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 Artifacts Indemnity Act to improve and extend the Acts, and for other purposes.

SEPTEMBER 24, 1997

Reported with an amendment

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U.S. GOVERNMENT
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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.

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 italic]

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,*

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Arts and Humanities Amendments of 1997''.

TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

SEC. 101. NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.

The National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 951 et seq.) is amended to read as follows:

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

''(a) SHORT TITLE.—This Act may be cited as the 'National Foundation on the Arts and the Humanities Act of 1965'.

''(b) TABLE OF CONTENTS.—The table of contents 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.~~

~~"SEC. 2. PURPOSES.~~

~~"The purposes of this Act are—~~

~~"(1)(A) to ensure that the arts and the humanities belong to all the people of the United States; and~~

~~"(B) to support the arts and the humanities, which are essential to social, cultural, and economic progress;~~

~~"(2) to encourage and support national progress and scholarship in the arts and the humanities, because such encouragement and support, while primarily matters for private and local initiative, are also appropriate matters of concern for the Federal Government;~~

~~"(3) to ensure that the United States, as an advanced civilization, does not limit its efforts to~~

~~science and technology alone but gives full value and support to the other great branches of scholarly and cultural activity in order to achieve a better understanding of the past, a better analysis of the present, and a better view of the future;~~

~~"(4) to further the advancement of the arts and the humanities and the access of all citizens of the United States to the arts and the humanities, in partnership with local, State, regional, and private agencies, organizations, and individuals;~~

~~"(5) in furthering the advancement and access described in paragraph (4), to be sensitive to the nature of public support and the need to use public funding in a manner that recognizes the responsibility of the Federal Government to the public good;~~

~~"(6) to ensure that public funds provided by the Federal Government ultimately serve the public purposes the Congress defines and are subject to the conditions that traditionally govern the use of public money;~~

~~"(7) to ensure that—~~

~~"(A) Federal support of the arts and the humanities reflects the high place accorded by the people of the United States to the Nation's rich cultural heritage; and~~

~~"(B) public funding of the arts and the humanities contributes to public support for and confidence in the use of taxpayer funds;~~

~~"(8)(A) to support the practice of art and the study of the humanities, which require constant dedication and devotion; and~~

~~"(B) while recognizing that no government can create a great artist or scholar, to help create and sustain not only a climate encouraging freedom of thought, imagination, and inquiry, but also the material conditions facilitating the release of creative talent; and~~

~~"(9)(A) to ensure that United States students receive in school, background and preparation in the arts and the humanities to enable the students to recognize and appreciate the aesthetic dimensions of their lives, the cultural heritage of the United States, and the full potential of artistic and scholarly expression; and~~

~~"(B) to increase access to the arts and the humanities for all persons in the United States by—~~

~~"(i) encouraging and developing quality education in the arts and the humanities at all levels, in conjunction with programs of lifelong learning in the arts and the humanities for all~~

age groups and with formal systems of elementary, secondary, and postsecondary education; and

"(ii) encouraging and facilitating the work of scholars, artists, arts institutions, and Federal, State, regional, and local agencies in the area of education in the arts and the humanities.

"SEC. 3. DEFINITIONS.

"In this Act:

"(1) ARTS.—The term 'arts' includes—

"(A) dance, design, literature, media arts, music, theater, and visual arts;

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

"(C) the presentation, performance, execution, exhibition, preservation, and study of the arts described in subparagraph (A) or (B), including the study of the arts through apprenticeships, internships, and other career oriented work-study experiences for artists and art teachers, and residencies for artists at all educational levels.

"(2) CULTURAL HERITAGE.—The term 'cultural heritage' means the living legacy of creations, skills,

~~and knowledge handed down from prior generations—~~

~~"(A) that embraces the traditional arts and ideas that are developed informally and that reflect the heritage, tradition, and history of American communities over the centuries; and~~

~~"(B) that continues to evolve as new groups contribute to the American experience.~~

~~"(3) GRANT.—The term 'grant' includes a loan, a contract, and a cooperative agreement.~~

~~"(4) GROUP.—The term 'group' includes any State or local arts agency, regional group, and any nonprofit organization or institution in the United States, whether or not incorporated.~~

~~"(5) HUMANITIES.—The term 'humanities' includes—~~

~~"(A) the study and interpretation of—~~

~~"(i) language, both modern and classical, linguistics, literature, history, jurisprudence, philosophy, archaeology, comparative religion, and ethics;~~

~~"(ii) the history, criticism, and theory of the arts;~~

~~"(iii) folklore and folklife; and~~

~~"(iv) the aspects of the social sciences that have humanistic content and employ humanistic methods; and~~

~~"(B) the study and application of the humanities described in subparagraph (A) to the human environment with particular attention to—~~

~~"(i) reflecting the heritage, traditions, and history of the United States; and~~

~~"(ii) the relevance of the humanities described in subparagraph (A) to the conditions of national life.~~

~~"(6) PROGRAM INCOME.—~~

~~"(A) IN GENERAL.—The term 'program income' means any money that is earned or received, by a recipient of a grant made under title II or III, from an activity supported by the funds made available through the grant or from a product resulting from or related to an activity carried out under the grant.~~

~~"(B) TYPES OF INCOME.—The term includes—~~

~~"(i) income from a fee for service performed, or from the sale of an item created, under the grant;~~

~~"(ii) income from a licensing fee on a product related to an activity carried out under the grant;~~

~~"(iii) a usage or rental fee for equipment or property acquired under the grant;~~

~~"(iv) an admission fee for an activity carried out under the grant;~~

~~"(v) income from a broadcast or distribution right for such an activity; and~~

~~"(vi) a royalty on a patent or copyright for such an activity.~~

~~"(7) REGIONAL GROUP.—The term 'regional group' means any multistate group, whether or not representative of contiguous States.~~

~~"(8) STATE.—The term 'State' includes, in addition to the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the United States Virgin Islands.~~

~~"(9) UNDERSERVED COMMUNITIES.—The term 'underserved communities' means those communities that have historically been outside the purview of arts and humanities programs.~~

~~"TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES~~

~~"SEC. 101. ESTABLISHMENT OF THE NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.~~

~~"(a) ESTABLISHMENT.—There is established a National Foundation on the Arts and the Humanities (referred to in this Act as the 'Foundation'), which shall be composed of a National Endowment for the Arts, a National Endowment for the Humanities (each of which may be referred to in this title as an 'Endowment'), and an Institute of Museum and Library Services.~~

~~"(b) PURPOSE.—The purpose of the Foundation shall be to develop and promote a national policy of support for the arts and the humanities in the United States.~~

~~"(c) LIMITATION.—In the administration of this Act no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the policy determination, personnel, curriculum, administration, or operation, of any school or other non-Federal agency, institution, organization, or association.~~

~~"SEC. 102. GENERAL LIMITATIONS ON GRANTS.~~

~~"None of the grants awarded under this Act shall be used for the purposes of lobbying or for providing general membership services for groups.~~

~~"SEC. 103. JOINT ADMINISTRATION.~~

~~"(a) INSPECTOR GENERAL.—There shall be in the Foundation a single Office of the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities. The Office shall be headed by 1 Inspector General appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.). The Inspector General shall carry out the duties prescribed in such Act, including conducting appropriate reviews to ensure that recipients of grants under titles II and III comply with the applicable regulations and procedures established under this Act, including regulations relating to accounting and financial matters.~~

~~"(b) REPORTING.—The Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities shall report—~~

~~"(1) to the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts; and~~

~~"(2) to the Chairperson of the National Endowment for the Humanities with respect to matters relating to the National Endowment for the Humanities.~~

~~"(c) OTHER FUNCTIONS.—The Chairperson of the National Endowment for the Arts and Chairperson of the National Endowment for the Humanities shall ensure non-~~

~~duplication of administrative functions, such as provision of facilities and space, records management, contracting, procurement, printing, and provision of mail and library services. The Chairpersons shall enter into an interagency agreement to jointly carry out the functions with the minimum necessary expense.~~

~~"(d) REPORT.—Not later than 60 days after the date of enactment of the Arts and Humanities Amendments of 1997, the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing a plan that describes the manner in which the Chairpersons will jointly carry out the functions described in subsection (c). Not later than 180 days after such date of enactment, the Chairpersons shall implement the plan.~~

~~"SEC. 104. STUDY ON A TRUE ENDOWMENT.~~

~~"(a) IN GENERAL.—The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities, in consultation with persons with expertise in the arts, humanities, business, charitable giving, and copyright industries, and other appropriate Federal agencies, shall jointly conduct, or contract for, a study on the feasibility of establishing a true endowment for the National Endowment for the Arts and~~

~~the National Endowment for the Humanities in order to provide supplemental funding to support the efforts of the National Endowment for the Arts and the National Endowment for the Humanities, respectively.~~

~~"(b) SCOPE OF STUDY.—The study described in subsection (a) shall examine innovative methods through which a true endowment may be funded, including such methods as private fundraising, an extension of a copyright term, recapture of funds from past grants of the National Endowment for the Arts and the National Endowment for the Humanities that have proven profitable, or any other innovative methods the Chairpersons determine appropriate.~~

~~"(c) REPORT.—Not later than 1 year after the date on which funding is made available under this Act to conduct the study described in subsection (a), the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing recommendations on the innovative methods through which the true endowment may be funded to support efforts described in subsection (a).~~

~~"SEC. 105. DONATIONS, BEQUESTS, AND DEVISES.~~

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

~~"(1) IN GENERAL.—In any case in which any money or other property is donated, bequeathed, or devised to the Foundation without designation of the Endowment for the benefit of which the money or property is intended, each Chairperson of an Endowment shall have authority to receive such money or property.~~

~~"(2) UNRESTRICTED DONATIONS, BEQUESTS, AND DEVISES.—Except as provided in paragraph (3), unless the Chairpersons of the Endowments agree otherwise, the money or property described in paragraph (1) shall be deemed to have been donated, bequeathed, or devised in equal shares to each Endowment.~~

~~"(3) RESTRICTED DONATIONS, BEQUESTS, AND DEVISES.—In any case in which any money or property is donated, bequeathed, or devised to the Foundation with a condition or restriction, such money or property shall be deemed to have been donated, bequeathed, or devised to the Endowment whose function it is to carry out the purposes of the condition or restriction.~~

~~"(b) DONATIONS, BEQUESTS, AND DEVISES TO THE ENDOWMENTS.—~~

~~"(1) CHAIRPERSON OF THE NATIONAL ENDOWMENTS FOR THE ARTS.—~~

~~"(A) IN GENERAL.—The Chairperson of the National Endowment for the Arts (referred to in this paragraph as the 'Chairperson'), in carrying the functions of the Chairperson, shall have authority—~~

~~"(i) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and~~

~~"(ii) to sell or otherwise dispose of such property,~~

~~to carry out the activities of the Endowment under title II.~~

~~"(B) PROCEEDS.—~~

~~"(i) RECEIPT OF PROCEEDS.—Any proceeds from a donation, bequest, or de-~~

~~vise under subparagraph (A) shall be paid by the donor or the representative of the donor to the Chairperson. Any proceeds from any sale or disposition of property under subparagraph (A) shall be retained by the Chairperson.~~

~~"(ii) INVESTMENT OF PROCEEDS.—The Chairperson shall invest the proceeds described in clause (i) that are not required to carry out subsection (c) and section 210. Such investments shall be made only in interest-bearing accounts to the credit of the National Endowment for the Arts, 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 II.~~

~~"(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.~~

~~"(2) CHAIRPERSON OF THE NATIONAL ENDOWMENTS FOR THE HUMANITIES.—~~

~~"(A) IN GENERAL.—The Chairperson of the National Endowment for the Humanities (referred to in this paragraph as the 'Chairperson'), in carrying the functions of the Chairperson, shall have authority—~~

~~"(i) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and~~

~~"(ii) to sell or otherwise dispose of such property,~~

~~for purposes of carrying out the activities of the Endowment under title III.~~

~~"(B) PROCEEDS.—~~

~~"(i) RECEIPT OF PROCEEDS.—Any proceeds from a donation, bequest, or devise under subparagraph (A) shall be paid by the donor or the representative of the donor to the Chairperson. Any proceeds from any sale or disposition of property~~

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

~~"(ii) INVESTMENT OF PROCEEDS.—The Chairperson shall invest the proceeds described 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 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(c).~~

~~"(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.—~~

~~"(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Humanities under this Act $175,000,000 for fiscal year 1998, and such sums as are necessary for fiscal years 1999 through 2002.~~

~~"(B) RESERVATION FOR ADMINISTRATION.—There shall be reserved amounts sufficient to carry out subsection (c)(2).~~

~~"(C) RESERVATION FOR PARTNERSHIP GRANTS.—30 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(c). Of the amount reserved under this subparagraph, 5 percent of such amount shall be made available for activities relating to elementary and secondary education in the humanities.~~

~~"(D) RESERVATION FOR NATIONAL GRANTS.—35 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(d).~~

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

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

~~"(e) ADMINISTRATION.—~~

~~"(1) NATIONAL ENDOWMENT FOR THE ARTS.—~~

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

~~"(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-~~

~~priated for a fiscal year under subsection (b)(1)(A) may be made available for the costs of administering title III, or any other program for which the Chairperson of the National Endowment for the Humanities 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.~~

~~"(B) PERCENTAGE BASED ON FUNDING OVER $150,000,000.—In a case in which the amount appropriated for a fiscal year under subsection (b)(1)(A) is $150,000,000 or greater, not more than 12 percent of such amount may be made available for the costs of administering title III, or any other program for which the Chairperson of the National Endowment for the Humanities 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.~~

~~"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.—~~

~~"(A) OBSCENE.—The term 'obscene' means, with respect to a project, production, or workshop, that—~~

~~"(i) the average person, applying contemporary community standards, would find that such project, production, or workshop, when taken as a whole, appeals to the prurient interest;~~

~~"(ii) such project, production, or workshop depicts or describes sexual conduct in a patently offensive way; and~~

~~"(iii) such project, production, or workshop, when taken as a whole, lacks serious literary, artistic, political or scientific value.~~

~~"(B) DETERMINED TO BE OBSCENE.—The term 'determined to be obscene' means determined, in a final judgment of a court of record and of competent jurisdiction in the United States, to be obscene.~~

~~"(5) PRODUCTION.—The term 'production' means any activity involving the execution or rendition of the arts and meeting such standards as may be approved by the Chairperson of the Endowment.~~

~~"(6) PROJECT.—~~

~~"(A) IN GENERAL.—The term 'project' means a program organized to carry out the objectives of this Act, including a program to foster United States artistic creativity, to commission a work of art, or to develop and enhance the widest public access, knowledge, and understanding of the arts, and includes, where appropriate, rental or purchase of a facility, rental or purchase of land, and acquisition of equipment.~~

~~"(B) RENOVATION OR CONSTRUCTION.—Such term also includes—~~

~~"(i) the renovation of a facility if—~~

~~"(I) the amount of the expenditure of Federal funds for such purpose in the case of any facility does not exceed $250,000; and~~

~~"(II) two-thirds of the members of the National Council on the Arts (who are present and voting) recommend a grant involving an expenditure for such purpose; and~~

~~"(ii) with respect to a grant under section 202(d), the construction of a facility, if—~~

~~"(I) such construction is for demonstration purposes or under unusual circumstances in which there is no other manner by which to accomplish an artistic purpose; and~~

~~"(II) two-thirds of the members of the National Council on the Arts (who are present and voting) recommend a grant involving an expenditure for such purpose.~~

~~"(7) WORKSHOP.—The term 'workshop' means a program the primary purpose of which is to encourage the artistic development or enjoyment of amateur, student, or other participants.~~

~~"SEC. 202. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS.~~

~~"(a) ESTABLISHMENT.—There is established within the Foundation a National Endowment for the Arts (referred to in this title as the 'Endowment').~~

~~"(b) CHAIRPERSON.—~~

~~"(1) APPOINTMENT.—The Endowment shall be headed by a chairperson, to be known as the Chairperson of the Endowment (referred to in this title as the 'Chairperson'), who shall be appointed by the~~

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

"(2) TERM.—

"(A) IN GENERAL.—The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed. Notwithstanding any other provision of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.

"(B) REAPPOINTMENT.—The Chairperson shall be eligible for reappointment.

"(c) PARTNERSHIP GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to make grants to States and regional groups to support arts activities, with preference to arts education and projects that reach rural and urban underserved communities.

