

of farm subsidies distributed to all farmers in Massachusetts and Rhode Island combined.

#### WHY FARM SUBSIDIES WILL CONTINUE TO TARGET LARGE FARMS

Although farm subsidies have been of greater help to large farms for decades, the evolution of farm subsidies into a corporate Welfare program has accelerated in recent years for 3 reasons: Congress has siphoned record amounts of money into farm subsidies since 1998; and Farm subsidies have helped large corporate farms buy out small farms and further consolidate the industry.

The big grain and cotton traders benefit from programs that encourage more production.

Despite an attempt to phase out farm programs in 1996, Congress reacted to slight crop price decreases in 1998 by initiating the first of four annual "emergency" payments to farmers. Subsidies increased from \$6 billion in 1996 to nearly \$30 billion a year in the new farm bill. Predictably, as subsidies increased, the amounts of subsidies for large farms and agribusinesses also increased.

Although increased subsidies help explain why large farms are receiving more money, however, they do not explain why they are receiving a larger portion of the overall farm subsidy pie. Since 1991, subsidies for large farms have nearly tripled, but there have been no increases in subsidies for small farms. Large farms are grabbing all of the new subsidy dollars from small farms because the federal government is helping them buy out small farms.

Specifically, large farms are using their massive federal subsidies to purchase small farms and consolidate the agriculture industry. As they buy up smaller farms, not only are these large farms able to capitalize further on economies of scale and become more profitable, but they also become eligible for even more federal subsidies—which they can use to buy even more small farms.

The result is a "plantation effect" that has already affected America's rice farms, three-quarters of which have been bought out and converted into tenant farms. Other farms growing wheat, corn, cotton, and soybeans are tending in the same direction. Consolidation is the main reason that the number of farms has decreased from 7 million to 2 million (just 400,000 of which are full-time farms) since 1935, while the average farm size has increased from 150 acres to more than 500 acres over the same period.

This farm industry consolidation is not necessarily harmful. Many larger farms and agribusinesses are more efficient, have better technology, and can produce crops at a lower cost than traditional farms; and not all family farmers who sell their property to corporate farms do so reluctantly.

The issue of concern is not consolidation per se, but whether the federal government should continue to subsidize these purchases through farm subsidies and whether multi-million-dollar agricultural corporations should continue to receive welfare payments. When President Franklin Roosevelt first crafted farm subsidies to aid family farmers struggling through the Great Depression, he clearly did not envision a situation in which these subsidies would be shifted to large Fortune 500 companies operating with 21st century technology in a booming economy.

#### MILLIONS FOR MILLIONAIRES

A glance at some of the recipients of farm subsidies in 2001 shows that many of those receiving these subsidies clearly do not need them. Table 1 shows that 12 Fortune 500 companies received farm subsidies in 2001. Subsidies to the four largest of these recipients—Westvaco, Chevron, John Hancock Mutual Life Insurance, and Caterpillar—shattered their previous record highs.

Table 2 lists other rich and famous "farmers" who received massive farm subsidies in 2001. David Rockefeller, the former chairman of Chase Manhattan and grandson of oil tycoon John D. Rockefeller, for example, received a personal record high of \$134,556. Portland Trailblazers basketball star Scottie Pippen received his annual \$26,315 payment not to farm land he owns in Arkansas. Ted Turner, the 25th wealthiest man in America, received \$12,925. Even ousted Enron CEO and multi-millionaire Kenneth Lay received \$6,019 for not farming his land. Chart 4 shows how these amounts tower over the amount received by the median farm subsidy recipient, who has received just \$899 per year since 1996.

The Heritage Foundation concludes: The farm bills currently being considered by a House-Senate conference committee would further accelerate the transformation of farm subsidies into corporate welfare programs. Most of their enormous \$171 billion cost would subsidize highly profitable Fortune 500 companies, agribusinesses, and celebrity "hobby farmers" and help fund their purchases of small family farms, and the average American family would be left paying \$4,400 in taxes and inflated food prices to benefit millionaires—unless Congress or President George W. Bush finally puts and end to this counterproductive waste of taxpayer dollars.

#### EDUCATION TAX CREDITS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes.

Mr. SCHAFFER. Mr. Speaker, I am attempting during this next hour to discuss an important issue, the issue of education, and to discuss it within the context of education tax credits which is a new kind of exciting idea that is being considered here in Congress.

It is, of course, something that many States know a lot about, but in Washington, it has just been under discussion on pretty serious terms, specifically by our President who has committed his support and pledged his assistance in helping us get a tax credits proposal through the House of Representatives and through the Senate, and ultimately on his own desk.

I want to start off by issuing an invitation to our colleagues who may be monitoring these proceedings that if they are, at any point in time, compelled to come down here on the floor and join in this discussion, I want to leave that invitation open and encourage our colleagues to join us on this important matter.

I know there are many, many people who care with improving education throughout the country. And that is a sentiment that extends to both sides of the aisle. I just returned last night from a trip overseas. I spent the weekend in Ukraine. I was invited by an organization called the East West Institute. In fact, they were the ones that paid for the trip. I was a speaker at a meeting an international conference on Saturday dealing with diplomacy and issues in the Ukraine.

I do not to talk about that as much as something I did on the two extra

days that followed this international conference on regional politics and some diplomatic matters. Those next two days, Sunday and Monday, I went out to some of the most remote and rural areas of Ukraine and I visited a few orphanages. And I want to talk about those just for a second, because there is a comparison to be drawn between the way these orphanages work in Ukraine and the way our public school system here in the United States operates.

