

who is a constituent of mine from Indianola, Washington.

Eric's grandfather was Charles Lindberg, and on May 1 this year, Eric took off from New York in his plane called the New Spirit of St. Louis, a Lancair Columbia 300, and flying alone, 19 hours later, landed, as his grandfather did, at Le Bourget Airport in Paris. A significant event of human achievement, as was his grandfather, Charles Lindberg's, when he took off in his Ryan N-X-211 and landed in Le Bourget after 33 hours.

This is something our Nation appropriately honors Eric for, his achievement in honoring his grandfather, in making a solo crossing of the North Atlantic in a single engine plane, and for that we honor Eric. We honor his spirit. We honor his achievement, but that is really only part of his story of human achievement, and it is only part of the reason that he flew across the North Atlantic.

Because at age 21, and Eric is now 37, Eric started to develop rheumatoid arthritis that pretty well stove him in. It got so bad that a few years ago he really could not work or fly consistently. He had two artificial knee replacements, and he was having real significant problems, but he had some neighbors in the Puget Sound area working for a company called Immunex and those neighbors at the Immunex Corporation, who are now working with the Amgen Group, were working on a product they wanted to develop to help people with rheumatoid arthritis.

After about \$350 million of investment and thousands and thousands of man-hours of a lot of my constituents, some who live on Bainbridge Island where I live, they developed a product called Enbrel. It is a self-injected product. It is what is called a TNF inhibitor. It is a man-made protein, and it works with the immune system to reduce the onset of the symptoms associated with rheumatoid arthritis.

About 2 years ago, Eric started to take Embro, and within 2 weeks he noticed a very significant change in his ability to walk around, get up and do the daily functions of life, and it allowed him, and he will tell my colleagues this because I talked to him today, it allowed him to train and work towards his goal of duplicating Charles Lindbergh's, his grandfather, flight across the Atlantic, which he successfully achieved on May 1.

It really is a story of 2 great spirits of human achievement, one his individual, one flying across the Atlantic in a single engine plane, and two, a group, one of people harnessing the creative genius of this country to develop a product like Enbrel to help Eric train for this particular endeavor.

So I would like to honor his achievement that he did; one, to recreate and celebrate the 75th anniversary of his grandfather's great achievement; two, to honor the future of medicine and to give a message of inspiration to the others tonight and today who may be

having medical problems, who may be just an invention away of really getting a life change as Eric experienced.

I know that he wants America to be inspired by the achievements of Immunex and his personal achievement so that we can go forward to harness this creative genius, not only in aeronautics but in biotechnology. As we go forward in a way to try to make drugs available to people at an affordable price, we hope that we can find a way also to inspire people to continue this creative effort that my other constituents who live in the Puget Sound area of Seattle, Bothell, where some of the labs are located, they can be honored as well.

I may also note, too, Eric is associated with a group called the X Project which is a challenge project that has a \$10 million reward for creative geniuses who can put 3 people in space with a privately funded vehicle and do it 2 weeks in a row, and we really appreciate his efforts to create an incentive to have a prize. As he told me, we have had great aeronautic advances either when we have a war or a prize and he is working to have this prize to give people some incentive to get privately into space.

So, again, I want to really commend Eric for his tremendous personal achievement, my friends in Immunex for helping him to make that achievement, and I hope this inspiration will help others go forward.

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 as the designee of the majority leader for half the time remaining until midnight, 40 minutes.

Mr. SCHAFFER. Mr. Speaker, it is late here in Washington, but it is not too late to talk about children, and school children, to be even more specific about it. This is an important issue and an important topic. Education is one of the subject matters that I have focused on in my 6 years here in Congress. It is a topic that I devoted quite a lot of time to as a State legislator in Colorado in the 9 years before I came to Congress, something I take quite personally.

I have got 5 children of my own back home, and those that are of school age are in public school right now, and trying to find a way to improve America's education system has been pretty much a perpetual pursuit of mine and something I believe in very firmly and passionately, and I will be talking tonight about education tax credits, which is a central education issue that will be debated this year before the House of Representatives and the Senate also, and something that is very important to our President and, even more importantly, to people around the country.

I would like to invite any of our colleagues who may be monitoring this

proceeding, if they are interested in the topic of education tax credits, I would be happy to yield a little time to them if they are inclined to participate.

Last August, President Bush came to Colorado. He came to my district, as a matter of fact. We went up to the mountains and visited Rocky Mountain National Park, and I had an opportunity to spend a little time with him in the motorcade talking about the issue of education. It is very important to our President, as we all know. It is a topic which he featured prominently in the course of his many campaign issues. It is a topic upon which he built a great record in the State of Texas, and that success, I think, captured the attention of Americans around the country and I believe figured prominently in the successful conclusion of his campaign for election of the presidency of the United States.

In that motorcade, the President and I discussed the topic of education tax credits. We did so because at the time the President's education proposal, the Leave No Child Behind proposal, which became known as H.R. 1, was still pending in the Congress, and to our chagrin, the both of us, the core element of that bill had been taken out by this House and, in fact, it was ripped out of the bill before the bill even had its first hearing. That core element was all about education choice, school choice, leaving at that point really 2 other elements, flexibility to States, and the second element, national testing, intact.

