Calendar No. 181

104TH CONGRESS
1ST SESSION

S. 856

[Report No. 104–135]

A BILL

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

AUGUST 30, 1995

Reported with an amendment and an amendment to the title

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

IN THE SENATE OF THE UNITED STATES

MAY 25 (legislative day, MAY 15), 1995

Mr. JEFFORDS (for himself, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. PELL, Mr. SIMPSON, and Mr. DODD) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

AUGUST 30, 1995

Reported under authority of the order of the Senate of August 11 (legislative day, July 10), 1995, by Mrs. KASSEBAUM, with an amendment and an amendment to the title

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

A BILL

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

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Arts, Humanities, and Museums Amendments of 1995''.

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

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

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

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

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

''(b) TABLE OF CONTENTS.—The table of contents is as follows:

''Sec. 1. Short title; table of contents.
''Sec. 2. Purposes.
''Sec. 3. Definitions.

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

''Sec. 101. Establishment of the National Foundation on the Arts and the Humanities.
''Sec. 102. General limitations on grants.
''Sec. 103. Joint administration.
''Sec. 104. Authorization of appropriations.

''TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

''Sec. 201. Definitions.
''Sec. 202. Establishment of the National Endowment for the Arts.
''Sec. 203. Application procedures.
''Sec. 204. Advisory panels.

~~''Sec. 205. National Council on the Arts.~~
~~''Sec. 206. Limitations on grants.~~
~~''Sec. 207. Administrative provisions.~~
~~''Sec. 208. Reports.~~
~~''Sec. 209. Sanctions and payments.~~
~~''Sec. 210. Awards.~~

~~''TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES~~

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

~~**''SEC. 2. PURPOSES.**~~

~~''The purposes of this Act are—~~

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

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

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

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

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

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

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

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

~~"(7) to ensure that—~~

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

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

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

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

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

~~"(B) to increase access to the arts and the humanities for all persons in the United States, including diverse cultures and urban and rural populations, by—~~

~~"(i) encouraging and developing quality education in the arts and the humanities at all~~

levels, in conjunction with programs of lifelong learning in the arts and the humanities for all age groups and with formal systems of elementary, secondary, and postsecondary education; and

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

''SEC. 3. DEFINITIONS.

''As used in this Act:

''(1) ARTS.—The term 'arts' includes—

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

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

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

~~"(2) GRANT.—The term 'grant' includes a loan, a contract, and a cooperative agreement.~~

~~"(3) GROUP.—The term 'group' includes any State or other public agency, and any nonprofit organization in the United States, whether or not incorporated.~~

~~"(4) HUMANITIES.—The term 'humanities' includes—~~

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

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

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

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

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

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

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

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

~~"(5) PROGRAM INCOME.—~~

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

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

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

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

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

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

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

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

~~"(6) REGIONAL GROUP. The term 'regional group' means any multistate group, whether or not representative of contiguous States.~~

~~"(7) STATE. The term 'State' includes, in addition to the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands.~~

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

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

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

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

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

~~"(d) DONATIONS, BEQUESTS, AND DEVISES.—~~

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

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

~~"(3) RESTRICTED DONATIONS, BEQUESTS, AND DEVISES.—In any case in which any money or prop-~~

erty is donated, bequeathed, or devised to the Foundation with a condition or restriction, such money or property shall be deemed to have been donated, bequeathed, or devised to the Endowment whose function it is to carry out the purposes of the condition or restriction.

''(e) TAX LAWS.—For the purposes of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of the Endowments and received by the Chairperson of an Endowment pursuant to this section, section 207, or section 307 shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.

''SEC. 102. GENERAL LIMITATIONS ON GRANTS.

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

''SEC. 103. JOINT ADMINISTRATION.

''(a) INSPECTOR GENERAL.—There shall be in the Foundation a single Office of the Inspector General for the National Endowment for the Arts and the National Endowment for the Humanities. The Office shall be headed by 1 Inspector General appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.). The

~~Inspector General shall carry out the duties prescribed in such Act, including conducting appropriate reviews to ensure that recipients of grants under titles II and III comply with the applicable regulations and procedures established under this Act, including regulations relating to accounting and financial matters.~~

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

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

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

~~''(c) OTHER FUNCTIONS.—The Chairperson of the National Endowment for the Arts and Chairperson of the National Endowment for the Humanities shall ensure nonduplication of administrative functions, such as provision of facilities and space, records management, contracting, procurement, printing, and provision of mail and library services. The Chairpersons shall enter into an interagency agreement to jointly carry out the functions with the minimum necessary expense.~~

~~"(d) REPORT.—Not later than 60 days after the date of enactment of the Arts, Humanities, and Museums Amendments of 1995, the Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall jointly prepare and submit to the appropriate committees of Congress a report containing a plan that describes the manner in which the Chairpersons will jointly carry out the functions described in subsection (c). Not later than 180 days after such date of enactment, the Chairpersons shall implement the plan.~~

~~"SEC. 104. AUTHORIZATION OF APPROPRIATIONS.~~

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

~~"(1) IN GENERAL.—~~

~~"(A) GRANT PROGRAMS.—For the purpose of making grants under subsections (c), (d), and (e) of section 202, there are authorized to be appropriated to the National Endowment for the Arts $139,710,000 for fiscal year 1996, $136,910,000 for fiscal year 1997, $134,270,000 for fiscal year 1998, $131,500,000 for fiscal year 1999, and $128,870,000 for fiscal year 2000.~~

~~"(B) RESERVATION FOR PARTNERSHIP GRANTS.—40 percent of the amount appro-~~

~~priated for a fiscal year under subparagraph (A) shall be reserved for making grants under section 202(c).~~

~~"(C) RESERVATION FOR NATIONAL SIGNIFICANCE GRANTS.—40 percent of the amount appropriated for a fiscal year under subparagraph (A) shall be reserved for making grants under section 202(d).~~

~~"(D) RESERVATION FOR DIRECT GRANTS.—20 percent of the amount appropriated for a fiscal year under subparagraph (A) shall be reserved for making grants under section 202(e).~~

~~"(2) APPROPRIATIONS BASED ON DONATIONS.—There are authorized to be appropriated to the National Endowment for the Arts for each of fiscal years 1996 through 2000, an additional amount, equal to the sum of—~~

~~"(A) the total amounts received by the National Endowment for the Arts under section 207(a)(2), including the value of property donated, bequeathed, or devised to the National Endowment for the Arts, and any interest earned on the amounts, for use in carrying out projects and other activities under title II; and~~

~~"(B) the total amounts received by the grant recipients under title II from non-Federal sources, including the value of property donated, bequeathed, or devised to such recipients, for use in making grants to carry out projects and other activities under title II;~~

~~except that the amounts so appropriated to the National Endowment for the Arts shall not exceed $10,000,000 for fiscal year 1996 and such sums as may be necessary for each of fiscal years 1997 through 2000.~~

~~"(3) GUIDELINES.—The Chairperson shall issue guidelines to implement the provisions of paragraph (2). Such guidelines shall be consistent with the requirements of title II, regarding the Federal share of the cost of activities carried out under title II.~~

~~"(4) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to paragraph (1) or (2) for any fiscal year shall remain available for obligation until expended.~~

~~"(5) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Arts under this Act, including amounts described in paragraph~~

~~(1) or (2), or in subsection (c)(1), $158,760,000 for fiscal year 1996, $155,580,000 for fiscal year 1997, $152,470,000 for fiscal year 1998, $149,430,000 for fiscal year 1999, and $146,440,000 for fiscal year 2000.~~

~~''(b) NATIONAL ENDOWMENT FOR THE HUMANITIES.—~~

~~''(1) IN GENERAL.—~~

~~''(A) GRANT PROGRAMS.—For the purpose of making grants under subsections (c), (d), and (e) of section 302, there are authorized to be appropriated to the National Endowment for the Humanities, $148,330,000 for fiscal year 1996, $145,370,000 for fiscal year 1997, $142,470,000 for fiscal year 1998, $139,620,000 for fiscal year 1999, and $136,820,000 for fiscal year 2000.~~

~~''(B) RESERVATION FOR PARTNERSHIP GRANTS.—25 percent of the amount appropriated for a fiscal year under subparagraph (A) shall be reserved for making grants under section 302(c).~~

~~''(C) RESERVATION FOR NATIONAL GRANTS.—37.5 percent of the amount appropriated for a fiscal year under subparagraph~~

(A) shall be reserved for making grants under section 302(d).

"(D) RESERVATION FOR RESEARCH AND SCHOLARSHIP GRANTS.—37.5 percent of the amount appropriated for a fiscal year under subparagraph (A) shall be reserved for making grants under section 302(e).

"(2) APPROPRIATIONS BASED ON DONATIONS.—There are authorized to be appropriated to the National Endowment for the Humanities for each of fiscal years 1996 through 2000, an additional amount equal to the sum of—

"(A) the total amounts received by the National Endowment for the Humanities under section 307(a)(2), including the value of property donated, bequeathed, or devised to the National Endowment for the Humanities, and any interest earned on the amounts, for use in carrying out activities under title III; and

"(B) the total amounts received by the grant recipients under title III from non-Federal sources, including the value of property donated, bequeathed, or devised to such recipients, for use in carrying out activities under title III;

~~except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed $10,000,000 for fiscal year 1996 and such sums as may be necessary for each of fiscal years 1997 through 2000.~~

~~"(3) GUIDELINES.—The Chairperson shall issue guidelines to implement the provisions of paragraph (2). Such guidelines shall be consistent with the requirements of title III, regarding the Federal share of the cost of activities carried out under title III.~~

~~"(4) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to paragraph (1) or (2) for any fiscal year shall remain available for obligation until expended.~~

~~"(5) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Humanities under this Act, including amounts described in paragraph (1) or (2), or in subsection (c)(2), $168,560,000 for fiscal year 1996, $165,190,000 for fiscal year 1997, $161,890,000 for fiscal year 1998, $158,660,000 for fiscal year 1999, and $155,490,000 for fiscal year 2000.~~

~~"(c) ADMINISTRATION.—~~

~~"(1) NATIONAL ENDOWMENT FOR THE ARTS.—Not more than 12 percent of the amount appropriated for a fiscal year under subsection (a)(5) may be made available for the costs of administering title II, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, of which—~~

~~"(A) not more than $100,000 shall be made available for the President's Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses; and~~

~~"(B) not to exceed $100,000 shall be made available for fiscal year 1996 from amounts received under section 207(a)(2) for official reception and representation expenses and not to exceed $50,000 shall be made available for each subsequent fiscal year from such amounts for such expenses.~~

~~"(2) NATIONAL ENDOWMENT FOR THE HUMANITIES.—Not more than 12 percent of the amount appropriated for a fiscal year under subsection (b)(5) may be made available for the costs of administering title III, or any other program for which the~~

~~Chairperson of the National Endowment for the Humanities is responsible, of which—~~

~~"(A) not more than $100,000 shall be made available for the President's Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses; and~~

~~"(B) not to exceed $100,000 shall be made available for fiscal year 1996 from amounts received under section 307(a)(2) for official reception and representation expenses and not to exceed $50,000 shall be made available for each subsequent fiscal year from such amounts for such expenses.~~

~~"TITLE II—NATIONAL ENDOWMENT FOR THE ARTS~~

~~"SEC. 201. DEFINITIONS.~~

~~"As used in this title:~~

~~"(1) DEVELOPING ARTS ORGANIZATION.—The term 'developing arts organization' means a local arts organization of high artistic promise that—~~

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

~~"(B) has the potential to broaden public access to the arts in rural and inner city areas and other artistically underserved areas.~~

~~"(2) FINAL JUDGMENT.—The term 'final judgment' means a judgment that is either—~~

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

~~"(B) is not reviewable by any other court.~~

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

~~"(4) OBSCENE; DETERMINED TO BE OBSCENE.—~~

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

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

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

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

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

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

~~"(6) PROJECT.—~~

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

priate, rental or purchase of a facility, rental or purchase of land, and acquisition of equipment.

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

"(i) the renovation of a facility if—

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

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

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

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

"(II) two-thirds of the members of the National Council on the Arts (who are present and voting) rec-

~~ommend a grant involving an expenditure for such purpose.~~

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

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

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

~~"(b) CHAIRPERSON.—~~

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

~~"(2) TERM.—~~

~~"(A) IN GENERAL. The term of office of the Chairperson shall be 4 years, except that any Chairperson appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the Chairperson was appointed. Notwithstanding any other provision~~

of this subparagraph, on the expiration of the term of office of the Chairperson, the Chairperson shall serve until the successor to the Chairperson is appointed and has qualified.

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

"(c) PARTNERSHIP GRANTS.—

"(1) PURPOSES.—The purpose of this subsection is to make grants to States and local and regional groups to establish local arts activities, with particular emphasis on arts education and projects that reach rural and urban underserved communities.

"(2) GRANTS TO STATES.—

"(A) AUTHORITY.—Using 70 percent of the funds reserved under section 104(a)(1)(B) and such portion of any funds made available under section 104(a)(2) as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Arts, shall establish and carry out a program of basic State grants to assist States—

"(i)(I) in supporting projects, productions, or workshops that meet the standard

~~of artistic excellence and artistic merit and that fulfill the purposes of this Act; and~~

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

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

~~''(I) stimulate artistic activity and awareness, and broadening public access to the arts, in rural, inner-city, and other areas that are underserved artistically;~~

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

~~''(III) provide technical assistance to developing arts organizations to improve managerial and organizational skills, financial systems management, and long-range fiscal planning.~~

~~''(B) APPLICATION. In order to receive a grant under this paragraph for any fiscal year,~~

~~a State shall submit an application described in section 203 for such grant at such time and in such manner as shall be specified by the Chairperson and accompany such application with a State plan that the Chairperson finds—~~

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

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

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

~~"(iv) provides—~~

~~"(I) an assurance that the State agency has held, after reasonable no-~~

~~tice, public meetings in the State to allow 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 response of the State agency to such recommendations; and~~

~~''(v) contains—~~

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

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

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

~~"(D) ALLOTMENTS.—~~

~~"(i) IN GENERAL.—Of the sums available to carry out this paragraph for any fiscal year, each State that has an application approved by the Chairperson shall be allotted at least $200,000.~~

~~"(ii) INSUFFICIENT FUNDS.—If the sums available to carry out this paragraph for any fiscal year are insufficient to make~~

~~the allotments under clause (i) in full, such sums shall be allotted so that each such State receives an equal amount.~~

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

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

~~"(II) the amount of such excess for such fiscal year, if any, that remains after reserving in full for the Chairperson the amount required under subclause (I) shall be allotted so that each State that has an application approved by the Chair receives an in equal amount;~~

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

~~"(E) FEDERAL SHARE.—~~

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

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

~~"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year that is available to pay not more than 100 percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total funding provided through such grant for such fiscal year.~~

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

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

~~"(H) SPECIAL RULE.—The provisions of this paragraph (other than subparagraph (D)) shall apply to regional groups receiving grants under this paragraph in such manner, and to~~

~~such extent, as the Chairperson shall by regulation prescribe.~~

~~"(I) DEFINITION.—As used in subparagraph (D)(iii)(II) and notwithstanding section 3(7), the term 'State' includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.~~

~~"(3) GRANTS TO PROMOTE ACCESS TO THE ARTS THROUGH SUPPORT OF EDUCATION, AND EXPANSION AND ADVANCEMENT OF THE ARTS.—~~

~~"(A) IN GENERAL.—Using 30 percent of the funds reserved under section 104(a)(1)(B) and such portion of any funds made available under section 104(a)(2) as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to States, arts agencies, or other local or regional groups, 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 the artists of the United States, by paying for the~~

~~Federal share of the cost of carrying out projects, productions, and workshops that will—~~

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

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

~~"(iii) develop arts faculty resources and talents;~~

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

~~"(v) improve evaluation and assessment of education in the arts programs and instruction;~~

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

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

~~"(viii) support the use of technology and improved facilities and resources in education in the arts programs at all levels;~~

~~"(ix) 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; and~~

~~"(x) promote or advance arts at the local level.~~

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

~~"(C) FEDERAL SHARE.—Grants made under this paragraph shall be subject to the requirements of paragraph (2)(E), in the same manner and to the same extent as grants made under paragraph (2)(D).~~

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

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

~~"(2) IN GENERAL.—Using funds reserved under section 104(a)(1)(C) and such portion of any funds made available under section 104(a)(2) as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups who meet the standard of artistic excellence and artistic merit and who are engaged in or concerned with the arts, for the purpose of paying for the Federal share of the cost of—~~

~~"(A) enabling the groups to provide or support projects, productions, or workshops de-~~

~~scribed in paragraph (3) that will have a national, regional, or otherwise substantial artistic or cultural impact; or~~

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

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

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

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

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

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

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

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

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

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

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

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

~~"(4) FEDERAL SHARE REQUIREMENT.—~~

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

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

~~"(C) ADJUSTMENTS.—The Chairperson may increase the Federal share applicable under this subsection for a designated grant re-~~

~~cipient, with review by the National Council on the Arts. The Chairperson shall not increase the Federal share above 50 percent for the recipient. Not more than 10 percent of the funds made available by the Endowment for grants under this subsection for any fiscal year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.~~

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

~~''(e) DIRECT GRANTS.—~~

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

~~''(2) IN GENERAL.—Using funds reserved under section 104(a)(1)(D) and such portion of any funds~~

~~made available under section 104(a)(2) as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups, or individuals who meet the standard of artistic excellence and artistic merit and who are engaged in or concerned with the arts, to pay for the Federal share of the cost of projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act.~~

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

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

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

year for which the Chairperson increases the applicable Federal share.

"SEC. 203. APPLICATION PROCEDURES.

"(a) APPLICATION REQUIREMENT.—No grant shall be made under this title to any person unless the person submits an application to the Chairperson in accordance with regulations and procedures established by the Chairperson.

"(b) PROCEDURES.—

"(1) IN GENERAL.—

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

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

"(ii) in selecting groups as recipients of grants under section 202(d), the Chairperson shall give particular regard to artis-

~~tically underserved areas and artists and artistic groups that have traditionally been underrepresented; and~~

~~"(iii) the projects, productions, and workshops described in the applications, and awards of grants under this title, are consistent with the objectives of section 202 and this section.~~

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

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

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

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

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

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

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

~~"(b) PROCEDURES.—~~

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

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

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

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

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

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

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

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

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

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

~~"(D) require each such panel—~~

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

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

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

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

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

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

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

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

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

~~''(A) IN GENERAL.—In making appointments to the panels, the Chairperson shall ensure that an individual who has a pending application for a grant authorized under this title, or who is an employee or agent of an organization with such a pending application, or who has a direct or indirect financial interest in any application under consideration by such a panel, does not serve as a member of any panel before which such application is pending.~~

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

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

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

~~''(b) COMPOSITION.—~~

~~''(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other members appointed by the President, by and~~

with the advice and consent of the Senate, who shall be selected—

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

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

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

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

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

"(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major art fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with dis-

~~abilities, who are involved in the arts. Members of the Council shall be appointed so as to represent equitably geographical areas in the United States.~~

~~''(c) TERMS.—~~

~~''(1) IN GENERAL.—~~

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

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

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

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

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

1 ~~''(2) ADJUSTMENT TO REDUCE COUNCIL.—~~

2 ~~''(A) EXPIRATION OF TERMS.—The terms~~
3 ~~of 10 members of the Council whose terms~~
4 ~~would otherwise expire on September 3, 1996~~
5 ~~shall be deemed to expire on January 1, 1996.~~

6 ~~''(B) TERMS.—The President shall appoint~~
7 ~~4 members of the Council to succeed members~~
8 ~~whose terms are deemed to expire as described~~
9 ~~in subparagraph (A). The terms of the succes-~~
10 ~~sors shall expire on September 3, 2002.~~

11 ~~''(d) COMPENSATION.—Members of the Council shall~~
12 ~~receive compensation at a rate to be fixed by the Chair-~~
13 ~~person but not to exceed the daily equivalent of the maxi-~~
14 ~~mum rate authorized for a position above grade GS–15~~
15 ~~of the General Schedule under section 5108 of title 5,~~
16 ~~United States Code, and be allowed travel expenses includ-~~
17 ~~ing per diem in lieu of subsistence, in the same amounts~~
18 ~~and to the same extent, as authorized under section 5703~~
19 ~~of title 5, United States Code, for persons employed inter-~~
20 ~~mittently in Federal Government service.~~

21 ~~''(e) MEETINGS AND DUTIES.—~~

22 ~~''(1) MEETINGS.—The Council shall meet at~~
23 ~~the call of the Chairperson but not less often than~~
24 ~~twice during each calendar year. Eleven members of~~

~~the Council shall constitute a quorum. All policy meetings of the Council shall be open to the public.~~

~~"(2) DUTIES.—The Council shall—~~

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

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

~~"(i) whether to approve particular applications for grants authorized under this title that have been determined by advisory panels to have artistic excellence and artistic merit; and~~

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

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

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

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

~~as determined by each Council member;~~

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

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

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

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

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

~~"(f) ACTIONS BY CHAIRPERSON.—~~

~~"(1) IN GENERAL.—The Chairperson shall not approve or disapprove any application for a grant authorized under this title until the Chairperson has received the recommendation of the Council on such application. The Chairperson shall have final authority to approve each such application, and shall deter-~~

~~mine the final amount of funding through any grant awarded. The Chairperson may not approve an application with respect to which the Council makes a negative recommendation.~~

~~"(2) DELEGATIONS.—In the case of an application, or amendment of an application, submitted under this title and involving $35,000 or less, or a request for change in a grant amount of 20 percent or less, the Chairperson may approve or disapprove such application, amendment, or request, if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reported to the Council at the next regularly scheduled meeting of the Council. Such action by the Chairperson shall be used with discretion and shall not become a normal practice of providing funding through a grant authorized under this title. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 2 percent of the sums appropriated for the fiscal year pursuant to section 104(a)(1).~~

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

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

~~"(b) PROHIBITION ON SEASONAL SUPPORT.—No grant awarded under this title may be used for seasonal support of a project, production, or workshop.~~

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

~~"(d) LABOR STANDARDS.—~~

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

~~"(A) all professional performers and related or supporting professional personnel employed on projects or productions, or in workshops, that are financed in whole or in part under this title will be paid, without subsequent~~

~~deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and~~

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

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

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

~~''(e) LIMITATION ON GRANT AWARD.—~~

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

~~"(2) AGENCIES AND ORGANIZATIONS.—No agency or organization, other than a State council, may receive more than 3 grant awards in a year under this title.~~

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

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

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

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

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

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

~~"(A) has filed an application for naturalization in the manner prescribed by section~~

~~334 of the Immigration and Nationality Act (8 U.S.C. 1445); and~~

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

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

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

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

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

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

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

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

~~"(2)(A) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and~~

~~"(B) to add such property to the appropriations for the Endowment as provided in section 104(a)(2), and to use, sell, or otherwise dispose of such property, for purposes of carrying out the activities of the Endowment under this title;~~

~~"(3) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, define their duties, and supervise and direct their activities;~~

~~"(4) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consultants in accordance with section 3109 of title 5, United States Code;~~

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

~~"(6) to make advance, progress, and other payments without regard to section 3324 of title 331, United States Code;~~

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

~~"(8) to make other necessary expenditures.~~

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

~~"(c) COORDINATION.—The Chairperson shall coordinate the programs of the Endowment, insofar as prac-~~

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

~~"SEC. 208. REPORTS.~~

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

~~"(b) STATE OF THE ARTS REPORT.—~~

~~"(1) IN GENERAL.—The Chairperson shall use data submitted with State plans under section 202(c), and the information contained in reports submitted by States under section 202(c) or this sec-~~

~~tion, to prepare a report on the state of the arts in the United States.~~

~~"(2) CONTENTS.—The state of the arts report shall include a description of—~~

~~"(A) the availability of the programs of the Endowment to emerging, rural, and culturally diverse artists, arts organizations, and communities; and~~

~~"(B) the participation by such artists, organizations, and communities in such programs.~~

~~"(3) SUBMISSION.—The state of the arts report shall be submitted to the President and Congress, and provided to the States, not later than October 1, 1996, and quadrennially thereafter.~~

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

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

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

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

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

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

~~"(B)(i) each grant recipient under this title carry out the proposal consistent with the description contained in the application, as approved by the Chairperson for funding through the grant; and~~

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

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

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

~~workshop and compliance by the grant recipient with the conditions of receipt of such grant;~~

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

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

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

~~''(2) REPORT REQUIREMENTS.—The Chairperson shall determine the appropriate form and timing of interim reporting described in paragraph (1)(C)(i) for a grant recipient under this title. The~~

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

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

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

~~''SEC. 209. SANCTIONS AND PAYMENTS.~~

~~''(a) FAILURE TO SATISFY PURPOSES.—If any recipient of a grant made under this title, or an indirect recipient of funding provided through the grant, substantially~~

~~fails to satisfy the purposes for which such grant is made, as determined by the Chairperson, the Chairperson may—~~

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

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

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

~~"(b) NONCOMPLIANCE.—~~

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

~~"(A) a direct recipient of a grant under this title, or an indirect recipient of funding~~

~~provided through the grant, is not complying substantially with the provisions of this title;~~

~~"(B) a State agency or regional group that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with terms and conditions of the State plan accompanying the application approved for the grant under this title; or~~

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

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

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

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

~~"(c) OBSCENE WORKS.—~~

~~"(1) DETERMINATION.—If, after providing reasonable notice and opportunity for a hearing on the record, the Chairperson determines that a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, used the funding for a project, production, or workshop that is determined to be obscene, the Chairperson shall require that until the direct recipient repays such funding (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment, no subsequent funding shall be provided under this title to such recipient.~~

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

~~"(3) APPLICATION.—~~

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

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

~~"(d) PROGRAM INCOME.—~~

~~"(1) IN GENERAL.—A recipient of funding under this title shall pay the amount described in paragraph (2) to the Endowment if the Chairperson finds that the recipient has derived program income from the project, production, or workshop funded that exceeds the lesser of—~~

~~"(A) $50,000; or~~

~~"(B) twice the amount of the funding.~~

~~"(2) AMOUNT.—The amount referred to in paragraph (1) is ⅓ of the amount of the revenue, but not more than the amount of the funding.~~

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

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

"SEC. 210. AWARDS.