"(2) GRANTS TO STATES.—

"(A) AUTHORITY.—Using the funds reserved under section 106(a)(1)(D), the Chairperson, acting on the recommendation of the

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

~~"(i)(I) in supporting projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act; and~~

~~"(II) in developing projects, productions, or workshops that will furnish programs, facilities, and services in the arts to people and communities in each of the States; and~~

~~"(ii) in carrying out activities that—~~

~~"(I) stimulate artistic activity and awareness, and broaden public access to the arts, in rural and urban underserved communities;~~

~~"(II) enhance the artistic capabilities of developing arts organizations through artistic, programmatic, and staff development; or~~

~~"(III) provide technical assistance to developing arts organizations to improve managerial and organizational skills, financial systems man-~~

~~agement, and long-range fiscal planning.~~

~~"(B) APPLICATION.—In order to receive a grant under this paragraph for any fiscal year, a State shall submit an application described in section 203 for such grant at such time and in such manner as shall be specified by the Chairperson and accompany such application with a State plan that the Chairperson finds—~~

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

~~"(ii) provides that funds paid to the State under this paragraph will be expended solely on projects, productions, or workshops described in subparagraph (A) and approved by the State agency;~~

~~"(iii) provides that the State agency will make such reports, in such manner and containing such information, as the Chairperson may from time to time require, including a description of the~~

~~progress made toward achieving the objectives of the State plan;~~

~~"(iv) provides—~~

~~"(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow the public, interested groups, and groups of artists to present views and make recommendations regarding the State plan; and~~

~~"(II) a summary of such recommendations and the response of the State agency to such recommendations; and~~

~~"(v) contains—~~

~~"(I) for the most recent preceding year for which information is available, a description of the level of participation by artists, artists' organizations, and arts groups in projects, productions, or workshops supported by funding from the State agency under this paragraph, and a description of the extent to which projects, productions, or workshops supported~~

~~by funding from the State agency under this paragraph were available to all people and communities in the State, especially underserved communities; and~~

~~"(II) a description of projects, productions, or workshops supported by funding from the State agency under this paragraph that exist or are being developed to address the availability of the arts to all people or communities described in subclause (I) or to secure wider participation of artists and arts organizations described in subclause (I).~~

~~"(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying State plan satisfies the requirements specified in subparagraph (B).~~

~~"(D) ALLOTMENTS.—~~

~~"(i) IN GENERAL.—Of the sums available to carry out this paragraph for any 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 allotments 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 making grants under this paragraph to States and, in accordance with subparagraph (II), regional groups; and~~

~~"(II) the amount of such excess for such fiscal year, if any, that remains after reserving in full for the Chairperson the amount required~~

~~under subclause (I) shall be allotted so that each State that has an application approved by the Chair receives an equal amount;~~

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

~~"(E) FEDERAL SHARE.—~~

~~"(i) IN GENERAL.—Funding provided through a grant made under this paragraph to a State for any fiscal year shall be available to each State that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in subparagraph (A).~~

~~"(ii) EXCESS PORTION.—Except as provided in clause (iii), the portion of the funding provided through any grant made under subparagraph (D)(i) to a State for any fiscal year that exceeds $125,000 shall be available, at the discretion of the Chairperson, to pay not more than 100 percent of such cost of carrying out an activity~~

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

~~"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year 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 funding provided through such grant for such fiscal year.~~

~~"(F) PROHIBITION ON SUPPLANTING NON-FEDERAL FUNDS.—Funds made available under this paragraph shall be used to supplement, and shall not supplant, non-Federal funds expended for supporting activities described in subparagraph (A).~~

~~"(G) UNOBLIGATED FUNDS.—Any amount allotted to a State under subparagraph (D)(i) for any fiscal year that is not obligated by the State earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall be available for making grants to regional groups.~~

~~"(II) SPECIAL RULE.—The provisions of this paragraph (other than subparagraph (D)) shall apply to regional groups receiving grants under this paragraph in such manner, and to such extent, as the Chairperson shall by regulation prescribe.~~

~~"(I) DEFINITION.—In subparagraph (D)(iii)(II) and notwithstanding section 3(8), the term 'State' includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.~~

~~"(d) NATIONAL SIGNIFICANCE GRANTS.—~~

~~"(1) PURPOSE.—The purpose of this subsection is to make grants to groups of demonstrated and substantial artistic and cultural importance, for projects, productions, and workshops that will increase the access of all the people of the United States, especially underserved communities, to the best of the arts and culture of the United States.~~

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

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

~~"(A) enabling the groups to provide or support projects, productions, or workshops described in paragraph (3) that will have a national, regional, or otherwise substantial artistic or cultural impact;~~

~~"(B) providing administrative and management improvements for the groups, particularly in the field of long-range financial planning, including increasing levels of community support and the range of contributors to the programs of such groups; or~~

~~"(C) enabling the groups to provide or support projects, productions, or workshops that will serve as models for arts education.~~

~~"(3) PROJECTS, PRODUCTIONS, AND WORKSHOPS.—~~

~~"(A) REQUIRED ELEMENTS.—Each such project, production, or workshop shall—~~

~~"(i) have substantial national or regional cultural significance, and encourage professional excellence; or~~

~~"(ii)(I) have significant merit; and~~

~~"(II) be a project, production, or workshop that, if such a group did not receive a grant, might otherwise be unavailable to citizens for geographic or economic reasons.~~

~~"(B) PERMISSIBLE ELEMENTS.—Each such project, production, or workshop may—~~

~~"(i) encourage access to, education in, and knowledge, understanding, enjoyment, and appreciation of, the arts by the public;~~

~~"(ii) enhance managerial and organizational skills and capabilities;~~

~~"(iii) use technology to broaden public access to the arts;~~

~~"(iv) expand access to the arts for individuals with disabilities; or~~

~~"(v) promote access to the arts for minority or underserved populations.~~

~~"(4) FEDERAL SHARE REQUIREMENT.—~~

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

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

~~"(C) ADJUSTMENTS.—The Chairperson may increase the Federal share applicable under this subsection for a designated grant recipient, with review and approval by the National Council on the Arts. The Chairperson shall not increase the Federal share above 50 percent for the recipient. Not more than 10 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.~~

~~"(5) PRIORITY.—In awarding grants under this subsection, the Chairperson shall give priority to projects, productions, and workshops that increase the access of the public of the United States, especially underserved communities, to culture and the arts, including access by touring, by regional or national dissemination, or by geographic dispersion.~~

~~"(e) DIRECT GRANTS.—~~

~~"(1) PURPOSE.—The purpose of this subsection is to make grants to groups, and individuals, that are broadly representative of the cultural heritage of the United States and broadly geographically representative, for projects, productions, and workshops of the highest artistic excellence and artistic merit.~~

~~"(2) IN GENERAL.—Using funds reserved under section 106(a)(1)(F), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups, or individuals who are engaged in or concerned with the arts, to pay for the Federal share of the cost of projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act.~~

~~"(3) FEDERAL SHARE REQUIREMENT.—The Federal share described in paragraph (2) shall be 50 percent.~~

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

~~"(5) ADJUSTMENTS.—The Chairperson may increase the Federal share applicable under this sub-~~

~~section for a designated grant recipient, with review and approval by the National Council on the Arts. Not more than 20 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.~~

~~"(6) SPECIAL RULE FOR GRANTS TO INDIVIDUALS.—The Chairperson shall only award a grant in accordance with this subsection to an individual described in paragraph (2) if such grant is awarded to such individual for a literature fellowship, a National Heritage Fellowship, or a Jazz Masters Fellowship.~~

~~"(f) ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—~~

~~"(1) PURPOSE.—The purpose of this subsection is to make grants to State arts agencies and other groups to carry out activities in arts education and to carry out arts-related activities in underserved communities.~~

~~"(2) IN GENERAL.—Using the funds reserved under section subparagraphs (C) (as may be appropriate) and (G) of section 106(a)(1), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry~~

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

"(A) promote and improve the availability of arts instruction, and improve the quality of arts education, through support of lifelong learning in the arts;

"(B) provide—

"(i) instruction in the arts by integrating and incorporating the arts in the teaching of English, math, science, foreign languages, civics and government, economics, history, and geography; or

"(ii) courses in the arts through school programs;

"(C) enhance the quality of arts instruction in programs of teacher education;

"(D) develop arts faculty resources and talents;

"(E) support and encourage the development of improved curriculum materials in the arts;

"(F) support apprenticeships, internships, and other career oriented work-study experiences for artists and arts teachers, and encour-

~~age residencies of artists at all educational levels;~~

~~"(G) stimulate artistic activity and awareness, and broaden public access to the arts, in underserved communities;~~

~~"(H) enhance the artistic capabilities of developing arts organizations in underserved communities through artistic, programmatic, and staff development; or~~

~~"(I) provide technical assistance to developing arts organizations in underserved communities to improve managerial and organizational skills, financial systems management, and long-range fiscal planning.~~

~~"(3) FEDERAL SHARE.—The Federal share described in paragraph (2) shall be 50 percent.~~

~~"(4) EVALUATION AND REPORTS FOR CERTAIN ACTIVITIES.—~~

~~"(A) IN GENERAL.—Each State arts agency or other group that receives a grant under this subsection to carry out the activity described in paragraph (2)(B) shall conduct an ongoing evaluation of the activity.~~

~~"(B) EVALUATION COMPONENTS.—In conducting 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

~~with regulations and procedures established by the Chairperson.~~

~~"(b) PROCEDURES.—~~

~~"(1) IN GENERAL.—~~

~~"(A) CONSIDERATIONS.—In establishing such regulations and procedures for applications, the Chairperson shall ensure that—~~

~~"(i) artistic excellence and artistic merit of the projects, productions, and workshops described in the application are the criteria by which the applications are judged by advisory panels described in section 204, taking into consideration general standards of decency and respect for the diverse beliefs and values of the public of the United States;~~

~~"(ii) in selecting groups as recipients of grants under section 202, the Chairperson shall give preference to artistically rural and urban underserved communities and artists and artistic groups that have traditionally been underrepresented in the arts; and~~

~~"(iii) the projects, productions, and workshops described in the applications,~~

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

~~"(B) OBSCENITY PROVISIONS.—Such regulations and procedures shall clearly indicate that obscenity is without artistic merit, is not protected speech, and shall not be funded under this title. Projects, productions, and workshops that are determined to be obscene shall be prohibited from receiving grants under this title from the Endowment.~~

~~"(2) CONSIDERATIONS FOR THE CHAIRPERSON.—In considering an application for a grant under this title, the Chairperson shall consider the extent to which the projects, productions, and workshops described in the application fulfill the purposes of this Act, as well as their artistic excellence and artistic merit, as determined by the Chairperson.~~

~~"(3) CONSTRUCTION.—The disapproval or approval by the Chairperson of an application for a grant under this title shall not be construed to mean, and shall not be considered to be evidence that, the project, production, or workshop, for which the applicant requested a grant, is or is not obscene.~~

~~"SEC. 204. ADVISORY PANELS.~~

~~"(a) IN GENERAL.—The Chairperson shall utilize review by advisory panels—~~

~~"(1) as the first step in the review of applications submitted under this Act; and~~

~~"(2) to make recommendations to the National Council on the Arts in all cases involving requests for grants authorized under this title, except cases in which the Chairperson exercises authority delegated under section 205(f)(2).~~

~~"(b) PROCEDURES.—~~

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

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

~~"(3) REGULATIONS AND PROCEDURES.—The Chairperson shall issue regulations and establish procedures to—~~

~~"(A) ensure that all the panels are composed, to the extent practicable, of individuals providing a wide geographic, ethnic, and minor-~~

~~ity representation as well as individuals reflecting diverse artistic and cultural points of view;~~

~~"(B) ensure that all the panels include at least 2 members representing lay individuals who are—~~

~~"(i) knowledgeable about the arts;~~

~~"(ii) not engaged in the arts as a profession; and~~

~~"(iii) not employees of either artists' organizations or arts organizations;~~

~~"(C) ensure that, when feasible, the procedures used by the panels to carry out their responsibilities are standardized;~~

~~"(D) require each such panel—~~

~~"(i) to create written records summarizing—~~

~~"(I) all meetings and discussions of such panel; and~~

~~"(II) the recommendations made by such panel to the Council; and~~

~~"(ii) to make such records available to the public in a manner that protects the privacy of individual applicants and panel members;~~

~~"(E) permit, when necessary and feasible, a site visit to view the work of an applicant and deliver a written report on the work being reviewed, in order to assist panelists in making their recommendations;~~

~~"(F)(i) require that the membership of each such panel change substantially from year to year; and~~

~~"(ii) provide that no individual be eligible to serve on such a panel for more than 5 years, no 2 of which may be consecutive; and~~

~~"(G) ensure that the panels recommend more applicants for grants than are anticipated can be provided funding through the grants with available funds.~~

~~"(4) PROHIBITION ON CONFLICTS OF INTEREST.—~~

~~"(A) IN GENERAL.—In making appointments to the panels, the Chairperson shall ensure that an individual who has a pending application for a grant authorized under this title, who is an employee or agent of an organization with such a pending application, or who has a direct or indirect financial interest in any application under consideration by such a panel,~~

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

~~"(B) DURATION.—The prohibition described in subparagraph (A) shall commence with respect to such individual beginning on the date such application is submitted, and shall continue until a final decision on the application has been reached by the Chairperson.~~

~~"SEC. 205. NATIONAL COUNCIL ON THE ARTS.~~

~~"(a) ESTABLISHMENT.—There is established within the Endowment a National Council on the Arts (referred to in this section as the 'Council').~~

~~"(b) COMPOSITION.—~~

~~"(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—~~

~~"(A) from among private citizens of the United States who—~~

~~"(i) are widely recognized for their broad knowledge of, or expertise in, the arts; and~~

~~"(ii) have established records of distinguished service, or achieved eminence, in the arts;~~

~~"(B) so as to include practicing artists, members of cultural professions, educators, civic cultural leaders, and others who are professionally engaged in the arts; and~~

~~"(C) so as collectively to provide an appropriate distribution of members among the major art fields.~~

~~"(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major art fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the arts. Members of the Council shall be appointed so as to represent equitably geographical areas in the United States, including rural and urban underserved communities.~~

~~"(c) TERMS.—~~

~~"(1) IN GENERAL.—~~

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

~~"(B) EXPIRATION.—Except as provided in paragraph (2), the terms of all Council members shall expire on the third day of September in the year of expiration.~~

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

~~"(D) VACANCY APPOINTMENTS.—Any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.~~

~~"(E) HOLDOVER SERVICE.—Notwithstanding any other provision of this subsection, a member of the Council shall serve after the expiration of the term of the member until the successor to the member takes office.~~

~~"(2) ADJUSTMENT TO REDUCE COUNCIL.—~~

~~"(A) MEMBERS WHOSE TERMS EXPIRED IN 1996 BUT CONTINUE TO SERVE.—~~

~~"(i) IN GENERAL.—The terms of 10 members of the Council whose terms ex-~~

~~pired on September 3, 1996 and who continue to serve because a successor has not been appointed shall be deemed to expire on the date of enactment of the Arts and Humanities Amendments of 1997.~~

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

~~"(B) MEMBERS WHOSE TERMS EXPIRE IN 1998.—The President shall appoint 6 members of the Council to succeed the 8 members of the Council whose terms expire on September 3, 1998. The terms of the successors shall expire on September 3, 2004.~~

~~"(C) MEMBERS WHOSE TERMS EXPIRE IN 2000.—The President shall appoint 7 members of the Council to succeed the 8 members of the Council whose terms expire on September 3, 2000. The terms of the successors shall expire on September 3, 2006.~~

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

~~person but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.~~

~~"(c) MEETINGS AND DUTIES.—~~

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

~~"(2) DUTIES.—The Council shall—~~

~~"(A) advise the Chairperson with respect to policies, programs, and procedures for carrying out the functions of the Chairperson under this title;~~

~~"(B) review applications for grants authorized under this title and make recommendations to the Chairperson with respect to—~~

~~"(i) whether to approve particular applications for grants authorized under this title that have been determined by advisory~~

~~panels to have artistic excellence and artistic merit; and~~

~~"(ii) the amount of funding that the Chairperson should provide through such a grant with respect to each such application the Council recommends for approval;~~

~~"(C) use as criteria for the recommendations of the Council—~~

~~"(i) the extent to which the works described in the applications fulfill the purposes of this Act and the requirements under the provisions of this Act;~~

~~"(ii) the artistic excellence and artistic merit of the works described in the applications; and~~

~~"(iii) the extent to which the applicant serves an underserved community,~~

~~as determined by each Council member;~~

~~"(D) recommend more applications for funding through grants than are anticipated can be provided funding through the grants with available funds;~~

~~"(E) create written records summarizing—~~

~~"(i) all meetings and discussions of the Council; and~~

~~"(ii) recommendations made by the Council to the Chairperson; and~~

~~"(F) make such records available to the public in a manner that protects the privacy of individual applicants for grants authorized under this title, advisory panel members, and Council members.~~

~~"(f) ACTIONS BY CHAIRPERSON.—~~

~~"(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title until the Chairperson has received the recommendation of the Council on such application. The Chairperson shall have final authority to approve each such application, and shall determine the final amount of funding through any grant awarded. The Chairperson may not approve an application with respect to which the Council makes a negative recommendation.~~

~~"(2) DELEGATIONS.—In the case of an application, or amendment of an application, submitted under this title and involving $35,000 or less, or a request for change in a grant amount of 20 percent or less, the Chairperson may approve or disapprove such application, amendment, or request, if such action is taken pursuant to the terms of an express~~

~~and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reported to the Council at the next regularly scheduled meeting of the Council. Such action by the Chairperson shall be used with discretion and shall not become a normal practice of providing funding through a grant authorized under this title. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 2 percent of the sums appropriated for the fiscal year pursuant to section 106(a)(1)(A).~~

~~"SEC. 206. LIMITATIONS ON GRANTS.~~

~~"(a) PROHIBITION ON SUBGRANTS.—The Chairperson shall establish procedures to ensure that no funding provided through a grant under this title, except a grant made to a State agency, a regional group, or a local arts agency that is an agency of local government, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods or services rendered.~~

~~"(b) PROHIBITION ON SEASONAL SUPPORT.—No grant awarded under this title shall be used for seasonal~~

