

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1071

To eliminate the National Foundation on the Arts and the Humanities, to establish a National Endowment for Arts, Humanities, and Museum Services, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 25 (legislative day, JULY 10), 1995

Mrs. HUTCHISON (for herself and Mr. BENNETT) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

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## A BILL

To eliminate the National Foundation on the Arts and the Humanities, to establish a National Endowment for Arts, Humanities, and Museum Services, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Endowment  
5 Restructuring Act of 1995”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds the following:

1           (1) The arts and the humanities belong to all  
2 the people of the United States.

3           (2) The encouragement and support of national  
4 progress and scholarship in the arts and the human-  
5 ities, while primarily matters for private and local  
6 initiative, are also appropriate matters of concern  
7 for the Federal Government.

8           (3) Democracy demands wisdom and vision in  
9 citizens. Democracy must therefore foster and sup-  
10 port a form of education, and access to the arts and  
11 the humanities.

12           (4) It is necessary and appropriate for the Fed-  
13 eral Government to complement, assist, and add to  
14 programs for the advancement of the arts and the  
15 humanities by States, regional groups, and nation-  
16 ally prominent groups and institutions. In com-  
17 plementing, assisting, and adding to the programs,  
18 the Government must be sensitive to the nature of  
19 public sponsorship. Public funding of the arts and  
20 humanities is subject to the conditions that tradi-  
21 tionally govern the use of public money. Such fund-  
22 ing should contribute to public support and con-  
23 fidence in the use of taxpayer funds. Public funds  
24 provided by the Federal Government must ultimately  
25 serve the public purposes that Congress defines.

1           (5) The arts and the humanities reflect the  
2 high place accorded by the people of the United  
3 States to the rich cultural heritage of the Nation  
4 and to the fostering of mutual respect for the di-  
5 verse beliefs and values of all persons and groups.

6           (6) The world leadership that has come to the  
7 United States cannot rest solely on superior power,  
8 wealth, and technology, but must be solidly founded  
9 on worldwide respect and admiration for the high  
10 qualities of the Nation as a leader in the realm of  
11 ideas and of the spirit.

12           (7) Students of the United States should re-  
13 ceive in school, background and preparation in the  
14 arts and the humanities to enable the students to  
15 recognize and appreciate the aesthetic dimensions of  
16 their lives, the diversity of excellence that comprises  
17 their cultural heritage, and artistic and scholarly ex-  
18 pression.

19           (8) To fulfill the educational mission of the  
20 United States, achieve an orderly continuation of  
21 free society, and provide models of excellence to the  
22 people of the United States, the Federal Government  
23 must transmit the achievement and values of civili-  
24 zation from the past via the present to the future,

1 and make widely available the greatest achievements  
2 of art.

3 (9) The Federal Government should—

4 (A) assist in the conservation of the unique  
5 cultural, historic, and scientific heritage of the  
6 United States through support for moderniza-  
7 tion of facilities, and updating of programs, by  
8 museums; and

9 (B) assist and promote the educational role  
10 of museums, in conjunction with elementary,  
11 secondary, and postsecondary education pro-  
12 grams, and through other educational pro-  
13 grams.

14 (10) In order to implement the findings and  
15 purposes described in this section, it is desirable to  
16 establish a National Endowment for Arts, Human-  
17 ities, and Museum Services.

18 (b) PURPOSES.—The purposes of this Act are—

19 (1) to support nationally prominent groups and  
20 institutions in carrying out the collection, preserva-  
21 tion, performance, display, or dissemination of na-  
22 tionally significant projects, productions, or work-  
23 shops in the arts;

24 (2) to support nationally prominent groups, in-  
25 stitutions, and scholars in carrying out nationally

1 significant projects and workshops in the human-  
2 ities, including providing fellowships, scholarships,  
3 and stipends to carry out nationally significant re-  
4 search, education, preservation, and literacy activi-  
5 ties, and producing nationally significant publica-  
6 tions, in the humanities;

7 (3) to support local groups and institutions of  
8 clearly recognized value to communities in carrying  
9 out the collection, preservation, performance, dis-  
10 play, or dissemination of locally significant projects,  
11 productions, or workshops in the arts, or carrying  
12 out activities in the arts for such purposes as are  
13 identified by the Council as being of regional, State,  
14 or community importance;

15 (4) to support local groups and institutions of  
16 clearly recognized value to communities in carrying  
17 out locally significant projects and workshops in the  
18 humanities, including carrying out locally significant  
19 research, education, preservation, and literacy activi-  
20 ties, and producing significant publications, in the  
21 humanities, or carrying out activities in the human-  
22 ities for such purposes as are identified by the Coun-  
23 cil as being of regional, State, or community impor-  
24 tance;

1           (5) to strengthen elementary and secondary  
2 education in the arts and in the humanities, with  
3 special emphasis on strengthening such education  
4 for underserved communities; and

5           (6) to support museums to increase and im-  
6 prove museum services.

7 **SEC. 3. DEFINITIONS.**

8 As used in this Act:

9           (1) ARTS.—The term “arts” includes—

10           (A) music (instrumental and vocal), dance,  
11 drama, folk art, creative writing, architecture  
12 and allied fields, painting, sculpture, photog-  
13 raphy, graphic and craft arts, industrial design,  
14 costume and fashion design, motion pictures,  
15 television, radio, film, video, and tape and  
16 sound recording;

17           (B) the traditional arts practiced by the di-  
18 verse peoples of the United States;

19           (C) the presentation, performance, execu-  
20 tion, and exhibition of the arts described in sub-  
21 paragraph (A) or (B); and

22           (D) the study and application of the arts  
23 described in subparagraph (A) or (B) to the  
24 human environment.

1           (2) COUNCIL.—The term “Council” means the  
2 National Council on Arts, Humanities, and Museum  
3 Services established under section 10.

4           (3) DIRECTOR.—The term “Director” means  
5 the Director of the National Endowment appointed  
6 under section 5.

7           (4) FINAL JUDGMENT.—The term “final judg-  
8 ment” means a judgment that is either—

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

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

12           (5) GRANT.—The term “grant” includes a loan,  
13 a contract, and a cooperative agreement.

14           (6) GROUP.—The term “group” includes any  
15 State agency or other public agency, and any non-  
16 profit society, institution, organization, association,  
17 museum, or establishment in the United States,  
18 whether or not incorporated.

19           (7) HUMANITIES.—The term “humanities” in-  
20 cludes—

21                   (A) the study and interpretation of—

22                           (i) language, both modern and classi-  
23 cal, linguistics, literature, history, jurispru-  
24 dence, philosophy, archaeology, compara-  
25 tive religion, and ethics;

1 (ii) the history, criticism, and theory  
2 of the arts; and

3 (iii) the aspects of the social sciences  
4 that have humanistic content and employ  
5 humanistic methods; and

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

10 (i) reflecting the diverse heritage, tra-  
11 ditions, and history of the United States;  
12 and

13 (ii) the relevance of the humanities  
14 described in subparagraph (A) to the cur-  
15 rent conditions of national life (as of the  
16 date of the study and application).

17 (8) MUSEUM.—The term “museum” means a  
18 public or private nonprofit agency or institution or-  
19 ganized on a permanent basis for essentially edu-  
20 cational or esthetic purposes, that, utilizing a profes-  
21 sional staff, owns or utilizes tangible objects, cares  
22 for the objects, and exhibits the objects to the public  
23 on a regular basis.

24 (9) NATIONAL ENDOWMENT.—The term “Na-  
25 tional Endowment” means the National Endowment

1 for Arts, Humanities, and Museum Services estab-  
2 lished under section 4.

3 (10) OBSCENE; DETERMINED TO BE OB-  
4 SCENE.—

5 (A) OBSCENE.—The term “obscene”  
6 means, with respect to a project, production, or  
7 workshop that—

8 (i) the average person, applying con-  
9 temporary community standards, would  
10 find that such project, production, or work-  
11 shop, when taken as a whole, appeals to  
12 the prurient interest;

13 (ii) such project, production, or work-  
14 shop depicts or describes sexual conduct in  
15 a patently offensive way; and

16 (iii) such project, production, or work-  
17 shop, when taken as a whole, lacks serious  
18 literary, artistic, or scientific value.

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

24 (11) PRODUCTION.—The term “production”  
25 means a play (with or without music), a ballet,

1 dance or choral performance, a concert, a recital, an  
2 opera, an exhibition, a reading, a motion picture, tel-  
3 evision, radio, film, video, and a tape or sound re-  
4 cording, and any other activity involving the execu-  
5 tion or rendition of the arts and meeting such stand-  
6 ards as may be approved by the Director of the Na-  
7 tional Endowment.

