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NATIONAL FOUNDATION ON THE ARTS
AND THE HUMANITIES ACT OF 1995
The Congress finds and declares the following:

(1) The arts and the humanities benefit and belong to all the people of the United States. They are essential to cultural survival and social, cultural, and economic progress.

(2) The encouragement and support of national progress and scholarship in the humanities and the arts, while primarily a matter for private and local initiative, are also appropriate matters of concern to the Federal Government.

(3) An advanced civilization must not limit its efforts to science and technology alone but must give 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) Democracy demands wisdom and vision in its citizens. It must therefore foster and support a form of education, and access to the arts and the humanities, designed to make people of all backgrounds and wherever located masters of their technology and not its unthinking servants.

(5) It is necessary and appropriate for the Federal Government to further the advancement of the humanities and the arts and the access of all Americans to the humanities and the arts, in partnership with local, State, regional, and private agencies, organizations, and individuals. In doing so, the Government must be sensitive to the nature of public support and the need to use public funding to advance the public good. Public funding of the arts and humanities should contribute to public support and confidence in the use of taxpayer funds. Public funds provided by the Federal Government must ultimately serve public purposes the Congress defines and must be subject to the conditions that traditionally govern the use of public money.
Federal support of the arts and the humanities reflects the high place accorded by the American people to the Nation's rich cultural heritage and to the fostering of mutual respect for the diverse beliefs and values of all persons and groups.

The practice of art and the study of the humanities require constant dedication and devotion. While no government can call a great artist or scholar into existence, it is necessary and appropriate for the Federal Government 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 this creative talent.

The world leadership which has come to the United States cannot rest solely upon superior power, wealth, and technology, but must be solidly founded upon worldwide respect and admiration for the Nation's high qualities as a leader in the realm of ideas and of the spirit.

Americans should receive in school, background and preparation in the arts and humanities to enable them to recognize and appreciate the aesthetic dimensions of our lives, the diversity of excellence that comprises our cultural heritage, and artistic and scholarly expression. Increased access to the arts and the humanities for all Americans, including diverse cultures and urban and rural populations, requires encouraging and developing quality education in the arts and humanities at all levels, in conjunction with programs of lifelong learning in the arts and humanities for all age groups and with formal systems of elementary, secondary, and postsecondary education; developing and stimulating research to teach quality education in the arts and humanities; and 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 humanities.

It is vital to a democracy to honor and preserve its multicultural artistic heritage as well as support new ideas, and therefore it is essential to provide financial assistance to its artists and the organizations that support their work.

To fulfill its educational mission, achieve an orderly continuation of a free society, and provide models of excellence to the American people, the Federal Government must transmit the achievement and values of civilization from the past via the present to the future, and make widely available the greatest achievements of art.
(12) In order to implement these findings and purposes, it is desirable to establish a National Foundation on the Arts and the Humanities.

Sec. 952 NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

(a) There is established a National Foundation on the Arts and the Humanities (hereinafter referred to as the "Foundation"), which shall be composed of a National Endowment for the Arts, a National Endowment for the Humanities, a Federal Council on the Arts and the Humanities, and an Institute of Museum Services.

(b) The purpose of the Foundation shall be to develop and promote a broadly conceived national policy of support for the humanities and the arts in the United States and for institutions which preserve the cultural heritage of the United States pursuant to this subchapter.

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

(d) 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 gift is intended, each Chairperson of an Endowment shall have authority to receive such gift. The gift shall be deemed to have been to that Endowment whose function it is to carry out the purpose of any condition or restriction on the gift. Unless the Chairpersons of the Endowments agree otherwise, the gift shall be deemed to have been in equal shares to each Endowment if the gift is unrestricted, if some purposes of a restriction are covered by one Endowment and some by the other Endowment, or if one or more of the purposes of a restriction is covered by both Endowments.

(e) For the purpose 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 its Endowments and received by the Chairperson of an Endowment pursuant to authority derived under this section shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.
SUBCHAPTER II -- NATIONAL ENDOWMENT FOR THE ARTS

Sec. 953 DEFINITIONS

As used in this subchapter --

(a) The term "the arts" includes, but is not limited to, music, dance, drama, creative writing, architecture, design, painting, sculpture, photography, motion pictures, television, radio, film, videotape, and sound recording; folk and traditional arts practiced by the diverse peoples of this country; graphic, digital, craft, and multimedia arts; the arts related to the presentation, performance, execution, and exhibition of such major art forms; and the study and application of the arts to the human environment.

(b) The term "Challenge funds" means those funds appropriated under section 958(a)(3) for the purposes authorized in section 954(e).

(c) The term "developing arts organization" means a local arts organization of high artistic promise which --

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

(2) has the potential to develop artistically and institutionally to broaden public access to the arts in rural and innercity areas and other areas that are underserved artistically.

(d) 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.

(e) The term "final judgment" means a judgment that is either --

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

(2) is not reviewable by any other court.

(f) For purposes of programs established pursuant to section 954, the term "grant" includes grant, loan, contract, and cooperative agreement.

(g) The term "group" includes any State or other public agency, and any nonprofit society, institution, organization,
association, museum, or establishment in the United States, whether or not incorporated.

(h) 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 a variety of artists and arts organizations, for the benefit of the community as a whole.

(i) The term "obscene" means with respect to a project, production, or workshop, that --

(1) 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;

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

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

(j) The term "production" means plays (with or without music), ballet, dance, choral performances, concerts, recitals, operas, exhibitions, readings, motion pictures, television, radio, film, videotape, sound recordings, and any other activities involving the execution or rendition of the arts and meeting such standards as may be approved by the Endowment.

(k) The term "Program funds" means those funds appropriated under section 958(a)(1)(A) for projects, productions, and workshops consistent with those activities authorized in section 954.

(l) The term "project" means programs organized to carry out the purposes of this subchapter, including programs to foster American artistic creativity, to commission works of art, to create opportunities for individuals to develop artistic talents when carried on as a part of a program otherwise included in this definition, and to develop and enhance the widest public access, knowledge and understanding of the arts, and includes, where appropriate, rental or purchase of facilities, purchase or rental of land, and acquisition of equipment. Such term also includes --

(1) the renovation of facilities if (A) the amount of the expenditure of Federal funds for such purpose in the case
of any project does not exceed $250,000, or (B) two-thirds of the members of the National Council on the Arts (who are present and voting) approve of the grant involving an expenditure for such purpose; and

(2) for purposes of Challenge grants under section 954(e), the construction of facilities if (A) such construction is for demonstration purposes or under unusual circumstances where there is no other manner in which to accomplish an artistic purpose, and (B) two-thirds of the members of the National Council on the Arts (who are present and voting) approve of the grant involving an expenditure for such purpose.

(m) The term "regional group" means any multistate group, whether or not representative of contiguous States.

(n) The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Northern Mariana Islands, and the U.S. Virgin Islands.

(o) The term "Treasury funds" means those funds appropriated under section 958(a)(2) for the purposes of designated projects and productions, consistent with those activities authorized in section 954.

(p) 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. 954 NATIONAL ENDOWMENT FOR THE ARTS

(a) There is established within the Foundation a National Endowment for the Arts.

(b) (1) The Endowment shall be headed by a chairperson, to be known as the Chairperson of the National Endowment for the Arts, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The term of office of the Chairperson shall be four years and the Chairperson shall be eligible for reappointment. The provisions of this subsection shall apply to any person appointed to fill a vacancy in the office of Chairperson. Upon expiration of the Chairperson's term of office the Chairperson shall serve until the Chairperson's successor shall have been appointed and shall have qualified.
(c) The Chairperson, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of grants to groups, or, in appropriate cases, individuals of exceptional talent engaged in or concerned with the arts, for the purpose of enabling them to provide or support projects, productions, and workshops that--

(1) have substantial national or international artistic and cultural significance, giving emphasis to American creativity and cultural diversity and to the maintenance and encouragement of professional excellence;

(2) meet professional standards of authenticity or tradition, irrespective of origin, which are of significant merit and which, without such assistance, might otherwise be unavailable to our citizens for geographic or economic reasons;

(3) will encourage and assist artists and enable them to achieve wider distribution of their works, to work in residence at an educational or cultural institution, to achieve standards of professional excellence, or to be honored for their significant contributions;

(4) have substantial artistic and cultural significance and that reach, or reflect the culture of a racial, ethnic, inner city, rural, or tribal community;

(5) will encourage and develop public access, knowledge, education, understanding, enjoyment, and appreciation of the arts;

(6) encourage the arts at the local level;

(7) enhance managerial and organizational skills and capabilities;

(8) use technology, including film, radio, video, computers, and other advances in telecommunications to broaden public access to the arts; or

(9) involve otherwise relevant activities, including surveys, research, evaluation, planning, and publications, relating to the purposes of this subsection.