~~support to a group, unless the application submitted by the group for such a grant specifically identifies the content of each activity to be carried out under such a grant for the season involved, including a specific identification of any project, production, or workshop.~~

~~"(c) USE OF FUNDS FOR PROJECTS, PRODUCTIONS, AND WORKSHOPS IN SPECIFIED DISCIPLINES.—Each project, production, or workshop funded under this title shall relate to arts, as defined in section 3.~~

~~"(d) LABOR STANDARDS.—~~

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

~~"(A) all professional performers and related or supporting professional personnel employed on projects or productions, or in workshops, that are financed in whole or in part under this title will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and~~

~~"(B) no part of any project, production, or workshop that is financed in whole or in part under this title will be performed or engaged in under working conditions that are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project, production, or workshop.~~

~~"(2) EVIDENCE.—Compliance with the safety and sanitary laws of the State in which the project, production, or workshop described in paragraph (1)(B) is to take place shall be prima facie evidence of compliance with the assurance described in paragraph (1)(B).~~

~~"(3) STANDARDS, REGULATIONS, AND PROCEDURES.—The Secretary of Labor shall have the authority to prescribe such standards, regulations, and procedures as the Secretary of Labor may determine to be necessary or appropriate to carry out this subsection.~~

~~"(c) LIMITATION ON GRANT AWARD.—~~

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

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

~~title, except that this paragraph shall not apply to a group that has entered into a cooperative agreement with the Endowment to receive assistance under this title.~~

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

~~"(1) no part of the net earnings of the group inures to the benefit of any private stockholder, or individual; and~~

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

~~"(g) CITIZENSHIP REQUIREMENTS FOR INDIVIDUALS.—An individual shall be eligible to receive a direct grant under this title if at the time such grant is received such individual—~~

~~"(1) is a citizen or other national of the United States; or~~

~~"(2) is an alien lawfully admitted to the United States for permanent residence who—~~

~~"(A) has filed an application for naturalization in the manner prescribed by section 334 of the Immigration and Nationality Act (8 U.S.C. 1445); and~~

~~"(B) is not permanently ineligible to become a citizen of the United States.~~

~~"(h) INSTALLMENTS.—The Chairperson shall establish procedures to provide for the distribution of funding provided through grants made under this title to recipients in installments except in exceptional cases in which the Chairperson determines that installments are not practicable. In providing any such installments to a recipient of a grant under this title, the Chairperson shall ensure that—~~

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

~~"(2) the remainder of such funding may not be provided until the Chairperson finds that the recipient of such grant is complying substantially with this Act and with the conditions under which such funding is provided to such recipient.~~

~~"(i) LOANS.—Any loan made by the Chairperson under this title shall be made in accordance with terms and conditions approved by the Secretary of the Treasury.~~

~~"SEC. 207. ADMINISTRATIVE PROVISIONS.~~

~~"(a) AUTHORITIES OF CHAIRPERSON.—In addition to any authorities vested in the Chairperson by other pro-~~

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

~~"(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary, governing the manner in which the functions of the Chairperson shall be carried out;~~

~~"(2) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, to define the duties of such employees, and to supervise and direct the activities of such employees;~~

~~"(3) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consultants in accordance with section 3109 of title 5, United States Code;~~

~~"(4) to accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service;~~

~~"(5) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;~~

~~"(6) to rent office space in the District of Columbia; and~~

~~"(7) to make other necessary expenditures.~~

~~"(b) PUBLICATIONS.—Official publications of the Endowment under this title may be supported without regard to the provisions of section 501 of title 44, United States Code, if the Chairperson consults with the Joint Committee on Printing of the Congress.~~

~~"(c) COORDINATION.—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.~~

~~"SEC. 208. REPORTS.~~

~~"(a) ANNUAL REPORT OF CHAIRPERSON.—The Chairperson shall submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year. The report shall summarize the activities of the Endowment for the preceding year, and shall include such recommendations as the Chairperson determines to be appropriate.~~

~~"(b) FINANCIAL REPORTS AND COMPLIANCE.—~~

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

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

~~"(i) a detailed description of the proposed project, production, or workshop for which the grant is requested;~~

~~"(ii) a timetable for the completion of such proposed project, production, or workshop; and~~

~~"(iii) an assurance that the applicant will meet the standards of artistic excellence and artistic merit;~~

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

~~description contained in the application, as approved by the Chairperson for funding through the grant; and~~

~~"(ii) each such grant recipient seeking to change the activities carried out under the grant justify the requested change by a written request subject to approval by the Chairperson; and~~

~~"(C) each such grant recipient agree to and comply with requirements to submit to the Chairperson—~~

~~"(i) interim reports, including an annual report for each project, production, or workshop carried out under the grant during a period exceeding 1 year, describing the progress of the grant recipient in carrying out such project, production, or workshop and compliance by the grant recipient with the conditions of receipt of such grant;~~

~~"(ii) financial reports containing such information as the Chairperson determines to be necessary to ensure that the funding made available through the grant is ex-~~

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

~~"(iii) a final report describing the project, production, or workshop carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted meet the standards of artistic excellence and artistic merit; and~~

~~"(iv) in the case of a project or production, and if practicable, as determined by the Chairperson, a copy of such project or production.~~

~~"(2) REPORT REQUIREMENTS.—The Chairperson shall determine the appropriate form and timing of interim reporting described in paragraph (1)(C)(i) for a grant recipient under this title. The reports and copy described in clauses (ii), (iii), and (iv) of paragraph (1)(C) shall be due not later than 90 days after the end of the period for which such grant recipient receives funding through the grant or 90 days after the completion of the project, production, or workshop, whichever occurs earlier. The Chairperson may extend the 90-day period if the re-~~

~~cipient shows good cause why such an extension should be granted.~~

~~"(c) EVALUATION.—The Chairperson shall conduct a post-award evaluation of activities for which grants are made by the Chairperson under this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by grant recipients under subsection (b).~~

~~"(d) REPORTS.—The Chairperson shall establish procedures to require that no additional funding shall be provided to a recipient of a grant authorized under this title unless such recipient has submitted to the Chairperson all required interim, financial, and final reports under subsection (b).~~

~~"SEC. 209. SANCTIONS AND PAYMENTS.~~

~~"(a) FAILURE TO SATISFY PURPOSES.—If any recipient of a grant made under this title, or an indirect recipient of funding provided through the grant, substantially fails to satisfy the purposes for which such grant is made, as determined by the Chairperson, the Chairperson may—~~

~~"(1) for purposes of determining whether to make any subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 208(c);~~

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

~~"(3) if such project, production, or workshop is published, require that the publication contain the following statement: 'The opinions, findings, conclusions, and recommendations expressed in this publication do not reflect the views of the National Endowment for the Arts.'.~~

~~"(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 regional group that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with the 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, State agency, or regional group 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, State agency, or regional group that received the funding at issue that—~~

~~"(A) no further funding will be provided under this title to such recipient, agency, or group 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, agency, or group repays or arranges the repayment of the Federal funds that were improperly diverted or expended.~~

~~"(c) OBSCENE WORKS.—~~

~~"(1) DETERMINATION.—If, after providing reasonable notice and opportunity for a hearing on the~~

~~record, the Chairperson determines that a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, used the funding for a project, production, or workshop that is determined to be obscene, the Chairperson shall require that until the direct recipient repays such funding (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment, no subsequent funding shall be provided under this title to such recipient.~~

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

~~"(3) APPLICATION.—~~

~~"(A) TIMING.—This subsection shall not apply with respect to grants made before October 1, 1990.~~

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

~~"(d) 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 a commercially successful project, production, or workshop 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 ⅓ and not more than ½ 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.~~

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

~~a special interest bearing account to the credit of the Endowment.~~

~~"SEC. 210. NATIONAL MEDAL OF ARTS AWARDS.~~

~~"(a) NATIONAL MEDAL OF ARTS AWARDS.—~~

~~"(1) ESTABLISHMENT.—There is established a National Medal of Arts, which shall be a medal of such design as is determined to be appropriate by the President, on the basis of recommendations submitted by the National Council on the Arts, and which shall be awarded as provided in this subsection.~~

~~"(2) AWARDS.—The President shall from time to time award the National Medal of Arts, on the basis of recommendations from the National Council on the Arts, to individuals or groups who in the judgment of the President are deserving of special recognition by reason of their outstanding contributions to the excellence, growth, support, and availability of the arts in the United States.~~

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

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

such award is made such individual meets the requirements of section 206(g).

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

"(6) CEREMONIES.—The presentation of the National Medal of Arts shall be made by the President with such ceremonies as the President may determine to be appropriate, including attendance by appropriate Members of Congress.

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

"TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

"SEC. 301. DEFINITIONS.

"In this title:

"(1) PROJECT.—

"(A) IN GENERAL.—The term 'project' means an activity organized to carry out the objectives of this title.

"(B) RENOVATION OR CONSTRUCTION.—Such term also includes—

"(i) the renovation of a facility if—

~~"(I) the amount of the expenditure of Federal funds for such purpose in the case of any facility does not exceed $250,000; and~~

~~"(II) two-thirds of the members of the National Council on the Humanities (who are present and voting) recommend a grant involving an expenditure for such purpose; and~~

~~"(ii) for purposes of subsections (d) and (e) of section 302, the construction of a facility if—~~

~~"(I) such construction is for demonstration purposes or under unusual circumstances in which there is no other manner by which to accomplish a humanistic purpose; and~~

~~"(II) two-thirds of the members of the National Council on the Humanities (who are present and voting) recommend a grant involving an expenditure for such purpose.~~

~~"(2) WORKSHOP.—The term 'workshop' means an activity the primary purpose of which is to pro-~~

~~mote scholarship and teaching among the participants.~~

~~"SEC. 302. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES.~~

~~"(a) ESTABLISHMENT.—There is established within the Foundation a National Endowment for the Humanities (referred to in this title as the 'Endowment').~~

~~"(b) CHAIRPERSON.—~~

~~"(1) APPOINTMENT.—The Endowment shall be headed by a chairperson, to be known as the Chairperson of the Endowment (referred to in this title as the 'Chairperson'), who shall be appointed by the President, by and with the advice and consent of the Senate.~~

~~"(2) TERM.—~~

~~"(A) IN GENERAL.—The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed. Notwithstanding any other provision of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.~~

~~"(B) REAPPOINTMENT.—The Chairperson shall be eligible for reappointment.~~

~~"(c) PARTNERSHIP GRANTS.—~~

~~"(1) PURPOSE.—The purpose of this subsection is to support programs of humanities councils at the State and local levels.~~

~~"(2) DEFINITION.—~~

~~"(A) IN GENERAL.—Except as provided in subparagraph (B), in this subsection, the term 'State entity' means—~~

~~"(i) a State that obtains approval of an application submitted under paragraph (4); or~~

~~"(ii) in a case in which a State fails to submit an application under paragraph (4), an appropriate entity that obtains approval of an application submitted under paragraph (5).~~

~~"(B) JURISDICTION.—~~

~~"(i) STATE ENTITY.—In paragraph (6)(C)(ii), the term 'State entity' means a State entity, as defined in subparagraph (A), for a State.~~

~~"(ii) STATE.—In clause (i), and notwithstanding section 3(8), the term 'State',~~

~~includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.~~

~~"(3) GENERAL AUTHORITY.—Using funds reserved under section 106(b)(1)(C), the Chairperson, acting on the recommendation of the National Council on the Humanities, is authorized, in accordance with the provisions of this subsection, to establish and carry out a program of grants to assist State entities—~~

~~"(A) in paying for not more than 50 percent of the cost (except as otherwise provided in this subsection) of supporting activities that achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and in subparagraphs (A) and (B) of subsection (e)(2); or~~

~~"(B) in matching contributions from non-Federal sources made to a trust fund the purpose of which is to provide long-term financial support for such activities.~~

~~"(4) GRANTS THROUGH STATE AGENCIES.—~~

~~"(A) DESIGNATION.—In order to receive a grant under this subsection for any fiscal year, if a State desires to designate or to provide for the establishment of a State agency (referred to in this section as a 'State agency') as the sole agency for the administration of the State plan referred to in subparagraph (B) relating to the grant, such State shall designate as the State agency the humanities council or shall provide for the establishment of such a council.~~

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

~~"(i) designates or provides for the establishment of a State agency;~~

~~"(ii) provides that the chief executive officer of the State will appoint new members to the State humanities council designated or established under subparagraph (A), as vacancies occur as a result of the~~

~~expiration of the terms of members of such council, until the chief executive officer has appointed all of the members of such council;~~

~~"(iii) provides for the expenditure, from State funds, of an amount equal to 50 percent of the portion of the funding received by such State through a grant made under paragraph (6)(A) (relating to the minimum State allotment), or 25 percent of the total amount of funding received by such State through grants made under this subsection, whichever is greater, for the fiscal year involved (except as otherwise provided in paragraph (7));~~

~~"(iv) provides that funds paid to the State under this subsection will be expended solely on activities, approved by the State agency, that—~~

~~"(I) achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and subparagraphs (A) and (B) of subsection (c)(2); and~~

~~"(II) are designed to bring the humanities to the public;~~

~~"(v) provides assurances that State funds will be made available for the purpose of meeting the requirements of this subparagraph;~~

~~"(vi) provides that the State agency will make such reports, in such manner and containing such information, as the Chairperson may from time to time require, including a description of the progress made toward achieving the objectives of the State plan;~~

~~"(vii) provides—~~

~~"(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow the public, interested organizations, and scholars to present views and make recommendations regarding the State plan; and~~

~~"(II) a summary of such recommendations and of the response of the State agency to such recommendations; and~~

~~"(viii) contains—~~

~~"(I) for the most recent preceding year for which information is available, a description of the extent to which the activities supported by funding from the State agency under this subsection were available to all people and communities in the State and a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the State agency under this subsection; and~~

~~"(II) a description of activities supported by funding from the State agency under this subsection that exist or are being developed to address the availability of the humanities to all people or communities described in subclause (I) or to secure wider participation of scholars and scholarly organizations described in subclause (I).~~

~~"(C) APPROVAL.—The Chairperson may not approve an application described in sub-~~

~~paragraph (B) unless the accompanying State plan satisfies the requirements specified in subparagraph (B).~~

~~"(5) GRANTS TO APPROPRIATE ENTITIES.—~~

~~"(A) DESIGNATION.—In any State in which the chief executive officer of the State fails to submit an application under paragraph (4)(B) for a fiscal year, the Chairperson may make grants under paragraph (3) to an appropriate entity in the State, and each such entity shall establish a procedure that ensures that 8 members of the governing body of such entity shall be appointed by an appropriate officer or agency of such State, except that in no event may the number of such members exceed ⅓ of the total membership of such governing body. The officer or agency shall select the members from among individuals who have knowledge of or experience in the humanities.~~

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

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

~~"(i) provides assurances that such entity will comply with the requirements of subparagraph (A);~~

~~"(ii) provides that funds paid to such entity under this paragraph will be expended solely on activities that—~~

~~"(I) achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and subparagraphs (A) and (B) of subsection (e)(2); and~~

~~"(II) are designed to bring the humanities to the public;~~

~~"(iii) establishes a membership policy that is designed to ensure broad public representation with respect to activities administered by such entity;~~

~~"(iv) provides for a nomination process that ensures opportunities for nomination to membership in the governing body from various groups in such State and from a variety of segments of the popu-~~

~~lation of such State, including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve as members of the body;~~

~~"(v) provides for a membership rotation process that ensures the regular rotation of the membership and officers of such entity;~~

~~"(vi) establishes reporting procedures that are designed to inform the chief executive officer of such State, and other appropriate officers and agencies, of the activities of such entity;~~

~~"(vii) establishes procedures to ensure public access to information relating to such activities;~~

~~"(viii) provides that such entity will make such reports, at such times, in such manner, and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the objectives of the State plan;~~

~~"(ix) provides—~~

~~"(I) an assurance that the entity has held, after reasonable notice, public meetings in the State to allow the public, interested organizations, and scholars to present views and make recommendations regarding the State plan; and~~

~~"(II) a summary of such recommendations and of the response of the entity to such recommendations; and~~

~~"(x) contains—~~

~~"(I) for the most recent preceding year for which information is available, a description of the extent to which activities supported by funding from the entity under this subsection were available to all people and communities in the State and a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the entity under this subsection; and~~

~~"(II) a description of activities supported by funding from the entity under this subsection that exist or are being developed to address the availability of the humanities to all people or communities described in subclause (I) or to secure wider participation of scholars and scholarly organizations described in subclause (I).~~

~~"(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying plan satisfies the requirements specified in subparagraph (B).~~

~~"(6) ALLOTMENTS.—~~

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

~~"(B) INSUFFICIENT SUMS.—If the sums available to carry out this subsection for any fiscal year are insufficient to make the allotments under subparagraph (A) in full, such sums shall be allotted so that each State entity receives an equal amount.~~

"(C) EXCESS FUNDS.—In any case in which the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under subparagraph (A)—

"(i) 34 percent of the amount of such excess for such fiscal year shall be available to the Chairperson for making grants under this subsection to State entities;

"(ii) 44 percent of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an equal amount; and

"(iii) the remainder of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an amount that bears the same ratio to such remainder as the population of the State for which the application is approved bears to the population of all the States.