That school choice provision was something that was very important to the President, very important to me. So we talked about tax credits as the next strategy to try to compensate for the failure of the Congress to deliver that core element of the President's proposal for the Nation.

Education tax credits involve reducing the cost associated with paying taxes to those who will make a contribution to education, to those who are willing to invest in America's education system.

□ 2245

And our vision entails a contribution to America's education system in a way that does not discriminate between schools based on who happens to own them.

The vast majority of schools in America are owned by the government and owned in a monopoly structure when it comes to American schooling. That monopoly structure is something that is very heavily guarded, certainly by those who are employed and who are a part of the public education monopoly, but in too many cases that monopoly structure of service delivery abandons children, especially children who need education services the most.

Education tax credits are blind to the ownership of schools and, instead, focus on the children who want and deserve a quality education in America.

It, in effect, increases our likelihood as a Federal Government of leaving no child behind, a theme that is emblematic of the President's vision for education and is further amplified by this proposal of education tax credits.

So at the end of that conversation, we renewed our vows together to promote education choice, and this is what the President said. He said, "We have to do this." That was August 14, 2001. And so these words have really inspired me to push hard in this Congress for education tax credits, and I am proud to say that as a result of the President's commitment that day, August 14, 2001, to support our efforts here in the House to move an education tax credit bill, our leadership here, our Speaker, our majority leader, our majority whip, and others, the chairman of our Committee on Education and the Workforce, and the chairman of our Committee on Ways and Means which deals with tax policy, have rallied around these words: "We have to do this."

That is not a statement of intentions with respect to just manipulating the Tax Code or doing something that we believe is important for improving schools. We have to do this because we really have changed the debate here in Washington and have led this country to a dramatic departure over where the education debate has led us over the previous 8 years, those years prior to President Bush taking office. And what I mean by that is that for 8 years, and really many, many years before that, the debates in this House with respect to education centered on the relationship between schools or school buildings, which ultimately came down to a debate and an argument over who owns these schools. So anything that was proposed in Washington or even in the 50 States that would help children who do not attend the government-owned monopoly schools was summarily dismissed by the education establishment here in Washington. And it is a large establishment, let me assure you.

But we are moving beyond all that by beginning to focus on children. And when we do that, if we focus on children first, one can only really come to this conclusion that when it comes to school choice and education tax credits, just as our President said, we have to do this. It is important to understand how education funding in America works today because it is a mammoth bureaucracy that funnels cash to children, and it does so in a very inefficient way.

This chart is really a description of the American education system managed by our government. This little guy at the top here is a carpenter and is representative of hardworking taxpayers around the country. They work hard to earn a living, and the government confiscates a certain portion of their wages in every paycheck as taxation. And these wages, or a portion of the wages, if you live in Colorado, are sent to Utah, from Utah they are sent

to Washington, D.C., and they are collected by our Treasury Department. The Treasury Department, we find here, are the first to get their hands on the taxpayers' cash. They distribute these funds based on rules that are established by those of here in Congress, the politicians, and they are distributed through a variety of programs in the U.S. Department of Education.

There are some 760 different Federal education programs, and that number grows every year. Because regardless of whether Republicans or Democrats are in charge of our government, the size of this Department of Education grows at exponential proportions. So we just keep enacting program after program after program with the expectation and the lofty hope that these programs will help children.

Well, these funds then are distributed through these 760 Federal programs down to the States, typically. Sometimes directly to school districts, but primarily to States. At the State level more politicians, State legislators, redistribute those dollars and mingle them with State funds, and those are distributed through 50 State Departments of Education. Once those funds are distributed through the State Departments of Education, through their several programs, those dollars are given to school districts. Once those dollars go to school districts, there are more politicians who are in charge of redistributing those funds, elected school board members. Those elected school board members distribute those dollars way down here to schools in the district. Those schools are managed, of course, by principals and other administrators, finance people, and business managers. Those dollars get to classrooms and teachers distribute those funds on supplies and books and computers, depending on the perceived needs and priorities set by teachers. And eventually, way down here at the bottom, is the child, who we all say we care about.

The tragedy is, in order for this taxpayer to get his money to that child through the government-owned education system, it is necessary to funnel the dollars all the way through this process. It is a long, cumbersome process, and it is established on a centrally designed basis. I mean, we make these decisions here in Washington, D.C., and we attach strings and red tape to these education funds, and more strings and red tape are attached at the State level, and more restrictions are placed on these dollars at the local level.

So by the time the taxpayer's money gets to the child, what little is left of those dollars is really bound up in all these rules and regulations. And often, the further away we get from Washington, D.C., the less likely these dollars are spent in a way that helps the child. So what we are trying to accomplish here in Washington is to find a mechanism to bypass all of this.

Now, we cannot replace it. We have tried that. We have tried to shrink the

size of this bureaucracy, to reduce the red tape, to reduce the rules, to reduce the regulations, to reduce the number of programs. But I concede that it is such a big task. The politics of education are some of the most vicious in America. The special interest groups that have organized around these different agencies are so dramatic and so powerful, they hire lobbyists and so on, and their goal really is to protect the system. The child down at the bottom and the taxpayer here up at the top soon become irrelevant.

So we are going to concede that this system, regardless of who is in charge of the government, is going to grow; and so we are not going to touch this. In fact, we are just resigned to the reality that this is going to continue to get more funding because people are comfortable with this in Washington, and we want to find a way to get around that.