Any grant under this subsection awarded with Program funds must be matched in a ratio of at least one non-Federal dollar for
every one Federal dollar. Any grant under this subsection awarded with Treasury funds must be matched in a ratio of at least three non-Federal dollars for every one Federal dollar.

(d) (1) The Chairperson, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of grants to assist the several States in supporting projects, productions, or workshops that meet the standards enumerated in subsection (c) of this section, and in developing projects, productions, or workshops in the arts in such a manner as will furnish adequate programs, facilities, and services in the arts to all the people and communities in each of the several States.

(2) In order to receive assistance under this subsection in any fiscal year, a State shall submit an application for such grants at such time as shall be specified by the Chairperson and accompany such application with a plan which the Chairperson finds --

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

(B) provides that funds paid to the State under this subsection will be expended solely on projects, productions, or workshops approved by the State agency which carry out one or more of the objectives of subsection (c) of this section;

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

(D) provides -

(i) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow all groups of artists, interested organizations, and the public to present views and make recommendations regarding the State plan; and
(ii) a summary of such recommendations and the State agency's response to such recommendations; and

(E) contains -

(i) a description of the level of participation during the most recent preceding year for which information is available by artists, artists' organizations, and arts organizations in projects, productions, or workshops for which financial assistance is provided under this subsection;

(ii) for the most recent preceding year for which information is available, a description of the extent projects, productions, or workshops receiving financial assistance from the State agency are available to all people and communities in the State; and

(iii) a description of projects, productions, or workshops receiving financial assistance under this subsection that exist or are being developed to secure wider participation of artists, artists' organizations, and arts organizations identified under clause (i) of this subparagraph or that address the availability of the arts to all people or communities identified under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.

(3) Of the sums available to carry out this subsection for any fiscal year, each State which has a plan approved by the Chairperson shall be allotted at least $200,000. If the sums appropriated are insufficient to make the allotments under the preceding sentence in full, such sums shall be allotted among such States in equal amounts. In any case where the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under the first sentence of this paragraph --

(A) the amount of such excess which is no greater than 25 per centum of the sums available to carry out this subsection for any fiscal year shall be
available only to the Chairperson for making grants under this subsection to States and regional groups; and

(B) the amount of such excess, if any, which remains after reserving in full for the Chairperson the amount required under clause (A) shall be allotted among the States which have plans approved by the Chairperson in equal amounts.

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

(4) (A) The amount of each allotment to a State for any fiscal year under this subsection shall be available to each State, which has a plan approved by the Chairperson in effect on the first day of such fiscal year, to pay not more than 50 per centum of the total cost of any project or production described in paragraph (1). The amount of any allotment made under paragraph (3) for any fiscal year which exceeds $125,000 shall be available, at the discretion of the Chairperson, to pay up to 100 per centum of such cost of projects, productions, or workshops if such projects, productions, or workshops would otherwise be unavailable to the residents of that State:

Provided, that the total amount of any such allotment for any fiscal year which is exempted from such 50 per centum limitation shall not exceed 20 per centum of the total of such allotment for such fiscal year.

(B) Any amount allotted to a State under the first sentence of paragraph (3) for any fiscal year which is not obligated by the State prior to 60 days prior to the end of the fiscal year for which such sums are appropriated shall be available for making grants to regional groups.

(C) Funds made available under this subsection shall not be used to supplant non-Federal funds.

(D) For purposes of paragraph (3)(B), the term "State" includes, in addition to the several States of the Union, only those special jurisdictions specified in section 953(f) of this title which have a population of 200,000 or more, according to the latest decennial census.

(5) All amounts allotted or made available under paragraph (3) for a fiscal year which are not granted to a
State during such year shall be available at the end of such year to the National Endowment for the Arts for the purpose of carrying out subsection (c) of this section.

(e) The Chairperson, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of Challenge grants to cultural organizations and institutions for the purpose of strengthening their quality by --

(1) increasing levels of community support and the range of contributors to the programs of such cultural organizations and institutions

(2) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range planning;

(3) fostering greater citizen involvement in planning the cultural development of their communities and enabling cultural organizations and institutions to increase audience participation in and appreciation of programs sponsored by the cultural organizations and institutions;

(4) providing additional support and stimulating greater cooperation among State, local and private cultural organizations and institutions to promote effective arts activity and to better serve the communities in which the cultural organizations and institutions are located;

(5) stimulating artistic activity and awareness which are in keeping with the varied cultural traditions of this Nation.

Challenge funds must be matched in a ratio of at least three non-federal dollars for every one Federal dollar.

(f) The Chairperson of the National Endowment for the Arts, with the advice of the National Council on the Arts, is authorized to carry out a program of grants to States for the purposes of --

(1) enhancing the artistic capabilities of developing arts organizations through artistic, programmatic, and staff development;

(2) providing technical assistance to developing arts organizations to improve managerial and organizational skills, financial systems management, and long-range fiscal planning;
(3) stimulating artistic activity and awareness, and
broadening public access to the arts, in rural, innercity
and other areas that are underserved artistically.

Grants under this subsection are subject to the matching
requirements set forth in subsection (c).

(g) The Chairperson of the National Endowment for the Arts,
with the advice of the National Council on the Arts, is
authorized to establish and carry out a program of grants to
any State, local, or other public agency, individual, artist,
any nonprofit society, performing and nonperforming arts and
educational institution or organization, association, or
museum in the United States, in order to foster and encourage
exceptional talent, public knowledge, understanding, and
appreciation of the arts, and to support the education,
training, and development of this Nation's artists, through
projects, productions, and workshops that will --

(1) promote and improve the availability of arts
instruction and improve the quality of arts education
through support of life-long learning in the arts;

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

(3) develop arts faculty resources and talents;

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

(5) improve evaluation and assessment of education in the
arts programs and instruction;

(6) foster cooperative programs with the Department of
Education and other Federal agencies and encourage
partnerships between arts and education agencies and
organizations at State and local levels as well as among
arts organizations, businesses, and educational and
cultural institutions;

(7) support apprenticeships, internships, and other
career oriented work-study experiences for artists and
arts teachers, and encourage residencies of artists at all
educational levels;

(8) support the use of technology and improved facilities
and resources in education in the arts programs at all
levels; and
(9) foster the development of demonstration projects, demonstration productions, demonstration workshops, and demonstration programs in arts education and collect, and make available to the public, information on their implementation and effectiveness.

Grants under this subsection are subject to the matching requirements set forth in subsection (c).

(h) The Chairperson of the National Endowment for the Arts shall, in ongoing consultation with State and local agencies, relevant organizations, and relevant Federal agencies, continue to develop and implement a practical system of national information and data collection and public dissemination on the arts, artists and arts groups, and their audiences. Such system shall include artistic and financial trends in the arts, trends in audience participation, and trends in arts education on national, regional, and State levels. Such system shall also include information regarding the availability of the arts to various audience segments, including rural communities. Such system shall be used, along with a summary of the data submitted with State plans under subsection (d) of this section, to prepare a periodic report on the state of the arts in the Nation. The state of the arts report shall include a description of the availability of the Endowment's programs to emerging, rural, and culturally diverse artists, arts organizations, and communities and of the participation by such artists, organizations, and communities in such programs. The state of the arts report shall be submitted to the President and the Congress, and provided to the States, not later than October 1, 1996, and quadrennially thereafter.

(i) No grant shall be made under this section except upon application therefor which is submitted to the National Endowment for the Arts in accordance with procedures established by the Chairperson. In establishing such procedures, the Chairperson shall ensure that --

1. artistic excellence and artistic merit are the criteria by which applications are judged by review panels, taking into consideration general standards of decency and respect for the diverse beliefs and values of the American public;

2. in selecting individuals and groups of exceptional talent as recipients of financial assistance, the Chairperson shall give particular regard to artistically underserved areas and artists and artistic groups that have traditionally been underrepresented;
(3) applications and awards of financial assistance are consistent with the purposes of this section. Such procedures shall clearly indicate that obscenity is without artistic merit, is not protected speech, and shall not be funded. Projects, productions, and workshops that are determined to be obscene are prohibited from receiving financial assistance under this subchapter from the National Endowment for the Arts.

The disapproval or approval of an application by the Chairperson shall not be construed to mean, and shall not be considered as evidence that, the project, production, or workshop, for which the applicant requested financial assistance, is or is not obscene.