"(7) LIMITATIONS.—

"(A) FEDERAL SHARE.—

"(i) IN GENERAL.—Funding provided through a grant made under this subsection to a State entity for any fiscal year

~~shall be available to each State entity that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in paragraph (3).~~

~~"(ii) EXCESS PORTION.—Except as provided in clause (iii), the portion of the funding provided through any grant made under paragraph (6)(A) to a State entity for any fiscal year that exceeds $125,000 shall be available, at the discretion of the Chairperson, to pay not more than 100 percent of such cost of carrying out an activity under this subsection if such activity would be unavailable to the residents of the State without such portion.~~

~~"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year 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 national significance, such as activities relating to edu-~~

~~cation in the humanities, media projects, projects in museums and by historical organizations, projects in libraries and archives, public humanities projects, endowment building, and technology activities.~~

~~"(2) GENERAL AUTHORITY.—Using funds reserved under section 106(b)(1)(D), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, or in appropriate cases individuals, who or which meet the standard of excellence in the humanities and significance in the humanities, or State agencies or entities, to pay for the Federal share of the cost of activities, in accordance with subsection (f), to—~~

~~"(A) develop and encourage the pursuit of a national policy to further the public good through public funding of the humanities;~~

~~"(B) initiate and support research and programs to strengthen the research and teaching potential of the United States in the humanities;~~

~~"(C) foster the exchange of information in the humanities;~~

~~"(D) foster education in, and public understanding and appreciation of, the humanities;~~

~~"(E) support projects that foster or promote literacy;~~

~~"(F) ensure that the benefit of the programs of the Endowment will also be available to the citizens of the United States where such programs would otherwise be unavailable due to geographic or economic reasons;~~

~~"(G) enable the groups to increase the levels of continuing support and to increase the range of contributors to the program of the groups;~~

~~"(H) provide administrative and management improvements for the groups, particularly in the field of long-range financial planning;~~

~~"(I) enable the groups to increase audience participation in, and appreciation of, programs sponsored by the groups;~~

~~"(J) develop 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;~~

~~"(K) stimulate greater cooperation among the groups especially designed to serve better~~

the communities in which the groups are located; and

"(L) foster greater citizen involvement in planning the cultural development of a community.

"(e) RESEARCH AND SCHOLARSHIP GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to encourage the development and dissemination of significant scholarship in the humanities by groups, individuals, and State agencies or entities by such means as fellowships for college and university faculty and independent scholars, dissertation grants, summer stipends, and funds for scholarly publications, reference materials, basic research, institutional programs, and preservation.

"(2) GENERAL AUTHORITY.—Using funds reserved under section 106(b)(1)(E), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, individuals, State agencies, and State entities for the purpose of paying for the Federal share of the cost, in accordance with subsection (f), of—

"(A) initiating and supporting (including 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~~

~~study or research at an appropriate nonprofit institution selected by the individual, for a stated period of time. The total amount of any grant under paragraph (2)(A) to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 percent of the total cost of such activities.~~

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

~~"(f) FEDERAL SHARE AND NON-FEDERAL SHARE FOR NATIONAL GRANTS AND RESEARCH AND SCHOLARSHIP GRANTS.—~~

~~"(1) FEDERAL SHARE.—~~

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

~~"(B) SPECIAL RULE.—With respect to a 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

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.—

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

"(B) NON-FEDERAL SHARE.—A recipient that receives a grant under subsection (d) to carry out an activity described in paragraph (2)(J) of such subsection, or subsection (e) to carry out an activity described in paragraph (2)(E) of such subsection, shall make available non-Federal contributions toward the costs of the activity in an amount equal to 75 percent of such costs ($3 for each $1 of Federal funds provided in the grant).

"SEC. 303. APPLICATION PROCEDURES.

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

~~"SEC. 304. REVIEW PANELS.~~

~~"The Chairperson may select panels of experts under section 307(a)(3) to review and make recommendations with respect to the approval of applications for grants authorized under this title. In selecting the panels, the Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse humanistic perspectives and geographic factors, and who broadly represent cultural diversity.~~

~~"SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.~~

~~"(a) ESTABLISHMENT.—There is established within the Endowment a National Council on the Humanities (referred to in this section as the 'Council').~~

~~"(b) COMPOSITION.—~~

~~"(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—~~

~~"(A) from among private citizens of the United States who—~~

~~"(i) are recognized for their broad knowledge of, or expertise in, the humanities; and~~

~~"(ii) have established records of distinguished service, or achieved eminence, in the humanities;~~

~~"(B) so as to include scholars and others who are professionally engaged in the humanities; and~~

~~"(C) so as collectively to provide an appropriate distribution of members among the major humanities fields.~~

~~"(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major humanities fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the humanities. Members of the Council shall be appointed so as to represent equitably geographical areas in the United States.~~

~~"(c) TERMS.—~~

~~"(1) IN GENERAL.—~~

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

~~"(B) EXPIRATION.—Except as provided in paragraph (2), the terms of all Council members shall expire on the third day of September in the year of expiration.~~

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

~~"(D) VACANCY APPOINTMENTS.—Any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.~~

~~"(E) HOLDOVER SERVICE.—Notwithstanding any other provision of this subsection, a member of the Council shall serve after the expiration of the term of the member until the successor to the member takes office.~~

~~"(2) ADJUSTMENT TO REDUCE COUNCIL.—~~

~~"(A) MEMBERS WHOSE TERMS EXPIRED IN 1996 BUT CONTINUE TO SERVE.—~~

~~"(i) IN GENERAL.—The terms of 6 members of the Council whose terms ex-~~

~~pired on September 3, 1996 and who continue to serve because a successor has not been appointed shall be deemed to expire on the date of enactment of the Arts and Humanities Amendments of 1997.~~

~~"(ii) SUCCESSORS.—The President shall appoint 3 members of the Council to succeed members whose terms are deemed to expire as described in clause (i).~~

~~"(B) MEMBERS WHOSE TERMS EXPIRE IN 2000.—~~

~~"(i) IN GENERAL.—The terms of 2 members of the Council whose terms expire on September 3, 2000 shall be deemed to expire on September 3, 2002.~~

~~"(ii) SUCCESSORS.—The President shall not appoint any members to succeed the members whose terms are deemed to expire as described in clause (i).~~

~~"(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses includ-~~

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

~~"(e) MEETINGS AND DUTIES.—~~

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

~~"(2) DUTIES.—The Council shall—~~

~~"(A) advise the Chairperson with respect to policies, programs, and procedures for carrying out the functions of the Chairperson under this title; and~~

~~"(B) review applications for grants authorized under this title and make recommendations to the Chairperson with respect to the approval of each application.~~

~~"(f) ACTIONS BY CHAIRPERSON.—~~

~~"(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title until the Chairperson has received the recommendation of the Council on such application, unless the Council fails to make a recommendation on the application within a reasonable time.~~

~~"(2) DELEGATIONS.—In the case of an application submitted under this title and involving $35,000 or less, the Chairperson may approve or disapprove such application if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reviewed by the Council. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 3 percent of the sums appropriated for the fiscal year pursuant to section 106(b)(1)(A).~~

~~"SEC. 306. LIMITATIONS ON GRANTS.~~

~~"(a) CRITERIA FOR ELIGIBILITY FOR GRANTS.—~~

~~"(1) DEFINITIONS.—In this subsection:~~

~~"(A) PRODUCTION ENTITY.—The term 'production entity' means any partnership, corporation, business enterprise, or other organization engaged in the production of a film or publication.~~

~~"(B) GROUP.—The term 'group' includes any State or local government, State or local public agency, Indian tribe, or nonprofit association, organization, institution, or society.~~

~~"(C) NATIONAL OF THE UNITED STATES.—The term 'national of the United States' means a citizen of the United States or a person who owes permanent allegiance to the United States.~~

~~"(2) CRITERIA.—The Chairperson, with the advice of the National Council on the Humanities, shall establish criteria for eligibility for grants made under this title. The criteria shall provide the following:~~

~~"(A) GROUP.—A group shall be eligible to receive a grant under this title if—~~

~~"(i) no part of the net earnings of the group inures to the benefit of any private stockholder, or individual; and~~

~~"(ii) a donation to such group is allowable as a charitable contribution under section 170(c) of the Internal Revenue Code of 1986.~~

~~"(B) PRODUCTION ENTITY.—A production entity that is a nonprofit group shall be eligible to receive a grant under this title if the Chairperson, with the advice of the National Council on the Humanities, determines that providing such a grant will significantly advance the~~

~~knowledge or understanding of the humanities in the United States.~~

~~"(C) INDIVIDUAL.—An individual shall be eligible to receive a grant under this title if—~~

~~"(i) the individual is a citizen or national of the United States; and~~

~~"(ii) the Chairperson, with the advice of the National Council on the Humanities, determines that providing the grant will significantly advance the knowledge or understanding of the humanities in the United States.~~

~~"(b) ADMISSION CHARGES.—No grant shall be made under this title for an activity (other than an activity conducted by a school, college, or university) for which a direct or an indirect admission charge is requested if the proceeds, after deducting reasonable costs, are used for purposes other than assisting the grant recipient to develop high standards of scholarly excellence or encourage greater appreciation of the humanities by the citizens of the United States.~~

~~"(c) LABOR STANDARDS.—The provisions of section 206(d) shall apply to activities financed under this title in the same manner and to the same extent as the provisions apply to activities financed under title II.~~

~~"SEC. 307. ADMINISTRATIVE PROVISIONS.~~

~~"(a) AUTHORITIES OF CHAIRPERSON.—In addition to any authorities vested in the Chairperson by other provisions of this Act, the Chairperson, in carrying out the functions of the Chairperson, shall have authority—~~

~~"(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary, governing the manner in which the functions of the Chairperson shall be carried out;~~

~~"(2) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, to define the duties of such employees, and to supervise and direct the activities of such employees;~~

~~"(3) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consultants in accordance with section 3109 of title 5, United States Code;~~

~~"(4) to accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United~~

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

~~"(5) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;~~

~~"(6) to rent office space in the District of Columbia; and~~

~~"(7) to make other necessary expenditures.~~

~~"(b) PUBLICATIONS.—Official publications of the Endowment under this title may be supported without regard to the provisions of section 501 of title 44, United States Code, if the Chairperson consults with the Joint Committee on Printing of the Congress.~~

~~"(c) COORDINATION.—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs, programs of designated State humanities agencies, and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the humanities-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to~~

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

"SEC. 308. REPORTS.

"(a) ANNUAL REPORT OF CHAIRPERSON.—The Chairperson shall submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year. The report shall summarize the activities of the Endowment for the preceding year, and may include such evaluations and other reports as the Chairperson determines to be appropriate.

"(b) FINANCIAL REPORTS AND COMPLIANCE.—

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

"(A) financial reports containing such information as the Chairperson determines to be necessary to ensure that the funding provided through the grant is expended in accordance with the terms and conditions under which the grant is made;

"(B) a report describing the activity carried out with the funding provided through the

~~grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted meets the standards of excellence in humanities and significance in the humanities; and~~

~~"(C) if practicable, as determined by the Chairperson, a copy of the work resulting from the activity.~~

~~"(2) REPORTS.—The reports and copy described in paragraph (1) shall be due not later than 90 days after the end of the period for which such grant recipient receives funding through the grant or 90 days after the completion of the work, whichever occurs earlier. The Chairperson may extend the 90-day period if the recipient shows good cause why such an extension should be granted.~~

~~"(e) EVALUATION.—The Chairperson shall conduct a post-award evaluation of activities for which grants are made by the Chairperson under this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by grant recipients under subsection (b).~~

~~"(d) ANNUAL REPORT OF NATIONAL COUNCIL ON 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~~

the results of the post-award evaluation conducted under section 308(c);

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

"(3) if such project, production, or workshop is published, require that the publication contain the following statement: 'The opinions, findings, conclusions, 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 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 ⅓ and not more than ½ 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-~~

~~ferson Lecture in the Humanities Award to 1 individual for distinguished intellectual achievement in the humanities. Each such award shall not exceed $10,000.~~

~~"(b) NATIONAL HUMANITIES MEDAL.—~~

~~"(1) IN GENERAL.—The President may award the National Humanities Medal to individuals or groups whose work—~~

~~"(A) has expanded the understanding of citizens of the United States in the area of humanities;~~

~~"(B) has broadened such citizens engagement with the humanities; or~~

~~"(C) has helped preserve and expand the access of such citizens to important resources in the humanities.~~

~~"(2) NUMBER OF MEDALS.—Not more than 12 of such medals may be awarded in any calendar year.~~

~~"(3) CEREMONIES.—The presentation of the National Humanities Medal shall be made by the President with such ceremonies as the President may determine to be appropriate, including attendance by appropriate Members of Congress.".~~

~~SEC. 102. CONFORMING AMENDMENTS.~~

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

~~(1) in subsection (a)—~~

~~(A) in paragraph (2), by striking "the National Endowment for the Arts, the National Endowment for the Humanities," and inserting "the portion of the National Foundation on the Arts and the Humanities consisting of the National Endowment for the Arts and the National Endowment for the Humanities,"; and~~

~~(B) in paragraph (4)—~~

~~(i) in subparagraph (A), by striking at the end "and";~~

~~(ii) in subparagraph (B), by inserting after the semicolon "and"; and~~

~~(iii) by adding at the end the following:~~

~~"(C) with respect to the National Endowment for the Arts and the National Endowment for the Humanities, the term means the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities with respect to matters relating to the Chair-~~

~~person of the National Endowment for the Humanities;'';~~

~~(2) in subsection (c), by inserting before the period the following: '', except that the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities shall be jointly appointed by the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities''; and~~

~~(3) in the first sentence of subsection (d), by inserting before the period the following: '', except as provided in section 103 of the National Foundation on the Arts and the Humanities Act of 1965''.~~

~~TITLE II—ARTS AND ARTIFACTS INDEMNITY ACT~~

~~SEC. 201. ARTS AND ARTIFACTS.~~

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

~~''SECTION 1. SHORT TITLE.~~

~~''This Act may be cited as the 'Arts and Artifacts Indemnity Act'.~~

~~"SEC. 2. INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTIFACTS.~~

~~"The Federal Council on the Arts and Humanities (referred to in this Act as the 'Council') established under section 8, may enter into agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 3—~~

~~"(1) in accordance with the provisions of this Act; and~~

~~"(2) on such terms and conditions as the Council shall prescribe, by regulation, in order to achieve the objectives of this Act and, consistent with such objectives, to protect the financial interest of the United States.~~

~~"SEC. 3. ELIGIBLE ITEMS.~~

~~"(a) TYPES OF ITEMS.—The Council may enter into an indemnity agreement under section 2 with respect to items—~~

~~"(1) that are—~~

~~"(A) works of art, including tapestries, paintings, sculpture, folk art, and graphics and craft arts;~~

~~"(B) manuscripts, rare documents, books, or other printed or published materials;~~

~~"(C) other artifacts or objects; or~~

~~"(D) photographs, motion pictures, or audio and video tape;~~

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

~~"(3) the exhibition of which is certified (where appropriate) by the Secretary of State or the designee of the Secretary of State as being in the national interest.~~

~~"(b) ITEMS ON EXHIBITION.—~~

~~"(1) SCOPE.—An indemnity agreement made under this Act shall cover eligible items while on exhibition, generally when the items are part of an exchange of exhibitions. An item described in subsection (a) that is part of an exhibition that originates either in the United States or outside the United States and that is touring the United States shall be considered to be an eligible item.~~

~~"(2) DEFINITION.—For purposes of this subsection, the term 'on exhibition' includes the period of time beginning on the date the eligible items leave the premises of the lender or place designated by the lender and ending on the date such items are returned to the premises of the lender or place designated by the lender.~~

~~"SEC. 4. APPLICATIONS.~~

~~"(a) IN GENERAL.—Any person, nonprofit agency, institution, or government desiring to enter into an indemnity agreement for eligible items under this Act shall submit an application to the Council at such time, in such manner and in accordance with such procedures, as the Council shall, by regulation, prescribe.~~

~~"(b) CONTENTS.—An application submitted under subsection (a) shall—~~

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

~~"(2) show evidence that the item is an item described in section 3(a); and~~

~~"(3) set forth policies, procedures, techniques, and methods with respect to preparation for, and conduct of, exhibition of the item, and any transportation related to such item.~~

~~"(c) APPROVAL.—On receipt of an application under this section, the Council shall review the application as described in section 5 and, if the Council agrees with the estimated value described in the application and if such application conforms with the requirements of this Act, approve the application and enter into an indemnity agreement with the applicant under section 2. On such approval, the agreement shall constitute a contract between~~

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

~~"SEC. 5. INDEMNITY AGREEMENT.~~

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

~~"(b) AGGREGATE AMOUNT OF LOSS OR DAMAGE.—The aggregate amount of loss or damage covered by indemnity agreements made under this Act shall not exceed $3,000,000,000, at any one time.~~

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

~~"(d) EXTENT OF COVERAGE.—If the estimated value of the items covered by an indemnity agreement for a single exhibition is—~~

~~"(1) $2,000,000 or less, then coverage under this Act shall extend only to loss or damage in excess of the first $15,000 of loss or damage to the items covered;~~

~~"(2) more than $2,000,000 but less than $10,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first $25,000 of loss or damage to the items covered;~~

~~"(3) not less than $10,000,000 but less than $125,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first $50,000 of loss or damage to the items covered;~~

~~"(4) not less than $125,000,000 but less than $200,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first $100,000 of loss or damage to the items covered; or~~

~~"(5) $200,000,000 or more, then coverage under this Act shall extend only to loss or damage in excess of the first $200,000 of loss or damage to the items covered.~~

~~"SEC. 6. REGULATIONS AND CERTIFICATION.~~

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

provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered items.