8 (12) PROJECT.—

9 (A) IN GENERAL.—The term “project”  
10 means an activity organized to carry out the ob-  
11 jectives of this Act, including—

12 (i) in the case of an activity in the  
13 arts, a program to foster United States ar-  
14 tistic creativity, to commission a work of  
15 art, or to develop and enhance the widest  
16 public access, knowledge, and understand-  
17 ing of the arts, and includes, where appro-  
18 priate, rental or purchase of a facility,  
19 rental or purchase of land, and acquisition  
20 of equipment; and

21 (ii) in the case of an activity in the  
22 humanities, an activity organized to carry  
23 out the humanistic objectives of this Act.

24 (B) RENOVATION OR CONSTRUCTION.—

25 Such term also includes—

1 (i) the renovation of a facility if—

2 (I) the amount of the expenditure  
3 of Federal funds for such purpose in  
4 the case of any facility does not ex-  
5 ceed \$250,000; and

6 (II) two-thirds of the members of  
7 the Council (who are present and vot-  
8 ing) recommend a grant involving an  
9 expenditure for such purpose; and

10 (ii) with respect to a grant under sec-  
11 tion 7(a), the construction of a facility,  
12 if—

13 (I) such construction is for dem-  
14 onstration purposes or under unusual  
15 circumstances in which there is no  
16 other manner by which to accomplish  
17 an artistic or humanistic purpose, as  
18 appropriate; and

19 (II) two-thirds of the members of  
20 the Council (who are present and vot-  
21 ing) recommend a grant involving an  
22 expenditure for such purpose.

23 (13) REGIONAL GROUP.—The term ‘regional  
24 group’ means any multistate group, whether or not  
25 representative of contiguous States.

1           (14) STATE.—The term “State” includes, in  
2 addition to the several States of the United States,  
3 the Commonwealth of Puerto Rico, the District of  
4 Columbia, Guam, American Samoa, the Common-  
5 wealth of the Northern Mariana Islands, and the  
6 United States Virgin Islands.

7           (15) UNDERSERVED COMMUNITY.—The term  
8 “underserved community” means a community that,  
9 for geographic or economic reasons, would be unable  
10 to sustain an education program in the arts or the  
11 humanities without a grant made under section  
12 7(b)(1), as determined by the State in which the  
13 community is located.

14           (16) WORKSHOP.—The term “workshop”  
15 means an activity the primary purpose of which is—

16                   (A) in the case of an activity in the arts,  
17 to encourage the artistic development or enjoy-  
18 ment of amateur, student, or other nonprofes-  
19 sional participants; or

20                   (B) in the case of an activity in the hu-  
21 manities, to promote scholarship and teaching  
22 among the participants.

1 **SEC. 4. NATIONAL ENDOWMENT FOR ARTS, HUMANITIES,**  
2 **AND MUSEUM SERVICES.**

3 There is established a National Endowment for Arts,  
4 Humanities, and Museum Services, which shall administer  
5 the activities established under this Act. The National En-  
6 dowment shall be an independent establishment, as de-  
7 fined in section 104 of title 5, United States Code.

8 **SEC. 5. DIRECTOR.**

9 (a) APPOINTMENT.—The National Endowment shall  
10 be headed by a Director, who shall be appointed by the  
11 President, by and with the advice and consent of the Sen-  
12 ate.

13 (b) TERM.—

14 (1) IN GENERAL.—The term of office of the Di-  
15 rector shall be 4 years, except that any Director ap-  
16 pointed to fill a vacancy shall serve for the remain-  
17 der of the term for which the predecessor of the Di-  
18 rector was appointed. Notwithstanding any other  
19 provision of this paragraph, on the expiration of the  
20 term of office of the Director, the Director shall  
21 serve until the successor to the Director is appointed  
22 and has qualified.

23 (2) REAPPOINTMENT.—The Director shall be  
24 eligible for reappointment.

25 (c) COMPENSATION.—The Director shall be com-  
26 pensated at the rate provided for level II of the Executive

1 Schedule under section 5313 of title 5, United States  
2 Code.

3 (d) DUTIES.—The Director shall—

4 (1) make grants in accordance with this Act;

5 and

6 (2) enforce the requirements of this Act.

7 **SEC. 6. DEPUTY DIRECTORS.**

8 (a) APPOINTMENT.—There shall be a Deputy Direc-  
9 tor for Arts, a Deputy Director for Humanities, and a  
10 Deputy Director for Museum Services in the National En-  
11 dowment.

12 (b) COMPENSATION.—Each Deputy Director referred  
13 to in subsection (a) shall be compensated at the rate pro-  
14 vided for level III of the Executive Schedule under section  
15 5314 of title 5, United States Code.

16 (c) GENERAL DUTIES.—Each Deputy Director re-  
17 ferred to in subsection (a) shall, with respect to activities  
18 carried out under this Act that relate to the cultural areas  
19 in the jurisdiction of the Deputy Director—

20 (1) prepare and submit to the Council informa-  
21 tion on applicants for grants under this Act;

22 (2) evaluate activities carried out with assist-  
23 ance made available through such a grant; and

24 (3) make recommendations to the Director with  
25 respect to the enforcement of this Act.

1 (d) PARTICULAR DUTIES.—

2 (1) NONDELEGATION.—The Deputy Director  
3 for Museum Services shall not delegate any of the  
4 functions of the Deputy Director to any person who  
5 is not directly responsible to the Deputy Director.

6 (2) COORDINATION.—The Deputy Director for  
7 Museum Services shall ensure coordination of the  
8 policies and activities of the National Endowment  
9 relating to museum services with the policies and ac-  
10 tivities of other agencies and offices of the Federal  
11 Government having interest in and responsibilities  
12 for the improvement of museums. Such agencies and  
13 offices shall include the other offices of the National  
14 Endowment, the National Science Foundation, ap-  
15 propriate units in the Department of Education, the  
16 Library of Congress, the Smithsonian Institution,  
17 and related agencies and offices.

18 **SEC. 7. GRANTS.**

19 (a) GRANTS TO NATIONALLY PROMINENT GROUPS,  
20 INSTITUTIONS, AND SCHOLARS.—

21 (1) GENERAL AUTHORITY.—

22 (A) ARTS.—Using the funds reserved  
23 under section 17(a)(3)(B)(i), the Director, act-  
24 ing on the recommendation of the Council, shall  
25 make grants to nationally prominent groups

1 and institutions to pay for the Federal share of  
2 the cost of collection, preservation, perform-  
3 ance, display, or dissemination of nationally sig-  
4 nificant projects, productions, or workshops in  
5 the arts.

6 (B) HUMANITIES.—Using the funds re-  
7 served under section 17(a)(3)(B)(ii), the Direc-  
8 tor, acting on the recommendation of the Coun-  
9 cil, shall make grants to nationally prominent  
10 groups, institutions, and scholars to pay for the  
11 Federal share of the cost of carrying out na-  
12 tionally significant projects and workshops in  
13 the humanities, including—

14 (i) providing fellowships, scholarships,  
15 and stipends to carry out nationally signifi-  
16 cant research, education, preservation, and  
17 literacy activities in the humanities; and

18 (ii) producing significant publications  
19 in the humanities.

20 (2) CRITERIA FOR NATIONALLY PROMINENT  
21 GROUPS, INSTITUTIONS, AND SCHOLARS.—The Di-  
22 rector, acting on the recommendation of the Council,  
23 shall issue, with due regard to the importance of  
24 broad geographic distribution, criteria for eligibility  
25 for grants under this subsection so as to ensure that

1 the grants benefit nationally prominent groups, in-  
2 stitutions, and scholars, whose activities reflect a  
3 generally recognized standard of excellence and  
4 merit.

5 (3) APPLICATION.—To be eligible to receive a  
6 grant under subparagraph (A) or (B) of paragraph  
7 (1), an institution shall submit an application de-  
8 scribed in section 8 to the Director at such time, in  
9 such manner, and containing such information as  
10 the Director may require.

11 (4) PREFERENCE.—In selecting groups and in-  
12 stitutions to receive grants under paragraph (1)(A),  
13 the Director shall give preference to groups and in-  
14 stitutions that submit applications for projects, pro-  
15 ductions, and workshops that reach the broadest  
16 possible audiences.

17 (5) FEDERAL SHARE REQUIREMENT.—

18 (A) IN GENERAL.—Except as provided in  
19 subparagraphs (B) and (C), in the case of any  
20 grant made under this subsection, the Federal  
21 share referred to in paragraph (1) shall be 25  
22 percent.

23 (B) CERTAIN GROUPS.—In the case of any  
24 grant made under this subsection to a group  
25 with an annual budget in excess of \$3,000,000,

1 the Federal share referred to in paragraph (1)  
2 shall be 16.67 percent.

3 (C) ADJUSTMENTS.—The Director may in-  
4 crease the Federal share applicable under this  
5 subsection for a designated grant recipient, with  
6 review by the Council. The Director shall not  
7 increase the Federal share above 50 percent for  
8 the recipient. Not more than 10 percent of the  
9 funds made available by the National Endow-  
10 ment for grants under this subsection for any  
11 fiscal year may be available for grants for the  
12 fiscal year for which the Director increases the  
13 applicable Federal share.