Mr. Speaker, I would like to now yield to my colleague from Michigan, because he has the description of our answer to this.

Mr. HOEKSTRA. Well, Mr. Speaker, I think the other thing I want to reinforce with the chart my colleague was holding up is that that system not only exists for education, but we had a remarkable display of how powerful the system is last week when we tried to put more flexibility into the welfare system.

We were going to just move some control within that pyramid, moving control from Health and Human Services in Washington and actually moving some of the decision-making for how the money would be spent down to the State level, to help those people who need help by having decisions made as close to them as possible. And some folks just about shut down the House on the welfare reform debate because they said no way are we going to move decisions from Washington to somewhere else in this pyramid. Heaven forbid we move it closer to the people that actually would understand the kinds of concerns and the issues that people on welfare would have in their local State.

But we do have a proposal, a solution. The first thing that it does is it allows for more money to go into education. So we are not talking about taking some of the money that goes through that system and taking it out of it and redistributing it. As my colleague indicated, that is a sacred cow.

Mr. SCHAFFER. It sure is.

Mr. HOEKSTRA. That money is going to stay there. Matter of fact, it has been growing rapidly. It will probably continue to grow at a pace that is higher than the rate of inflation. And as my colleague well knows, as we have worked together on the subcommittee dealing with oversight on the Committee on Education and the Workforce, up until the last year or so the folks at the Department of Education here in Washington, who get \$40 billion per year, could not even get a clean

audit. Tells you how much they think about the money.

But we have a better system, or an ancillary or companion system to that bureaucratic model, that bureaucratic model that funnels about \$40 billion from Washington, trying to get it down to our children but losing about 30, 35 cents of every dollar, and that is what we call an education scholarship plan, or an education investment plan. This is where the taxpayer, the person making the living and contributing to growing the American economy, the person that really makes America special, the person who goes to work each and every day, that person having the capability of saying our public education system in our community is a great public education system, they have some special needs, and I want to give them some money.

So this person can write that public school, his local public school, where his kids go to school, where he knows the teachers' names, he knows the superintendent, knows the principal, and he says, these guys are really doing a good job, they want some more technology, or they have some special programs, they have some kids where English is a second language and they really need to help those kids, so I am going to give them \$1,000. I am going to put it directly into that school, directly to my kids, or my neighbors' kids; and I am going to help them out.

So this taxpayer gives them \$1,000. And none of it gets siphoned off by bureaucracy. The taxpayer gets a tax credit for \$500. So that system, that inverted pyramid the gentleman is holding up, where we start with the dollar from the taxpayer in Washington and it finally gets to the classroom where it has shrunk down to 65 cents, what we are doing here with this model is we are taking the dollar and actually growing it because we are giving a dollar tax credit for \$2 of investment in education.

Or this individual can say, you know, I want to put this into an investment scholarship fund, an education scholarship fund where there are kids who, for whatever reason, are going to a different school, maybe another public school, where some States have it if a child goes to a public school that is outside of the geographic boundary where they live, they have to pay tuition to go to that school, so this taxpayer is going to give money to that scholarship fund for public school students who want to go to a school outside their district and they can get a scholarship to help pay their tuition.

This, by the way, is not a revolutionary idea. This has been implemented in a number of different States and it is putting new money into public education. It is putting money into these education investment funds so that kids, some kids will have the opportunity, who choose to do so, can go to private or parochial schools. We are also trying to find a way to make this system work for home schoolers. It is really kind of tough.

Today, it was kind of exciting. You know we talk about some of the kids that we have the opportunity to meet in our jobs. Today, we had a young man from Jenison, Michigan, Calvin McCarter, 4-foot-6, 10-year-old Calvin McCarter, who won the geographic bee today, being able to, I guess, take a look at that globe and identify places that some of us did not even know existed.

□ 2300

He is 10 years old. He is in the fifth grade. He was competing against eighth graders, up to eighth graders. He won the national geographic bee. His parents have chosen to home school him. So here is a home schooler. It is not costing the government any money to educate him. And his parents cannot receive any kind of a financial break to provide the resources and the materials that they would like to use to educate Calvin. Obviously they are doing a great job. Congratulations to Calvin, to his parents, to his older brother who I guess was his first geography teacher, but just an absolute testimony to the diversity of education models that we have in America today. We have got great public schools. We have great private and parochial schools. We also have a growing number of parents and adults who are choosing home schooling. What this system does is provide some kind of an education investment fund, it allows taxpayers to significantly increase the money that is going to education, but when they do that, these education dollars can flow to our public schools, they can flow to our private and parochial schools and can help our home schoolers out.

Mr. SCHAFFER. Here is the proposal right here, the draft resolution. We expect to introduce this in the first, maybe the second week of June when we return from our Memorial Day district work period. There is quite a lot of interest in this legislation already. Again, the way it works is every American who pays taxes will be able to get a tax credit up to \$250, a 50 percent credit for every dollar they contribute to a public or private school, a public school directly under the way we have designed it or a scholarship fund that would be used by children to apply for a scholarship so they can attend private schools if they would want. There is also a corporate component that is really very essential in this legislation and that allows corporations to invest in America's education system as well, again with the incentive of a 50 percent tax credit.

