PROPOSED AMENDMENT TO TITLE III OF THE ARTS, HUMANITIES, AND CULTURAL AFFAIRS ACT OF 1976 to Conference Committee Print Dated July 12, 1976

viz: Strike out title III in column 1 and titles III and V in column 2 and insert in lieu thereof the following:

TITLE III--CHALLENGE GRANT PROGRAM

ESTABLISHMENT OF PROGRAM

Sec. 301. The National Foundation on the Arts and the Humanities Act of 1965 is amended by adding at the end thereof the following new section:

"CHALLENGE GRANT PROGRAM

"Sec. 12. (a) (1) The Chairman of the National Endowment for the Arts, with the advice of the National Council on the Arts, 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 a project may not exceed 50 per centum of the cost of such program or project.

"(3) (A) In carrying out the program authorized by this subsection, the Chairman of the National Endowment for the Arts shall have the same authority as is prescribed in section 10.

"(B) The provisions of sections 5 (l) and (j) of this Act shall apply to the program authorized by this subsection.

"(b) (1) The Congress finds that--

"(A) the continued vitality of our representative democracy is dependent upon a renewed commitment to, and understanding and strengthening of, the principles underlying the Constitution;

"(B) the period between the two hundredth anniversary of the signing of the Declaration of Independence and the two hundredth anniversary of the ratification of the Constitution is an appropriate time to take measures to insure the future of such vitality by
assessing where our society and Government stand in relation to founding principles and seeking to determine the most effective methods to pursue goals appropriate to America and its citizens in the third century; and

"(c) while the commemorative efforts regarding the Bicentennial of the Declaration of Independence have, until the present, been largely celebratory in nature, the observance of the Bicentennial of the Constitution should be primarily focused on projects which will bring together the public and private sectors in an effort to find new processes for solving problems facing our Nation in its third century.

"(2) The Chairman of the National Endowment for the Humanities, with the advice of the National Council on the Humanities, is authorized, consistent with the authority described in section 7 (c) of this Act and in accordance with the provisions of this subsection, to establish and carry out programs described in paragraph (2) of this subsection, by way of contracts with, or grants-in-aid to, public agencies and private nonprofit organizations.

"(3) The programs referred to in paragraph (2) of this subsection shall be--

"(A) a Bicentennial Challenge Grant Program designed to--"
"(i) maintain and strengthen democratic processes and institutions through encouraging citizen participation in such processes and institutions, including the development and dissemination of information, technical resources and materials for use by local citizen involvement programs to help them achieve their own objectives; 
"(ii) develop innovative approaches to resolving problems of a social and economic nature, which currently confront America; and 
"(iii) develop new approaches for citizen involvement in the democratic system which attempt to make participation in the decisionmaking processes compatible with the daily lives of all Americans, including development of models for citizen involvement structures, processes and techniques which could be useful to others contemplating citizen involvement efforts; and

"(B) a General Challenge Grant Program designed to-- 
"(i) enable 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; 
"(ii) provide administrative and management improvements for cultural organizations and institutions particularly in the field of long-range financial planning;
"(iii) enable cultural organizations and institutions to increase audience participation in and appreciation of programs sponsored by the organizations and institutions;

"(iv) stimulate greater collaboration and cooperation among cultural organizations and institutions especially designed to serve better the communities in which such organizations or institutions are located; and

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

"(4) No grant shall be made and no contract may be entered into under the provisions of this subsection involving partisan political activities including directly participating in any political party or any political association or in the campaign of any candidate for public office or for a party office.

"(5) No grant may be made and no contract may be entered into under the provisions of this subsection unless the Chairman of the Endowment on the Humanities finds that the grant is limited to the humanities.

"(6) (A) Except as provided in subparagraph (B) of this paragraph, the total amount of any payment made under this section for a program or project may not exceed 50 per centum of the cost of such program or project.

"(B) The Chairman, with the advice of the Council, may for not to exceed 20 per centum of the amount appropriated in any
fiscal year and available to the National Endowment on the Humanities for the purpose of this subsection, waive the require-
ment of non-matching funds provided in subparagraph (A) of this paragraph, but only for the purposes described in clauses (i), (ii),
or (iii) of paragraph (3) (B), whenever he determines that highly meritorious proposals for grants and contracts under such clauses
could not otherwise be supported from non-Federal sources or from Federal sources other than funds authorized by section 11 (a) (3),
unless such matching requirement is waived.

"(7) (A) In carrying out the program authorized by this subsection, the Chairman of the National Endowment for the Humanities shall have the same authority as is prescribed in section 10 of this Act. The Chairman with the advice of the Council, shall take such steps as he deems necessary to coordinate the program authorized by this part with the other activities of the Endowment.

"(B) The provisions of section 7 (g) of this Act shall apply to the program authorized by this subsection."

AUTHORIZATION OF APPROPRIATIONS

Sec. 302. Section 11 (a) of the National Foundation on the Arts and the Humanities Act of 1965 is amended by adding at the end thereof the following new paragraph:

"(3) (A) There are authorized to be appropriated for each fiscal year ending prior to October 1, 1980, to the National Endowment for the Arts and the National Endowment for the Humanities an amount equal to the total amounts received by each such Endowment for the purposes set forth in section 12 (a) and section 12 (b)
pursuant to the authority of section 10 (a) (2), except that the amount so appropriated to both such Endowments for any fiscal year shall not exceed the following limitations:

"(i) For the fiscal year 1977, $  
(ii) for the fiscal year 1978, $  
(iii) For the fiscal year 1979, such sums as may be necessary.  
(iv) For the fiscal year 1980, such sums as may be necessary.  

"(B) If the Chairman determines at the end of the ninth month of any fiscal year that funds which would otherwise be available under subsection (a) of this section to an Endowment cannot be used, he shall transfer such funds to the other Endowment for the purposes described in subsection (a) of this section.  

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