Sensenbrenner	Stark	Udall (CO)
Serrano	Stearns	Upton
Sessions	Stenholm	Velazquez
Shadegg	Strickland	Vitter
Shaw	Stump	Walden
Shays	Sununu	Walsh
Sherman	Sweeney	Watkins (OK)
Sherwood	Tanner	Watson (CA)
Shimkus	Tauscher	Watt (NC)
Shows	Tauzin	Watts (OK)
Shuster	Taylor (NC)	Waxman
Simmons	Terry	Weiner
Simpson	Thomas	Weldon (FL)
Skeen	Thornberry	Weldon (PA)
Skelton	Thune	Wexler
Smith (MI)	Thurman	Wilson
Smith (NJ)	Tiahrt	Wolf
Smith (TX)	Tiberi	Woolsey
Smith (WA)	Tierney	Wu
Snyder	Toomey	Wynn
Solis	Towns	Young (FL)
Souder	Traficant	
Spratt	Turner	

NAYS—52

Aderholt	Hilleary	Ramstad
Baird	Hilliard	Riley
Borski	Hinchey	Sabo
Brady (PA)	Holt	Schaffer
Capuano	Hulshof	Slaughter
Costello	Kennedy (MN)	Stupak
Crane	Kucinich	Taylor (MS)
Crowley	Larsen (WA)	Thompson (CA)
DeFazio	Lee	Thompson (MS)
Delahunt	LoBiondo	Udall (NM)
English	McDermott	Visclosky
Filner	McNulty	Wamp
Fossella	Menendez	Waters
Gephardt	Miller, George	Weller
Gillmor	Moran (KS)	Whitfield
Gutierrez	Oberstar	Wicker
Gutknecht	Pallone	
Hefley	Peterson (MN)	

ANSWERED ''PRESENT''—1

Tancredo

NOT VOTING—12

Berkley	Istook	Meeks (NY)
Engel	Leach	Platts
Harman	McKinney	Spence
Hinojosa	Meek (FL)	Young (AK)

□ 1025

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. BONILLA). Will the gentlewoman from West Virginia (Mrs. CAPITO) come forward and lead the House in the Pledge of Allegiance.

Mrs. CAPITO led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT BY SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain one 1-minute speech prior to the beginning of legislative business today.

THE REVEREND WILLIAM VANDERBLOEMEN

(Mr. BURR of North Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURR of North Carolina. Mr. Speaker, today I rise to welcome the Reverend William Vanderbloemen to the House Chamber. I have known William's family since my football-playing days at Wake Forest, and it is a pleasure to have such a fine young man here to lead us in prayer as we begin this day's work.

William is a native of Lenoir, North Carolina, and attended Wake Forest University and graduated in 1992 with a degree in history. He then attended seminary at Princeton where he received his Masters in Divinity in 1995, with the goal of becoming a professor or scholarly author; but as his studies intensified, it became clear to him that he would call the pulpit his home.

Mr. Speaker, the Presbyterian faith is better because of his choice. Upon graduating Princeton, William took an associate pastorship at First Presbyterian Church in Hendersonville, North Carolina. After a successful campaign in the mountains of North Carolina, William received a call from Memorial Presbyterian Church in Montgomery, Alabama, to be its head minister.

Memorial Presbyterian Church is a church with a place in the history of the civil rights movement of the last half of the 20th century. Opening shortly after World War II, in the middle of the 1950s, it was the first church in Montgomery to desegregate by offering open seating to members of both races. During the last 5 decades, Memorial has seen many changes, some causing divisions within the church family. In fact, when Reverend Vanderbloemen took over Memorial in 1998, they were meeting in a local YMCA, and 150 members in attendance was a good Sunday. Since 1998, membership has tripled and Memorial Presbyterian opened the first building on its new location on the east side of Montgomery. William founded the InStep Ministries, a series of syndicated radio spots aired daily and on secular stations; and one of the radio pieces prevented a suicide and that person is now a member of Memorial Presbyterian.

William serves on the board of the Presbyterian Coalition, a national gathering of leaders within the Presbyterian Church U.S.A., as well as the Ministerial Board of Advisors to the Reformed Theological Seminary. He and his wife, Melissa, have three children, Matthew who is here with us today, as are Mary and Sarah Catherine.

Mr. Speaker, I know all my colleagues join me in welcoming Reverend Vanderbloemen and thanking him for offering this morning's prayer.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed a bill and concurrent resolutions of the following titles in which the concurrence of the House is requested:

S. 1190. An act to amend the Internal Revenue Code of 1986 to rename the education individual retirement accounts as the Coverdell education savings accounts.

S. Con. Res. 34. Concurrent resolution congratulating the Baltic nations of Estonia, Latvia, and Lithuania on the tenth anniversary of the end of their illegal incorporation into the Soviet Union.

S. Con. Res. 53. Concurrent resolution encouraging the development of strategies to reduce hunger and poverty, and to promote free market economies and democratic institutions, in sub-Saharan Africa.

□ 1030

COMMUNITY SOLUTIONS ACT OF 2001

Ms. PRYCE of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 196 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 196

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 7) to provide incentives for charitable contributions by individuals and businesses, to improve the effectiveness and efficiency of government program delivery to individuals and families in need, and to enhance the ability of low-income Americans to gain financial security by building assets. The bill shall be considered as read for amendment. In lieu of the amendments recommended by the Committees on Ways and Means and the Judiciary now printed in the bill, the amendment in the nature of a substitute printed in the Congressional Record and numbered 1 pursuant to clause 8 of rule XVIII shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the further amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Rangel of New York, Representative Conyers of Michigan, or a designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. BONILLA). The gentlewoman from Ohio (Ms. PRYCE) is recognized for 1 hour.

Ms. PRYCE of Ohio. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, to quote the chairman of the Committee on Ways and Means, House Resolution 196 is an ''appropriate'' and fair rule providing for the consideration of H.R. 7, the Community Solutions Act of 2001; and it is consistent with previous rules that our committee has reported and the House has adopted on legislation that amends

the Tax Code. This rule provides for 1 hour of general debate equally divided between the chairman and ranking minority member of the Committee on Ways and Means.

After general debate, it will be in order to consider a substitute amendment offered by the minority which is printed in the Committee on Rules report and will be debatable for 1 hour. Finally, the rule permits the minority another opportunity to amend the bill through a motion to recommit, with or without instructions. The rule waives all points of order against consideration of the bill as well as the amendment in the nature of a substitute.

Mr. Speaker, before I go any further, let me take this opportunity to congratulate the gentleman from Oklahoma (Mr. WATTS) and the gentleman from Ohio (Mr. HALL) for all their hard work on this legislation. They are certainly dedicated leaders in the quest to help the poor and the needy, both here and abroad. As our President, George W. Bush, has stated, the Community Solutions Act will allow us ''to enlist, equip, enable, empower, and expand the heroic works of faith-based and community groups all across America.''

The Community Solutions Act features three primary provisions to encourage charitable works. First, it provides important tax incentives to increase charitable giving by allowing more than 80 million taxpayers who do not itemize their returns to take a deduction for charitable contributions. In doing so, we are recognizing that generosity flows not only from the wealthy but just as often from the less affluent, some of whom have worked their way out of poverty and wish to give something back to struggling communities and families. It is not necessarily extra incentives these good souls need, but should we not at least show them appreciation for their philanthropy through equitable treatment under the Tax Code?

The bill goes further to encourage philanthropy by also permitting tax-free distributions from individual retirement accounts for donations to qualified charities.

In addition to individuals, there are businesses that stand ready and willing to help the less fortunate and lift up their communities. H.R. 7 enables this charity through commonsense policies that allow resources to be directed to the needy rather than being discarded. We are a wealthy Nation where resources abound, and we cannot succumb to the luxury of wastefulness. We must do better by our citizens in need, and this legislation embraces that principle.

For example, through an enhanced tax deduction, H.R. 7 encourages restaurants and small businesses to donate food to the hungry that might otherwise perish, uneaten, while children go to bed with empty bellies and seniors choose medicine over food. The bill also helps the business community fulfill their charitable missions by removing the threat of frivolous lawsuits that punish the good deeds of donating equipment, facilities, or vehicles to nonprofit organizations.

Mr. Speaker, these are commonsense, meaningful steps that we can take to make a real difference in people's lives.

''Charitable choice'' is another tenet of H.R. 7. As first established in 1996 and expanded in subsequent years, charitable choice applies to the Temporary Assistance for Needy Families program, or TANF, provisions of welfare and the social services block grant program. The Community Solutions Act appropriately expands charitable choice provisions to include nine new program areas, including juvenile delinquency and prevention, crime prevention, housing, job training, senior citizen programs, community development, domestic violence prevention and intervention and hunger relief.

The Community Solutions Act builds on these existing charitable choice provisions which were signed into law already on four separate occasions. I would note to my colleagues that each of these important laws passed this House with wide bipartisan support and well over 300 votes.

Mr. Speaker, the charitable choice provisions in this bill prohibit the government from discriminating based on religion against organizations that apply to provide services under specified federally funded programs. In other words, charitable choice provides a level playing field for any group, any group, religious or secular, that wishes to compete for Federal social service funding. Charitable choice says that what an organization believes has no bearing whatsoever on how it is evaluated regarding what it can do for the poor and the needy.

In my hometown of Columbus, Ohio, the historic parish of Holy Family Church under the direction of Father Kevin Lutz feeds over 500 people daily in its soup kitchen and provides clothing and needed medical care to those who might otherwise go without. But in addition to the food and the clothing and the medicine, Father Lutz and the many volunteers of Holy Family are proven providers of care and compassion. I am proud of the work they are doing at home in my community. They are able to touch the lives of the needy and the poor in ways that government never can, because those grounded in faith can often provide the steadiest helping hand for those in despair.

Of course, charitable choice and the Community Solutions Act maintain important safeguards to protect the fundamental character of these organizations and to prevent them from discriminating against or proselytizing to the individuals which they serve. As crafted under the bipartisan leadership of the gentleman from Oklahoma (Mr. WATTS) and the gentleman from Ohio (Mr. HALL) and honed by the Committee on the Judiciary, this bill strikes a careful balance between expanding the universe of social care and protecting individual and organizational religious freedom.

Finally, the Community Solutions Act creates individual development accounts which will allow low-income individuals to save and have matching funds so that they can accumulate a small nest egg, maybe enough to allow them to reach the dream of buying their first home or completing a college education or even starting a small business. It is a helping hand for those who need it most, who might never get a leg up any other way.

This is commonsense legislation that encourages charitable giving and enlists the strongest of our allies in our effort to provide desperately needed social services.

Mr. Speaker, we should never turn our backs on those who wish to help in the battle against despair, poverty, crime, and drug addiction. We should never turn our backs on those who have demonstrated an incredibly superior capacity to help over and over, one neighbor at a time. If we do turn our backs on those who seek to help, we turn our backs on those who need the help.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I want to thank the gentlewoman from Ohio (Ms. PRYCE) for yielding me the time, and I yield myself such time as I may consume.

This is what they call a modified closed rule that will allow for consideration of H.R. 7, the Community Solutions Act of 2001, which supports the President's faith-based initiative. As my colleague has described, this rule permits a Democratic substitute and a motion to recommit. This is similar to other rules for tax-related bills.

When the gentleman from Oklahoma (Mr. WATTS) and the White House asked if I would be interested in sponsoring this faith-based initiative, I did not hesitate. It was not much of a stretch for me. It was, as some people have said, a no-brainer. I did not have to think too long or hard about it because I have had a lot of experience with faith-based programs and people of faith. I admire them and what they do.

I am involved with this issue because I am determined to see an end to hunger in America.

My experience with faith-based programs in my hometown of Dayton, Ohio, in Appalachia, here in the District of Columbia and in other countries has shown me that people who work in the field are not just dedicated, they are inspired. They feel called by their faith to make a difference. One of the values of that calling is that it brings new perspectives and encourages creativity and ingenuity.

Over the July 4th recess, I traveled to East Timor and Indonesia and visited poverty alleviation projects. I toured squalid neighborhoods in Jakarta where hundreds of thousands of

people lived in dumps and in conditions not fit for humans. As I visited these projects where repugnant smells were everywhere and hunger and sickness were rampant, I asked the workers why they did this work that they did. I knew what they were going to say to me, because when I ask this question, whether I am in Indonesia; Dayton, Ohio; or rural Appalachia, I always get the same answer. They tell me what motivates them is their faith. I ask them if they tell people about their faith. They say, ''We don't have to.'' ''We don't have to proselytize or force a sermon on them,'' they answer. ''Our faith speaks for itself. We love the people. They respond to our love. And they respond to our programs. They recognize our faith by the work that we do without us forcing it down their throats.''

This bill specifically prohibits Federal funds from being used for sectarian purposes. We need to include everybody in this fight if we ever hope to win the battle against poverty. That means that everybody should have a chance to compete for Federal funds to address our problems. Existing government and nonprofit programs do not have all the answers to these problems. Some have done tremendous work, but we still have 25 million people in the country that are hungry, we have homeless people, we have domestic violence, we have a horrendous drug problem, we have millions of working families and senior citizens that are not making it. The list of challenges goes on and on and on.

Many large faith-based organizations have for years been receiving millions of government dollars, and we have been very happy with their efforts. But what about the thousands of smaller groups that cannot compete for Federal moneys because of burdensome red tape? These programs have few employees. They rely instead on volunteers. They have small budgets, barely keeping their heads above water financially. That is what this bill is about, including these smaller groups that are motivated by their love and faith to work in areas where nobody else will work.

In Vinton County which is one of Ohio's poorest counties, I recently visited CARE United Methodist Outreach. It is an organization that distributes food, household necessities, clothing; it gives help with job assistance, almost anything that a person might need. A long way from Vinton County, just a few minutes from here across the river in Anacostia, is a program called The House. It is an initiative that works with youth from Anacostia High School in one of the toughest neighborhoods in the District of Columbia.

□ 1045

These are just two of the thousands of examples of small faith-based community-minded organizations working where no one else will go. Actually, if these two groups were not there, nobody would be there.

This bill will allow these religious organizations to compete on a level playing field. This is not about favoring certain religions; it is about funding the groups that will get the best results in caring for the least, the last, and the lost.

Problems in our country are real, and many are getting worse; and none of them are going away without some response. If faith-based groups can respond effectively, I think we should encourage them to do so.

I urge my colleagues to make finding solutions to these problems a priority, and I hope that they will give faith-based groups no less a chance than their secular counterparts have.

Mr. Speaker, I reserve the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 2 minutes to the distinguished gentleman from Pennsylvania (Mr. GEKAS), a member of the Committee on the Judiciary.

Mr. GEKAS. Mr. Speaker, I rise in support of the rule that is before us and for the debate that follows.

At first I had been considering appearing before the Committee on Rules to try to make in order some kind of amendment that would prevent cults and other fringe groups or groups that would gather together and form for the purpose of trying to take advantage of the new programs, new spending programs, that would be accorded by this legislation. Since then, in reviewing the legislation and in conferences with other Members and with other individuals outside the Congress, I am convinced that a so-called cult cannot succeed in applying or qualifying for one of these programs.

Why? It is a certainty that these programs are going to be based on the experience and track records mostly of existing faith-based organizations, rather than doing the kind of work we contemplate for years. So we have a foundation upon which these programs can be based.

In conversations with the gentleman from Wisconsin (Mr. GREEN), who did an extensive study of these very same questions, he further satisfied me that my worries about cults being eligible for these programs is not founded on reality.

So, I have no need, did have no need, have no need now, to try to add provisions to this to guard specifically against the dangerous cult, as I view it.

Mr. Speaker, I am satisfied that the rule will allow for a full debate that will encompass all the purposes of the legislation, without indulging in allowing loopholes for fringe groups to enter the process.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Speaker, this rule is terribly unfair. The gentleman from Ohio said, well, this is how we treat tax bills. But this is hardly a tax bill. There is a very small piece of it that is tax related. The great bulk of it is the social service aspect. It is very important.

I am very proud of the work I have done with faith-based groups. I care a lot about housing, and the Catholic Archdiocese of Boston has a wonderful record in housing. In area after area, I have been proud to cooperate with them. But none of those organizations have told me that they needed the right to discriminate or ignore State and local anti-discrimination laws.

That is what this bill does. I will insert into the RECORD here pages from the transcript which will show the chairman of the committee acknowledging that it preempts State and local anti-discrimination laws, and the gentleman from Florida (Mr. SCARBOROUGH) explaining why it is important that Jewish groups be allowed to discriminate in the serving of soup by not hiring non-Jews. I disagree with both of those. I wish we had ample time to debate them.