The beauty of this from the government's perspective is how we stretch the dollars. When we spend a dollar through the bureaucratic model of education funding, again this is a \$40-billion-a-year exercise in Washington. When we spend those \$40 billion, only about two-thirds of those dollars ever make it to a child. The rest are lost in here somewhere. So we lose money in-

vesting through this system. The children are important, so we invest a lot because we know we are going to lose money, we want to make sure that of the \$40 billion that we invest, that some fraction of that makes it down to the child.

But the education tax credit does just the opposite, because it is only a 50 percent tax credit. Let us be frank, it would be nice if it were a bigger tax credit, but 50 percent is what we built into our budget this year, which means for every dollar the government invests in education, every dollar we spend through this tax credit, two dollars end up going to a child somewhere in America.

Mr. HOEKSTRA. Really, we get three times the bang for our buck. Because when it goes through the system, it ends up with 60 cents. When you go with the tax credit model, you end up with \$2 in your local classroom. Three times the 60, 65 cents, gets you to the two bucks. This is a much more effective way to invest in education.

The other thing is the model of the pyramid that you are outlining; there is a tremendous amount of accountability in there. Because when we in Washington give people some of their money back, we do not trust them to do exactly what they are supposed to do so we put together a whole set of rules and regulations telling these folks exactly how the money should be spent. And then once they spend the money at the local level, they have got to go back up the reporting chain to tell everybody that the thing we got the money for, that is what we actually spent it for. Of course then again the Federal Government will not believe them, so then we will send an auditor back to make sure the reports they sent back to us are exactly right. That is an inefficient model; but as we have said, that model is going to stay.

We want to come up with a companion piece where the accountability becomes the accountability directly between a local school, a scholarship fund and the taxpayer.

So for this individual who is very pleased or has been convinced that his local public school needs some help, writes them the check and finds out 6 months later or 9 months later that they have taken his money and that this fund they have put it in, they have squandered it, he does not write a check the next year.

Mr. SCHAFFER. In the current education model, the bureaucratic model here that is represented in this poster, accountability is really achieved on a sampling basis. The Treasury Department tries to make sure the Department of Education is spending its money the way it is supposed to, so it does audits and it samples certain programs and follows certain dollars. It cannot follow every single one of the \$40 billion that are spent here. The U.S. Department of Education has to try to make sure the States are spending money right. They do not really audit

every single State. They choose a sample of them, and they sample a certain handful of programs. The States sample programs through the State departments and the schools.

So what happens is only a portion of the funds spent are really held accountable, that we really make sure those dollars reach a student. And even though it is a sample, it is still a nightmare for people involved in a system, especially the lower down this food chain you go. The principals at these schools, my goodness, they have got auditors and people coming in all the time from all these different levels of government to try to make sure the money is spent right, but even that is just a sample.

But with tax credits, the auditing is not a sample, it is not a fraction, it is not just a portion of the dollar spent. It is 100 percent when it comes to the dollars spent. The reason is because rather than one agency spending cash, one body of politicians, the Congress, spending the money, 50 State Governors and legislators, we magnify the accountability by tens of thousands.

Mr. HOEKSTRA. The beauty of this system, and the example that I used is probably wrong because I said if a local public school squanders that money and does not use it wisely, they will not get the check the next time. I think what would happen, I think what we would expect to happen, is because of the close connection that our public schools have to their communities, that when they get these dollars for a specific cause, such as in my hometown they want to rebuild or renovate the performing arts center, I think they could raise the money for it through this process, both through corporate and private gifts. I think they would do a whale of a job working with our local contractors to have that thing come in on budget, we would end up with a beautiful facility, it would be great for the kids and maybe the next year if they do not have something or maybe in 2 years they have got another need, they will go back to our community and when the community sees the investment that they are making in our kids, that they are spending the money wisely, these people will ante up again and they will give them a check the second time.

Mr. SCHAFFER. What you see here in the United States now through the bureaucratic model is the schools that are the worst failures, they get more cash. In fact the worse they do the more money they get, it seems like. This is a terrible model. The reinforcement ought to be just the opposite in my mind. We ought to be rewarding success. Because teachers and principals, administrators, even in the most challenged inner city schools, they can do a good job and they do from time to time. But what happens is when you find a collection of legitimate leaders in a community that are helping the most needy children, they are treated just as all of the others

that are not doing a good job. This tax credit model really serves to reinforce those schools that are doing a good job. In fact, the way we have written it, it targets the children who need the help the most, the poorest in America.

Mr. HOEKSTRA. It is exactly what we are finding at the State level. The important thing here at the State level, it shows the tremendous commitment that the American people have to education. Because there is significant money flowing, new money flowing into education through this model. Again, all of our kids are benefiting, kids in public schools are benefiting because people are writing that extra check to their local public school saying, absolutely, this is a worthwhile expenditure, you are doing a great job with our kids. You got some special needs, you got some special promise, we are going to write you a check.

Mr. SCHAFFER. It underscores the contention we have that we bring to this debate and, that is, that Americans will contribute more and they are willing to invest more in America's education system if they are convinced and assured that there will be meaningful results for real children. Today they do not get that assurance. Under the tax credit model, that is an assurance that is delivered to their door, something that they can see in their neighborhood, they can make a difference with their own contributions and it is such a positive idea that the government is willing to reduce the tax burden, the Federal Government, for any individual who will make contributions to the neighborhood schools. That is really what the tax credit bill is all about.