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

"SEC. 7. REPORT.

"The Council shall prepare, and submit at the end of each fiscal year to the appropriate committees of Congress, a report containing information on—

"(1) all claims paid pursuant to this Act during such year;

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

"(3) the aggregate face value of contracts entered into by the Council that are outstanding at the end of such year.

"SEC. 8. ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established a Federal Council on the Arts and the Humanities.

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

~~"(b) MEMBERSHIP.—~~

~~"(1) IN GENERAL.—The Council shall be composed of the Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities, the Director of the Institute of Museum and Library Services, the Secretary of Education, the Secretary of the Smithsonian Institution, the Director of the National Science Foundation, the Librarian of Congress, the Director of the National Gallery of Art, the Chairman of the Commission of Fine Arts, the Archivist of the United States, the Commissioner, Public Buildings Service, General Services Administration, the Assistant Secretary for Aging, a member designated by the Secretary of State, and a member designated by the Secretary of the Interior, a member designated by the Chairman of the Senate Commission on Art and Antiquities, and a member designated by the Speaker of the House of Representatives.~~

~~"(2) DESIGNATION OF PRESIDING OFFICER.—The President shall designate the presiding officer of the Council from among the members.~~

~~"(3) AUTHORITY TO CHANGE THE MEMBERSHIP.—The President is authorized to change the membership of the Council as the President deems necessary to meet changes in Federal programs or executive branch organization.~~

~~"(c) FUNCTIONS.—~~

~~"(1) IN GENERAL.—Except as provided in paragraph (2), the Council shall—~~

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

~~"(B) promote coordination between the programs and activities of the National Foundation on the Arts and Humanities and related programs and activities of other Federal agencies; and~~

~~"(C) encourage an ongoing dialogue in support of the arts and the humanities among Federal agencies.~~

~~"(2) RESTRICTIONS.—The following members of the Council shall not carry out the functions described in paragraph (1)(A):~~

~~"(A) The Secretary of the Smithsonian Institution.~~

~~"(B) The Director of the National Gallery of Art.~~

~~"(C) The member of the Council designated by the Chairman of the Senate Commission on Art and Antiquities.~~

~~"(D) The member of the Council designated by the Speaker of the House of Representatives.~~

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

~~"SEC. 9. AUTHORIZATION OF APPROPRIATIONS.~~

~~"There are authorized to be appropriated such sums as may be necessary—~~

~~"(1) to enable the Council to carry out the functions (except the functions described in subparagraphs (B) and (C) of section 8(c)(1)) of the Council under this Act; and~~

~~"(2) to pay claims certified pursuant to section 6(b).".~~

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arts and Humanities Amendments of 1997".

TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

SEC. 101. NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.

The National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 951 et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

"(a) SHORT TITLE.—This Act may be cited as the 'National Foundation on the Arts and the Humanities Act of 1965'.

"(b) TABLE OF CONTENTS.—The table of contents 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.

"SEC. 2. PURPOSES.

"The purposes of this Act are—

"(1)(A) to ensure that the arts and the humanities belong to all the people of the United States; and

"(B) to support the arts and the humanities, which are essential to social, cultural, and economic progress;

"(2) to encourage and support national progress and scholarship in the arts and the humanities, because such encouragement and support, while primarily matters for private and local initiative, are also appropriate matters of concern for the Federal Government;

"(3) to ensure that the United States, as an advanced civilization, does not limit its efforts to science and technology alone but gives full value and support

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

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

"(5) in furthering the advancement and access described in paragraph (4), to be sensitive to the nature of public support and the need to use public funding in a manner that recognizes the responsibility of the Federal Government to the public good;

"(6) to ensure that public funds provided by the Federal Government ultimately serve the public purposes the Congress defines and are subject to the conditions that traditionally govern the use of public money;

"(7) to ensure that—

"(A) Federal support of the arts and the humanities reflects the high place accorded by the people of the United States to the Nation's rich cultural heritage; and

"(B) public funding of the arts and the humanities contributes to public support for and confidence in the use of taxpayer funds;

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

"(B) while recognizing that no government can create a great artist or scholar, to help create and sustain not only a climate encouraging freedom of thought, imagination, and inquiry, but also the material conditions facilitating the release of creative talent; and

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

"(B) to increase access to the arts and the humanities for all persons in the United States by—

"(i) encouraging and developing quality education in the arts and the humanities at all levels, in conjunction with programs of lifelong learning in the arts and the humanities for all

age groups and with formal systems of elementary, secondary, and postsecondary education; and

"(ii) encouraging and facilitating the work of scholars, artists, arts institutions, and Federal, State, regional, and local agencies in the area of education in the arts and the humanities.

"SEC. 3. DEFINITIONS.

"In this Act:

"(1) ARTS.—The term 'arts' includes—

"(A) dance, design, literature, media arts, music, theater, and visual arts;

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

"(C) the presentation, performance, execution, exhibition, preservation, and study of the arts described in subparagraph (A) or (B), including the study of the arts through apprenticeships, internships, and other career oriented work-study experiences for artists and art teachers, and residencies for artists at all educational levels.

"(2) CULTURAL HERITAGE.—The term 'cultural heritage' means the living legacy of creations, skills, and knowledge handed down from prior generations—

"(A) that embraces the traditional arts and ideas that are developed informally and that reflect the heritage, tradition, and history of American communities over the centuries; and

"(B) that continues to evolve as new groups contribute to the American experience.

"(3) GRANT.—The term 'grant' includes a loan, a contract, and a cooperative agreement.

"(4) GROUP.—The term 'group' includes any State or local arts agency, regional group, and any nonprofit organization or institution in the United States, whether or not incorporated.

"(5) HUMANITIES.—The term 'humanities' includes—

"(A) the study and interpretation of—

"(i) language, both modern and classical, linguistics, literature, history, jurisprudence, philosophy, archaeology, comparative religion, and ethics;

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

"(iii) folklore and folklife; and

"(iv) the aspects of the social sciences that have humanistic content and employ humanistic methods; and

"(B) the study and application of the humanities described in subparagraph (A) to the human environment with particular attention to—

"(i) reflecting the heritage, traditions, and history of the United States; and

"(ii) the relevance of the humanities described in subparagraph (A) to the conditions of national life.

"(6) PROGRAM INCOME.—

"(A) IN GENERAL.—The term 'program income' means any money that is earned or received, by a recipient of a grant made under title II or III, from an activity supported by the funds made available through the grant or from a product resulting from or related to an activity carried out under the grant.

"(B) TYPES OF INCOME.—The term includes—

"(i) income from a fee for service performed, or from the sale of an item created, under the grant;

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

"(iii) a usage or rental fee for equipment or property acquired under the grant;

"(iv) an admission fee for an activity carried out under the grant;

"(v) income from a broadcast or distribution right for such an activity; and

"(vi) a royalty on a patent or copyright for such an activity.

"(7) REGIONAL GROUP.—The term 'regional group' means any multistate group, whether or not representative of contiguous States.

"(8) STATE.—The term 'State' includes, in addition to the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the United States Virgin Islands.

"(9) UNDERSERVED COMMUNITIES.—The term 'underserved communities' means those communities that have historically been outside the purview of arts and humanities programs.

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

"SEC. 101. ESTABLISHMENT OF THE NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.

"(a) ESTABLISHMENT.—There is established a National Foundation on the Arts and the Humanities (referred to in this Act as the 'Foundation'), which shall be composed of a National Endowment for the Arts, a National Endowment for the Humanities (each of which may be referred to in this title as an 'Endowment'), and an Institute of Museum and Library Services.

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

"(c) LIMITATION.—In the administration of this Act no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the policy determination, personnel, curriculum, administration, or operation, of any school or other non-Federal agency, institution, organization, or association.

"SEC. 102. GENERAL LIMITATIONS ON GRANTS.

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

"SEC. 103. JOINT ADMINISTRATION.

"(a) INSPECTOR GENERAL.—There shall be in the Foundation a single Office of the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities. The Office shall be headed by 1 Inspector General appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.). The Inspector General shall carry out the duties prescribed in such Act, including conducting appropriate reviews to ensure that recipients of grants under titles II and III comply with the applicable regulations and procedures established under this Act, including regulations relating to accounting and financial matters.

"(b) REPORTING.—The Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities shall report—

"(1) to the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts; and

"(2) to the Chairperson of the National Endowment for the Humanities with respect to matters relating to the National Endowment for the Humanities.

"(c) OTHER FUNCTIONS.—The Chairperson of the National Endowment for the Arts and Chairperson of the National Endowment for the Humanities shall ensure non-

duplication of administrative functions, such as provision of facilities and space, records management, contracting, procurement, printing, and provision of mail and library services. The Chairpersons shall enter into an interagency agreement to jointly carry out the functions with the minimum necessary expense.

"(d) REPORT.—Not later than 60 days after the date of enactment of the Arts and Humanities Amendments of 1997, the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing a plan that describes the manner in which the Chairpersons will jointly carry out the functions described in subsection (c). Not later than 180 days after such date of enactment, the Chairpersons shall implement the plan.

"SEC. 104. STUDY ON A TRUE ENDOWMENT.

"(a) IN GENERAL.—The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities, in consultation with persons with expertise in the arts, humanities, business, charitable giving, and copyright industries, and other appropriate Federal agencies, shall jointly conduct, or contract for, a study on the feasibility of establishing a true endowment for the National Endowment for the Arts and

the National Endowment for the Humanities in order to provide supplemental funding to support the efforts of the National Endowment for the Arts and the National Endowment for the Humanities, respectively.

"(b) SCOPE OF STUDY.—The study described in subsection (a) shall examine innovative methods through which a true endowment may be funded, including such methods as private fundraising, an extension of a copyright term, recapture of funds from past grants of the National Endowment for the Arts and the National Endowment for the Humanities that have proven profitable, or any other innovative methods the Chairpersons determine appropriate.

"(c) REPORT.—Not later than 1 year after the date on which funding is made available under this Act to conduct the study described in subsection (a), the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing recommendations on the innovative methods through which the true endowment may be funded to support efforts described in subsection (a).

"SEC. 105. DONATIONS, BEQUESTS, AND DEVISES.

"(a) DONATIONS, BEQUESTS, AND DEVISES TO THE FOUNDATION WITHOUT DESIGNATION.—

"(1) IN GENERAL.—In any case in which any money or other property is donated, bequeathed, or devised to the Foundation without designation of the Endowment for the benefit of which the money or property is intended, each Chairperson of an Endowment shall have authority to receive such money or property.

"(2) UNRESTRICTED DONATIONS, BEQUESTS, AND DEVISES.—Except as provided in paragraph (3), unless the Chairpersons of the Endowments agree otherwise, the money or property described in paragraph (1) shall be deemed to have been donated, bequeathed, or devised in equal shares to each Endowment.

"(3) RESTRICTED DONATIONS, BEQUESTS, AND DEVISES.—In any case in which any money or property is donated, bequeathed, or devised to the Foundation with a condition or restriction, such money or property shall be deemed to have been donated, bequeathed, or devised to the Endowment whose function it is to carry out the purposes of the condition or restriction.

"(b) DONATIONS, BEQUESTS, AND DEVISES TO THE ENDOWMENTS.—

"(1) CHAIRPERSON OF THE NATIONAL ENDOWMENTS FOR THE ARTS.—

"(A) IN GENERAL.—The Chairperson of the National Endowment for the Arts (referred to in this paragraph as the 'Chairperson'), in carrying out the functions of the Chairperson, shall have authority—

"(i) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and

"(ii) to sell or otherwise dispose of such property,

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

"(B) PROCEEDS.—

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

paragraph (A) shall be retained by the Chairperson.

"(ii) INVESTMENT OF PROCEEDS.—The Chairperson shall invest the proceeds described in clause (i) that are not required to carry out subsection (c) and section 210. Such investments shall be made only in interest-bearing accounts to the credit of the National Endowment for the Arts, 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 II.

"(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.

"(2) CHAIRPERSON OF THE NATIONAL ENDOWMENTS FOR THE HUMANITIES.—

"(A) IN GENERAL.—The Chairperson of the National Endowment for the Humanities (referred to in this paragraph as the 'Chairperson'),

in carrying out the functions of the Chairperson, shall have authority—

"(i) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and

"(ii) to sell or otherwise dispose of such property,

for purposes of carrying out the activities of the Endowment under title III.

"(B) PROCEEDS.—

"(i) RECEIPT OF PROCEEDS.—Any proceeds from a donation, bequest, or devise under subparagraph (A) shall be paid by the donor or the representative of the donor to the Chairperson. Any proceeds from any sale or disposition of property under subparagraph (A) shall be retained by the Chairperson.

"(ii) INVESTMENT OF PROCEEDS.—The 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

"(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 $105,000,000 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 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-

cal 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.—

"(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Humanities under this Act $175,000,000 for fiscal year 1998, and such sums as are necessary for fiscal years 1999 through 2002.

"(B) RESERVATION FOR ADMINISTRATION.—There shall be reserved amounts sufficient to carry out subsection (c)(2).

"(C) RESERVATION FOR PARTNERSHIP GRANTS.—30 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(c). Of the amount reserved under this subparagraph, 5 percent of such amount shall be made available for activities relating to elementary and secondary education in the humanities.

"(D) RESERVATION FOR NATIONAL GRANTS.—35 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(d).

"(E) RESERVATION FOR RESEARCH AND SCHOLARSHIP GRANTS.—35 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 302(e).

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

"(c) ADMINISTRATION.—

"(1) NATIONAL ENDOWMENT FOR THE ARTS.—

"(A) FISCAL YEAR 1998.—17 percent of the amount appropriated for fiscal year 1998 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.

"(B) FISCAL YEARS 1999 THROUGH 2002.—12 percent of the amount appropriated for each of the fiscal years 1999 through 2002 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.

"(C) FUNDS FOR THE PRESIDENT'S COMMITTEE ON THE ARTS.—Of the amount made available under this paragraph for a fiscal year, 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) FISCAL YEAR 1998.—17 percent of the amount appropriated for fiscal year 1998 under subsection (b)(1)(A) may be made available for the costs of administering title III, or any other program for which the Chairperson of the National Endowment for the Humanities is responsible.

"(B) FISCAL YEARS 1999 THROUGH 2002.—12 percent of the amount appropriated for each of the fiscal years 1999 through 2002 under subsection (b)(1)(A) may be made available for the costs of administering title III, or any other program for which the Chairperson of the National Endowment for the Humanities is responsible.

"(C) FUNDS FOR THE PRESIDENT'S COMMITTEE ON THE ARTS.—Of the amount made available under this paragraph for a fiscal year, 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.

"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.—

"(A) OBSCENE.—The term 'obscene' means, with respect to a project, production, or workshop, that—

"(i) the average person, applying contemporary community standards, would find that such project, production, or workshop, when taken as a whole, appeals to the prurient interest;

"(ii) such project, production, or workshop depicts or describes sexual conduct in a patently offensive way; and

"(iii) such project, production, or workshop, when taken as a whole, lacks serious literary, artistic, political, or scientific value.

"(B) DETERMINED TO BE OBSCENE.—The term 'determined to be obscene' means determined, in a final judgment of a court of record and of competent jurisdiction in the United States, to be obscene.

"(5) PRODUCTION.—The term 'production' means any activity involving the execution or rendition of the arts and meeting such standards as may be approved by the Chairperson of the Endowment.

"(6) PROJECT.—

"(A) IN GENERAL.—The term 'project' means a program organized to carry out the objectives of this Act, including a program to foster United States artistic creativity, to commission a work of art, or to develop and enhance the widest public access, knowledge, and understanding of the arts, and includes, where appropriate, rental or purchase of a facility, rental or purchase of land, and acquisition of equipment.

"(B) RENOVATION OR CONSTRUCTION.—Such term also includes—

"(i) the renovation of a facility if—

"(I) the amount of the expenditure of Federal funds for such purpose in the case of any facility does not exceed $250,000; and

"(II) two-thirds of the members of the National Council on the Arts (who are present and voting) recommend a grant involving an expenditure for such purpose; and

"(ii) with respect to a grant under section 202(d), the construction of a facility, if—

"(I) such construction is for demonstration purposes or under unusual circumstances in which there is no other manner by which to accomplish an artistic purpose; and

"(II) two-thirds of the members of the National Council on the Arts (who are present and voting) recommend a grant involving an expenditure for such purpose.

"(7) WORKSHOP.—The term 'workshop' means a program the primary purpose of which is to encourage the artistic development or enjoyment of amateur, student, or other participants.

"SEC. 202. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS.

"(a) ESTABLISHMENT.—There is established within the Foundation a National Endowment for the Arts (referred to in this title as the 'Endowment').

"(b) CHAIRPERSON.—

"(1) APPOINTMENT.—The Endowment shall be headed by a chairperson, to be known as the Chairperson of the Endowment (referred to in this title as the 'Chairperson'), who shall be appointed by the

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

"(2) TERM.—

"(A) IN GENERAL.—The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed. Notwithstanding any other provision of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.

"(B) REAPPOINTMENT.—The Chairperson shall be eligible for reappointment.

"(c) PARTNERSHIP GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to make grants to States and regional groups to support arts activities, with preference to arts education and projects that reach rural and urban underserved communities.