14 (b) GRANTS TO STATES.—

15 (1) GENERAL AUTHORITY.—

16 (A) ARTS.—Using the funds reserved  
17 under section 17(a)(3)(B)(iii), the Director, act-  
18 ing on the recommendation of the Council, shall  
19 make grants to pay for the Federal share of the  
20 cost of enabling States and regional groups to  
21 support local groups and institutions of clearly  
22 recognized value to communities in—

23 (i) carrying out the collection, preser-  
24 vation, performance, display, or dissemina-  
25 tion of locally significant projects, produc-

1 tions, or workshops in the arts, including  
2 strengthening elementary and secondary  
3 education in the arts, with special empha-  
4 sis on strengthening such education in un-  
5 derserved communities; or

6 (ii) carrying out activities in the arts  
7 for such purposes as are identified by the  
8 Council as being of regional, State, or com-  
9 munity importance.

10 (B) HUMANITIES.—Using the funds re-  
11 served under section 17(a)(3)(B)(iv), the Direc-  
12 tor, acting on the recommendation of the Coun-  
13 cil, shall make grants to pay for the Federal  
14 share of the cost of enabling States and re-  
15 gional groups to support local groups and insti-  
16 tutions of clearly recognized value to commu-  
17 nities in—

18 (i) carrying out locally significant  
19 projects and workshops in the humanities,  
20 including—

21 (I) carrying out locally significant  
22 research, education, preservation, and  
23 literacy activities in the humanities;

24 (II) producing significant publi-  
25 cations in the humanities; and

1 (III) strengthening elementary  
2 and secondary education in the hu-  
3 manities, with special emphasis on  
4 strengthening such education in un-  
5 derserved communities; or

6 (ii) carrying out activities in the hu-  
7 manities for such purposes as are identi-  
8 fied by the Council as being of regional,  
9 State, or community importance.

10 (2) ALLOTMENT.—

11 (A) ARTS.—

12 (i) IN GENERAL.—Except as provided  
13 in clause (ii), of the sums available to  
14 carry out paragraph (1)(A) for any fiscal  
15 year, the Director shall allot to each State  
16 or regional group that has an application  
17 approved by the Director an amount that  
18 bears the same relationship to such sums  
19 as the total number of individuals in the  
20 State or regional group, as appropriate,  
21 bears to the total number of individuals in  
22 all States.

23 (ii) STATE MINIMUM.—Of the sums  
24 available to carry out paragraph (1)(A) for  
25 any fiscal year, the Director shall allot at

1 least \$200,000 to each State that has an  
2 application approved by the Director (in-  
3 cluding each State in a regional group that  
4 has an application approved by the Direc-  
5 tor).

6 (B) HUMANITIES.—

7 (i) IN GENERAL.—Except as provided  
8 in clause (ii), of the sums available to  
9 carry out paragraph (1)(B) for any fiscal  
10 year, the Director shall allot to each State  
11 or regional group that has an application  
12 approved by the Director an amount that  
13 bears the same relationship to such sums  
14 as the total number of individuals in the  
15 State or regional group, as appropriate,  
16 bears to the total number of individuals in  
17 all States.

18 (ii) STATE MINIMUM.—Of the sums  
19 available to carry out paragraph (1)(B) for  
20 any fiscal year, the Director shall allot at  
21 least \$200,000 to each State that has an  
22 application approved by the Director (in-  
23 cluding each State in a regional group that  
24 has an application approved by the Direc-  
25 tor).

1           (3) APPLICATION.—In order to receive a grant  
2           under subparagraph (A) or (B) of paragraph (1) for  
3           any fiscal year, a State or regional group shall sub-  
4           mit an application described in section 8 to the Di-  
5           rector at such time and in such manner as shall be  
6           specified by the Director and accompany such appli-  
7           cation with a State or regional plan (referred to in  
8           this Act as a “State plan”) that the Director finds—

9                   (A) designates or provides for the estab-  
10                  lishment of a State or regional agency (referred  
11                  to in this Act as a “State agency”) as the sole  
12                  agency for the administration of the State plan;

13                  (B) provides that funds paid to the State  
14                  or regional group under subparagraph (A) or  
15                  (B), as appropriate, of paragraph (1) will be ex-  
16                  pended solely on activities described in para-  
17                  graph (1) and approved by the State agency;

18                  (C) provides that the State agency will  
19                  make such reports, in such manner and con-  
20                  taining such information, as the Director may  
21                  from time to time require, including a descrip-  
22                  tion of the progress made toward achieving the  
23                  objectives of the State plan;

24                  (D) provides—

1 (i) an assurance that the State agency  
2 has held, after reasonable notice, public  
3 meetings in the State or regional group to  
4 allow groups of artists or scholars, inter-  
5 ested arts or humanities organizations, and  
6 the public to present views and make rec-  
7 ommendations regarding the State plan;  
8 and

9 (ii) a summary of such recommenda-  
10 tions and the response of the State agency  
11 to such recommendations; and

12 (E) contains—

13 (i) for the most recent preceding year  
14 for which information is available, a de-  
15 scription of the level of participation by in-  
16 dividuals and organizations in activities  
17 supported by funding from the State agen-  
18 cy under subparagraph (A) or (B), as ap-  
19 propriate, of paragraph (1), and a descrip-  
20 tion of the extent to which activities sup-  
21 ported by funding from the State agency  
22 under subparagraph (A) or (B), as appro-  
23 priate, of paragraph (1) were available to  
24 all people and communities in the State or  
25 regional group; and

1           (ii) a description of activities sup-  
2           ported by funding from the State agency  
3           under subparagraph (A) or (B), as appro-  
4           priate, of paragraph (1) that exist or are  
5           being developed to secure greater access to  
6           the arts and the humanities to all people  
7           or communities described in clause (i).

8           (4) APPROVAL.—The Director may not approve  
9           an application described in paragraph (3) unless the  
10          accompanying State plan satisfies the requirements  
11          specified in paragraph (3).

12          (5) EDUCATION.—A State or regional group  
13          may use—

14                (A) not more than 5 percent of the funding  
15                provided through a grant made under para-  
16                graph (1)(A) to pay for the Federal share of  
17                the cost of strengthening elementary and sec-  
18                ondary education in the arts, with special em-  
19                phasis on strengthening such education in un-  
20                derserved communities; and

21                (B) not more than 5 percent of the fund-  
22                ing provided through a grant made under para-  
23                graph (1)(B) to pay for the Federal share of  
24                the cost of strengthening elementary and sec-  
25                ondary education in the humanities, with spe-

1           cial emphasis on strengthening such education  
2           in underserved communities.

3           (6) FEDERAL SHARE.—

4           (A) IN GENERAL.—Funding provided  
5           through a grant made under subparagraph (A)  
6           or (B) of paragraph (1) to a State or regional  
7           group for any fiscal year shall be available to  
8           each State or regional group that has an appli-  
9           cation approved by the Director, and has the  
10          State plan accompanying the application in ef-  
11          fect on the first day of such fiscal year, to pay  
12          not more than 50 percent of the total cost of  
13          carrying out any activity described in paragraph  
14          (1).

15          (B) EXCESS PORTION.—Except as pro-  
16          vided in subparagraph (C), the portion of the  
17          funding provided through any grant made  
18          under subparagraph (A) or (B), as appropriate,  
19          of paragraph (1) to a State or regional group  
20          for any fiscal year that exceeds \$125,000 shall  
21          be available, at the discretion of the Director,  
22          to pay not more than 100 percent of such cost  
23          of carrying out an activity under subparagraph  
24          (A) or (B), as appropriate, of paragraph (1) if  
25          such activity would be unavailable to the resi-

1           dents of the State or regional group without  
2           such portion.

3           (C) PERCENTAGE OF GRANT FUNDS.—The  
4           portion of the funding described in subpara-  
5           graph (B) for any fiscal year that is available  
6           to pay not more than 100 percent of such cost,  
7           as described in subparagraph (B), shall not ex-  
8           ceed 20 percent of the total funding provided  
9           through such grant for such fiscal year.

10          (7) PROHIBITION ON SUPPLANTING NON-FED-  
11          ERAL FUNDS.—Funds made available under sub-  
12          paragraph (A) or (B) of paragraph (1) shall be used  
13          to supplement, and shall not supplant, non-Federal  
14          funds expended for supporting activities described in  
15          such subparagraph.