And the similarities come down to a matter of funding. But first for those children who are in some of these State-owned orphanages in Ukraine, if anybody has any concern or compassion for that part of the world, I would urge you to take a knee at some point in time and say a few prayers for those kids that I saw and others like them that did not have a chance to meet.

These kids have nothing. Of course, they have lost their parents and are in orphanages for a variety of reasons, but even hope is a difficult thing to muster for some of them. I saw kids whose feet were sticking out of their shoes, who were wearing clothes that maybe they walked out of those old pictures that we are used to seeing of those old Nazi concentration camps. The clothing looked exactly like that.

I saw a kid with, oh, he must have been 10 or 11 years old, he had a football shirt on that said 1977 Superbowl on it. It obviously was a piece of clothing that made its way through some kind of humanitarian assistance program. This kid must have been wearing that shirt for quite a long time, and probably other children before him. It had holes in it and so on and he was wearing it anyway.

Just to give you an idea of the conditions. These children were stacked up in their dormitories. These beds are side by side, just lined up just fairly deep into the room. Just narrow beds, narrow walkways between them. These kids had hardly anything of their own in the way of possessions. It is a tough existence.

So we went and met with them and they were asking us to take them home, and they were tugging on my coat and wanting to know if I needed a son. I remember one little boy saying in Ukrainian, I will be no trouble. I am good. I will work and so on.

The reason I went to see these orphanages is because there is a bit of struggle in Ukraine between state-run orphanages and the new emerging orphanages in the country. And those new orphanages are run by churches and charities through the contributions and donations from caring people throughout the world.

These orphanages tend to be smaller. There tends to be a little more contact between the care providers which are often nuns or people involved in various religious organizations and holy orders, and they are good orphanages. The kids are clean. They have lots of things to do. They have a learning opportunity and so on.

It is a shame though that these private Christian orphanages are having a difficult time receiving children, getting these children into the orphanages. There is a struggle between the state-run institutions and the private-run institutions.

When I explored the reason for this and it comes down to funding, which is a real shame because in one orphanage on the outskirts of town, the city was Kuznetsorsk in Ukraine, a little west of Kiev, the nation's capital, we would see the state-run orphanage with hundreds of kids in it, clearly overcrowded; and yet a few miles away would be a private orphanage with empty beds in it. And while the children in the state-run orphanages were suffering and had no clothes, or least clothes that were just deplorable and very pathetic, the children just nearby were doing quite well and thriving. And so what is the difference between the two? It was a real shame to see this.

□ 1700

Here is the answer. In State-run orphanages, each child represents a certain dollar amount to the people who run that orphanage, and they do not want to give up those kids because if a child leaves and goes to a private orphanage run by a church or a charity, if a child were to leave the State-run orphanage, the funding would be reduced somewhat at that institution, and eventually if enough kids left, some of the people who have jobs at these orphanages feel that those jobs would be threatened, and they would lose their opportunity for employment.

So the kids suffer so that the institution and the people who work there can benefit and the institution can exist. Meanwhile, opportunities for children to thrive just across town are not being utilized because of this funding issue.

It seems such a shame, especially when we realize the loss of opportunity for so many young children in Ukraine, until we realize that this is the same model we use in America to fund our children's school systems. It really works the same way, and the motivations are quite similar when it comes right down to it.

We have schools throughout the country that are run by private organizations, sometimes religious organizations, that have a remarkable track record. They have empty desks because they can accommodate more children, rescue more children from inner cities, provide education and academic opportunity for them, yet they are involved with the struggle between the private institutions and the State-owned or the government-owned institutions, just a few miles away in many cases.

So while children languish in America, typically in inner city schools, and sometimes in rural schools, it could be anywhere, I suppose, the solution is clearly there, but the kids are not relinquished to the better opportunity because the people who run the failing inner city government-owned schools

believe that if someone has a choice, they have some level of competitiveness, that their jobs would somehow be threatened.

It does not have to be that way, and it is my hope that we could find a better solution, a better model than that that we have seen in the former Soviet Union and maybe come up with a solution that more closely approximates our American traditions, the tradition of honest, hard work, of free market competition, of marketplace choices that give parents real power, customers real authority to determine the terms of quality, to drive down costs and to ensure a certain level of professionalism that is designed to achieve the expectations of the customers themselves.

We have that to some degree today. There are many private schools around the country that do fairly well, that manage to attract children, but usually it is predicated upon the wealth of the child's parents. They have the cash to pay the tuition and the income to forego the taxes they have already paid to buy the child's spot in the government-owned school. Then they might send their child to one of these private schools, and if enough do it, there may be a savings according to scale that allows the institution to reach out to some children in poverty. We see that in Jewish schools, Catholic schools, Christian schools of a variety of sorts, a handful of private schools that are not associated with any denomination or religious faith and are just targeted toward low income kids.

We have also seen the emergence of scholarship organizations where people contribute their money, even people who do not have children necessarily who contribute their hard-earned cash to these scholarship organizations to provide some assistance to poor children so that they might be able to have a choice and attend the school that they and their parents believe is in the best interests of their child.