Mr. FRANK. There are further questions that we have. There is also this list, the nondiscrimination statutes, that must be followed. They are the Federal statutes. Some States have decided to go beyond what the Federal Government has done in preventing discrimination, and I would ask, because it's not clear to me, is this preemptive of State employment discrimination laws other than those which might track the Federal one? I would yield to anyone who could give me the answer to that. By specifying the Federal anti-discrimination laws that apply, does this mean that State anti-discrimination laws which cover subjects not covered under the Federal law, would be preempted in effect, and the religious organizations would not have to apply—follow them? I would yield to anyone who would answer that.

Chairman SENSENBRENNER. Will the gentleman yield?

Mr. FRANK. Yes, Mr. Chairman.

Chairman SENSENBRENNER. I'll answer the second part of our question and I'll seek my own time for the first part. The second part, relative to Federal preemption. Federal law applies where Federal funds go, and State law does not apply. If the religious organization accepted State funds, and by implication, local government funds, then State laws would apply to them as well.

Mr. FRANK. So it would preempt State laws or allow them to——

Chairman SENSENBRENNER. It would allow them to ignore State laws when Federal—only Federal funds are used, but would not allow them to ignore State laws when State funds are used.

Mr. FRANK. What if there was a mix of Federal funds and private funds?

Chairman SENSENBRENNER. Then they could ignore State laws.

Mr. FRANK. That seems to me to be a serious flaw and hardly consistent with the sporadic States' rights professions that we hear from the other side. The principle ought not to be that you can get out of following a State's enactment because you have accepted some Federal funds, and the Chairman has very straightforwardly made it clear. If you get some Federal funds and you have some of your own funds, you might—not might—you are then allowed to ignore a State law that would otherwise be binding on you. I do not think we ought to be embodying the principle that the acceptance of Federal funds somehow then cancels State law.

There are a number of things. For instance, the States get highway money from

the Federal Government. Does that principal apply? Should we then say that a State highway department can ignore its State's own laws with regard—or contractors getting the State highway money? That, really, frankly, surprises me in the very radical nature of a repudiation of what the State can do. In other words, you are in the State and you have set a policy that there will not be discrimination based on this or that or the other, other than what the Federal Government does. And an organization in your State, which decides to do a program, and it's got 70 percent of its money, and it gets 30 percent of the Federal money, that Federal money now becomes a license to ignore State anti-discrimination law. If there's a conflict between the laws, then the Federal would apply, but I had not previously thought it would be

Mr. SCARBOROUGH. I do believe, although it has not been articulated well, and I'm not trying to persuade you, I'm just merely saying that there are some of us that believe this that may not be able to articulate it very well, that there is a culture in, let's say, an urban Protestant Church that is separate from a culture in, let's say, an urban synagogue or in a Catholic Church that is separate from another.

And I see Ms. Waters. She's about to explode, and I'm sure I'm going to be a bigot, and this, that, and the other, but I'm just saying there is——

Chairman SENSENBRENNER. The Chair is prepared to declare a 30-second recess.

Mr. SCARBOROUGH. Why is that?

Chairman SENSENBRENNER. So that nobody explodes. We don't want that to happen.

Mr. SCARBOROUGH. I love Ms. Waters——

[Laughter.]

Mr. SCARBOROUGH. I love Ms. Waters, and Ms. Waters loves me. She hugs me on the floor every chance she gets. That's why she got up. She couldn't resist herself. [Laughter.]

But there is a culture, seriously, there is an inherent culture in these organizations, like, for instance, and I'll talk about my church. I'm Southern Baptist. I disagree with a lot of things they believe about people who are divorced not being able to be deacons or, or women not being able to preach, all right? But I do know that there are Southern—and if that offends me, I can, I can take a hike. But there are, even though I disagree with some of the things that people in the Southern Baptist Church believe in, they can effectively deliver services because of the culture of whether it's First Baptist Church of Pensacola or——

Mr. WEINER. Will the gentleman yield on that point?

Mr. SCARBOROUGH. Yes, sir, I will.

Mr. WEINER. Would the gentleman yield on that? And I'm convinced the Southern Baptist Church can deliver those under this bill.

Perhaps you can enlighten me, and using the example of the Southern Baptist Church or whatever you referred to, someone coming in for a job interview to work in a job training program to teach typing to someone who had been laid off——

Mr. SCARBOROUGH. Right.

Mr. WEINER. Why is it, give me an example, just so I can fully get my mind around it, why is it necessary that they be Baptist and why is it not only necessary, why is it so important to this program that it means offending 35 or 40 Members around here who might be willing to make this a bill that 300 people can vote for?

Mr. SCARBOROUGH. Yeah, well, I don't think it's—reclaiming my time—I don't think it's necessary. And, obviously, I think most of us on this panel, I would hope, would agree that it would be extraordinarily bigoted for any, any organization, be it a faith-based or secular organization, to prevent people from being hired. But I think the biggest concern is compelling, for instance, a synagogue in a certain area to hire a fundamentalist, right wing, religious, whatever, that would, after all——

Mr. WEINER. Typing teacher?

Mr. SCARBOROUGH. Hold on a second. Hold on a second.

Mr. WEINER. What does a right-wing typing teacher do, only type with the right hand?

Mr. SCARBOROUGH. We're talking about, and again——

[Laughter.]

Mr. SCARBOROUGH. Again, if you want to get laughs, that's fine, but, for instance, delivering soup, let's say, for instance, in an area that's heavily served, let's say a synagogue in an urban part of the area, listen, they want to get their soup. They don't want to hear somebody with views that's completely different from their own views. And I understand, I understand what the bill says that they're not allowed to do that. But, again, if you compel these organizations, again, whose culture, many Americans believe, allow faith-based organizations to deliver services more effectively than, say, the Department of HHS——

Chairman SENSENBRENNER. The time of the gentleman has expired.

Mr. SCARBOROUGH [continuing]. There's a risk of changing the very culture of those organizations.

Ms. LOFGREN. Mr. Chairman.

Chairman SENSENBRENNER. The time of the gentleman has expired.

Mr. SCARBOROUGH. Thank you.

Chairman SENSENBRENNER. For what purpose does the gentlewoman from California, Ms. Lofgren, seek recognition?

Ms. LOFGREN. To strike the last word.

Chairman SENSENBRENNER. The gentlewoman is recognized for 5 minutes.

Ms. LOFGREN. I—I was fascinated by the last exchange because, apparently, even though there is a prohibition on proselytizing, the reality would be that there would be proselytizing, and therefore we need to make sure that religious institutions can discriminate against people who are not of their religion so that they can violate this statute, which I think is a very odd proposition.

But I would just, going back to my experience in local government, I would just like to say I think this bill is a, is a solution in search of a problem. I mean, we used all kinds of contracts with religious-based organizations. Catholic Charities ran the Immigration Counseling Center. The only instance in my 14 years on the Board of Supervisors that ever came to my attention that someone, a religious group felt that they might not be—having treated fairly, was an evangelical church who wondered were they being treated fairly, and I met with them, and we made sure that they were brought into the opportunity to provide food through the food service, the largest faith-based group in Santa Clara County, PAC, which has, I think now, 17 parishes and churches. They provide homework centers, the biggest homework centers for all the kids after school. They wouldn't even consider discriminating against a tutor based on their religion, and Catholic Charities wouldn't even consider discriminating against a psychologist in hiring for one of the programs, the mental health programs they run. It would be inconceivable.

So I really strongly believe that Mr. Scott's amendment is necessary and that this bill is probably not, but I would like to yield to Mr. Scott, at this point.

Mr. Speaker, this rule does a terrible disservice to democracy. This is a fundamentally important issue. Many of us are in favor of helping the faith-based groups, but want to put some safeguards in. There are complicated issues. Instead, we are told we get one substitute and one recommittal. The recommittal gets 10 minutes of debate.

This forces fundamental, philosophical, constitutional, and moral issues of great importance into a shoehorn, apparently because the majority did not want to debate them.

We are going to be told, well, you should not lump all these things together. We only wanted four or five amendments. We are only getting a couple of hours of debate on this fundamental issue, when we spend much more time on things of less significance.

I will say this: Members who say, well, I could not vote for that recommittal, I could not vote for that substitute because it did not have everything I wanted, it had too much in there, then vote against the rule.

Let us vote down this rule, and let us take this bill up where we can offer amendments that deal with these serious moral and constitutional issues in a significant way. Unfortunately, we are going to have a debate in which there are going to be all kinds of charges of mission representation, because the rule does not allow us time to air them.

But I want to just close by saying again, the chairman of the committee honestly acknowledged that it preempts State and local anti-discrimination laws where they use Federal laws, and others have talked about the right to discriminate religiously in hiring for secular purposes. Those should not be allowed to stand.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Wisconsin (Mr. GREEN).

Mr. GREEN of Wisconsin. I thank the gentlewoman for yielding me time.

I do agree with my colleague from Massachusetts that these are sensitive issues and weighty subjects that we debated today. Like everyone, when I first looked at this legislation, I had questions. It is complicated, it is complex, and it does touch upon delicate issues.

But I am proud of the work that has been done in this bill as it has moved forward. I am proud of the work that the gentleman from Wisconsin (Chairman SENSENBRENNER) and the gentleman from California (Chairman THOMAS) have done.

This bill is constitutional, this bill is workable, this bill is the right thing to do. It has strong accountability provisions. It requires separate accounts for the Federal dollars. It has opt-out provisions. It has secular alternative requirements.

This bill builds on current law. The religious exemption that we are going to hear about so often today is current law. It has been law for years. This body has reinforced this law on bipartisan votes several times.

In many ways, this bill is nothing new, because much of this is in current law; but in many ways, fundamental ways, it is new, because it opens up to new services, it opens up to new battles, it opens us up to new communities. With this bill, we can make a difference in lives, in neighborhoods, in communities all across America. This is the right thing to do.

Our President has pledged us as a Nation in his inaugural address that when we see that wounded traveler on the road to Jericho, we will not step to the other side. This legislation will ensure that that is the case.

I am proud of this legislation. I think this rule makes sense. I look forward to the debate, and I look forward to passing this law and sending it on to the Senate and the President's desk.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. SHOWS).

Mr. SHOWS. Mr. Speaker, I thank the gentleman from Ohio for yielding me time.

Mr. Speaker, I appreciate the opportunity presented because of this bill being introduced. I rise today to express my strong support of H.R. 7, the Community Solutions Act of 2001. This bill is long overdue.

I come from a small town in rural Mississippi called Bassfield, population 350, which is home to a few hundred families who work hard every day. I invite you and my colleagues to visit Bassfield and see what it is like in a real small town outside the Beltway. In my town, churches and other houses of worship and religious institutions are the bedrock of the community. This is true in small towns and big cities across the country.

Where I come from, faith and family are common values; and, unlike Washington, when people in Bassfield need help, they do not look to the Government first, they look to the family and neighbors.

We cannot put a fence around the churches in Bassfield or anywhere else. It is impossible, because religious institutions are and will always be central to the lives of our communities. They do it because it is the right thing to do, and they do it well.

It does not make sense to reinvent the wheel to establish government programs to provide services in communities where services already exist in an overzealous effort to isolate religious from public policy.

We must respect the foresight of our Founding Fathers, who knew that our new democracy could not permit one religion to prevail over others. But they also knew that our country was funded on the basic freedom to express one's religion, not to silence it. While we must respect the separation of church and State, we must also respect the rights of people of faith.

Mr. Speaker, we always walk a fine line when we consider religion and public policy in the same breath; but in the Community Solutions Act, I believe we have crafted a bill that respects the separation of church and State, and, at the same time, tolerates the rights of all Americans to practice their religion.

We have crafted a measure that affords people in big cities and small towns across the country the opportunity to receive essential services from the people who know them best, their faith-based institutions that already are the core of their communities. In a civil society in our democracy we tolerate the views and religions of others. In this spirit, I believe we can allow faith-based institutions to be our partners in communities. Indeed, they already are.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Florida (Mr. STEARNS).

(Mr. STEARNS asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. STEARNS. Mr. Speaker, I thank the gentlewoman for yielding me time.

Mr. Speaker, let me address two points. I do not know if my colleague from Massachusetts is still in the Chamber, but this Charitable Choice exists in Federal programs already. In addition, the House has provided passage of Charitable Choice in child support, the Home Ownership Act, Fathers Count Act of 11/10/99, and also the Juvenile Justice bill. So we have four cases where Charitable Choice is already in place.

So for folks to come on the House floor and say vote against the rule because this is not fair, this is a great constitutional question, that is not true. However, President Clinton already signed into law four of these Charitable Choice pieces of legislation.

Mr. Speaker, I am here because contained in the base bill, I have a bill that was incorporated, and I want to thank the gentleman from California (Chairman THOMAS) and the gentleman from Oklahoma (Mr. WATTS) for giving consideration to my bill, which repeals the excise tax on the net investment income for private foundations. I would also like to thank my colleagues who have cosponsored this legislation.

Though, of course, full repeal of the 2 percent excise tax on private foundations would have been preferable, I want to thank my friends on the Committee on Ways and Means for eliminating the two-tier system and simplifying the tax to a flat 1 percent.

The tax was originally enacted in 1969 as a way to offset the cost of government audit of these charitable organizations. In 1990, the excise tax raised $204 million, and they conducted 1,200 audits of private foundations. Then in 1999, the excise tax raised $500 million, and the IRS only did roughly about 200 audits.

So private foundations generally must make annual distributions for charitable purposes equal to roughly 5 percent of their fair market value of the foundation's endowment assets. The excise tax acts as a credit in reducing this requirement.

So I am glad my bill is part of the base bill. It is a tax cut. I want to again remind my colleagues to vote for the rule.

Mr. Speaker, I first want to thank Chairman THOMAS, along with Congressman WATTS, for giving consideration to my bill H.R. 804—a bill to repeal the excise tax on the net investment income for private foundations. I would also like to thank my colleagues who have cosponsored this legislation.

Though, of course, full repeal of the 2 percent excise tax on private foundations would have been preferable, I want to thank my friends on the Ways and Means Committee for eliminating the two-tiered system and simplifying the tax to a flat 1 percent.

The tax was originally enacted in the Tax Reform Act of 1969 as a way to offset the cost of government audits of these organizations. In 1990, the excise tax raised $204 million and the IRS conducted 1,200 audits of private foundations. In 1999, the last year for which figures are available, the excise tax raised $499.6 million with the IRS conducting 191 audits.

Private foundations generally must make annual distributions for charitable purposes equal to roughly 5 percent of the fair market value of the foundation's endowment assets. The excise tax paid acts as a credit in reducing the 5 percent requirement.

By reducing the excise tax, we are placing needed money into the hands of our nation's charities. I thank Chairman THOMAS and Congressman WATTS for their leadership and support.

Across this country, faith-based charitable organizations have brought healing to broken lives and suffering communities by providing emergency services, drug treatment, after school programs, as well as many other vital services. However, too often the Federal Government has valued process over performance and not welcomed faith-based charities as partners in fighting social ills.

To address this bias Congress has repeatedly supported a program called Charitable Choice. This idea is not revolutionary. It has been adopted four separate times by bipartisan majorities and was signed into law by President Clinton each time, the first being the landmark welfare reform legislation in 1996. Charitable Choice is bipartisan, consensus law that expands options for needy Americans while safeguarding the character of faith-based charities and protects the rights of beneficiaries.

In fact, it already exists in Federal law and applies to three domestic programs. It enjoys broad support because it is not a special fund for religious charities; it simply makes faith-based groups eligible to compete for Federal dollars.

Charitable Choice corrects this prejudice that discriminates against charities on the sole basis of their belief system. This program because it is grounded in the Constitution, requires nondiscrimination. It includes all people of goodwill—whether Methodists, Muslim, Mormon, or good people of no faith at all.

It preserves the first amendment because it insists on a separation between programs operating on the Federal dollar and those operating on the private dollar. Faith-based organizations may make federal programs available

by advocating values but not engaging in religious worship.

The question then becomes, why would any faith-based group want to participate with these limitations. The answer is that the funding is always going to be there and therefore will we continue to discriminate or will we open the process and ferret out discrimination.

Charitable Choice is about funding affective public services, not religious worship. It explicitly states that no direct funds ''may be expended for sectarian worship, instruction or proselytization.'' While securing this separation, it also allows ''conversion-centered'' groups to participate via vouchers. This is nothing new in Federal law. Since 1990, low-income parents have used vouchers to enroll their children in thoroughly religious child-care services.

This voucher option is critical for beneficiaries because when helping needy Americans one size does not fit all.

Charitable Choice offers assistance in both the form of vouchers (to recipients) and grants (to organizations) to fund civic assistance programs. This variety expands service to needy Americans because it allows them to participate in a program that suits them without respect to religion.

The President established the office of Faith-based and Community Initiatives, which is the first of its kind, to correct this glaring discreptency. The purpose of this office is to devise a constitutional means by which religious organizations are brought to the table and allowed to compete for Federal moneys regardless of their belief system.

This is consistent with the President's objective to unleash private money for public good. It establishes charitable giving incentives for taxpayers to increase the level of money given directly to public service organizations.