"(a) NATIONAL MEDAL OF ARTS.—

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

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

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

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

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

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

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

~~"(b) AWARD FOR DISTINGUISHED LIFETIME SERVICE FOR THE ARTS.—~~

~~"(1) ESTABLISHMENT.—There is established an Award for Distinguished Lifetime Service for the Arts.~~

~~"(2) CEREMONIES.—The Chairperson shall present the award described in paragraph (1) to each of the former Chairpersons of the Endowment in conjunction with such ceremonies as the Director may determine to be appropriate to celebrate the 30th anniversary of the establishment of the Endowment.~~

~~"(3) EFFECTIVE DATE.—Paragraphs (1) and (2) shall be effective during the period beginning on~~

the date of enactment of this section and ending on March 31, 1996.

''(c) FUNDS.—The Chairperson shall use amounts received by the National Endowment for the Arts under section 207(a)(2) to carry out this section.

''TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

''SEC. 301. DEFINITIONS.

''As used in this title:

''(1) PROJECT.—

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

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

''(i) the renovation of a facility if—

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

''(II) two-thirds of the members of the National Council on the Humanities (who are present and voting) approve of a grant or contract involv-

~~ing an expenditure for such purpose; and~~

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

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

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

~~"(2) WORKSHOP.—The term 'workshop' means an activity the primary purpose of which is to promote scholarship and teaching among the participants.~~

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

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

~~"(b) CHAIRPERSON.—~~

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

~~"(2) TERM.—~~

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

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

~~"(c) PARTNERSHIP GRANTS.—~~

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

~~"(2) DEFINITION.—~~

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

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

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

~~"(B) JURISDICTION.—~~

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

~~"(ii) STATE.—As used in clause (i), and notwithstanding section 3(7), the term 'State', includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.~~

~~"(3) GENERAL AUTHORITY.—Using funds reserved under section 104(b)(1)(B) and such portion~~

of any funds made available under section 104(b)(2) as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Humanities, may, in accordance with the provisions of this subsection, establish and carry out a program of grants to assist State entities—

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

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

"(4) GRANTS THROUGH STATE AGENCIES.—

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

~~grant, such State shall designate as the State agency the humanities council or shall provide for the establishment of such a council.~~

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

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

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

~~"(iii) provides for the expenditure, from State funds, of an amount equal to 50 percent of the portion of the funding~~

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

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

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

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

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

~~''(vi) provides that the State agency will make such reports, in such manner~~

~~and containing such information, as the Chairperson may from time to time require, including a description of the progress made toward achieving the objectives of the State plan;~~

~~''(vii) provides—~~

~~''(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow 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) for the most recent preceding year for which information is available, a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the State agency under this subsection and a descrip-~~

~~tion of the extent to which the activities supported by funding from the State agency under this subsection were available to all people and communities in the State; and~~

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

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

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

~~"(A) DESIGNATION.—In any State in which the chief executive officer of the State fails to submit an application under paragraph (4)(B) for a fiscal year, the Chairperson may~~

make grants under paragraph (3) to an appropriate entity in the State, and each such entity shall establish a procedure that ensures that 8 members of the governing body of such entity shall be appointed by an appropriate officer or agency of such State, except that in no event may the number of such members exceed ⅓ of the total membership of such governing body. The officer or agency shall select the members from among individuals who have knowledge of or experience in the humanities.

"(B) APPLICATION AND PLAN.—If a State fails to submit an application under paragraph (4)(B) for a fiscal year, any appropriate entity in the State desiring to receive a grant under this subsection for the fiscal year shall submit an application for such grant at such time and in such manner as shall be specified by the Chairperson, and accompany such application with a State plan that the Chairperson finds—

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

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

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

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

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

~~"(iv) provides for a nomination process that ensures opportunities for nomination to membership in the governing body from various groups in such State and from a variety of segments of the population of such State, including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve as members of the body;~~

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

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

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

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

~~"(ix) provides—~~

~~"(I) an assurance that the entity has held, after reasonable notice, public meetings in the State to allow 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 entity to such recommendations; and~~

~~''(x) contains—~~

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

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

~~humanities to all people or communities described in subclause (I).~~

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

~~"(6) ALLOTMENTS.—~~

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

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

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

~~"(i) 34 percent of the amount of such excess for such fiscal year shall be avail-~~

~~able to the Chairperson for making grants under this subsection to State entities;~~

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

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

~~"(7) LIMITATIONS.—~~

~~"(A) FEDERAL SHARE.—~~

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

~~ing out any activity described in paragraph (3).~~

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

~~"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year that is available to pay not more than 100 percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total of the funding provided through such grant for such fiscal year.~~

~~"(B) PROHIBITION ON SUPPLANTING NON-FEDERAL FUNDS.—Funds made available under this subsection shall be used to supplement, and shall not supplant, non-Federal funds expended~~

~~for supporting activities described in paragraph (3).~~

~~"(8) UNOBLIGATED FUNDS.—Any amount allotted to a State entity under paragraph (6) for any fiscal year that is not obligated by the State entity earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall be available for making grants under subsection (d).~~

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

~~"(d) NATIONAL GRANTS.—~~

~~"(1) PURPOSE.—The purpose of this subsection is to provide support for grants to groups, individuals, and State agencies or entities to carry out activities relating to education and the public humanities that have a national audience and are of national significance, such as activities relating to elementary, secondary, and postsecondary education in the humanities, media projects, projects in museums and by historical organizations, projects in libraries and archives, public humanities projects, endowment building, and technology activities.~~

~~"(2) GENERAL AUTHORITY.—Using funds reserved under section 104(b)(1)(C) and such portion~~

~~of any funds made available under section 104(b)(2) as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups or, in appropriate cases, individuals who meet the standard of excellence in the humanities and significance in the humanities, or State agencies or entities to pay for the Federal share of the cost of activities to—~~

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

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

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

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

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

~~"(F) ensure that the benefit of the programs of the Endowment will also be available to the citizens of the United States where such~~

~~programs would otherwise be unavailable due to geographic or economic reasons;~~

~~"(G) enable 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;~~

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

~~"(I) enable cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;~~

~~"(J) develop new sources of long-term support for educational, scholarly, and public programs in the humanities, including renovating or constructing facilities, augmenting or establishing endowment funds, and purchasing capital equipment to ensure financial stability;~~

~~"(K) stimulate greater cooperation among cultural organizations and institutions especially designed to serve better the communities in~~

which such organizations or institutions are located; and

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

"(3) FEDERAL SHARE REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Federal share described in paragraph (2) shall be 50 percent.

"(B) ADJUSTMENT.—The Federal share of the cost of activities described in paragraph (2)(J) shall be 25 percent.

"(e) RESEARCH AND SCHOLARSHIP GRANTS.—

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

"(2) GENERAL AUTHORITY.—Using funds reserved under section 104(b)(1)(D) and such portion of any funds made available under section 104(b)(2)

~~as may be appropriate, the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, individuals, State agencies, and State entities for the purpose of paying for the Federal share of the cost of—~~

~~"(A) initiating and supporting (including supporting through fellowships) training, workshops, programs, research, and publications, in the humanities, that have substantial scholarly and cultural significance and that reach or reflect the cultural heritage of the United States;~~

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

~~"(C) enabling 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; and~~

~~"(D) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning.~~

~~"(3) TRAINING; WORKSHOPS; RESEARCH.—A fellowship awarded to an individual under paragraph (2)(A) may be used for the purpose of supporting study or research at an appropriate nonprofit institution selected by the individual, for a stated period of time. The total amount of any grant under paragraph (2)(A) to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 percent of the total cost of such activities.~~

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

~~"(5) FEDERAL SHARE.—The Federal share described in paragraph (2) shall be 50 percent.~~

~~"SEC. 303. APPLICATION PROCEDURES.~~

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

“SEC. 304. REVIEW PANELS.

“The Chairperson may select panels of experts under section 307(a)(4) to review and make recommendations with respect to the approval of applications for grants authorized under this title. In selecting the panels, the Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse humanistic perspectives and geographic factors, and who broadly represent cultural diversity.

“SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.

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

“(b) COMPOSITION.—

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

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

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

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

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

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

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

~~"(c) TERMS.—~~

~~"(1) IN GENERAL.—~~

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

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

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

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

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

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

~~"(A) EXPIRATION OF TERMS.—The terms of—~~

~~"(i) 8 members of the Council whose terms would otherwise expire on September 3, 1996; and~~

~~"(ii) 1 member of the Council whose term expired on September 3, 1995;~~

~~shall be deemed to expire on January 1, 1996.~~

~~"(B) TERMS.—The President shall appoint 3 members of the Council to succeed members whose terms are deemed to expire as described in subparagraph (A). The terms of the successors shall expire on September 3, 2002.~~

~~"(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.~~

~~"(e) MEETINGS AND DUTIES.—~~

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

~~"(2) DUTIES.—The Council shall—~~

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

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

~~"(f) ACTIONS BY CHAIRPERSON.—~~

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

~~"(2) DELEGATIONS.—In the case of an application submitted under this title and involving $30,000 or less, the Chairperson may approve or disapprove such application if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reviewed by the Council. The terms of any such delegation of au-~~

~~thority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 3 percent of the sums appropriated for the fiscal year pursuant to section 104(b)(1).~~

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

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

~~''(1) DEFINITIONS.—As used in this subsection:~~

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

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

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

~~''(2) CRITERIA.—The Chairperson, with the advice of the National Council on the Humanities, shall establish criteria for eligibility for grants made~~

~~under this title. The criteria shall provide the following:~~

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

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

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

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

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

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

~~"(ii) the Chairperson, with the advice of the National Council on the Humanities, determines that providing the grant will~~

significantly advance the knowledge or understanding of the humanities in the United States.

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

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

"SEC. 307. ADMINISTRATIVE PROVISIONS.

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

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

~~"(2)(A) to solicit, accept, receive, invest, and use money and other property donated, bequeathed, or devised to the Endowment, either absolutely or in trust, with or without a condition or restriction, including a condition that the Chairperson use other funds of the Endowment for the purposes of the donation, bequest, or devise; and~~

~~"(B) to add such property to the appropriations for the Endowment as provided in section 104(b)(2), and to use, sell, or otherwise dispose of such property, for purposes of carrying out the activities of the Endowment under this title;~~

~~"(3) to appoint and determine the compensation of such employees, subject to title 5, United States Code, as may be necessary to carry out the functions of the Chairperson, define their duties, and supervise and direct their activities;~~

~~"(4) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consultants in accordance with section 3109 of title 5, United States Code;~~

~~"(5) to accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsist-~~

ence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service;

"(6) to make advance, progress, and other payments without regard to section 3324 of title 331, United States Code;

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

"(8) to make other necessary expenditures.

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

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

~~tivities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.~~

~~"SEC. 308. REPORTS.~~

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

~~"(b) STATE OF THE HUMANITIES REPORT.—~~

~~"(1) IN GENERAL.—The Chairperson shall use data submitted with State plans under section 302(c), and the information contained in reports submitted by States under section 302(c) or this section, to prepare a report on the state of the humanities in the United States.~~

~~"(2) CONTENTS.—The state of the humanities report shall include a description of—~~

~~"(A) the availability of the programs of the Endowment to emerging, rural, and culturally~~

~~diverse scholars, cultural and educational organizations, and communities; and~~

~~''(B) the participation by such scholars, organizations, and communities in such programs.~~

~~''(3) SUBMISSION.—The state of the humanities report shall be submitted to the President and Congress, and provided to the States, not later than October 1, 1996, and quadrennially thereafter.~~

~~''(c) FINANCIAL REPORTS AND COMPLIANCE.—~~

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

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

~~''(B) a report describing the activity carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted~~

~~meet the standards of excellence in humanities and significance in the humanities; and~~

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

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

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

~~"(e) ANNUAL REPORT OF NATIONAL COUNCIL ON THE HUMANITIES.—~~

~~"(1) IN GENERAL.—The National Council on the Humanities shall submit an annual report to the President for submission to the appropriate commit-~~

~~tees of Congress on or before the 15th day of April of each year.~~

~~''(2) CONTENTS.—The report shall include written records summarizing—~~

~~''(A) all meetings and discussions of the Council; and~~

~~''(B) recommendations made by the Council to the Chairperson.~~

~~''(3) PRIVACY.—The Council shall ensure that the information contained in the report will be presented in a manner that protects the privacy of individual applicants for grants authorized under this title and Council members.~~

~~''SEC. 309. SANCTIONS AND PAYMENTS.~~

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

~~''(1) for purposes of determining whether to make any subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 308(d);~~

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

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

~~"(b) NONCOMPLIANCE.—~~

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

~~"(A) a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with the provisions of this title;~~

~~"(B) a State agency that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with terms and conditions of the State plan accompanying the application approved for the grant under this title; or~~

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

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

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

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

~~"(c) PROGRAM INCOME.—~~

~~"(1) IN GENERAL.—A recipient of funding under this title shall pay the amount described in paragraph (2) to the Endowment if the Chairperson finds that the recipient has derived program income from the activities funded that exceeds the lesser of—~~

~~"(A) $50,000; or~~

~~''(B) twice the amount of the funding.~~

~~''(2) AMOUNT.—The amount referred to in paragraph (1) is ⅓ of the amount of the revenue, but not more than the amount of the funding.~~

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

~~''SEC. 310. AWARDS.~~

~~''The Chairperson, with the advice of the National Council on the Humanities, may make the following annual awards:~~

~~''(1) JEFFERSON LECTURE IN THE HUMANITIES AWARD.—The Chairperson may award annually the Jefferson Lecture in the Humanities Award to 1 individual for distinguished intellectual achievement in the humanities. Each such award shall not exceed $10,000.~~

~~''(2) CHARLES FRANKEL PRIZE.—The Chairperson may award annually 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 such prize shall not exceed $5,000.''.~~

~~SEC. 102. CONFORMING AMENDMENTS.~~

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

~~(1) in subsection (a)—~~

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

~~(B) in paragraph (4), by striking ''except that'' and all that follows and inserting the following: ''except that—~~

~~''(A) with respect to the National Science Foundation, such term means the National Science Board; and~~

~~''(B) with respect to the National Endowment for the Arts and the National Endowment for the Humanities, the term means the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts and the Chairperson of~~

~~the National Endowment for the Humanities with respect to matters relating to the Chairperson of the National Endowment for the Humanities;'';~~

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

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

~~TITLE II—MUSEUM AND LIBRARY SERVICES ACT~~

~~SEC. 201. MUSEUM AND LIBRARY SERVICES.~~

~~The Museum Services Act (20 U.S.C. 961 et seq.) is amended to read as follows:~~

~~"TITLE II—MUSEUM AND LIBRARY SERVICES~~

~~"Subtitle A—General Provisions~~

~~"SEC. 201. SHORT TITLE.~~

~~''This title may be cited as the 'Museum and Library Services Act'.~~

~~"SEC. 202. GENERAL DEFINITIONS.~~

~~''As used in this title:~~

~~''(1) COMMISSION.—The term 'Commission' means the National Commission on Libraries and Information Science established under section 3 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1502).~~

~~''(2) DIRECTOR.—The term 'Director' means the Director of the Institute appointed under section 204.~~

~~''(3) FOUNDATION.—The term 'Foundation' means the National Foundation on the Arts and the Humanities.~~

~~''(4) INSTITUTE.—The term 'Institute' means the Institute of Museum and Library Services established under section 203.~~

~~''(5) MUSEUM BOARD.—The term 'Museum Board' means the National Museum Services Board established under section 276.~~

"SEC. 203. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.

"(a) ESTABLISHMENT.—There is established within the Foundation an Institute of Museum and Library Services.

"(b) OFFICES.—The Institute shall consist of an Office of Museum Services and an Office of Library Services. There shall be a National Museum Services Board in the Office of Museum Services.

"SEC. 204. DIRECTOR OF THE INSTITUTE.

"(a) APPOINTMENT.—

"(1) IN GENERAL.—The Institute shall be headed by a Director, appointed by the President, by and with the advice and consent of the Senate.

"(2) TERM.—The Director shall serve for a term of 4 years.

"(3) QUALIFICATIONS.—Beginning with the first individual appointed to the position of Director after the date of enactment of the Arts, Humanities, and Museum Amendments of 1995, every second individual so appointed shall be appointed from among individuals who have special competence with regard to library and information services. Beginning with the second individual appointed to the position of Director after the date of enactment of the Arts, Humanities, and Museum Amendments of 1995, every second individual so appointed shall be ap-

~~pointed from among individuals who have special competence with regard to museum services.~~

~~"(b) COMPENSATION.—The Director shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.~~

~~"(c) DUTIES AND POWERS.—The Director shall perform such duties and exercise such powers as may be prescribed by law, including—~~

~~"(1) awarding financial assistance for activities described in this title; and~~

~~"(2) using not less than 5 percent and not more than 7 percent of the funds made available under this title for each fiscal year to award financial assistance for projects that involve both—~~

~~"(A) activities relating to library services, as described in subtitle B, carried out in accordance with such subtitle; and~~

~~"(B) activities relating to museum services, as described in subtitle C, carried out in accordance with such subtitle.~~

~~"(d) NONDELEGATION.—The Director shall not delegate any of the functions of the Director to any person who is not directly responsible to the Director.~~

1 ~~''(e) COORDINATION.—The Director shall ensure co-~~
2 ~~ordination of the policies and activities of the Institute~~
3 ~~with the policies and activities of other agencies and of-~~
4 ~~fices of the Federal Government having interest in and~~
5 ~~responsibilities for the improvement of museums and li-~~
6 ~~braries. Such agencies and offices shall include the Na-~~
7 ~~tional Endowment for the Arts, the National Endowment~~
8 ~~for the Humanities, the National Science Foundation, ap-~~
9 ~~propriate units in the Department of Education, the Li-~~
10 ~~brary of Congress, the Smithsonian Institution, and relat-~~
11 ~~ed agencies and offices.~~

12 ~~**"SEC. 205. DEPUTY DIRECTORS.**~~

13 ~~''(a) APPOINTMENT.—The Office of Library Services~~
14 ~~shall be headed by a Deputy Director, who shall be ap-~~
15 ~~pointed by the Director. The Office of Museum Services~~
16 ~~shall be headed by a Deputy Director, who shall be ap-~~
17 ~~pointed by the Director.~~

18 ~~''(b) COMPENSATION.—Each such position of Deputy~~
19 ~~Director shall be a Senior Executive Service position,~~
20 ~~which shall be paid at a rate of pay for a position at ES–~~
21 ~~1 of the Senior Executive Service schedule.~~

22 ~~**"SEC. 206. PERSONNEL.**~~

23 ~~''(a) IN GENERAL.—The Director may, in accordance~~
24 ~~with applicable provisions of title 5, United States Code,~~
25 ~~appoint and determine the compensation of such employ-~~

~~ees as the Director determines to be necessary to carry out the duties of the Institute.~~

~~''(b) VOLUNTARY SERVICES.—The Director may accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.~~

~~''SEC. 207. CONTRIBUTIONS.~~

~~''The Institute shall have authority to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such property or services in furtherance of the functions of the Institute. Any proceeds from such gifts, bequests, or devises, after acceptance by the Institute, shall be paid by the donor or the representative of the donor to the Director. The Director shall enter the proceeds in a special interest bearing account to the credit of the Institute for the purposes in each case specified.~~