□ 2310

Mr. HOEKSTRA. Again, one of the criticisms that may come up, this will be a great program for your middle class suburban areas, for your wealthy school districts and those types of things. But when you take a look at what is happening at the State level, again, it is pretty amazing, and it shows the true character of America, because a tremendous amount of this money that is being driven by tax credits at the State level is not going to the local public school.

There is a significant amount going there, but there are significant numbers of individuals and corporations who are willing to say, "I am going to put that money into a scholarship fund, and I do not know who the beneficiary is going to be." And those scholarships are maybe going to go to, and a lot of them have the funds, have them limited to kids who come from families who are 200 percent of poverty or whatever. So they are willing to put that money into a scholarship fund which may go to a child who lives on the other side of the State, who lives in one of our large urban areas, and they are fully willing to write that check, knowing that that money is going to leave their community, but they are

going to help some child out somewhere else in the State, and they may or may not ever know the name of that child. But they know it is an investment to make sure that we do not leave a single child behind in education.

I think that is kind of a common goal that we have in America. When you take a look at the tax credit model, this money is flowing to all of our kids. It is not just going into certain pockets within the State. There is a tremendous amount of opportunity. There is a tremendous amount of interest in making sure that every child has the opportunity to get a good education. And for those kids that are locked into schools where there is a high level of violence or where there is drugs or where there is crime, these kids are the ones that may be applying for a scholarship.

One of the things we like to say is the only thing that a child should be afraid of when they go to school is the test in the afternoon, the exam they are going to have. No child should be forced to go to any school where they feel threatened or where there are drugs in the school or where they believe that they are in an unsafe environment, because we know that kids cannot learn in an unsafe or insecure environment.

Again, what is happening in the States that have these plans in place, dollars are flowing into scholarships that are intended to help those kinds of kids.

Mr. SCHAFFER. The proof is right here in Arizona. There are 6 States that have enacted tax credit plans that are similar to what we have proposed for the whole country, and they are tax credits on State taxes that taxpayers pay in those States. This is one study that was done by two researchers, Carrie Lips and Jennifer Jacoby, of the Arizona plan. It is the first plan and one we talk about a lot that has the greatest track record.

Between 1998, its first year, and the year 2000, this tax credit in Arizona generated \$32 million, Mr. Speaker, in new money for Arizona school children. Not only did it generate new money, these are dollars that did not come from the Arizona public schools.

Mr. HOEKSTRA. This is people voluntarily writing a check to their local school district and saying, here, I will take the tax credit. Arizona is 100 percent tax credit. But, again, it is new money, and people are willing to let the schools decide where that money is going to be spent, rather than them spending it on their own discretionary items.

Mr. SCHAFFER. Thirty-two million new dollars in the State of Arizona as this program got up and running between 1998 and 2000. There are more than 30 scholarship organizations that sprung up as a result of this tax credit bill, and those scholarship organizations made it possible for 19,000 students to receive scholarships and go to the schools that they chose, not the

schools that the government told them they have to go to or schools not meeting their needs. Instead, these 19,000 students went to schools that they picked, that their parents selected, based on what was most suitable for their children.

Here is the most interesting statistic, because it addresses the criticism that some have of a tax credit proposal. This answers the question of whether these dollars are headed to children who have the greatest need.

In Arizona, according to the study, more than 80 percent of the scholarship recipients were selected on the basis of financial need. That is certainly true in Arizona. It has been studied over and again. It is also true in Pennsylvania, Florida, Illinois, in a handful of other States that have enacted similar legislation, Minnesota, Iowa. Those are the 6.

These tax credit proposals have been attempted in over 30 States throughout the country, and they generate bipartisan support. When we start talking about children, for a change, rather than who wins or loses in the battle over the support for the mighty teachers' union, or the administrators' association and so on, when we ignore all that nonsense and the political benefits of appeasing those groups, and instead focus on trying to help children, as Arizona has done, this is something both parties and both sides of the aisle can rally around. We have seen that in all the States.

Mr. HOEKSTRA. My colleague brings out a critical point. When we are dealing with the funnel, starting with the Federal bureaucracy and running through the Department of Education, running through the States, running through the State Department of Education, what happens is we end up focusing more on the process, the bureaucratic process, than we do on the child at the end of the process and making sure that that child gets the results.

My colleague knows the debates that we go through here. We come up and say, what is the funding formula? What State is going to get what? If you identify a higher number of kids as having disabilities with learning, you get more money. So you actually create sometimes an incentive to label kids in certain ways. And if you label them in certain ways, you get more money, and if you label them in different ways, you get less money. You have got to keep score of what kids fall in what box.

You go through that whole process, and at the end of the day you spend so much time and energy on the process, the forms, the rules and the regulations, you lose sight of the child at the end of the process, and the tax credit model is very, very simple.

Mr. SCHAFFER. The scenario you just described, for those who do not get to see the inside of the political process like we do on the Committee on Education and the Workforce, it is really disgusting sometimes when we start

talking about school funding through the bureaucratic model.