Those are exciting trends, and it is that trend that has inspired Congress to consider tax credits, and we are not the first to arrive on the scene, by any means, and I want to give credit where that is due. That credit is due to the States. There are several States, about 10 of them, that have moved forward pretty aggressively on establishing choice elements in their laws, sometimes in their tax law, sometimes through the granting of State vouchers, a voucher that would allow a child to attend a private school, but tonight I want to focus on those examples of States that have created tax incentives to encourage and facilitate and ease the desires of taxpayers within their jurisdictions to contribute voluntarily to scholarship organizations that allow the most needy children in their States to attend the best schools.

According to those who actually make the decisions to choose that, it is an important distinction because we are not talking about schools that are

determined to be high quality or in the best interests of a child based on some judgment of government and government workers, bureaucrats, but rather quality as determined by the marketplace, by the customers, by those who presumably have the greatest level of interest for the child, and those tend to be people who actually know the names of these children. More specifically, we are talking about parents and guardians.

We are just a few weeks away, maybe not even that long, of introducing an exciting tax credit bill that is modeled after some of the success stories in a handful of States, and the bill will simply reduce the obligation of a taxpayer to send their tax dollars here to Washington if they will instead send a certain amount of their tax obligation directly to one of these scholarship organizations or to a private or a public school. It would be their choice.

What it does is it gets away from this notion that we have today of taxpayers working hard, shovelling mountains of cash to Washington, D.C., so that the politicians here can distribute it according to government-driven formulas, and some day those dollars actually get back to children in classrooms. By the time it does, there is just a fraction of those dollars left, and that is unfortunate.

What we want to do is through manipulation of the Tax Code, tax law, encourage a direct contribution from taxpayer to child.

I have got a chart here, Mr. Speaker, of where our tax dollars go now. I know this is a very difficult chart to see, but I will describe what I am pointing out if my colleagues cannot see it.

Up here at the top is a figure of a guy working. He is sawing a piece of wood. So here is our worker in America who is earning a wage, and based on those wages, paying taxes. He pays his taxes to the Treasury Department. This is where the IRS would be found.

From the Treasury Department those dollars go to politicians who we would find right here in this area. Those are people like me here in Congress and others like us. We divvy up these dollars, the dollars that people work hard to earn. We divvy up the tax dollars. In fact, I should write that in here. Politicians should be right here. There is one more step in this filter of tax dollar process.

So we redistribute the wealth of the country. We spend a portion of it on the U.S. Department of Education who we would find in this column here. The Department of Education redistributes these dollars through a variety of Federal programs to the States.

At the State level, the State legislators get ahold of these funds, more politicians, and redistribute that wealth further within their own States, distributing those dollars through the State departments of education down to school districts, which is where we find more politicians, school board members, who redistribute the wealth

down to schools in their communities, and ultimately and finally, those dollars will trickle down to the child way down here at the bottom.

That is a long list of steps for a dollar to get from the taxpayer to the tax recipient and, again, I mention some of the shortcomings of my chart here. I apologize for that. There are a few of the things that are missing along the way as well, so there are actually more steps in this chart than this chart actually represents.

As we can see, every one of these agencies along the way takes their cut. So by the time our dollars really get down to a child, first of all, the government has decided which school buildings are going to get the money. They have decided which children are going to be the winners or the losers, and they have decided that there are other things important in life like paying for all this bureaucracy that is, in fact, a higher priority to many here in Washington and at the State levels and even at the school district levels than the poor child down here at the bottom. So we have a different idea of getting dollars to children.

For those who are here in Washington, and there are plenty of them, who think this is a really great idea, this model of all these different steps of getting money to children, it is not here by accident. It is here because politicians built it this way. They like this. Some of their friends work in these agencies and departments. Some of their friends get some of the cash that goes to these different levels of government. Some of their teachers' unions get these dollars instead of these children.

So there are lots of people who win in this model here, and many have proposed getting rid of all of this nonsense, and that may be a good idea, but that is not what we are here to propose today because it is just too difficult. The politics supporting this whole structure and this system is pretty impressive. It is gigantic, as a matter of fact.

Mr. HOEKSTRA. Mr. Speaker, will the gentleman yield?

Mr. SCHAFFER. I yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will let me have the chart for a minute, I think the interesting thing about this chart is as soon as the step takes place from the individual working, the taxpayer, putting the money into the Treasury Department by paying their taxes on April 15 or through Mr. FICA, which they pay on a weekly basis, this all of a sudden so many people no longer refer to as the taxpayer's money but as soon as that goes into here, this becomes a government dollar. So people will talk about government dollars and they will forget that really this should not be the top, this should be the foundation of the chart. The foundation of the chart is 280 million Americans paying taxes in to Washington, D.C. with private

dollars, and then all of the sudden somewhere in between the taxpayer and the Department of Treasury, this becomes a government dollar.

Let me tell my colleagues why I brought that up. There is a great story this week in USA Today talking about churches heed a calling to educate poor children. We all recognize that perhaps some of our lowest performing schools or lowest performing areas are in the inner city urban areas, but in their first paragraph, "for an expected flood of neighborhood children who may soon have government dollars." So in the first paragraph they are talking about government dollars.

These are not government dollars, and the article spends a lot of time talking about vouchers. That is not what my colleague and I are talking about. What we are talking about is allowing individuals with their private dollars to make investments in schools and education and make it in every type of school, a learning opportunity that is available today in America, so that if somebody wants to make a donation to their local public school for a specific program or a specific endeavor that they have at their local public school, they can do that.