~~''Subtitle B—Library Services and Technology~~

~~''SEC. 211. SHORT TITLE.~~

~~''This subtitle may be cited as the 'Library Services and Technology Act'.~~

~~"SEC. 212. STATEMENT OF PURPOSE; RECOGNITION OF NEED.~~

~~"(a) STATEMENT OF PURPOSE.—The purposes of this subtitle are as follows:~~

~~"(1) To stimulate excellence and promote equity and lifelong access to learning and information resources in all types of libraries.~~

~~"(2) To combine the ability of the Federal Government to stimulate significant improvement and innovation in library services with support at State and local levels, and with cooperative programs with other agencies and with public and private sector partnerships, to achieve national library service goals.~~

~~"(3) To establish national library service goals for the 21st century. Such goals are that every person in America will be served by a library that—~~

~~"(A) provides all users access to information through regional, State, national and international electronic networks;~~

~~"(B) contributes to a productive workforce, and to economic development, by providing resources and services designed to meet local community needs;~~

1 ~~''(C) provides a full range of resources and~~
2 ~~programs to develop reading and critical think-~~
3 ~~ing skills for children and adults;~~
4 ~~''(D) provides targeted services to people~~
5 ~~of diverse geographic, cultural and socio-~~
6 ~~economic backgrounds, to individuals with dis-~~
7 ~~abilities, and to people with limited functional~~
8 ~~literacy or information skills; and~~
9 ~~''(E) provides adequate hours of operation,~~
10 ~~facilities, staff, collections, and electronic access~~
11 ~~to information.~~
12 ~~''(b) RECOGNITION OF NEED.—The Congress recog-~~
13 ~~nizes that strong library services are essential to empower~~
14 ~~people to succeed in our Nation's increasingly global and~~
15 ~~technological environment.~~
16 ~~**"SEC. 213. DEFINITIONS.**~~
17 ~~''As used in this subtitle:~~
18 ~~''(1) INDIAN TRIBE.—The term 'Indian tribe'~~
19 ~~means any tribe, band, nation, or other organized~~
20 ~~group or community, including any Alaskan native~~
21 ~~village, regional corporation, or village corporation,~~
22 ~~as defined in or established pursuant to the Alaskan~~
23 ~~Native Claims Settlement Act, which is recognized~~
24 ~~by the Secretary of the Interior as eligible for the~~
25 ~~special programs and services provided by the Unit-~~

~~ed States to Indians because of their status as Indians.~~

~~"(2) LIBRARY CONSORTIA.—The term 'library consortia' means any local, statewide, regional, interstate, or international cooperative association of library entities which provides for the systematic and effective coordination of the resources of school, public, academic, and special libraries and information centers for improved services for their clientele.~~

~~"(3) LIBRARY ENTITY.—The term 'library entity' means a library that performs all activities of a library relating to the collection and organization of library materials and other information and that makes the materials and information publicly available. Such term includes State library administrative agencies and the libraries, library related entities, cooperatives, and consortia through which library services are made publicly available.~~

~~"(4) PUBLIC LIBRARY.—The term 'public library' means a library that serves free of charge all residents of a community, district, or region, and receives its financial support in whole or in part from public funds. Such term also includes a research library, which, for the purposes of this sentence, means a library, which—~~

~~"(A) makes its services available to the public free of charge;~~

~~"(B) has extensive collections of books, manuscripts, and other materials suitable for scholarly research which are not available to the public through public libraries;~~

~~"(C) engages in the dissemination of humanistic knowledge through services to readers, fellowships, educational and cultural programs, publications of significant research, and other activities; and~~

~~"(D) is not an integral part of an institution of higher education.~~

~~"(5) STATE.—The term 'State', unless otherwise specified, includes the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.~~

~~"(6) STATE ADVISORY COUNCIL.—The term 'State advisory council' means an advisory council established pursuant to section 252.~~

~~"(7) STATE LIBRARY ADMINISTRATIVE AGENCY. The term 'State library administrative agency' means the official agency of a State charged by law of that State with the extension and development of public library services throughout the State, which has adequate authority under law of the State to administer the State plan in accordance with the provisions of this subtitle.~~

~~"(8) STATE PLAN. The term 'State plan' means the document which gives assurances that the officially designated State library administrative agency has the fiscal and legal authority and capability to administer all aspects of this subtitle, provides assurances for establishing the State's policies, priorities, criteria, and procedures necessary to the implementation of all programs under this subtitle, submits copies for approval as required by regulations promulgated by the Director, and identifies a State's library needs and sets forth the activities to be taken toward meeting the identified needs supported with the assistance of Federal funds made available under this subtitle.~~

~~"SEC. 214. AUTHORIZATION OF APPROPRIATIONS.~~

~~"(a) AUTHORITY.—~~

1 ~~''(1) IN GENERAL.—There are authorized to be~~
2 ~~appropriated to the Secretary of Education—~~
3 ~~''(A) for the purpose of awarding grants~~
4 ~~under subchapter A of chapter 2 and for relat-~~
5 ~~ed administrative expenses, $75,000,000 for fis-~~
6 ~~cal year 1996, and such sums as may be nec-~~
7 ~~essary for each of the 4 succeeding fiscal years;~~
8 ~~and~~
9 ~~''(B) for the purpose of awarding grants~~
10 ~~under subchapter B of chapter 2 and for relat-~~
11 ~~ed administrative expenses, $75,000,000 for fis-~~
12 ~~cal year 1996, and such sums as may be nec-~~
13 ~~essary for each of the 4 succeeding fiscal years.~~
14 ~~''(2) TRANSFER.—The Secretary of Education~~
15 ~~shall transfer any funds appropriated under the au-~~
16 ~~thority of paragraph (1) to the Director to enable~~
17 ~~the Director to carry out this subtitle.~~
18 ~~''(b) JOINT PROJECTS.—Not less than 5 percent and~~
19 ~~not more than 7 percent of the funds appropriated under~~
20 ~~this section for a fiscal year may be made available for~~
21 ~~projects described in section 204(c)(2) for the fiscal year.~~
22 ~~''(c) ADMINISTRATION.—Not more than 10 percent~~
23 ~~of the funds appropriated under this section for a fiscal~~
24 ~~year may be used to pay for the administrative costs of~~
25 ~~carrying out this subtitle.~~

~~"CHAPTER 1—BASIC PROGRAM REQUIREMENTS~~

~~"SEC. 221. RESERVATIONS AND ALLOTMENTS.~~

~~"(a) RESERVATIONS.—From the amount appropriated under the authority of section 214(a) for any fiscal year, the Director—~~

~~"(1) shall reserve 2 percent to award grants in accordance with section 261; and~~

~~"(2) shall reserve 8 percent to carry out a national leadership program in library science in accordance with section 262.~~

~~"(b) ALLOTMENTS.—~~

~~"(1) IN GENERAL.—From the sums appropriated under the authority of section 214(a) and not reserved under subsection (a) for any fiscal year, the Director shall allot the minimum allotment, as determined under paragraph (3), to each State. Any sums remaining after minimum allotments have been made for such year shall be allotted in the manner set forth in paragraph (2).~~

~~"(2) REMAINDER.—From the remainder of any sums appropriated under the authority of section 214(a) that are not reserved under subsection (a) and not allotted under paragraph (1) for any fiscal year, the Director shall allot to each State an~~

~~amount that bears the same relation to such remainder as the population of the State bears to the population of all the States.~~

~~"(3) MINIMUM ALLOTMENT.—~~

~~"(A) IN GENERAL.—For the purposes of this subsection, the minimum allotment shall be—~~

~~"(i) with respect to appropriations for the purposes of subchapter A of chapter 2, $200,000 for each State, except that the minimum allotment shall be $40,000 in the case of Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau; and~~

~~"(ii) with respect to appropriations for the purposes of subchapter B of chapter 2, $200,000 for each State, except that the minimum allotment shall be $40,000 in the case of Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.~~

1 ''(B) RATABLE REDUCTIONS.—If the sums
2 appropriated under the authority of section
3 214(a) and not reserved under subsection (a)
4 for any fiscal year are insufficient to fully sat-
5 isfy the aggregate of the minimum allotments
6 for all States for that purpose for such year,
7 each of such minimum allotments shall be re-
8 duced ratably.
9 ''(4) DATA.—The population of each State and
10 of all the States shall be determined by the Director
11 on the basis of the most recent data available from
12 the Bureau of the Census.
13 **''SEC. 222. ADMINISTRATION AND EVALUATION.**
14 ''(a) IN GENERAL.—Not more than 5 percent of the
15 total funds received under this subtitle for any fiscal year
16 by a State may be used for administration and ongoing
17 State evaluations under section 251.
18 ''(b) CONSTRUCTION.—Nothing in this section shall
19 be construed to limit spending for evaluation costs under
20 section 251 from sources other than this subtitle.
21 **''SEC. 223. PAYMENTS; FEDERAL SHARE; AND MAINTE-**
22 **NANCE OF EFFORT REQUIREMENTS.**
23 ''(a) PAYMENTS.—The Director shall pay to each
24 State library administrative agency having a State plan

1 approved under section 224 the Federal share of the cost
2 of the activities described in the State plan.
3 "(b) FEDERAL SHARE.—
4 "(1) IN GENERAL.—Except as provided in para-
5 graph (3), the Federal share shall be 50 percent.
6 "(2) NON-FEDERAL SHARE.—The non-Federal
7 share of payments shall be provided from non-Fed-
8 eral State or local sources.
9 "(3) SPECIAL RULE.—The Federal share—
10 "(A) for the Commonwealth of Puerto
11 Rico, Guam, American Samoa, the Virgin Is-
12 lands, and the Commonwealth of the Northern
13 Mariana Islands, shall be 66 percent; and
14 "(B) for the Republic of the Marshall Is-
15 lands, the Federated States of Micronesia, and
16 the Republic of Palau, shall be 100 percent.
17 "(c) MAINTENANCE OF EFFORT.—
18 "(1) IN GENERAL.—The amount otherwise pay-
19 able to a State for a fiscal year under chapter 2
20 shall be reduced if the level of State expenditures, as
21 described in paragraph (2), for the previous fiscal
22 year are less than the average of the total of such
23 expenditures for the 3 fiscal years preceding that
24 previous fiscal year. The amount of the reduction in
25 allotment for any fiscal year shall be in exact pro-

~~portion to the amount which the State fails to meet the requirement of this subsection.~~

~~"(2) LEVEL OF STATE EXPENDITURES.—The level of State expenditures for the purposes of paragraph (1) shall include all State dollars expended by the State library administrative agency for library programs that are consistent with the purposes of this subtitle. All funds included in the maintenance of effort calculation under this subsection shall be expended during the fiscal year for which the determination is made, and shall not include capital expenditures, special one-time project costs, or similar windfalls.~~

~~"(3) WAIVER.—The Director may waive the requirements of paragraph (1) if the Director determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.~~

~~"SEC. 224. STATE PLANS.~~

~~"(a) STATE PLAN REQUIRED.—~~

~~"(1) IN GENERAL.—In order to be eligible to receive a grant under this subtitle, a State library administrative agency shall submit a State plan to the Director not later than April 1, 1996.~~

~~"(2) DURATION.—The State plan shall cover a period of 4 fiscal years.~~

~~"(3) REVISIONS.—If a State library administrative agency makes a substantive revision to its State plan, then the State library administrative agency shall submit to the Director an amendment to the State plan containing such revision not later than April 1 of the fiscal year preceding the fiscal year for which the amendment will be effective.~~

~~"(b) CONTENTS.—The State plan shall—~~

~~"(1) specify priorities for improvement of library services so that all people in the State have convenient and appropriate access to information delivered by libraries through new and emerging technologies assisted under subchapter A of chapter 2;~~

~~"(2) identify those persons who need special services under subchapter B of chapter 2 and specify priorities for meeting the purpose described in section 241(a);~~

~~"(3) describe how section 243 will be implemented within the State, specify the accountability and evaluation procedures to be followed by public libraries receiving funds under such section, and specify whether and how funds are to be aggregated under section 243(b)(2) to improve library services~~

~~provided to children in the State described in section 243(a)(2);~~

~~"(4) describe the activities and services for which assistance is sought, including—~~

~~"(A) priorities for the use of funds under this subtitle; and~~

~~"(B) a description of the types of libraries and library entities that will be eligible to receive funds under this subtitle;~~

~~"(5) provide that any funds paid to the State in accordance with the State plan shall be expended solely for the purposes for which the funds are authorized and appropriated and that such fiscal control and fund accounting procedures have been adopted as may be necessary to assure proper disbursement of, and account for, Federal funds paid to the State (including any such funds paid by the State to any other entity) under this subtitle;~~

~~"(6) provide procedures to ensure that the State library administrative agency shall involve libraries and users throughout the State in policy decisions regarding implementation of this subtitle, and development of the State plan, including establishing the State advisory council;~~

~~"(7) provide satisfactory assurance that the State library administrative agency—~~

~~"(A) will make such reports, in such form and containing such information, as the Director may require to carry out this subtitle and to determine the extent to which funds provided under this subtitle have been effective in carrying out the purposes of this subtitle, including reports on evaluations under section 251;~~

~~"(B) will keep such records and afford such access thereto as the Director may find necessary to assure the correctness and verification of such reports;~~

~~"(C) will provide to State advisory council members an orientation regarding the provisions of this subtitle and members' responsibilities, including clear, easily understandable information about the State plan; and~~

~~"(D) will report annually at a meeting of the State advisory council on the State library administrative agency's progress toward meeting the goals and objectives of the State plan;~~

~~"(8) describe the process for assessing the needs for library and information services within the~~

~~State, and describe the results of the most recent needs assessment;~~

~~''(9) establish goals and objectives for achieving within the State the purposes of this subtitle, including the purposes in sections 212(a), 231(a), and 241(a); and~~

~~''(10) describe how the State library administrative agency, in consultation with the State advisory council, will—~~

~~''(A) administer this subtitle; and~~

~~''(B) conduct evaluations under section 251, including a description of the types of evaluation methodologies to be employed.~~

~~''(c) ACCOUNTABILITY.—Each State plan shall—~~

~~''(1) establish State-defined performance goals to set forth the level of performance to be achieved by an activity assisted under this subtitle;~~

~~''(2) express such goals in an objective, quantifiable, and measurable form unless authorized to be in an alternative form in accordance with section 1115(b) of title 31, United States Code;~~

~~''(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources, required to meet the performance goals;~~

~~"(4) establish performance indicators in accordance with subsection (d) to be used in measuring or assessing the relevant outputs, service levels, and outcomes, of each activity assisted under this subtitle;~~

~~"(5) provide a basis for comparing actual program results with the established performance goals; and~~

~~"(6) describe the means to be used to verify and validate measured values.~~

~~"(d) PERFORMANCE INDICATORS.—Performance indicators described in subsection (c)(4) shall include—~~

~~"(1) evidence of progress toward the national library service goals under section 212(a)(3);~~

~~"(2) consultation with the State educational agency;~~

~~"(3) identification of activities suitable for nationwide replication; and~~

~~"(4) progress in improvement of library services provided to children described in section 243(a)(2).~~

~~"(e) APPROVAL.—~~

~~"(1) IN GENERAL.—The Director shall approve any State plan under this subtitle that meets the requirements of this subtitle and provides satisfactory~~

~~assurances that the provisions of such plan will be carried out.~~

~~"(2) PUBLIC AVAILABILITY.—Each State library administrative agency receiving a grant under this subtitle shall make the State plan available to the public.~~

~~"(3) ADMINISTRATION.—If the Director determines that the State plan does not meet the requirements of this section, the Director shall—~~

~~"(A) immediately notify the State library administrative agency of such determination and the reasons for such determination;~~

~~"(B) offer the State library administrative agency the opportunity to revise its State plan;~~

~~"(C) provide technical assistance in order to assist the State library administrative agency to meet the requirements of this section; and~~

~~"(D) provide the State library administrative agency the opportunity for a hearing.~~

~~"CHAPTER 2—LIBRARY PROGRAMS~~

~~"Subchapter A—Information Access Through Technology~~

~~"SEC. 231. GRANTS TO STATES FOR INFORMATION ACCESS THROUGH TECHNOLOGY.~~

~~''(a) PURPOSE.—The purpose of this subchapter is to provide for the improvement of library services so that all people have access to information delivered by libraries through new and emerging technologies, whether the information originates locally, from the State, nationally, or globally.~~

~~''(b) GRANTS.—~~

~~''(1) IN GENERAL.—The Director shall award grants under this subchapter from allotments under section 221(b) to States that have State plans approved under section 224.~~

~~''(2) FEDERAL SHARE.—Grants awarded under paragraph (1) shall be used to pay the Federal share of the cost of activities under section 232 that are described in a State plan approved under section 224.~~

~~"SEC. 232. AUTHORIZED ACTIVITIES.~~

~~''Each State that receives a grant under section 231(b) may use the grant funds to provide statewide services and subgrants to public libraries, other types of librar-~~

ies and library consortia, or library linkages with other entities, in accordance with the State plan. Such services and subgrants shall involve—

"(1) organization, access and delivery of information;

"(2) lifelong learning, and workforce and economic development; or

"(3) support of technology infrastructure.

"Subchapter B—Information Empowerment Through Special Services

"SEC. 241. GRANTS TO STATES FOR INFORMATION EMPOWERMENT THROUGH SPECIAL SERVICES.

"(a) PURPOSE.—The purpose of this subchapter is to provide for the improvement of library and information services targeted to persons of all ages and cultures who have difficulty using a library and to communities which are geographically disadvantaged in access to libraries, who or which need special materials or services, or who or which will benefit from outreach services for equity of access to library services and information technologies, including children (from birth through age 17) from families living below the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Commu-

nity Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved).

''(b) GRANTS.—

''(1) IN GENERAL.—The Director shall award grants under this subchapter from allotments under section 221(b) to States that have State plans approved under section 224.

''(2) FEDERAL SHARE.—Grants awarded under paragraph (1) shall be used to pay the Federal share of the cost of the activities under section 242 that are described in a State plan approved under section 224.

''SEC. 242. AUTHORIZED ACTIVITIES.

''Each State that receives a grant under section 241(b) may use the grant funds to provide statewide services and subgrants to public libraries, other types of libraries and library consortia, or library linkages with other entities, in accordance with the State plan. Such services and subgrants shall involve activities that—

''(1) increase literacy and lifelong learning;

''(2) serve persons in rural, underserved or inner-city areas; or

''(3) support the provision of special services.

''SEC. 243. SERVICES FOR CHILDREN IN POVERTY.

''(a) STATE LEVEL RESERVATION.—

~~"(1) IN GENERAL.—Except as provided in subsection (c), from the total amount that each State library administrative agency receives under this subchapter for a fiscal year, such agency shall reserve the amount of funds determined under paragraph (2) to provide assistance to public libraries in the State to enable such libraries to enhance the provision of special services to children described in such paragraph who are served by such libraries.~~

~~"(2) AMOUNT.—The amount of funds a State library administrative agency shall reserve under paragraph (1) shall be equal to the sum of—~~

~~"(A) $1.50 for every preschooler (birth through age 5) in the State from a family living below the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved); and~~

~~"(B) $1.00 for every school-age child (ages 6 through 17) in the State from such a family.~~

~~"(b) WITHIN STATE DISTRIBUTION.—~~

~~"(1) IN GENERAL.—Except as provided in paragraph (2), each public library in a State shall receive~~

~~under this section for a fiscal year an amount that bears the same relation to the amount the State library administrative agency reserves under subsection (a) for such year as the number of children described in subsection (a)(2) served by such public library for the preceding fiscal year bears to the number of such children served by all public libraries in the State for such preceding fiscal year.~~

~~''(2) EXCEPTION.—~~

~~''(A) IN GENERAL.—If a State library administrative agency determines that the amount available under paragraph (1) for a fiscal year for 2 or more public libraries is too small to be effective, then such agency may aggregate such amounts for such year.~~

~~''(B) REQUIREMENTS.—Each State library administrative agency aggregating amounts under subparagraph (A) for a fiscal year—~~

~~''(i) shall only aggregate the amount available under paragraph (1) for a public library for a fiscal year if the amount so available for such year is $3,000 or less; and~~

~~''(ii) shall use such aggregated amounts to enhance the library services~~

~~provided to the children described in subsection (a)(2) served by the public libraries for which such agency aggregated such amounts for such year.~~

~~"(c) ADJUSTMENTS.—~~

~~"(1) APPROPRIATIONS INCREASE.—For any fiscal year for which the amount appropriated to carry out this subtitle is greater than the amount appropriated to carry out this subtitle for the preceding fiscal year by a percentage that equals or exceeds 10 percent, the amount each State library administrative agency shall reserve under subsection (a)(2) for the fiscal year for which the determination is made shall be increased by the same such percentage.~~

~~"(2) APPROPRIATIONS DECREASE.—For any fiscal year for which the amount appropriated to carry out this subtitle is less than the amount appropriated to carry out this subtitle for the preceding fiscal year by a percentage that equals or exceeds 10 percent, the amount each State library administrative agency shall reserve under subsection (a)(2) for the fiscal year for which the determination is made shall be decreased by the same such percentage.~~

~~"(d) PLAN.—Each public library desiring assistance under this section shall submit a plan for the expenditure of funds under this section to the State library administrative agency. Such plan shall include a description of how the library will—~~

~~"(1) identify the children described in subsection (a)(2);~~

~~"(2) collaborate with community representatives to ensure planning and implementation of appropriate, helpful library services; and~~

~~"(3) establish indicators of success.~~

~~"(e) PRIORITIES.—Priorities for the use of funds under this section may include activities for children described in subsection (a)(2) such as—~~

~~"(1) development of after-school homework support;~~

~~"(2) development of family literacy programs;~~

~~"(3) extension of branch hours to provide space and resources for homework;~~

~~"(4) development of technological resources;~~

~~"(5) hiring specialized outreach staff; and~~

~~"(6) development of peer tutoring programs.~~

~~"CHAPTER 3—ADMINISTRATIVE PROVISIONS~~

~~"Subchapter A—State Requirements~~

~~"SEC. 251. STATE EVALUATION.~~

~~"(a) IN GENERAL.—Each State receiving a grant under this subtitle shall annually evaluate, in accordance with subsections (b) and (c), the activities assisted under subchapters A and B of chapter 2.~~

~~"(b) SUBCHAPTER A ACTIVITIES.—Each evaluation of activities assisted under subchapter A of chapter 2 shall include a description of how effective such activities are in ensuring that—~~

~~"(1) every American will have affordable access to information resources through electronic networks;~~

~~"(2) every public library will be connected to national and international electronic networks;~~

~~"(3) every State library agency will promote planning and provide support for full library participation in electronic networks;~~

~~"(4) every public librarian will possess the knowledge and skills needed to help people obtain information through electronic sources; and~~

~~"(5) every public library will be equipped with the technology needed to help people obtain information in an effective and timely manner.~~

~~"(c) SUBCHAPTER B ACTIVITIES.—~~

~~"(1) IN GENERAL.—Each evaluation of activities assisted under subchapter B of chapter 2 shall include—~~

