 4 *2000.—*

5 “(i) *IN GENERAL.—The terms of 2*
 6 *members of the Council whose terms expire*
 7 *on September 3, 2000 shall be deemed to ex-*
 8 *pire on September 3, 2002.*

9 “(ii) *SUCCESSORS.—The President*
 10 *shall not appoint any members to succeed*
 11 *the members whose terms are deemed to ex-*
 12 *pire as described in clause (i).*

13 “(d) *COMPENSATION.—Members of the Council shall*
 14 *receive compensation at a rate to be fixed by the Chair-*
 15 *person but not to exceed the daily equivalent of the maxi-*
 16 *mum rate authorized for a position above grade GS–15 of*
 17 *the General Schedule under section 5108 of title 5, United*
 18 *States Code, and be allowed travel expenses including per*
 19 *diem in lieu of subsistence, as authorized under section*
 20 *5703 of title 5, United States Code, for persons employed*
 21 *intermittently in Federal Government service.*

22 “(e) *MEETINGS AND DUTIES.—*

23 “(1) *MEETINGS.—The Council shall meet at the*
 24 *call of the Chairperson but not less often than twice*

1 *during each calendar year. Eleven members of the*
2 *Council shall constitute a quorum.*

3 “(2) *DUTIES.—The Council shall—*

4 “(A) *advise the Chairperson with respect to*
5 *policies, programs, and procedures for carrying*
6 *out the functions of the Chairperson under this*
7 *title; and*

8 “(B) *review applications for grants author-*
9 *ized under this title and make recommendations*
10 *to the Chairperson with respect to the approval*
11 *of each application.*

12 “(f) *ACTIONS BY CHAIRPERSON.—*

13 “(1) *IN GENERAL.—The Chairperson shall not*
14 *approve or disapprove any application for a grant*
15 *authorized under this title until the Chairperson has*
16 *received the recommendation of the Council on such*
17 *application, unless the Council fails to make a rec-*
18 *ommendation on the application within a reasonable*
19 *time.*

20 “(2) *DELEGATIONS.—In the case of an applica-*
21 *tion submitted under this title and involving \$35,000*
22 *or less, the Chairperson may approve or disapprove*
23 *such application if such action is taken pursuant to*
24 *the terms of an express and direct delegation of au-*
25 *thority from the Council to the Chairperson, and if*

1 *each such action by the Chairperson is reviewed by*
 2 *the Council. The terms of any such delegation of au-*
 3 *thority shall not permit obligations for expenditure of*
 4 *funds under such delegation for any fiscal year that*
 5 *exceed an amount equal to 3 percent of the sums ap-*
 6 *propriated for the fiscal year pursuant to section*
 7 *106(b)(1)(A).*

8 **“SEC. 306. LIMITATIONS ON GRANTS.**

9 **“(a) CRITERIA FOR ELIGIBILITY FOR GRANTS.—**

10 **“(1) DEFINITIONS.—In this subsection:**

11 **“(A) PRODUCTION ENTITY.—***The term ‘pro-*
 12 *duction entity’ means any partnership, corpora-*
 13 *tion, business enterprise, or other organization*
 14 *engaged in the production of a film or publica-*
 15 *tion.*

16 **“(B) GROUP.—***The term ‘group’ includes*
 17 *any State or local government, State or local*
 18 *public agency, Indian tribe, or nonprofit associa-*
 19 *tion, organization, institution, or society.*

20 **“(C) NATIONAL OF THE UNITED STATES.—**
 21 *The term ‘national of the United States’ means*
 22 *a citizen of the United States or a person who*
 23 *owes permanent allegiance to the United States.*

24 **“(2) CRITERIA.—***The Chairperson, with the ad-*
 25 *vice of the National Council on the Humanities, shall*

1 *establish criteria for eligibility for grants made under*
 2 *this title. The criteria shall provide the following:*

3 “(A) *GROUP*.—A group shall be eligible to
 4 receive a grant under this title if—

5 “(i) *no part of the net earnings of the*
 6 *group inures to the benefit of any private*
 7 *stockholder, or individual; and*

8 “(ii) *a donation to such group is al-*
 9 *lowable as a charitable contribution under*
 10 *section 170(c) of the Internal Revenue Code*
 11 *of 1986.*

12 “(B) *PRODUCTION ENTITY*.—A production
 13 entity that is a nonprofit group shall be eligible
 14 to receive a grant under this title if the Chair-
 15 person, with the advice of the National Council
 16 on the Humanities, determines that providing
 17 such a grant will significantly advance the
 18 knowledge or understanding of the humanities in
 19 the United States.