Charitable Choice allows faith-based and secular civic organizations to compete on the basis of the same criteria. Charitable Choice asks the question, ''What can you do?'' rather than ''Who are you?'' It holds both the religious and secular civic organizations to the same standard: Results.

It is our responsibility to expand the range of care for people in crisis and Charitable Choice is an innovative way of achieving that goal. It is a way to empower that which is small and holistic.

American's deserve a variety of alternatives; the goal is not to favor one group or belief system over another but to simply level the playing field such that any effective social service is made eligible for Federal moneys already designated for public services. It doesn't favor any religious organization; it only ends some of the burdens that often impede them. Surely this is something that every American can support.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT. Mr. Speaker, I rise in opposition to the rule. It is clear that the majority is avoiding the amendment process because they cannot defend the underlying bill. I offered an amendment that was rejected in Rules that would have required agencies when making funding decisions to consider objective merits when they consider the proposals.

Now, I would like to ask, if you are not using objective merits, are the Federal officials supposed to just pick and choose between the religions based on the religion they like the best?

In addition to discriminating in the grant process, it prevents amendments on the issue of whether we ought to roll back civil rights by 60 years. The Leadership Conference on Civil Rights, the NAACP, a host of other organizations, oppose this bill because of what it does to civil rights.

We have heard we are not changing any present laws. Well, if you are not changing any present laws, you do not need a bill. This changes present laws, and that is the major controversy in the bill. We have not been able to discriminate in Federal contracts based on religion for decades. You can under this bill.

In fact, this bill is not about small organizations, and it is not about faith organizations. Any program that can get funded under this bill can get funded today, except those sponsored by organizations who insist on discriminating based on religion.

□ 1100

We ought to have a process where we can debate the question of discrimination in this bill. We ought to have a rule that allows that; this rule does not, and therefore, this rule ought to be rejected.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. SOUDER), my distinguished colleague.

Mr. SOUDER. Mr. Speaker, I thank the gentlewoman for yielding me this time.

First, I want to make a comment on the rule itself, which is this debate. The gentleman from Virginia just commented that he was frustrated that the rule does not allow for the ability to offer amendments. I cast a very difficult vote the other day. I do not favor campaign finance reform, but I believe that our leadership had been trying to work out a way for Shays-Meehan to have a straight up-or-down vote. In fact, this is what we need on charitable choice and this is what we need in health care.

I believe this rule is fair. Most Members of this House, in effect, both on this side and on the other side, argued for a rule that gave people who are arguing a position the ability to have a vote on their bill, and I believe this bill falls into the same category as campaign finance reform, the Fletcher medical bill, and other bills. When we have these conflicts where there are two clear sides, we ought to have straight up-or-down votes on those bills.

Secondly, while the gentleman from Virginia (Mr. SCOTT) is technically correct that this bill is different, it actually protects current religious exemptions. It does not change the religious freedom law. What we have done in this country is said that people who want to preserve their religious freedom are not eligible, even if they do not proselytize, even if they are just distributing soup to the hungry or if they are building a home for somebody who is homeless or if they are helping somebody who is dying of AIDS. Even if they do no evangelization, even if they do not pray with that individual, they are not allowed to build the house unless they change their entire religion or basic beliefs. That is what religious freedom is in this country, and that is what this bill is trying to uphold with current procedures as to how we do charitable work in this country so as to not step on religious freedom, and this bill attempts to rectify that.

Mr. HALL of Ohio. Mr. Speaker I yield 2 minutes to the gentleman from Tennessee (Mr. CLEMENT).

Mr. CLEMENT. Mr. Speaker, I thank the gentleman for yielding me this time. I might say about the gentleman, he is a champion, not only in the United States but worldwide, when it comes to hunger and fighting hunger.

I rise today in support of the rule, in support of H.R. 7, The Community Solutions Act of 2001. The heart of the so-called faith-based program would allow religious organizations to bid for Federal funds to feed the hungry, fight juvenile crime, assist older Americans, aid students, and help welfare recipients find work, among other charitable activities. I applaud the tremendous work that faith-based organizations have done to provide much-needed services to our communities.

Organizations such as the Nashville Rescue Mission in my district offer a hand up to those in need without any influx of Federal dollars. This legislation would give the mission and other groups the opportunity to compete for such funds should they so desire. These important faith-based service programs no doubt play an extremely important role in transforming lives as they daily reach out to the less fortunate in Tennessee and across the Nation. The time has come to recognize these unique entities by passing charitable choice legislation.

Charitable choice simply means equal access by faith-based organizations when they compete with other organizations for Federal social service contracts. Nothing is guaranteed. They must compete with everyone else and demonstrate their proven effectiveness in providing basic social services before they will be awarded Federal grants. Charitable choice is not a new idea. Existing charitable choice programs and national programs across the country have benefited thousands of people.

Faith-based organizations have long been on the front lines of helping our communities' most needy and broken. They have taken on the challenges of society that others have left behind. It is time that the Federal Government recognized the work they do and assist them in meeting these challenges. Let us improve our delivery system; let us support this bill and pass it.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 1½ minutes to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, I would like my colleagues to join me in a little visualization, the Members that are gathered here and perhaps others here in the Chamber. This story, I will give credit, came from John Fund who is an editorial writer, and I would like you all to close your eyes for a minute if it makes it easier. Imagine for a minute that you go home today and open your mail and there is a letter there from an attorney who is a long ways away, and as you read that letter you realize that you have been named an heir to an enormous fortune that you did not even know existed and, all of a sudden, you are wealthy beyond your wildest dreams. Think about that for just a minute. You think, this is a windfall. I would like to take a significant portion of this money that I did not know I was going to get and I would like to put it into something that will help the less fortunate. Think about that for a minute. What would you do with that windfall? How would you help the less fortunate?

Now, be honest. How many of you, the first thing you thought of was, I know, I will give the money to the Federal Government.

Now, you might have thought about giving the money to the Salvation Army, you might have thought about giving it to the Red Cross, to a church group, to some other organization, but I will guarantee very few people gathered here in this Chamber today, very few Americans, the very first thing they would have said is, I know, I will give the money to the Federal Government.

That is what this bill is really all about. Let us give faith a chance. We all know deep down in our bones that we have wasted billions of dollars over the last 20 or 30 years in failed social programs run by the Federal bureaucracy. All this bill simply says is, give faith a chance.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, my husband, my children and I have among us 100 years of Catholic education. That education has taught us our responsibilities to the poor and the mission of the Gospel of Matthew. Indeed, the gentleman from Ohio (Mr. HALL) is the living embodiment of the gospel of Matthew to minister to the needs of the hungry, the homeless, and others in need. That Catholic education has also taught us to oppose discrimination in every place in our country. That is why I have to oppose this legislation, H.R. 7, that is before us today.

I am very proud that Catholic charities is the largest private network of social service agencies in the country, but in order to receive Federal funds, which they do now, Catholic charities and other religious affiliated nonprofits must agree to abide by all applicable antidiscrimination laws and to provide services without religious proselytizing. H.R. 7 would remove those important protections.

So as a Catholic and one driven by the Gospel of Matthew and proud of the work that our nonprofits and all denominations do, what is the problem with this bill? The problem is that today, this House will vote to legalize discrimination as we minister to the needs of the poor. I hope that course of action will not be taken, and I urge my colleagues to oppose this unfair rule and to oppose H.R. 7.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SMITH), a member of the Committee on the Judiciary.

Mr. SMITH of Texas. Mr. Speaker, I thank the gentlewoman from Ohio (Ms. PRYCE), a member of the Committee on Rules, for yielding time to me.

Mr. Speaker, I am happy to support our Nation's faith-based organizations. I want to mention some people back home who are doing this kind of work. In downtown San Antonio at the Little Church of La Villita, for almost 40 years, people like Cleo Edmonds and David Gross have given their time and resources to feed the hungry. They feed about 100 people each day, primarily single mothers. Some people come in to get a meal; others to get groceries.

In addition to meeting the nutritional needs of those who come seeking help, the Little Church of La Villita meets the spiritual needs in our community, offering prayer and counseling to those who request it.

Some want to tell us that the faithful should leave their faith at the door. But, Mr. Speaker, everyone involved in serving the poor has faith; everyone has convictions. The only difference is that some believe in the power of God and some believe in the power of government.

The Constitution does not envision a government devoid of all religion; rather, it envisions a rich menagerie of faiths, a patchwork of beliefs and convictions, all under the protection of one Constitution.

Whether or not this bill becomes law, the Little Church of La Villita will continue its work. The question is not: Does the Little Church of La Villita need government money? The question is: Does the government need places like the Little Church of La Villita?

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I feel like I am caught between a rock and a hard place. I say that because I support the concepts of faith-based initiatives. I support the elements of this legislation. I think it is going to go a long way towards finding solutions and helping address some of the many social ills and problems.

On the other hand, I do not believe that we can allow any hint of discrimination or the opportunity to discriminate against any segment of our population, no matter whether we are dealing with race, color, national origin, sexual orientation, it matters not. Each and every human being in this country must feel that they have equal protection under the law, must know that they are not going to be discriminated against.

While I hope that we will end up at the end of the day having passed this legislation, I hope we will end up at the end of the day sending a message to all of America that we will not allow discrimination in any shape, form, or fashion.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. BOEHNER), the chairman of the Committee on Education and the Workforce.

Mr. BOEHNER. Mr. Speaker, let me thank the gentlewoman from Ohio for yielding me this time.

Mr. Speaker, I am pleased today to rise in support of President Bush's charitable choice initiative, the Community Solutions Act of 2001. I wish to thank the gentleman from Wisconsin (Mr. SENSENBRENNER) of the Committee on the Judiciary and the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, for their diligent efforts in crafting this legislation which has taken into account many different points of view.

As chairman of the Committee on Education and the Workforce, I am pleased that the legislation clearly indicates that faith-based organizations will be able to compete to provide services under several programs within our committee's jurisdiction. Every day throughout our Nation, community and faith-based organizations are playing a key role in meeting the needs of many Americans. Whether operating a soup kitchen, helping to build homes, providing child care, or providing training to welfare recipients, community and faith-based organizations are reaching out to others, and, in doing so, improving the quality of life for many Americans.

President Bush has called them ''armies of compassion''; and, indeed, these organizations have demonstrated compassion on many fronts: caring for children after school, providing emergency food and shelter, offering mentoring and counseling, uplifting families of prisoners, and helping to rescue young men and women from gangs and violence.

While many of these organizations have had success, some faith-based organizations have faced barriers in accessing Federal funds. H.R. 7, the Community Solutions Act, addresses this problem by making Federal programs friendlier to faith-based organizations. It will enable these organizations to compete for Federal funds and grants on the same basis as other organizations; and, in short, it will ensure that they have a seat at the table with other nonprofit providers.

Charitable choice is not a new idea, and over the past several years, Democrats and Republicans alike have voted for charitable choice in the Welfare Reform Act, the community services block grant law, and two substance abuse laws under the public health services act. The Community Solutions Act of 2001 represents a logical extension of these laws and would expand charitable choice to juvenile justice programs, housing programs, employment and training programs, child abuse, and violence prevention programs, hunger relief activities, high school equivalency and adult education programs, after-school programs and programs under the Older Americans Act, as well as many more.

□ 1115

For those who might be concerned about the excessive entanglement of religion in H.R. 7, it prohibits faith-based organizations from discriminating against participants on the basis of religion, a religious belief, or a refusal to hold a religious belief.

Other safeguards include a prohibition on using government funds for religious worship, instruction or proselytizing, and a requirement for separate accounting for the government funds.

Finally, if one objects to receiving services from a faith-based provider, alternative providers must be made available.

I think another important part of this legislation is the expansion of charitable deductions to those who do not itemize on their tax returns. One organization in my home State that would benefit from this change in tax law, as well as the charitable choice provisions, is Reach Out Lakota, located in West Chester, Ohio. This group began nearly 8 years ago after a one-time Christmas charity event, and now has expanded into a year-round organization which provides food, clothing, and other social services to about 45 families each month.

It is this kind of organization and this kind of involvement by community and faith-based organizations that I think is truly making a difference in the lives of many Americans. It is this kind of involvement that the Federal Government should be promoting and encouraging, the kind of involvement that H.R. 7 envisions.

I urge my colleagues to support President Bush in his efforts to transform cities and neighborhoods all across the land. I will ask all of my colleagues to vote for the rule and to vote for this most important bill.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. NADLER).

Mr. NADLER. Mr. Speaker, I rise in opposition to this rule because it forces Members who have genuine concerns about some very troublesome elements of the bill to raise all those concerns in a single substitute motion.

This rule permits not a single amendment to this bill to be heard on the floor. We will not be allowed to have clear votes on any of these questions, so the majority can shield from scrutiny the fiscal irresponsibility contained in this bill, the legislative green light in this bill for invidious discrimination, the nullification of State and local antidiscrimination laws contained in this bill.

Their effort to allow the administration to completely rewrite the billions of dollars of social service programs into vouchers, without any legislative investigation into what we are talking about there, without congressional consideration, and allowing religious groups to subject the most vulnerable in our society to religious pressure and proselytizing using Federal dollars.

Why are they so afraid of open and unstrained debate on this bill that makes such radical changes to our laws regarding religious freedom and the provision of social services? Why are they afraid to have clean up or down votes on these various issues? Does it have anything to do with the fear that those radical proposals considered one by one might not pass this body? Does it have anything to do with the fact that they are having trouble holding their own Members in line to vote for legalizing religious discrimination with taxpayer dollars?

This is compassion? This is what the majority thinks of our first freedom? This is what the Republican leadership and the compassionate conservative in the White House think of the merits of this proposal, that they will not permit amendments to be introduced on the floor and considered and voted on?

This House should have the chance to look carefully at each of these issues within this bill separately. We should have the chance to vote on these issues separately. We should have the chance to consider separately the several radical changes this bill would make in the very good and satisfactory way that religious organizations have been competing for and winning and using Federal funds for providing social services for the last 6 or 7 decades.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1½ minutes to my distinguished colleague, the gentleman from Ohio (Mr. TRAFICANT).

Mr. HALL of Ohio. Mr. Speaker, I also yield 1 minute to the gentleman from Ohio.

The SPEAKER pro tempore (Mr. BONILLA). The gentleman from Ohio (Mr. TRAFICANT) is recognized for 2½ minutes.

Mr. TRAFICANT. Mr. Speaker, let us cut to the chase here. Opponents say that the Constitution separates church and State. Let us get down to business. But all legislative history clearly states and reflects the fact that the Founders' intent was only to prohibit the establishment of one state-sponsored religion.

The Founders put God on our buildings, the Founders put God on our currency, and the Founders never intended to separate God and the American people.

Think about what is happening in America. We have guns, drugs, murder in our schools, but prayer and God in our schools is actually prohibited by our government, we the people. Beam me up, Mr. Speaker. The Founders are rolling over in their graves.

I say today on the House floor, a nation that denies God is a nation that invites the devil and welcomes massive social problems, and that is exactly what is happening in America. Look around.

I stand here today in strong support of President Bush's initiative. I want to commend the gentleman from Oklahoma (Mr. WATTS) and the gentleman from Ohio (Mr. HALL) for their great leadership in taking America back to the intended course that our Founders had planned for our great Nation, founded on religious liberty.

We have let a few people in America decide what faith means. It is time to change that. This is the place to start. I commend those who are responsible for this great initiative.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I thank the gentleman for yielding time to me.

Today I rise in strong opposition to this rule and this bill. As one who attended a Catholic school for 8 years, and a person of very deep faith, I believe faith-based organizations do enormous good in our communities, our country, and across the world helping millions of people. They feed the hungry, heal the sick, house the homeless.

Nonprofit religious organizations should be supported with increased funding and technical assistance. That is what charitable choice should do. There is not one cent in this bill to help these organizations in their noble work.

However, providing Federal funding directly to churches, synagogues, and houses of worships, mosques, which this bill does, represents direct government intrusion into matters of faith. Government cannot and government should not interfere with the practice of religion.

This bill subjects houses of worship to government control. Mr. Speaker, the IRS will have a field day. This bill will allow government-sponsored discrimination. It tramples State and local civil rights laws, and allows the use of Federal taxpayer dollars to fund discrimination in employment.

For example, it would allow organizations to refuse to hire Jews, Catholics, African American Baptists, depending on their religious policies and practices of their denomination. It would use taxpayer funds to fund that discrimination.

That is intolerable. Our government cannot turn its back on decades of fighting against discrimination and start funding discrimination. I urge Members to oppose this rule.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 2 minutes to

my friend and distinguished colleague, the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I thank the gentlewoman for yielding time to me.

Mr. Speaker, I stand in strong support of this rule. I am a little confused. Those who are against it are saying they are against it because they cannot get their amendments in. Yet, that same group last week, when the Committee on Rules said, let us have a campaign finance reform bill with lots of amendments, they were totally against that rule. So the reality is here they are against H.R. 7.