~~"(A) with respect to activities to increase literacy and lifelong learning—~~

~~"(i) an analysis of the current situation in the State;~~

~~"(ii) how such activities will meet the needs of the current situation in the State and the target groups to be served; and~~

~~"(iii) a report of the effect of such activities in relation to the objectives of such activities;~~

~~"(B) with respect to activities to serve people in rural and urban areas—~~

~~"(i) procedures used to identify library users within a community;~~

~~"(ii) a description of needs and target groups to be served;~~

~~"(iii) an analysis of the levels of success to be targeted;~~

~~''(iv) a report of the effect of such activities in relation to the objectives of such activities; and~~

~~''(v) a description of the background of the current level of library service to people in rural and urban areas, and how such activities will extend, improve and further provide library resources to such people;~~

~~''(C) with respect to activities to support the provision of special services—~~

~~''(i) an analysis of the current situation in the State;~~

~~''(ii) how such activities will meet the needs of the current situation in the State; and~~

~~''(iii) a report of the effect of such activities in relation to the objectives of such activities; and~~

~~''(D) with respect to activities to serve children under section 243—~~

~~''(i) an analysis of the current local situations;~~

~~"(ii) a description of such activities, including objectives and costs of such activities; and~~

~~"(iii) a report of the effect of such activities in relation to the objectives of such activities.~~

~~"(2) INFORMATION.—Each public library receiving assistance under section 243 shall submit to the State library administrative agency such information as such agency may require to meet the requirements of paragraph (1)(D).~~

~~"SEC. 252. STATE ADVISORY COUNCILS.~~

~~"(a) COUNCILS REQUIRED.—Each State desiring assistance under this subtitle shall establish a State advisory council.~~

~~"(b) COMPOSITION.—Each State advisory council shall be broadly representative of the library entities in the State, including public, school, academic, special, and institutional libraries, and libraries serving individuals with disabilities.~~

~~"(c) DUTIES.—Each State advisory council shall—~~

~~"(1) consult with the State library administrative agency regarding the development of the State plan;~~

~~''(2) advise the State library administrative agency on the development of, and policy matters arising in the administration of, the State plan, including mechanisms for evaluation;~~

~~''(3) assist the State library administrative agency in—~~

~~''(A) the dissemination of information regarding activities assisted under this subtitle; and~~

~~''(B) the evaluation of activities assisted under this subtitle; and~~

~~''(4) establish bylaws to carry out such council's duties under this subsection.~~

~~''Subchapter B—Federal Requirements~~

~~''SEC. 261. SERVICES FOR INDIAN TRIBES.~~

~~''(a) GRANTS AUTHORIZED.—From amounts reserved under section 221(a)(1) for any fiscal year the Director shall award grants to organizations primarily serving and representing Indian tribes to enable such organizations to carry out the authorized activities described in subsection (b).~~

~~''(b) AUTHORIZED ACTIVITIES.—Grant funds awarded under this section may be used for—~~

~~''(1) inservice or preservice training of Indians as library personnel;~~

~~"(2) the purchase of library materials;~~

~~"(3) the conduct of special library programs for Indians;~~

~~"(4) salaries of library personnel;~~

~~"(5) transportation to enable Indians to have access to library services;~~

~~"(6) dissemination of information about library services;~~

~~"(7) assessment of tribal library needs; and~~

~~"(8) contracts to provide public library services to Indians living on or near reservations or to accomplish any activities described in paragraphs (1) through (7).~~

~~"(c) PROHIBITION.—No funds shall be awarded pursuant to this section unless such funds will be administered by a librarian.~~

~~"(d) DUPLICATION.—In awarding grants under this section, the Director shall take such actions as may be necessary to prevent the grant funds provided under this section from being received by any 2 or more entities to serve the same population.~~

~~"(e) MAINTENANCE OF EFFORT.—Each organization that receives a grant under this section and supports a public library system shall continue to expend from Federal, State, and local sources an amount not less than the~~

amount expended by such organization from such sources for public library services during the second fiscal year preceding the fiscal year for which the determination is made.

"(f) CONSTRUCTION.—Nothing in this section shall be construed to prohibit the dissemination of restricted collections of tribal cultural materials with funds made available under this section.

"(g) APPLICATION.—

"(1) IN GENERAL.—Any organization which desires to receive a grant under this section shall submit an application to the Director that—

"(A) describes the activities and services for which assistance is sought; and

"(B) contains such information as the Director may require by regulation.

"(2) CRITERIA.—The Director shall issue criteria for the approval of applications under this section, but such criteria shall not include—

"(A) an allotment formula; or

"(B) a matching of funds requirement.

"SEC. 262. NATIONAL LEADERSHIP PROGRAM.

"(a) IN GENERAL.—From the amounts reserved under section 221(a)(2) for any fiscal year the Director shall establish and carry out a program of national leader-

~~ship and evaluation activities to enhance the quality of library services nationwide. Such activities may include—~~

~~"(1) education and training of persons in library and information science, particularly in areas of new technology and other critical needs, including graduate fellowships, traineeships, institutes, or other programs;~~

~~"(2) research and demonstration projects related to the improvement of libraries, education in library and information science, enhancement of library services through effective and efficient use of new technologies, and dissemination of information derived from such projects; and~~

~~"(3) preservation or digitization of library materials and resources, giving priority to projects emphasizing coordination, avoidance of duplication, and access by researchers beyond the institution or library entity undertaking the project.~~

~~"(b) GRANTS OR CONTRACTS.—~~

~~"(1) IN GENERAL.—The Director may carry out the activities described in subsection (a) by awarding grants to, or entering into contracts with, library entities, agencies, or institutions of higher education.~~

1 ''(2) COMPETITIVE BASIS.—Grants and con-
2 tracts described in paragraph (1) shall be awarded
3 on a competitive basis.
4 ''(c) SPECIAL RULE.—The Director shall make every
5 effort to ensure that activities assisted under this section
6 are administered by appropriate library experts.
7 **''SEC. 263. STATE AND LOCAL INITIATIVES.**
8 ''Nothing in this subtitle shall be construed to inter-
9 fere with State and local initiative and responsibility in
10 the conduct of library services. The administration of li-
11 braries, the selection of personnel and library books and
12 materials, and insofar as consistent with the purposes of
13 this subtitle, the determination of the best uses of the
14 funds provided under this subtitle, shall be reserved to the
15 States and their local subdivisions.

16 **''Subtitle C—Museum Services**

17 **''SEC. 271. PURPOSE.**
18 ''It is the purpose of this subtitle—
19 ''(1) to encourage and assist museums in their
20 educational role, in conjunction with formal systems
21 of elementary, secondary, and postsecondary edu-
22 cation and with programs of nonformal education for
23 all age groups;
24 ''(2) to assist museums in modernizing their
25 methods and facilities so that the museums may be

better able to conserve the cultural, historic, and scientific heritage of the United States; and

''(3) to ease the financial burden borne by museums as a result of their increasing use by the public.

''SEC. 272. DEFINITIONS.

''As used in this subtitle, the term 'museum' means a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or esthetic purposes, that utilizes a professional staff, owns or utilizes tangible objects, cares for the tangible objects, and exhibits the tangible objects to the public on a regular basis.

''SEC. 273. MUSEUM SERVICES ACTIVITIES.

''(a) GRANTS.—The Director, after receiving the policy advice of the Museum Board, may make grants to museums to pay for the Federal share of the cost of increasing and improving museum services, through such activities as—

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

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

~~"(3) assisting museums in meeting their administrative costs in preserving and maintaining their collections, exhibiting the collections to the public, and providing educational programs to the public through the use of the collections;~~

~~"(4) assisting museums in cooperating with each other in developing traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;~~

~~"(5) assisting museums 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) CONTRACTS AND COOPERATIVE AGREEMENTS.—~~

~~"(1) PROJECTS TO STRENGTHEN MUSEUM SERVICES.—The Director, after receiving the policy advice of the Museum Board, may enter into contracts and cooperative agreements with appropriate entities to pay for the Federal share of enabling the entities to undertake projects designed to strengthen museum services, except that any contracts or coop-~~

~~erative 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) LIMITATION ON AMOUNT.—The aggregate amount of financial assistance made available under this subsection for a fiscal year shall not exceed 15 percent of the amount appropriated under this subtitle for such fiscal year.~~

~~"(c) FEDERAL SHARE.—~~

~~"(1) 50 PERCENT.—Except as provided in paragraph (2), the Federal share described in subsections (a) and (b) shall be not more than 50 percent.~~

~~"(2) 100 PERCENT.—The Director may use not more than 20 percent of the funds made available under this section for a fiscal year to make grants under subsection (a), or enter into contracts or agreements under subsection (b), for which the Federal share may be 100 percent.~~

~~"(d) REVIEW AND EVALUATION.—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 fi-~~

~~nancial assistance under this section shall not be subject to any review outside of the Institute.~~

~~"SEC. 274. ASSESSMENTS.~~

~~"(a) IN GENERAL.—The Director, subject to the policy direction of the Museum Board and in consultation with appropriate representatives of museums and other types of community institutions, agencies, and organizations, shall undertake an assessment of the collaborative possibilities museums can engage in to serve the public more broadly and effectively.~~

~~"(b) CONTENTS.—The assessment shall include—~~

~~"(1) an investigation of opportunities to establish collaborative programs between museums within a community, including an investigation of the role that larger institutions can play as mentors to smaller institutions;~~

~~"(2) an investigation of opportunities to establish collaborative programs between museums and community organizations;~~

~~"(3) an investigation of the potential for collaboration between museums on technology issues to reach a broader audience; and~~

~~"(4) an investigation of opportunities for museums to work with each other and with other community resources to serve the public better and to co-~~

ordinate professional and financial development activities.

''(c) LIMITATION.—This section shall not apply in any fiscal year for which the amount appropriated under section 277(a) is less than $28,700,000.

''SEC. 275. AWARD.

''The Director, with the advice of the Museum Board, may annually award a National Award for Museum Service to outstanding museums that have made significant contributions in service to their communities.

''SEC. 276. NATIONAL MUSEUM SERVICES BOARD.

''(a) ESTABLISHMENT.—There is established in the Institute a National Museum Services Board.

''(b) COMPOSITION AND QUALIFICATIONS.—

''(1) COMPOSITION.—The Museum Board shall consist of the Director and 14 members appointed by the President, by and with the advice and consent of the Senate, and the ex officio, nonvoting member described in paragraph (4).

''(2) QUALIFICATIONS.—The appointive members of the Museum Board shall be selected from among citizens of the United States—

''(A) who are members of the general public;

~~"(B) who are or have been affiliated with—~~

~~"(i) resources that, collectively, are broadly representative of the curatorial, conservation, educational, and cultural resources of the United States; or~~

~~"(ii) museums that, collectively, are broadly representative of various types of museums, including museums relating to science, history, technology, and art, zoos, and botanical gardens; and~~

~~"(C) who are recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.~~

~~"(3) GEOGRAPHIC AND OTHER REPRESENTATION.—Members of the Museum Board shall be appointed to reflect persons from various geographic regions of the United States. The Museum Board may not include, at any time, more than 3 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 with museums.~~

~~"(4) EX OFFICIO MEMBER.—The Deputy Director of the Office of Museum Services shall serve as~~

~~an ex officio nonvoting member of the Museum Board.~~

~~''(c) TERMS.—~~

~~''(1) IN GENERAL.—Each appointive member of the Museum Board shall serve for a term of 5 years, except that—~~

~~''(A) of the members first appointed, 3 shall serve for terms of 5 years, 3 shall serve for terms of 4 years, 3 shall serve for terms of 3 years, 3 shall serve for terms of 2 years, and 2 shall serve for terms of 1 year, as designated by the President at the time of nomination for appointment; and~~

~~''(B) any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.~~

~~''(2) REAPPOINTMENT.—No member of the Museum Board who has been a member for more than 7 consecutive years shall be eligible for reappointment.~~

~~''(3) SERVICE UNTIL SUCCESSOR TAKES OFFICE.—Notwithstanding any other provision of this subsection, a member shall serve after the expiration~~

of the term of the member until the successor to the member takes office.

"(d) DUTIES AND POWERS.—The Museum Board shall have the responsibility to advise the Director on general policies with respect to the duties and powers vested in the Institute relating to museum services, including general policies with respect to—

"(1) financial assistance awarded under this title for museum services; and

"(2) projects described in section 204(c)(2).

"(e) CHAIRPERSON.—The President shall designate 1 of the appointive members of the Museum Board as Chairperson of the Museum Board.

"(f) MEETINGS.—

"(1) IN GENERAL.—The Museum Board shall meet—

"(A) not less than 3 times each year, including—

"(i) not less than 2 times each year separately; and

"(ii) not less than 1 time each year in a joint meeting with the Commission, convened for purposes of making general policies with respect to financial assistance for projects described in section 204(c)(2); and

~~"(B) at the call of the Director.~~

~~"(2) VOTE.—All decisions by the Museum Board with respect to the exercise of the duties and powers of the Museum Board shall be made by a majority vote of the members of the Museum Board who are present. All decisions by the Commission and the Museum Board with respect to the policies described in paragraph (1)(A)(ii) shall be made by a ⅔ majority vote of the total number of the members of the Commission and the Museum Board who are present.~~

~~"(g) QUORUM.—A majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official meetings of the Museum Board, but a lesser number of members may hold hearings. A majority of the members of the Commission and a majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the Museum Board.~~

~~"(h) COMPENSATION AND TRAVEL EXPENSES.—~~

~~"(1) COMPENSATION.—Each member of the Museum Board who is not an officer or employee of the Federal Government shall be compensated at a rate to be fixed by the President, but not to exceed the daily equivalent of the maximum rate authorized~~

for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Museum Board. All members of the Museum Board who are officers or employees of the Federal Government shall serve without compensation in addition to compensation received for their services as officers or employees of the Federal Government.

''(2) TRAVEL EXPENSES.—The members of the Museum Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

''(i) COORDINATION.—The Museum Board, with the advice of the Director, shall take steps to ensure that the policies and activities of the Institute are coordinated with other activities of the Federal Government.

''SEC. 277. AUTHORIZATION OF APPROPRIATIONS.

''(a) GRANTS.—For the purpose of carrying out this subtitle, there are authorized to be appropriated to the Di-

rector $50,000,000 for each of fiscal years 1996 through 2000.

''(b) ADMINISTRATION.—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the administrative costs of carrying out this subtitle.

''(c) JOINT PROJECTS.—Not less than 5 percent and not more than 7 percent of the funds appropriated under this section for a fiscal year may be made available for projects described in section 204(c)(2) for the fiscal year.

''(d) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation until expended.''.

SEC. 202. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE.

(a) FUNCTIONS.—Section 5 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1504) is amended—

(1) by redesignating subsections (b) through (d) as subsections (d) through (f), respectively; and

(2) by inserting after subsection (a) the following:

''(b) The Commission shall have the responsibility to advise the Director of the Institute of Museum and Library Services on general policies with respect to the du-

~~ties and powers vested in the Institute of Museum and Library Services relating to library services, including—~~

~~"(1) general policies with respect to—~~

~~"(A) financial assistance awarded under the Museum and Library Services Act for library services; and~~

~~"(B) projects described in section 204(c)(2) of such Act; and~~

~~"(2) measures to ensure that the policies and activities of the Institute of Museum and Library Services are coordinated with other activities of the Federal Government.~~

~~"(c)(1) The Commission shall meet not less than 1 time each year in a joint meeting with the Museum Board, convened for purposes of providing advice on general policy with respect to financial assistance for projects described in section 204(c)(2) of such Act.~~

~~"(2) All decisions by the Commission and the Museum Board with respect to the advice on general policy described in paragraph (1) shall be made by a ⅔ majority vote of the total number of the members of the Commission and the Museum Board who are present.~~

~~"(3) A majority of the members of the Commission and a majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official~~

~~joint meetings of the Commission and the Museum Board.''.~~

~~(b) MEMBERSHIP.—Section 6 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1505) is amended—~~

~~(1) in subsection (a)—~~

~~(A) in the first sentence, by striking ''Librarian of Congress'' and inserting ''Director of the Institute of Museum and Library Services'';~~

~~(B) in the second sentence—~~

~~(i) by striking ''Five'' and inserting ''Six of the appointive'';~~

~~(ii) by striking ''or interest in''; and~~

~~(iii) by inserting before the period the following: ''and at least one other of whom shall be knowledgeable with respect to the library and information service and science needs of the elderly'';~~

~~(C) in the third sentence, by inserting ''appointive'' before ''members''; and~~

~~(D) in the last sentence, by striking ''term and at least'' and all that follows and inserting ''term.''; and~~

~~(2) in subsection (b), by striking ''the rate specified'' and all that follows through ''and while'' and~~

~~inserting ''the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel-time) during which the members are engaged in the business of the Commission. While''.~~

~~SEC. 203. TRANSFER OF FUNCTIONS FROM INSTITUTE OF MUSEUM SERVICES.~~

~~(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—~~

~~(1) the term ''Federal agency'' has the meaning given to the term ''agency'' by section 551(1) of title 5, United States Code;~~

~~(2) the term ''function'' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and~~

~~(3) the term ''office'' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.~~

~~(b) TRANSFER OF FUNCTIONS.—There are transferred to the Institute of Museum and Library Services established under section 203 of the Museum and Library Services Act all functions that the Director of the Institute of Museum Services exercised before the date of enact-~~

~~ment of this section (including all related functions of any officer or employee of the Institute of Museum Services).~~

~~(c) DETERMINATIONS OF CERTAIN FUNCTIONS BY THE OFFICE OF MANAGEMENT AND BUDGET.—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under subsection (b).~~

~~(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the Director of the Institute of Museum and Library Services may delegate any of the functions transferred to the Director of the Institute of Museum and Library Services by this section and any function transferred or granted to such Director of the Institute of Museum and Library Services after the effective date of this section to such officers and employees of the Institute of Museum and Library Services as the Director of the Institute of Museum and Library Services may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the Director of the Institute of Museum and Library Services under this section or under any other provision of this section shall relieve such Director of the Institute of Museum and Library Services of responsibility for the administration of such functions.~~

(e) REORGANIZATION.—The Director of the Institute of Museum and Library Services may allocate or reallocate any function transferred under subsection (b) among the officers of the Institute of Museum and Library Services, and to establish, consolidate, alter, or discontinue such organizational entities in the Institute of Museum and Library Services as may be necessary or appropriate.

(f) RULES.—The Director of the Institute of Museum and Library Services may prescribe, in accordance with chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Director of the Institute of Museum and Library Services determines to be necessary or appropriate to administer and manage the functions of the Institute of Museum and Library Services.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the Institute of Museum and Library Services. Unexpended funds transferred pursuant to this sub-

~~section shall be used only for the purposes for which the funds were originally authorized and appropriated.~~

~~(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the purposes of this section.~~

~~(i) EFFECT ON PERSONNEL.—~~

~~(1) IN GENERAL.—Except as otherwise provided by this section, the transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employee to be separated or reduced in grade or com-~~

~~pensation for 1 year after the date of transfer of such employee under this section.~~

~~(2) EXECUTIVE SCHEDULE POSITIONS.—Except as otherwise provided in this section, any person who, on the day preceding the effective date of this section, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Institute of Museum and Library Services to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.~~

~~(j) SAVINGS PROVISIONS.—~~

~~(1) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—~~

~~(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal~~

~~agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and~~

~~(B) that were in effect before the effective date of this section, or were final before the effective date of this section and are to become effective on or after the effective date of this section;~~

~~shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the Director of the Institute of Museum and Library Services or other authorized official, a court of competent jurisdiction, or by operation of law.~~

~~(2) PROCEEDINGS NOT AFFECTED. This section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Institute of Museum Services on the effective date of this section, with respect to functions transferred by this section. Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to the orders, as if this section had not~~

~~been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this paragraph shall be construed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.~~

~~(3) SUITS NOT AFFECTED.—This section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.~~

~~(4) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Institute of Museum Services, or by or against any individual in the official capacity of such individual as an officer of the Institute of Museum Services, shall abate by reason of the enactment of this section.~~

~~(5) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administra-~~

~~tive action relating to the preparation or promulgation of a regulation by the Institute of Museum Services relating to a function transferred under this section may be continued by the Institute of Museum and Library Services with the same effect as if this section had not been enacted.~~

~~(k) TRANSITION.—The Director of the Institute of Museum and Library Services may utilize—~~

~~(1) the services of such officers, employees, and other personnel of the Institute of Museum Services with respect to functions transferred to the Institute of Museum and Library Services by this section; and~~

~~(2) funds appropriated to such functions for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.~~

~~(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—~~

~~(1) the Director of the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Director of the Institute of Museum and Library Services; and~~

~~(2) the Institute of Museum Services with regard to functions transferred under subsection (b),~~

shall be deemed to refer to the Institute of Museum and Library Services.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Director of the Institute of Museum and Library Services shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the effective date of this section, the Director of the Institute of Museum and Library Services shall submit the recommended legislation referred to under paragraph (1).

SEC. 204. SERVICE OF INDIVIDUALS SERVING ON DATE OF ENACTMENT.