20 “(C) *INDIVIDUAL*.—An individual shall be
 21 eligible to receive a grant under this title if—

22 “(i) *the individual is a citizen or na-*
 23 *tional of the United States; and*

24 “(ii) *the Chairperson, with the advice*
 25 *of the National Council on the Humanities,*

1 *determines that providing the grant will*
 2 *significantly advance the knowledge or un-*
 3 *derstanding of the humanities in the United*
 4 *States.*

5 “(b) *ADMISSION CHARGES.*—*No grant shall be made*
 6 *under this title for an activity (other than an activity con-*
 7 *ducted by a school, college, or university) for which a direct*
 8 *or an indirect admission charge is requested if the proceeds,*
 9 *after deducting reasonable costs, are used for purposes other*
 10 *than assisting the grant recipient to develop high standards*
 11 *of scholarly excellence or encourage greater appreciation of*
 12 *the humanities by the citizens of the United States.*

13 “(c) *LABOR STANDARDS.*—*The provisions of section*
 14 *206(d) shall apply to activities financed under this title in*
 15 *the same manner and to the same extent as the provisions*
 16 *apply to activities financed under title II.*

17 **“SEC. 307. ADMINISTRATIVE PROVISIONS.**

18 “(a) *AUTHORITIES OF CHAIRPERSON.*—*In addition to*
 19 *any authorities vested in the Chairperson by other provi-*
 20 *sions of this Act, the Chairperson, in carrying out the func-*
 21 *tions of the Chairperson, shall have authority—*

22 “(1) *to prescribe such regulations and procedures*
 23 *as the Chairperson determines to be necessary, govern-*
 24 *ing the manner in which the functions of the Chair-*
 25 *person shall be carried out;*

1 “(2) to appoint and determine the compensation
2 of such employees, subject to title 5, United States
3 Code, as may be necessary to carry out the functions
4 of the Chairperson, to define the duties of such em-
5 ployees, and to supervise and direct the activities of
6 such employees;

7 “(3) to procure the temporary and intermittent
8 services of experts and consultants, including panels
9 of experts, and compensate the experts and consult-
10 ants in accordance with section 3109 of title 5, Unit-
11 ed States Code;

12 “(4) to accept and utilize the voluntary services
13 of individuals and reimburse the individuals for trav-
14 el expenses, including per diem in lieu of subsistence,
15 in the same amounts and to the same extent as au-
16 thorized under section 5703 of title 5, United States
17 Code, for persons employed intermittently in Federal
18 Government service;

19 “(5) to make advance, progress, and other pay-
20 ments without regard to section 3324 of title 31,
21 United States Code;

22 “(6) to rent office space in the District of Colum-
23 bia; and

24 “(7) to make other necessary expenditures.

1 “(b) *PUBLICATIONS.*—Official publications of the En-
 2 *dowment under this title may be supported without regard*
 3 *to the provisions of section 501 of title 44, United States*
 4 *Code, if the Chairperson consults with the Joint Committee*
 5 *on Printing of the Congress.*

6 “(c) *COORDINATION.*—The Chairperson shall coordi-
 7 *nate the programs of the Endowment, insofar as prac-*
 8 *ticable, with other Federal programs, programs of des-*
 9 *ignated State humanities agencies, and programs under-*
 10 *taken by other public agencies or private groups, and shall*
 11 *develop the programs of the Endowment with due regard*
 12 *to the contribution to the objectives of this title that can*
 13 *be made by other Federal agencies under the existing pro-*
 14 *grams. The Chairperson may enter into interagency agree-*
 15 *ments to promote or assist with the humanities-related ac-*
 16 *tivities of other Federal agencies, on a reimbursable or non-*
 17 *reimbursable basis, and may use funds authorized to be ap-*
 18 *propriated to carry out this title to pay for the costs of*
 19 *such promotion or assistance.*

20 **“SEC. 308. REPORTS.**

21 “(a) *ANNUAL REPORT OF CHAIRPERSON.*—The Chair-
 22 *person shall submit an annual report to the President for*
 23 *submission to the appropriate committees of Congress on*
 24 *or before the 15th day of April of each year. The report*
 25 *shall summarize the activities of the Endowment for the*

1 preceding year, and may include such evaluations and
 2 other reports as the Chairperson determines to be appro-
 3 priate.