"(2) GRANTS TO STATES.—

"(A) AUTHORITY.—Using the funds reserved under section 106(a)(1)(D), the Chairperson, acting on the recommendation of the National

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

"(i)(I) in supporting projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act; and

"(II) in developing projects, productions, or workshops that will furnish programs, facilities, and services in the arts to people and communities in each of the States; and

"(ii) in carrying out activities that—

"(I) stimulate artistic activity and awareness, and broaden public access to the arts, in rural and urban underserved communities;

"(II) enhance the artistic capabilities of developing arts organizations through artistic, programmatic, and staff development; or

"(III) provide technical assistance to developing arts organizations to improve managerial and organizational

skills, financial systems management, and long-range fiscal planning.

"(B) APPLICATION.—In order to receive a grant under this paragraph for any fiscal year, a State shall submit an application described in section 203 for such grant at such time and in such manner as shall be specified by the Chairperson and accompany such application with a State plan that the Chairperson finds—

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

"(ii) provides that funds paid to the State under this paragraph will be expended solely on projects, productions, or workshops described in subparagraph (A) and approved by the State agency;

"(iii) provides that the State agency will make such reports, in such manner and containing such information, as the Chairperson may from time to time require, including a description of the progress made

toward achieving the objectives of the State plan;

"(iv) provides—

"(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow the public, interested groups, and groups of artists to present views and make recommendations regarding the State plan; and

"(II) a summary of such recommendations and the response of the State agency to such recommendations; and

"(v) contains—

"(I) for the most recent preceding year for which information is available, a description of the level of participation by artists, artists' organizations, and arts groups in projects, productions, or workshops supported by funding from the State agency under this paragraph, and a description of the extent to which projects, productions, or workshops supported by fund-

ing from the State agency under this paragraph were available to all people and communities in the State, especially underserved communities; and

"(II) a description of projects, productions, or workshops supported by funding from the State agency under this paragraph that exist or are being developed to address the availability of the arts to all people or communities described in subclause (I) or to secure wider participation of artists and arts organizations described in subclause (I).

"(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying State plan satisfies the requirements specified in subparagraph (B).

"(D) ALLOTMENTS.—

"(i) IN GENERAL.—Of the sums available to carry out this paragraph for any fiscal year, each State that has an application approved by the Chairperson shall be

allotted at least $200,000, or 1 percent of such sums, whichever is greater.

"(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 allotments 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 making grants under this paragraph to States and, in accordance with subparagraph (H), regional groups; and

"(II) the amount of such excess for such fiscal year, if any, that remains after reserving in full for the Chairperson the amount required under sub-

clause (I) shall be allotted so that each State that has an application approved by the Chair receives an equal amount;

but in no event shall any State be allotted under this paragraph less than $200,000 or 1 percent of the sums available to carry out this paragraph, whichever is greater.

"(E) FEDERAL SHARE.—

"(i) IN GENERAL.—Funding provided through a grant made under this paragraph to a State for any fiscal year shall be available to each State that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in subparagraph (A).

"(ii) EXCESS PORTION.—Except as provided in clause (iii), the portion of the funding provided through any grant made under subparagraph (D)(i) to a State for any fiscal year that exceeds $125,000 shall be available, at the discretion of the Chair-

person, to pay not more than 100 percent of such cost of carrying out an activity under this paragraph if such activity would be unavailable to the residents of the State without such portion.

"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year 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 funding provided through such grant for such fiscal year.

"(F) PROHIBITION ON SUPPLANTING NON-FEDERAL FUNDS.—Funds made available under this paragraph shall be used to supplement, and shall not supplant, non-Federal funds expended for supporting activities described in subparagraph (A).

"(G) UNOBLIGATED FUNDS.—Any amount allotted to a State under subparagraph (D)(i) for any fiscal year that is not obligated by the State earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall

be available for making grants to regional groups.

"(H) SPECIAL RULE.—The provisions of this paragraph (other than subparagraph (D)) shall apply to regional groups receiving grants under this paragraph in such manner, and to such extent, as the Chairperson shall by regulation prescribe.

"(I) DEFINITION.—In subparagraph (D)(iii)(II) and notwithstanding section 3(8), the term 'State' includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.

"(d) NATIONAL SIGNIFICANCE GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to make grants to groups of demonstrated and substantial artistic and cultural importance for projects, productions, and workshops that will increase the access of all the people of the United States, especially underserved communities, to the best of the arts and culture of the United States.

"(2) IN GENERAL.—Using funds reserved under section 106(a)(1)(E), the Chairperson, acting on the

recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups who meet the standard of artistic excellence and artistic merit and who are engaged in or concerned with the arts, for the purpose of paying for the Federal share of the cost of—

"(A) enabling the groups to provide or support projects, productions, or workshops described in paragraph (3) that will have a national, regional, or otherwise substantial artistic or cultural impact;

"(B) providing administrative and management improvements for the groups, particularly in the field of long-range financial planning, including increasing levels of community support and the range of contributors to the programs of such groups; or

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

"(3) PROJECTS, PRODUCTIONS, AND WORKSHOPS.—

"(A) REQUIRED ELEMENTS.—Each such project, production, or workshop shall—

"(i) have substantial national or regional cultural significance, and encourage professional excellence; or

"(ii)(I) have significant merit; and

"(II) be a project, production, or workshop that, if such a group did not receive a grant, might otherwise be unavailable to citizens for geographic or economic reasons.

"(B) PERMISSIBLE ELEMENTS.—Each such project, production, or workshop may—

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

"(ii) enhance managerial and organizational skills and capabilities;

"(iii) use technology to broaden public access to the arts;

"(iv) expand access to the arts for individuals with disabilities; or

"(v) promote access to the arts for minority or underserved populations.

"(4) FEDERAL SHARE REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in the case of any grant made under this subsection, the Federal

share described in paragraph (2) shall be 25 percent.

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

"(C) ADJUSTMENTS.—The Chairperson may increase the Federal share applicable under this subsection for a designated grant recipient, with review and approval by the National Council on the Arts. The Chairperson shall not increase the Federal share above 50 percent for the recipient. Not more than 10 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.

"(5) PRIORITY.—In awarding grants under this subsection, the Chairperson shall give priority to projects, productions, and workshops that increase the access of the public of the United States, especially underserved communities, to culture and the arts, including access by touring, by regional or national dis-

semination, or by geographic dispersion, and to arts education.

"(e) DIRECT GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to make grants to groups, and individuals, that are broadly representative of the cultural heritage of the United States and broadly geographically representative, for projects, productions, and workshops of the highest artistic excellence and artistic merit.

"(2) IN GENERAL.—Using funds reserved under section 106(a)(1)(F), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups, or individuals who are engaged in or concerned with the arts, to pay for the Federal share of the cost of projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act.

"(3) FEDERAL SHARE REQUIREMENT.—The Federal share described in paragraph (2) shall be 50 percent.

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

productions, and workshops concerning arts education.

"(5) ADJUSTMENTS.—The Chairperson may increase the Federal share applicable under this subsection for a designated grant recipient, with review and approval by the National Council on the Arts. Not more than 20 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.

"(6) SPECIAL RULE FOR GRANTS TO INDIVIDUALS.—The Chairperson shall only award a grant in accordance with this subsection to an individual described in paragraph (2) if such grant is awarded to such individual for a literature fellowship, a National Heritage Fellowship, or a Jazz Masters Fellowship.

"(f) ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—

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

"(2) IN GENERAL.—Using the funds reserved under section subparagraphs (C) (as may be appropriate) and (G) of section 106(a)(1), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to State arts agencies or other groups to pay for the Federal share of the cost of carrying out activities that—

"(A) promote and improve the availability of arts instruction, and improve the quality of arts education, through support of lifelong learning in the arts;

"(B) provide—

"(i) instruction in the arts by integrating and incorporating the arts in the teaching of English, math, science, foreign languages, civics and government, economics, history, and geography; or

"(ii) courses in the arts through school programs;

"(C) enhance the quality of arts instruction in programs of teacher education;

"(D) develop arts faculty resources and talents;

"(E) support and encourage the development of improved curriculum materials in the arts;

"(F) support apprenticeships, internships, and other career oriented work-study experiences for artists and arts teachers, and encourage residencies of artists at all educational levels;

"(G) stimulate artistic activity and awareness, and broaden public access to the arts, in underserved communities;

"(H) enhance the artistic capabilities of developing arts organizations in underserved communities through artistic, programmatic, and staff development; or

"(I) provide technical assistance to developing arts organizations in underserved communities to improve managerial and organizational skills, financial systems management, and long-range fiscal planning.

"(3) FEDERAL SHARE.—The Federal share described in paragraph (2) shall be 50 percent.

"(4) EVALUATION AND REPORTS FOR CERTAIN ACTIVITIES.—

"(A) IN GENERAL.—Each State arts agency or other group that receives a grant under this

subsection to carry out the activity described in paragraph (2)(B) shall conduct an ongoing evaluation of the activity.

"(B) EVALUATION COMPONENTS.—In conducting 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 with regulations and procedures established by the Chairperson.

"(b) PROCEDURES.—

"(1) IN GENERAL.—

"(A) CONSIDERATIONS.—In establishing such regulations and procedures for applications, the Chairperson shall ensure that—

"(i) artistic excellence and artistic merit of the projects, productions, and workshops described in the application are the criteria by which the applications are judged by advisory panels described in section 204, taking into consideration general standards of decency and respect for the diverse beliefs and values of the public of the United States;

"(ii) in selecting groups as recipients of grants under section 202, the Chairperson shall give preference to artistically rural and urban underserved communities and

artists and artistic groups that have traditionally been underrepresented in the arts, and to groups proposing arts education activities;

"(iii) the projects, productions, and workshops described in the applications, and awards of grants under this title, are consistent with the objectives of section 202 and this section; and

"(iv) an application distributed to an applicant for a grant includes a copy of the Financial Management Guide for Nonprofit Organizations that is published by the Office of the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities.

"(B) OBSCENITY PROVISIONS.—Such regulations and procedures shall clearly indicate that obscenity is without artistic merit, is not protected speech, and shall not be funded under this title. Projects, productions, and workshops that are determined to be obscene shall be prohibited from receiving grants under this title from the Endowment.

"(2) CONSIDERATIONS FOR THE CHAIRPERSON.—In considering an application for a grant under this title, the Chairperson shall consider the extent to which the projects, productions, and workshops described in the application fulfill the purposes of this Act, as well as their artistic excellence and artistic merit, as determined by the Chairperson.

"(3) CONSTRUCTION.—The disapproval or approval by the Chairperson of an application for a grant under this title shall not be construed to mean, and shall not be considered to be evidence that, the project, production, or workshop, for which the applicant requested a grant, is or is not obscene.

"SEC. 204. ADVISORY PANELS.

"(a) IN GENERAL.—The Chairperson shall utilize review by advisory panels—

"(1) as the first step in the review of applications submitted under this Act; and

"(2) to make recommendations to the National Council on the Arts in all cases involving requests for grants authorized under this title, except cases in which the Chairperson exercises authority delegated under section 205(f)(2).

"(b) PROCEDURES.—

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

"(2) AMOUNTS.—The panels may recommend only general ranges of funding to be provided through the grants and may not recommend specific amounts of such funding.

"(3) REGULATIONS AND PROCEDURES.—The Chairperson shall issue regulations and establish procedures to—

"(A) ensure that—

"(i) all the panels are composed, to the extent practicable, of individuals providing a wide geographic, ethnic, and minority representation as well as individuals reflecting diverse artistic and cultural points of view; and

"(ii) not more than 10 percent of the aggregate number of members of all the advisory panels are members from the same State;

"(B) ensure that all the panels include at least 2 members representing lay individuals who are—

"(i) knowledgeable about the arts;

"(ii) not engaged in the arts as a profession; and

"(iii) not employees of either artists' organizations or arts organizations;

"(C) ensure that, when feasible, the procedures used by the panels to carry out their responsibilities are standardized;

"(D) require each such panel—

"(i) to create written records summarizing—

"(I) all meetings and discussions of such panel; and

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

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

"(E) permit, when necessary and feasible, a site visit to view the work of an applicant and deliver a written report on the work being re-

viewed, in order to assist panelists in making their recommendations;

"(F)(i) require that the membership of each such panel change substantially from year to year; and

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

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

"(4) PROHIBITION ON CONFLICTS OF INTEREST.—

"(A) IN GENERAL.—In making appointments to the panels, the Chairperson shall ensure that an individual who has a pending application for a grant authorized under this title, who is an employee or agent of an organization with such a pending application, or who has a direct or indirect financial interest in any application under consideration by such a panel, does not serve as a member of any panel before which such application is pending.

"(B) DURATION.—The prohibition described in subparagraph (A) shall commence with respect to such individual beginning on the date such application is submitted, and shall continue until a final decision on the application has been reached by the Chairperson.

"SEC. 205. NATIONAL COUNCIL ON THE ARTS.

"(a) ESTABLISHMENT.—There is established within the Endowment a National Council on the Arts (referred to in this section as the 'Council').

"(b) COMPOSITION.—

"(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

"(A) from among private citizens of the United States who—

"(i) are widely recognized for their broad knowledge of, or expertise in, the arts; and

"(ii) have established records of distinguished service, or achieved eminence, in the arts;

"(B) so as to include practicing artists, members of cultural professions, educators, civic cultural leaders, and others who are professionally engaged in the arts; and

"(C) so as collectively to provide an appropriate distribution of members among the major art fields.

"(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major art fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the arts. Members of the Council shall be appointed so as to represent equitably geographical areas in the United States, including rural and urban underserved communities.

"(c) TERMS.—

"(1) IN GENERAL.—

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

"(B) EXPIRATION.—Except as provided in paragraph (2), the terms of all Council members shall expire on the third day of September in the year of expiration.

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

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

"(E) HOLDOVER SERVICE.—Notwithstanding any other provision of this subsection, a member of the Council shall serve after the expiration of the term of the member until the successor to the member takes office.

"(2) ADJUSTMENT TO REDUCE COUNCIL.—

"(A) MEMBERS WHOSE TERMS EXPIRED IN 1996 BUT CONTINUE TO SERVE.—

"(i) IN GENERAL.—The terms of 10 members of the Council whose terms expired on September 3, 1996 and who continue to serve because a successor has not been appointed shall be deemed to expire on the

date of enactment of the Arts and Humanities Amendments of 1997.

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

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

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

"(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United

States Code, and be allowed travel expenses including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

"(e) MEETINGS AND DUTIES.—

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

"(2) DUTIES.—The Council shall—

"(A) advise the Chairperson with respect to policies, programs, and procedures for carrying out the functions of the Chairperson under this title;

"(B) review applications for grants authorized under this title and make recommendations to the Chairperson with respect to—

"(i) whether to approve particular applications for grants authorized under this title that have been determined by advisory panels to have artistic excellence and artistic merit; and

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

"(C) use as criteria for the recommendations of the Council—

"(i) the extent to which the works described in the applications fulfill the purposes of this Act and the requirements under the provisions of this Act;

"(ii) the artistic excellence and artistic merit of the works described in the applications;

"(iii) the extent to which the applicant serves an underserved community; and

"(iv) the extent to which the applicant proposes arts education activities,

as determined by each Council member;

"(D) recommend more applications for funding through grants than are anticipated can be provided funding through the grants with available funds;

"(E) create written records summarizing—

"(i) all meetings and discussions of the Council; and

"(ii) recommendations made by the Council to the Chairperson; and

"(F) make such records available to the public in a manner that protects the privacy of individual applicants for grants authorized under this title, advisory panel members, and Council members.

"(f) ACTIONS BY CHAIRPERSON.—

"(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title until the Chairperson has received the recommendation of the Council on such application. The Chairperson shall have final authority to approve each such application, and shall determine the final amount of funding through any grant awarded. The Chairperson may not approve an application with respect to which the Council makes a negative recommendation.

"(2) DELEGATIONS.—In the case of an application, or amendment of an application, submitted under this title and involving $35,000 or less, or a request for change in a grant amount of 20 percent or less, the Chairperson may approve or disapprove such application, amendment, or request, if such action is taken pursuant to the terms of an express and direct

delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reported to the Council at the next regularly scheduled meeting of the Council. Such action by the Chairperson shall be used with discretion and shall not become a normal practice of providing funding through a grant authorized under this title. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 2 percent of the sums appropriated for the fiscal year pursuant to section 106(a)(1)(A).

"SEC. 206. LIMITATIONS ON GRANTS.

"(a) PROHIBITION ON SUBGRANTS.—The Chairperson shall establish procedures to ensure that no funding provided through a grant under this title, except a grant made to a State agency, a regional group, or a local arts agency that is an agency of local government, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods or services rendered.

"(b) PROHIBITION ON SEASONAL SUPPORT.—No grant awarded under this title shall be used for seasonal support to a group, unless the application submitted by the group

for such a grant specifically identifies the content of each activity to be carried out under such a grant for the season involved, including a specific identification of any project, production, or workshop.

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

"(d) LABOR STANDARDS.—

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

"(A) all professional performers and related or supporting professional personnel employed on projects or productions, or in workshops, that are financed in whole or in part under this title will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and

"(B) no part of any project, production, or workshop that is financed in whole or in part

under this title will be performed or engaged in under working conditions that are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project, production, or workshop.