Notwithstanding section 204 of the Museum and Library Services Act, the individual who was appointed to the position of Director of the Institute of Museum Services under section 205 of the Museum Services Act (as such section was in effect on the day before the date of enactment of this Act) and who is serving in such position on the day before the date of enactment of this Act shall

~~serve as the first Director of the Institute of Museum and Library Services under section 204 of the Museum and Library Services Act (as added by section 201 of this Act), and shall serve at the pleasure of the President.~~

~~SEC. 205. CONSIDERATION.~~

~~Consistent with title 5, United States Code, in appointing employees of the Office of Library Services, the Director of the Institute of Museum and Library Service shall give strong consideration to individuals with experience in administering State-based library programs.~~

~~SEC. 206. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.~~

~~(a) REPEALS.—~~

~~(1) LIBRARY SERVICES AND CONSTRUCTION ACT.—The Library Services and Construction Act (20 U.S.C. 351 et seq.) is repealed.~~

~~(2) HIGHER EDUCATION ACT OF 1965.—Title II of the Higher Education Act of 1965 (20 U.S.C. 1021 et seq.) is repealed.~~

~~(b) REFERENCES TO LIBRARY SERVICES AND CONSTRUCTION ACT.—~~

~~(1) OMNIBUS EDUCATION RECONCILIATION ACT OF 1981.—Section 528 of the Omnibus Education Reconciliation Act of 1981 (20 U.S.C. 3489) is amended—~~

~~(A) by striking paragraph (12); and~~

~~(B) by redesignating paragraphs (13) through (15) as paragraphs (12) through (14).~~

~~(2) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—Section 3113(10) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6813(10)) is amended by striking ''section 3 of the Library Services and Construction Act'' and inserting ''section 213(7) of the Library Services and Technology Act''.~~

~~(3) COMMUNITY IMPROVEMENT VOLUNTEER ACT OF 1994.—Section 7305 of the Community Improvement Volunteer Act of 1994 (40 U.S.C. 276d–3) is amended—~~

~~(A) by striking paragraph (1); and~~

~~(B) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.~~

~~(4) APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking ''Library Services and Construction Act;''.~~

~~(5) DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966.—Section 208(2) of~~

~~the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3338(2)) is amended by striking ''title II of the Library Services and Construction Act;''.~~

~~(6) PUBLIC LAW 87–688.—Subsection (c) of the first section of the Act entitled ''An Act to extend the application of certain laws to American Samoa'', approved September 25, 1962 (48 U.S.C. 1666(c)) is amended by striking ''the Library Services Act (70 Stat. 293; 20 U.S.C. 351 et seq.),''.~~

~~(c) REFERENCES TO INSTITUTE OF MUSEUM SERVICES.—~~

~~(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking the following:~~

~~''Director of the Institute of Museum Services.''~~

~~and inserting the following:~~

~~''Director of the Institute of Museum and Library Services.''.~~

~~(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—Section 301 of the Department of Education Organization Act (20 U.S.C. 3441) is amended—~~

~~(A) in subsection (a)—~~

~~(i) by striking paragraph (5); and~~

~~(ii) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and~~

~~(B) in subsection (b)—~~

~~(i) by striking paragraph (4); and~~

~~(ii) by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.~~

~~(3) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—~~

~~(A) Sections 2101(b), 2205(c)(1)(D), 2208(d)(1)(H)(v), and 2209(b)(1)(C)(vi), and subsections (d)(6) and (e)(2) of section 10401, of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6621(b), 6645(c)(1)(D), 6648(d)(1)(H)(v), 6649(b)(1)(C)(vi), and 8091 (d)(6) and (e)(2)) are amended by striking ''the Institute of Museum Services'' and inserting ''the Institute of Museum and Library Services''.~~

~~(B) Section 10412(b) of such Act (20 U.S.C. 8102(b)) is amended—~~

~~(i) in paragraph (2), by striking ''the Chairman of the National Endowment for the Humanities, the Chairman of the Na-~~

~~tional Endowment for the Arts, and the Director of the Institute of Museum Services,'' and inserting ''the Chairperson of the National Endowment for the Humanities, the Chairperson of the National Endowment for the Arts, and the Institute of Museum and Library Services,''; and~~

~~(ii) in paragraph (7), by striking ''the Chairman of the National Endowment for the Humanities, the Chairman of the National Endowment for the Arts and the Director of the Institute of Museum Services,'' and inserting ''the Chairperson of the National Endowment for the Humanities, the Chairperson of the National Endowment for the Arts, and the Institute of Museum and Library Services,''.~~

~~(C) Section 10414(a)(2)(B) of such Act (20 U.S.C. 8104(a)(2)(B)) is amended by striking clause (iii) and inserting the following new clause:~~

~~''(iii) the Institute of Museum and Library Services.''.~~

~~(d) REFERENCES TO HIGHER EDUCATION ACT OF 1965.—~~

~~(1) HIGHER EDUCATION ACT OF 1965.—Paragraph (2) of section 356(b) of the Higher Education Act of 1965 (20 U.S.C. 1069b(b)) is amended by striking ''H,''.~~

~~(2) HIGHER EDUCATION AMENDMENTS OF 1986.—Part D of title XIII of the Higher Education Amendments of 1986 (20 U.S.C. 1029 note) is repealed.~~

~~(e) REFERENCES TO OFFICE OF LIBRARIES AND LEARNING RESOURCES.—~~

~~(1) EDUCATION AMENDMENTS OF 1974.—Section 519 of the Education Amendments of 1974 (20 U.S.C. 1221i) is repealed.~~

~~(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—Section 413(b)(1) of the Department of Education Organization Act (20 U.S.C. 3473(b)(1)) is amended—~~

~~(A) by striking subparagraph (H); and~~

~~(B) by redesignating subparagraphs (I) through (M) as subparagraphs (H) through (L), respectively.~~

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

~~SEC. 301. ARTS AND ARTIFACTS.~~

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

~~"SECTION 1. SHORT TITLE.~~

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

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

~~''The Chairperson of the National Endowment for the Arts (referred to in this title as the 'Chairperson') may enter into agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 3—~~

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

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

“SEC. 3. ELIGIBLE ITEMS.

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

“(1) that are—

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

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

“(C) other artifacts or objects; or

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

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

“(3) the exhibition of which is certified by the Secretary of State, the designee of the Secretary, or the Director of the Institute for Museum and Library Services, as being in the national interest.

“(b) ITEMS ON EXHIBITION.—

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

United States and that is touring the United States shall be considered to be an eligible item.

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

"SEC. 4. APPLICATIONS.

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

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

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

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

"(3) set forth policies, procedures, techniques, and methods with respect to preparation for, and

conduct of, exhibition of the item, and any transportation related to such item.

''(c) APPROVAL.—On receipt of an application under this section, the Chairperson shall review the application as described in section 5 and, if the Chairperson agrees with the estimated value described in the application and if such application conforms with the requirements of this Act, approve the application and enter into an indemnity agreement with the applicant under section 2. On such approval, the agreement shall constitute a contract between the Chairperson and the applicant pledging the full faith and credit of the United States to pay any amount for which the Chairperson becomes liable under such agreement. The Chairperson, for such purpose, is authorized to pledge the full faith and credit of the United States.

''SEC. 5. INDEMNITY AGREEMENT.

''(a) REVIEW.—On receipt of an application meeting the requirements of subsections (a) and (b) of section 4, the Chairperson shall review the estimated value of the items for which coverage by an indemnity agreement is sought.

''(b) AGGREGATE AMOUNT OF LOSS OR DAMAGE.—The aggregate amount of loss or damage covered by in-

~~demnity agreements made under this Act shall not exceed $3,000,000,000, at any one time.~~

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

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

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

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

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

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

~~''(5) not less than $200,000,000, coverage under this Act shall extend only to loss or damage in excess of the first $200,000 of loss or damage to the items covered.~~

~~''SEC. 6. REGULATIONS AND CERTIFICATION.~~

~~''(a) REGULATIONS.—The Chairperson shall prescribe regulations providing for prompt adjustment of valid claims for loss or damage to items that are covered by an agreement entered into pursuant to section 2, including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered items.~~

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

~~''SEC. 7. COORDINATION ACTIVITIES.~~

~~''The Chairperson shall—~~

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

~~''(2) advise and consult with the National Museum Services Board and with the Director of the Institute of Museum and Library Services on major problems arising in carrying out the purpose of the Museum Services Act;~~

~~''(3) coordinate, by advice and consultation, so far as is practicable, the policies and operations of the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum and Library 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; and~~

~~''(6) encourage an ongoing dialogue in support of the arts and the humanities among Federal agencies.~~

~~**''SEC. 8. REPORT.**~~

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

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

~~''(2) pending claims against the Chairperson under this Act as of the end of such year; and~~

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

~~''SEC. 9. AUTHORIZATION OF APPROPRIATIONS.~~

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

~~''(1) to enable the Chairperson to carry out the functions of the Chairperson under this Act; and~~

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Arts, Humanities, and Museums Amendments of 1995''.

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

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

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

1 ***"SECTION 1. SHORT TITLE; TABLE OF CONTENTS.***

2 *"(a) SHORT TITLE.—This Act may be cited as the 'Na-*
3 *tional Foundation on the Arts and the Humanities Act of*
4 *1965'.*

5 *"(b) TABLE OF CONTENTS.—The table of contents is*
6 *as follows:*

"Sec. 1. Short title; table of contents.
"Sec. 2. Purposes.
"Sec. 3. Definitions.

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

"Sec. 101. Establishment of the National Foundation on the Arts and the Humanities.
"Sec. 102. General limitations on grants.
"Sec. 103. Joint administration.
"Sec. 104. Study on a true endowment.
"Sec. 105. Authorization of appropriations.

"TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

"Sec. 201. Definitions.
"Sec. 202. Establishment of the National Endowment for the Arts.
"Sec. 203. Application procedures.
"Sec. 204. Advisory panels.
"Sec. 205. National Council on the Arts.
"Sec. 206. Limitations on grants.
"Sec. 207. Administrative provisions.
"Sec. 208. Reports.
"Sec. 209. Sanctions and payments.
"Sec. 210. Awards.

"TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

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

7 ***"SEC. 2. PURPOSES.***

8 *"The purposes of this Act are—*

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

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

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

"(3) to ensure that the United States, as an advanced civilization, does not limit its efforts to science and technology alone but gives full value and support to the other great branches of scholarly and cultural activity in order to achieve a better understanding of the past, a better analysis of the present, and a better view of the future;

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

"(5) in furthering the advancement and access described in paragraph (4), to be sensitive to the na-

ture of public support and the need to use public funding in a manner that recognizes the responsibility of the Federal Government to the public good;

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

''(7) to ensure that—

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

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

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

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

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

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

"(i) encouraging and developing quality education in the arts and the humanities at all levels, in conjunction with programs of lifelong learning in the arts and the humanities for all age groups and with formal systems of elementary, secondary, and postsecondary education; and

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

"SEC. 3. DEFINITIONS.

"As used in this Act:

"(1) ARTS.—The term 'arts' includes—

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

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

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

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

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

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

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

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

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

"(A) the study and interpretation of—

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

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

"(iii) folklore and folklife; and

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

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

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

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

"(6) PROGRAM INCOME.—

"(A) IN GENERAL.—The term 'program income' means any money that is earned or re-

ceived, by a recipient of a grant made under title II or III, from an activity supported by the funds made available through the grant or from a product resulting from or related to an activity carried out under the grant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(d) DONATIONS, BEQUESTS, AND DEVISES.—

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

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

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

queathed, or devised to the Endowment whose function it is to carry out the purposes of the condition or restriction.

''(e) TAX LAWS.—For the purposes of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of the Endowments and received by the Chairperson of an Endowment pursuant to this section, section 207, or section 307 shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.

''SEC. 102. GENERAL LIMITATIONS ON GRANTS.

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

''SEC. 103. JOINT ADMINISTRATION.

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

applicable regulations and procedures established under this Act, including regulations relating to accounting and financial matters.

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

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

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

"(c) OTHER FUNCTIONS.—The Chairperson of the National Endowment for the Arts and Chairperson of the National Endowment for the Humanities shall ensure nonduplication of administrative functions, such as provision of facilities and space, records management, contracting, procurement, printing, and provision of mail and library services. The Chairpersons shall enter into an interagency agreement to jointly carry out the functions with the minimum necessary expense.

"(d) REPORT.—Not later than 60 days after the date of enactment of the Arts, Humanities, and Museums Amendments of 1995, the Chairperson of the National En-

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

"SEC. 104. STUDY ON A TRUE ENDOWMENT.

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

"(b) SCOPE OF STUDY.—The study described in subsection (a) shall examine innovative methods through which a true endowment may be funded, including such methods as private fundraising, an extension of a copyright term, recapture of funds from past grants of the National Endow-

ment for the Arts and the National Endowment for the Humanities that have proven profitable, or any other innovative methods the Chairpersons determine appropriate.

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

"SEC. 105. AUTHORIZATION OF APPROPRIATIONS.

"(a) NATIONAL ENDOWMENT FOR THE ARTS.—

"(1) IN GENERAL.—

"(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Arts under this Act $153,900,000 for fiscal year 1996, $146,205,000 for fiscal year 1997, $138,895,000 for fiscal year 1998, $131,950,000 for fiscal year 1999, and $125,353,000 for fiscal year 2000.

"(B) GENERAL RESERVATIONS.—There shall be reserved amounts sufficient to carry out subsection (c)(1).

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

"(D) RESERVATION FOR NATIONAL SIGNIFICANCE GRANTS.—40 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 202(d).

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

"(F) RESERVATION FOR ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining

after amounts are reserved under subparagraph (B) shall be reserved for making grants under section 202(f).

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

"(b) NATIONAL ENDOWMENT FOR THE HUMANITIES.—

"(1) IN GENERAL.—

"(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Humanities under this Act $160,117,000 for fiscal year 1996, $152,111,000 for fiscal year 1997, $144,505,000 for fiscal year 1998, $137,260,000 for fiscal year 1999, and $130,397,000 for fiscal year 2000.

"(B) GENERAL RESERVATIONS.—There shall be reserved amounts sufficient to carry out subsection (c)(2).

"(C) RESERVATION FOR PARTNERSHIP GRANTS.—30 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraph (B) shall be reserved for making

grants under section 302(c). Of the amount reserved under this subparagraph, 5 percent of such amount shall be made available for activities relating to elementary and secondary education in the humanities.

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

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

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

"(c) ADMINISTRATION.—

"(1) NATIONAL ENDOWMENT FOR THE ARTS.—

"(A) IN GENERAL.—Not more than 12 percent of the amount appropriated for a fiscal year

under subsection (a)(1)(A) may be made available for the costs of administering title II, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, of which—

"(i) not more than $100,000 shall be made available for the President's Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses; and

"(ii) not to exceed $100,000 shall be made available for fiscal year 1996 from amounts received under section 207(a)(2) for official reception and representation expenses and not to exceed $50,000 shall be made available for each subsequent fiscal year from such amounts for such expenses.

"(B) REDUCTIONS.—In addition to the amount reserved in subparagraph (A), not more than 3 percent of the amount appropriated for a fiscal year under subsection (a)(1)(A) may be made available solely for the costs of carrying out the payment of—

"(i) employee severance pay under section 5595 of title 5, United States Code, or employee severance pay under any other provision of law; and

"(ii) employee buy out programs as authorized by law.

"(2) NATIONAL ENDOWMENT FOR THE HUMANITIES.—Not more than 12 percent of the amount appropriated for a fiscal year under subsection (b)(1)(A) may be made available for the costs of administering title III, or any other program for which the Chairperson of the National Endowment for the Humanities is responsible, of which—

"(A) not more than $100,000 shall be made available for the President's Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses; and

"(B) not to exceed $100,000 shall be made available for fiscal year 1996 from amounts received under section 307(a)(2) for official reception and representation expenses and not to exceed $50,000 shall be made available for each subsequent fiscal year from such amounts for such expenses, except that this paragraph shall

not apply to expenses associated with the award established under section 310(1).

"TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

"SEC. 201. DEFINITIONS.

''As used in this title:

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

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

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

''(2) FINAL JUDGMENT.—The term 'final judgment' means a judgment that is either—

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

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

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

"(4) OBSCENE; DETERMINED TO BE OBSCENE.—

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

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

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

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

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

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

"(6) PROJECT.—

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

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

"(i) the renovation of a facility if—

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

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

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

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

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

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

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

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

"(b) CHAIRPERSON.—

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

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

"(2) TERM.—

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

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

"(c) PARTNERSHIP GRANTS.—

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

"(2) GRANTS TO STATES.—

"(A) AUTHORITY.—Using the funds reserved under section 105(a)(1)(C), the Chairperson, acting on the recommendation of the National

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

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

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

"(ii) in carrying out activities that—

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

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

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

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

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

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

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

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

toward achieving the objectives of the State plan;

"(iv) provides—

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

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

"(v) contains—

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

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

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

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

"(D) ALLOTMENTS.—

"(i) IN GENERAL.—Of the sums available to carry out this paragraph for any fiscal year, each State that has an application approved by the Chairperson shall be allotted at least $200,000.

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

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

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

"(II) the amount of such excess for such fiscal year, if any, that remains after reserving in full for the Chairperson the amount required under subclause (I) shall be allotted so that each State that has an application ap-

proved by the Chair receives an equal amount;

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

"(E) FEDERAL SHARE.—

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

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

unavailable to the residents of the State without such portion.

"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year that is available to pay not more than 100 percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total funding provided through such grant for such fiscal year.

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

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

"(H) SPECIAL RULE.—The provisions of this paragraph (other than subparagraph (D))

shall apply to regional groups receiving grants under this paragraph in such manner, and to such extent, as the Chairperson shall by regulation prescribe.

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

"(d) NATIONAL SIGNIFICANCE GRANTS.—

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

"(2) IN GENERAL.—Using funds reserved under section 105(a)(1)(D), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups who meet the standard of artistic excellence

and artistic merit and who are engaged in or concerned with the arts, for the purpose of paying for the Federal share of the cost of—

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

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

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

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

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

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

"(II) be a project, production, or workshop that, if such a group did not receive a

grant, might otherwise be unavailable to citizens for geographic or economic reasons.

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

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

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

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

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

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

"(4) FEDERAL SHARE REQUIREMENT.—

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

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

the Federal share described in paragraph (2) shall be 16.67 percent.

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

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

"(e) DIRECT GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to make grants to groups, and individuals, that are broadly representative of the cultural heritage of the United States and broadly geographically representa-

tive, for projects, productions, and workshops of the highest artistic excellence and artistic merit.

"(2) IN GENERAL.—Using funds reserved under section 105(a)(1)(E), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to groups, or individuals who meet the standard of artistic excellence and artistic merit and who are engaged in or concerned with the arts, to pay for the Federal share of the cost of projects, productions, or workshops that meet the standard of artistic excellence and artistic merit and that fulfill the purposes of this Act.

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

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

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

year may be available for grants for the fiscal year for which the Chairperson increases the applicable Federal share.

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

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

"(1) IN GENERAL.—Using the funds reserved under section 105(a)(1)(F), the Chairperson, acting on the recommendation of the National Council on the Arts, may establish and carry out a program of grants to State arts agencies, or other local or regional groups, to pay for the Federal share of the cost of carrying out activities that—

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

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

"(C) develop arts faculty resources and talents;

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

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

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

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

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

"(2) APPLICATION.—In order to receive a grant under paragraph (1) for any fiscal year, a State arts agency, or regional or local group shall submit an application described in section 203 for such grant at such time, in such manner, and accompanied by such information, as shall be specified by the Chairperson.

"(3) FEDERAL SHARE.—The Federal share described in paragraph (1) shall be 50 percent.

"SEC. 203. APPLICATION PROCEDURES.

"(a) APPLICATION REQUIREMENT.—No grant shall be made under this title to any person unless the person submits an application to the Chairperson in accordance with regulations and procedures established by the Chairperson.

"(b) PROCEDURES.—

"(1) IN GENERAL.—

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

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

"(ii) in selecting groups as recipients of grants under section 202, the Chairperson shall give preference to artistically rural and urban underserved communities and

artists and artistic groups that have traditionally been underrepresented in the arts; and

"(iii) the projects, productions, and workshops described in the applications, and awards of grants under this title, are consistent with the objectives of section 202 and this section.

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

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

"(3) CONSTRUCTION.—The disapproval or approval by the Chairperson of an application for a

grant under this title shall not be construed to mean, and shall not be considered to be evidence that, the project, production, or workshop, for which the applicant requested a grant, is or is not obscene.

"SEC. 204. ADVISORY PANELS.

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

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

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

"(b) PROCEDURES.—

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

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

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

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

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

"(i) knowledgeable about the arts;

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

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

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

"(D) require each such panel—

"(i) to create written records summarizing—

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

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

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

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

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

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

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

"(4) PROHIBITION ON CONFLICTS OF INTEREST.—

"(A) IN GENERAL.—In making appointments to the panels, the Chairperson shall ensure

that an individual who has a pending application for a grant authorized under this title, who is an employee or agent of an organization with such a pending application, or who has a direct or indirect financial interest in any application under consideration by such a panel, does not serve as a member of any panel before which such application is pending.

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

''SEC. 205. NATIONAL COUNCIL ON THE ARTS.

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

''(b) COMPOSITION.—

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

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

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

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

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

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

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

shall be appointed so as to represent equitably geographical areas in the United States.

"(c) TERMS.—

"(1) IN GENERAL.—

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

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

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

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

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

"(2) ADJUSTMENT TO REDUCE COUNCIL.—

"(A) EXPIRATION OF TERMS.—The terms of 10 members of the Council whose terms would otherwise expire on September 3, 1996 shall be deemed to expire on January 1, 1996.

"(B) TERMS.—The President shall appoint 4 members of the Council to succeed members whose terms are deemed to expire as described in subparagraph (A). The terms of the successors shall expire on September 3, 2002.

"(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

"(e) MEETINGS AND DUTIES.—

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

"(2) DUTIES.—The Council shall—

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

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

"(i) whether to approve particular applications for grants authorized under this title that have been determined by advisory panels to have artistic excellence and artistic merit; and

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

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

"(i) the extent to which the works described in the applications fulfill the purposes of this Act;

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

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

as determined by each Council member;

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

"(E) create written records summarizing—

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

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

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

"(f) ACTIONS BY CHAIRPERSON.—

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

awarded. The Chairperson may not approve an application with respect to which the Council makes a negative recommendation.

"(2) DELEGATIONS.—In the case of an application, or amendment of an application, submitted under this title and involving $35,000 or less, or a request for change in a grant amount of 20 percent or less, the Chairperson may approve or disapprove such application, amendment, or request, if such action is taken pursuant to the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reported to the Council at the next regularly scheduled meeting of the Council. Such action by the Chairperson shall be used with discretion and shall not become a normal practice of providing funding through a grant authorized under this title. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 2 percent of the sums appropriated for the fiscal year pursuant to section 105(a)(1).

"SEC. 206. LIMITATIONS ON GRANTS.

"(a) PROHIBITION ON SUBGRANTS.—The Chairperson shall establish procedures to ensure that no funding pro-

vided through a grant under this title, except a grant made to a State or regional group, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods or services rendered.

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

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

"(d) LABOR STANDARDS.—

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

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

Labor to be the prevailing minimum compensation for persons employed in similar activities; and

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

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

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

"(e) LIMITATION ON GRANT AWARD.—

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

"(2) AGENCIES AND ORGANIZATIONS.—No group, other than a State arts agency, may receive more than 3 grant awards in a fiscal year under this title, except that this paragraph shall not apply to a group that has entered into a cooperative agreement with the Endowment to receive assistance under this title.

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

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

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

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

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

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

"(A) has filed an application for naturalization in the manner prescribed by section

334 of the Immigration and Nationality Act (8 U.S.C. 1445); and

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

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

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

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

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

"SEC. 207. ADMINISTRATIVE PROVISIONS.

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

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

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

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

"(B) to sell or otherwise dispose of such property, for purposes of carrying out the activities of the Endowment under this title;

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

"(4) to procure the temporary and intermittent services of experts and consultants, including panels of experts, and compensate the experts and consult-

ants in accordance with section 3109 of title 5, United States Code;

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

"(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.

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

"(c) COORDINATION.—The Chairperson shall coordinate the programs of the Endowment, insofar as practicable, with other Federal programs and programs undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard

to the contribution to the objectives of this title that can be made by other Federal agencies under the existing programs. The Chairperson may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.

"SEC. 208. REPORTS.