4 “(b) *FINANCIAL REPORTS AND COMPLIANCE.*—

5 “(1) *IN GENERAL.*—It shall be a condition of the
 6 receipt of a grant made under this title by the Chair-
 7 person that each such grant recipient agree to and
 8 comply with requirements to submit to the Chair-
 9 person—

10 “(A) financial reports containing such in-
 11 formation as the Chairperson determines to be
 12 necessary to ensure that the funding provided
 13 through the grant is expended in accordance
 14 with the terms and conditions under which the
 15 grant is made;

16 “(B) a report describing the activity carried
 17 out with the funding provided through the grant
 18 and the compliance by the grant recipient with
 19 the conditions of receipt of such grant, including
 20 the condition that the work assisted meets the
 21 standards of excellence in humanities and sig-
 22 nificance in the humanities; and

23 “(C) if practicable, as determined by the
 24 Chairperson, a copy of the work resulting from
 25 the activity.

1 “(2) *REPORTS.*—*The reports and copy described*
 2 *in paragraph (1) shall be due not later than 90 days*
 3 *after the end of the period for which such grant recip-*
 4 *ient receives funding through the grant or 90 days*
 5 *after the completion of the work, whichever occurs ear-*
 6 *lier. The Chairperson may extend the 90-day period*
 7 *if the recipient shows good cause why such an exten-*
 8 *sion should be granted.*

9 “(c) *EVALUATION.*—*The Chairperson shall conduct a*
 10 *post-award evaluation of activities for which grants are*
 11 *made by the Chairperson under this title. Such evaluation*
 12 *may include an audit to determine the accuracy of the re-*
 13 *ports required to be submitted by grant recipients under*
 14 *subsection (b).*

15 “(d) *ANNUAL REPORT OF NATIONAL COUNCIL ON THE*
 16 *HUMANITIES.*—

17 “(1) *IN GENERAL.*—*The National Council on the*
 18 *Humanities may submit an annual report to the*
 19 *President for submission to the appropriate commit-*
 20 *tees of Congress on or before the 15th day of April of*
 21 *each year.*

22 “(2) *CONTENTS.*—*The report shall include writ-*
 23 *ten records summarizing—*

24 “(A) *all meetings and discussions of the*
 25 *Council; and*

1 “(B) recommendations made by the Council
2 to the Chairperson.

3 “(3) *PRIVACY.*—The Council shall ensure that
4 the information contained in the report will be pre-
5 sented in a manner that protects the privacy of indi-
6 vidual applicants for grants authorized under this
7 title and Council members.

8 **“SEC. 309. SANCTIONS AND PAYMENTS.**

9 “(a) *FAILURE TO SATISFY PURPOSES.*—If any recipi-
10 ent of a grant made under this title, or an indirect recipient
11 of funding provided through the grant, substantially fails
12 to satisfy the purposes for which such grant is made, as
13 determined by the Chairperson, the Chairperson may—

14 “(1) for purposes of determining whether to make
15 any subsequent funding to the direct or indirect re-
16 cipient under this title, take into consideration the
17 results of the post-award evaluation conducted under
18 section 308(c);

19 “(2) prohibit the direct and indirect recipients
20 from using the name of, or in any way associating
21 the project, production, or workshop for which the
22 grant was received with, the Endowment; and

23 “(3) if such project, production, or workshop is
24 published, require that the publication contain the fol-
25 lowing statement: ‘The opinions, findings, conclu-

sions, and recommendations expressed in this publication do not reflect the views of the National Endowment for the Humanities.’.