If they want to make a donation to a private school or parochial school or to an education investment fund that offers assistance to low income students to receive the kind of education that they might want, and really what it does is, as Secretary Rod Paige says, he says, here it is kind of interesting for our parents today. A quote, Parents pick out everything from book bags and haircuts to clothes but then their children march off to a school that some bureaucracy has chosen for them, not to a school that the parents have said this is my child, I know this kid pretty well and this is the kind of environment that they are going to learn best in.

It goes on to talk about Mr. Sullivan, who is the mayor of Indianapolis or, excuse me, he is an Indianapolis pastor and a former teacher, established his own Northstar Christian Academy because, "I saw the need for spiritual, moral values being taught as a foundation on which to build the academics I felt that was the key to a lack of motivation for learning."

Now, is that the appropriate model for every child in America? Probably not. Is that the appropriate model for the individuals that Pastor Sullivan knows? It may be exactly what that community and what his parishioners may need.

He goes on, and talking about, "Churches are probably one of the most stable black-owned institutions in this Nation, and black churches have stayed in the community," Sullivan says. "Anything short of operating our own schools and having access to these children is going to show minimal results because the schools have them for seven hours a day, the church has them for a couple of hours

a week. It is not realistic to think we can turn a student around in a couple of hours."

Some would argue that it is hard to determine whether the churches are the answer, but what is happening around the country today is that some parents are saying it is worth the gamble.

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For example, the story goes on to talk about security guard Trinidad Casas of San Antonio. He began selling blood four times a month to make up the difference left from the privately financed scholarship. That is exactly what my colleague and I are talking about is that individuals would have the opportunity to receive privately financed scholarships, to make up the difference his son gets to attend the Christian Academy of San Antonio. He also tries to work as much overtime as possible to earn tuition money.

It is just incredible, says Yolanda Molina, principal of the 2-year-old academy, which has doubled in size in 1 year and has a waiting list of 85. That is just one story of many.

And, again, think about this. We are not only expanding the dollars in education, we are growing the education investment in America's schools, again for public schools, for private schools, for parochial schools, and for tutoring. So we are growing the education pie. We are not talking about saying, hey, this money right now goes to public schools and we are going to take some of that and give it so kids can go somewhere else. We are saying to the public school folks that have a great tradition in America and do a great job that we are going to allow them to raise more money and we are going to allow others to raise more money for their things.

And what we will see then is we will increase the education investment in America, and we also will increase educational opportunities and choices in America; so that the school that Pastor Sullivan wants to start in his community in Indianapolis, he can do it. We will get more people involved in education; we will get more folks focused on kids, and that is what this is all about. It is all about the kids.

Mr. SCHAFFER. I appreciate the gentleman speaking in those terms, about the fact that we are trying to find a way to inject more cash in the education system.

We mentioned this very inefficient process we have today of getting education dollars to a child going through this whole filter of government. And we are not really talking about disrupting this at all or even funding it less. This system is going to continue to get more because it has a lot of advocates here. But we want to introduce a new tax manipulation that will allow more dollars, a massive cash infusion into America's education system.

Mr. HOEKSTRA. If the gentleman will yield, it would be very similar to

the significant cash infusion that we did today for child care in the welfare reform bill.

Mr. SCHAFFER. Right.

Mr. Speaker, I yield to the gentleman from Florida, who has got almost a very similar chart.

Mr. WELDON of Florida. I have a chart very similar to the gentleman; and, Mr. Speaker, I first want to commend both the gentleman from Colorado (Mr. SCHAFFER) and the gentleman from Michigan (Mr. HOEKSTRA) for their leadership in support of real meaningful education reform for our kids.

Our children are the most important heritage we have. We devote so much of what we do in this country to raising up the next generation of children in the hope that they will be able to become responsible citizens and become the leaders of tomorrow. We have a great heritage in the United States. Millions of great Americans have gone before us walking in all kinds of fields of knowledge and expertise, from the sciences to politics, to poetry, to education, the arts; and what we do and how we go about raising up the next generation is, in many ways, the most important thing that we do.

In my opinion, we do have in many ways an inefficient system of helping educate our kids. We take a dollar out of a taxpayer's pocket and then what do we do with it? This chart to my left, I think, lays it out very, very clearly. It goes from the taxpayer's back pocket to the Department of the Treasury, then it goes to the Department of Education, then it goes to the State, and then from the State it typically goes to the State Department of Education, after it gets politically manipulated, and then it goes ultimately down to the local school district.

In the State of Florida, which I represent, it goes to the county. We have a county system of school districts. So the county I happen to live in, Brevard County, Florida, 500,000 people, they have a very large school district, over a billion dollar budget. They get these Federal dollars that comes through the Department of Education and through the State, through the State Department of Education, finally to the local school district; and ultimately, it ends up at the school level.

But here, way down here on my left, here is poor Johnny. And what we are really talking about here is that dollar that came out of the taxpayer's pocket is not a dollar when it arrives down here. I do not know what the figure is, maybe one of these gentlemen here can help me. Is it 50 cents, 60 cents?

Mr. HOEKSTRA. If the gentleman will yield.

Mr. WELDON of Florida. I would be happy to yield; however, I think the gentleman from Colorado controls the time.

Mr. SCHAFFER. I yield to the gentleman from Michigan.