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

"(b) FINANCIAL REPORTS AND COMPLIANCE.—

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

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

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

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

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

"(B)(i) each grant recipient under this title carry out the proposal consistent with the description contained in the application, as approved by the Chairperson for funding through the grant; and

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

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

"(i) interim reports, including an annual report for each project, production, or workshop carried out under the grant during a period exceeding 1 year, describing the progress of the grant recipient in carrying out such project, production, or work-

shop and compliance by the grant recipient with the conditions of receipt of such grant;

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

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

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

"(2) REPORT REQUIREMENTS.—The Chairperson shall determine the appropriate form and timing of interim reporting described in paragraph (1)(C)(i) for a grant recipient under this title. The reports and copy described in clauses (ii), (iii), and (iv) of para-

graph (1)(C) shall be due not later than 90 days after the end of the period for which such grant recipient receives funding through the grant or 90 days after the completion of the project, production, or workshop, whichever occurs earlier. The Chairperson may extend the 90-day period if the recipient shows good cause why such an extension should be granted.

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

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

"SEC. 209. SANCTIONS AND PAYMENTS.

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

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

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

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

"(b) NONCOMPLIANCE.—

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

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

"(B) a State agency or regional group that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with the terms and conditions of the State plan accompanying the application approved for the grant under this title; or

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

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

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

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

"(c) OBSCENE WORKS.—

"(1) DETERMINATION.—If, after providing reasonable notice and opportunity for a hearing on the record, the Chairperson determines that a direct recipient of a grant under this title, or an indirect recipient of funding provided through the grant, used the funding for a project, production, or workshop that is determined to be obscene, the Chairperson shall require that until the direct recipient repays such funding (in such amount, and under such terms and conditions, as the Chairperson determines to be appropriate) to the Endowment, no subsequent funding shall be provided under this title to such recipient.

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

"(3) APPLICATION.—

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

"(B) DURATION.—This subsection shall not apply with respect to a project, production, or workshop after the expiration of the 7-year period beginning on the latest date on which a

grant is made under this title for such project, production, or workshop.

"(d) RECAPTURE.—

"(1) IN GENERAL.—A recipient of funding under this title shall pay the amount described in paragraph (2) to the Endowment if the Chairperson finds that the recipient has derived net program income in excess of the match required under the terms of the agreement from a commercially successful project, production, or workshop funded that exceeds the lesser of—

"(A) $50,000; or

"(B) twice the amount of the funding.

"(2) AMOUNT.—At the discretion of the Chairperson, the amount referred to in paragraph (1) is not less than ⅓ and not more than ½ of the amount of the net program income generated within 5 years after the end of the grant period, but not more than the amount of the funding, unless the Chairperson has reached an agreement with the grantee upon the award of a grant that the amount referred to in paragraph (1) shall exceed the amount of the grant.

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

special interest bearing account to the credit of the Endowment.

"SEC. 210. AWARDS.

"(a) NATIONAL MEDAL OF ARTS.—

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

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

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

"(4) QUALIFICATIONS.—An individual may be awarded the National Medal of Arts if at the time such award is made such individual meets the requirements of section 206(g).

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

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

"(b) AWARD FOR DISTINGUISHED LIFETIME SERVICE FOR THE ARTS.—

"(1) ESTABLISHMENT.—There is established an Award for Distinguished Lifetime Service for the Arts.

"(2) CEREMONIES.—The Chairperson shall present the award described in paragraph (1) to each of the former Chairpersons of the Endowment in conjunction with such ceremonies as the Director may determine to be appropriate to celebrate the 30th anniversary of the establishment of the Endowment.

"(3) EFFECTIVE DATE.—Paragraphs (1) and (2) shall be effective during the period beginning on the date of enactment of this section and ending on March 31, 1996.

"(c) FUNDS.—The Chairperson shall use amounts received by the National Endowment for the Arts under section 207(a)(2) to carry out this section.

"TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

"SEC. 301. DEFINITIONS.

"As used in this title:

"(1) PROJECT.—

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

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

"(i) the renovation of a facility if—

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

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

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

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

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

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

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

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

"(b) CHAIRPERSON.—

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

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

"(2) TERM.—

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

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

"(c) PARTNERSHIP GRANTS.—

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

"(2) DEFINITION.—

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

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

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

"(B) JURISDICTION.—

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

"(ii) STATE.—As used in clause (i), and notwithstanding section 3(8), the term 'State', includes, in addition to the several States of the United States, only the jurisdictions specified in such section that have a population of 200,000 or more, according to the latest decennial census.

"(3) GENERAL AUTHORITY.—Using funds reserved under section 105(b)(1)(C), the Chairperson, acting on the recommendation of the National Council on the Humanities, is authorized, in accordance with the provisions of this subsection, to establish and

carry out a program of grants to assist State entities—

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

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

"(4) GRANTS THROUGH STATE AGENCIES.—

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

"(B) APPLICATION AND STATE PLAN.—In any State that designates or provides for the es-

tablishment of a State agency as described in subparagraph (A), the chief executive officer of the State shall submit, before the beginning of each fiscal year, an application for a grant and accompany such application with a State plan that the Chairperson finds—

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

"(ii) provides that the chief executive officer of the State will appoint new members to the State humanities council designated or established under subparagraph (A), as vacancies occur as a result of the expiration of the terms of members of such council, until the chief executive officer has appointed all of the members of such council;

"(iii) provides for the expenditure, from State funds, of an amount equal to 50 percent of the portion of the funding received by such State through a grant made under paragraph (6)(A) (relating to the minimum State allotment), or 25 percent of the total amount of funding received by such State through grants made under this

subsection, whichever is greater, for the fiscal year involved (except as otherwise provided in paragraph (7));

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

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

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

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

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

"(vii) provides—

"(I) an assurance that the State agency has held, after reasonable notice, public meetings in the State to allow 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) for the most recent preceding year for which information is available, a description of the level of participation by scholars and scholarly organizations in activities supported by funding from the State agency under this subsection and a description of the extent to which the activities supported by funding from the State agency under this subsection were available to all people and communities in the State; and

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

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

"(5) GRANTS TO APPROPRIATE ENTITIES.—

"(A) DESIGNATION.—In any State in which the chief executive officer of the State fails to submit an application under paragraph (4)(B) for a fiscal year, the Chairperson may make grants under paragraph (3) to an appropriate entity in the State, and each such entity shall establish a procedure that ensures that 8 members of the governing body of such entity shall be appointed by an appropriate officer or agency of such State, except that in no event may the number

of such members exceed ⅓ of the total membership of such governing body. The officer or agency shall select the members from among individuals who have knowledge of or experience in the humanities.

"(B) APPLICATION AND PLAN.—If a State fails to submit an application under paragraph (4)(B) for a fiscal year, any appropriate entity in the State desiring to receive a grant under this subsection for the fiscal year shall submit an application for such grant at such time and in such manner as shall be specified by the Chairperson, and accompany such application with a State plan that the Chairperson finds—

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

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

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

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

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

"(iv) provides for a nomination process that ensures opportunities for nomination to membership in the governing body from various groups in such State and from a variety of segments of the population of such State, including individuals who by reason of their achievement, scholarship, or creativity in the humanities, are especially qualified to serve as members of the body;

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

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

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

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

"(ix) provides—

"(I) an assurance that the entity has held, after reasonable notice, public meetings in the State to allow 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 entity to such recommendations; and

"(x) contains—

"(I) for the most recent preceding year for which information is available, a description of the level of par-

ticipation by scholars and scholarly organizations in activities supported by funding from the entity under this subsection, and a description of the extent to which activities supported by funding from the entity under this subsection were available to all people and communities in the State; and

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

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

"(6) ALLOTMENTS.—

"(A) IN GENERAL.—Of the sums available to carry out this subsection for any fiscal year,

each State entity shall be allotted at least $200,000.

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

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

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

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

"(iii) the remainder of the amount of such excess for such fiscal year shall be allotted so that each State entity receives an amount that bears the same ratio to such

remainder as the population of the State for which the application is approved bears to the population of all the States.

"(7) LIMITATIONS.—

"(A) FEDERAL SHARE.—

"(i) IN GENERAL.—Funding provided through a grant made under this subsection to a State entity for any fiscal year shall be available to each State entity that has an application approved by the Chairperson, and has the State plan accompanying the application in effect on the first day of such fiscal year, to pay not more than 50 percent of the total cost of carrying out any activity described in paragraph (3).

"(ii) EXCESS PORTION.—Except as provided in clause (iii), the portion of the funding provided through any grant made under paragraph (6)(A) to a State entity for any fiscal year that exceeds $125,000 shall be available, at the discretion of the Chairperson, to pay not more than 100 percent of such cost of carrying out an activity under this subsection if such activity would

be unavailable to the residents of the State without such portion.

"(iii) PERCENTAGE OF GRANT FUNDS.—The portion of the funding described in clause (ii) for any fiscal year that is available to pay not more than 100 percent of such cost, as described in clause (ii), shall not exceed 20 percent of the total of the funding provided through such grant for such fiscal year.

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

"(8) UNOBLIGATED FUNDS.—Any amount allotted to a State entity under paragraph (6) for any fiscal year that is not obligated by the State entity earlier than 60 days prior to the end of the fiscal year for which the amount is appropriated shall be available for making grants under subsection (d) and (e).

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

"(d) NATIONAL GRANTS.—

"(1) PURPOSE.—The purpose of this subsection is to provide support for grants to groups, individuals, and State agencies or entities to carry out activities relating to education and the public humanities that have a national audience and are of national significance, such as activities relating to postsecondary education in the humanities, media projects, projects in museums and by historical organizations, projects in libraries and archives, public humanities projects, endowment building, and technology activities.

"(2) GENERAL AUTHORITY.—Using funds reserved under section 105(b)(1)(D), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, or in appropriate cases individuals, which or who meet the standard of excellence in the humanities and significance in the humanities, or State agencies or entities, to pay for the Federal share of the cost of activities to—

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

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

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

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

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

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

"(G) enable groups and institutions to increase the levels of continuing support and to increase the range of contributors to the program of such organizations or institutions;

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

"(I) enable groups and institutions to increase audience participation in, and apprecia-

tion of, programs sponsored by such organizations and institutions;

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

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

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

"(3) FEDERAL SHARE REQUIREMENT.—

"(A) IN GENERAL.—With respect to the total cost of all activities funded under paragraph (2), the Federal share shall be 50 percent.

"(B) SPECIAL RULE.—With respect to each of the activities described in paragraph (2), the Chairperson shall determine the portion of the Federal share to be provided to a group or an individual described in paragraph (2).

"(C) ADJUSTMENT.—Notwithstanding subparagraph (B), with respect to an activity described in paragraph (2)(J), the portion of the Federal share of the cost of such activity shall be 25 percent.

"(e) RESEARCH AND SCHOLARSHIP GRANTS.—

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

"(2) GENERAL AUTHORITY.—Using funds reserved under section 105(b)(1)(E), the Chairperson, acting on the recommendation of the National Council on the Humanities, may establish and carry out a program of grants to groups, individuals, State agencies, and State entities for the purpose of paying for the Federal share of the cost of—

"(A) initiating and supporting (including supporting through fellowships) training, workshops, programs, research, and publications, in

the humanities, that have substantial scholarly and cultural significance and that reach or reflect the cultural heritage of the United States;

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

"(C) enabling groups and institutions to increase the levels of continuing support and to increase the range of contributors to the program of such group or institutions;

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

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

"(3) TRAINING; WORKSHOPS; RESEARCH.—A fellowship awarded to an individual under paragraph (2)(A) may be used for the purpose of supporting study or research at an appropriate nonprofit institu-

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

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

"(5) FEDERAL SHARE.—

"(A) IN GENERAL.—With respect to the total cost of all activities funded under paragraph (2), the Federal share shall be 50 percent.

"(B) SPECIAL RULE.—With respect to each of the activities described in paragraph (2), the Chairperson shall determine the portion of the Federal share to be provided to a group or individual described in paragraph (2).

"(C) ADJUSTMENT.—Notwithstanding subparagraph (B), with respect to an activity described in paragraph (2)(E), the portion of the

Federal share of the cost of such activity shall be 25 percent.

"SEC. 303. APPLICATION PROCEDURES.

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

"SEC. 304. REVIEW PANELS.

''The Chairperson may select panels of experts under section 307(a)(4) to review and make recommendations with respect to the approval of applications for grants authorized under this title. In selecting the panels, the Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse humanistic perspectives and geographic factors, and who broadly represent cultural diversity.

"SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.

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

''(b) COMPOSITION.—

''(1) IN GENERAL.—The Council shall be composed of the Chairperson of the Endowment, who shall be the Chairperson of the Council, and 20 other mem-

bers appointed by the President, by and with the advice and consent of the Senate, who shall be selected—

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

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

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

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

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

"(2) QUALIFICATIONS.—The President may, in making such appointments, give consideration to such recommendations as may, from time to time, be submitted to the President by leading national organizations in the major humanities fields. In making such appointments, the President shall give due regard to equitable representation of women, racially and ethnically diverse individuals, and individuals with disabilities, who are involved in the humanities. Mem-

bers of the Council shall be appointed so as to represent equitably geographical areas in the United States.

"(c) TERMS.—

"(1) IN GENERAL.—

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

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

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

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

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

"(2) ADJUSTMENT TO REDUCE COUNCIL.—

"(A) EXPIRATION OF TERMS.—The terms of—

"(i) 8 members of the Council whose terms would otherwise expire on January 26, 1996; and

"(ii) 1 member of the Council whose term expired on November 30, 1995;

shall be deemed to expire on January 1, 1996.

"(B) TERMS.—The President shall appoint 3 members of the Council to succeed members whose terms are deemed to expire as described in subparagraph (A). The terms of the successors shall expire on September 3, 2002.

"(d) COMPENSATION.—Members of the Council shall receive compensation at a rate to be fixed by the Chairperson but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, and be allowed travel expenses including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

"(e) MEETINGS AND DUTIES.—

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

"(2) DUTIES.—The Council shall—

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

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

"(f) ACTIONS BY CHAIRPERSON.—

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

"(2) DELEGATIONS.—In the case of an application submitted under this title and involving $35,000 or less, the Chairperson may approve or disapprove such application if such action is taken pursuant to

the terms of an express and direct delegation of authority from the Council to the Chairperson, and if each such action by the Chairperson is reviewed by the Council. The terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year that exceed an amount equal to 3 percent of the sums appropriated for the fiscal year pursuant to section 105(b)(1).

"SEC. 306. LIMITATIONS ON GRANTS.

"(a) CRITERIA FOR ELIGIBILITY FOR GRANTS.—

"(1) DEFINITIONS.—As used in this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

"SEC. 307. ADMINISTRATIVE PROVISIONS.

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

"(1) to prescribe such regulations and procedures as the Chairperson determines to be necessary govern-

ing the manner in which the functions of the Chairperson shall be carried out;

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

''(B) to sell or otherwise dispose of such property, for purposes of carrying out the activities of the Endowment under this title;

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

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

''(5) to accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence,

in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service;

''(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.

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

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

tivities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated to carry out this title to pay for the costs of such promotion or assistance.

"SEC. 308. REPORTS.

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

"(b) FINANCIAL REPORTS AND COMPLIANCE.—

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

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

"(B) a report describing the activity carried out with the funding provided through the grant and the compliance by the grant recipient with the conditions of receipt of such grant, including the condition that the work assisted meet the standards of excellence in humanities and significance in the humanities; and

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

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

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

"(d) ANNUAL REPORT OF NATIONAL COUNCIL ON THE HUMANITIES.—

"(1) IN GENERAL.—The National Council on the Humanities may submit an annual report to the President for submission to the appropriate committees of Congress on or before the 15th day of April of each year.

"(2) CONTENTS.—The report shall include written records summarizing—

"(A) all meetings and discussions of the Council; and

"(B) recommendations made by the Council to the Chairperson.

"(3) PRIVACY.—The Council shall ensure that the information contained in the report will be presented in a manner that protects the privacy of individual applicants for grants authorized under this title and Council members.

"SEC. 309. SANCTIONS AND PAYMENTS.

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

"(1) for purposes of determining whether to make any subsequent funding to the direct or indirect recipient under this title, take into consideration the results of the post-award evaluation conducted under section 308(c);

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

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

"(b) NONCOMPLIANCE.—

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

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

"(B) a State agency that received a grant under this title, or an indirect recipient of funding provided through the grant, is not complying substantially with terms and conditions of the State plan accompanying the application approved for the grant under this title; or

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

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

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

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

"(c) RECAPTURE.—

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

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

"(A) $50,000; or

"(B) twice the amount of the funding.

"(2) AMOUNT.—At the discretion of the Chairperson, the amount referred to in paragraph (1) is not less ⅓ and not more than ½ of the amount of the net program income generated within 5 years after the end of the grant period, but not more than the amount of the funding, unless the Chairperson has reached an agreement with the grantee upon the award of a grant that the amount referred to in paragraph (1) shall exceed the amount of the grant.

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

"SEC. 310. AWARDS.

"The Chairperson, with the advice of the National Council on the Humanities, may make the following annual awards:

"(1) JEFFERSON LECTURE IN THE HUMANITIES AWARD.—The Chairperson may award annually the Jefferson Lecture in the Humanities Award to 1 individual for distinguished intellectual achievement in the humanities. Each such award shall not exceed $10,000.

"(2) CHARLES FRANKEL PRIZE.—The Chairperson may award annually 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 such prize shall not exceed $5,000.".

SEC. 102. CONFORMING AMENDMENTS.

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

(1) in subsection (a)—

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

(B) in paragraph (4), by striking ''except that'' and all that follows and inserting the following: ''except that—

''(A) with respect to the National Science Foundation, such term means the National Science Board; and

''(B) with respect to the National Endowment for the Arts and the National Endowment for the Humanities, the term means the Chairperson of the National Endowment for the Arts with respect to matters relating to the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities with respect to matters relating to the Chairperson of the National Endowment for the Humanities;'';

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

(3) in the first sentence of subsection (d), by inserting before the period the following: '', except as

provided in section 103 of the National Foundation on the Arts and the Humanities Act of 1965''.

TITLE II—MUSEUM AND LIBRARY SERVICES ACT

SEC. 201. MUSEUM AND LIBRARY SERVICES.

The Museum Services Act (20 U.S.C. 961 et seq.) is amended to read as follows:

''TITLE II—MUSEUM AND LIBRARY SERVICES

''Subtitle A—General Provisions

''SEC. 201. SHORT TITLE.

''This title may be cited as the 'Museum and Library Services Act'.

''SEC. 202. GENERAL DEFINITIONS.

''As used in this title:

''(1) COMMISSION.—The term 'Commission' means the National Commission on Libraries and Information Science established under section 3 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1502).

''(2) DIRECTOR.—The term 'Director' means the Director of the Institute appointed under section 204.

''(3) FOUNDATION.—The term 'Foundation' means the National Foundation on the Arts and the Humanities.

"(4) INSTITUTE.—The term 'Institute' means the Institute of Museum and Library Services established under section 203.

"(5) MUSEUM BOARD.—The term 'Museum Board' means the National Museum Services Board established under section 276.

"SEC. 203. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.

"(a) ESTABLISHMENT.—There is established within the Foundation an Institute of Museum and Library Services.

"(b) OFFICES.—The Institute shall consist of an Office of Museum Services and an Office of Library Services. There shall be a National Museum Services Board in the Office of Museum Services.

"SEC. 204. DIRECTOR OF THE INSTITUTE.

"(a) APPOINTMENT.—

"(1) IN GENERAL.—The Institute shall be headed by a Director, appointed by the President, by and with the advice and consent of the Senate.

"(2) TERM.—The Director shall serve for a term of 4 years.

"(3) QUALIFICATIONS.—Beginning with the first individual appointed to the position of Director after the date of enactment of the Arts, Humanities, and Museum Amendments of 1995, every second individ-

ual so appointed shall be appointed from among individuals who have special competence with regard to library and information services. Beginning with the second individual appointed to the position of Director after the date of enactment of the Arts, Humanities, and Museum Amendments of 1995, every second individual so appointed shall be appointed from among individuals who have special competence with regard to museum services.

''(b) COMPENSATION.—The Director shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

''(c) DUTIES AND POWERS.—The Director shall perform such duties and exercise such powers as may be prescribed by law, including—

''(1) awarding financial assistance for activities described in this title; and

''(2) using not less than 5 percent and not more than 7 percent of the funds made available under this title for each fiscal year to award financial assistance for projects that involve both—

''(A) activities relating to library and information services, as described in subtitle B, carried out in accordance with such subtitle; and

"(B) activities relating to museum services, as described in subtitle C, carried out in accordance with such subtitle.

"(d) NONDELEGATION.—The Director shall not delegate any of the functions of the Director to any person who is not directly responsible to the Director.

"(e) COORDINATION.—The Director shall ensure coordination of the policies and activities of the Institute with the policies and activities of other agencies and offices of the Federal Government having interest in and responsibilities for the improvement of museums and libraries and information services. Such agencies and offices 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, the Smithsonian Institution, and related agencies and offices.

"SEC. 205. DEPUTY DIRECTORS.

"(a) APPOINTMENT.—The Office of Library Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have a graduate degree in library science and expertise in library and information services. The Office of Museum Services shall be headed by a Deputy Director, who shall be ap-

pointed by the Director from among individuals who have expertise in museum services.

"(b) COMPENSATION.—Each such position of Deputy Director shall be a Senior Executive Service position, which shall be paid at a rate of pay for a position at ES–1 of the Senior Executive Service schedule.

"SEC. 206. PERSONNEL.

"(a) IN GENERAL.—The Director may, in accordance with applicable provisions of title 5, United States Code, appoint and determine the compensation of such employees as the Director determines to be necessary to carry out the duties of the Institute.

"(b) VOLUNTARY SERVICES.—The Director may accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

"SEC. 207. CONTRIBUTIONS.

"The Institute shall have authority to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such property or services in furtherance of the functions of the Institute. Any proceeds from such gifts, be-

quests, or devises, after acceptance by the Institute, shall be paid by the donor or the representative of the donor to the Director. The Director shall enter the proceeds in a special interest bearing account to the credit of the Institute for the purposes in each case specified.

"Subtitle B—Library Services and Technology

"SEC. 211. SHORT TITLE.

''This subtitle may be cited as the 'Library Services and Technology Act'.

"SEC. 212. STATEMENT OF PURPOSE; RECOGNITION OF NEED.

''(a) STATEMENT OF PURPOSE.—The purposes of this subtitle are as follows:

''(1) To stimulate excellence and promote equity and lifelong access to learning and information resources in all types of libraries.

''(2) To combine the ability of the Federal Government to stimulate significant improvement and innovation in library services with support at State and local levels, and with cooperative programs with other agencies and with public and private sector partnerships, to achieve national library service goals.

"(3) To establish national library service goals for the 21st century. Such goals are that every person in America will be served by a library that—

"(A) provides all users access to information through regional, State, national, and international electronic networks;

"(B) contributes to a productive workforce, and to economic development, by providing resources and services designed to meet local community needs;

"(C) provides a full range of resources and programs to develop reading and critical thinking skills for children and adults;

"(D) provides targeted services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills; and

"(E) provides adequate hours of operation, facilities, staff, collections, and electronic access to information.