Let us review. In 1996, President Clinton, a liberal Democrat, signed into law welfare reform, welfare reform which said that faith-based organizations could participate in the delivery of some certain welfare services. The sky did not fall. For some reason, the sky is still up there.

All this does, H.R. 7, is say, we are going to take the 1996 bedrock signed by President Clinton and expand it to say that faith-based organizations who participate in some form of social services can be eligible to compete for Federal grants that fund such services.

Therefore, St. Paul's A.M.E. Church in Savannah, Georgia, run by Reverend Delaney, in all of his services of food and shelter and education and health care and family structure and family counseling, what they are saying to him is, ''Reverend Delaney, if you can divide the soup from the sermon, then what we will do is we will let you compete for a grant to feed the hungry. And what really matters is the full stomach here. That is the Federal Government's interest, not the conversion. You have to divide the soup in the sermon. But if you are doing a good job based on outcome, we are going to let you compete for that grant.'' That is what the Federal Government interest is, is the outcome.

If the Federal Government and all our Federal agencies were doing such a darned good job of delivering these services, we should have wiped out poverty, because since 1964 we have spent more on the war on poverty than we did to fight World War II.

It is not working. They need a helping hand. Let those who know the recipients, who live in the same ZIP Code and area code, let them compete for this money. They will do a good job.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Speaker, I find it very interesting to serve in a body where the Committee on Rules 1 week decides that democracy is all about debating every single amendment separately, and then the very next week decides that it will not allow a separate debate on an amendment that would eliminate the ability of religious institutions to discriminate in their employment practices and remove the offensive provision that everybody is concerned about from this bill.

This is not a debate about government versus God. We made that choice when the Founding Fathers wrote into the Constitution ''one Nation, under God,'' and we have been living with that choice ever since.

But we made a different choice in 1965 when we outlawed discrimination in this country. It was not a unanimous decision by the Nation at that time, but I am appalled 20 or 40 years later now to be debating the issue of whether we will allow religious discrimination to be engaged in in the delivery of services by church institutions, and we are doing it in the name of God.

The gentleman from Pennsylvania (Mr. TRAFICANT) said, ''Beam me up.'' I want to be beamed up on that false choice. We should have a rule that allows us to offer an amendment to strike this offensive provision from this bill, and then we would have almost unanimous support for the bill. But they would rather have the issue than the support.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from Ohio for yielding time to me. I thank the Speaker for the opportunity to characterize this date of history that we have today as a debate on a very crucial issue dealing with our view and commitment to the first amendment; that is, the idea of this government not establishing a specific religion for the nation.

□ 1130

I had hoped to offer the first amendment language as an amendment to this legislation, because I do not believe that we should be charged in this House with characterizing this debate as a question regarding our faith or our commitment in this Nation to our religious beliefs. I think it is important to understand that the Bill of Rights means something, that we cannot establish a religion through government. And certainly I think that as this legislation moves through this House today, giving direct funds to religious institutions makes this legislation as a violation of the Bill of Rights.

I believe if we pass legislation that gives direct funds to religious institutions and then affirms the right of these religious institutions to discriminate as it relates to employment, we are doing the contrary to what the Founding Fathers determined in those early years. Might I say that in the story of the Good Samaritan it was a diverse individual that helped a different individual, used his religion, his commitment of faith and charity, but I do not believe he needed to have an established law of providing Federal funds to a certain religion to make him charitable.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, faith-based organizations currently play an important and vital role in providing needed social welfare programs; and we, as a government, wholeheartedly support this work.

In fiscal year 2000, faith-based organizations administered an estimated $1 billion in Housing and Urban Development assistance. Catholic Charities, Lutheran Services, Jewish Federation received substantial support from the Federal Government. But in order to get it, they agree not to discriminate. They simply comply with the structure established to comply with two of our Nations's most fundamental principles, equal protection of the law and separation of church and State.

I have helped to establish many 501(c)(3)'s and wonderful organizations who do this work. A thousand religious leaders and organizations are opposed to H.R. 7, including American Baptist Churches USA, Office of Government Relations, Jewish Council on Public Affairs, Presbyterian Church USA, Episcopal Church, Unitarian Universalist Church, United Church of Christ, United Methodist Church. Join with them to oppose H.R. 7.

Mr. HALL of Ohio. Mr. Speaker, I yield 1¼ minutes to the gentleman from North Carolina (Mr. PRICE).

(Mr. PRICE of North Carolina asked and was given permission to revise and extend his remarks.)

Mr. PRICE of North Carolina. Mr. Speaker, many citizens, including Members of this House, first got into politics and stay involved in politics because of their moral and religious convictions. Religious congregations and organizations are working in communities daily to reach out to those in need, through Meals-on-Wheels, housing complexes for the elderly and the disabled, after-school programs for at-risk youth; and they are often doing this with the help of public funds.

This concept of faith-based initiatives is not new. My experience has been that religious groups are eager and effective in delivering greatly needed social services. But, Mr. Speaker, these groups have willingly organized their activities so as to honor the constitutional injunction against the establishment of religion when administering government funds. They have kept sectarian and social service activities institutionally separate. And they have understood that the use of public funds carries with it an obligation to refrain from discrimination, both among those served and among those hired to provide the service.

While the Democratic substitute preserves these safeguards, the President's proposal threatens to break them down, and for that reason religious groups across the spectrum have raised red flags about the bill before us.

The dual constitutional prohibitions against establishing religion and prohibiting its free exercise protect fairness and freedom in the public realm and also the autonomy and integrity of

religious practice. We must maintain these safeguards, even as we encourage citizens to put their faith into action and thus to enrich our community life.

My colleagues, support the carefully crafted Democratic substitute.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Speaker, I thank the gentleman for yielding me this time. Mr. Speaker, regarding the so-called faith-based initiative, if I were convinced that this initiative posed no threat to separation of church and State, I could support it. And if I were convinced it held no potential for the Government telling us what to believe, I could support it. But I am not convinced.

I just want to point to one particular provision in the bill that asks those receiving funds to set up not a separate 501(c)(3) to receive the dollars and be audited, but only a separate account. It specifically states that in the legislation. Religious organizations or any organization that is not for-profit receiving government money should be required to set up a separate 501(c)(3) to give them tax exempt status and to keep the distinction between the religious side of the organization and its social service activities.

In my district, the Lutheran Church already provides nursing home care, for example, through Wolf Creek Lutheran Home; but they have a separate 501(c)(3). Jewish Community Services, the same. Islamic Social Services, the same. The establishment of the 501(c)(3) principle in the base legislation is absolutely essential. I cannot support the faith-based initiative as currently constituted.

As a freedom lover who happens to be a Roman Catholic, I also know if our faith isn't deep enough, as sacrificing people, we don't need government money to subsidize us. We must give of our substance, not come to rely on a government subsidy.

But partnership between government and faith-based groups has its place. If this initiative—or any faith-based initiative—had the proper safeguards, I could give it my support. On page 29 of the bill, any funds received by religious groups under this program shall be placed in a ''separate account,'' not a separately incorporated 501(c)(3) legal entity. This means federal funds will be awarded directly to religious organizations. This simply defies our Bill of Rights and the separation of church and state so essential to the maintenance of our fundamental freedoms.

This bill should require religious organizations to establish separate 501(c)(3) organizations and give them a separate legal standing from the religious mission of the faith-based group and a tax-exempt status. Of course most involved in social services already do. In that way, they can take government money but maintain the separate legal structure that is necessary to protect religious freedom from government incursion.

Of course, grantees should employ strict prohibitions against discrimination in hiring and the provision of services and abide by all applicable federal, state and local laws prohibiting discrimination.

Of course, Mr. Speaker, religious organizations providing social services—augmented by taxpayer dollars—is hardly a new concept. And, we have learned an enormous amount from this rich and worthy experience. Let me give you some examples:

The Sisters of Mercy, the Franciscons, the Grey Nuns, the Dominicians and members of other orders minister to the needy in hospitals and hospices and homeless shelters throughout America. But they do so through non-profit organizations that are separate and legally distinct.

In my district, the Lutheran Church provides nursing home care and other service through Wolf Creek Lutheran Home. But they have a separate 501(c)(3).

Jewish Community Services throughout the nation offer social services, including federally-subsidized independent housing for elderly and handicapped people. But they keep a separate accounting through a 501(c)(3) status.

Islamic Social Services Association provides a wide range of social services to the growing Muslim population in North America—through its non-profit arm.

Certainly we want to encourage religious organizations to provide social services to our fellow Americans. And certainly we want to do nothing that would discourage such compassionate activity.

Priviate philantropy has its place, and we want to encourage our fellow citizens to give of their time and money to help the less fortunate. We know private philanthropy will never be a complete substitute for substantial social services funded by the U.S. Government. Our needs in America are so great, and many of the private groups boats are so small.

I believe it is crucial—in order to protect taxpayer dollars and also to protect religious institutions from government interference—to keep not just two separate accounts, but separate and distinct organizations legally incorprated with their mission clearly defined.

That is why the establishment of 501(c)(3) organizations is so crucial—not just for the integrity of government grant money but also for the independence of the religious organizations using it.

I cannot support the faith-based initiative as currently proposed. Please vote ''no'' on the rule and on the bill, unless amended.

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SCHIFF).

Mr. SCHIFF. Mr. Speaker, I rise in opposition to the rule and to H.R. 7. The Founding Fathers established a separation of church and State out of a solicitude for religion and for the State; and this initiative as drafted, I believe, is a threat to both. It is a threat to the State and the efficient operation of its services by preventing the State from ensuring that Federal funds are spent.

Who among us in this body is prepared to ask for an audit of a Jewish synagogue or the Catholic Church or the Mormon Temple for its expenditures of Federal funds? I would say probably none of us. And so the effective delivery of services cannot be effectively audited.

But more than that, the risk of excessive entanglement of religion, of having religious denominations compete with each other for Federal grants, becoming vendors of Federal services, of being told if they receive Federal money they cannot talk about faith being a necessary part of recovery, is this a position we want the Government to be in, saying if you take the Federal money, you cannot talk about faith, but if you do not, you can?

This is not in the best interest of either State or church, and I urge a ''no'' vote.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, as a person of faith, I believe in the power of faith to change lives, and I believe in the good work of faith-based groups. Yet today I join with over 1,000 religious leaders across America, and with civil rights groups, such as the NAACP, and educations groups, such as the National PTA and the National Association of School Administrators, who strongly oppose this bill.

Mr. Speaker, when Members cast their vote on this bill today, I hope they will ask themselves two fundamental questions: one, should citizens' tax dollars be used to directly fund churches and houses of worship? And, two, is it right to discriminate in job hiring when using Federal dollars?

I believe the answer to those two questions is no, and that is why I oppose this bill. Sending billions of tax dollars each year directly to churches is unconstitutional under the first amendment. It will lead to government regulation of our churches, which is exactly why our Founding Fathers rejected the idea of using tax dollars to fund our churches when they wrote the Bill of Rights.

It would be a huge step backwards in our Nation's march for civil rights to allow groups to fire employees from federally funded jobs solely because of their religious faith. Having a religious test for tax-supported jobs is wrong. No American citizen, not one, should have to pass someone else's religious test to qualify for a federally funded job.

Mr. Speaker, this idea was a bad idea when Mr. Madison and Mr. Jefferson and our Founding Fathers rejected it in writing the Constitution two centuries ago. It is a bad idea today. This bill will harm religion, not help it. I urge my colleagues to vote ''no'' on this unfair rule and ''no'' on this bill.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. HORN).

Mr. HORN. Mr. Speaker, I thank the gentlewoman for yielding me this time, and I rise today in support of H.R. 7 and encourage my colleagues to vote for this important legislation.

There is little doubt that faith-based organizations are often the most effective providers of social services in our communities. They are highly motivated, generous in spirit, and their motivation stems from a deep conviction about how one should live daily by giving to others in need. I have had a very

strong record in this Chamber of separation of church and State, but I think we should give the President a chance on this. If something goes awry, then let us change it. But I think it will not, and I think thousands of people will be able to help hundreds of people.

Through the welfare law passed in 1996, Congress provided opportunities for religious organizations, and I think there has been some very good language in H.R. 7. This program will work.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2½ minutes to the gentleman from Mississippi (Mr. PICKERING).

Mr. PICKERING. Mr. Speaker, I rise today in proud support of both the rule and H.R. 7. I want to commend the gentleman from Ohio (Mr. HALL), who is an example to all of us, and the gentleman from Oklahoma (Mr. WATTS). They are the best of this institution.

I want to say that in my home State of Mississippi we have the proud distinction of being the most charitable State in the Nation, the most generous. And because of the faith-based initiative, we have had an effort that has brought our christian community together with the Jewish community, with Muslims, with black, with white, people of all ages to organize in support of this initiative, because we know in Mississippi, just as we know across this country, that for the addict, for the alcoholic, for the struggling family, for the hungry, for the prisoner, for those troubled, faith heals, faith renews, faith gives the hope that this country needs.

Our President has called on us to remove the hindrances, to remove the hostility to the faith-based approaches so that there can be neutrality between the secular and the religious in healing our land. It is to remove the discrimination that we now have against the faith-based solutions.

I believe this approach can help heal our land, can bring our people together. It is happening in my own State of Mississippi; it is happening all across this land. I believe this is the right way at the right time to stand with organizations from the Salvation Army to Catholic Charities, to Evangelical Christians, to groups that represent the full breadth of this land and the greatest traditions of our faith.

Our founders knew that faith needed to guide us to give us the political prosperity and the peace and the reconciliation and the renewal. May we rise to the occasion today and pass this great and good legislation.

□ 1145

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, before I yield back the balance of my time, I would simply say that if I were to believe what has been said in the past few days, even the past couple weeks, even some of the stories I have read in the news, if I were to believe it without reading the bill, I would probably vote against this bill, too. But I have read the bill.

I have lived and worked with some of these people that we are trying to help. It is time to reach out to them. It is time to encourage them, instead of beating them down. We beat them down. We turn them away from us when we have these kinds of discussions. It is time to reach out. That is what this bill does.

Vote for the rule. Vote for the bill.

Mr. Speaker, I yield back the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I ask my colleagues not to lose sight of our goal here to empower those organizations that can truly help in ways that the government could only wish, those organizations that are capable of really producing results in their own communities, neighbor to neighbor, one at a time. We need them far more than they need us.

Mr. Speaker, I urge my colleagues to support this rule and the underlying legislation so that we can join our President and heroes like the gentleman from Ohio (Mr. HALL) and the gentleman from Oklahoma (Mr. WATTS) and truly unleash the best of America.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. BONILLA). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. PRYCE of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for electronic voting, if ordered, on the question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 228, nays 199, not voting 6, as follows:

[Roll No. 250]

YEAS—228

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Barton
Bass
Bereuter
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Coble
Collins
Combest
Cooksey
Cox
Crane
Crenshaw
Cubin
Culberson
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
Matheson
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Wu
Young (AK)
Young (FL)

NAYS—199

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hoeffel
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott

McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ross
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—6

Bartlett
Engel
Hinojosa
McKinney
Norwood
Spence

□ 1207

Ms. JACKSON-LEE of Texas, Mr. LUCAS of Kentucky, Mr. CLEMENT, Ms. PELOSI, and Mr. WEXLER changed their vote from ''yea'' to ''nay.''

Mr. SHADEGG changed his vote from ''nay'' to ''yea.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BONILLA). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CONYERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 233, noes 194, not voting 6, as follows:

[Roll No. 251]

AYES—233

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Bishop
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Clement
Coble
Collins
Combest
Cooksey
Cox
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Forbes
Ford
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Issa
Istook
Jackson-Lee (TX)
Jenkins
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Matheson
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—194

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Frank
Frost
Gephardt
Gonzalez
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hoeffel
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ross
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Sherman
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—6

Engel
Hinojosa
Johnson (CT)
McKinney
Norwood
Spence

□ 1219

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. HINOJOSA. Mr. Speaker, I regret that I was unavoidably detained this last evening and this morning. Had I been present, I would have voted ''yes'' on rollcall 243, ''yes'' on rollcall 244, ''no'' on rollcall 245, ''no'' on rollcall 246, ''yes'' on rollcall 247, ''yes'' on rollcall 248, ''yes'' on rollcall 249, ''no'' on rollcall 250, and ''no'' on rollcall 251.

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 196, I call up the bill (H.R. 7) to provide incentives for charitable contributions by individuals and businesses, to improve the effectiveness and efficiency of government program delivery to individuals and families in need, and to enhance the ability of low-income Americans to gain financial security by building assets, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 196, the bill is considered read for amendment.

The text of H.R. 7 is as follows:

H.R. 7

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Community Solutions Act of 2001''.