“(b) NONCOMPLIANCE.—

“(1) IN GENERAL.—The Chairperson shall take the actions described in paragraph (2) whenever the Chairperson, after providing reasonable notice and an opportunity for hearing, finds that—

“(A) a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with the provisions of this title;

“(B) a State agency or entity that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with terms and conditions of the State plan accompanying the application approved for the grant under this title; or

“(C) any funding provided under this title to a recipient or State agency or entity described in subparagraph (A) or (B) has been diverted from the purposes for which such funding was provided.

“(2) ACTIONS.—On making the finding described in paragraph (1), the Chairperson shall immediately

1 *notify the direct recipient, or State agency or entity,*
 2 *that received the funding at issue that—*

3 “(A) *no further funding will be provided*
 4 *under this title to such recipient or State agency*
 5 *or entity until there is no longer any default or*
 6 *failure to comply or the diversion is corrected; or*

7 “(B) *if compliance or correction is impos-*
 8 *sible, until such recipient or State agency or en-*
 9 *tity repays or arranges the repayment of the*
 10 *Federal funds that were improperly diverted or*
 11 *expended.*

12 “(c) *RECAPTURE.—*

13 “(1) *IN GENERAL.—A recipient of funding under*
 14 *this title shall pay the amount described in para-*
 15 *graph (2) to the Endowment if the Chairperson finds*
 16 *that the recipient has derived net program income in*
 17 *excess of the match required under the terms of the*
 18 *agreement from the creation of an original, commer-*
 19 *cially successful activity funded that exceeds the lesser*
 20 *of—*

21 “(A) *\$50,000; or*

22 “(B) *twice the amount of the funding.*

23 “(2) *AMOUNT.—At the discretion of the Chair-*
 24 *person, the amount referred to in paragraph (1) is*
 25 *not less than $\frac{1}{3}$ and not more than $\frac{1}{2}$ of the amount*

1 of the net program income generated within 5 years
 2 after the end of the grant period, but not more than
 3 the amount of the funding, unless the Chairperson has
 4 reached an agreement with the grantee upon the
 5 award of a grant that the amount referred to in para-
 6 graph (1) shall exceed the amount of the grant.

7 “(d) ACCOUNT.—Except as otherwise provided in this
 8 Act, the Treasurer of the United States shall deposit funds
 9 paid under subsection (c), or repaid under this Act, in a
 10 special interest bearing account to the credit of the Endow-
 11 ment.

12 **“SEC. 310. AWARDS.**

13 “(a) JEFFERSON LECTURE IN THE HUMANITIES
 14 AWARD.—The Chairperson may award annually the Jeffer-
 15 son Lecture in the Humanities Award to 1 individual for
 16 distinguished intellectual achievement in the humanities.
 17 Each such award shall not exceed \$10,000.

18 “(b) NATIONAL HUMANITIES MEDAL.—

19 “(1) IN GENERAL.—The President may award
 20 the National Humanities Medal to individuals or
 21 groups whose work—

22 “(A) has expanded the understanding of
 23 citizens of the United States in the area of hu-
 24 manities;

1 “(B) has broadened such citizens engage-
2 ment with the humanities; or

3 “(C) has helped preserve and expand the ac-
4 cess of such citizens to important resources in the
5 humanities.

6 “(2) *NUMBER OF MEDALS*.—Not more than 12 of
7 such medals may be awarded in any calendar year.

8 “(3) *CEREMONIES*.—The presentation of the Na-
9 tional Humanities Medal shall be made by the Presi-
10 dent with such ceremonies as the President may deter-
11 mine to be appropriate, including attendance by ap-
12 propriate Members of Congress.”.

13 **SEC. 102. CONFORMING AMENDMENTS.**

14 Section 8G of the Inspector General Act of 1978 (5
15 U.S.C. App.) is amended—

16 (1) in subsection (a)—

17 (A) in paragraph (2), by striking “the Na-
18 tional Endowment for the Arts, the National En-
19 dowment for the Humanities,” and inserting
20 “the portion of the National Foundation on the
21 Arts and the Humanities consisting of the Na-
22 tional Endowment for the Arts and the National
23 Endowment for the Humanities,”; and

24 (B) in paragraph (4)—

1 (i) in subparagraph (A), by striking at
2 the end “and”;

3 (ii) in subparagraph (B), by inserting
4 after the semicolon “and”; and

5 (iii) by adding at the end the follow-
6 ing:

7 “(C) with respect to the National Endow-
8 ment for the Arts and the National Endowment
9 for the Humanities, the term means the Chair-
10 person of the National Endowment for the Arts
11 with respect to matters relating to the National
12 Endowment for the Arts and the Chairperson of
13 the National Endowment for the Humanities
14 with respect to matters relating to the Chair-
15 person of the National Endowment for the Hu-
16 manities;”;

17 (2) in subsection (c), by inserting before the pe-
18 riod the following: “, except that the Inspector Gen-
19 eral for the National Endowment for the Arts and the
20 National Endowment for the Humanities shall be
21 jointly appointed by the Chairperson of the National
22 Endowment for the Arts and the Chairperson of the
23 National Endowment for the Humanities”; and

24 (3) in the first sentence of subsection (d), by in-
25 serting before the period the following: “, except as

1 *provided in section 103 of the National Foundation*
 2 *on the Arts and the Humanities Act of 1965”.*

3 ***TITLE II—ARTS AND ARTIFACTS***
 4 ***INDEMNITY ACT***

5 ***SEC. 201. ARTS AND ARTIFACTS.***

6 *The Arts and Artifacts Indemnity Act (20 U.S.C. 971*
 7 *et seq.) is amended to read as follows:*

8 ***“SECTION 1. SHORT TITLE.***

9 *“This Act may be cited as the ‘Arts and Artifacts In-*
 10 *demnity Act’.*

11 ***“SEC. 2. INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTI-***
 12 ***FACTS.***

13 *“The Federal Council on the Arts and Humanities (re-*
 14 *ferred to in this Act as the ‘Council’) established under sec-*
 15 *tion 8, may enter into agreements to indemnify against loss*
 16 *or damage such items as may be eligible for such indemnity*
 17 *agreements under section 3—*

18 *“(1) in accordance with the provisions of this*
 19 *Act; and*

20 *“(2) on such terms and conditions as the Council*
 21 *shall prescribe, by regulation, in order to achieve the*
 22 *objectives of this Act and, consistent with such objec-*
 23 *tives, to protect the financial interest of the United*
 24 *States.*

1 **“SEC. 3. ELIGIBLE ITEMS.**

2 “(a) *TYPES OF ITEMS.*—*The Council may enter into*
3 *an indemnity agreement under section 2 with respect to*
4 *items—*

5 “(1) *that are—*

6 “(A) *works of art, including tapestries,*
7 *paintings, sculpture, folk art, and graphics and*
8 *craft arts;*

9 “(B) *manuscripts, rare documents, books, or*
10 *other printed or published materials;*

11 “(C) *other artifacts or objects; or*

12 “(D) *photographs, motion pictures, or audio*
13 *and video tape;*

14 “(2) *that are of educational, cultural, historical,*
15 *or scientific value; and*

16 “(3) *the exhibition of which is certified (where*
17 *appropriate) by the Secretary of State or the designee*
18 *of the Secretary of State as being in the national in-*
19 *terest.*

20 “(b) *ITEMS ON EXHIBITION.*—

21 “(1) *SCOPE.*—*An indemnity agreement made*
22 *under this Act shall cover eligible items while on exhi-*
23 *bition, generally when the items are part of an ex-*
24 *change of exhibitions. An item described in subsection*
25 *(a) that is part of an exhibition that originates either*
26 *in the United States or outside the United States and*

1 *that is touring the United States shall be considered*
 2 *to be an eligible item.*

3 “(2) *DEFINITION.*—*For purposes of this sub-*
 4 *section, the term ‘on exhibition’ includes the period of*
 5 *time beginning on the date the eligible items leave the*
 6 *premises of the lender or place designated by the lend-*
 7 *er and ending on the date such items are returned to*
 8 *the premises of the lender or place designated by the*
 9 *lender.*

10 **“SEC. 4. APPLICATIONS.**

11 “(a) *IN GENERAL.*—*Any person, nonprofit agency, in-*
 12 *stitution, or government desiring to enter into an indem-*
 13 *nity agreement for eligible items under this Act shall submit*
 14 *an application to the Council at such time, in such manner*
 15 *and in accordance with such procedures, as the Council*
 16 *shall, by regulation, prescribe.*