Mr. HOEKSTRA. Well, basically, in the work my colleague and I have done

in the Committee on Education and the Workforce, we have found that when a dollar goes into the Federal Treasury and then goes through the Department of Education and goes through all those steps, we think that through that process we lose somewhere in the neighborhood of 25 to 35 cents. So that only about 65 cents ever makes it down to your local school to Johnny's classroom.

I do not know if the gentleman has a dry marker with him or not, but what we are talking about here, if we go to an education tax credit—

Mr. WELDON of Florida. I have it right here in this chart.

Mr. HOEKSTRA. That is it. That is what we are taking about, a \$500 tax credit per individual, \$1,000 for joint filers. That thousand dollars does not go through that bureaucracy any more; it goes directly from the taxpayer directly to Johnny's school. They get full benefit of that thousand dollars.

Mr. WELDON of Florida. Mr. Speaker, if the gentleman will continue to yield to me, that is why I am here. That is why I am speaking in support of this initiative.

This man right here is a taxpayer. We are taking a dollar out of his pocket to send 70 cents to this young man here, who may be his son, may be a kid in his neighborhood, may be his grandson or his granddaughter. What we have here is an alternative proposal to help education in the United States, where we take a dollar out of his pocket, through the form of a tax credit, and it goes right to the kids. That is what this is all about.

One of the other things I wanted to say, and I think the gentleman from Michigan was alluding to this earlier, if we want to get parental involvement, if we want to get parents more engaged in the education process, this is a great way to do it, where they can actually see an impact, where it is not going through a big bureaucracy in Washington, a big bureaucracy in the State capital. It is going right from the parents to the children.

I think it is a great way to reinvigorate parental involvement in our education. Every educator I have ever spoken to in all my years in the political arena, they all tell me that is the most important thing in the success of a child's education, after good quality teachers, it is parental involvement. It is number one.

So this is a great proposal. I think everybody in the Congress should support it, and I yield back to the gentleman.

Mr. SCHAFFER. Mr. Speaker, first, I would just like to ask a couple of questions about Florida's law. Florida is one of the States that has really been out in front in trying to provide relief valves, or safety valves, for children who have languished in failing schools for any length of time, and it has made a real difference in the State of Florida.

I would just like to commend the gentleman's State and ask him to com-

ment on the difference that school choice has made for his constituents and his friends and neighbors.

Mr. WELDON of Florida. Well, I thank the gentleman for bringing this issue up, because I just had a conversation with our Governor, Jed Bush, about this very issue.

The A-Plus plan is a very simple plan. If the school is scored low, parents can take their child and the money that was going to their child and go to a private school. The education bureaucracy, teachers unions, liberals on the left went absolutely berserk. They said it would be the total demise of public education in the State of Florida. It was the end of the world, and the sky was falling.

There was only one or two schools that scored really low, and a few kids went off into the private system. But what really happened was that every single school in the State made a tremendous effort, particularly the failing schools, the poorly performing schools, to improve their act. Because no school, no teacher wanted to be at a school that was scored low, no principal wanted to be the principal of that school. What happened is the entire academic performance of the whole State has gone up.

The Governor of our State told me that piece of legislation was the single most important piece of legislation to improve the quality of education in the State of Florida in probably 20, 30, or 40 years. It motivated teachers, principals, administrators to work very, very hard because they knew they were being held accountable.

In my opinion, I would say this to Governors and school administrators all over the United States: You want to improve education? Establish a program like we did in Florida. Because that is what happened. We were doing annual studies on all these schools, how many kids are failing, and the grades came up. Average grades came up, and schools started performing better. It was absolutely miraculous. I do not know what else to say.

We need that. Part of the problem in education in America is there are a lot of systems where there is no accountability. They can turn out kids that just are not learning year after year and nothing happens to anybody. They keep their jobs, they keep their positions. Under the threat of actually being held accountable, it has been absolutely tremendous.

Talk to our lieutenant governor, Frank Brogan, who previously was the education commissioner in the State of Florida; and he has been following this issue very, very closely, as well as our current education commissioner. And they will tell you hands down the A-Plus program was a fabulous, fantastic success.

Frankly, I was disappointed we were not able to include that in the President's education reform package. I was very disappointed that it was opposed by many people in this body as well as

the other body; and ultimately, in the end, we were not successful in including it in the package. I believe we need to fight for that in the years ahead because it makes a difference in the lives of kids.

I am glad the gentleman brought it up. I am happy to speak about it anywhere because it is the truth. The A-Plus plan helped kids, and that is really what it is all about.

Mr. SCHAFFER. We had something like the Florida plan in the draft of the President's bill as it was introduced last year, and it got stripped out right at the first committee hearing. It did not last very long.

That is, frankly, why we are here now, because since the choice elements were stripped out of the President's bill, something the President wanted, we have been working with the White House and have spoken directly with the President; and he has committed to making sure that a choice element, a tax credit provision, becomes law and becomes a high priority in this Congress.

But I would like to ask the gentleman from Michigan to comment, if he would, on just this notion of choice. The gentleman from Florida indicated very clearly the experience we have seen in several other States through the research of the Committee on Education and the Workforce is that public schools, government-owned schools are really not threatened by choice.

That is where we find the greatest resistance up front, because there are people who think if we allow this system to have some kind of alternative funding structure, that all the people who are employed at any of these levels are somehow going to lose their jobs, if we can, instead, adopt the model on that chart, of direct contributions to education and more of a market approach. But what we found is very different. These people do not lose their jobs; they just get better at it.

Mr. HOEKSTRA. I thank my colleague for yielding. Let me give an example in Michigan.