(j) The Chairperson of the National Endowment for the Arts shall utilize advisory panels as the first step in the review of applications, and to make recommendations to the National Council on the Arts in all cases except cases in which the Chairperson exercises authority delegated under section 955(f) of this Title. When reviewing applications, such panels shall recommend applications for projects, productions, and workshops solely on the basis of artistic excellence and artistic merit. The Chairperson shall establish procedures to --

(1) ensure that all panels are composed, to the extent practicable, of individuals reflecting a wide geographic, ethnic, and minority representation as well as individuals reflecting diverse artistic and cultural points of view;

(2) ensure that all panels include representation of lay individuals who are knowledgeable about the arts but who are not engaged in the arts as a profession and are not employees of either artists' organizations or arts organizations;

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

(4) require panels --

(A) 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

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

(5) require, when necessary and feasible, the use of site visits to view the work of the applicant and deliver a written report on the work being reviewed, in order to assist panelists in making their recommendations; and

(6) require that the membership of each panel change substantially from year to year and to provide that each individual is ineligible to serve on a panel for more than 3 consecutive years.

In making appointments to panels, the Chairperson shall ensure that an individual who has a pending application for financial assistance under this chapter, or who is an employee or agent of an organization with a pending application, does not serve as a member of any panel before which such application is pending. The prohibition described in the preceding sentence shall commence with respect to such individual beginning on the date such application is submitted and shall continue for so long as such application is pending.

(k) It shall be a condition of the receipt of financial assistance provided under this section by the Chairperson that --

(1) each applicant for such assistance include in its application --

(A) a detailed description of the proposed project, production, or workshop for which assistance is requested; and

(B) a timetable for the completion of such proposed project, production, or workshop.

(2) each grant recipient shall agree to and comply with requirements to submit --

(A) an assurance that the grant recipient will and strive to meet the standard of artistic excellence and artistic merit.
(B) interim reports, including an annual report for each project, production or workshop carried out during a period exceeding one year, describing the grant recipient's progress in carrying out such project, production, or workshop and compliance with the conditions of receipt of such assistance;

(C) financial reports containing such information as the Chairperson deems necessary to ensure that such financial assistance is expended in accordance with the terms and conditions under which it is provided;

(D) a final report to the Chairperson describing the project, production or workshop carried out with such financial assistance and the grant recipient's compliance with the conditions of receipt of such assistance; and

(E) if practicable, as determined by the Chairperson, a copy of such project or production.

The Chairperson shall determine the appropriate form and timing of interim reporting for grant recipients. The final report shall be due not later than 90 days after the end of the period for which the grant recipient receives assistance or the completion of the project, production, or workshop, whichever occurs earlier. The Chairperson may extend the 90-day period only if the recipient shows good cause why such an extension should be granted.

(1) The Chairperson of the National Endowment for the Arts shall conduct a post-award evaluation of projects, productions, and workshops for which financial assistance is provided by the Endowment under section 954 of this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by recipients under subsection (k).

(m) The Chairperson shall establish procedures to provide for the distribution of financial assistance to recipients in installments except in those cases where the Chairperson determines that installments are not practicable. In implementing any such installments, the Chairperson shall ensure that --

(1) not more than two-thirds of such assistance may be provided at the time such application is approved; and

(2) the remainder of such assistance may not be provided until the Chairperson finds that the recipient of such
assistance is complying substantially with this section and with the conditions under which such assistance is provided to such recipient.

(n) The Inspector General of the Endowment shall conduct appropriate reviews to ensure that recipients of financial assistance under this section comply with the applicable regulations and procedures established under this subchapter including regulations relating to accounting and financial matters.

(o) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that (1) all professional performers and related or supporting professional personnel (other than laborers and mechanics with respect to whom labor standards are prescribed in subsection (p) of this section) employed on projects or productions which are financed in whole or in part under this section 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 (2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with the safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall have the authority to prescribe standards, regulations, and procedures as the Secretary of Labor may deem necessary or appropriate to carry out the provisions of this subsection.

(p) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-5). The Secretary of Labor shall have with respect to the labor standards specified in this subsection the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C.
(q) The Chairperson shall correlate the programs of the National Endowment for the Arts, insofar as practicable, with existing Federal programs and with those 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 subchapter which can be made by other Federal agencies under 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 for the purposes of this subtitle for the costs of such activities.

Sec. 955 NATIONAL COUNCIL ON THE ARTS

(a) There shall be, within the National Endowment for the Arts, a National Council on the Arts (hereinafter in this section referred to as the "Council").

(b) The Council shall be composed of the Chairperson of the National Endowment for the Arts, who shall be Chairperson of the Council, and twenty-six other members appointed by the President, by and with the advice and consent of the Senate, who shall be selected --

(1) from among private citizens of the United States who (A) are widely recognized for their broad knowledge of, or expertise in, or for their profound interest in, the arts and (B) have established records of distinguished service, or achieved eminence, in the arts;

(2) so as to include practicing artists, civic cultural leaders, members of the museum profession, and others who are professionally engaged in the arts; and

(3) so as collectively to provide an appropriate distribution of membership among the major art fields.

The President is requested, in the making of such appointments, to give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in these 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 all geographical areas in the United States.
(c) Each member shall hold office for a term of six years, and the terms of office shall be staggered. The terms of office of all Council members shall expire on the third day of September in the year of expiration. No member shall be eligible for reappointment during the two-year period following the expiration of such member's term. Any member appointed to fill a vacancy shall serve for the remainder of the term for which such member's predecessor was appointed. Notwithstanding any other provision of this subsection, a member shall serve after the expiration of such member's term until such member's successor takes office.

(d) Members shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the per diem equivalent of the rate authorized for grade GS-18 by section 5332 of title 5 of the United States Code and be allowed travel expenses including per diem in lieu of subsistence, as authorized by law (section 5703 of title 5) for persons in the Government service employed intermittently.

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

(2) The Council shall --

(A) create written records summarizing --

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

(ii) the recommendations made by the Council to the Chairperson;

(B) make such records available to the public in a manner that protects the privacy of individual applicants, panel members, and Council members;

(C) advise the Chairperson with respect to policies, programs, and procedures for carrying out the Chairperson's functions, duties, or responsibilities under this subchapter, and review applications for financial assistance under this subchapter and make recommendations to the Chairperson with respect to the approval of each application and the amount of financial assistance (if any) to provide to each applicant;
(D) make recommendations to the Chairperson concerning --

(i) whether to approve particular applications for financial assistance under this subtitle that have been determined by panels to have artistic excellence and artistic merit; and

(ii) the amount of financial assistance the Chairperson should provide with respect to each such application the Council recommends for approval.

(f) The Chairperson shall not approve or disapprove any application until the Chairperson has received the recommendation of the Council on such application. The Chairperson shall have final authority to approve each application, except that the Chairperson may only provide to an applicant the amount of financial assistance recommended by the Council and may not approve an application with respect to which the Council makes a negative recommendation. In the case of an application or amendment involving $35,000 or less or a change in the grant amount of 20 percent or less, the Chairperson may approve or disapprove such request if such action is taken pursuant to the terms of an expressed and direct delegation of authority from the Council to the Chairperson, and provided that each such action by the Chairperson shall be reported to the Council at its next regularly scheduled meeting. Such action by the Chairperson shall be used with discretion and shall not become a normal practice of providing assistance. In addition, the terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year which exceed an amount equal to 10 per centum of the sums appropriated for that fiscal year pursuant to section 958(a)(1)(A) of this title.

Sec. 956 NATIONAL MEDAL OF ARTS

(a) There is hereby established a National Medal of Arts, which shall be a medal of such design as is deemed 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 subsection (b) of this section.

(b) (1) 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 President's judgment 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.

(2) Not more than twelve of such medals may be awarded in any calendar year.

(3) An individual may be awarded the National Medal of Arts only if at the time such award is made such individual --

   (A) is a citizen or other national of the United States; or

   (B) is an alien lawfully admitted to the United States for permanent residence who (i) has filed an application or petition for naturalization in the manner prescribed by section 1445 of title 8 and (ii) is not permanently ineligible to become a citizen of the United States.

(4) A group may be awarded the National Medal of Arts only if such group is organized or incorporated in the United States.

(5) The presentation of the National Medal of Arts shall be made by the President with such ceremonies as the President may deem proper, including attendance by appropriate Members of Congress.

(c) Funds made available to the National Endowment for the Arts shall be used to carry out this section.

Sec. 957 ADMINISTRATIVE PROVISIONS

(a) In addition to any authorities vested in the Chairperson by other provisions of this subchapter, the Chairperson of the National Endowment for the Arts in carrying out the Chairperson's functions, shall have authority to --

   (1) prescribe such regulations and procedures as the Chairperson deems necessary governing the manner in which the Chairperson's functions shall be carried out;

   (2) solicit, accept, receive, invest, and use money and property donated, bequeathed, or devised to such 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 gift, and to use, sell, or otherwise dispose of such property for purposes of carrying out the Endowment's functions. All such gifts shall be added to the appropriation for the Endowment for purposes of carrying out the Endowment's functions under this subchapter.