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

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 of the Internal Revenue Code of 1986 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—In the case of an individual who does not itemize his deductions for the taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the lesser of—

''(1) the amount allowable under subsection (a) for the taxable year, or

''(2) the amount of the standard deduction.''

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 of such Code is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end thereof the following new paragraph:

''(3) the direct charitable deduction.''

(2) DEFINITION.—Section 63 of such Code is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 of such Code is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end thereof the following new paragraph:

''(3) the direct charitable deduction.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c).

''(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

''(i) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account—

''(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(II) to a pooled income fund (as defined in section 642(c)(5)), or

''(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)).

The preceding sentence shall apply only if no person holds an income interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(ii) DETERMINATION OF INCLUSION OF AMOUNTS DISTRIBUTED.—In determining the amount includible in the gross income of any person by reason of a payment or distribution from a trust referred to in clause (i)(I) or a charitable gift annuity (as so defined), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

''(I) shall be treated as income described in section 664(b)(1), and

''(II) shall not be treated as an investment in the contract.

''(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

''(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 59½, and

''(ii) which is made directly from the account to—

''(I) an organization described in section 170(c), or

''(II) a trust, fund, or annuity referred to in subparagraph (B).

''(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction under section 170 to the taxpayer for the taxable year shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which would be includible in the gross income of the taxpayer for such year but for this paragraph.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 103. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—For purposes of this section—

''(A) CONTRIBUTIONS BY NON-CORPORATE TAXPAYERS.—In the case of a charitable contribution of food by a taxpayer, paragraph (3)(A) shall be applied without regard to whether or not the contribution is made by a corporation.

''(B) LIMIT ON REDUCTION.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3)(A), as modified by subparagraph (A) of this paragraph)—

''(i) paragraph (3)(B) shall not apply, and

''(ii) the reduction under paragraph (1)(A) for such contribution shall be no greater than the amount (if any) by which the amount of such contribution exceeds twice the basis of such food.

''(C) DETERMINATION OF BASIS.—For purposes of this paragraph, if a taxpayer uses the cash method of accounting, the basis of any qualified contribution of such taxpayer shall be deemed to be 50 percent of the fair market value of such contribution.

''(D) DETERMINATION OF FAIR MARKET VALUE.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3), as modified by subparagraphs (A) and (B) of this paragraph) and which, solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, or which is produced by the taxpayer exclusively for the purposes of transferring the food to an organization described in paragraph (3)(A), cannot or will not be sold, the fair market value of such contribution shall be determined—

''(i) without regard to such internal standards, such lack of market, such circumstances, or such exclusive purpose, and

''(ii) if applicable, by taking into account the price at which the same or similar food items are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 104. CHARITABLE DONATIONS LIABILITY REFORM FOR IN-KIND CORPORATE CONTRIBUTIONS.

(a) DEFINITIONS.—For purposes of this section:

(1) AIRCRAFT.—The term ''aircraft'' has the meaning provided that term in section 40102(6) of title 49, United States Code.

(2) BUSINESS ENTITY.—The term ''business entity'' means a firm, corporation, association, partnership, consortium, joint venture, or other form of enterprise.

(3) EQUIPMENT.—The term ''equipment'' includes mechanical equipment, electronic equipment, and office equipment.

(4) FACILITY.—The term ''facility'' means any real property, including any building, improvement, or appurtenance.

(5) GROSS NEGLIGENCE.—The term ''gross negligence'' means voluntary and conscious conduct by a person with knowledge (at the time of the conduct) that the conduct is likely to be harmful to the health or well-being of another person.

(6) INTENTIONAL MISCONDUCT.—The term ''intentional misconduct'' means conduct by a person with knowledge (at the time of the conduct) that the conduct is harmful to the health or well-being of another person.

(7) MOTOR VEHICLE.—The term ''motor vehicle'' has the meaning provided that term in section 30102(6) of title 49, United States Code.

(8) NONPROFIT ORGANIZATION.—The term ''nonprofit organization'' means—

(A) any organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code; or

(B) any not-for-profit organization organized and conducted for public benefit and operated primarily for charitable, civic, educational, religious, welfare, or health purposes.

(9) STATE.—The term ''State'' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States, or any political subdivision of any such State, territory, or possession.

(b) LIABILITY.—

(1) LIABILITY OF BUSINESS ENTITIES THAT DONATE EQUIPMENT TO NONPROFIT ORGANIZATIONS.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury or death that results from the use of equipment donated by a business entity to a nonprofit organization.

(B) APPLICATION.—This paragraph shall apply with respect to civil liability under Federal and State law.

(2) LIABILITY OF BUSINESS ENTITIES PROVIDING USE OF FACILITIES TO NONPROFIT ORGANIZATIONS.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury or death occurring at a facility of the business entity in connection with a use of such facility by a nonprofit organization, if—

(i) the use occurs outside of the scope of business of the business entity;

(ii) such injury or death occurs during a period that such facility is used by the nonprofit organization; and

(iii) the business entity authorized the use of such facility by the nonprofit organization.

(B) APPLICATION.—This paragraph shall apply—

(i) with respect to civil liability under Federal and State law; and

(ii) regardless of whether a nonprofit organization pays for the use of a facility.

(3) LIABILITY OF BUSINESS ENTITIES PROVIDING USE OF A MOTOR VEHICLE OR AIRCRAFT.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury or death occurring as a result of the operation of aircraft or a motor vehicle of a business entity loaned to a nonprofit organization for use outside of the scope of business of the business entity, if—

(i) such injury or death occurs during a period that such motor vehicle or aircraft is used by a nonprofit organization; and

(ii) the business entity authorized the use by the nonprofit organization of motor vehicle or aircraft that resulted in the injury or death.

(B) APPLICATION.—This paragraph shall apply—

(i) with respect to civil liability under Federal and State law; and

(ii) regardless of whether a nonprofit organization pays for the use of the aircraft or motor vehicle.

(4) LIABILITY OF BUSINESS ENTITIES PROVIDING TOURS OF FACILITIES.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury to, or death of an individual occurring at a facility of the business entity, if—

(i) such injury or death occurs during a tour of the facility in an area of the facility that is not otherwise accessible to the general public; and

(ii) the business entity authorized the tour.

(B) APPLICATION.—This paragraph shall apply—

(i) with respect to civil liability under Federal and State law; and

(ii) regardless of whether an individual pays for the tour.

(c) EXCEPTIONS.—Subsection (b) shall not apply to an injury or death that results from an act or omission of a business entity that constitutes gross negligence or intentional misconduct, including any misconduct that—

(1) constitutes a crime of violence (as that term is defined in section 16 of title 18, United States Code) or act of international terrorism (as that term is defined in section 2331 of title 18, United States Code) for which the defendant has been convicted in any court;

(2) constitutes a hate crime (as that term is used in the Hate Crime Statistics Act (28 U.S.C. 534 note));

(3) involves a sexual offense, as defined by applicable State law, for which the defendant has been convicted in any court; or

(4) involves misconduct for which the defendant has been found to have violated a Federal or State civil rights law.

(d) SUPERSEDING PROVISION.—

(1) IN GENERAL.—Subject to paragraph (2) and subsection (e), this title preempts the laws of any State to the extent that such laws are inconsistent with this title, except that this title shall not preempt any State law that provides additional protection for a business entity for an injury or death described in a paragraph of subsection (b) with respect to which the conditions specified in such paragraph apply.

(2) LIMITATION.—Nothing in this title shall be construed to supersede any Federal or State health or safety law.

(e) ELECTION OF STATE REGARDING NONAPPLICABILITY.—A provision of this title shall not apply to any civil action in a State court against a business entity in which all parties are citizens of the State if such State enacts a statute—

(1) citing the authority of this section;

(2) declaring the election of such State that such provision shall not apply to such civil action in the State; and

(3) containing no other provisions.

(f) EFFECTIVE DATE.—This section shall apply to injuries (and deaths resulting therefrom) occurring on or after the date of the enactment of this Act.

TITLE II—EXPANSION OF CHARITABLE CHOICE

SEC. 201. PROVISION OF ASSISTANCE UNDER GOVERNMENT PROGRAMS BY RELIGIOUS AND COMMUNITY ORGANIZATIONS.

Title XXIV of the Revised Statutes is amended by inserting after section 1990 (42 U.S.C. 1994) the following:

''SEC. 1994A. CHARITABLE CHOICE.

''(a) SHORT TITLE.—This section may be cited as the 'Charitable Choice Act of 2001'.

''(b) PURPOSES.—The purposes of this section are—

''(1) to provide assistance to individuals and families in need in the most effective and efficient manner;

''(2) to prohibit discrimination against religious organizations on the basis of religion in the administration and distribution of government assistance under the government programs described in subsection (c)(4);

''(3) to allow religious organizations to assist in the administration and distribution of such assistance without impairing the religious character of such organizations; and

''(4) to protect the religious freedom of individuals and families in need who are eligible for government assistance, including expanding the possibility of choosing to receive services from a religious organization providing such assistance.

''(c) RELIGIOUS ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS.—

''(1) IN GENERAL.—

''(A) INCLUSION.—For any program described in paragraph (4) that is carried out by the Federal Government, or by a State or local government with Federal funds, the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, if the program is implemented in a manner that is consistent with the Establishment Clause and the Free Exercise Clause of the first amendment to the Constitution.

''(B) DISCRIMINATION PROHIBITED.—Neither the Federal Government nor a State or local government receiving funds under a program described in paragraph (4) shall discriminate against an organization that provides assistance under, or applies to provide assistance under, such program, on the basis that the organization has a religious character.

''(2) FUNDS NOT AID TO RELIGION.—Federal, State, or local government funds or other assistance that is received by a religious organization for the provision of services under this section constitutes aid to individuals and families in need, the ultimate beneficiaries of such services, and not aid to the religious organization.

''(3) FUNDS NOT ENDORSEMENT OF RELIGION.—The receipt by a religious organization of Federal, State, or local government funds or other assistance under this section is not and should not be perceived as an endorsement by the government of religion or the organization's religious beliefs or practices.

''(4) PROGRAMS.—For purposes of this section, a program is described in this paragraph—

''(A) if it involves activities carried out using Federal funds—

''(i) related to the prevention and treatment of juvenile delinquency and the improvement of the juvenile justice system, including programs funded under the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.);

''(ii) related to the prevention of crime, including programs funded under title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3701 et seq.);

''(iii) under the Federal housing laws;

''(iv) under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.)

''(v) under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

''(vi) under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.);

''(vii) under the Community Development Block Grant Program established under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.);

''(viii) related to the intervention in and prevention of domestic violence;

''(ix) related to hunger relief activities; or

''(x) under the Job Access and Reverse Commute grant program established under section 3037 of the Federal Transit Act of 1998 (49 U.S.C. 5309 note); or

''(B)(i) if it involves activities to assist students in obtaining the recognized equivalents of secondary school diplomas and activities relating to non-school-hours programs; and

''(ii) except as provided in subparagraph (A) and clause (i), does not include activities carried out under Federal programs providing education to children eligible to attend elementary schools or secondary schools, as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

''(d) ORGANIZATIONAL CHARACTER AND AUTONOMY.—

''(1) IN GENERAL.—A religious organization that provides assistance under a program described in subsection (c)(4) shall retain its autonomy from Federal, State, and local governments, including such organization's

control over the definition, development, practice, and expression of its religious beliefs.

''(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State or local government shall require a religious organization in order to be eligible to provide assistance under a program described in subsection (c)(4)—

''(A) to alter its form of internal governance; or

''(B) to remove religious art, icons, scripture, or other symbols because they are religious.

''(e) EMPLOYMENT PRACTICES.—

''(1) IN GENERAL.—In order to aid in the preservation of its religious character, a religious organization that provides assistance under a program described in subsection (c)(4) may, notwithstanding any other provision of law, require that its employees adhere to the religious practices of the organization.

''(2) TITLE VII EXEMPTION.—The exemption of a religious organization provided under section 702 or 703(e)(2) of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1, 2000e–2(e)(2)) regarding employment practices shall not be affected by the religious organization's provision of assistance under, or receipt of funds from, a program described in subsection (c)(4).

''(3) EFFECT ON OTHER LAWS.—Nothing in this section alters the duty of a religious organization to comply with the nondiscrimination provisions in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) (prohibiting discrimination on the basis of race, color, and national origin), title IX of the Education Amendments of 1972 (20 U.S.C. 1681–1686) (prohibiting discrimination in educational institutions on the basis of sex and visual impairment), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (prohibiting discrimination against otherwise qualified disabled individuals), and the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) (prohibiting discrimination on the basis of age).

''(f) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

''(1) IN GENERAL.—If an individual described in paragraph (3) has an objection to the religious character of the organization from which the individual receives, or would receive, assistance funded under any program described in subsection (c)(4), the appropriate Federal, State, or local governmental entity shall provide to such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection, assistance that—

''(A) is an alternative, including a nonreligious alternative, that is accessible to the individual; and

''(B) has a value that is not less than the value of the assistance that the individual would have received from such organization.

''(2) NOTICE.—The appropriate Federal, State, or local governmental entity shall guarantee that notice is provided to the individuals described in paragraph (3) of the rights of such individuals under this section.

''(3) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives or applies for assistance under a program described in subsection (c)(4).

''(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—

''(1) GRANTS AND CONTRACTS.—A religious organization providing assistance through a grant or contract under a program described in subsection (c)(4) shall not discriminate, in carrying out the program, against an individual described in subsection (f)(3)on the basis of religion, a religious belief, or a refusal to hold a religious belief.

''(2) INDIRECT FORMS OF DISBURSEMENT.—A religious organization providing assistance through a voucher, certificate, or other form of indirect disbursement under a program described in subsection (c)(4) shall not discriminate, in carrying out the program, against an individual described in subsection (f)(3) on the basis of religion, a religious belief, or a refusal to hold a religious belief.

''(h) ACCOUNTABILITY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), a religious organization providing assistance under any program described in subsection (c)(4) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

''(2) LIMITED AUDIT.—Such organization shall segregate government funds provided under such program into a separate account or accounts. Only the government funds shall be subject to audit by the government.

''(i) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided through a grant or contract to a religious organization to provide assistance under any program described in subsection (c)(4) shall be expended for sectarian worship, instruction, or proselytization. A certificate shall be signed by such organizations and filed with the government agency that disbursed the funds that gives assurance the organization will comply with this subsection.

''(j) EFFECT ON STATE AND LOCAL FUNDS.—If a State or local government contributes State or local funds to carry out a program described in subsection (c)(4), the State or local government may segregate the State or local funds from the Federal funds provided to carry out the program or may commingle the State or local funds with the Federal funds. If the State or local government commingles the State or local funds, the provisions of this section shall apply to the commingled funds in the same manner, and to the same extent, as the provisions apply to the Federal funds.

''(k) TREATMENT OF INTERMEDIATE CONTRACTORS.—If a nongovernmental organization (referred to in this subsection as an 'intermediate contractor'), acting under a contract or other agreement with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (c)(4), the intermediate contractor shall have the same duties under this section as the government when selecting or otherwise dealing with subcontractors, but the intermediate contractor, if it is a religious organization, shall retain all other rights of a religious organization under this section.

''(l) COMPLIANCE.—A party alleging that the rights of the party under this section have been violated by a State or local government may bring a civil action pursuant to section 1979 against the official or government agency that has allegedly committed such violation. A party alleging that the rights of the party under this section have been violated by the Federal Government may bring a civil action for appropriate relief in Federal district court against the official or government agency that has allegedly committed such violation.''.

TITLE III—INDIVIDUAL DEVELOPMENT ACCOUNTS

SEC. 301. PURPOSES.

The purposes of this title are to provide for the establishment of individual development account programs that will—

(1) provide individuals and families with limited means an opportunity to accumulate assets and to enter the financial mainstream;

(2) promote education, homeownership, and the development of small businesses;

(3) stabilize families and build communities; and

(4) support United States economic expansion.

SEC. 302. DEFINITIONS.

As used in this title:

(1) ELIGIBLE INDIVIDUAL.—

(A) IN GENERAL.—The term ''eligible individual'' means an individual who—

(i) has attained the age of 18 years but not the age of 61;

(ii) is a citizen or legal resident of the United States;

(iii) is not a student (as defined in section 151(c)(4)); and

(iv) is a taxpayer the adjusted gross income of whom for the preceding taxable year does not exceed—

(I) $20,000, in the case of a taxpayer described in section 1(c) or 1(d) of the Internal Revenue Code of 1986;

(II) $25,000, in the case of a taxpayer described in section 1(b) of such Code; and

(III) $40,000, in the case of a taxpayer described in section 1(a) of such Code.

(B) INFLATION ADJUSTMENT.—

(i) IN GENERAL.—In the case of any taxable year beginning after 2002, each dollar amount referred to in subparagraph (A)(iv) shall be increased by an amount equal to—

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section (1)(f)(3) of the Internal Revenue Code of 1986 for the calendar year in which the taxable year begins, by substituting ''2001'' for ''1992''.