17 “(b) *CONTENTS.*—*An application submitted under*
 18 *subsection (a) shall—*

19 “(1) *describe each item to be covered by the*
 20 *agreement (including an estimated value of such*
 21 *item);*

22 “(2) *show evidence that the item is an item de-*
 23 *scribed in section 3(a); and*

24 “(3) *set forth policies, procedures, techniques,*
 25 *and methods with respect to preparation for, and con-*

1 *duct of, exhibition of the item, and any transpor-*
2 *tation related to such item.*

3 *“(c) APPROVAL.—On receipt of an application under*
4 *this section, the Council shall review the application as de-*
5 *scribed in section 5 and, if the Council agrees with the esti-*
6 *mated value described in the application and if such appli-*
7 *cation conforms with the requirements of this Act, approve*
8 *the application and enter into an indemnity agreement*
9 *with the applicant under section 2. On such approval, the*
10 *agreement shall constitute a contract between the Council*
11 *and the applicant pledging the full faith and credit of the*
12 *United States to pay any amount for which the Council*
13 *becomes liable under such agreement. The Council, for such*
14 *purpose, is authorized to pledge the full faith and credit*
15 *of the United States.*

16 **“SEC. 5. INDEMNITY AGREEMENT.**

17 *“(a) REVIEW.—On receipt of an application meeting*
18 *the requirements of subsections (a) and (b) of section 4, the*
19 *Council shall review the estimated value of the items for*
20 *which coverage by an indemnity agreement is sought. If the*
21 *Council agrees with such estimated value, for the purposes*
22 *of this Act, the Council shall, after approval of the applica-*
23 *tion as provided for in subsection (c) of section 4, make*
24 *an indemnity agreement.*

1 “(b) *AGGREGATE AMOUNT OF LOSS OR DAMAGE.*—The
2 *aggregate amount of loss or damage covered by indemnity*
3 *agreements made under this Act shall not exceed*
4 *\$3,000,000,000, at any one time.*

5 “(c) *INDIVIDUAL AMOUNT OF LOSS OR DAMAGE.*—No
6 *indemnity agreement for a single exhibition shall cover loss*
7 *or damage in excess of \$300,000,000.*

8 “(d) *EXTENT OF COVERAGE.*—If the estimated value
9 *of the items covered by an indemnity agreement for a single*
10 *exhibition is—*

11 “(1) *\$2,000,000 or less, then coverage under this*
12 *Act shall extend only to loss or damage in excess of*
13 *the first \$15,000 of loss or damage to the items cov-*
14 *ered;*

15 “(2) *more than \$2,000,000 but less than*
16 *\$10,000,000, then coverage under this Act shall extend*
17 *only to loss or damage in excess of the first \$25,000*
18 *of loss or damage to the items covered;*

19 “(3) *not less than \$10,000,000 but less than*
20 *\$125,000,000, then coverage under this Act shall ex-*
21 *tend only to loss or damage in excess of the first*
22 *\$50,000 of loss or damage to the items covered;*

23 “(4) *not less than \$125,000,000 but less than*
24 *\$200,000,000, then coverage under this Act shall ex-*

1 *tend only to loss or damage in excess of the first*
 2 *\$100,000 of loss or damage to the items covered; or*
 3 *“(5) \$200,000,000 or more, then coverage under*
 4 *this Act shall extend only to loss or damage in excess*
 5 *of the first \$200,000 of loss or damage to the items*
 6 *covered.*

7 **“SEC. 6. REGULATIONS AND CERTIFICATION.**

8 *“(a) REGULATIONS.—The Council shall prescribe regu-*
 9 *lations providing for prompt adjustment of valid claims for*
 10 *loss or damage to items that are covered by an agreement*
 11 *entered into pursuant to section 2, including provision for*
 12 *arbitration of issues relating to the dollar value of damages*
 13 *involving less than total loss or destruction of such covered*
 14 *items.*

15 *“(b) CERTIFICATION.—In the case of a claim of loss*
 16 *or damage with respect to an item that is covered by an*
 17 *agreement entered into pursuant to section 2, the Council*
 18 *shall certify the validity of the claim and the amount of*
 19 *the loss to the Speaker of the House of Representatives and*
 20 *the President pro tempore of the Senate.*