What happens is somebody will offer an amendment in the committee to change some aspect of the finance mechanism, and the staff hands out computer runs of all 50 States and how this change will affect the different States and the different programs in each of these States, and every Member of Congress that serves on these committees, as the person who offers the amendment is speaking, we are all shuffling through the graph trying to follow the line. In the State of Colorado does this amendment give my State more money or take money away? That is the basis for the vote. But the kid does not matter. There are no names of children associated with that. There are no faces associated with that. It is just accounting.

Mr. HOEKSTRA. We try to figure out why the student in Colorado gets maybe \$650, or the State gets \$650 per child, and Michigan gets \$635, and some other State maybe gets \$675. It is how did this all happen and why does one State get more? We go through this debate.

Then you get the large States coming together to pass an amendment to make sure that the large States with large urban areas, well, we deserve more. Then the rural States try to come together, but they do not have as many votes, because all of Montana has one Representative, so it is pretty hard for them to come out and say even though the cost of education may be more there, it is kind of like, you know, you collect this money and this bureaucratic process tries to reallocate it in somewhat of a fair model. But it is based on political clout, seniority within the system, and the whole debate takes place, focused on the process, forgetting about where the money came from, from the taxpayer, and forgetting about who we are trying to help, the child.

Mr. SCHAFFER. The very first hearing we had on this proposal in Congress was not like that at all. We sat across the committee table looking at real live children and their parents, their grandparents, and real live community and neighborhood activists, who work on school issues. All of a sudden this became a debate about humans, about people, about kids. It was a remarkable exercise.

Let me conclude and summarize by thanking the gentleman from Michigan for joining in this special order, and to thank the President also for making this debate possible.

Again, it was the President of the United States in Colorado on August 14 when we talked about education tax credits, and here is what he said: "We have to do this." And it is as a result of this commitment and promise that he made not only to me in Colorado, but elsewhere throughout the country, that we are here today.

□ 2320

Si it is a debate about which we are quite serious.

The SPEAKER pro tempore (Mr. ISSA). The Chair would advise the gentleman from Colorado (Mr. SCHAFFER) that he may have up to 20 minutes longer because of the absence of a minority representative at this time. Does the gentleman move for that?

Mr. SCHAFFER. Mr. Speaker, if there is no objection, we would claim the remaining time.

Mr. HOEKSTRA. Mr. Speaker, if my colleague will yield, I just want to go to a different subject for a couple of minutes, and I thank the gentleman for yielding.

I just want to focus on something that I think the gentleman from Colorado and I are both very concerned about as being members of the Committee on Education and the Workforce, but it is also the Committee on Education and the Workforce, so we do a lot of work on oversight and business practices and those types of things.

A few months ago we were all exposed to the fiasco at Enron, and then I could not help but to take a look, just with amazement, taking a look at the front page of the business section of The Washington Post on Tuesday. Here is what is happening in our business community today. We have a large energy company in Michigan that was doing round-tripping. What is round-tripping? You sell energy to somebody and you buy it back immediately for the same price that you sold it to them for, and all it basically does is it allows you to escalate your trading activity. The comment was, no harm, no foul. It is kind of like no harm, no foul; no harm no foul, but no benefit, so if there is no benefit and it did not hurt anyone, why would you even do it? But they did it, and for one of their trading units, it was almost 80 percent of their business. I think that is very questionable.

But then we get to the front page of this business section on Tuesday. Headline: "Ernst & Young ties decline improper," and I think this has to do with the accounting firms doing both accounting and consulting. Then we go down to the follow-on story, the Enron saga, "Anderson tape shows order to clean files." And then here is another one, "Former software executives charged."

Mr. Speaker, so much of our business system and the free market system is based on trust, that the numbers that we get that represent, that have been audited, that tell us about the performance of a company, we trust that the auditors in the company have given us accurate information by which we can make decisions. The buying and selling of bonds and companies going public, there has to be a certain integrity in the process. The reason I bring this up is that I think that these are very disturbing trends.

Mr. SCHAFFER. They sure are.

Mr. HOEKSTRA. The other reason that I bring it up is I was with a group of business people on Monday, and we both know how business people complain about rules and regulations. They

said, Are you guys doing anything to lift the burden of rules and regulations? I basically said to them, as long as we continue seeing headlines like this, and I do not know how many of the energy companies were involved in this round-tripping, but I think a number of them; but as long as we keep seeing headlines and stories like this, the role of Congress is probably disappointingly going to have to be to put more rules and regulations in place, rather than fewer, because there are some businesses and some business leaders who have decided that they are going to push the envelope as to what is "technically" legal, although it is clear that the end result is that they are presenting information that does not clearly represent the condition of their business and the volume and the activity or the health of their company at a given time, and I can only deduce that it is being done to deceive investors, customers and shareholders; and it is outrageous.

Mr. SCHAFFER. Mr. Speaker, the gentleman is exactly right, and I appreciate the gentleman for raising the issue and bringing that example before us. Because these people who are in the business of deception where their only intent and purpose in some of these business transactions is to deceive and falsify the true picture of business activity, they are not business leaders; they are, in fact, scoundrels. And what they are doing is selling short the capitalist system in America, which is the bedrock of our foundation and liberty and freedom. When they behave in that sort of way, they betray the legitimate entrepreneurs that have made America great.