In Michigan, we passed a proposal called Proposal A. What Proposal A did is it led towards equalized funding so that if you are a student in Highland, Michigan, or Detroit, or whatever, you are going to get relatively the same amount of money per student enrolled. That has been very, very positive because we had great discrepancies between one school district versus another. So we have narrowed that gap.

One of the sides effects of that has been that the public school administrators have now kind of, I like to call it, become Beggars de Lansing. If they get some special needs in their community or whatever, they no longer have that direct connection to the taxpayer and to the parents in their community that says, hey, we have a special need and we need some extra money for the next 3 to 5 years for an English as a second language program, or we really want to keep this school open. They cannot do

it anymore. They have to go to the State legislature. And the State legislature does not really understand that community.

What tax credits will now do, the money that will be there with the taxpayer, that is new money going in to education, money not being invested in education today; and that will help our public schools as well to be able to go into their community and say we have this special need; we want to do this, and the folks at the State capital do not have the latitude or the flexibility to give us this money. Will you give us that money? And if they have built up a credible relationship and they are well respected in their community, they can expect an infusion of additional money to meet some of the needs that they may have.

□ 1730

I think the gentleman is absolutely right that the case in Florida is that this raises all of education. It raises public education and provides them an important link back into their community. It can raise private and parochial education, and that is what we are trying to do here. I talked to kids from Hudsonville, Michigan, and I have three children, and I am very selfish. When those kids come out of college and high school, I want them to have the best education of any kids in the world. I want that to be available to every kid in America. I do not care if the kids in Japan match our kids' education. I hope they do. We want good educational opportunities for all of our kids around the world, but the one thing that I will not accept is that our kids will come out of our educational system with a second-rate education, that they will be second, third, fourth or fifth to kids somewhere else in the world because that means that the jobs that they will have, the life-style that they will have, and the opportunities that they will have will become diminished.

We need to make sure that every single one of our kids gets the best education in the world. This is one other step, and combining it with accountability and with more money going into education and then raising every type of education, private, parochial and public, to raise education.

Mr. SCHAFFER. I would like to talk about why this is a superior method to funding children in schools as opposed to the system we have today. We cannot reduce the tax burden of Americans to the extent that many of us would want, certainly the amount that I would like. I would be in favor of rather large tax cuts for Americans.

Assume a constant with respect to a taxpayer's obligation to the Federal Government, just for purposes of this discussion. Under a tax credit provision, a taxpayer would really have a choice. They can continue to send their cash to Washington, just as we have been doing for years through this chart here, a taxpayer sending his money to

the IRS, the Treasury Department, it goes through all of these stages of political decision making, and bureaucratic redirecting before it gets to a child. If somebody likes this, they can continue to send their money to children this way. Many Americans probably will initially, or they would have a choice.

Mr. HOEKSTRA. If the gentleman would yield, they are not going to have a choice. That is going to stay there.

Mr. SCHAFFER. And the tax credit will not be the equivalent amount that we are proposing, all of the dollars that the taxpayer is forced, they are still going to send money.

Mr. HOEKSTRA. And money is still going to go through this system.

Mr. SCHAFFER. We are offering a choice to take a portion of these dollars and contribute them directly to an education organization, a student tuition organization or an education investment organization that would exist as they do in many States today. That would look a little more like this.

So the choice we are offering is made possible through a manipulation of the Tax Code through tax credits. Every dollar that somebody would contribute within limits in this fashion, would reduce the amount of cash that a taxpayer is forced today by our Tax Code to send through the government, and that is essentially what we are talking about.

As I mentioned, we are not inventing the idea here. The States have proceeded on this long before us. Arizona probably has one of the best models which has been studied in great detail. There is an analysis just a few months old produced by Carrie Lipps and Jennifer Jacobi which details how successful Arizona has been in injecting massive amounts of cash into the education system of Arizona, again, based on this voluntary basis and manipulation of the Arizona Tax Code, and not only that, but they have been able to provide dollars in a way where 80 percent of scholarship recipients in that State were selected on the basis of financial need.

So they are really reaching out in Arizona to the children with the greatest need in the State. They are injecting cash through a massive infusion into the program, they are creating school choice in a way that is not only providing assistance to the private organizations which participate in these tax credits and these scholarships, but also the public schools in Arizona which have improved as a result of being a more exciting and vibrant marketplace.

Mr. HOEKSTRA. Mr. Speaker, I thank my colleague, and when we introduce the concept of a tax credit at the Federal level, that is new money going into education. The typical local school district will only receive 7 percent of their money from Washington. When we introduce the concept of a Federal tax credit, this is new money going into the local schools, directly

from the community, this is not a redirection. This is growing the pie, and allowing the pie to grow for our public schools and allowing the pie to grow for all of our kids.

That is a little different. And Americans have some concerns about tax credits at a State level because they think we are just redirecting it. We are not just redirecting it. We will have the history soon from Arizona, Pennsylvania and Minnesota to see whether it grew the educational pie or whether it redirected it.

Clearly, when we talk about Federal education tax credits, we are talking about significant amounts of new money being directed into education, and it is being directed by the community, the parents and the individual at the local level. They are making the choice as to whether they want to invest more money into their local public schools, which is a wonderful opportunity.