16          (c) MUSEUM SERVICES.—

17               (1) GRANTS.—Using the funds reserved under  
18               section 17(a)(3)(A), the Director, acting on the rec-  
19               ommendation of the Council, may make grants to  
20               museums to pay for the Federal share of the cost of  
21               increasing and improving museum services, through  
22               such activities as—

23                       (A) programs to enable museums to con-  
24                       struct or install displays, interpretations, and

1           exhibitions in order to improve museum services  
2           to the public;

3           (B) assisting museums in developing and  
4           maintaining professionally trained or otherwise  
5           experienced staff to meet their needs;

6           (C) assisting museums in meeting their ad-  
7           ministrative costs in preserving and maintain-  
8           ing their collections, exhibiting the collections to  
9           the public, and providing educational programs  
10          to the public through the use of the collections;

11          (D) assisting museums in cooperating with  
12          each other in developing traveling exhibitions,  
13          meeting transportation costs, and identifying  
14          and locating collections available for loan; and

15          (E) assisting museums in conservation of  
16          their collections.

17          (2) CONTRACTS AND COOPERATIVE AGREE-  
18          MENTS.—

19                 (A) PROJECTS TO STRENGTHEN MUSEUM  
20                 SERVICES.—The Director, acting on the rec-  
21                 ommendation of the Council, may enter into  
22                 contracts and cooperative agreements with ap-  
23                 propriate entities to pay for the Federal share  
24                 of enabling the entities to undertake projects  
25                 designed to strengthen museum services, except

1 that any contracts or cooperative agreements  
2 entered into pursuant to this paragraph shall  
3 be effective only to such extent or in such  
4 amounts as are provided in appropriations Acts.

5 (B) LIMITATION ON USE.—No financial as-  
6 sistance may be provided under this paragraph  
7 to pay for operational expenses.

8 (C) LIMITATION ON AMOUNT.—The aggre-  
9 gate amount of funding made available under  
10 this paragraph for a fiscal year shall not exceed  
11 15 percent of the funding made available under  
12 this subsection for such fiscal year.

13 (3) FEDERAL SHARE.—

14 (A) IN GENERAL.—Except as provided in  
15 subparagraphs (B) and (C), in the case of any  
16 grant made under this subsection, the Federal  
17 share referred to in paragraphs (1) and (2)  
18 shall be 25 percent.

19 (B) CERTAIN GROUPS.—In the case of any  
20 grant made under this subsection to a group  
21 with an annual budget in excess of \$3,000,000,  
22 the Federal share referred to in paragraphs (1)  
23 and (2) shall be 16.67 percent.

24 (C) ADJUSTMENTS.—The Director may in-  
25 crease the Federal share applicable under this

1 subsection for a designated grant recipient, with  
2 review by the Council. The Director shall not  
3 increase the Federal share above 50 percent for  
4 the recipient. Not more than 20 percent of the  
5 funds made available by the National Endow-  
6 ment for grants under this subsection for any  
7 fiscal year may be available for grants for the  
8 fiscal year for which the Director increases the  
9 applicable Federal share.

10 **SEC. 8. APPLICATION PROCEDURES.**

11 (a) APPLICATION REQUIREMENT.—No grant shall be  
12 made under this Act to any person unless the person sub-  
13 mits an application to the Director in accordance with reg-  
14 ulations and procedures established by the Director.

15 (b) PROCEDURES.—

16 (1) IN GENERAL.—

17 (A) CONSIDERATIONS.—In establishing  
18 such regulations and procedures for applica-  
19 tions, the Director shall ensure that—

20 (i) excellence and merit of the  
21 projects, productions, and workshops de-  
22 scribed in the application are the criteria  
23 by which the applications are judged, tak-  
24 ing into consideration general standards of  
25 decency and respect for the diverse beliefs

1 and values of the public of the United  
2 States; and

3 (ii) the projects, productions, and  
4 workshops described in the applications,  
5 and awards of grants under this Act, are  
6 consistent with the objectives of section 7  
7 and this section.

8 (B) OBSCENITY PROVISIONS.—Such regu-  
9 lations and procedures shall clearly indicate  
10 that activities that are determined to be obscene  
11 shall not be funded under this Act. Projects,  
12 productions, and workshops that are deter-  
13 mined to be obscene shall be prohibited from re-  
14 ceiving grants under this Act from the National  
15 Endowment.

16 (2) CONSTRUCTION.—The disapproval or ap-  
17 proval by the Director of an application for a grant  
18 under this Act shall not be construed to mean, and  
19 shall not be considered to be evidence that, the  
20 project, production, or workshop, for which the ap-  
21 plicant requested a grant, is or is not obscene.

22 **SEC. 9. ADVISORY PANELS.**

23 (a) IN GENERAL.—The Director shall utilize review  
24 by advisory panels—

1           (1) as the first step in the review of applica-  
2           tions submitted under this Act; and

3           (2) to make recommendations to the Council in  
4           all cases involving requests for grants authorized  
5           under this Act, except cases in which the Director  
6           exercises authority delegated under section  
7           10(d)(2)(D).

8           (b) MEMBERSHIP.—In making appointments to the  
9           panels, the Director shall—

10           (1) ensure that each panel is composed of indi-  
11           viduals, who by reason of their achievement, scholar-  
12           ship, or creativity in the humanities, the arts, or mu-  
13           seum services, have national standing in their fields,  
14           except as provided in paragraph (2); and

15           (2) ensure that each panel includes at least 2  
16           members representing the general public.

17           (c) PROCEDURES.—

18           (1) CRITERIA.—In reviewing the applications,  
19           such panels shall recommend applications for  
20           projects, productions, and workshops on the basis of  
21           excellence and merit, consistent with section  
22           8(b)(1)(A)(i).

23           (2) AMOUNTS.—The panels may recommend  
24           only general ranges of funding to be provided

1 through the grants and may not recommend specific  
2 amounts of such funding.

3 (3) REGULATIONS AND PROCEDURES.—The Di-  
4 rector shall issue regulations and establish standard-  
5 ized procedures for the panels that shall, at a mini-  
6 mum—

7 (A) require each such panel—

8 (i) to create written records summa-  
9 rizing—

10 (I) all meetings and discussions  
11 of such panel; and

12 (II) the recommendations made  
13 by such panel to the Council; and

14 (ii) to make such records available to  
15 the public in a manner that protects the  
16 privacy of individual applicants and panel  
17 members;

18 (B) permit, when necessary and feasible, a  
19 site visit to view the work of an applicant and  
20 deliver a written report on the work being re-  
21 viewed, in order to assist panelists in making  
22 their recommendations; and

23 (C) ensure that the panels recommend  
24 more applicants for grants than are anticipated

1 can be provided funding through the grants  
2 with available funds.

3 (4) PROHIBITION ON CONFLICTS OF INTER-  
4 EST.—

5 (A) IN GENERAL.—In making appoint-  
6 ments to the panels, the Director shall ensure  
7 that an individual who has a pending applica-  
8 tion for a grant authorized under this Act, or  
9 who is an employee or agent of an organization  
10 with such a pending application, or who has a  
11 direct or indirect financial interest in any appli-  
12 cation under consideration by such a panel,  
13 does not serve as a member of any panel before  
14 which such application is pending.

15 (B) DURATION.—The prohibition described  
16 in subparagraph (A) shall commence with re-  
17 spect to such individual beginning on the date  
18 such application is submitted, and shall con-  
19 tinue until a final decision on the application  
20 has been reached by the Director.

21 **SEC. 10. NATIONAL COUNCIL ON ARTS, HUMANITIES, AND**  
22 **MUSEUM SERVICES.**

23 (a) ESTABLISHMENT.—There is established in the  
24 National Endowment a National Council on Arts, Human-  
25 ities, and Museum Services.

1 (b) COMPOSITION AND QUALIFICATIONS.—

2 (1) COMPOSITION.—The Council shall consist of  
3 the Director and 18 members appointed by the  
4 President, by and with the advice and consent of the  
5 Senate, of whom—

6 (A) 6 shall be appointed from among per-  
7 sons nominated jointly by the Speaker and the  
8 Minority Leader of the House of Representa-  
9 tives, after consultation with the Director;

10 (B) 6 shall be appointed from among per-  
11 sons nominated jointly by the Majority Leader  
12 and the Minority Leader of the Senate, after  
13 consultation with the Director; and

14 (C) 6 shall be appointed after consultation  
15 by the President with the Director.

16 (2) QUALIFICATIONS.—Such appointed mem-  
17 bers shall be selected from among persons who—

18 (A) are nationally recognized and widely  
19 esteemed for their broad knowledge of, sound  
20 judgment regarding, expertise in, and experi-  
21 ence with the arts, the humanities, or museum  
22 services; and

23 (B) have well-established records of distin-  
24 guished service, or have achieved widely recog-

1 nized eminence in the arts, in the humanities,  
2 or with respect to museum services.

3 (c) TERMS.—Each appointed member of the Council  
4 shall serve for a term of 6 years, and the terms of office  
5 shall be staggered. No member shall be eligible for re-  
6 appointment during the 2-year period following the expira-  
7 tion of the term of the member. Any member appointed  
8 to fill a vacancy shall serve for the remainder of the term  
9 for which the predecessor of the member was appointed.  
10 Notwithstanding any other provision of this subsection, a  
11 member shall serve after the expiration of the term of the  
12 member until the successor to the member takes office.