(ii) ROUNDING.—If any amount as adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

(2) INDIVIDUAL DEVELOPMENT ACCOUNT.—The term ''Individual Development Account'' means an account established for an eligible individual as part of a qualified individual development account program, but only if the written governing instrument creating the account meets the following requirements:

(A) The sole owner of the account is the individual for whom the account was established.

(B) No contribution will be accepted unless it is in cash.

(C) The holder of the account is a qualified financial institution.

(D) The assets of the account will not be commingled with other property except in a common trust fund or common investment fund.

(E) Except as provided in section 306(b), any amount in the account may be paid out only for the purpose of paying the qualified expenses of the account owner.

(3) PARALLEL ACCOUNT.—The term ''parallel account'' means a separate, parallel individual or pooled account for all matching funds and earnings dedicated to an Individual Development Account owner as part of a qualified individual development account program, the sole owner of which is a qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(4) QUALIFIED FINANCIAL INSTITUTION.—

(A) IN GENERAL.—The term ''qualified financial institution'' means any person authorized to be a trustee of any individual retirement account under section 408(a)(2).

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing a person described in subparagraph

(A) from collaborating with 1 or more contractual affiliates, qualified nonprofit organizations, or Indian tribes to carry out an individual development account program established under section 303.

(5) QUALIFIED NONPROFIT ORGANIZATION.—The term ''qualified nonprofit organization'' means—

(A) any organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code;

(B) any community development financial institution certified by the Community Development Financial Institution Fund; or

(C) any credit union chartered under Federal or State law.

(6) INDIAN TRIBE.—The term ''Indian tribe'' means any Indian tribe as defined in section 4(12) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(12), and includes any tribal subsidiary, subdivision, or other wholly owned tribal entity.

(7) QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM.—The term ''qualified individual development account program'' means a program established under section 303 under which—

(A) Individual Development Accounts and parallel accounts are held by a qualified financial institution; and

(B) additional activities determined by the Secretary as necessary to responsibly develop and administer accounts, including recruiting, providing financial education and other training to account owners, and regular program monitoring, are carried out by the qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(8) QUALIFIED EXPENSE DISTRIBUTION.—

(A) IN GENERAL.—The term ''qualified expense distribution'' means any amount paid (including through electronic payments) or distributed out of an Individual Development Account and a parallel account established for an eligible individual if such amount—

(i) is used exclusively to pay the qualified expenses of the Individual Development Account owner or such owner's spouse or dependents, as approved by the qualified financial institution, qualified nonprofit organization, or Indian tribe;

(ii) is paid by the qualified financial institution, qualified nonprofit organization, or Indian tribe—

(I) except as otherwise provided in this clause, directly to the unrelated third party to whom the amount is due;

(II) in the case of distributions for working capital under a qualified business plan (as defined in subparagraph (B)(iv)(IV)), directly to the account owner;

(III) in the case of any qualified rollover, directly to another Individual Development Account and parallel account; or

(IV) in the case of a qualified final distribution, directly to the spouse, dependent, or other named beneficiary of the deceased account owner; and

(iii) is paid after the account owner has completed a financial education course as required under section 304(b).

(B) QUALIFIED EXPENSES.—

(i) IN GENERAL.—The term ''qualified expenses'' means any of the following:

(I) Qualified higher education expenses.

(II) Qualified first-time homebuyer costs.

(III) Qualified business capitalization or expansion costs.

(IV) Qualified rollovers.

(V) Qualified final distribution.

(ii) QUALIFIED HIGHER EDUCATION EXPENSES.—

(I) IN GENERAL.—The term ''qualified higher education expenses'' has the meaning given such term by section 72(t)(7) of the Internal Revenue Code of 1986, determined by treating postsecondary vocational educational schools as eligible educational institutions.

(II) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term ''postsecondary vocational educational school'' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this Act.

(III) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2) of such Code and may not be taken into account for purposes of determining qualified higher education expenses under section 135 or 530 of the Internal Revenue Code of 1986.

(iii) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term ''qualified first-time homebuyer costs'' means qualified acquisition costs (as defined in section 72(t)(8) of such Code without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121 of such Code) for a qualified first-time homebuyer (as defined in section 72(t)(8) of such Code).

(iv) QUALIFIED BUSINESS CAPITALIZATION OR EXPANSION COSTS.—

(I) IN GENERAL.—The term ''qualified business capitalization or expansion costs'' means qualified expenditures for the capitalization or expansion of a qualified business pursuant to a qualified business plan.

(II) QUALIFIED EXPENDITURES.—The term ''qualified expenditures'' means expenditures included in a qualified business plan, including capital, plant, equipment, working capital, inventory expenses, attorney and accounting fees, and other costs normally associated with starting or expanding a business.

(III) QUALIFIED BUSINESS.—The term ''qualified business'' means any business that does not contravene any law.

(IV) QUALIFIED BUSINESS PLAN.—The term ''qualified business plan'' means a business plan which has been approved by the qualified financial institution, qualified nonprofit organization, or Indian tribe and which meets such requirements as the Secretary may specify.

(v) QUALIFIED ROLLOVERS.—The term ''qualified rollover'' means the complete distribution of the amounts in an Individual Development Account and parallel account to another Individual Development Account and parallel account established in another qualified financial institution, qualified nonprofit organization, or Indian tribe for the benefit of the account owner.

(vi) QUALIFIED FINAL DISTRIBUTION.—The term ''qualified final distribution'' means, in the case of a deceased account owner, the complete distribution of the amounts in an Individual Development Account and parallel account directly to the spouse, any dependent, or other named beneficiary of the deceased.

(9) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

SEC. 303. STRUCTURE AND ADMINISTRATION OF QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.

(a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.—Any qualified financial institution, qualified nonprofit organization, or Indian tribe may establish 1 or more qualified individual development account programs which meet the requirements of this title.

(b) BASIC PROGRAM STRUCTURE.—

(1) IN GENERAL.—All qualified individual development account programs shall consist of the following 2 components:

(A) An Individual Development Account to which an eligible individual may contribute cash in accordance with section 304.

(B) A parallel account to which all matching funds shall be deposited in accordance with section 305.

(2) TAILORED IDA PROGRAMS.—A qualified financial institution, a qualified nonprofit organization, or an Indian tribe may tailor its qualified individual development account program to allow matching funds to be spent on 1 or more of the categories of qualified expenses.

(c) TAX TREATMENT OF PARALLEL ACCOUNTS.—Any account described in subparagraph (B) of subsection (b)(1) is exempt from taxation under the Internal Revenue Code of 1986.

SEC. 304. PROCEDURES FOR OPENING AND MAINTAINING AN INDIVIDUAL DEVELOPMENT ACCOUNT AND QUALIFYING FOR MATCHING FUNDS.

(a) OPENING AN ACCOUNT.—An eligible individual may open an Individual Development Account with a qualified financial institution, a qualified nonprofit organization, or an Indian tribe upon certification that such individual maintains no other Individual Development Account (other than an Individual Development Account to be terminated by a qualified rollover).

(b) REQUIRED COMPLETION OF FINANCIAL EDUCATION COURSE.—

(1) IN GENERAL.—Before becoming eligible to withdraw matching funds to pay for qualified expenses, owners of Individual Development Accounts must complete a financial education course offered by a qualified financial institution, a qualified nonprofit organization, an Indian tribe, or a government entity.

(2) STANDARD AND APPLICABILITY OF COURSE.—The Secretary, in consultation with representatives of qualified individual development account programs and financial educators, shall establish minimum quality standards for the contents of financial education courses and providers of such courses offered under paragraph (1) and a protocol to exempt individuals from the requirement under paragraph (1) because of hardship or lack of need.

(c) STATUS AS AN ELIGIBLE INDIVIDUAL.—Federal income tax forms from the preceding taxable year (or in the absence of such forms, such documentation as specified by the Secretary proving the eligible individual's adjusted gross income and the status of the individual as an eligible individual) shall be presented to the qualified financial institution, qualified nonprofit organization, or Indian tribe at the time of the establishment of the Individual Development Account and in any taxable year in which contributions are made to the Account to qualify for matching funds under section 305(b)(1)(A).

(d) DIRECT DEPOSITS.—The Secretary may, under regulations, provide for the direct deposit of any portion (not less than $1) of any overpayment of Federal tax of an individual as a contribution to the Individual Development Account of such individual.

SEC. 305. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.

(a) PARALLEL ACCOUNTS.—The qualified financial institution, qualified nonprofit organization, or Indian tribe shall deposit all matching funds for each Individual Development Account into a parallel account at a qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(b) REGULAR DEPOSITS OF MATCHING FUNDS.—

(1) IN GENERAL.—Subject to paragraph (2), the qualified financial institution, qualified

nonprofit organization, or Indian tribe shall not less than quarterly (or upon a proper withdrawal request under section 306, if necessary) deposit into the parallel account with respect to each eligible individual the following:

(A) A dollar-for-dollar match for the first $500 contributed by the eligible individual into an Individual Development Account with respect to any taxable year.

(B) Any matching funds provided by State, local, or private sources in accordance to the matching ratio set by those sources.

(2) INFLATION ADJUSTMENT.—

(A) IN GENERAL.—In the case of any taxable year beginning after 2002, the dollar amount referred to in paragraph (1)(A) shall be increased by an amount equal to—

(i) such dollar amount, multiplied by

(ii) the cost-of-living adjustment determined under section (1)(f)(3) of the Internal Revenue Code of 1986 for the calendar year in which the taxable year begins, by substituting ''2001'' for ''1992''.

(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $20, such amount shall be rounded to the nearest multiple of $20.

(3) CROSS REFERENCE.—

For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986.

(c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO HAS ATTAINED AGE 61.—In the case of an Individual Development Account owner who attains the age of 61, the qualified financial institution, qualified nonprofit organization, or Indian tribe which holds the parallel account for such individual shall deposit the funds in such parallel account into the Individual Development Account of such individual on the first day of the succeeding taxable year of such individual.

(d) UNIFORM ACCOUNTING REGULATIONS.—To ensure proper recordkeeping and determination of the tax credit under section 30B of the Internal Revenue Code of 1986, the Secretary shall prescribe regulations with respect to accounting for matching funds in the parallel accounts.

(e) REGULAR REPORTING OF ACCOUNTS.—Any qualified financial institution, qualified nonprofit organization, or Indian tribe shall report the balances in any Individual Development Account and parallel account of an individual on not less than an annual basis to such individual.

SEC. 306. WITHDRAWAL PROCEDURES.

(a) WITHDRAWALS FOR QUALIFIED EXPENSES.—To withdraw money from an individual's Individual Development Account to pay qualified expenses of such individual or such individual's spouse or dependents, the qualified financial institution, qualified nonprofit organization, or Indian tribe shall directly transfer such funds from the Individual Development Account, and, if applicable, from the parallel account electronically to the distributees described in section 302(8)(A)(ii). If the distributee is not equipped to receive funds electronically, the qualified financial institution, qualified nonprofit organization, or Indian tribe may issue such funds by paper check to the distributee.

(b) WITHDRAWALS FOR NONQUALIFIED EXPENSES.—An Individual Development Account owner may unilaterally withdraw any amount of funds from the Individual Development Account for purposes other than to pay qualified expenses, but shall forfeit a proportionate amount of matching funds from the individual's parallel account by doing so, unless such withdrawn funds are recontributed to such Account by September 30 following the withdrawal.

(c) WITHDRAWALS FROM ACCOUNTS OF NONELIGIBLE INDIVIDUALS.—If the individual for whose benefit an Individual Development Account is established ceases to be an eligible individual, such account shall remain an Individual Development Account, but such individual shall not be eligible for any further matching funds under section 305(b)(1)(A) during the period—

(1) beginning on the first day of the taxable year of such individual following the beginning of such ineligibility, and

(2) ending on the last day of the taxable year of such individual in which such ineligibility ceases.

(d) TAX TREATMENT OF MATCHING FUNDS.—Any amount withdrawn from a parallel account shall not be includible in an eligible individual's gross income.

(e) WITHDRAWAL LIABILITY RESTS ONLY WITH ELIGIBLE INDIVIDUALS.—Nothing in this title may be construed to impose liability on a qualified financial institution, a qualified nonprofit organization, or an Indian tribe for non-compliance with the requirements of this title related to withdrawals from Individual Development Accounts.

SEC. 307. CERTIFICATION AND TERMINATION OF QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.

(a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 303, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary and accompanied by any documentation required by the Secretary, that—

(1) the accounts described in subparagraphs (A) and (B) of section 303(b)(1) are operating pursuant to all the provisions of this title; and

(2) the qualified financial institution, qualified nonprofit organization, or Indian tribe agrees to implement an information system necessary to monitor the cost and outcomes of the qualified individual development account program.

(b) AUTHORITY TO TERMINATE QUALIFIED IDA PROGRAM.—If the Secretary determines that a qualified financial institution, a qualified nonprofit organization, or an Indian tribe under this title is not operating a qualified individual development account program in accordance with the requirements of this title (and has not implemented any corrective recommendations directed by the Secretary), the Secretary shall terminate such institution's, nonprofit organization's, or Indian tribe's authority to conduct the program. If the Secretary is unable to identify a qualified financial institution, a qualified nonprofit organization, or an Indian tribe to assume the authority to conduct such program, then any funds in a parallel account established for the benefit of any individual under such program shall be deposited into the Individual Development Account of such individual as of the first day of such termination.

SEC. 308. REPORTING, MONITORING, AND EVALUATION.

(a) RESPONSIBILITIES OF QUALIFIED FINANCIAL INSTITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS, AND INDIAN TRIBES.—Each qualified financial institution, qualified nonprofit organization, or Indian tribe that operates a qualified individual development account program under section 303 shall report annually to the Secretary within 90 days after the end of each calendar year on—

(1) the number of eligible individuals making contributions into Individual Development Accounts;

(2) the amounts contributed into Individual Development Accounts and deposited into parallel accounts for matching funds;

(3) the amounts withdrawn from Individual Development Accounts and parallel accounts, and the purposes for which such amounts were withdrawn;

(4) the balances remaining in Individual Development Accounts and parallel accounts; and

(5) such other information needed to help the Secretary monitor the cost and outcomes of the qualified individual development account program (provided in a non-individually-identifiable manner).

(b) RESPONSIBILITIES OF THE SECRETARY.—

(1) MONITORING PROTOCOL.—Not later than 12 months after the date of the enactment of this Act, the Secretary shall develop and implement a protocol and process to monitor the cost and outcomes of the qualified individual development account programs established under section 303.

(2) ANNUAL REPORTS.—In each year after the date of the enactment of this Act, the Secretary shall submit a progress report to Congress on the status of such qualified individual development account programs. Such report shall include from a representative sample of qualified individual development account programs information on—

(A) the characteristics of participants, including age, gender, race or ethnicity, marital status, number of children, employment status, and monthly income;

(B) deposits, withdrawals, balances, uses of Individual Development Accounts, and participant characteristics;

(C) the characteristics of qualified individual development account programs, including match rate, economic education requirements, permissible uses of accounts, staffing of programs in full time employees, and the total costs of programs; and

(D) information on program implementation and administration, especially on problems encountered and how problems were solved.

SEC. 309. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to the Secretary $1,000,000 for fiscal year 2002 and for each fiscal year through 2008, for the purposes of implementing this title, including the reporting, monitoring, and evaluation required under section 308, to remain available until expended.

SEC. 310. ACCOUNT FUNDS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED FEDERAL PROGRAMS.

Notwithstanding any other provision of Federal law that requires consideration of 1 or more financial circumstances of an individual, for the purposes of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such provision to be provided to or for the benefit of such individual, an amount equal to the sum of—

(1) all amounts (including earnings thereon) in any Individual Development Account; plus

(2) the matching deposits made on behalf of such individual (including earnings thereon) in any parallel account,

shall be disregarded for such purposes.

SEC. 311. MATCHING FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS PROVIDED THROUGH A TAX CREDIT FOR QUALIFIED FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to other credits) is amended by inserting after section 30A the following new section:

''SEC. 30B. INDIVIDUAL DEVELOPMENT ACCOUNT INVESTMENT CREDIT FOR QUALIFIED FINANCIAL INSTITUTIONS.

''(a) DETERMINATION OF AMOUNT.—There shall be allowed as a credit against the applicable tax for the taxable year an amount

equal to the individual development account investment provided by an eligible entity during the taxable year under an individual development account program established under section 303 of the Community Solutions Act of 2001.

''(b) APPLICABLE TAX.—For the purposes of this section, the term 'applicable tax' means the excess (if any) of—

''(1) the tax imposed under this chapter (other than the taxes imposed under the provisions described in subparagraphs (C) through (Q) of section 26(b)(2)), over

''(2) the credits allowable under subpart B (other than this section) and subpart D of this part.