(3) appoint employees, subject to the civil service laws, as necessary to carry out the Chairperson's functions, define their duties, and supervise and direct their activities;

(4) utilize experts and consultants, including panels of experts, who may be employed as authorized by section 3109 of Title 5, United States Code;

(5) accept and utilize the services of voluntary and uncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by law (section 5703 of Title 5) for persons in the Government service employed without compensation;

(6) make advance, progress, and other payments without regard to section 3324 of Title 31, United States Code;

(7) rent office space in the District of Columbia; and

(8) make other necessary expenditures.

(b) Any group shall be eligible for financial assistance pursuant to this subchapter only if (1) no part of its net earnings inures to the benefit of any private stockholder or stockholders, or individual or individuals, and (2) donations to such group are allowable as a charitable contribution under the standards of 26 U.S.C. 170(c) (The Internal Revenue Code of 1986).

(c) Any loans made by the Chairperson under this subchapter shall be made in accordance with terms and conditions approved by the Secretary of the Treasury.

(d) The Chairman may waive matching requirements under section 954 for designated grantees, except that not more than 20 percent of the funds allotted by the National Endowment for the Arts for grants under section 954 in any fiscal year may be available for grants in that fiscal year without regard to such limitation.
(e) The Chairperson of the National Endowment for the Arts shall submit an annual report to the President for transmittal to the 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 recommendations as the Chairperson deems appropriate.

(f) The National Council on the Arts may submit an annual report to the President for transmittal to the Congress on or before the 15th day of April of each year setting forth a summary of its activities during the preceding year or its recommendations for any measures which it considers necessary or desirable.

(g) Official publications of the Endowment under this subtitle may be supported without regard for the provisions of section 501 of title 44, United States Code, only if the Chairperson consults with the Joint Committee on Printing of the Congress and the Chairperson submits to the Committee on Labor and Human Resources of the Senate and the Committee on Economic and Educational Opportunities of the House of Representatives a report justifying any exemption from such section 501.

(h) If any grant recipient substantially fails to satisfy the purposes for which such financial assistance is provided or the requirements of subsection (k) of section 954, as determined by the Chairperson, then the Chairperson may --

(1) for purposes of determining whether to provide any subsequent financial assistance, take into consideration the results of the post-award evaluation conducted under subsection (1) of section 954;

(2) prohibit the recipient of such financial assistance to use the name of, or in any way associate such project, production, or program with the Endowment; and

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

(i) Whenever the Chairperson, after reasonable notice and opportunity for hearing, finds that --

(1) a grantee is not complying substantially with the provisions of this subtitle;
(2) a State agency is not complying substantially with terms and conditions of its State plan approved under this subtitle; or

(3) any funds granted to a grantee or State agency under this subtitle have been diverted from the purposes for which they were allotted or paid,

the Chairperson shall immediately notify the grantee or State agency with respect to which such finding was made that no further grants will be made under this subtitle to such grantee or agency until there is no longer any default or failure to comply or the diversion has been corrected, or, if compliance or correction is impossible, until such grantee or agency repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

(j) (1) If, after reasonable notice and opportunity for a hearing on the record, the Chairperson determines that a recipient of financial assistance provided under this subtitle by the Chairperson or any non-Federal entity, used such financial assistance for a project, production, or workshop that is determined to be obscene, then the Chairperson shall require that until such recipient repays such assistance (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment, no subsequent financial assistance be provided under this subtitle to such recipient.

(2) Financial assistance repaid under this section to the Endowment shall be deposited in the Treasury of the United States and credited as miscellaneous receipts.

(3) (A) This subsection shall not apply with respect to financial assistance provided before October 1, 1990.

(B) 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 financial assistance is provided under this subtitle for such project, production, or workshop.
Sec. 958  AUTHORIZATION OF APPROPRIATIONS

(a)  (1)  (A)  For the purpose of carrying out sections 954(c),
(d), (f), and (g) of this subchapter, there are
authorized to be appropriated to the National
Endowment for the Arts $xxx,xxx,000 for fiscal year
1996, and such sums as may be necessary for fiscal

(B) Not less than 27.5 percent of the amount
appropriated for the respective fiscal year under
subsection (A) shall be for carrying out section
954(d) of this title.

(C) Not less than 7.5 percent of the amount
appropriated for the respective fiscal year under
subsection (A) shall be for carrying out programs
under section 954(f)(3) of this title (relating to
programs to expand public access to the arts in rural
and innercity areas). Not less than 50 percent of
the funds required by this clause to be used for
carrying out such programs shall be used for carrying
out such programs in rural areas.

(D) In any fiscal year in which the aggregate amount
of funds appropriated to the National Endowment for
the Arts under subsection (A) exceeds $175,000,000,
50 percent of such excess shall be available to carry
out section 954(g) of this title, except that in each
fiscal year, the amount made available to carry out
section 954(g) of this title shall not exceed
$40,000,000, in the aggregate.

(2) There are authorized to be appropriated for each
fiscal year ending before October 1, 2001, to the National
Endowment for the Arts an additional amount for Treasury
Funds, equal to the sum of --

(A) the total amounts received by such Endowment
under section 957(a)(2) of this title, including the
value of property donated, bequeathed, or devised to
such Endowment; and

(B) the total amounts received by the grantees of
such Endowment from non-Federal sources, including
the value of property donated, bequeathed, or devised
to such grantees, for use in carrying out projects
and other activities under section 954(c) of this
title;
except that the amounts so appropriated to the National Endowment for the Arts shall not exceed $XX,000,000 for fiscal year 1996 and such sums as may be necessary fiscal years 1997, 1998, 1999, 2000, and 2001.

(3) There are authorized to be appropriated for each fiscal year ending before October 1, 2001, to the National Endowment for the Arts an additional amount for Challenge Funds, equal to the sum of --

(A) the total amounts received by such Endowment under section 957(a)(2) for use in carrying out activities under section 954(e) of this title; and

(B) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under section 954(e) of this title;

except that the amounts so appropriated to such Endowment shall not exceed $xx,000,000 for fiscal year 1996 and such sums as may be necessary for fiscal years 1997, 1998, 1999, 2000, and 2001.

(b) (1) Sums appropriated pursuant to subsection (a) of this section for any fiscal year shall remain available for obligation and expenditure until expended.

(2) In order to afford adequate notice to interested persons of available assistance under this subchapter, appropriations authorized under subsection (a) of this section are authorized to be included in the measure making appropriations for the fiscal year preceding the fiscal year for which such appropriations become available for obligation.

(c) There are authorized to be appropriated to the National Endowment for the Arts $xx,xxx,000 for fiscal year 1996 and such sums as may be necessary for fiscal years 1997, 1998, 1999, 2000, and 2001, to administer the provisions of this subchapter, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, including not to exceed $100,000 for each such fiscal year for official reception and representation expenses.

(d) The total amount of appropriations to carry out the activities of the National Endowment for the Arts shall be such sums as may be necessary for each fiscal year 1996 through 2001.
DRAFT -- CONFIDENTIAL

SUBCHAPTER III -- NATIONAL ENDOWMENT FOR THE HUMANITIES

Sec. 958 DEFINITIONS

As used in this subchapter --

(a) The term "humanities" includes, but is not limited to, the study and interpretation of the following: language, both modern and classical; linguistics; literature; history; jurisprudence; philosophy; archeology; comparative religion; ethics; the history, criticism, and theory of the arts; those aspects of the social sciences which have humanistic content and employ humanistic methods; and the study and application of the humanities to the human environment with particular attention to reflecting our diverse heritage, traditions, and history and to the relevance of the humanities to the current conditions of national life.

(b) The term "project" means programs organized to carry out the purposes of this subchapter, Such term also includes --

(1) the renovation of facilities if (A) the amount of the expenditure of Federal funds for such purpose in the case of any project does not exceed $250,000, or (B) two-thirds of the members of the National Council on the Humanities (who are present and voting) approve of the grant or contract involving an expenditure for such purpose; and

(2) for purposes of sections 959(c)(10), and 959(h) of this title only, the construction of facilities if (A) such construction is for demonstration purposes or under unusual circumstances where there is no other manner in which to accomplish a humanistic purpose, and (B) two-thirds of the members of the National Council on the Humanities (who are present and voting) approve of the grant or contract involving an expenditure for such purpose.

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

(d) The term "workshop" means an activity the primary purpose of which is to promote scholarship and teaching among the participants.