"(2) EVIDENCE.—Compliance with the safety and sanitary laws of the State in which the project, production, or workshop described in paragraph (1)(B) is to take place shall be prima facie evidence of compliance with the assurance described in paragraph (1)(B).

"(3) STANDARDS, REGULATIONS, AND PROCEDURES.—The Secretary of Labor shall have the authority to prescribe such standards, regulations, and procedures as the Secretary of Labor may determine to be necessary or appropriate to carry out this subsection.

"(e) LIMITATION ON GRANT AWARD.—

"(1) INDIVIDUALS.—No individual may receive more than 2 grant awards under this title.

"(2) AGENCIES AND ORGANIZATIONS.—No group, other than a State arts agency, may receive more than 3 grant awards in a fiscal year under this title, except that this paragraph shall not apply to a group

that has entered into a cooperative agreement with the Endowment to receive assistance under this title.

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

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

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

"(g) CITIZENSHIP REQUIREMENTS FOR INDIVIDUALS.—An individual shall be eligible to receive a direct grant under this title if at the time such grant is received such individual—

"(1) is a citizen or other national of the United States; or

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

"(A) has filed an application for naturalization in the manner prescribed by section 334 of the Immigration and Nationality Act (8 U.S.C. 1445); and

"(B) is not permanently ineligible to become a citizen of the United States.

"(h) INSTALLMENTS.—The Chairperson shall establish procedures to provide for the distribution of funding provided through grants made under this title to recipients in installments except in exceptional cases in which the Chairperson determines that installments are not practicable. In providing any such installments to a recipient of a grant under this title, the Chairperson shall ensure that—

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

"(2) the remainder of such funding may not be provided until the Chairperson finds that the recipient of such grant is complying substantially with this Act and with the conditions under which such funding is provided to such recipient.

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

"SEC. 207. ADMINISTRATIVE PROVISIONS.

"(a) AUTHORITIES OF CHAIRPERSON.—In addition to any authorities vested in the Chairperson by other provisions of this Act, the Chairperson, in carrying out the functions of the Chairperson, shall have authority—

"(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary, govern-

ing the manner in which the functions of the Chairperson shall be carried out;

"(2) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, to define the duties of such employees, and to supervise and direct the activities of such employees;

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

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

"(5) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;

"(6) to rent office space in the District of Columbia; and

"(7) to make other necessary expenditures.

"(b) PUBLICATIONS.—Official publications of the Endowment under this title may be supported without regard to the provisions of section 501 of title 44, United States Code, if the Chairperson consults with the Joint Committee on Printing of the Congress.

"(c) COORDINATION.—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.

"SEC. 208. REPORTS.

"(a) ANNUAL REPORT OF CHAIRPERSON.—The Chairperson shall submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year. The report shall summarize the activities of the Endowment for the

preceding year, and shall include such recommendations as the Chairperson determines to be appropriate.

"(b) FINANCIAL REPORTS AND COMPLIANCE.—

"(1) IN GENERAL.—It shall be a condition of the receipt of a grant made under this title by the Chairperson that—

"(A) each applicant for such grant include in the application described in section 203—

"(i) a detailed description of the proposed project, production, or workshop for which the grant is requested;

"(ii) a timetable for the completion of such proposed project, production, or workshop; and

"(iii) an assurance that the applicant will meet the standards of artistic excellence and artistic merit;

"(B)(i) each grant recipient under this title carry out the proposal consistent with the description contained in the application, as approved by the Chairperson for funding through the grant; and

"(ii) each such grant recipient seeking to change the activities carried out under the grant

justify the requested change by a written request subject to approval by the Chairperson; and

"(C) each such grant recipient agree to and comply with requirements to submit to the Chairperson—

"(i) interim reports, including an annual report for each project, production, or workshop carried out under the grant during a period exceeding 1 year, describing the progress of the grant recipient in carrying out such project, production, or workshop and compliance by the grant recipient with the conditions of receipt of such grant;

"(ii) financial reports containing such information as the Chairperson determines to be necessary to ensure that the funding made available through the grant is expended in accordance with the terms and conditions under which the grant is made;

"(iii) a final report describing the project, production, or workshop carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work as-

sisted meet the standards of artistic excellence and artistic merit; and

"(iv) in the case of a project or production, and if practicable, as determined by the Chairperson, a copy of such project or production.

"(2) REPORT REQUIREMENTS.—The Chairperson shall determine the appropriate form and timing of interim reporting described in paragraph (1)(C)(i) for a grant recipient under this title. The reports and copy described in clauses (ii), (iii), and (iv) of paragraph (1)(C) shall be due not later than 90 days after the end of the period for which such grant recipient receives funding through the grant or 90 days after the completion of the project, production, or workshop, whichever occurs earlier. The Chairperson may extend the 90-day period if the recipient shows good cause why such an extension should be granted.

"(c) EVALUATION.—The Chairperson shall conduct a post-award evaluation of activities for which grants are made by the Chairperson under this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by grant recipients under subsection (b).

"(d) REPORTS.—The Chairperson shall establish procedures to require that no additional funding shall be provided to a recipient of a grant authorized under this title unless such recipient has submitted to the Chairperson all required interim, financial, and final reports under subsection (b).

"SEC. 209. SANCTIONS AND PAYMENTS.

"(a) FAILURE TO SATISFY PURPOSES.—If any recipient of a grant made under this title, or an indirect recipient of funding provided through the grant, substantially fails to satisfy the purposes for which such grant is made, as determined by the Chairperson, the Chairperson may—

"(1) for purposes of determining whether to make any subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 208(c);

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

"(3) if such project, production, or workshop is published, require that the publication contain the following statement: 'The opinions, findings, conclusions, and recommendations expressed in this publica-

tion do not reflect the views of the National Endowment for the Arts.'.

"(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 regional group that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with the 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, State agency, or regional group 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, State agency, or regional group that received the funding at issue that—

"(A) no further funding will be provided under this title to such recipient, agency, or group 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, agency, or group repays or arranges the repayment of the Federal funds that were improperly diverted or expended.

"(c) OBSCENE WORKS.—

"(1) DETERMINATION.—If, after providing reasonable notice and opportunity for a hearing on the record, the Chairperson determines that a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, used the funding for a project, production, or workshop that is determined to be obscene, the Chairperson shall require that until the direct recipient repays such funding (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment, no subsequent funding shall be provided under this title to such recipient.

"(2) CREDITING.—Funds repaid under this subsection to the Endowment shall be deposited in the

Treasury of the United States and credited as miscellaneous receipts.

"(3) APPLICATION.—

"(A) TIMING.—This subsection shall not apply with respect to grants made before October 1, 1990.

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

"(d) 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 creation of an original, commercially successful project, production, or workshop 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 1/3 and not more than 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.

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

"SEC. 210. NATIONAL MEDAL OF ARTS AWARDS.

"(a) NATIONAL MEDAL OF ARTS AWARDS.—

"(1) ESTABLISHMENT.—There is established a National Medal of Arts, which shall be a medal of such design as is determined to be appropriate by the President, on the basis of recommendations submitted by the National Council on the Arts, and which shall be awarded as provided in this subsection.

"(2) AWARDS.—The President shall from time to time award the National Medal of Arts, on the basis of recommendations from the National Council on the Arts, to individuals or groups who in the judgment of the President are deserving of special recognition

by reason of their outstanding contributions to the excellence, growth, support, and availability of the arts in the United States.

"(3) NUMBER OF MEDALS.—Not more than 12 of such medals may be awarded in any calendar year.

"(4) QUALIFICATIONS.—An individual may be awarded the National Medal of Arts if at the time such award is made such individual meets the requirements of section 206(g).

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

"(6) CEREMONIES.—The presentation of the National Medal of Arts shall be made by the President with such ceremonies as the President may determine to be appropriate, including attendance by appropriate Members of Congress.

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

"TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

"SEC. 301. DEFINITIONS.

"In this title:

"(1) PROJECT.—

"(A) IN GENERAL.—The term 'project' means an activity organized to carry out the objectives of this title.

"(B) RENOVATION OR CONSTRUCTION.—Such term also includes—

"(i) the renovation of a facility if—

"(I) the amount of the expenditure of Federal funds for such purpose in the case of any facility does not exceed $250,000; and

"(II) two-thirds of the members of the National Council on the Humanities (who are present and voting) recommend a grant involving an expenditure for such purpose; and

"(ii) for purposes of subsections (d) and (e) of section 302, the construction of a facility if—

"(I) such construction is for demonstration purposes or under unusual circumstances in which there is no other manner by which to accomplish a humanistic purpose; and

"(II) two-thirds of the members of the National Council on the Human-

ities (who are present and voting) recommend a grant involving an expenditure for such purpose.

"(2) WORKSHOP.—The term 'workshop' means an activity the primary purpose of which is to promote scholarship and teaching among the participants.

"SEC. 302. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES.

"(a) ESTABLISHMENT.—There is established within the Foundation a National Endowment for the Humanities (referred to in this title as the 'Endowment').

"(b) CHAIRPERSON.—

"(1) APPOINTMENT.—The Endowment shall be headed by a chairperson, to be known as the Chairperson of the Endowment (referred to in this title as the 'Chairperson'), who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) TERM.—

"(A) IN GENERAL.—The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed.

Notwithstanding any other provision of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.

"(B) REAPPOINTMENT.—The Chairperson shall be eligible for reappointment.

"(c) PARTNERSHIP GRANTS.—

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

"(2) DEFINITION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), in this subsection, the term 'State entity' means—

"(i) a State that obtains approval of an application submitted under paragraph (4); or

"(ii) in a case in which a State fails to submit an application under paragraph (4), an appropriate entity that obtains approval of an application submitted under paragraph (5).

"(B) JURISDICTION.—

"(i) STATE ENTITY.—In paragraph (6)(C)(ii), the term 'State entity' means a State entity, as defined in subparagraph (A), for a State.

"(ii) STATE.—In clause (i), and notwithstanding section 3(8), the term 'State', includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.

"(3) GENERAL AUTHORITY.—Using funds reserved under section 106(b)(1)(C), the Chairperson, acting on the recommendation of the National Council on the Humanities, is authorized, in accordance with the provisions of this subsection, to establish and carry out a program of grants to assist State entities—

"(A) in paying for not more than 50 percent of the cost (except as otherwise provided in this subsection) of supporting activities that achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and in subparagraphs (A) and (B) of subsection (e)(2); or

"(B) in matching contributions from non-Federal sources made to a trust fund the purpose of which is to provide long-term financial support for such activities.

"(4) GRANTS THROUGH STATE AGENCIES.—

"(A) DESIGNATION.—In order to receive a grant under this subsection for any fiscal year, if a State desires to designate or to provide for the establishment of a State agency (referred to in this section as a 'State agency') as the sole agency for the administration of the State plan referred to in subparagraph (B) relating to the grant, such State shall designate as the State agency the humanities council or shall provide for the establishment of such a council.

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

"(i) designates or provides for the establishment of a State agency;

"(ii) provides that the chief executive officer of the State will appoint new members to the State humanities council designated or established under subparagraph (A), as vacancies occur as a result of the expiration of the terms of members of such council, until the chief executive officer has appointed all of the members of such council;

"(iii) provides for the expenditure, from State funds, of an amount equal to 50 percent of the portion of the funding received by such State through a grant made under paragraph (6)(A) (relating to the minimum State allotment), or 25 percent of the total amount of funding received by such State through grants made under this subsection, whichever is greater, for the fiscal year involved (except as otherwise provided in paragraph (7));

"(iv) provides that funds paid to the State under this subsection will be expended solely on activities, approved by the State agency, that—

"(I) achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and subparagraphs (A) and (B) of subsection (e)(2); and

"(II) are designed to bring the humanities to the public;

"(v) provides assurances that State funds will be made available for the purpose of meeting the requirements of this subparagraph;

"(vi) provides that the State agency will make such reports, in such manner and containing such information, as the Chairperson may from time to time require, including a description of the progress made toward achieving the objectives of the State plan;

"(vii) provides—

"(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow the public, interested organizations, and scholars to present views

and make recommendations regarding the State plan; and

"(II) a summary of such recommendations and of the response of the State agency to such recommendations; and

"(viii) contains—

"(I) for the most recent preceding year for which information is available, a description of the extent to which the activities supported by funding from the State agency under this subsection were available to all people and communities in the State and a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the State agency under this subsection; and

"(II) a description of activities supported by funding from the State agency under this subsection that exist or are being developed to address the availability of the humanities to all people or communities described in

subclause (I) or to secure wider participation of scholars and scholarly organizations described in subclause (I).

"(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying State plan satisfies the requirements specified in subparagraph (B).

"(5) GRANTS TO APPROPRIATE ENTITIES.—

"(A) DESIGNATION.—In any State in which the chief executive officer of the State fails to submit an application under paragraph (4)(B) for a fiscal year, the Chairperson may make grants under paragraph (3) to an appropriate entity in the State, and each such entity shall establish a procedure that ensures that 8 members of the governing body of such entity shall be appointed by an appropriate officer or agency of such State, except that in no event may the number of such members exceed 1/3 of the total membership of such governing body. The officer or agency shall select the members from among individuals who have knowledge of or experience in the humanities.

"(B) APPLICATION AND PLAN.—If a State fails to submit an application under paragraph (4)(B) for a fiscal year, any appropriate entity in the State desiring to receive a grant under this subsection for the fiscal year shall submit an application for such grant at such time and in such manner as shall be specified by the Chairperson, and accompany such application with a State plan that the Chairperson finds—

"(i) provides assurances that such entity will comply with the requirements of subparagraph (A);

"(ii) provides that funds paid to such entity under this paragraph will be expended solely on activities that—

"(I) achieve the objectives described in subparagraphs (A) through (F) of subsection (d)(2) and subparagraphs (A) and (B) of subsection (e)(2); and

"(II) are designed to bring the humanities to the public;

"(iii) establishes a membership policy that is designed to ensure broad public rep-

resentation with respect to activities administered by such entity;

"(iv) provides for a nomination process that ensures opportunities for nomination to membership in the governing body from various groups in such State and from a variety of segments of the population of such State, including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve as members of the body;

"(v) provides for a membership rotation process that ensures the regular rotation of the membership and officers of such entity;

"(vi) establishes reporting procedures that are designed to inform the chief executive officer of such State, and other appropriate officers and agencies, of the activities of such entity;

"(vii) establishes procedures to ensure public access to information relating to such activities;

"(viii) provides that such entity will make such reports, at such times, in such

manner, and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the objectives of the State plan;

"(ix) provides—

"(I) an assurance that the entity has held, after reasonable notice, public meetings in the State to allow the public, interested organizations, and scholars to present views and make recommendations regarding the State plan; and

"(II) a summary of such recommendations and of the response of the entity to such recommendations; and

"(x) contains—

"(I) for the most recent preceding year for which information is available, a description of the extent to which activities supported by funding from the entity under this subsection were available to all people and communities in the State and a description of the level of participation by

scholars and scholarly organizations in activities supported by funding from the entity under this subsection; and

"(II) a description of activities supported by funding from the entity under this subsection that exist or are being developed to address the availability of the humanities to all people or communities described in subclause (I) or to secure wider participation of scholars and scholarly organizations described in subclause (I).

"(C) APPROVAL.—The Chairperson may not approve an application described in subparagraph (B) unless the accompanying plan satisfies the requirements specified in subparagraph (B).

"(6) ALLOTMENTS.—

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

"(B) INSUFFICIENT SUMS.—If the sums available to carry out this subsection for any fiscal year are insufficient to make the allotments

under subparagraph (A) in full, such sums shall be allotted so that each State entity receives an equal amount.

"(C) EXCESS FUNDS.—In any case in which the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under subparagraph (A)—

"(i) 34 percent of the amount of such excess for such fiscal year shall be available to the Chairperson for making grants under this subsection to State entities;

"(ii) 44 percent of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an equal amount; and

"(iii) the remainder of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an amount that bears the same ratio to such remainder as the population of the State for which the application is approved bears to the population of all the States.

"(7) LIMITATIONS.—

"(A) FEDERAL SHARE.—

"(i) IN GENERAL.—Funding provided through a grant made under this subsection to a State entity for any fiscal year shall be available to each State entity that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in paragraph (3).

"(ii) EXCESS PORTION.—Except as provided in clause (iii), the portion of the funding provided through any grant made under paragraph (6)(A) to a State entity for any fiscal year that exceeds $125,000 shall be available, at the discretion of the Chairperson, to pay not more than 100 percent of such cost of carrying out an activity under this subsection if such activity would be unavailable to the residents of the State without such portion.

"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year 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-

tional significance, such as activities relating to education in the humanities, media projects, projects in museums and by historical organizations, projects in libraries and archives, public humanities projects, endowment building, and technology activities.

"(2) GENERAL AUTHORITY.—Using funds reserved under section 106(b)(1)(D), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, or in appropriate cases individuals, who or which meet the standard of excellence in the humanities and significance in the humanities, or State agencies or entities, to pay for the Federal share of the cost of activities, in accordance with subsection (f), to—

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

"(B) initiate and support research and programs to strengthen the research and teaching potential of the United States in the humanities;

"(C) foster the exchange of information in the humanities;

"(D) foster education in, and public understanding and appreciation of, the humanities;

"(E) support projects that foster or promote literacy;

"(F) ensure that the benefit of the programs of the Endowment will also be available to the citizens of the United States where such programs would otherwise be unavailable due to geographic or economic reasons;

"(G) enable the groups to increase the levels of continuing support and to increase the range of contributors to the program of the groups;

"(H) provide administrative and management improvements for the groups, particularly in the field of long-range financial planning;

"(I) enable the groups to increase audience participation in, and appreciation of, programs sponsored by the groups;

"(J) develop 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;

"(K) stimulate greater cooperation among the groups especially designed to serve better the

communities in which the groups are located; and

"(L) foster greater citizen involvement in planning the cultural development of a community.