Those legitimate entrepreneurs are the rule, not the exception. These scoundrels are the exception. It is truly unfortunate, because this is not just about whether certain entrepreneurs and CEOs make cash; it is about making unethical, immoral decisions that threaten the jobs and livelihoods of millions of Americans; and beyond that, they imperil our capitalist system here in our country, something for which many, many Americans have dedicated their lives; and in fact, some have died in the course of preserving and protecting our way of life.

It is a sacred system. It is the hope for the world, really. It has been the American system of capitalism, has been the model of freedom and prosperity that every single other country in the world looks to for leadership and guidance. And when our own entrepreneurs in America, and when the Congress and when the country in general allows these kinds of scoundrels to begin to define capitalism in America, they threaten our liberty, they threaten our republic.

I do not think we can spend enough money, I do not think we can hold enough hearings, I do not think we can throw enough people in jail until everyone who is engaged in these kinds of activities are essentially cleaned off

the streets and placed in some place where they are incapacitated and cannot harm our Nation any more.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, what I think it points out also is how fragile the system is, and the fragility of the system is based on the very fact that it is based on trust. As soon as people start abusing that component, it threatens the entire system, and then we become a bureaucratic system, because we cannot trust, we cannot trust the system any more. It becomes trust and verify, and verify means bureaucracy, more cost, more cost in doing business.

I think this Congress and I think we as Republicans need to stand up and really go after it the way the gentleman said, that these individuals, they are the minority, they are grabbing the headlines, but they threaten and imperil the very future of the capitalistic system by these kinds of abuses.

Mr. SCHAFFER. Mr. Speaker, it ultimately comes down to the American citizens themselves and the importance of having an American electorate that is economically literate is absolutely essential and it has been for all of the years of our Nation's history. Because the reality is we here in Congress can hold all the hearings, we can make all the tough speeches like I am doing right now, and it will not make one bit of difference if Americans continue to invest in companies that are, in fact, scams. It will make not one bit of difference unless there is a moral outrage among the American electorate based on their understanding of the need to preserve a capitalist society.

That maybe gets us back to this education issue again, because this country cannot afford to see more children graduating from schools who are indifferent to the functioning of the American economy and do not see any cause for moral outrage when they see, when they see a Nation that is composed of generally honest, hard-working, conscientious business leaders against the absolute scoundrels of American commerce who are really spoiling it for everyone else.

□ 2330

We need to start making consumer choices, investment choices, so companies like the ones you just cited that are in the business of deception in order to pad the profits of CEOs are out of business and are shut down, and cease to exist in America.

We cannot do it alone in Congress. We will certainly try if it comes to that, but it is essential for the American people to play a personal role in the solution to the effort to preserve and maintain our capitalist society.

Mr. HOEKSTRA. I think what will happen in the business world is that individuals drive the business community by the decisions they make as to where they work, where they buy their products from, what they invest in, who they loan their money to. Those

same kinds of dynamics are what we are trying to introduce into the education system with this tax credit.

We are going to leave the bureaucratic model in place, allowing a significant portion of money to flow through the bureaucratic process, but what we want to do is open up some level of entrepreneurship in a strengthening of the relationship between educators at the local level and the communities that they serve so they can raise money at the local level for the special needs that communities, those schools, and those kids have.

I am very excited about that. I am also excited about the placard that the gentleman holds up where the President says that we need to do this, because it is very much the complement to H.R. 1 that we passed last year.

The gentleman and I were not all that pleased with H.R. 1. We embraced the concept at the first part, but as the bill went through the process, we found out how powerful that bureaucratic process was. That is where much of the emphasis of H.R. 1 ended up being.

H.R. 1 ends up cleaning up that process, putting more accountability into it, but not empowering parents or local communities in the way that the President articulated in his "leave no child behind" vision, saying that we are going to improve that system, but at the same time, we are going to empower parents and we are going to put more money into the system.

What the tax credits really do is they fill out the President's total agenda on education that he outlined in the year 2000.

Mr. SCHAFFER. The national testing and the new accountability measures in and of themselves, and standing alone, cannot reform schools. They were never proposed or it was never promised that that would be the case. These are diagnostic tools that are important and can be useful, but they are only useful if there is some consequence associated with it.

As that bill passed, it was simply a national testing mechanism. If it has some mandates in it that are going to force States to get into conformity with this new national mandate, then there is some expansion of some Federal programs, but government, government cannot ever be trusted to fix America's schools. Government can be a useful tool if parents are empowered in a marketplace of academic ideas to reform an education system, so with these diagnostic tools the participation of government is important and can be useful, but the necessary element is choice.

Why on earth our country over the years has evolved, or I should say devolved, to the system that it is now of a government-owned, unionized, bureaucratized monopoly is beyond me.

We just talked about the great advantages for hope and liberty that are emblematic of our capitalist economy. If that is true, and I believe it is, then we should be looking for free market

solutions where education is concerned.

This testing provision is helpful, it is a useful tool to begin to compare government-owned schools versus a different government-owned school, or maybe a government-owned system versus a private system and so on, but none of that matters until we get choice. This tax credit provision that we proposed, it provides choice in two areas: One, it gives greater liberty to the student as a consumer; and it gives greater liberty to the taxpayer as an investor.

It runs, in principle, with the government system. It is just an alternative model, a different model, and something that I believe can have revolutionary, positive consequences for America's schoolchildren.