(e) The term "arrangements" means any form of financial assistance, including contracts, grants, or other forms of assistance and loans made in accordance with terms and conditions approved by the Secretary of the Treasury.
(a) There is established within the Foundation the National Endowment for the Humanities.

(b) (1) The Endowment shall be headed by a chairperson, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The term of office of the Chairperson shall be four years, and the Chairperson shall be eligible for reappointment. The provisions of this paragraph shall apply to any person appointed to fill a vacancy in the office of the Chairperson. Upon expiration of the Chairperson's term of office the Chairperson shall serve until the Chairperson's successor shall have been appointed and shall have qualified.

(c) The Chairperson, with the advice of the National Council on the Humanities (hereinafter established), is authorized to enter into arrangements to --

(1) develop and encourage the pursuit of a national policy for the promotion of progress and scholarship in the humanities;

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

(3) initiate and support training and workshops in the humanities (fellowships awarded to individuals under this authority may be for the purpose of study or research at appropriate non-profit institutions selected by the recipient of such aid, for stated periods of time);

(4) initiate and support programs and research which have substantial scholarly and cultural significance and that reach, or reflect the diversity and richness of our American cultural heritage, including the culture of, a minority, inner city, rural, or tribal community;

(5) foster international programs and exchanges;

(6) foster the interchange of information in the humanities;

(7) foster education in, and public understanding and appreciation of the humanities;

(8) support the publication of scholarly works in the humanities;
(9) insure that the benefit of its programs will also be available to our citizens where such programs would otherwise be unavailable due to geographic or economic reasons; and

(10) foster programs and projects that provide access to, and preserve materials important to research, education, and public understanding of, the humanities.

In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to underserved scholars, and educational and cultural institutions, that have traditionally been underrepresented.

(d) The Chairperson shall coordinate the programs of the National Endowment for the Humanities, insofar as practicable, with existing Federal programs, designated State humanities agencies and with those 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 subchapter which can be made by other Federal agencies under existing programs.

(e) The total amount of any grant under subsection (c)(3) to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 per centum of the total cost of such activities.

(f)(1) The Chairperson, with the advice 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 grant-in-aid in each of the several States in order to support not more than 50 per centum of the cost of existing activities which meet the standards enumerated in subsection (c) of this section and in order to develop a program in the humanities in such a manner as will furnish adequate programs in the humanities in each of the several States.

(2)(A) Whenever a State desires to designate or to provide for the establishment of a State agency as the sole agency for the administration of the State plan, such State shall designate the humanities council in existence on the date the State agency is established as the State agency, and shall match from State funds a sum equal to 50 per centum of that portion of Federal financial assistance received by such State under this subsection which is described in the first sentence of paragraph (4) relating to the minimum State grant, or 25 per centum of the total amount of Federal financial assistance received by such State under this subsection, whichever is greater, for the fiscal year involved. In any State in which the State selects the option described in this subparagraph, the State shall submit, before the beginning of each fiscal
year, an application for grants and accompany such application with a plan which the Chairperson finds --

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

(ii) provides that the chief executive officer of the State will appoint new members to the State humanities council designated under the provisions of this subparagraph, 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, from State funds, an amount equal to 50 per centum of that portion of Federal financial assistance received by such State under this subsection which is described in the first sentence of paragraph (4) relating to the minimum State grant, or 25 per centum of the total amount of Federal financial assistance received by such State under this subsection, whichever is greater, for the fiscal year involved;

(iv) provides that funds paid to the State under this subsection will be expended solely on programs approved by the State agency which carry out the objectives of subsection (c) of this section and which are designed to bring the humanities to the public;

(v) provides assurances that State funds will be newly appropriated for the purpose of meeting the requirements of this subparagraph;

(vi) provides that the State agency will make such reports, in such form and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the goals of the State plan;

(vii) provides --

(I) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public 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) a description of the level of participation during the most recent preceding year for which information is available by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

(II) for the most recent preceding year for which information is available, a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

(III) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under subclause (I) of this clause or that address the availability of the humanities to all people or communities identified under subclause (II) of this clause.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.

(B) In any State in which the chief executive officer of the State fails to submit an application under subparagraph (A), the grant recipient in such State shall

(i) establish a procedure which assures that six members of the governing body of such grant recipient shall be appointed by an appropriate officer or agency of such State, except that in no event may the number of such members exceed 25 per centum of the total membership of such governing body; and

(ii) provide, from any source, an amount equal to the amount of Federal financial assistance received by such grant recipient under this subsection for the fiscal year involved.

(3) Whenever a State selects to receive Federal financial assistance under this subsection for any fiscal year under
paragraph (2)(B), any appropriate entity desiring to receive such assistance shall submit an application for such assistance at such time as shall be specified by the Chairperson. Each such application shall be accompanied by a plan which the Chairperson finds --

(A) provides assurances that the grant recipient will comply with the requirements of paragraph (2)(B);

(B) provides that funds paid to the grant recipient will be expended solely on programs which carry out the objectives of subsection (c) of this section;

(C) establishes a membership policy which is designed to assure broad public representation with respect to programs administered by such grant recipient;

(D) provides a nomination process which assures opportunities for nomination to membership from various groups within the State involved and from a variety of segments of the population of such State, and including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve;

(E) provides for a membership rotation process which assures the regular rotation of the membership and officers of such grant recipient;

(F) establishes reporting procedures which are designed to inform the chief executive officer of the State involved, and other appropriate officers and agencies, of the activities of such grant recipient;

(G) establishes procedures to assure public access to information relating to such activities;

(H) provides that such grant recipient will make reports to the Chairperson, in such form, at such times, and containing such information, as the Chairperson may require, including a description of the progress made toward achieving the goals of the plan;

(I) provides --

(i) assurances that the grant recipient has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the plan; and

(ii) a summary of such recommendations and of the response of the grant recipient to such recommendations; and
contains --

(i) a description of the level of participation during the most recent preceding year for which information is available by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

(ii) for the most recent preceding year for which information is available, a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

(iii) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under clause (i) of this subparagraph or that address the availability of the humanities to all people or communities identified under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.

(4) Of the sums available to carry out this subsection for any fiscal year, each State and each grant recipient which has a plan approved by the Chairperson shall be allotted at least $200,000. If the sums appropriated are insufficient to make the allotments under the preceding sentence in full, such sums shall be allotted among such States and grant recipients in equal amounts. In any case where the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under the first sentence of this paragraph --

(A) 34 per centum of the amount of such excess for such fiscal year shall be available to the Chairperson for making grants under this subsection to States and regional groups and entities applying for such grants;

(B) 44 per centum of the amount of such excess for such fiscal year shall be allotted in equal amounts among the States and grant recipients which have plans approved by the Chairperson; and

(C) 22 per centum of the amount of such excess for such fiscal year shall be allotted among the States and grant recipients which have plans approved by the Chairperson in amounts which bear the same ratio to such excess as the population of the State for which the plan is approved (or, in the case of a grant recipient other than a State, the population of the State in which such grant
recipient is located) bears to the population of all the States.

(5) (A) The amount of each allotment to a State for any fiscal year under this subsection shall be available to each State or grant recipient, which has a plan or application approved by the Chairperson in effect on the first day of such fiscal year, to pay not more than 50 per centum of the total cost of any project or production described in paragraph (1). The amount of any allotment made under paragraph (4) for any fiscal year --

(i) which exceeds $125,000, but

(ii) which does not exceed 20 per centum of such allotment, shall be available, at the discretion of the Chairperson, to pay up to 100 per centum of the cost of programs under this subsection if such programs would otherwise be unavailable to the residents of that State.

(B) Any amount allotted to a State under the first sentence of paragraph (4) for any fiscal year which is not obligated by the State agency or grant recipient prior to sixty days prior to the end of the fiscal year for which such sums are appropriated shall be available to the Chairperson.

(C) Funds made available under this subsection shall not be used to supplant non-Federal funds.

(D) For the purposes of this paragraph, the term "regional group" means any multistate group, whether or not representative of contiguous States.

(E) For purposes of paragraph (4)(B), the term "State" and the term "grant recipient" include, in addition to the several States of the Union, only those special jurisdictions specified in section 952(c) of this title which have a population of 200,000 or more, according to the latest decennial census.

(6) All amounts allotted or made available under paragraph (4) for a fiscal year which are not granted to any entity during such fiscal year shall be available to the National Endowment for the Humanities for the purpose of carrying out subsection (c) of this section.