''(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVESTMENT.—

''(1) IN GENERAL.—For purposes of this section, the term 'individual development account investment' means, with respect to an individual development account program of a qualified financial institution in any taxable year, an amount equal to the sum of—

''(A) the aggregate amount of dollar-for-dollar matches under such program under section 305(b)(1)(A) of the Community Solutions Act of 2001 for such taxable year, plus

''(B) an amount equal to the sum of—

''(i) with respect to each Individual Development Account opened during such taxable year, $100, plus

''(ii) with respect to each Individual Development Account maintained during such taxable year, $30.

''(2) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning after 2002, each dollar amount referred to in paragraph (1)(B) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section (1)(f)(3) for the calendar year in which the taxable year begins, by substituting '2001' for '1992'.

''(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $5, such amount shall be rounded to the nearest multiple of $5.

''(d) ELIGIBLE ENTITY.—For purposes of this section, the term 'eligible entity' means a qualified financial institution, or 1 or more contractual affiliates of such an institution as defined by the Secretary in regulations.

''(e) OTHER DEFINITIONS.—For purposes of this section, any term used in this section and also in the Community Solutions Act shall have the meaning given such term by such Act.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit (other than under this section) shall be allowed under this chapter with respect to any expense which is taken into account under subsection (c)(1)(A) in determining the credit under this section.

''(g) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of the credit allowed under this section (notwithstanding any termination date described in subsection (h)) in cases where there is a forfeiture under section 306(b) of the Community Solutions Act of 2001 in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.

''(h) APPLICATION OF SECTION.—This section shall apply to any expenditure made in any taxable year beginning after December 31, 2001, and before January 1, 2009, with respect to any Individual Development Account opened before January 1, 2007.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Individual development account investment credit for qualified financial institutions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

The SPEAKER pro tempore. In lieu of the amendments recommended by the Committee on Ways and Means and the Committee on the Judiciary printed in the bill, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD and numbered 1 is adopted.

The text of the bill as amended by the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD and numbered 1 is as follows:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Community Solutions Act of 2001''.

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

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 of the Internal Revenue Code of 1986 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—

''(1) IN GENERAL.—In the case of an individual who does not itemize his deductions for the taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the lesser of—

''(A) the amount allowable under subsection (a) for the taxable year for cash contributions, or

''(B) the applicable amount.

''(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount shall be determined as follows:

''For taxable years beginning in:	The applicable amount is:
2002 and 2003	$25
2004, 2005, 2006	$50
2007, 2008, 2009	$75
2010 and thereafter	$100.

In the case of a joint return, the applicable amount is twice the applicable amount determined under the preceding table.''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 of such Code is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end thereof the following new paragraph:

''(3) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 of such Code is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 of such Code is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end thereof the following new paragraph:

''(3) the direct charitable deduction.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution.

''(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

''(ii) which is made directly by the trustee—

''(I) to an organization described in section 170(c), or

''(II) to a split-interest entity.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in

gross income without regard to subparagraph (A) and, in the case of a distribution to a split-interest entity, only if no person holds an income interest in the amounts in the split-interest entity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph—

''(i) DIRECT CONTRIBUTIONS.—A distribution to an organization described in section 170(c) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(ii) SPLIT-INTEREST GIFTS.—A distribution to a split-interest entity shall be treated as a qualified charitable distribution only if a deduction for the entire value of the interest in the distribution for the use of an organization described in section 170(c) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such amount does not exceed the aggregate amount which would be so includible if all amounts were distributed from all individual retirement accounts otherwise taken into account in determining the inclusion on such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

''(i) CHARITABLE REMAINDER TRUSTS.—Distributions made from an individual retirement account to a trust described in subparagraph (G)(ii)(I) shall be treated as income described in section 664(b)(1) except to the extent that the beneficiary of the individual retirement account notifies the trustee of the trust of the amount which is not allocable to income under subparagraph (D).

''(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)(II)) by reason of a qualified charitable distribution to such fund.

''(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract.

''(F) DENIAL OF DEDUCTION.—Qualified charitable distributions shall not be taken into account in determining the deduction under section 170.

''(G) SPLIT-INTEREST ENTITY DEFINED.—For purposes of this paragraph, the term 'split-interest entity' means—

''(i) a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(ii) a pooled income fund (as defined in section 642(c)(5)), and

''(iii) a charitable gift annuity (as defined in section 501(m)(5)).''.

(b) MODIFICATIONS RELATING TO INFORMATION RETURNS BY CERTAIN TRUSTS.—

(1) RETURNS.—Section 6034 of such Code (relating to returns by trusts described in section 4947(a)(2) or claiming charitable deductions under section 642(c)) is amended to read as follows:

''SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION 4947(a)(2) OR CLAIMING CHARITABLE DEDUCTIONS UNDER SECTION 642(c).

''(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—Every trust described in section 4947(a)(2) shall furnish such information with respect to the taxable year as the Secretary may by forms or regulations require.

''(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION UNDER SECTION 642(c).—

''(1) IN GENERAL.—Every trust not required to file a return under subsection (a) but claiming a charitable, etc., deduction under section 642(c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary may by forms or regulations prescribe, including:

''(A) the amount of the charitable, etc., deduction taken under section 642(c) within such year,

''(B) the amount paid out within such year which represents amounts for which charitable, etc., deductions under section 642(c) have been taken in prior years,

''(C) the amount for which charitable, etc., deductions have been taken in prior years but which has not been paid out at the beginning of such year,

''(D) the amount paid out of principal in the current and prior years for charitable, etc., purposes,

''(E) the total income of the trust within such year and the expenses attributable thereto, and

''(F) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply in the case of a taxable year if all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries. Paragraph (1) shall not apply in the case of a trust described in section 4947(a)(1).''.

(2) INCREASE IN PENALTY RELATING TO FILING OF INFORMATION RETURN BY SPLIT-INTEREST TRUSTS.—Paragraph (2) of section 6652(c) of such Code (relating to returns by exempt organizations and by certain trusts) is amended by adding at the end the following new subparagraph:

''(C) SPLIT-INTEREST TRUSTS.—In the case of a trust which is required to file a return under section 6034(a), subparagraphs (A) and (B) of this paragraph shall not apply and paragraph (1) shall apply in the same manner as if such return were required under section 6033, except that—

''(i) the 5 percent limitation in the second sentence of paragraph (1)(A) shall not apply,

''(ii) in the case of any trust with gross income in excess of $250,000, the first sentence of paragraph (1)(A) shall be applied by substituting '$100' for '$20', and the second sentence thereof shall be applied by substituting '$50,000' for '$10,000', and

''(iii) the third sentence of paragraph (1)(A) shall be disregarded.

If the person required to file such return knowingly fails to file the return, such person shall be personally liable for the penalty imposed pursuant to this subparagraph.''.

(3) CONFIDENTIALITY OF NONCHARITABLE BENEFICIARIES.—Subsection (b) of section 6104 of such Code (relating to inspection of annual information returns) is amended by adding at the end the following new sentence: ''In the case of a trust which is required to file a return under section 6034(a), this subsection shall not apply to information regarding beneficiaries which are not organizations described in section 170(c).''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns for taxable years beginning after December 31, 2001.

SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 170(b) of the Internal Revenue Code of 1986 (relating to corporations) is amended by striking ''10 percent'' and inserting ''the applicable percentage''.

(b) APPLICABLE PERCENTAGE.—Subsection (b) of section 170 of such Code is amended by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2002 through 2007	11
2008	12
2009	13
2010 and thereafter	15.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 512(b)(10) and 805(b)(2)(A) of such Code are each amended by striking ''10 percent'' each place it occurs and inserting ''the applicable percentage (determined under section 170(b)(3))''.

(2) Sections 545(b)(2) and 556(b)(2) of such Code are each amended by striking ''10-percent limitation'' and inserting ''applicable percentage limitation''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Paragraph (3) of section 170(e) of the Internal Revenue Code of 1986 (relating to special rule for certain contributions of inventory and other property) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

''(i) GENERAL RULE.—In the case of a charitable contribution of food, this paragraph shall be applied—

''(I) without regard to whether the contribution is made by a C corporation, and

''(II) only for food that is apparently wholesome food.

''(ii) DETERMINATION OF FAIR MARKET VALUE.—In the case of a qualified contribution of apparently wholesome food to which this paragraph applies and which, solely by reason of internal standards of the taxpayer or lack of market, cannot or will not be sold, the fair market value of such food shall be determined by taking into account the price at which the same or similar food items are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).

''(iii) APPARENTLY WHOLESOME FOOD.—For purposes of this subparagraph, the term 'apparently wholesome food' shall have the meaning given to such term by section 22(b)(2) of the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791(b)(2)), as in effect on the date of the enactment of this subparagraph.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 105. REFORM OF EXCISE TAX ON NET INVESTMENT INCOME OF PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Subsection (a) of section 4940 of the Internal Revenue Code of 1986 (relating to excise tax based on investment income) is amended by striking ''2 percent'' and inserting ''1 percent''.

(b) REPEAL OF REDUCTION IN TAX WHERE PRIVATE FOUNDATION MEETS CERTAIN DISTRIBUTION REQUIREMENTS.—Section 4940 of such Code is amended by striking subsection (e).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE INCOME OF CHARITABLE REMAINDER TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 664 of the Internal Revenue Code of 1986 (relating to exemption from income taxes) is amended to read as follows:

''(c) TAXATION OF TRUSTS.—

''(1) INCOME TAX.—A charitable remainder annuity trust and a charitable remainder unitrust shall, for any taxable year, not be subject to any tax imposed by this subtitle.

''(2) EXCISE TAX.—

''(A) IN GENERAL.—In the case of a charitable remainder annuity trust or a charitable remainder unitrust that has unrelated business taxable income (within the meaning of section 512, determined as if part III of subchapter F applied to such trust) for a taxable year, there is hereby imposed on such trust or unitrust an excise tax equal to the amount of such unrelated business taxable income.

''(B) CERTAIN RULES TO APPLY.—The tax imposed by subparagraph (A) shall be treated as imposed by chapter 42 for purposes of this title other than subchapter E of chapter 42.

''(C) CHARACTER OF DISTRIBUTIONS AND COORDINATION WITH DISTRIBUTION REQUIREMENTS.—The amounts taken into account in determining unrelated business taxable income (as defined in subparagraph (A)) shall not be taken into account for purposes of—

''(i) subsection (b),

''(ii) determining the value of trust assets under subsection (d)(2), and

''(iii) determining income under subsection (d)(3).

''(D) TAX COURT PROCEEDINGS.—For purposes of this paragraph, the references in section 6212(c)(1) to section 4940 shall be deemed to include references to this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.

(a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—Clause (ii) of section 170(e)(4)(B) of the Internal Revenue Code of 1986 (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—Clause (ii) of section 170(e)(6)(B) of such Code is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(c) CONFORMING AMENDMENT.—Subparagraph (D) of section 170(e)(6) of such Code is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION STOCK FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (1) of section 1367(a) of such Code (relating to adjustments to basis of stock of shareholders, etc.) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) the excess of the amount of the shareholder's deduction for any charitable contribution made by the S corporation over the shareholder's proportionate share of the adjusted basis of the property contributed.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

TITLE II—EXPANSION OF CHARITABLE CHOICE

SEC. 201. PROVISION OF ASSISTANCE UNDER GOVERNMENT PROGRAMS BY RELIGIOUS AND COMMUNITY ORGANIZATIONS.

Title XXIV of the Revised Statutes of the United States is amended by inserting after section 1990 (42 U.S.C. 1994) the following:

''SEC. 1991. CHARITABLE CHOICE.

''(a) SHORT TITLE.—This section may be cited as the 'Charitable Choice Act of 2001'.

''(b) PURPOSES.—The purposes of this section are—

''(1) to enable assistance to be provided to individuals and families in need in the most effective and efficient manner;

''(2) to supplement the Nation's social service capacity by facilitating the entry of new, and the expansion of existing, efforts by religious and other community organizations in the administration and distribution of government assistance under the government programs described in subsection (c)(4);

''(3) to prohibit discrimination against religious organizations on the basis of religion in the administration and distribution of government assistance under such programs;

''(4) to allow religious organizations to participate in the administration and distribution of such assistance without impairing the religious character and autonomy of such organizations; and

''(5) to protect the religious freedom of individuals and families in need who are eligible for government assistance, including expanding the possibility of their being able to choose to receive services from a religious organization providing such assistance.

''(c) RELIGIOUS ORGANIZATIONS INCLUDED AS PROVIDERS; DISCLAIMERS.—

''(1) IN GENERAL.—

''(A) INCLUSION.—For any program described in paragraph (4) that is carried out by the Federal Government, or by a State or local government with Federal funds, the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, and the program shall be implemented in a manner that is consistent with the establishment clause and the free exercise clause of the first amendment to the Constitution.

''(B) DISCRIMINATION PROHIBITED.—Neither the Federal Government, nor a State or local government receiving funds under a program described in paragraph (4), shall discriminate against an organization that provides assistance under, or applies to provide assistance under, such program on the basis that the organization is religious or has a religious character.

''(2) FUNDS NOT AID TO RELIGION.—Federal, State, or local government funds or other assistance that is received by a religious organization for the provision of services under this section constitutes aid to individuals and families in need, the ultimate beneficiaries of such services, and not support for religion or the organization's religious beliefs or practices. Notwithstanding the provisions in this paragraph, title VI of the Civil Rights Act of 1964 (42 USC 2000d et seq.) shall apply to organizations receiving assistance funded under any program described in subsection (c)(4).

''(3) FUNDS NOT ENDORSEMENT OF RELIGION.—The receipt by a religious organization of Federal, State, or local government funds or other assistance under this section is not an endorsement by the government of religion or of the organization's religious beliefs or practices.

''(4) PROGRAMS.—For purposes of this section, a program is described in this paragraph—

''(A) if it involves activities carried out using Federal funds—

''(i) related to the prevention and treatment of juvenile delinquency and the improvement of the juvenile justice system, including programs funded under the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.);

''(ii) related to the prevention of crime and assistance to crime victims and offenders' families, including programs funded under title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3701 et seq.);

''(iii) related to the provision of assistance under Federal housing statutes, including the Community Development Block Grant Program established under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.);

''(iv) under subtitle B or D of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.);

''(v) under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

''(vi) related to the intervention in and prevention of domestic violence, including programs under the Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.) or the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.);

''(vii) related to hunger relief activities; or

''(viii) under the Job Access and Reverse Commute grant program established under section 3037 of the Federal Transit Act of 1998 (49 U.S.C. 5309 note); or

''(B)(i) if it involves activities to assist students in obtaining the recognized equivalents of secondary school diplomas and activities relating to nonschool hours programs, including programs under—

''(I) chapter 3 of subtitle A of title II of the Workforce Investment Act of 1998 (Public Law 105–220); or

''(II) part I of title X of the Elementary and Secondary Education Act (20 U.S.C. 6301 et seq.); and

''(ii) except as provided in subparagraph (A) and clause (i), does not include activities carried out under Federal programs providing education to children eligible to attend elementary schools or secondary schools, as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

''(d) ORGANIZATIONAL CHARACTER AND AUTONOMY.—

''(1) IN GENERAL.—A religious organization that provides assistance under a program described in subsection (c)(4) shall have the right to retain its autonomy from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

''(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government, nor a State or local government with Federal funds, shall require a religious organization, in order to be eligible to provide assistance under a program described in subsection (c)(4), to—

''(A) alter its form of internal governance or provisions in its charter documents; or

''(B) remove religious art, icons, scripture, or other symbols, or to change its name, because such symbols or names are of a religious character.

''(e) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (c)(4), and any provision in such programs that is inconsistent with or would diminish the exercise of an organization's autonomy recognized in section 702 or in this section shall have no effect. Nothing in this section alters the duty of a religious organization to comply with the nondiscrimination provisions of title VII of the Civil Rights Act of 1964 in the use of funds from programs described in subsection (c)(4).

''(f) EFFECT ON OTHER LAWS.—Nothing in this section shall alter the duty of a religious organization receiving assistance or providing services under any program described in subsection (c)(4) to comply with the nondiscrimination provisions in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) (prohibiting discrimination on the basis of race, color, and national origin), title IX of the Education Amendments of 1972 (20 U.S.C. 1681–1688) (prohibiting discrimination in education programs or activities on the basis of sex and visual impairment), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (prohibiting discrimination against otherwise qualified disabled individuals), and the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) (prohibiting discrimination on the basis of age).

''(g) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

''(1) IN GENERAL.—If an individual described in paragraph (3) has an objection to the religious character of the organization from which the individual receives, or would receive, assistance funded under any program described in subsection (c)(4), the appropriate Federal, State, or local governmental entity shall provide to such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection, assistance that—

''(A) is an alternative that is accessible to the individual and unobjectionable to the individual on religious grounds; and

''(B) has a value that is not less than the value of the assistance that the individual would have received from such organization.