Mr. HOEKSTRA. It also gives a great liberty to our public school system, because what it does in our State of Michigan, basically, our public school superintendents who care passionately about the kids in their districts have become beggars to Lansing, our State capital, to get the money to flow into their districts. They are always going to Lansing to get the money.

What this now really does, it empowers them, because so many of the schools in my district have such a loyalty from their constituents and their parents and the kids, but there is no effective way for these people in these communities to put more money into their public schools.

Tax credits will enable them to do that so that, again, there will be some more balance in the system so that these public school superintendents will be able to get some of their money from Lansing, but when they are doing a great job and their test scores come in and say, man, look at how we are doing, in our district some of the public school students have gone to the military academies, and they go there and they are in the top 10 percent of their class at the military academies.

When people see that kind of performance, they are going to say, I am willing to give more money to that superintendent because he or she is doing a great job for our kids, and I think they are going to spend that money wisely.

So it gives a tremendous degree of flexibility, like the gentleman said, to the parents, to the kids, to the taxpayers, but also to the traditional public school system. This should not threaten them because it really will enable them to enhance their relationship with their community and enhance their education programs to take those schools to the next level, as well.

Mr. SCHAFFER. Money follows freedom. That is true almost no matter what we are talking about, whether we are talking about the leadership of countries. If we look around the world, those countries that have a heavy, autocratic, bureaucratic system of rules and no property rights, they have

a very difficult time keeping their economies afloat. Those countries that have made the reforms toward property ownership, toward real liberty and freedom for their citizens begin to see capital being created within those countries.

Here in the United States, our capitalist system of competition and freedom has resulted in wealth creation beyond anyone's wildest dreams, and in the history of human civilization. The same is true in education. If we can begin to cut the strings and the red tape and the restrictions that are associated with school money, we will see more of it generated, and that is our goal.

The current system, for all the things that people see in that as beneficial, the fact remains that at the end of the day, for every dollar spent, approximately 60 cents makes it to a child. What we are talking about is a freedom-based model of education tax credits wherein, under our proposal, for every dollar that it costs the government, \$2 makes it to a child.

We do not have to be rocket scientists to figure out this is a great bargain for the government, a great bargain for the taxpayer, and it is a better bargain for the student.

For the teacher in the middle of all of this, today they are not treated like professionals; I hate to say it. We expect a lot of them, we call them professionals, but the reality is, the worst teacher in a district in a public school model gets paid the same and on the same terms as the best teacher in a district.

What kind of incentive is that for good teachers, when they see the lazy teacher that is not that committed or maybe burned out? And they are the exception, not the rule, but they exist. But when you see these kinds of teachers that I am describing leaving the school when the bell rings, and yet getting the same pay raise on the same pay scale, it does not take more than 4 or 5 years for a good, hard-working teacher to get burned out on that. It is not a motivating factor.

Education freedom through education tax credits begins to allow teachers to be teaching like the professionals they are, too. If they are attracting students, if they are attracting customers, cash will begin to follow that, and these teachers will begin to be paid according to the professional scale I think they deserve.

Mr. HOEKSTRA. I think it holds great opportunity. It is not a perfect system, and it is not going to fix it by itself. Tax credits are not going to reform the system. But when you can combine the tax credits with H.R. 1, more parental choice, cutting some of the rules and regulations out of the bureaucratic model so that, again, more than a dollar or more than 60 cents can make it into a local school, when we start combining all of those things and we can really get some dynamic or exciting form in all of our schools for all

of our kids to make sure our kids are the best-educated kids in the world, that is the goal that we should have.

Until we reach that goal and that objective, we should not stop working.

Mr. SCHAFFER. I spoke to a group of different organizations just this morning about this issue of education tax credits. There were taxpayer organizations there, family organizations, church groups, synagogues represented. It was just a number of organizations that care about education, and they are here in Washington. There must have been about 100 people in the room. They were all very enthusiastic about the proposal. They want to help. They are writing letters to congressmen and making phone calls to the people that they know here.

I think it is important for our colleagues and anyone else who may be monitoring tonight's proceedings to know that this is a very real proposal. It is in play. We do need the voices of Americans to raise up and rally around this education tax credit bill. It is not introduced yet; it will be introduced in a couple of weeks.

I think it is really important for all of us to contact our colleagues here in the Congress, particularly those who serve on the Committee on Ways and Means and in our leadership, and voice in the strongest terms possible support for this freedom-based tax credit proposal to help children and to get it passed.

We need that kind of support and that kind of a campaign around this proposal now, and this special order is just one part of trying to accomplish that. For that, Mr. Speaker, I am grateful for your indulgence in recognizing us tonight. We will be back in 2 weeks to talk about the same topic again.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LIPINSKI (at the request of Mr. GEPHARDT) for today after 6:00 p.m. on account of a family matter.

Mr. BURTON of Indiana (at the request of Mr. ARMEY) for the week of May 20 on account of personal reasons.

Mrs. EMERSON (at the request of Mr. ARMEY) for today on account of a death in the family.

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. TURNER) to revise and extend their remarks and include extraneous material:)

Ms. KAPTUR, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. SCHIFF, for 5 minutes, today.

Mr. SHERMAN, for 5 minutes, today.

Ms. BROWN of Florida, for 5 minutes, today.