(7) Whenever the Chairperson, after reasonable notice and opportunity for hearing, finds that --

(A) a group or grant recipient is not complying substantially with the provisions of this subsection;
(B) a State agency or grant recipient is not complying substantially with terms and conditions of its State plan or grant recipient application approved under this subsection; or

(C) any funds granted to any group or State agency or grant recipient under this subsection have been diverted from the purposes for which they are allotted or paid,

the Chairperson shall immediately notify the Secretary of the Treasury and the group, State agency, or grant recipient with respect to which such finding was made that no further grants will be made under this subsection to such group, State agency, or grant recipient until there is no longer a default or failure to comply or the diversion has been corrected, or, if the compliance or correction is impossible, until such group, State agency, or grant recipient repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

(8) Except as provided in paragraphs (4), (5), and (6), the Chairperson may not make grants under this subsection to more than one entity in any State.

(g) It shall be a condition of the receipt of any grant under this section that the group, individual, or State agency or entity receiving such grant furnish adequate assurances to the Secretary of Labor that (1) all professional performers and related or supporting professional personnel employed on projects or productions which are financed in whole or in part under this section 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 (2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with the safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall prescribe standards, regulations, and procedures necessary to carry out this subsection.

(h)(1) The Chairperson of the National Endowment for the Humanities, with the advice 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 contracts with, or grants-in-aid to, public agencies and private nonprofit organizations for the purpose of --

(A) enabling cultural organizations and institutions to increase the levels of continuing support and to increase
the range of contributors to the program of such organizations or institutions;

(B) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning;

(C) enabling cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;

(D) stimulating greater cooperation among cultural organizations and institutions especially designed to serve better the communities in which such organizations or institutions are located; and

(E) fostering greater citizen involvement in planning the cultural development of a community.

(2) The total amount of any payment made under this subsection for a program or project may not exceed 50 per centum of the cost of such program or project.

(3) In carrying out the program authorized by this subsection, the Chairperson of the National Endowment for the Humanities shall have the same authority as is established in subsection (c) of this section and section 961 of this title.

(i) The Chairperson may enter into interagency agreements to promote or assist with the humanities-related activities of other Federal agencies, on either a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) of this section for the costs of such activities.

(j) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State, State agency, or entity receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary of labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3175; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(k) The Chairperson of the National Endowment for the Humanities shall, in ongoing consultation with State and local agencies, other relevant organizations, and relevant Federal agencies,
continue to develop and implement a practical system of national information and data collection and public dissemination on the humanities, scholars, educational and cultural groups, and their audiences. Such system shall include cultural and financial trends in the various humanities fields, trends in audience participation, and trends in humanities education on national, regional, and State levels. Such system shall be used, along with a summary of the data submitted with plans under subsection (f) of this section, to prepare a report on the state of the humanities in the Nation. The state of the humanities report shall include a description of the availability of the Endowment's programs to emerging and culturally diverse scholars, cultural and educational organizations, and communities and of the participation of such scholars, organizations, and communities in such programs. The state of the humanities report shall be submitted to the President and the Congress, and provided the States, not later than October 1, 1992, and quadrennially thereafter.

(1) Definitions

(A) The term "group" includes any State or local government or public agency, Indian tribe, or nonprofit association, organization or society.

(B) The term "entity" means any partnership, corporation, business enterprise, or other organization engaged in the production of a film or publication.

(C) The term "person" means any individual.

(D) The term "United States national" or "U.S. national" means a citizen of the United States or an individual person, who though not a citizen of the United States, owes permanent allegiance to the United States.

(2) The Chairperson, with the advice of the National Council on the Humanities, shall establish the criteria for eligibility for financial assistance under this subchapter provided that:

(A) Any group shall be eligible for financial assistance under this subchapter if:

(i) no part of its net earnings inures to the benefit of any private stockholder or stockholders or individual or individuals; and

(ii) donations to such groups are allowable as a charitable contribution under the standards of section 170(c) of Title 26 (the Internal Revenue Code of 1986);
(B) Any entity shall be eligible for financial assistance under this subchapter if the Chairman, with the advice of the National Council on the Humanities, determines that providing such financial assistance will significantly advance the knowledge or understanding of the humanities in the United States.

(C) Any person shall be eligible for financial assistance under this subchapter if the person is a United States national. However, a person who is not a United States national may be eligible for financial assistance under this subchapter if the Chairman, with the advice of the National Council on the Humanities, determines that providing such financial assistance will significantly advance the knowledge or understanding of the humanities in the United States.

(m) The Chairperson, with the advice of the National Council on the Humanities, is authorized to make the following annual awards:

1. The Jefferson Lecture in the Humanities Award to one individual for distinguished intellectual achievement in the humanities. The annual award shall not exceed $10,000.

2. The Charles Frankel Prize to honor individuals who have made outstanding contributions to the public understanding of the humanities. Not more than 5 individuals may receive such prize each year. Each prize shall not exceed $5,000.

Sec. 960   ESTABLISHMENT OF THE NATIONAL COUNCIL ON THE HUMANITIES

(a) There is established in the National Endowment for the Humanities a National Council on the Humanities.

(b) The Council shall be composed of the Chairperson of the National Endowment for the Humanities, who shall be the Chairperson of the Council, and twenty-six other members appointed by the President, by and with the advice and consent of the Senate, from private life. Such members shall be individuals who (1) are selected from among private citizens of the United States who are recognized for their broad knowledge of, expertise in, or commitment to the humanities, and (2) have established records of distinguished service and scholarship or creativity and in a manner which will provide a comprehensive representation of the views of scholars and professional practitioners in the humanities and of the public throughout the United States. The President is requested in the making of such appointments to give consideration to such recommendations as may from time to time be submitted to him by leading national organizations concerned with the humanities. In making such appointments, the President shall give due regard to equitable representation of women, minorities and individuals with disabilities who are involved in the humanities.
(c) Each member shall hold office for a term of six years, except that (1) the members first taking office shall serve, as designated by the President, nine for terms of two years, nine for terms of four years, and eight for terms of six years, and (2) any member appointed to fill a vacancy shall serve for the remainder of the term for which such member's predecessor was appointed. No member shall be eligible for reappointment during the two-year period following the expiration of such member's term. Notwithstanding any other provisions of this subsection, a member shall serve after the expiration of such member's term until such member's successor takes office.

(d) The Council shall meet at the call of the Chairperson but not less often than twice during each calendar year. Fourteen members of the Council shall constitute a quorum.

(e) Members shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the per diem equivalent of the rate authorized for grade GS-18 by section 5332 of title 5 of the United States Code, and be allowed travel expenses including per diem in lieu of subsistence, as authorized by law (section 5703 of title 5) for persons in the Government service employed intermittently.

(f) The Council shall (1) advise the Chairperson with respect to policies, programs, and procedures for carrying out the Chairperson's functions, and (2) shall review applications for financial support and make recommendations thereon to the Chairperson. The Chairperson shall not approve or disapprove any such application until the Chairperson has received the recommendation of the Council on such application, unless the Council fails to make a recommendation thereon within a reasonable time. In the case of any application involving $30,000, or less, the Chairperson may approve or disapprove such request if such action is taken pursuant to the terms of a delegation of authority from the Council to the Chairperson, and provided that each such action by the Chairperson shall be reviewed by the Council: Provided, That the terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year which exceed an amount equal to 10 per centum of the sums appropriated for that fiscal year pursuant to subparagraph (B) of paragraph (1) of section 962(a) of this Title.

Sec. 960a Omitted

Sec. 961 ADMINISTRATIVE PROVISIONS

(a) In addition to any authorities vested in the Chairperson by other provisions of this subchapter, the Chairperson of the National Endowment for the Humanities, in carrying out the Chairperson's functions, shall have authority --
(1) to prescribe such regulations as the Chairperson deems necessary governing the manner in which the Chairperson's functions shall be carried out;

(2) in the discretion of the Chairperson to solicit, receive, and invest money and other property donated, bequeathed, or devised to the Endowment with or without a condition or restriction, including a condition that the Chairperson use other funds of that Endowment for the purposes of the gift;

(3) to appoint employees, subject to the civil service laws, as necessary to carry out the Chairperson's functions, define their duties, and supervise and direct their activities;

(4) to utilize experts and consultants, including panels of experts, who may be employed as authorized by section 3109 of Title 5, United States Code;

(5) to accept and utilize the services of voluntary and uncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by law (section 5703 of Title 5) for persons in the Government service employed without compensation;

(6) to make advance, progress, and other payments without regard to section 3324 of Title 31, United States Code;

(7) to rent office space in the District of Columbia; and

(8) to make other necessary expenditures.

In selecting panels of experts under clause (4) to review and make recommendations with respect to the approval of applications for financial assistance under this Act, the Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse characteristics in terms of humanistic perspective, and geographical factors, and who broadly represent cultural diversity.

(b) The Chairperson of the National Endowment for the Humanities shall submit an annual report to the President for transmittal to the 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 recommendations as the Chairperson deems appropriate.