Mr. SCHAFFER. In Arizona, the tax credit has been studied. From 1998 to 2000, the Arizona credit generated \$32 million in new funds. It did not take a dime away from the Arizona public education school funding structure, and it provided almost 19,000 scholarships through 30 different organizations. That is 19,000 scholarships which provided new freedom for children in Arizona. This is a great example, a great accomplishment for the State, and we hope we can do something similar on a nationwide basis. In States like Arizona, which already have the credit, this will add greater emphasis and power.

The gentleman from Colorado (Mr. TANCREDO) is here, and is very familiar with tax credit initiatives, one is pending right now in Colorado, as well as some voucher efforts that the gentleman has pushed in the past. I yield to the gentleman.

Mr. TANCREDO. Mr. Speaker, I wanted to come to the floor for a couple of reasons. First of all, to express my gratitude to the gentleman from Colorado (Mr. SCHAFFER) who has spent as much time on this issue as he has. It is important for everyone to understand that an issue like this does not get this far without at least one person devoting himself almost entirely to its advancement. It is because of the dynamic involvement of the gentleman from Colorado (Mr. SCHAFFER) that we are actually on the cusp of doing something here with it in the House of Representatives.

I thank the gentleman. We would not be talking about it, and it would not be formulated in a legislative package if not for the gentleman.

It is a long history that this movement has had, the idea of school choice. For years we were confronted, those of us who were pushing concepts like vouchers, in the past, were confronted by an educational establishment that reverted back to the time-tested responses like this will take money away from public schools. This

is a creaming scheme, a reason to get other kids, the good kids out of public schools and into private schools. It is not a level playing field. All of the rest of the stuff that we have heard for years.

The beauty of this plan, this idea, is that it takes away all of the arguments that the other side has used for years to try to stop it. It does not take money away from public schools. As the gentleman was saying, it is, in fact, adding money for the most part to the educational pile that is out there.

The wonderful thing about this plan, a tax credit for scholarships to be given out by agencies at the State level, the wonderful thing about it is that we can concentrate on one thing, the children. All the rest of the stuff, all of the spooky stuff that the enemies of educational reform keep throwing out, and have for years and years about the destruction, this will destroy public schools, all of those things are swept off of the table here. We are talking about one thing and one thing only, and that is the child. What is in the best interest of a child seeking an education in this Nation?

This makes us focus on that, and it takes away all of the stuff that surrounds the argument otherwise about the system. What we are saying here is that if individuals, especially those individuals who are economically disadvantaged, quite frankly they are probably going to be the people who benefit the most as a result of this, most of the State scholarship organizations will probably focus on low-income kids, and what we are saying is we are going to give a child an opportunity to obtain an education, and the Federal Government is not going to participate by writing rules or regulations or trying to strangle the private school. What we are talking about is freedom.

The one thing we know now, empirical evidence, we have thought for a long time that educational freedom would, in fact, enhance educational quality. But it was a theory. Now we know something. We have evidence of it. We have cities around the country, Milwaukee with a very long experience, Cleveland, which is just getting into this, but we have now tons of empirical evidence that shows us that educational freedom does, in fact, translate into educational quality.

That is all we care, and that is the beauty of this concept. It has nothing to do with systems or trying to construct a special kind of educational system. What we are saying here is look, we are not the school board members in the sky. The Federal Government is not going to take on a role as the school board member for every kid. What we are simply saying is parents, parents will be able to make a choice. They will be economically empowered for the first time in their lives to make a choice, and that has got to accrue for the benefit of the child. That is what makes this so good.

I compliment the gentleman from Colorado (Mr. SCHAFFER) for his devotion to this concept.

Mr. SCHAFFER. Mr. Speaker, I appreciate the gentleman focusing on the superior quality of a tax credit proposal because it does focus on children rather than institutions.

The gentleman is correct. Again, if we go through the chart here of how a taxpayer dollar today makes its way through this long, elaborate process of bureaucracies to finally get down to a child down here, each one of these agencies has their own political constituency that is a part of it.

If we focus down here at the last stage and that is at the school level, and maybe even back up one to the school district level, in Colorado there are 163 school districts in my State. That is just one State. If we look at other States and add them up, there are thousands of these organizations. They are political entities, political institutions. They are institutions that exist on paper and in law books and exist as corporations of sorts. These institutions today is really how we measure fairness, by comparing these institutions.

□ 1745

We are comparing how school buildings are treated as compared to other school buildings; comparing how one facility is treated as compared to another facility; how the budget that goes into the management of school A is compared to the management of school B.

For years, many of us have come down here on this House floor and have advocated a different model where the institutions matter less and the children start to matter more, so that we begin to measure fairness by evaluating the relationship between children.

What we have today is a situation where children who have no option other than this model here tend to languish in some of the worst schools in America, and they have no freedom. If they happen to be stuck in a bad school that does not serve their needs, they have no place to go. They cannot afford it, and we want to give them a way to afford it, a way to be involved in an education in the marketplace, to choose the academic goals that are in their long-term best interests, and begin to build an education system where the children are the centerpiece of an education strategy for the country, not the tail-end of the education strategy for the country, which is where we are right now. That is what education tax credits allow us to accomplish.

I want to point out for a moment now the distinction between education tax credits and other choice models. The word "vouchers" has come up even in this debate. Vouchers make a lot of sense when compared to this process of getting dollars to children. Again, this is just a little more visual, because you



can see the funding filter that takes place between taxpayer and tax recipient.

