In the 1965 legislation that established the National Endowment for the Humanities (NEH), the Congress of the United States declared that "encouragement and support of national progress... in the humanities..., while primarily a matter of private and local initiative, is also an appropriate matter of concern to the Federal Government." Acknowledging the federal government's interest in "promoting progress in the humanities," the 89th Congress expressed this interest in a single, powerful observation: "Democracy demands wisdom and vision in its citizens." The agency's authorizing legislation also encourages the Endowment to, among other things, promote "understanding of the nation's rich cultural heritage," foster "a mutual respect for the diverse beliefs and values of all persons and groups," and "relate the humanities to the current conditions of national life."

The Endowment helps Americans develop "wisdom and vision" by supporting humanities projects and programs that expand knowledge of human history, thought, and culture. NEH awards grants to the nation's museums, archives, libraries, colleges, universities, and public television and radio stations, as well as other educational and cultural institutions. The agency also provides grants to individuals to undertake advanced research and scholarship in the humanities.

NEH is directed by a Chairman, who is appointed by the President of the United States and confirmed by the U.S. Senate for a term of four years. Advising the NEH Chairman is the National Council on the Humanities, a board of 26 distinguished private citizens who are also appointed by the President and confirmed by the Senate. National Council members serve staggered six-year terms.

The agency's grant programs are organized into four divisions (Education Programs, Preservation and Access, Public Programs, and Research Programs) and three offices (Federal/State Partnership, Digital Humanities, and Challenge Grants). These grant programs receive approximately 4,500 grant applications annually. Applications are evaluated by knowledgeable persons outside NEH who are asked for their judgments about the quality and significance of the proposed project. Every year hundreds of scholars, teachers, librarians and archivists, museum curators, documentary filmmakers, and other humanities professionals and experts serve on peer-review panels that are convened to review grant applications submitted to NEH. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. NEH staff assembles panelists' evaluations of the merits of grant applications and comment on matters of fact or significant issues that would otherwise be missing from the review. The materials are then presented to the National Council on the Humanities, which meets quarterly to advise the Chairman of NEH. The Chairman takes into account all of the advice provided via the review process and, by law, is authorized to make the final decision about funding.