(c) The National Council on the Humanities, respectively, may submit an annual report to the President for transmittal to the Congress on or before the 15th day of April of each year setting
forth a summary of its activities during the preceding year or its recommendations for any measures which it considers necessary or desirable.

(d)(1) The Chairperson of the National Endowment for the Humanities shall conduct a post-award evaluation of projects, productions, and programs for which financial assistance is provided by the Endowment under sections 959(c) of this title. Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by recipients under clauses (i) and (ii) of paragraph (2)(A). As a condition of receiving such financial assistance, a recipient shall comply with the requirements specified in paragraph (2) that are applicable to the project, production, or program for which such financial assistance is received.

(2)(A) The recipient of financial assistance provided by the Endowment shall submit to the Chairperson --

(i) a financial report containing such information as the Chairperson deems necessary to ensure that such financial assistance is expended in accordance with the terms and conditions under which it is provided;

(ii) a report describing the project, production or program carried out with such financial assistance; and

(iii) if practicable, as determined by the Chairperson, a copy of such project, production, or program.

(B) Such recipient shall comply with the requirements of this paragraph not later than 90 days after the end of the period for which such financial assistance is provided. The Chairperson may extend the 90-day period only if the recipient shows good cause why such an extension should be granted.

(3) If such recipient substantially fails to satisfy the purposes for which such financial assistance is provided and the requirements of paragraph (2)(A) of this section, as determined by the Chairperson of the Endowment that provided such financial assistance, then such Chairperson may-

(A) for purposes of determining whether to provide any subsequent financial assistance, take into consideration the results of the post-award evaluation conducted under this subsection;

(B) prohibit the recipient of such financial assistance to use the name of, or in any way associate such project,
production, or program with the Endowment that provided such financial assistance; and

(C) if such project, production, or program is published, require that the publication contain the following statement: "The opinions, findings, conclusions, and recommendations expressed herein do not reflect the views of the National Endowment for the Humanities."

(e) Official publications of the Endowment under this subchapter may be supported without regard for the provisions of section 501 of title 44, United States Code, only if the Chairperson consults with the Joint Committee on Printing of the Congress and the Chairperson submits to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501.

Sec. 962 AUTHORIZATION OF APPROPRIATIONS

(a)(1) For the purpose of carrying out section 959(c) of this title, there are authorized to be appropriated to the National Endowment for the Humanities xxx,000,000 for fiscal year 1996 and such sums as may be necessary for fiscal years 1997 through 2001. Of the sums so appropriated for any fiscal year, not less than 20 per centum shall be for carrying out section 959(f) of this title.

(2) There are authorized to be appropriated for each fiscal year ending before October 1, 2001, to the National Endowment for the Humanities an amount equal to the sum of --

(A) the total amounts received by the Endowment under section 961(a)(2) of this title, including the value of property donated, bequeathed, or devised to the Endowment and any interest earned thereon; and

(B) the total amounts received by the grantees and subgrantees of the Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees and subgrantees, for use in carrying out activities under paragraph (1) through paragraph (10) of section 959(c) of this title:

except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed $XX,000,000 for fiscal year 1996 and such sums as may be necessary for fiscal years 1997 through 2001.

(3)(A) There are authorized to be appropriated for each fiscal year ending before October 1, 2001, to the National Endowment for the Humanities an amount equal to the sum of --
(i) the total amounts received by the Endowment, including the value of property donated, bequeathed, or devised to the Endowment, for the purposes set forth in section 959(h)(1) of this title pursuant to the authority of section 961(a)(2) of this title; and

(ii) the total amounts received by the grantees of the Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph (A) through subparagraph (E) of section 959(h)(1) of this title;

except that the amounts so appropriated to the Endowment shall not exceed $xx,000,000 for fiscal year 1996 and such sums as may be necessary for fiscal year 1997 through 2001.

(B) Sums appropriated pursuant to subparagraph (A) for any fiscal year shall remain available for obligation and expenditure until expended.

(4) The Chairperson of the National Endowment for the Humanities shall issue guidelines to implement the provisions of paragraph (2) and paragraph (3). Such guidelines shall be consistent with the requirements of section 959(f) and section 959(h)(2) of this title regarding total Federal support of activities, programs, projects, or productions carried out under authority of this subchapter.

(b)(1) Sums appropriated pursuant to subsection (a) of this section for any fiscal year shall remain available for obligation and expenditure until expended.

(2) In order to afford adequate notice to interested persons of available assistance under this subchapter, appropriations authorized under subsection (a) of this section are authorized to be included in the measure making appropriations for the fiscal year preceding the fiscal year for which such appropriations become available for obligation.

(c) There are authorized to be appropriated to the National Endowment for the Humanities $xx,000,000 for fiscal year 1996 and such sums as may be necessary for fiscal years 1997 through 2001, to administer the provisions of this subchapter, or any other program for which the Chairperson of the National Endowment for the Humanities is responsible, including not to exceed $100,000 for fiscal year 1995 for official reception and representation expenses.

(d) The total amount of appropriations to carry out the activities for the National Endowment for the Humanities shall be such sums as may be necessary for each fiscal year 1996 through 2001.
(e) No grant shall be made to a workshop (other than a workshop conducted by a school, college, or university) for a production for which direct or indirect admission charge is asked if the proceeds, after deducting reasonable costs, are used for purposes other than assisting the grantee to develop high standards of scholarly excellence or encourage greater appreciation of humanities by our citizens.
SUBCHAPTER IV -- MUSEUM SERVICES

Sec. 963. PURPOSE

It is the purpose of this subchapter to encourage and assist museums in their educational role, in conjunction with formal systems of elementary, secondary, and post-secondary education and with programs of nonformal education for all age groups; to assist museums in modernizing their methods and facilities so that they may be better able to conserve our cultural, historic, and scientific heritage; and to ease the financial burden borne by museums as a result of their increasing use by the public.

Sec. 964. INSTITUTE OF MUSEUM SERVICES; ESTABLISHMENT

There is hereby established within the National Foundation on the Arts and the Humanities, an Institute of Museum Services. The Institute shall consist of a National Museum Services Board and a Director of the Institute.

Sec. 965. NATIONAL MUSEUM SERVICES BOARD

(a)(1) The Board shall consist of fifteen members appointed by the President by and with the advice and consent of the Senate. Such members shall be selected from among citizens of the United States who are members of the general public and who are-

   (A) broadly representative of the various museums, including museums relating to science, history, technology, art, zoos, and botanical gardens, and of the curatorial, conservation, educational, and cultural resources of the United States; and

   (B) recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

Members shall be appointed to reflect various geographical regions of the United States. The Board may not include, at any time, more than three members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved in such museums.

(b) The term of office of the appointed members of the Board shall be five years, except that --

   (1) any such member appointed to fill a vacancy shall serve only such portion of a term as shall not have expired at the time of such appointment; and

   (2) in the case of initial members, three shall serve for terms of five years, three shall serve for terms of
four years, three shall serve for terms of three years, three shall serve for terms of two years, and three shall serve for terms of one year, as designated by the President at the time of nomination for appointment.

Any appointed member who has been a member of the Board for more than seven consecutive years shall thereafter be ineligible for reappointment to the Board during the three-year period following the expiration of the last such consecutive year. Notwithstanding any other provision of this subsection, a member shall serve after the expiration of such member’s term of office until such member’s successor takes office.

(c) The Chairperson of the Board shall be designated by the President from among the appointed members of the Board. Except as provided in subsection (d)(2) of this section, eight appointed members of the Board shall constitute a quorum.

(d) The Board shall meet at the call of the Chairperson, except that --

(1) it shall meet not less than three times each year; and

(2) it shall meet whenever one-third of the appointed members request a meeting in writing, in which event seven of the appointed members shall constitute a quorum.

(e) Members of the Board who are not in the regular full-time employ of the United States shall receive, while engaged in the business of the Board, compensation for service at a rate to be fixed by the President, except that such rate shall not exceed the rate specified at the time of such service for grade GS-18 set forth in section 5332 of title 5, United States Code, including traveltime, and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed in Government service.

(f) The Board shall have the responsibility for the general policies with respect to the powers, duties, and authorities vested in the Institute under this subchapter. The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

(g) The Board shall, with the advice of the Director, take steps to assure that the policies and purposes of the Institute are coordinated with other activities of the Federal Government.

Sec. 965a. OMITTED
Sec. 966  DIRECTOR OF THE INSTITUTE

(a) (1) The Director of the Institute shall be appointed by the President, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. The Director shall perform such duties and exercise such powers as the Board may prescribe.

(2) The Director shall not delegate any of the Director’s functions to any other officer who is not directly responsible to the Director.