"(b) RECOGNITION OF NEED.—The Congress recognizes that strong library services are essential to empower people to succeed in our Nation's increasingly global and technological environment.

"SEC. 213. DEFINITIONS.

''As used in this subtitle:

''(1) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community, including any Alaska native village, regional corporation, or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized by the Secretary of the Interior as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

''(2) LIBRARY CONSORTIA.—The term 'library consortia' means any local, statewide, regional, interstate, or international cooperative association of library entities which provides for the systematic and effective coordination of the resources of school, public, academic, and special libraries and information centers for improved services for their clientele.

''(3) LIBRARY ENTITY.—The term 'library entity' means a library that performs all activities of a library relating to the collection and organization of library materials and other information and that makes the materials and information publicly available. Such term includes State library administrative agencies and the libraries, library related entities, co-

operatives, and consortia through which library services are made publicly available.

"(4) PUBLIC LIBRARY.—The term 'public library' means a library that serves free of charge all residents of a community, district, or region, and receives its financial support in whole or in part from public funds. Such term also includes a research library, which, for the purposes of this sentence, means a library, which—

"(A) makes its services available to the public free of charge;

"(B) has extensive collections of books, manuscripts, and other materials suitable for scholarly research which are not available to the public through public libraries;

"(C) engages in the dissemination of humanistic knowledge through services to readers, fellowships, educational and cultural programs, publications of significant research, and other activities; and

"(D) is not an integral part of an institution of higher education.

"(5) STATE.—The term 'State', unless otherwise specified, includes the several States of the United States, the District of Columbia, the Commonwealth

of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(6) STATE ADVISORY COUNCIL.—The term 'State advisory council' means an advisory council established pursuant to section 252.

"(7) STATE LIBRARY ADMINISTRATIVE AGENCY.—The term 'State library administrative agency' means the official agency of a State charged by law of that State with the extension and development of public library services throughout the State, which has adequate authority under law of the State to administer the State plan in accordance with the provisions of this subtitle.

"(8) STATE PLAN.—The term 'State plan' means the document which gives assurances that the officially designated State library administrative agency has the fiscal and legal authority and capability to administer all aspects of this subtitle, provides assurances for establishing the State's policies, priorities, criteria, and procedures necessary to the implementation of all programs under this subtitle, submits copies for approval as required by regulations promul-

gated by the Director, and identifies a State's library needs and sets forth the activities to be taken toward meeting the identified needs supported with the assistance of Federal funds made available under this subtitle.

"SEC. 214. AUTHORIZATION OF APPROPRIATIONS.

"(a) AUTHORITY.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Secretary of Education—

"(A) for the purpose of awarding grants under subchapter A of chapter 2 and for related administrative expenses, $75,000,000 for fiscal year 1996, and such sums as may be necessary for each of the 4 succeeding fiscal years; and

"(B) for the purpose of awarding grants under subchapter B of chapter 2 and for related administrative expenses, $75,000,000 for fiscal year 1996, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(2) TRANSFER.—The Secretary of Education shall transfer any funds appropriated under the authority of paragraph (1) to the Director to enable the Director to carry out this subtitle.

"(b) JOINT PROJECTS.—Not less than 5 percent and not more than 7 percent of the funds appropriated under

this section for a fiscal year may be made available for projects described in section 204(c)(2) for the fiscal year.

"(c) ADMINISTRATION.—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the Federal administrative costs of carrying out this subtitle.

"CHAPTER 1—BASIC PROGRAM REQUIREMENTS

"SEC. 221. RESERVATIONS AND ALLOTMENTS.

"(a) RESERVATIONS.—From the amount appropriated under the authority of section 214(a) for any fiscal year, the Director—

"(1) shall reserve 1½ percent to award grants in accordance with section 261; and

"(2) shall reserve 8 percent to carry out a national leadership program in library science in accordance with section 262.

"(b) ALLOTMENTS.—

"(1) IN GENERAL.—From the sums appropriated under the authority of section 214(a) and not reserved under subsection (a) for any fiscal year, the Director shall allot the minimum allotment, as determined under paragraph (3), to each State. Any sums remaining after minimum allotments have been made

for such year shall be allotted in the manner set forth in paragraph (2).

"(2) REMAINDER.—From the remainder of any sums appropriated under the authority of section 214(a) that are not reserved under subsection (a) and not allotted under paragraph (1) for any fiscal year, the Director shall allot to each State an amount that bears the same relation to such remainder as the population of the State bears to the population of all the States.

"(3) MINIMUM ALLOTMENT.—

"(A) IN GENERAL.—For the purposes of this subsection, the minimum allotment shall be—

"(i) with respect to appropriations for the purposes of subchapter A of chapter 2, $200,000 for each State, except that the minimum allotment shall be $40,000 in the case of Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau; and

"(ii) with respect to appropriations for the purposes of subchapter B of chapter 2,

$200,000 for each State, except that the minimum allotment shall be $40,000 in the case of Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(B) RATABLE REDUCTIONS.—If the sums appropriated under the authority of section 214(a) and not reserved under subsection (a) for any fiscal year are insufficient to fully satisfy the aggregate of the minimum allotments for all States for that purpose for such year, each of such minimum allotments shall be reduced ratably.

"(4) DATA.—The population of each State and of all the States shall be determined by the Director on the basis of the most recent data available from the Bureau of the Census.

"SEC. 222. ADMINISTRATION AND EVALUATION.

"(a) IN GENERAL.—Not more than 5 percent of the total funds received under this subtitle for any fiscal year by a State may be used for administration.

"(b) CONSTRUCTION.—Nothing in this section shall be construed to limit spending for evaluation costs under section 251 from sources other than this subtitle.

"SEC. 223. PAYMENTS; FEDERAL SHARE; AND MAINTENANCE OF EFFORT REQUIREMENTS.

"(a) PAYMENTS.—The Director shall pay to each State library administrative agency having a State plan approved under section 224 the Federal share of the cost of the activities described in the State plan.

"(b) FEDERAL SHARE.—

"(1) IN GENERAL.—Except as provided in paragraph (3), the Federal share shall be 50 percent.

"(2) NON-FEDERAL SHARE.—The non-Federal share of payments shall be provided from non-Federal, State, or local sources.

"(3) SPECIAL RULE.—The Federal share—

"(A) for the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, shall be 66 percent; and

"(B) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, shall be 100 percent.

"(c) MAINTENANCE OF EFFORT.—

"(1) IN GENERAL.—The amount otherwise payable to a State for a fiscal year under chapter 2 shall be reduced if the level of State expenditures, as described in paragraph (2), for the previous fiscal year are less than the average of the total of such expenditures for the 3 fiscal years preceding that previous fiscal year. The amount of the reduction in allotment for any fiscal year shall be in exact proportion to the amount which the State fails to meet the requirement of this subsection.

"(2) LEVEL OF STATE EXPENDITURES.—The level of State expenditures for the purposes of paragraph (1) shall include all State dollars expended by the State library administrative agency for library programs that are consistent with the purposes of this subtitle. All funds included in the maintenance of effort calculation under this subsection shall be expended during the fiscal year for which the determination is made, and shall not include capital expenditures, special one-time project costs, or similar windfalls.

"(3) WAIVER.—The Director may waive the requirements of paragraph (1) if the Director determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a

natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

"SEC. 224. STATE PLANS.

"(a) STATE PLAN REQUIRED.—

"(1) IN GENERAL.—In order to be eligible to receive a grant under this subtitle, a State library administrative agency shall submit a State plan to the Director not later than April 1, 1996.

"(2) DURATION.—The State plan shall cover a period of 5 fiscal years.

"(3) REVISIONS.—If a State library administrative agency makes a substantive revision to its State plan, then the State library administrative agency shall submit to the Director an amendment to the State plan containing such revision not later than April 1 of the fiscal year preceding the fiscal year for which the amendment will be effective.

"(b) CONTENTS.—The State plan shall—

"(1) specify priorities for improvement of library services so that all people in the State have convenient and appropriate access to information delivered by libraries through new and emerging technologies assisted under subchapter A of chapter 2;

"(2) identify those persons who need special services under subchapter B of chapter 2 and specify pri-

orities for meeting the purpose described in section 241(a);

"(3) describe how section 243 will be implemented within the State, specify the accountability and evaluation procedures to be followed by public libraries receiving funds under such section, and specify whether and how funds are to be aggregated under section 243(b)(2) to improve library services provided to children in the State described in section 243(a)(2);

"(4) describe the activities and services for which assistance is sought, including—

"(A) priorities for the use of funds under this subtitle; and

"(B) a description of the types of libraries and library entities that will be eligible to receive funds under this subtitle;

"(5) provide that any funds paid to the State in accordance with the State plan shall be expended solely for the purposes for which the funds are authorized and appropriated and that such fiscal control and fund accounting procedures have been adopted as may be necessary to assure proper disbursement of, and account for, Federal funds paid to the State (including any such funds paid by the State to any other entity) under this subtitle;

"(6) provide procedures to ensure that the State library administrative agency shall involve libraries and users throughout the State in policy decisions regarding implementation of this subtitle, and development of the State plan, including establishing the State advisory council;

"(7) provide satisfactory assurance that the State library administrative agency—

"(A) will make such reports, in such form and containing such information, as the Director may require to carry out this subtitle and to determine the extent to which funds provided under this subtitle have been effective in carrying out the purposes of this subtitle, including reports on evaluations under section 251;

"(B) will keep such records and afford such access thereto as the Director may find necessary to assure the correctness and verification of such reports;

"(C) will provide to State advisory council members an orientation regarding the provisions of this subtitle and members' responsibilities, including clear, easily understandable information about the State plan; and

"(D) will report annually at a meeting of the State advisory council on the State library administrative agency's progress toward meeting the goals and objectives of the State plan;

"(8) describe the process for assessing the needs for library and information services within the State, and describe the results of the most recent needs assessment;

"(9) establish goals and objectives for achieving within the State the purposes of this subtitle, including the purposes in sections 212(a), 231(a), and 241(a); and

"(10) describe how the State library administrative agency, in consultation with the State advisory council, will—

"(A) administer this subtitle; and

"(B) conduct evaluations under section 251, including a description of the types of evaluation methodologies to be employed.

"(c) ACCOUNTABILITY.—Each State plan shall—

"(1) establish State-defined performance goals to set forth the level of performance to be achieved by an activity assisted under this subtitle;

"(2) express such goals in an objective, quantifiable, and measurable form unless authorized to be in

an alternative form in accordance with section 1115(b) of title 31, United States Code;

''(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources, required to meet the performance goals;

''(4) establish performance indicators in accordance with subsection (d) to be used in measuring or assessing the relevant outputs, service levels, and outcomes, of each activity assisted under this subtitle;

''(5) provide a basis for comparing actual program results with the established performance goals; and

''(6) describe the means to be used to verify and validate measured values.

''(d) PERFORMANCE INDICATORS.—Performance indicators described in subsection (c)(4) shall include—

''(1) evidence of progress toward the national library service goals under section 212(a)(3);

''(2) consultation with the State educational agency;

''(3) identification of activities suitable for nationwide replication; and

''(4) progress in improvement of library services provided to children described in section 243(a)(2).

"(e) APPROVAL.—

"(1) IN GENERAL.—The Director shall approve any State plan under this subtitle that meets the requirements of this subtitle and provides satisfactory assurances that the provisions of such plan will be carried out.

"(2) PUBLIC AVAILABILITY.—Each State library administrative agency receiving a grant under this subtitle shall make the State plan available to the public.

"(3) ADMINISTRATION.—If the Director determines that the State plan does not meet the requirements of this section, the Director shall—

"(A) immediately notify the State library administrative agency of such determination and the reasons for such determination;

"(B) offer the State library administrative agency the opportunity to revise its State plan;

"(C) provide technical assistance in order to assist the State library administrative agency to meet the requirements of this section; and

"(D) provide the State library administrative agency the opportunity for a hearing.

"CHAPTER 2—LIBRARY PROGRAMS

"Subchapter A—Information Access Through Technology

"SEC. 231. GRANTS TO STATES FOR INFORMATION ACCESS THROUGH TECHNOLOGY.

"(a) PURPOSE.—The purpose of this subchapter is to provide for the improvement of library services so that all people have access to information delivered by libraries through new and emerging technologies, whether the information originates locally, from the State, nationally, or globally.

"(b) GRANTS.—

"(1) IN GENERAL.—The Director shall award grants under this subchapter from allotments under section 221(b) to States that have State plans approved under section 224.

"(2) FEDERAL SHARE.—Grants awarded under paragraph (1) shall be used to pay the Federal share of the cost of activities under section 232 that are described in a State plan approved under section 224.

"SEC. 232. AUTHORIZED ACTIVITIES.

"Each State that receives a grant under section 231(b) may use the grant funds to provide statewide services and subgrants to public libraries, other types of libraries and library consortia, or library linkages with other entities, in

accordance with the State plan. Such services and subgrants shall involve—

"(1) organization, access, and delivery of information;

"(2) lifelong learning, and workforce and economic development; or

"(3) support of technology infrastructure.

"Subchapter B—Information Empowerment Through Special Services

"SEC. 241. GRANTS TO STATES FOR INFORMATION EMPOWERMENT THROUGH SPECIAL SERVICES.

"(a) PURPOSE.—The purpose of this subchapter is to provide for the improvement of library and information services targeted to persons of all ages and cultures who have difficulty using a library and to communities which are geographically disadvantaged in access to libraries, who or which need special materials or services, or who or which will benefit from outreach services for equity of access to library services and information technologies, including children (from birth through age 17) from families living below the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services

Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved).

''(b) GRANTS.—

''(1) IN GENERAL.—The Director shall award grants under this subchapter from allotments under section 221(b) to States that have State plans approved under section 224.

''(2) FEDERAL SHARE.—Grants awarded under paragraph (1) shall be used to pay the Federal share of the cost of the activities under section 242 that are described in a State plan approved under section 224.

''SEC. 242. AUTHORIZED ACTIVITIES.

''Each State that receives a grant under section 241(b) may use the grant funds to provide statewide services and subgrants to public libraries, other types of libraries and library consortia, or library linkages with other entities, in accordance with the State plan. Such services and subgrants shall involve activities that—

''(1) increase literacy and lifelong learning;

''(2) serve persons in rural, underserved, or inner-city areas; or

''(3) support the provision of special services.

''SEC. 243. SERVICES FOR CHILDREN IN POVERTY.

''(a) STATE LEVEL RESERVATION.—

"(1) IN GENERAL.—Except as provided in subsection (c), from the total amount that each State library administrative agency receives under this subchapter for a fiscal year, such agency shall reserve the amount of funds determined under paragraph (2) to provide assistance to public libraries in the State to enable such libraries to enhance the provision of special services to children described in such paragraph who are served by such libraries.

"(2) AMOUNT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the amount of funds a State library administrative agency shall reserve under paragraph (1) shall be equal to the sum of—

"(i) $1.50 for every preschooler (birth through age 5) in the State from a family living below the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved); and

"(ii) $1.00 for every school-age child (ages 6 through 17) in the State from such a family.

"(B) MAXIMUM.—The maximum amount that a State library administrative agency may reserve under paragraph (1) for any fiscal year shall not exceed 15 percent of the total amount such agency receives under this subchapter for such year.

"(b) WITHIN STATE DISTRIBUTION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), each public library in a State shall receive under this section for a fiscal year an amount that bears the same relation to the amount the State library administrative agency reserves under subsection (a) for such year as the number of children described in subsection (a)(2) served by such public library for the preceding fiscal year bears to the number of such children served by all public libraries in the State for such preceding fiscal year.

"(2) EXCEPTION.—

"(A) IN GENERAL.—If a State library administrative agency determines that the amount available under paragraph (1) for a fiscal year for 2 or more public libraries is too small to be

effective, then such agency may aggregate such amounts for such year.

"(B) REQUIREMENTS.—Each State library administrative agency aggregating amounts under subparagraph (A) for a fiscal year—

"(i) shall only aggregate the amount available under paragraph (1) for a public library for a fiscal year if the amount so available for such year is $3,000 or less; and

"(ii) shall use such aggregated amounts to enhance the library services provided to the children described in subsection (a)(2) served by the public libraries for which such agency aggregated such amounts for such year.

"(c) ADJUSTMENTS.—

"(1) APPROPRIATIONS INCREASE.—For any fiscal year for which the amount appropriated to carry out this subtitle is greater than the amount appropriated to carry out this subtitle for the preceding fiscal year by a percentage that equals or exceeds 10 percent, the amount each State library administrative agency shall reserve under subsection (a)(2) for the

fiscal year for which the determination is made shall be increased by the same such percentage.

"(2) APPROPRIATIONS DECREASE.—For any fiscal year for which the amount appropriated to carry out this subtitle is less than the amount appropriated to carry out this subtitle for the preceding fiscal year by a percentage that equals or exceeds 10 percent, the amount each State library administrative agency shall reserve under subsection (a)(2) for the fiscal year for which the determination is made shall be decreased by the same such percentage.

"(d) PLAN.—Each public library desiring assistance under this section shall submit a plan for the expenditure of funds under this section to the State library administrative agency. Such plan shall include a description of how the library will—

"(1) identify the children described in subsection (a)(2);

"(2) collaborate with community representatives to ensure planning and implementation of appropriate, helpful library services; and

"(3) establish indicators of success.

"(e) PRIORITIES.—Priorities for the use of funds under this section may include activities for children described in subsection (a)(2) such as—

"(1) development of after-school homework support and summer and vacation reading programs;

"(2) development of family literacy programs;

"(3) extension of branch hours to provide space and resources for homework;

"(4) development of coalitions and training programs involving libraries and other service providers in the State;

"(5) development of technological resources;

"(6) hiring specialized outreach staff; and

"(7) development of peer tutoring programs.

"CHAPTER 3—ADMINISTRATIVE PROVISIONS

"Subchapter A—State Requirements

"SEC. 251. STATE EVALUATION.

"(a) IN GENERAL.—Each State receiving a grant under this subtitle shall annually evaluate, in accordance with subsections (b) and (c), the activities assisted under subchapters A and B of chapter 2.

"(b) SUBCHAPTER A ACTIVITIES.—Each evaluation of activities assisted under subchapter A of chapter 2 shall include a description of how effective such activities are in ensuring that—

"(1) every American will have affordable access to information resources through electronic networks;

"(2) every public library will be connected to national and international electronic networks;

"(3) every State library agency will promote planning and provide support for full library participation in electronic networks;

"(4) every public librarian will possess the knowledge and skills needed to help people obtain information through electronic sources; and

"(5) every public library will be equipped with the technology needed to help people obtain information in an effective and timely manner.

"(c) SUBCHAPTER B ACTIVITIES.—

"(1) IN GENERAL.—Each evaluation of activities assisted under subchapter B of chapter 2 shall include—

"(A) with respect to activities to increase literacy and lifelong learning—

"(i) an analysis of the current situation in the State;

"(ii) how such activities will meet the needs of the current situation in the State and the target groups to be served; and

"(iii) a report of the effect of such activities in relation to the objectives of such activities;

"(B) with respect to activities to serve people in rural and urban areas—

"(i) procedures used to identify library users within a community;

"(ii) a description of needs and target groups to be served;

"(iii) an analysis of the levels of success to be targeted;

"(iv) a report of the effect of such activities in relation to the objectives of such activities; and

"(v) a description of the background of the current level of library service to people in rural and urban areas, and how such activities will extend, improve, and further provide library resources to such people;

"(C) with respect to activities to support the provision of special services—

"(i) an analysis of the current situation in the State;

"(ii) how such activities will meet the needs of the current situation in the State; and

"(iii) a report of the effect of such activities in relation to the objectives of such activities; and

"(D) with respect to activities to serve children under section 243—

"(i) an analysis of the current local situations;

"(ii) a description of such activities, including objectives and costs of such activities; and

"(iii) a report of the effect of such activities in relation to the objectives of such activities.

"(2) INFORMATION.—Each public library receiving assistance under section 243 shall submit to the State library administrative agency such information as such agency may require to meet the requirements of paragraph (1)(D).

"SEC. 252. STATE ADVISORY COUNCILS.

"(a) COUNCILS REQUIRED.—Each State desiring assistance under this subtitle shall establish a State advisory council.

"(b) COMPOSITION.—Each State advisory council shall be broadly representative of the library entities in the State, including public, school, academic, special, and institu-

tional libraries, and libraries serving individuals with disabilities.

''(c) DUTIES.—Each State advisory council shall—

''(1) consult with the State library administrative agency regarding the development of the State plan;

''(2) advise the State library administrative agency on the development of, and policy matters arising in the administration of, the State plan, including mechanisms for evaluation;

''(3) assist the State library administrative agency in—

''(A) the dissemination of information regarding activities assisted under this subtitle; and

''(B) the evaluation of activities assisted under this subtitle; and

''(4) establish bylaws to carry out such council's duties under this subsection.

''Subchapter B—Federal Requirements

''SEC. 261. SERVICES FOR INDIAN TRIBES.

''(a) GRANTS AUTHORIZED.—From amounts reserved under section 221(a)(1) for any fiscal year the Director shall award grants to organizations primarily serving and representing Indian tribes to enable such organizations to

carry out the authorized activities described in subsection (b).

''(b) AUTHORIZED ACTIVITIES.—Grant funds awarded under this section may be used for—

''(1) inservice or preservice training of Indians as library personnel;

''(2) the purchase of library materials;

''(3) the conduct of special library programs for Indians;

''(4) salaries of library personnel;

''(5) transportation to enable Indians to have access to library services;

''(6) dissemination of information about library services;

''(7) assessment of tribal library needs; and

''(8) contracts to provide public library services to Indians living on or near reservations or to accomplish any activities described in paragraphs (1) through (7).

''(c) PROHIBITION.—No funds shall be awarded pursuant to this section unless such funds will be administered by a librarian.

''(d) DUPLICATION.—In awarding grants under this section, the Director shall take such actions as may be necessary to prevent the grant funds provided under this sec-

tion from being received by any 2 or more entities to serve the same population.

"(e) MAINTENANCE OF EFFORT.—Each organization that receives a grant under this section and supports a public library system shall continue to expend from Federal, State, and local sources an amount not less than the amount expended by such organization from such sources for public library services during the second fiscal year preceding the fiscal year for which the determination is made.

"(f) CONSTRUCTION.—Nothing in this section shall be construed to prohibit the dissemination of restricted collections of tribal cultural materials with funds made available under this section.

"(g) APPLICATION.—

"(1) IN GENERAL.—Any organization which desires to receive a grant under this section shall submit an application to the Director that—

"(A) describes the activities and services for which assistance is sought; and

"(B) contains such information as the Director may require by regulation.