21 **“SEC. 7. REPORT.**

22 *“The Council shall prepare, and submit at the end of*
 23 *each fiscal year to the appropriate committees of Congress,*
 24 *a report containing information on—*

1 “(1) *all claims paid pursuant to this Act during*
2 *such year;*

3 “(2) *pending claims against the Council under*
4 *this Act as of the end of such year; and*

5 “(3) *the aggregate face value of contracts entered*
6 *into by the Council that are outstanding at the end*
7 *of such year.*

8 **“SEC. 8. ESTABLISHMENT OF THE FEDERAL COUNCIL ON**
9 **THE ARTS AND THE HUMANITIES.**

10 “(a) *ESTABLISHMENT.—*

11 “(1) *IN GENERAL.—There is established a Fed-*
12 *eral Council on the Arts and the Humanities.*

13 “(2) *STATUS AS AN AGENCY.—For the purposes*
14 *of this Act, the Council shall be an agency within the*
15 *meaning of the appropriate definitions of such term*
16 *in title 5, United States Code.*

17 “(b) *MEMBERSHIP.—*

18 “(1) *IN GENERAL.—The Council shall be com-*
19 *posed of the Chairperson of the National Endowment*
20 *for the Arts, the Chairperson of the National Endow-*
21 *ment for the Humanities, the Director of the Institute*
22 *of Museum and Library Services, the Secretary of*
23 *Education, the Secretary of the Smithsonian Institu-*
24 *tion, the Director of the National Science Foundation,*
25 *the Librarian of Congress, the Director of the Na-*

1 *tional Gallery of Art, the Chairman of the Commis-*
 2 *sion of Fine Arts, the Archivist of the United States,*
 3 *the Commissioner, Public Buildings Service, General*
 4 *Services Administration, the Assistant Secretary for*
 5 *Aging, a member designated by the Secretary of State,*
 6 *and a member designated by the Secretary of the In-*
 7 *terior, a member designated by the Chairman of the*
 8 *Senate Commission on Art and Antiquities, and a*
 9 *member designated by the Speaker of the House of*
 10 *Representatives.*

11 “(2) *DESIGNATION OF PRESIDING OFFICER.—*
 12 *The President shall designate the presiding officer of*
 13 *the Council from among the members.*

14 “(3) *AUTHORITY TO CHANGE THE MEMBER-*
 15 *SHIP.—The President is authorized to change the*
 16 *membership of the Council as the President deems*
 17 *necessary to meet changes in Federal programs or ex-*
 18 *ecutive branch organization.*

19 “(c) *FUNCTIONS.—*

20 “(1) *IN GENERAL.—Except as provided in para-*
 21 *graph (2), the Council shall—*

22 “(A) *carry out the functions of the Council*
 23 *described in sections 1 through 7;*

24 “(B) *promote coordination between the pro-*
 25 *grams and activities of the National Foundation*

1 *on the Arts and Humanities and related pro-*
 2 *grams and activities of other Federal agencies;*
 3 *and*

4 “(C) *encourage an ongoing dialogue in sup-*
 5 *port of the arts and the humanities among Fed-*
 6 *eral agencies.*

7 “(2) *RESTRICTIONS.—The following members of*
 8 *the Council shall not carry out the functions described*
 9 *in paragraph (1)(A):*

10 “(A) *The Secretary of the Smithsonian In-*
 11 *stitution.*

12 “(B) *The Director of the National Gallery*
 13 *of Art.*

14 “(C) *The member of the Council designated*
 15 *by the Chairman of the Senate Commission on*
 16 *Art and Antiquities.*

17 “(D) *The member of the Council designated*
 18 *by the Speaker of the House of Representatives.*

19 “(3) *LIMITATION ON USE OF EMPLOYEES.—No*
 20 *employee (other than a member of the Council) of the*
 21 *Council may carry out the activities described in sub-*
 22 *paragraphs (B) and (C) of paragraph (1).*

23 **“SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

24 *“There are authorized to be appropriated such sums*
 25 *as may be necessary—*

1 “(1) to enable the Council to carry out the func-
2 tions (except the functions described in subparagraphs
3 (B) and (C) of section 8(c)(1)) of the Council under
4 this Act; and
5 “(2) to pay claims certified pursuant to section
6 6(b).”.