(b) The Director shall advise the Board regarding policies of the Institute to assure coordination of the Institute’s activities with other agencies and organizations of the Federal Government having interest in and responsibilities for the improvement of museums. Such Government agencies shall include the National Endowment for the Arts, the National Endowment for the Humanities, the National Science Foundation, appropriate units in the Department of Education, the Library of Congress, and the Smithsonian Institution and related organizations.

(c) The Director may appoint without regard to the provisions of title 5, United States Code, governing appointment in the competitive service and may compensate without regard to the provisions of chapter 51 or subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates not to exceed one-fifth of the number of full-time regular technical or professional employees of the Institute. The rate of basic compensation for such employees may not equal or exceed the rate prescribed for GS-16 of the General Schedule under section 5332 of title 5.

Sec. 967. ACTIVITIES OF THE INSTITUTE

(a) The Director, subject to the policy direction of the Board, is authorized to make grants to museums to increase and improve museum services, through such activities as --

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

(2) assisting them in developing and maintaining professionally-trained or otherwise experienced staff to meet their needs;

(3) assisting them to meet their administrative costs in preserving and maintaining their collections, exhibiting them to the public, and providing educational programs to the public through the use of their collections;
(4) assisting museums in cooperation with each other in the development of traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

(5) assisting them in conservation of their collections; and

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

(b)(1) The Director, subject to the policy direction of the National Museum Services Board, is authorized to enter into contracts and cooperative agreements to provide financial assistance in order to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations Acts.

(2) No financial assistance may be provided under this subsection to pay for operational expenses.

(3) The aggregate amount of financial assistance made under this subsection shall not exceed 15 percent of the amount appropriated under this subchapter for such fiscal year.

(c) Grants, contracts, and cooperative agreements under this section for any fiscal year may not exceed 50 per centum of the cost of the program for which the grant or financial assistance is made, except that not more than 20 per centum of the funds available under this section for any fiscal year may be available for grants or financial assistance in such fiscal year without regard to such limitation.

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

Sec. 968 CONTRIBUTIONS

The Institute shall have authority to solicit, receive, accept, and invest in the name of the United States, grants, gifts, or bequests of money and other property or services and to use such funds in furtherance of the functions of the Institute. Such grants, gifts, or bequests, after acceptance by the Institute, shall be paid by the donor or his representative to the Treasurer of the United States whose receipt shall be their acquittance. The
Treasurer of the United States shall enter them in a special
interest-bearing account to the credit of the Institute for the
purposes in each case specified.

Sec. 969. AUTHORIZATION OF APPROPRIATIONS

(a) For the purpose of making grants under section 967(a) of this
title, there are authorized to be appropriated $xx,000,000 for
fiscal year 1995 and such sums as may be necessary for fiscal years

(b) There are authorized to be appropriated such sums as may be
necessary to administer the provisions of this subchapter.

(c) Sums appropriated pursuant to subsection (a) of this section
for any fiscal year shall remain available for obligation and
expenditure until expended.

(d) For the purpose of enabling the Institute to carry out its
functions under this subchapter, there is authorized to be
appropriated for each fiscal year ending before October 1, 2001,
an amount equal to the amount contributed during such fiscal year
period to the Institute under section 968 of this title.

Sec. 970 DEFINITIONS

For the purpose of this subchapter, the term --

(1) "Board" means the National Museum Services Board
established under section 964 of this title;

(2) "Director" means the Director of the Institute
established under section 964 of this title;

(3) "Institute" means the Institute of Museum Services
established under section 964 of this title; and

(4) "museum" means a public or private nonprofit agency
or institution organized on a permanent basis for
essentially educational or esthetic purposes, which,
utilizing a professional staff, owns or utilizes tangible
objects, cares for them, and exhibits them to the public
on a regular basis.
Sec. 972 ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES

(a) There is established within the Foundation a Federal Council on the Arts and the Humanities.

(b) 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 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 Commissioner on 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. The President shall designate the presiding officer of the Council from among the members. The President is authorized to change the membership of the Council from time to time as the President deems necessary to meet changes in Federal programs or executive branch organization.

(c) The Council shall --

(1) advise and consult with the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities on major problems arising in carrying out the purposes of the Foundation;

(2) advise and consult with the National Museum Services Board and with the Director of the Institute of Museum Services on major problems arising in carrying out the purposes of such Institute;

(3) coordinate, by advice and consultation, so far as is practicable, the policies and operations of the National

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4 The authority of the Secretary of State to designate a member is now vested in the Director of the United States Information Agency. See section 7(a)(12) of Reorganization Plan No. 2 of 1977 (91 Stat. 1636) and section 303 of the United States Information Agency Authorization Act, Fiscal Years of 1982 and 1983 (Public Law 97-241; 96 Stat. 291).
Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services including joint support of activities, as appropriate;

(4) promote coordination between the programs and activities of the Foundation and related programs and activities of other Federal agencies;

(5) plan and coordinate appropriate participation (including productions and projects) in major and historic national events;

(6) undertake studies and make reports which address the state of the arts and humanities, particularly with respect to their economic needs and problems; and

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

Sec. 973 FEDERAL COUNCIL -- INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTIFACTS

(a) The Federal Council on the Arts and Humanities (hereinafter in this chapter referred to as the "Council"), established under section 972 of this title, is authorized to make agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 974 of this title --

(1) in accordance with the provisions of this chapter; and

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

(b)(1) For purposes of this chapter, the Council shall be an "agency" within the meaning of the appropriate definitions of such term in title 5.

(2) For purposes of this chapter, the Secretary of the Smithsonian Institution, the Director of the National Gallery of Art, the member designated by the Chairman of the Senate Commission on Art and Antiquities and the member designated by the Speaker of the House of Representatives shall not serve as members of the Council.
Sec. 974 ELIGIBLE ITEMS

(a) The Council may make an indemnity agreement under this chapter with respect to --

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

(2) manuscripts, rare documents, books, and other printed or published materials;

(3) other artifacts or objects; and

(4) photographs, motion pictures, or audio and video tape;

which are (A) of educational, cultural, historical, or scientific value, and (B) the exhibition of which is certified by the Secretary of State or his designee as being in the national interest.

(b)(1) An indemnity agreement made under this chapter shall cover eligible items while on exhibition in the United States or elsewhere preferably when part of an exchange of exhibitions.

(2) For purposes of this subsection, the term "on exhibition" includes that 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. 975 APPLICATIONS

(a) Any person, nonprofit agency, institution, or government desiring to make an indemnity agreement for eligible items under this chapter shall make application therefor in accordance with such procedures, in such form, and in such manner as the Council shall, by regulation, prescribe.

(b) An application under subsection (a) of this section shall --

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

(2) show evidence that the items are eligible under section 974(a) of this title; and

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

(c) Upon receipt of an application under this section, the Council shall, if such application conforms with the requirements of this chapter, approve the application and make an indemnity agreement with the applicant. Upon 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 hereby authorized to pledge the full faith and credit of the United States.

Sec. 976 INDEMNITY AGREEMENT

(a) Upon receipt of an application meeting the requirements of subsections (a) and (b) of section 975 of this title, 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 chapter, the Council shall, after approval of the application as provided in subsection (c) of section 975 of this title, make an indemnity agreement.

(b) The aggregate of loss or damage covered by indemnity agreements made under this chapter shall not exceed $3,000,000,000, at any one time.

(c) No indemnity agreement for a single exhibition shall cover loss or damage in excess of $300,000,000.

(d) 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 chapter shall extend only to loss or damage in excess of the first $15,000 of loss or damage to items covered;

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

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

(4) not less than $125,000,000 but less than $200,000,000 then coverage under this chapter shall extend to loss or damage in excess of the first $100,000 of loss or damage to items covered; or
(5) $200,000,000 or more, then coverage under this chapter shall extend only to loss or damage in excess of the first $200,000 of loss or damage to items covered.

Sec. 977 REGULATIONS

(a) The Council shall prescribe regulations providing for prompt adjustment of valid claims for losses which are covered by an agreement made pursuant to section 976 of this title, including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered objects.

(b) In the case of a claim of loss with respect to an item which is covered by an agreement made pursuant to section 974 of this title, 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. 978 AUTHORIZATION OF APPROPRIATIONS

There are hereby authorized to be appropriated such sums as may be necessary (1) to enable the Council to carry out its functions under this chapter, and (2) to pay claims certified pursuant to section 977(b) of this title.

Sec. 979 REPORT

The Council shall report annually to the Congress (1) all claims actually paid pursuant to this chapter during the preceding fiscal year, (2) pending claims against the Council under this chapter as of the close of that fiscal year, and (3) the aggregate face value of contracts entered into by the Council which are outstanding at the close of that fiscal year.