"(2) CRITERIA.—The Director shall issue criteria for the approval of applications under this section, but such criteria shall not include—

"(A) an allotment formula; or

"(B) a matching of funds requirement.

"SEC. 262. NATIONAL LEADERSHIP PROGRAM.

"(a) IN GENERAL.—From the amounts reserved under section 221(a)(2) for any fiscal year the Director shall establish and carry out a program of national leadership and evaluation activities to enhance the quality of library services nationwide. Such activities may include—

"(1) education and training of persons in library and information science, particularly in areas of new technology and other critical needs, including graduate fellowships, traineeships, institutes, or other programs;

"(2) research and demonstration projects related to the improvement of libraries, education in library and information science, enhancement of library services through effective and efficient use of new technologies, and dissemination of information derived from such projects; and

"(3) preservation or digitization of library materials and resources, giving priority to projects emphasizing coordination, avoidance of duplication, and access by researchers beyond the institution or library entity undertaking the project.

"(b) GRANTS OR CONTRACTS.—

"(1) IN GENERAL.—The Director may carry out the activities described in subsection (a) by awarding grants to, or entering into contracts with, library entities, agencies, or institutions of higher education.

"(2) COMPETITIVE BASIS.—Grants and contracts described in paragraph (1) shall be awarded on a competitive basis.

"(c) SPECIAL RULE.—The Director, with policy advice from the Museum Board shall make every effort to ensure that activities assisted under this section are administered by appropriate library and information services professionals or experts and science professionals or experts.

"SEC. 263. STATE AND LOCAL INITIATIVES.

"Nothing in this subtitle shall be construed to interfere with State and local initiatives and responsibility in the conduct of library services. The administration of libraries, the selection of personnel and library books and materials, and insofar as consistent with the purposes of this subtitle, the determination of the best uses of the funds provided under this subtitle, shall be reserved to the States and their local subdivisions.

"Subtitle C—Museum Services

"SEC. 271. PURPOSE.

"It is the purpose of this subtitle—

"(1) to encourage and assist museums in their educational role, in conjunction with formal systems of elementary, secondary, and postsecondary education and with programs of nonformal education for all age groups;

"(2) to assist museums in modernizing their methods and facilities so that the museums may be better able to conserve the cultural, historic, and scientific heritage of the United States; and

"(3) to ease the financial burden borne by museums as a result of their increasing use by the public.

"SEC. 272. DEFINITIONS.

"As used in this subtitle, the term 'museum' means a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or aesthetic purposes, that utilizes a professional staff, owns or utilizes tangible objects, cares for the tangible objects, and exhibits the tangible objects to the public on a regular basis.

"SEC. 273. MUSEUM SERVICES ACTIVITIES.

"(a) GRANTS.—The Director, subject to the policy direction of the Museum Board, may make grants to museums to pay for the Federal share of the cost of increasing and improving museum services, through such activities as—

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

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

"(3) assisting museums in meeting their administrative costs in preserving and maintaining their collections, exhibiting the collections to the public, and providing educational programs to the public through the use of the collections;

"(4) assisting museums in cooperating with each other in developing traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

"(5) assisting museums 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) CONTRACTS AND COOPERATIVE AGREEMENTS.—

"(1) PROJECTS TO STRENGTHEN MUSEUM SERVICES.—The Director, subject to the policy direction of

the Museum Board, is authorized to enter into contracts and cooperative agreements with appropriate entities to pay for the Federal share of enabling the entities 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) LIMITATION ON AMOUNT.—The aggregate amount of financial assistance made available under this subsection for a fiscal year shall not exceed 15 percent of the amount appropriated under this subtitle for such fiscal year.

"(3) OPERATIONAL EXPENSES.—No financial assistance may be provided under this subsection to pay for operational expenses.

"(c) FEDERAL SHARE.—

"(1) 50 PERCENT.—Except as provided in paragraph (2), the Federal share described in subsections (a) and (b) shall be not more than 50 percent.

"(2) 100 PERCENT.—The Director may use not more than 20 percent of the funds made available under this section for a fiscal year to make grants under subsection (a), or enter into contracts or agree-

ments under subsection (b), for which the Federal share may be 100 percent.

"(d) REVIEW AND EVALUATION.—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. 274. ASSESSMENTS.

"(a) IN GENERAL.—The Director, subject to the policy direction of the Museum Board and in consultation with appropriate representatives of museums and other types of community institutions, agencies, and organizations, shall undertake an assessment of the collaborative possibilities museums can engage in to serve the public more broadly and effectively.

"(b) CONTENTS.—The assessment shall include—

"(1) an investigation of opportunities to establish collaborative programs between museums within a community, including an investigation of the role that larger institutions can play as mentors to smaller institutions;

''(2) an investigation of opportunities to establish collaborative programs between museums and community organizations;

''(3) an investigation of the potential for collaboration between museums on technology issues to reach a broader audience; and

''(4) an investigation of opportunities for museums to work with each other and with other community resources to serve the public better and to coordinate professional and financial development activities.

''(c) LIMITATION.—This section shall not apply in any fiscal year for which the amount appropriated under section 277(a) is less than $28,700,000.

''SEC. 275. AWARD.

''The Director, with the advice of the Museum Board, may annually award a National Award for Museum Service to outstanding museums that have made significant contributions in service to their communities.

''SEC. 276. NATIONAL MUSEUM SERVICES BOARD.

''(a) ESTABLISHMENT.—There is established in the Institute a National Museum Services Board.

''(b) COMPOSITION AND QUALIFICATIONS.—

''(1) COMPOSITION.—The Museum Board shall consist of the Director and 14 members appointed by

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

"(2) QUALIFICATIONS.—The appointive members of the Museum Board shall be selected from among citizens of the United States—

"(A) who are members of the general public;

"(B) who are or have been affiliated with—

"(i) resources that, collectively, are broadly representative of the curatorial, conservation, educational, and cultural resources of the United States; and

"(ii) museums that, collectively, are broadly representative of various types of museums, including museums relating to science, history, technology, and art, zoos, and botanical gardens; and

"(C) who are recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

"(3) GEOGRAPHIC AND OTHER REPRESENTATION.—Members of the Museum Board shall be appointed to reflect persons from various geographic regions of the United States. The Museum Board may not include, at any time, more than 3 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 with museums.

"(c) TERMS.—

"(1) IN GENERAL.—Each appointive member of the Museum Board shall serve for a term of 5 years, except that—

"(A) of the members first appointed, 3 shall serve for terms of 5 years, 3 shall serve for terms of 4 years, 3 shall serve for terms of 3 years, 3 shall serve for terms of 2 years, and 2 shall serve for terms of 1 year, as designated by the President at the time of nomination for appointment; and

"(B) any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

"(2) REAPPOINTMENT.—No member of the Museum Board who has been a member for more than 7 consecutive years shall be eligible for reappointment.

"(3) SERVICE UNTIL SUCCESSOR TAKES OFFICE.—Notwithstanding any other provision of this subsection, a member shall serve after the expiration

of the term of the member until the successor to the member takes office.

"(d) DUTIES AND POWERS.—The Museum Board shall have the responsibility for general policies with respect to the duties, powers, and authorities vested in the Institute relating to museum services, including general policies with respect to—

"(1) financial assistance awarded under this title for museum services;

"(2) projects described in section 204(c)(2); and

"(3) measures to ensure that the policies and activities of the Institute for Museum and Library Services are coordinated with other activities of the Federal Government.

"(e) CHAIRPERSON.—The President shall designate 1 of the appointive members of the Museum Board as Chairperson of the Museum Board.

"(f) MEETINGS.—

"(1) IN GENERAL.—The Museum Board shall meet—

"(A) not less than 3 times each year, including—

"(i) not less than 2 times each year separately; and

"(ii) not less than 1 time each year in a joint meeting with the Commission, convened for purposes of making general policies with respect to financial assistance for projects described in section 204(c)(2); and

"(B) at the call of the Director.

"(2) VOTE.—All decisions by the Museum Board with respect to the exercise of the duties and powers of the Museum Board shall be made by a majority vote of the members of the Museum Board who are present. All decisions by the Commission and the Museum Board with respect to the policies described in paragraph (1)(A)(ii) shall be made by a ⅔ majority vote of the total number of the members of the Commission and the Museum Board who are present.

"(g) QUORUM.—A majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official meetings of the Museum Board, but a lesser number of members may hold hearings. A majority of the members of the Commission and a majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the Museum Board.

"(h) COMPENSATION AND TRAVEL EXPENSES.—

"(1) COMPENSATION.—Each member of the Museum Board who is not an officer or employee of the Federal Government shall be compensated at a rate to be fixed by the President, but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Museum Board. All members of the Museum Board who are officers or employees of the Federal Government shall serve without compensation in addition to compensation received for their services as officers or employees of the Federal Government.

"(2) TRAVEL EXPENSES.—The members of the Museum Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

"(i) COORDINATION.—The Museum Board, with the advice of the Director, shall take steps to ensure that the policies and activities of the Institute are coordinated with other activities of the Federal Government.

"SEC. 277. AUTHORIZATION OF APPROPRIATIONS.

"(a) GRANTS.—For the purpose of carrying out this subtitle, there are authorized to be appropriated to the Director $28,700,000 for the fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.

"(b) ADMINISTRATION.—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the administrative costs of carrying out this subtitle.

"(c) JOINT PROJECTS.—Not less than 5 percent and not more than 7 percent of the funds appropriated under this section for a fiscal year may be made available for projects described in section 204(c)(2) for the fiscal year.

"(d) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation until expended.".

SEC. 202. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE.

(a) FUNCTIONS.—Section 5 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1504) is amended—

(1) by redesignating subsections (b) through (d) as subsections (d) through (f), respectively; and

(2) by inserting after subsection (a) the following:

"(b) The Commission shall have the responsibility to advise the Director of the Institute of Museum and Library Services on general policies with respect to the duties and powers vested in the Institute of Museum and Library Services relating to library services, including—

"(1) general policies with respect to—

"(A) financial assistance awarded under the Museum and Library Services Act for library services; and

"(B) projects described in section 204(c)(2) of such Act; and

"(2) measures to ensure that the policies and activities of the Institute of Museum and Library Services are coordinated with other activities of the Federal Government.

"(c)(1) The Commission shall meet not less than 1 time each year in a joint meeting with the National Museum Services Board, convened for purposes of providing advice on general policy with respect to financial assistance for projects described in section 204(c)(2) of such Act.

"(2) All decisions by the Commission and the National Museum Services Board with respect to the advice on general policy described in paragraph (1) shall be made by a ⅔ majority vote of the total number of the members of

the Commission and the National Museum Services Board who are present.

''(3) A majority of the members of the Commission and a majority of the members of the National Museum Services Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the National Museum Services Board.''.

(b) MEMBERSHIP.—Section 6 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1505) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking ''Librarian of Congress'' and inserting ''Librarian of Congress, the Director of the Institute of Museum and Library Services (who shall serve as an ex officio, nonvoting member),'';

(B) in the second sentence—

(i) by striking ''special competence or interest in'' and inserting ''special competence in or knowledge of; and

(ii) by inserting before the period the following: ''and at least one other of whom shall be knowledgeable with respect to the library and information service and science needs of the elderly'';

(C) in the third sentence, by inserting ''appointive'' before ''members''; and

(D) in the last sentence, by striking ''term and at least'' and all that follows and inserting ''term.''; and

(2) in subsection (b), by striking ''the rate specified'' and all that follows through ''and while'' and inserting ''the daily equivalent of the maximum rate authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including traveltime) during which the members are engaged in the business of the Commission. While''.

SEC. 203. TRANSFER OF FUNCTIONS FROM INSTITUTE OF MUSEUM SERVICES.

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term ''Federal agency'' has the meaning given to the term ''agency'' by section 551(1) of title 5, United States Code;

(2) the term ''function'' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term ''office'' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—There are transferred to the Institute of Museum and Library Services established under section 203 of the Museum and Library Services Act all functions that the Director of the Institute of Museum Services exercised before the date of enactment of this section (including all related functions of any officer or employee of the Institute of Museum Services).

(c) DETERMINATIONS OF CERTAIN FUNCTIONS BY THE OFFICE OF MANAGEMENT AND BUDGET.—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under subsection (b).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the Director of the Institute of Museum and Library Services may delegate any of the functions transferred to the Director of the Institute of Museum and Library Services by this section and any function transferred or granted to such Director of the Institute of Museum and Library Services after the effective date of this section to such officers and employees of the Institute of Museum and Library Services as the Director of the Institute of Museum

and Library Services may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the Director of the Institute of Museum and Library Services under this section or under any other provision of this section shall relieve such Director of the Institute of Museum and Library Services of responsibility for the administration of such functions.

(e) REORGANIZATION.—The Director of the Institute of Museum and Library Services may allocate or reallocate any function transferred under subsection (b) among the officers of the Institute of Museum and Library Services, and may establish, consolidate, alter, or discontinue such organizational entities in the Institute of Museum and Library Services as may be necessary or appropriate.

(f) RULES.—The Director of the Institute of Museum and Library Services may prescribe, in accordance with chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Director of the Institute of Museum and Library Services determines to be necessary or appropriate to administer and manage the functions of the Institute of Museum and Library Services.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—Except as otherwise provided in this section, the personnel employed in connection with, and the

assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the Institute of Museum and Library Services. Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the purposes of this section.

(i) EFFECT ON PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided by this section, the transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employee to be separated or reduced in grade or compensation for 1 year after the date of transfer of such employee under this section.

(2) EXECUTIVE SCHEDULE POSITIONS.—Except as otherwise provided in this section, any person who, on the day preceding the effective date of this section, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Institute of Museum and Library Services to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.

(j) SAVINGS PROVISIONS.—

(1) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that were in effect before the effective date of this section, or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the Director of the Institute of Museum and Library Services or other authorized official, a court of competent jurisdiction, or by operation of law.

(2) PROCEEDINGS NOT AFFECTED.—This section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance

pending before the Institute of Museum Services on the effective date of this section, with respect to functions transferred by this section. Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to the orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this paragraph shall be construed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(3) SUITS NOT AFFECTED.—This section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(4) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the

Institute of Museum Services, or by or against any individual in the official capacity of such individual as an officer of the Institute of Museum Services, shall abate by reason of the enactment of this section.

(5) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Institute of Museum Services relating to a function transferred under this section may be continued by the Institute of Museum and Library Services with the same effect as if this section had not been enacted.

(k) TRANSITION.—The Director of the Institute of Museum and Library Services may utilize—

(1) the services of such officers, employees, and other personnel of the Institute of Museum Services with respect to functions transferred to the Institute of Museum and Library Services by this section; and

(2) funds appropriated to such functions for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Director of the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Director of the Institute of Museum and Library Services; and

(2) the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Institute of Museum and Library Services.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Director of the Institute of Museum and Library Services shall prepare and submit to the appropriate committees of Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the effective date of this section, the Director of the Institute of Museum and Library Services shall submit to the appropriate committees of Congress the recommended legislation referred to under paragraph (1).

SEC. 204. SERVICE OF INDIVIDUALS SERVING ON DATE OF ENACTMENT.

Notwithstanding section 204 of the Museum and Library Services Act, the individual who was appointed to the position of Director of the Institute of Museum Services under section 205 of the Museum Services Act (as such section was in effect on the day before the date of enactment of this Act) and who is serving in such position on the day before the date of enactment of this Act shall serve as the first Director of the Institute of Museum and Library Services under section 204 of the Museum and Library Services Act (as added by section 201 of this Act), and shall serve at the pleasure of the President.

SEC. 205. CONSIDERATION.

Consistent with title 5, United States Code, in appointing employees of the Office of Library Services, the Director of the Institute of Museum and Library Services shall give strong consideration to individuals with experience in administering State-based and national library and information services programs.

SEC. 206. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.

(a) REPEALS.—

(1) LIBRARY SERVICES AND CONSTRUCTION ACT.—The Library Services and Construction Act (20 U.S.C. 351 et seq.) is repealed.

(2) HIGHER EDUCATION ACT OF 1965.—Title II of the Higher Education Act of 1965 (20 U.S.C. 1021 et seq.) is repealed.

(b) REFERENCES TO LIBRARY SERVICES AND CONSTRUCTION ACT.—

(1) OMNIBUS EDUCATION RECONCILIATION ACT OF 1981.—Section 528 of the Omnibus Education Reconciliation Act of 1981 (20 U.S.C. 3489) is amended—

(A) by striking paragraph (12); and

(B) by redesignating paragraphs (13) through (15) as paragraphs (12) through (14), respectively.

(2) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—Section 3113(10) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6813(10)) is amended by striking ''section 3 of the Library Services and Construction Act'' and inserting ''section 213(7) of the Library Services and Technology Act''.

(3) COMMUNITY IMPROVEMENT VOLUNTEER ACT OF 1994.—Section 7305 of the Community Improvement Volunteer Act of 1994 (40 U.S.C. 276d–3) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

(4) APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking ''Library Services and Construction Act;''.

(5) DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966.—Section 208(2) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3338(2)) is amended by striking ''title II of the Library Services and Construction Act;''.

(6) PUBLIC LAW 87–688.—Subsection (c) of the first section of the Act entitled ''An Act to extend the application of certain laws to American Samoa'', approved September 25, 1962 (48 U.S.C. 1666(c)) is amended by striking ''the Library Services Act (70 Stat. 293; 20 U.S.C. 351 et seq.),''.

(c) REFERENCES TO INSTITUTE OF MUSEUM SERVICES.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking the following:

''Director of the Institute of Museum Services.''
and inserting the following:

''Director of the Institute of Museum and Library Services.''.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—Section 301 of the Department of Education Organization Act (20 U.S.C. 3441) is amended—

(A) in subsection (a)—

(i) by striking paragraph (5); and

(ii) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(B) in subsection (b)—

(i) by striking paragraph (4); and

(ii) by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.

(3) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(A) Sections 2101(b), 2205(c)(1)(D), 2208(d)(1)(H)(v), and 2209(b)(1)(C)(vi), and subsections (d)(6) and (e)(2) of section 10401 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6621(b), 6645(c)(1)(D), 6648(d)(1)(H)(v), 6649(b)(1)(C)(vi), and 8091

(d)(6) and (e)(2)) are amended by striking ''the Institute of Museum Services'' and inserting ''the Institute of Museum and Library Services''.

(B) Section 10412(b) of such Act (20 U.S.C. 8102(b)) is amended—

(i) in paragraph (2), by striking ''the Chairman of the National Endowment for the Humanities, the Chairman of the National Endowment for the Arts, and the Director of the Institute of Museum Services,'' and inserting ''the Chairperson of the National Endowment for the Humanities, the Chairperson of the National Endowment for the Arts, and the Director of the Institute of Museum and Library Services,''; and

(ii) in paragraph (7), by striking ''the Chairman of the National Endowment for the Humanities, the Chairman of the National Endowment for the Arts and the Director of the Institute of Museum Services,'' and inserting ''the Chairperson of the National Endowment for the Humanities, the Chairperson of the National Endowment for the Arts, and the Director of the Institute of Museum and Library Services,''.

(C) Section 10414(a)(2)(B) of such Act (20 U.S.C. 8104(a)(2)(B)) is amended by striking clause (iii) and inserting the following new clause:

''(iii) the Institute of Museum and Library Services.''.

(d) REFERENCES TO HIGHER EDUCATION ACT OF 1965.—

(1) HIGHER EDUCATION ACT OF 1965.—Paragraph (2) of section 356(b) of the Higher Education Act of 1965 (20 U.S.C. 1069b(b)) is amended by striking ''II,''.

(2) HIGHER EDUCATION AMENDMENTS OF 1986.—Part D of title XIII of the Higher Education Amendments of 1986 (20 U.S.C. 1029 note) is repealed.

(e) REFERENCES TO OFFICE OF LIBRARIES AND LEARNING RESOURCES.—

(1) EDUCATION AMENDMENTS OF 1974.—Section 519 of the Education Amendments of 1974 (20 U.S.C. 1221i) is repealed.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—Section 413(b)(1) of the Department of Education Organization Act (20 U.S.C. 3473(b)(1)) is amended—

(A) by striking subparagraph (H); and

(B) by redesignating subparagraphs (I) through (M) as subparagraphs (H) through (L), respectively.

TITLE III—ARTS AND ARTIFACTS INDEMNITY ACT

SEC. 301. ARTS AND ARTIFACTS.

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

"SECTION 1. SHORT TITLE.

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

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

''The Chairperson of the National Endowment for the Arts (referred to in this title as the 'Chairperson') may enter into agreements to indemnify against loss or damage such items as may be eligible for such indemnity agreements under section 3—

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

''(2) on such terms and conditions as the Chairperson shall prescribe, by regulation, in order to achieve the objectives of this Act and, consistent with

such objectives, to protect the financial interest of the United States.

"SEC. 3. ELIGIBLE ITEMS.

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

"(1) that are—

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

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

"(C) other artifacts or objects; or

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

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

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

"(b) ITEMS ON EXHIBITION.—

"(1) SCOPE.—An indemnity agreement made under this Act shall cover eligible items while on exhibition, generally when the items are part of an ex-

change of exhibitions. An item described in subsection (a) that is part of an exhibition that originates either in the United States or outside the United States and that is touring the United States shall be considered to be an eligible item.

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

"SEC. 4. APPLICATIONS.

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

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

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

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

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

"(c) APPROVAL.—On receipt of an application under this section, the Chairperson shall review the application as described in section 5 and, if the Chairperson agrees with the estimated value described in the application and if such application conforms with the requirements of this Act, approve the application and enter into an indemnity agreement with the applicant under section 2. On such approval, the agreement shall constitute a contract between the Chairperson and the applicant pledging the full faith and credit of the United States to pay any amount for which the Chairperson becomes liable under such agreement. The Chairperson, for such purpose, is authorized to pledge the full faith and credit of the United States.

"SEC. 5. INDEMNITY AGREEMENT.

"(a) REVIEW.—On receipt of an application meeting the requirements of subsections (a) and (b) of section 4, the Chairperson shall review the estimated value of the items for which coverage by an indemnity agreement is sought.

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

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

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

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

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

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

"(4) not less than $125,000,000 but less than $200,000,000, then coverage under this Act shall ex-

tend only to loss or damage in excess of the first $100,000 of loss or damage to the items covered; or

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

"SEC. 6. REGULATIONS AND CERTIFICATION.

"(a) REGULATIONS.—The Chairperson shall prescribe regulations providing for prompt adjustment of valid claims for loss or damage to items that are covered by an agreement entered into pursuant to section 2, including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered items.

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

"SEC. 7. REPORT.

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

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

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

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

''SEC. 8. AUTHORIZATION OF APPROPRIATIONS.

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

''(1) to enable the Chairperson to carry out the functions of the Chairperson under this Act; and

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

Amend the title so as to read: ''To amend the National Foundation on the Arts and the Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act to improve and extend the Acts, and for other purposes.''.

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S 856 RS——3

S 856 RS——4

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S 856 RS——20

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