13 (d) DUTIES AND POWERS.—

14 (1) ADVICE TO DIRECTOR.—The Council shall  
15 advise the Director with respect to policies, pro-  
16 grams, and procedures for carrying out the func-  
17 tions, duties, or responsibilities of the Director  
18 under this Act, including policies with respect to  
19 funding awarded through grants made under this  
20 Act.

21 (2) REVIEW OF APPLICATIONS FOR GRANTS.—

22 (A) IN GENERAL.—The Council shall re-  
23 view applications for grants authorized under  
24 this Act and make recommendations to the Di-  
25 rector with respect to the approval of each ap-

1           plication and the amount of funding (if any) to  
2           provide to each applicant through such a grant.

3           (B) RECOMMENDATIONS.—The Council  
4           shall make recommendations to the Director  
5           concerning—

6                   (i) whether to approve particular ap-  
7                   plications for grants authorized under this  
8                   Act that are determined by the Council to  
9                   present excellence and merit; and

10                   (ii) the amount of funding that the  
11                   Director should provide through such a  
12                   grant with respect to each such application  
13                   the Council recommends for approval.

14           (C) ACTION OF DIRECTOR.—The Director  
15           shall not approve or disapprove any application  
16           for a grant authorized under this Act until the  
17           Director has received the recommendation of  
18           the Council on such application. The Director  
19           shall have final authority to approve each appli-  
20           cation, except that the Director may only pro-  
21           vide to an applicant the amount of funding rec-  
22           ommended by the Council for the grant and  
23           may not approve an application with respect to  
24           which the Council makes a negative rec-  
25           ommendation.

1           (D) DELEGATIONS.—In the case of an ap-  
2           plication involving \$30,000 or less, the Director  
3           may approve or disapprove such application if  
4           such action is taken pursuant to the terms of  
5           an express and direct delegation of authority  
6           from the Council to the Director. Each such ac-  
7           tion by the Director shall be reviewed by the  
8           Council. Such action shall be used with discre-  
9           tion and shall not become a normal practice of  
10          providing assistance under this Act. The terms  
11          of any such delegation of authority shall not  
12          permit obligations for expenditure of funds  
13          under such delegation for any fiscal year that  
14          exceed an amount equal to 10 percent of the  
15          sums that are appropriated for the fiscal year  
16          pursuant to section 17(a)(1) and that remain  
17          available after the reservation made by section  
18          17(a)(2).

19          (e) CHAIRPERSON.—The Director shall serve as the  
20          chairperson of the Council.

21          (f) COMPENSATION AND TRAVEL EXPENSES.—

22               (1) COMPENSATION.—Each member of the  
23          Council who is not an officer or employee of the  
24          Federal Government shall be compensated at a rate  
25          to be fixed by the President, but not to exceed the

1 daily equivalent of the maximum rate authorized for  
2 a position above grade GS-15 of the General Sched-  
3 ule under section 5108 of title 5, United States  
4 Code, for each day (including travel time) during  
5 which such member is engaged in the performance  
6 of the duties of the Council. All members of the  
7 Council who are officers or employees of the Federal  
8 Government shall serve without compensation in ad-  
9 dition to compensation received for their services as  
10 officers or employees of the Federal Government.

11 (2) TRAVEL EXPENSES.—The members of the  
12 Council shall be allowed travel expenses, including  
13 per diem in lieu of subsistence, in the same amounts  
14 and to the same extent, as authorized under section  
15 5703 of title 5, United States Code, for persons em-  
16 ployed intermittently in Federal Government service.

17 (g) COORDINATION.—The Council, with the advice of  
18 the Deputy Directors referred to in section 6(a), shall take  
19 steps to ensure that the policies and activities of the Na-  
20 tional Endowment are coordinated with other activities of  
21 the Federal Government.

22 **SEC. 11. LIMITATIONS ON GRANTS.**

23 (a) PROHIBITION ON GRANTS TO INDIVIDUALS.—  
24 Neither the Director nor a recipient of a grant under this  
25 Act may use funds made available under this Act to make

1 a grant to an individual, except that the Director may  
2 make grants to nationally prominent scholars as provided  
3 in section 7(a)(1)(B).

4 (b) REQUIREMENTS FOR GROUPS.—A group shall be  
5 eligible to be an indirect recipient of a grant made under  
6 this Act if—

7 (1) no part of the net earnings of the group in-  
8 ures to the benefit of any private stockholder, or in-  
9 dividual; and

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

13 (c) PROHIBITION ON LOBBYING.—In accordance with  
14 section 1913 of title 18, United States Code, and except  
15 as otherwise provided in such section, no part of the funds  
16 appropriated under this Act shall be used directly or indi-  
17 rectly to pay for any personal service, advertisement, tele-  
18 gram, telephone, letter, printed or written matter, or other  
19 device, intended or designed to influence in any manner  
20 a Member of Congress, to favor or oppose, by vote or oth-  
21 erwise, any legislation or appropriation by Congress. This  
22 subsection shall be enforced in accordance with the last  
23 sentence of section 1913 of title 18, United States Code.

24 (d) PROHIBITION ON SUBGRANTS.—The Director  
25 shall establish procedures to ensure that no funding pro-

1 vided through a grant made under this Act, except a grant  
2 made directly to a State or regional group, may be used  
3 to make a grant to any other organization or individual  
4 to conduct activity independent of the direct grant recipi-  
5 ent. Nothing in this subsection shall prohibit payments  
6 made in exchange for goods or services rendered.

7 (e) PROHIBITION ON SEASONAL SUPPORT.—No  
8 grant awarded under this Act may be used for seasonal  
9 support of a project, production, or workshop.

10 (f) PROHIBITION ON PREFERENTIAL TREATMENT.—  
11 No officer or employee of the National Endowment may  
12 give preferential treatment to any individual or group on  
13 the basis of race, color, national origin, or gender in pro-  
14 viding benefits or services under this Act.

15 (g) INSTALLMENTS.—The Director shall establish  
16 procedures to provide for the distribution of funding pro-  
17 vided through grants made under this Act to recipients  
18 in installments except in exceptional cases in which the  
19 Director determines that installments are not practicable.  
20 In providing any such installments to a recipient of a  
21 grant under this Act, the Director shall ensure that—

22 (1) not more than two-thirds of such funding  
23 may be provided at the time the application for the  
24 grant is approved; and

1           (2) the remainder of such funding may not be  
2 provided until the Director finds that the recipient  
3 of such grant is complying substantially with this  
4 Act and with the conditions under which such fund-  
5 ing is provided to such recipient.

6           (h) LABOR STANDARDS.—

7           (1) IN GENERAL.—It shall be a condition of the  
8 receipt of any grant under this Act that the grant  
9 recipient furnish adequate assurances to the Sec-  
10 retary of Labor that—

11           (A) all professional performers and related  
12 or supporting professional personnel employed  
13 on activities that are financed in whole or in  
14 part under this Act will be paid, without subse-  
15 quent deduction or rebate on any account, not  
16 less than the minimum compensation as deter-  
17 mined by the Secretary of Labor to be the pre-  
18 vailing minimum compensation for persons em-  
19 ployed in similar activities; and

20           (B) no part of any activity that is financed  
21 in whole or in part under this Act will be per-  
22 formed or engaged in under working conditions  
23 that are unsanitary or hazardous or dangerous  
24 to the health and safety of the employees en-  
25 gaged in such activity.

1           (2) EVIDENCE.—Compliance with the safety  
2           and sanitary laws of the State in which the activity  
3           described in paragraph (1)(B) is to take place shall  
4           be prima facie evidence of compliance with the as-  
5           surance described in paragraph (1)(B).

6           (3) STANDARDS, REGULATIONS, AND PROCE-  
7           DURES.—The Secretary of Labor shall have the au-  
8           thority to prescribe such standards, regulations, and  
9           procedures as the Secretary of Labor may determine  
10          to be necessary or appropriate to carry out this sub-  
11          section.