A voucher removes a lot of these steps, but it still involves, when it comes right down to it, your cash being confiscated as taxes, going to the government, and the government giving those dollars back in the form of a voucher to a child with certain strings and conditions attached. Again, that is better than what we have today in American education, but it still has its weaknesses in that politicians and governments define the use of these dollars, define the terms of quality, define the terms of cost and so on, as opposed to a marketplace.

But education tax credits really cut government out altogether and begin to regard the education professionals as legitimate professionals. Today they are really not treated that way in a government-run system. They are all paid the same. You can go to almost any school, government-owned school district in America, and the worst teacher is paid typically the same as the best teacher in the district, and it is just a function of how long they have been there and how many degrees they were able to add to their resume. If they manage to not hurt anyone or not be too terribly incompetent, they will stay there and continue to get pay raises, regardless of whether they leave when the bell rings at 3 o'clock or whether they stay until 6 o'clock doing additional work. This reality is the leading cause of burnout among teachers in America. They last, the average time period, this has been studied with respect to burnout, somewhere between 3 and 4 years.

But creating an academic marketplace begins to regard teachers as real professionals and education managers as professionals as well, because, rather than being, as the gentleman from Michigan said, beggars of government in the State of Michigan, he called that "beggars to Lansing," they become reconnected with the community instead.

I want to elaborate on that for a moment, because it is really true. When funding only flows through this process, each of these agencies develop their own internal language between them. The grants that school districts apply for, that our States apply for back up this chain, are stated in terms that are written by other bureaucrats at these other levels of government. So you have got all kinds of acronyms and all kinds of programs and departments and a whole language that only people in that system understand.

I have been at lots of meetings about this. Every Member of Congress has sat through meetings where people come from their districts back home, and maybe a principal of a school district will come to our offices here in Washington and talk about a specific grant they are applying for at the Federal level, and they have the State coordinator who is cooperating in this and the Federal person they need to reach.

It is like alphabet soup. We need you to apply for an ABC grant that goes to the DEF agency that is going to be evaluated by the XYZ person in agency whatever. You get the picture. It becomes a whole internal language that these people understand, and they become kind of comfortable with it. And, if they do a good job at it, I suppose they become pretty comfortable in achieving these objectives.

But this is not the language of the neighborhood. This is not the language of a community. When we allow our school board members and superintendents to only be proficient beggars of government, because that is the only place the money comes from, then we cause them to speak in a language that is just not understood by the parents, who are only interested in one thing, and that is their children. An education tax credit really allows us to break out of that old bureaucratic model because it gives parents choices and corporations choices, I might add, in the proposal we are piecing together right now.

Imagine a school board member, if you would, or a superintendent, who creates an innovative program for a school, for maybe a specific target cohort of children, and instead of coming to Washington to try to describe why this would help children, they would instead go to the Rotary Club in their hometown, or maybe to a charitable foundation in their community. Maybe at this point they will start using the names of the kids, maybe showing them pictures, and the people sitting at the other end of the table might actually recognize them as children they go to church with or see at the baseball field or maybe even recognize from their own child's school.

The conversation becomes very different. Rather than ABC program, DEF agency, XYZ administrator, we start talking about the children. If you just invest your dollars in my program at my school, we are going to reach out to Johnny. He has a name. And after you invest, I would invite you to come into the school so you can see the computers that you have purchased. And after you have seen the computers that you have purchased, maybe we can show you the evaluations of the program and show you how it actually helped Johnny.

It really does not happen today to a great extent, and providing a change in the Tax Code to ease the ability, to make it easier for individuals to contribute to schools of this nature, we will see these kinds of funds, these enrichment funds, these opportunity funds crop up all across the country.

They already exist in all 50 States today, specifically targeted for low income and underserved children. But if we just look at the examples of States that have established State tax credits, we realize that we are going to see lots of them, tens of thousands of them, I believe.

Mr. Speaker, the State of Arizona, upon creating its tax credit, saw these

student tuition organizations just emerge in great quantity, about 70 or 80 of them almost immediately. I think they have more than that today. But it is an exciting proposal, and it is one that I want to underscore with the greatest emphasis here in Congress.

I am especially inspired and encouraged by the commitment of the President to see a tax credit plan pass this year and by the commitment of our Speaker and our leaders here in the House to bring this tax credit proposal about which we speak tonight to this floor during this session, and I am hopeful that the people of America who care about their own children, and care about others as well, will find a way to rally around this exciting tax credit proposal that will create a massive tax infusion in America's education system and help create an academic marketplace where children matter more than institutions.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GREEN of Texas (at the request of Mr. GEPHARDT) for today on account of attending a funeral in the district.

Mr. MASCARA (at the request of Mr. GEPHARDT) for today on account of personal reasons.

Mr. CRANE (at the request of Mr. ARMEY) for today and May 2 on account of personal reasons.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. McNULTY) to revise and extend their remarks and include extraneous material:)

Mr. LIPINSKI, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

(The following Members (at the request of Mr. DUNCAN) to revise and extend their remarks and include extraneous material:)

Mr. GIBBONS, for 5 minutes, May 7.

Mr. DUNCAN, for 5 minutes, today.

Mr. FLAKE, for 5 minutes, today.

#### ADJOURNMENT

Mr. SCHAFFER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 55 minutes p.m.), the House adjourned until tomorrow, Thursday, May 2, 2002, at 10 a.m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

6525. A letter from the Congressional Review Coordinator, Department of Agriculture, transmitting the Department's