"(e) RESEARCH AND SCHOLARSHIP GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to encourage the development and dissemination of significant scholarship in the humanities by groups, individuals, and State agencies or entities by such means as fellowships for college and university faculty and independent scholars, dissertation grants, summer stipends, and funds for scholarly publications, reference materials, basic research, institutional programs, and preservation.

"(2) GENERAL AUTHORITY.—Using funds reserved under section 106(b)(1)(E), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, individuals, State agencies, and State entities for the purpose of paying for the Federal share of the cost, in accordance with subsection (f), of—

"(A) initiating and supporting (including 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

study or research at an appropriate nonprofit institution selected by the individual, for a stated period of time. The total amount of any grant under paragraph (2)(A) to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 percent of the total cost of such activities.

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

"(f) FEDERAL SHARE AND NON-FEDERAL SHARE FOR NATIONAL GRANTS AND RESEARCH AND SCHOLARSHIP GRANTS.—

"(1) FEDERAL SHARE.—

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

"(B) SPECIAL RULE.—With respect to a 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 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.—

"(A) FEDERAL SHARE.—The Federal share described in subsection (d)(2) or (e)(2) for an activity described in subsection (d)(2)(J) or (e)(2)(E) shall be an amount equal to not more than 25 percent of the cost of the activity.

"(B) NON-FEDERAL SHARE.—A recipient that receives a grant under subsection (d) to carry out an activity described in paragraph (2)(J) of such subsection, or subsection (e) to carry out an activity described in paragraph (2)(E) of such subsection, shall make available non-Federal contributions toward the costs of the activity in an amount equal to not less than 75 percent of such costs.

"SEC. 303. APPLICATION PROCEDURES.

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

"SEC. 304. REVIEW PANELS.

"The Chairperson may select panels of experts under section 307(a)(3) to review and make recommendations with respect to the approval of applications for grants authorized under this title. In selecting the panels, the Chair-

person shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse humanistic perspectives and geographic factors, and who broadly represent cultural diversity.

"SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.

"(a) ESTABLISHMENT.—There is established within the Endowment a National Council on the Humanities (referred to in this section as the 'Council').

"(b) COMPOSITION.—

"(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

"(A) from among private citizens of the United States who—

"(i) are recognized for their broad knowledge of, or expertise in, the humanities; and

"(ii) have established records of distinguished service, or achieved eminence, in the humanities;

"(B) so as to include scholars and others who are professionally engaged in the humanities; and

"(C) so as collectively to provide an appropriate distribution of members among the major humanities fields.

"(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major humanities fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the humanities. Members of the Council shall be appointed so as to represent equitably geographical areas in the United States.

"(c) TERMS.—

"(1) IN GENERAL.—

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

"(B) EXPIRATION.—Except as provided in paragraph (2), the terms of all Council members shall expire on the third day of September in the year of expiration.

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

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

"(E) HOLDOVER SERVICE.—Notwithstanding any other provision of this subsection, a member of the Council shall serve after the expiration of the term of the member until the successor to the member takes office.

"(2) ADJUSTMENT TO REDUCE COUNCIL.—

"(A) MEMBERS WHOSE TERMS EXPIRED IN 1996 BUT CONTINUE TO SERVE.—

"(i) IN GENERAL.—The terms of 6 members of the Council whose terms expired on September 3, 1996 and who continue to serve because a successor has not been appointed shall be deemed to expire on the date of enactment of the Arts and Humanities Amendments of 1997.

"(ii) SUCCESSORS.—The President shall appoint 3 members of the Council to

succeed members whose terms are deemed to expire as described in clause (i).

"(B) MEMBERS WHOSE TERMS EXPIRE IN 2000.—

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

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

"(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

"(e) MEETINGS AND DUTIES.—

"(1) MEETINGS.—The Council shall meet at the call of the Chairperson but not less often than twice

during each calendar year. Eleven members of the Council shall constitute a quorum.

"(2) DUTIES.—The Council shall—

"(A) advise the Chairperson with respect to policies, programs, and procedures for carrying out the functions of the Chairperson under this title; and

"(B) review applications for grants authorized under this title and make recommendations to the Chairperson with respect to the approval of each application.

"(f) ACTIONS BY CHAIRPERSON.—

"(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title until the Chairperson has received the recommendation of the Council on such application, unless the Council fails to make a recommendation on the application within a reasonable time.

"(2) DELEGATIONS.—In the case of an application submitted under this title and involving $35,000 or less, the Chairperson may approve or disapprove such application if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if

each such action by the Chairperson is reviewed by the Council. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 3 percent of the sums appropriated for the fiscal year pursuant to section 106(b)(1)(A).

"SEC. 306. LIMITATIONS ON GRANTS.

"(a) CRITERIA FOR ELIGIBILITY FOR GRANTS.—

"(1) DEFINITIONS.—In this subsection:

"(A) PRODUCTION ENTITY.—The term 'production entity' means any partnership, corporation, business enterprise, or other organization engaged in the production of a film or publication.

"(B) GROUP.—The term 'group' includes any State or local government, State or local public agency, Indian tribe, or nonprofit association, organization, institution, or society.

"(C) NATIONAL OF THE UNITED STATES.—The term 'national of the United States' means a citizen of the United States or a person who owes permanent allegiance to the United States.

"(2) CRITERIA.—The Chairperson, with the advice of the National Council on the Humanities, shall

establish criteria for eligibility for grants made under this title. The criteria shall provide the following:

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

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

"(ii) a donation to such group is allowable as a charitable contribution under section 170(c) of the Internal Revenue Code of 1986.

"(B) PRODUCTION ENTITY.—A production entity that is a nonprofit group shall be eligible to receive a grant under this title if the Chairperson, with the advice of the National Council on the Humanities, determines that providing such a grant will significantly advance the knowledge or understanding of the humanities in the United States.

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

"(i) the individual is a citizen or national of the United States; and

"(ii) the Chairperson, with the advice of the National Council on the Humanities,

determines that providing the grant will significantly advance the knowledge or understanding of the humanities in the United States.

"(b) ADMISSION CHARGES.—No grant shall be made under this title for an activity (other than an activity conducted by a school, college, or university) for which a direct or an indirect admission charge is requested if the proceeds, after deducting reasonable costs, are used for purposes other than assisting the grant recipient to develop high standards of scholarly excellence or encourage greater appreciation of the humanities by the citizens of the United States.

"(c) LABOR STANDARDS.—The provisions of section 206(d) shall apply to activities financed under this title in the same manner and to the same extent as the provisions apply to activities financed under title II.

"SEC. 307. ADMINISTRATIVE PROVISIONS.

"(a) AUTHORITIES OF CHAIRPERSON.—In addition to any authorities vested in the Chairperson by other provisions of this Act, the Chairperson, in carrying out the functions of the Chairperson, shall have authority—

"(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary, governing the manner in which the functions of the Chairperson shall be carried out;

"(2) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, to define the duties of such employees, and to supervise and direct the activities of such employees;

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

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

"(5) to make advance, progress, and other payments without regard to section 3324 of title 31, United States Code;

"(6) to rent office space in the District of Columbia; and

"(7) to make other necessary expenditures.

"(b) PUBLICATIONS.—Official publications of the Endowment under this title may be supported without regard to the provisions of section 501 of title 44, United States Code, if the Chairperson consults with the Joint Committee on Printing of the Congress.

"(c) COORDINATION.—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs, programs of designated State humanities agencies, and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the humanities-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.

"SEC. 308. REPORTS.

"(a) ANNUAL REPORT OF CHAIRPERSON.—The Chairperson shall submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year. The report shall summarize the activities of the Endowment for the

preceding year, and may include such evaluations and other reports as the Chairperson determines to be appropriate.

"(b) FINANCIAL REPORTS AND COMPLIANCE.—

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

"(A) financial reports containing such information as the Chairperson determines to be necessary to ensure that the funding provided through the grant is expended in accordance with the terms and conditions under which the grant is made;

"(B) a report describing the activity carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted meets the standards of excellence in humanities and significance in the humanities; and

"(C) if practicable, as determined by the Chairperson, a copy of the work resulting from the activity.

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

"(c) EVALUATION.—The Chairperson shall conduct a post-award evaluation of activities for which grants are made by the Chairperson under this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by grant recipients under subsection (b).

"(d) ANNUAL REPORT OF NATIONAL COUNCIL ON THE HUMANITIES.—

"(1) IN GENERAL.—The National Council on the Humanities may submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year.

"(2) CONTENTS.—The report shall include written records summarizing—

"(A) all meetings and discussions of the Council; and

"(B) recommendations made by the Council to the Chairperson.

"(3) PRIVACY.—The Council shall ensure that the information contained in the report will be presented in a manner that protects the privacy of individual applicants for grants authorized under this title and Council members.

"SEC. 309. SANCTIONS AND PAYMENTS.

"(a) FAILURE TO SATISFY PURPOSES.—If any recipient of a grant made under this title, or an indirect recipient of funding provided through the grant, substantially fails to satisfy the purposes for which such grant is made, as determined by the Chairperson, the Chairperson may—

"(1) for purposes of determining whether to make any subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 308(c);

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

"(3) if such project, production, or workshop is published, require that the publication contain the following 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

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 creation of an original, commercially successful activity 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 ⅓ and not more than ½ 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 Jefferson Lecture in the Humanities Award to 1 individual for distinguished intellectual achievement in the humanities. Each such award shall not exceed $10,000.

"(b) NATIONAL HUMANITIES MEDAL.—

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

"(A) has expanded the understanding of citizens of the United States in the area of humanities;

"(B) has broadened such citizens engagement with the humanities; or

"(C) has helped preserve and expand the access of such citizens to important resources in the humanities.

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

"(3) CEREMONIES.—The presentation of the National Humanities Medal shall be made by the President with such ceremonies as the President may determine to be appropriate, including attendance by appropriate Members of Congress.".

SEC. 102. CONFORMING AMENDMENTS.

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

(1) in subsection (a)—

(A) in paragraph (2), by striking "the National Endowment for the Arts, the National Endowment for the Humanities," and inserting "the portion of the National Foundation on the Arts and the Humanities consisting of the National Endowment for the Arts and the National Endowment for the Humanities,"; and

(B) in paragraph (4)—

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

(ii) in subparagraph (B), by inserting after the semicolon "and"; and

(iii) by adding at the end the following:

"(C) with respect to the National Endowment for the Arts and the National Endowment for the Humanities, the term means the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities with respect to matters relating to the Chairperson of the National Endowment for the Humanities;";

(2) in subsection (c), by inserting before the period the following: ", except that the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities shall be jointly appointed by the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities"; and

(3) in the first sentence of subsection (d), by inserting before the period the following: ", except as

provided in section 103 of the National Foundation on the Arts and the Humanities Act of 1965".

TITLE II—ARTS AND ARTIFACTS INDEMNITY ACT

SEC. 201. ARTS AND ARTIFACTS.

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

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Arts and Artifacts Indemnity Act'.

"SEC. 2. INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTIFACTS.

"The Federal Council on the Arts and Humanities (referred to in this Act as the 'Council') established under section 8, may enter into agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 3—

"(1) in accordance with the provisions of this Act; and

"(2) on such terms and conditions as the Council shall prescribe, by regulation, in order to achieve the objectives of this Act and, consistent with such objectives, to protect the financial interest of the United States.

"SEC. 3. ELIGIBLE ITEMS.

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

"(1) that are—

"(A) works of art, including tapestries, paintings, sculpture, folk art, and graphics and craft arts;

"(B) manuscripts, rare documents, books, or other printed or published materials;

"(C) other artifacts or objects; or

"(D) photographs, motion pictures, or audio and video tape;

"(2) that are of educational, cultural, historical, or scientific value; and

"(3) the exhibition of which is certified (where appropriate) by the Secretary of State or the designee of the Secretary of State as being in the national interest.

"(b) ITEMS ON EXHIBITION.—

"(1) SCOPE.—An indemnity agreement made under this Act shall cover eligible items while on exhibition, generally when the items are part of an exchange of exhibitions. An item described in subsection (a) that is part of an exhibition that originates either in the United States or outside the United States and

that is touring the United States shall be considered to be an eligible item.

"(2) DEFINITION.—For purposes of this subsection, the term 'on exhibition' includes the period of time beginning on the date the eligible items leave the premises of the lender or place designated by the lender and ending on the date such items are returned to the premises of the lender or place designated by the lender.

"SEC. 4. APPLICATIONS.

"(a) IN GENERAL.—Any person, nonprofit agency, institution, or government desiring to enter into an indemnity agreement for eligible items under this Act shall submit an application to the Council at such time, in such manner and in accordance with such procedures, as the Council shall, by regulation, prescribe.

"(b) CONTENTS.—An application submitted under subsection (a) shall—

"(1) describe each item to be covered by the agreement (including an estimated value of such item);

"(2) show evidence that the item is an item described in section 3(a); and

"(3) set forth policies, procedures, techniques, and methods with respect to preparation for, and con-

duct of, exhibition of the item, and any transportation related to such item.

"(c) APPROVAL.—On receipt of an application under this section, the Council shall review the application as described in section 5 and, if the Council agrees with the estimated value described in the application and if such application conforms with the requirements of this Act, approve the application and enter into an indemnity agreement with the applicant under section 2. On such approval, the agreement shall constitute a contract between the Council and the applicant pledging the full faith and credit of the United States to pay any amount for which the Council becomes liable under such agreement. The Council, for such purpose, is authorized to pledge the full faith and credit of the United States.

"SEC. 5. INDEMNITY AGREEMENT.

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

"(b) AGGREGATE AMOUNT OF LOSS OR DAMAGE.—The aggregate amount of loss or damage covered by indemnity agreements made under this Act shall not exceed $3,000,000,000, at any one time.

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

"(d) EXTENT OF COVERAGE.—If the estimated value of the items covered by an indemnity agreement for a single exhibition is—

"(1) $2,000,000 or less, then coverage under this Act shall extend only to loss or damage in excess of the first $15,000 of loss or damage to the items covered;

"(2) more than $2,000,000 but less than $10,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first $25,000 of loss or damage to the items covered;

"(3) not less than $10,000,000 but less than $125,000,000, then coverage under this Act shall extend only to loss or damage in excess of the first $50,000 of loss or damage to the items covered;

"(4) not less than $125,000,000 but less than $200,000,000, then coverage under this Act shall ex-

tend only to loss or damage in excess of the first $100,000 of loss or damage to the items covered; or

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

"SEC. 6. REGULATIONS AND CERTIFICATION.

"(a) REGULATIONS.—The Council shall prescribe regulations providing for prompt adjustment of valid claims for loss or damage to items that are covered by an agreement entered into pursuant to section 2, including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered items.

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

"SEC. 7. REPORT.

"The Council shall prepare, and submit at the end of each fiscal year to the appropriate committees of Congress, a report containing information on—

"(1) all claims paid pursuant to this Act during such year;

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

"(3) the aggregate face value of contracts entered into by the Council that are outstanding at the end of such year.

"SEC. 8. ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established a Federal Council on the Arts and the Humanities.

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

"(b) MEMBERSHIP.—

"(1) IN GENERAL.—The Council shall be composed of the Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities, the Director of the Institute of Museum and Library Services, the Secretary of Education, the Secretary of the Smithsonian Institution, the Director of the National Science Foundation, the Librarian of Congress, the Director of the Na-

tional Gallery of Art, the Chairman of the Commission of Fine Arts, the Archivist of the United States, the Commissioner, Public Buildings Service, General Services Administration, the Assistant Secretary for Aging, a member designated by the Secretary of State, and a member designated by the Secretary of the Interior, a member designated by the Chairman of the Senate Commission on Art and Antiquities, and a member designated by the Speaker of the House of Representatives.

"(2) DESIGNATION OF PRESIDING OFFICER.—The President shall designate the presiding officer of the Council from among the members.

"(3) AUTHORITY TO CHANGE THE MEMBERSHIP.—The President is authorized to change the membership of the Council as the President deems necessary to meet changes in Federal programs or executive branch organization.

"(c) FUNCTIONS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Council shall—

"(A) carry out the functions of the Council described in sections 1 through 7;

"(B) promote coordination between the programs and activities of the National Foundation

on the Arts and Humanities and related programs and activities of other Federal agencies; and

"(C) encourage an ongoing dialogue in support of the arts and the humanities among Federal agencies.

"(2) RESTRICTIONS.—The following members of the Council shall not carry out the functions described in paragraph (1)(A):

"(A) The Secretary of the Smithsonian Institution.

"(B) The Director of the National Gallery of Art.

"(C) The member of the Council designated by the Chairman of the Senate Commission on Art and Antiquities.

"(D) The member of the Council designated by the Speaker of the House of Representatives.

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

"SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated such sums as may be necessary—

"(1) to enable the Council to carry out the functions (except the functions described in subparagraphs (B) and (C) of section 8(c)(1)) of the Council under this Act; and

"(2) to pay claims certified pursuant to section 6(b).".