12 **SEC. 12. ADMINISTRATION.**

13          (a) AUTHORITIES OF DIRECTOR.—In addition to any  
14          authorities vested in the Director by other provisions of  
15          this Act, the Director, in carrying out the functions of the  
16          Director, shall have authority—

17               (1) to prescribe such regulations as the Direc-  
18               tor determines to be necessary governing the manner  
19               in which the functions of the Director shall be car-  
20               ried out;

21               (2) in the discretion of the Director—

22                       (A) after receiving the recommendation of  
23                       the Council, to receive money and other prop-  
24                       erty donated, bequeathed, or devised to the Na-  
25                       tional Endowment with or without a condition

1 or restriction, including a condition that the Di-  
2 rector use other funds of the National Endow-  
3 ment for the purposes of the donation, bequest,  
4 or devise;

5 (B) to receive a donation, bequest, or de-  
6 vise without a recommendation from the Coun-  
7 cil to provide support for any application or  
8 project that can be approved without Council  
9 recommendation under the provisions of section  
10 10(d)(2)(D);

11 (C) to receive a donation, bequest, or de-  
12 vise of \$15,000 or less without a recommenda-  
13 tion from the Council in the event the Council  
14 fails to provide such recommendation within a  
15 reasonable period of time; and

16 (D) to use, sell, or otherwise dispose of  
17 money or property received through a donation,  
18 bequest, or devise described in subparagraph  
19 (A), (B), or (C) for the purpose of carrying out  
20 section 7;

21 (3) to appoint and determine the compensation  
22 of such employees, subject to title 5, United States  
23 Code, as may be necessary to carry out the functions  
24 of the Director, define their duties, and supervise  
25 and direct their activities;

1           (4) to procure the temporary and intermittent  
2 services of experts and consultants, including panels  
3 of experts, and compensate the experts and consult-  
4 ants in accordance with section 3109 of title 5,  
5 United States Code;

6           (5) to accept and utilize the voluntary services  
7 of individuals and reimburse the individuals for trav-  
8 el expenses, including per diem in lieu of subsist-  
9 ence, in the same amounts and to the same extent  
10 as authorized under section 5703 of title 5, United  
11 States Code, for persons employed intermittently in  
12 Federal Government service;

13           (6) to make advance, progress, and other pay-  
14 ments without regard to section 3324 of title 31,  
15 United States Code;

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

18           (8) to make other necessary expenditures.

19           (b) INSPECTOR GENERAL.—There shall be in the Na-  
20 tional Endowment a single Office of the Inspector General.  
21 The Office shall be headed by 1 Inspector General ap-  
22 pointed in accordance with the Inspector General Act of  
23 1978 (5 U.S.C. App.). The Inspector General shall carry  
24 out the duties prescribed in such Act, including conducting  
25 appropriate reviews to ensure that recipients of grants

1 under this Act comply with the applicable regulations and  
2 procedures established under this Act, including regula-  
3 tions relating to accounting and financial matters.

4 (c) DONATIONS, BEQUESTS, AND DEVICES.—

5 (1) IN GENERAL.—In any case in which any  
6 money or other property is donated, bequeathed, or  
7 devised to the National Endowment without designa-  
8 tion of the type of activity for which the money or  
9 property is intended, the Director shall have author-  
10 ity to receive such money or property.

11 (2) UNRESTRICTED DONATIONS, BEQUESTS,  
12 AND DEVICES.—Except as provided in paragraph  
13 (3), unless the Director directs otherwise, the money  
14 or property shall be deemed to have been donated,  
15 bequeathed, or devised in equal shares for activities  
16 relating to the arts, activities relating to the human-  
17 ities, and activities relating to museum services.

18 (3) RESTRICTED DONATIONS, BEQUESTS, AND  
19 DEVICES.—In any case in which any money or prop-  
20 erty is donated, bequeathed, or devised to the Na-  
21 tional Endowment with a condition or restriction,  
22 such money or property shall be deemed to have  
23 been donated, bequeathed, or devised to the Deputy  
24 Director referred to in section 6(a) whose function

1       it is to carry out the purposes of the condition or re-  
2       striction.

3       (d) TAX LAWS.—For the purposes of the income tax,  
4 gift tax, and estate tax laws of the United States, any  
5 money or other property donated, bequeathed, or devised  
6 to the National Endowment and received by the Director,  
7 the Deputy Director for Arts, the Deputy Director for Hu-  
8 manities, or the Deputy Director for Museum Services,  
9 under this section shall be deemed to have been donated,  
10 bequeathed, or devised to or for the use of the United  
11 States.

12       (e) REVIEW AND EVALUATION.—The Director shall  
13 establish procedures for reviewing and evaluating grants  
14 made under section 7.

15 **SEC. 13. REPORTS.**

16       (a) ANNUAL REPORT OF DIRECTOR.—The Director  
17 shall submit an annual report to the President for submis-  
18 sion to the appropriate committees of Congress on or be-  
19 fore the 15th day of April of each year. The report shall  
20 summarize the activities of the National Endowment for  
21 the preceding year, and shall include such recommenda-  
22 tions as the Director determines to be appropriate.

23       (b) FINANCIAL REPORTS AND COMPLIANCE.—

1           (1) IN GENERAL.—It shall be a condition of the  
2 receipt of a grant made under this Act by the Direc-  
3 tor that—

4           (A) each applicant for such grant include  
5 in the application described in section 8—

6           (i) a detailed description of the pro-  
7 posed activities for which the grant is re-  
8 quested;

9           (ii) a timetable for the completion of  
10 such proposed activities; and

11           (iii) an assurance that the applicant  
12 will meet the standards of excellence and  
13 merit; and

14           (B) each such grant recipient agree to and  
15 comply with requirements to submit to the Di-  
16 rector—

17           (i) interim reports, including an an-  
18 nual report for each activity carried out  
19 under the grant during a period exceeding  
20 1 year, describing the progress of the  
21 grant recipient in carrying out such activ-  
22 ity and compliance by the grant recipient  
23 with the conditions of receipt of such  
24 grant;

1           (ii) financial reports containing such  
2 information as the Director determines to  
3 be necessary to ensure that the funding  
4 made available through the grant is ex-  
5 pended in accordance with the terms and  
6 conditions under which the grant is made;

7           (iii) a final report describing the activ-  
8 ity carried out with the funding provided  
9 through the grant and the compliance by  
10 the grant recipient with the conditions of  
11 receipt of such grant, including the condi-  
12 tion that the work assisted meet the stand-  
13 ards of excellence and merit; and

14           (iv) in the case of a project or produc-  
15 tion, and if practicable, as determined by  
16 the Director, a copy of such project or pro-  
17 duction.

18           (2) REPORT REQUIREMENTS.—The Director  
19 shall determine the appropriate form and timing of  
20 interim reporting described in paragraph (1)(B)(i)  
21 for a grant recipient under this Act. The reports and  
22 copy described in clauses (ii), (iii), and (iv) of para-  
23 graph (1)(B) shall be due not later than 90 days  
24 after the end of the period for which such grant re-  
25 cipient receives funding through the grant or 90

1 days after the completion of the project, production,  
2 or workshop, whichever occurs earlier. The Director  
3 may extend the 90-day period if the recipient shows  
4 good cause why such an extension should be grant-  
5 ed.

6 **SEC. 14. SANCTIONS AND PAYMENTS.**

7 (a) FAILURE TO SATISFY PURPOSES.—If any recipi-  
8 ent of a grant made under this Act, or an indirect recipi-  
9 ent of funding provided through the grant, substantially  
10 fails to satisfy the purposes for which such grant is made,  
11 as determined by the Director, the Director may—

12 (1) for purposes of determining whether to  
13 make any subsequent funding to the direct or indi-  
14 rect recipient under this Act, take into consideration  
15 the results of the post-award evaluation conducted in  
16 accordance with section 12(e);

17 (2) prohibit the direct and indirect recipients  
18 from using the name of, or in any way associating  
19 the project, production, or workshop for which the  
20 grant was received with, the National Endowment;  
21 and

22 (3) if such project, production, or workshop is  
23 published, require that the publication contain the  
24 following statement: “The opinions, findings, conclu-  
25 sions, and recommendations expressed in this publi-

1 cation do not reflect the views of the National En-  
2 dowment for Arts, Humanities, and Museum Serv-  
3 ices.”.

4 (b) NONCOMPLIANCE.—

5 (1) IN GENERAL.—The Director shall take the  
6 actions described in paragraph (2) whenever the Di-  
7 rector, after providing reasonable notice and an op-  
8 portunity for hearing, finds that—

9 (A) a direct recipient of a grant under this  
10 Act, or an indirect recipient of funding provided  
11 through the grant, is not complying substan-  
12 tially with the provisions of this Act;

13 (B) a State agency that received a grant  
14 under this Act, or an indirect recipient of fund-  
15 ing provided through the grant, is not comply-  
16 ing substantially with terms and conditions of  
17 the State plan accompanying the application  
18 approved for the grant under this Act; or

19 (C) any funding provided under this Act to  
20 a recipient or State agency described in sub-  
21 paragraph (A) or (B) has been diverted from  
22 the purposes for which such funding was pro-  
23 vided.

24 (2) ACTIONS.—On making the finding described  
25 in paragraph (1), the Director shall immediately no-

1       tify the direct recipient or State agency that received  
2       the funding at issue that—

3               (A) no further funding will be provided  
4               under this Act to such recipient or agency until  
5               there is no longer any default or failure to com-  
6               ply or the diversion is corrected; or

7               (B) if compliance or correction is impos-  
8               sible, until such recipient or agency repays or  
9               arranges the repayment of the Federal funds  
10              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 Director determines that a direct recipi-  
15              ent of a grant under this Act, or an indirect recipi-  
16              ent of funding provided through the grant, used the  
17              funding for an activity that is determined to be ob-  
18              scene, the Director shall require that until the direct  
19              recipient repays such funding (in such amount, and  
20              under such terms and conditions, as the Director de-  
21              termines to be appropriate) to the National Endow-  
22              ment, no subsequent funding shall be provided under  
23              this Act to such recipient.

24              (2) CREDITING.—Funds repaid under this sub-  
25              section to the National Endowment shall be depos-

1       ited in the Treasury of the United States and cred-  
2       ited as miscellaneous receipts.

3           (3) APPLICATION.—This subsection shall not  
4       apply with respect to grants made before October 1,  
5       1990.

6       (d) ENFORCEMENT WITH RESPECT TO GRANTS  
7       MADE UNDER OTHER ACTS.—For purposes of sections  
8       5(d), 6(c) (other than paragraph (1) of such section),  
9       12(b), and 13, and this section, references to this Act shall  
10      be deemed to include references to the National Founda-  
11      tion on the Arts and Humanities Act of 1965 (20 U.S.C.  
12      951 et seq.), as in effect on the day before the date of  
13      enactment of this Act, and the Museum Services Act (20  
14      U.S.C. 961 et seq.), as in effect on such day.

15   **SEC. 15. AWARDS.**

16       The Director, with the advice of the Deputy Director  
17      of the Humanities and the Council, may make the follow-  
18      ing annual awards:

19           (1) JEFFERSON LECTURE IN THE HUMANITIES  
20      AWARD.—The Director may award annually the Jef-  
21      ferson Lecture in the Humanities Award to 1 indi-  
22      vidual for distinguished intellectual achievement in  
23      the humanities. Each such award shall not exceed  
24      \$10,000.

1           (2) CHARLES FRANKEL PRIZE.—The Director  
2           may award annually the Charles Frankel Prize to  
3           honor individuals who have made outstanding con-  
4           tributions to the public understanding of the human-  
5           ities. Not more than 5 individuals may receive such  
6           prize each year. Each such prize shall not exceed  
7           \$5,000.

8   **SEC. 16. ARTS AND ARTIFACTS INDEMNITY.**

9           Section 2 of the Arts and Artifacts Indemnity Act  
10          (20 U.S.C. 971) is amended—

11           (1) in subsection (a), by striking “(a)” and all  
12           that follows through “of 1965,” and inserting “The  
13           National Council on Arts, Humanities, and Museum  
14           Services established under section 10 of the National  
15           Endowment Restructuring Act of 1995 (referred to  
16           in this Act as the ‘Council’),”; and

17           (2) by striking subsection (b).

18   **SEC. 17. AUTHORIZATION OF APPROPRIATIONS.**

19           (a) GRANTS.—

20           (1) IN GENERAL.—There are authorized to be  
21           appropriated to carry out section 7 \$370,000,000  
22           for each of fiscal years 1996 through 2000.

23           (2) ADMINISTRATION.—Of the amount appro-  
24           priated under paragraph (1), the Director shall re-

1       serve not more than 9 percent to pay for the cost  
2       of administering this Act.

3           (3) RESERVATIONS.—Of the amount appro-  
4       priated under paragraph (1), and remaining after  
5       the reservation required by paragraph (2), for any  
6       fiscal year—

7           (A) the Director shall reserve 8 percent to  
8       provide financial assistance under section 7(c);  
9       and

10          (B) of the amount remaining after the res-  
11       ervation required by subparagraph (A), the Di-  
12       rector shall reserve—

13           (i) 20 percent to make grants under  
14       section 7(a)(1)(A);

15           (ii) 20 percent to make grants under  
16       section 7(a)(1)(B);

17           (iii) 30 percent to make grants under  
18       section 7(b)(1)(A); and

19           (iv) 30 percent to make grants under  
20       section 7(b)(1)(B).

21       (b) SUMS REMAINING AVAILABLE.—Sums appro-  
22       priated pursuant to subsection (a) for any fiscal year shall  
23       remain available for obligation until expended.

1 **SEC. 18. TRANSFERS TO NATIONAL ENDOWMENT.**

2 (a) DEFINITIONS.—For purposes of this section, un-  
3 less otherwise provided or indicated by the context—

4 (1) the term “covered officer” means the Chair-  
5 person of the National Endowment for the Arts, the  
6 Chairperson of the National Endowment for the Hu-  
7 manities, the Director of the Institute of Museum  
8 Services, and the Federal Council on the Arts and  
9 the Humanities;

10 (2) the term “Federal agency” has the meaning  
11 given to the term “agency” by section 551(1) of title  
12 5, United States Code;

13 (3) the term “function” means any duty, obli-  
14 gation, power, authority, responsibility, right, privi-  
15 lege, activity, or program; and

16 (4) the term “office” includes any office, ad-  
17 ministration, agency, institute, unit, organizational  
18 entity, or component thereof.

19 (b) TRANSFER OF FUNCTIONS.—There are trans-  
20 ferred to the National Endowment, in accordance with  
21 subsection (c), all functions that a covered officer exer-  
22 cised before the effective date of this section (including  
23 all related functions of any officer or employee of the Na-  
24 tional Foundation on the Arts and the Humanities) that  
25 are minimally necessary to carry out the functions of the  
26 National Endowment. Except as otherwise provided in this

1 Act, the authority of a transferred employee to carry out  
2 a function under the National Foundation on the Arts and  
3 the Humanities Act of 1965 (20 U.S.C. 951 et seq.) or  
4 the Museum Services Act (20 U.S.C. 961 et seq.) shall  
5 terminate on the effective date of this section.

6 (c) DETERMINATIONS OF FUNCTIONS.—If necessary,  
7 the Director shall make any determination of the functions  
8 that are transferred under subsection (b).

9 (d) PERSONNEL PROVISIONS.—

10 (1) APPOINTMENTS.—The Director may ap-  
11 point and fix the compensation of such officers and  
12 employees, including investigators, attorneys, and  
13 administrative law judges, as may be necessary to  
14 carry out the functions of the National Endowment.  
15 Except as otherwise provided by law, such officers  
16 and employees shall be appointed in accordance with  
17 the civil service laws and their compensation fixed in  
18 accordance with title 5, United States Code.

19 (2) EXPERTS AND CONSULTANTS.—The Direc-  
20 tor may obtain the services of experts and consult-  
21 ants in accordance with section 3109 of title 5,  
22 United States Code, and compensate such experts  
23 and consultants for each day (including travel time)  
24 at rates not in excess of the rate of pay for level IV  
25 of the Executive Schedule under section 5315 of

1 such title. The Director may pay experts and con-  
2 sultants who are serving away from their homes or  
3 regular place of business travel expenses and per  
4 diem in lieu of subsistence at rates authorized by  
5 sections 5702 and 5703 of such title for persons in  
6 Government service employed intermittently.

7 (e) DELEGATION AND ASSIGNMENT.—Except where  
8 otherwise expressly prohibited by law or otherwise pro-  
9 vided by this section, the Director may delegate any func-  
10 tion transferred or granted to such National Endowment  
11 after the effective date of this section to such officers and  
12 employees of the National Endowment as the Director  
13 may designate, and may authorize successive redelegations  
14 of such functions as may be necessary or appropriate. No  
15 delegation of functions by the Director under this sub-  
16 section or under any other provision of this section shall  
17 relieve such Director of responsibility for the administra-  
18 tion of such functions.

19 (f) REORGANIZATION.—The Director may allocate or  
20 reallocate any function transferred or granted to such Na-  
21 tional Endowment after the effective date of this section  
22 among the officers of the National Endowment, and estab-  
23 lish, consolidate, alter, or discontinue such organizational  
24 entities in the National Endowment as may be necessary  
25 or appropriate.

1 (g) RULES.—The Director is authorized to prescribe,  
2 in accordance with the provisions of chapters 5 and 6 of  
3 title 5, United States Code, such rules and regulations as  
4 the Director determines to be necessary or appropriate to  
5 administer and manage the functions of the National En-  
6 dowment.

7 (h) TRANSFER AND ALLOCATIONS OF APPROPRIA-  
8 TIONS AND PERSONNEL.—Except as otherwise provided  
9 in this section, the personnel employed in connection with,  
10 and the assets, liabilities, contracts, property, records, and  
11 unexpended balances of appropriations, authorizations, al-  
12 locations, and other funds employed, used, held, arising  
13 from, available to, or to be made available in connection  
14 with the functions transferred by this section, subject to  
15 section 1531 of title 31, United States Code, shall be  
16 transferred to the National Endowment. Unexpended  
17 funds transferred pursuant to this subsection shall be used  
18 only to carry out the functions of the National Endow-  
19 ment.

20 (i) INCIDENTAL TRANSFERS.—The Director of the  
21 Office of Management and Budget, at such time or times  
22 as the Director shall provide, may make such determina-  
23 tions as may be necessary with regard to the functions  
24 transferred by this section, and to make such additional  
25 incidental dispositions of personnel, assets, liabilities,

1 grants, contracts, property, records, and unexpended bal-  
2 ances of appropriations, authorizations, allocations, and  
3 other funds held, used, arising from, available to, or to  
4 be made available in connection with such functions, as  
5 may be necessary to carry out the provisions of this sec-  
6 tion. The Director of the Office of Management and Budg-  
7 et shall provide for the termination of the affairs of all  
8 entities terminated by this section and for such further  
9 measures and dispositions as may be necessary to effec-  
10 tuate the objectives of this section.

11 (j) EFFECT ON PERSONNEL.—

12 (1) TERMINATION OF CERTAIN POSITIONS.—  
13 Positions whose incumbents are appointed by the  
14 President, by and with the advice and consent of the  
15 Senate, the functions of which are transferred by  
16 this section, shall terminate on the effective date of  
17 this section.

18 (2) ACTIONS.—Each covered officer shall take  
19 such actions as may be necessary, including reduc-  
20 tion in force actions, consistent with sections 3502  
21 and 3595 of title 5, United States Code, to ensure  
22 that the positions of personnel of the National Foun-  
23 dation on the Arts and the Humanities that are not  
24 transferred under subsection (b)(1) are separated  
25 from service.

1 (k) SAVINGS PROVISIONS.—

2 (1) CONTINUING EFFECT OF LEGAL DOCU-  
3 MENTS.—All orders, determinations, rules, regula-  
4 tions, permits, agreements, grants, contracts, certifi-  
5 cates, licenses, registrations, privileges, and other  
6 administrative actions—

7 (A) that have been issued, made, granted,  
8 or allowed to become effective by the President,  
9 any Federal agency or official of a Federal  
10 agency, or by a court of competent jurisdiction,  
11 in the performance of functions that are trans-  
12 ferred under this section; and

13 (B) that were in effect before the effective  
14 date of this section, or were final before the ef-  
15 fective date of this section and are to become  
16 effective on or after the effective date of this  
17 section;

18 shall continue in effect according to their terms until  
19 modified, terminated, superseded, set aside, or re-  
20 voked in accordance with law by the President, the  
21 Director or other authorized official, a court of com-  
22 petent jurisdiction, or by operation of law, to the ex-  
23 tent that such administrative actions relate to the  
24 administration or enforcement of financial assistance  
25 made available by the National Foundation on the

1 Arts and the Humanities before the effective date of  
2 this section.

3 (2) PROCEEDINGS NOT AFFECTED.—

4 (A) IN GENERAL.—This section shall not  
5 affect any proceedings, other than rulemaking,  
6 pending before the National Foundation on the  
7 Arts and the Humanities on the effective date  
8 of this section, with respect to such financial  
9 assistance.

10 (B) CONTINUATION.—Such proceedings  
11 shall be continued. Orders shall be issued in  
12 such proceedings, appeals shall be taken from  
13 the orders, and payments shall be made pursu-  
14 ant to the orders, as if this section had not  
15 been enacted, and orders issued in any such  
16 proceedings shall continue in effect until modi-  
17 fied, terminated, superseded, or revoked by a  
18 duly authorized official, by a court of competent  
19 jurisdiction, or by operation of law.

20 (C) CONSTRUCTION.—Nothing in this  
21 paragraph shall be construed to prohibit the  
22 discontinuance or modification of any such pro-  
23 ceeding under the same terms and conditions  
24 and to the same extent that such proceeding



1           (2) MUSEUM SERVICES ACT.—The Museum  
2           Services Act (20 U.S.C. 961 et seq.) is repealed.

3           (b) REFERENCES TO NATIONAL FOUNDATION ON  
4 THE ARTS AND THE HUMANITIES.—A reference in any  
5 other Federal law, Executive order, rule, regulation, or  
6 delegation of authority, or any document of or relating to  
7 the National Foundation on the Arts and the Humanities  
8 shall be deemed to refer to the National Endowment.

9           (c) REFERENCES TO NATIONAL ENDOWMENT FOR  
10 THE ARTS.—A reference in any other Federal law, Execu-  
11 tive order, rule, regulation, or delegation of authority, or  
12 any document of or relating to—

13           (1) the Chairperson or Chairman of the Na-  
14 tional Endowment for the Arts shall be deemed to  
15 refer to the Deputy Director for Arts; and

16           (2) the National Endowment for the Arts shall  
17 be deemed to refer to the National Endowment.

18           (d) REFERENCES TO NATIONAL ENDOWMENT FOR  
19 THE HUMANITIES.—A reference in any other Federal law,  
20 Executive order, rule, regulation, or delegation of author-  
21 ity, or any document of or relating to—

22           (1) the Chairperson or Chairman of the Na-  
23 tional Endowment for the Humanities shall be  
24 deemed to refer to the Deputy Director for Human-  
25 ities; and

1           (2) the National Endowment for the Human-  
2           ities shall be deemed to refer to the National En-  
3           dowment.

4           (e) REFERENCES TO INSTITUTE OF MUSEUM SERV-  
5           ICES.—A reference in any other Federal law, Executive  
6           order, rule, regulation, or delegation of authority, or any  
7           document of or relating to—

8           (1) the Director of the Institute of Museum  
9           Services shall be deemed to refer to the Deputy Di-  
10          rector for Museum Services; and

11          (2) the Institute of Museum Services shall be  
12          deemed to refer to the National Endowment.

13          (f) REFERENCES TO FEDERAL COUNCIL ON THE  
14          ARTS AND THE HUMANITIES, NATIONAL COUNCIL ON  
15          THE ARTS, NATIONAL COUNCIL ON THE HUMANITIES, OR  
16          NATIONAL MUSEUM SERVICES BOARD.—A reference in  
17          any other Federal law, Executive order, rule, regulation,  
18          or delegation of authority, or any document of or relating  
19          to the Federal Council on the Arts and the Humanities,  
20          National Council on the Arts, National Council on the Hu-  
21          manities, or National Museum Services Board shall be  
22          deemed to refer to the Council.

23          (g) INSPECTOR GENERAL ACT OF 1978.—Section  
24          8G(a)(2) of the Inspector General Act of 1978 (5 U.S.C.  
25          App.) is amended by striking “the National Endowment

1 for the Arts, the National Endowment for the Human-  
2 ities,” and inserting “the National Endowment for Arts,  
3 Humanities, and Museum Services,”.

4 (h) EXECUTIVE SCHEDULE POSITIONS.—

5 (1) CHAIRMEN OF ENDOWMENTS.—Section  
6 5314 of title 5, United States Code, is amended by  
7 striking the following:

8 “Chairman of the National Endowment for the  
9 Arts the incumbent of which also serves as Chair-  
10 man of the National Council on the Arts.

11 “Chairman of the National Endowment for the  
12 Humanities.”.

13 (2) DIRECTOR OF INSTITUTE OF MUSEUM  
14 SERVICES.—Section 5315 of title 5, United States  
15 Code, is amended by striking the following:

16 “Director of the Institute of Museum Serv-  
17 ices.”.

18 (i) REFERENCE TO NATIONAL FOUNDATION ON THE  
19 ARTS AND THE HUMANITIES ACT OF 1965.—Section  
20 5(a)(6) of the American Folklife Preservation Act (20  
21 U.S.C. 2104(a)(6)) is amended by striking “and State”  
22 and all that follows through “such” and inserting “and  
23 appropriate State entities carrying out activities under the  
24 National Endowment Restructuring Act of 1995, such”.

25 (j) TERMINATION OF AUTHORITY.—

1           (1) TERMINATION.—The National Foundation  
2           on the Arts and the Humanities, the National En-  
3           dowment for the Arts, the National Endowment for  
4           the Humanities, the Institute of Museum Services,  
5           the Federal Council on the Arts and the Human-  
6           ities, the National Council on the Arts, the National  
7           Council on the Humanities, and the National Mu-  
8           seum Services Board shall terminate on the date of  
9           enactment of this Act.

10           (2) AUTHORITY.—The authority granted to  
11           each entity referred to in paragraph (1) by any reor-  
12           ganization plan or other Federal law shall terminate  
13           on the date of enactment of this Act.

14           (k) ADDITIONAL CONFORMING AMENDMENTS.—

15           (1) RECOMMENDED LEGISLATION.—After con-  
16           sultation with the appropriate committees of Con-  
17           gress and the Director of the Office of Management  
18           and Budget, the Director shall prepare and submit  
19           to Congress recommended legislation containing  
20           technical and conforming amendments to reflect the  
21           changes made by this Act.

22           (2) SUBMISSION TO CONGRESS.—Not later than  
23           6 months after the date of enactment of this Act,

1 the Director shall submit the recommended legisla-  
2 tion referred to under paragraph (1) to Congress.

○

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