''(2) NOTICE.—The appropriate Federal, State, or local governmental entity shall guarantee that notice is provided to the individuals described in paragraph (3) of the rights of such individuals under this section.

''(3) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives or applies for assistance under a program described in subsection (c)(4).

''(h) NONDISCRIMINATION AGAINST BENEFICIARIES.—

''(1) GRANTS AND COOPERATIVE AGREEMENTS.—A religious organization providing assistance through a grant or cooperative agreement under a program described in subsection (c)(4) shall not discriminate in carrying out the program against an individual described in subsection (g)(3) on the basis of religion, a religious belief, or a refusal to hold a religious belief.

''(2) INDIRECT FORMS OF ASSISTANCE.—A religious organization providing assistance through a voucher, certificate, or other form of indirect assistance under a program described in subsection (c)(4) shall not deny an individual described in subsection (g)(3) admission into such program on the basis of religion, a religious belief, or a refusal to hold a religious belief.

''(i) ACCOUNTABILITY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), a religious organization providing assistance under any program described in subsection (c)(4) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds and its performance of such programs.

''(2) LIMITED AUDIT.—

''(A) GRANTS AND COOPERATIVE AGREEMENTS.—A religious organization providing assistance through a grant or cooperative agreement under a program described in subsection (c)(4) shall segregate government funds provided under such program into a separate account or accounts. Only the separate accounts consisting of funds from the government shall be subject to audit by the government.

''(B) INDIRECT FORMS OF ASSISTANCE.—A religious organization providing assistance through a voucher, certificate, or other form of indirect assistance under a program described in subsection (c)(4) may segregate government funds provided under such program into a separate account or accounts. If such funds are so segregated, then only the separate accounts consisting of funds from the government shall be subject to audit by the government.

''(3) SELF AUDIT.—A religious organization providing services under any program described in subsection (c)(4) shall conduct annually a self audit for compliance with its duties under this section and submit a copy of the self audit to the appropriate Federal, State, or local government agency, along with a plan to timely correct variances, if any, identified in the self audit.

''(j) LIMITATIONS ON USE OF FUNDS; VOLUNTARINESS.—No funds provided through a grant or cooperative agreement to a religious organization to provide assistance under any program described in subsection (c)(4) shall be expended for sectarian instruction, worship, or proselytization. If the religious organization offers such an activity, it shall be voluntary for the individuals receiving services and offered separate from the program funded under subsection (c)(4). A certificate shall be separately signed by religious organizations, and filed with the government agency that disburses the funds, certifying that the organization is aware of and will comply with this subsection.

''(k) EFFECT ON STATE AND LOCAL FUNDS.—If a State or local government contributes State or local funds to carry out a program described in subsection (c)(4), the State or local government may segregate the State or local funds from the Federal funds provided to carry out the program or may commingle the State or local funds with the Federal funds. If the State or local government commingles the State or local funds, the provisions of this section shall apply to the commingled funds in the same manner, and to the same extent, as the provisions apply to the Federal funds.

''(l) INDIRECT ASSISTANCE.—When consistent with the purpose of a program described in subsection (c)(4), the Secretary of the department administering the program may direct the disbursement of some or all of the funds, if determined by the Secretary to be feasible and efficient, in the form of indirect assistance. For purposes of this section, 'indirect assistance' constitutes assistance in which an organization receiving funds through a voucher, certificate, or other form of disbursement under this section receives such funding only as a result of the private choices of individual beneficiaries and no government endorsement of any particular religion, or of religion generally, occurs.

''(m) TREATMENT OF INTERMEDIATE GRANTORS.—If a nongovernmental organization (referred to in this subsection as an 'intermediate grantor'), acting under a grant or other agreement with the Federal Government, or a State or local government with Federal funds, is given the authority under the agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (c)(4), the intermediate grantor shall have the same duties under this section as the government when selecting or otherwise dealing with subgrantors, but the intermediate grantor, if it is a religious organization, shall retain all other rights of a religious organization under this section.

''(n) COMPLIANCE.—A party alleging that the rights of the party under this section have been violated by a State or local government may bring a civil action for injunctive relief pursuant to section 1979 against the State official or local government agency that has allegedly committed such violation. A party alleging that the rights of the party under this section have been violated by the Federal Government may bring a civil action for injunctive relief in Federal district court against the official or government agency that has allegedly committed such violation.

''(o) TRAINING AND TECHNICAL ASSISTANCE FOR SMALL NONGOVERNMENTAL ORGANIZATIONS.—

''(1) IN GENERAL.—From amounts made available to carry out the purposes of the Office of Justice Programs (including any component or unit thereof, including the Office of Community Oriented Policing Services), funds are authorized to provide training and technical assistance, directly or through grants or other arrangements, in procedures relating to potential application and participation in programs identified in subsection (c)(4) to small nongovernmental organizations, as determined by the Attorney General, including religious organizations, in an amount not to exceed $50 million annually.

''(2) TYPES OF ASSISTANCE.—Such assistance may include—

''(A) assistance and information relative to creating an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 to operate identified programs;

''(B) granting writing assistance which may include workshops and reasonable guidance;

''(C) information and referrals to other nongovernmental organizations that provide expertise in accounting, legal issues, tax issues, program development, and a variety of other organizational areas; and

''(D) information and guidance on how to comply with Federal nondiscrimination provisions including, but not limited to, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.), the Fair Housing Act, as amended (42 U.S.C. 3601 et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681–1688), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 694), and the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107).

''(3) RESERVATION OF FUNDS.—An amount of no less than $5,000,000 shall be reserved under this section. Small nongovernmental organizations may apply for these funds to be used for assistance in providing full and equal integrated access to individuals with disabilities in programs under this title.

''(4) PRIORITY.—In giving out the assistance described in this subsection, priority shall be given to small nongovernmental organizations serving urban and rural communities.''.

TITLE III—INDIVIDUAL DEVELOPMENT ACCOUNTS

SEC. 301. ADDITIONAL QUALIFIED ENTITIES ELIGIBLE TO CONDUCT PROJECTS UNDER THE ASSETS FOR INDEPENDENCE ACT.

Section 404(7)(A)(iii)(I)(aa) of the Assets for Independence Act (42 U.S.C. 604 note) is amended to read as follows:

''(aa) a federally insured credit union; or''.

SEC. 302. INCREASE IN LIMITATION ON NET WORTH.

Section 408(a)(2)(A) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''$10,000'' and inserting ''$20,000''.

SEC. 303. CHANGE IN LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.

Section 410(b) of the Assets for Independence Act (42 U.S.C. 604 note) is amended to read as follows:

''(b) LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.—Not more than $500 from a grant made under section 406(b) shall be provided per year to any one individual during the project.''.

SEC. 304. ELIMINATION OF LIMITATION ON DEPOSITS FOR A HOUSEHOLD.

Section 410 of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 305. EXTENSION OF PROGRAM.

Section 416 of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''2001, 2002, and 2003'' and inserting ''and 2001, and $50,000,000 for each of fiscal years 2002 through 2008''.

SEC. 306. CONFORMING AMENDMENTS.

(a) AMENDMENTS TO TEXT.—The text of each of the following provisions of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''demonstration'' each place it appears:

(1) Section 403.
(2) Section 404(2).
(3) Section 405(a).
(4) Section 405(b).
(5) Section 405(c).
(6) Section 405(d).
(7) Section 405(e).
(8) Section 405(g).
(9) Section 406(a).
(10) Section 406(b).
(11) Section 407(b)(1)(A).
(12) Section 407(c)(1)(A).
(13) Section 407(c)(1)(B).
(14) Section 407(c)(1)(C).
(15) Section 407(c)(1)(D).
(16) Section 407(d).
(17) Section 408(a).
(18) Section 408(b).
(19) Section 409.
(20) Section 410(e).
(21) Section 411.
(22) Section 412(a).
(23) Section 412(b)(2).
(24) Section 412(c).
(25) Section 413(a).
(26) Section 413(b).
(27) Section 414(a).
(28) Section 414(b).
(29) Section 414(c).
(30) Section 414(d)(1).
(31) Section 414(d)(2).

(b) AMENDMENTS TO SUBSECTION HEADINGS.—The heading of each of the following provisions of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''DEMONSTRATION'':

(1) Section 405(a).
(2) Section 406(a).
(3) Section 413(a).

(c) AMENDMENTS TO SECTION HEADINGS.—The headings of sections 406 and 411 of the Assets for Independence Act (42 U.S.C. 604 note) are amended by striking ''**DEMONSTRATION**''.

SEC. 307. APPLICABILITY.

(a) IN GENERAL.—The amendments made by this title shall apply to funds provided before, on or after the date of the enactment of this Act.

(b) PRIOR AMENDMENTS.—The amendments made by title VI of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2001 (as enacted into law by Public Law 106–554) shall apply to funds provided before, on or after the date of the enactment of such Act.

TITLE IV—CHARITABLE DONATIONS LIABILITY REFORM FOR IN-KIND CORPORATE CONTRIBUTIONS

SEC. 401. CHARITABLE DONATIONS LIABILITY REFORM FOR IN-KIND CORPORATE CONTRIBUTIONS.

(a) DEFINITIONS.—For purposes of this section:

(1) AIRCRAFT.—The term ''aircraft'' has the meaning provided that term in section 40102(6) of title 49, United States Code.

(2) BUSINESS ENTITY.—The term ''business entity'' means a firm, corporation, association, partnership, consortium, joint venture, or other form of enterprise.

(3) EQUIPMENT.—The term ''equipment'' includes mechanical equipment, electronic equipment, and office equipment.

(4) FACILITY.—The term ''facility'' means any real property, including any building, improvement, or appurtenance.

(5) GROSS NEGLIGENCE.—The term ''gross negligence'' means voluntary and conscious conduct by a person with knowledge (at the time of the conduct) that the conduct is likely to be harmful to the health or well-being of another person.

(6) INTENTIONAL MISCONDUCT.—The term ''intentional misconduct'' means conduct by a person with knowledge (at the time of the conduct) that the conduct is harmful to the health or well-being of another person.

(7) MOTOR VEHICLE.—The term ''motor vehicle'' has the meaning provided that term in section 30102(6) of title 49, United States Code.

(8) NONPROFIT ORGANIZATION.—The term ''nonprofit organization'' means—

(A) any organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code; or

(B) any not-for-profit organization organized and conducted for public benefit and operated primarily for charitable, civic, educational, religious, welfare, or health purposes.

(9) STATE.—The term ''State'' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States, or any political subdivision of any such State, territory, or possession.

(b) LIABILITY.—

(1) LIABILITY OF BUSINESS ENTITIES THAT DONATE EQUIPMENT TO NONPROFIT ORGANIZATIONS.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury or death that results from the use of equipment donated by a business entity to a nonprofit organization.

(B) APPLICATION.—This paragraph shall apply with respect to civil liability under Federal and State law.

(2) LIABILITY OF BUSINESS ENTITIES PROVIDING USE OF FACILITIES TO NONPROFIT ORGANIZATIONS.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury or death occurring at a facility of the business entity in connection with a use of such facility by a nonprofit organization, if—

(i) the use occurs outside of the scope of business of the business entity;

(ii) such injury or death occurs during a period that such facility is used by the nonprofit organization; and

(iii) the business entity authorized the use of such facility by the nonprofit organization.

(B) APPLICATION.—This paragraph shall apply—

(i) with respect to civil liability under Federal and State law; and

(ii) regardless of whether a nonprofit organization pays for the use of a facility.

(3) LIABILITY OF BUSINESS ENTITIES PROVIDING USE OF A MOTOR VEHICLE OR AIRCRAFT.—

(A) IN GENERAL.—Subject to subsection (c), a business entity shall not be subject to civil liability relating to any injury or death occurring as a result of the operation of aircraft or a motor vehicle of a business entity loaned to a nonprofit organization for use outside of the scope of business of the business entity, if—

(i) such injury or death occurs during a period that such motor vehicle or aircraft is used by a nonprofit organization; and

(ii) the business entity authorized the use by the nonprofit organization of motor vehicle or aircraft that resulted in the injury or death.

(B) APPLICATION.—This paragraph shall apply—

(i) with respect to civil liability under Federal and State law; and

(ii) regardless of whether a nonprofit organization pays for the use of the aircraft or motor vehicle.

(c) EXCEPTIONS.—Subsection (b) shall not apply to an injury or death that results from an act or omission of a business entity that constitutes gross negligence or intentional misconduct.

(d) SUPERSEDING PROVISION.—

(1) IN GENERAL.—Subject to paragraph (2) and subsection (e), this title preempts the laws of any State to the extent that such laws are inconsistent with this title, except that this title shall not preempt any State law that provides additional protection for a business entity for an injury or death described in a paragraph of subsection (b) with respect to which the conditions specified in such paragraph apply.

(2) LIMITATION.—Nothing in this title shall be construed to supersede any Federal or State health or safety law.

(e) ELECTION OF STATE REGARDING NONAPPLICABILITY.—A provision of this title shall not apply to any civil action in a State court against a business entity in which all parties are citizens of the State if such State enacts a statute—

(1) citing the authority of this section;

(2) declaring the election of such State that such provision shall not apply to such civil action in the State; and

(3) containing no other provisions.

(f) EFFECTIVE DATE.—This section shall apply to injuries (and deaths resulting therefrom) occurring on or after the date of the enactment of this Act.

The SPEAKER pro tempore. After 1 hour of debate on the bill, as amended, it shall be in order to consider a further amendment printed in House Report 107–144, if offered by the gentleman from New York (Mr. RANGEL), or the gentleman from Michigan (Mr. CONYERS), or a designee, which shall be considered read, and shall be debatable

for 60 minutes, equally divided and controlled by the proponent and an opponent.

The gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I yield 15 minutes of my time to the gentleman from Wisconsin (Mr. SENSENBRENNER), and ask unanimous consent that he may control that time.

Prior to doing that, I ask unanimous consent that the gentleman from New York (Mr. RANGEL) be recognized.

The SPEAKER pro tempore. Without objection, the gentleman from New York (Mr. RANGEL) is recognized.

There was no objection.

Mr. RANGEL. Mr. Speaker, I ask unanimous consent that the first 15 minutes of my time be controlled by the gentleman from Michigan (Mr. CONYERS), the ranking member of the Committee on the Judiciary, and the remainder of my time be controlled by the gentleman from Georgia (Mr. LEWIS), a member of the Committee on Ways and Means.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that I may be allowed to yield parts of my time to others.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 7. Quite simply, the aim of this legislation is to encourage more community-based solutions to social problems in America. When implemented, it will provide some truly life-changing opportunities to many individuals struggling in our communities across the country.

It says that faith-based organizations should no longer be discriminated against when competing for Federal social service funds because of a misconstrued interpretation of current law by some, and that we welcome even the smallest faith-based organizations into the war against desperation and hopelessness.

As a result, new doors will be opened to the neediest in our communities to receive help and assistance that they seek. This is a wonderful and compassionate goal that most, if not all, should be able to embrace. In fact, H.R. 7 could very well improve our culture in ways that we have not seen in decades.

The concept of Charitable Choice is not new. Federal welfare reform in 1996 authorized collaboration between government and faith-based organizations to provide services to the poor. Charitable Choice has allowed religious organizations, rather than just secular or secularized groups, to compete for public funding. Many faith-based organizations have been providing services to their community, but with government funding they are able to create new programs and expand existing ones.

For example, the Cookman United Methodist Church in Philadelphia has created a program of ''education, life-skills, job placement, job development and computer literacy, and children and youth services'' with their Federal funding. By testing new solutions to the problem of poverty, the Cookman Church has used Charitable Choice funds to expand their program of needed services into a much larger and more meaningful one for their community. They have done this under existing Charitable Choice law in the 1996 Welfare Reform Act, which allows them to help those in need without having to hire lawyers to create a separate secularized organization and without having to rent expensive office space outside their neighborhood church.

There are literally hundreds of other programs like that of the Cookman United Methodist Church that have benefited thousands of persons in need without raising constitutional concerns in their implementation. These organizations are striving to make a difference in communities all across America.

It is a tragedy that those who move to help others by the strength of faith face added barriers to Federal social service funds based upon misguided understandings of the Constitution's religion clauses. Often it is those whose earthly compassion has the deep root of faith who stand strongest against the whims of despair. Different rules should not apply to them when they seek to cooperate with the Federal Government in helping meet basic human needs.

Some of our colleagues have raised constitutional objections to this legislation. I believe that those objections, while sincere, are misguided. Charitable Choice neither inhibits free exercise of religion, nor does it involve the government establishment of religion. It simply allows all organizations, religious or non-religious, to be considered equally by the Government for what they can do to help alleviate our Nation's social ills.

Unfortunately, it has become all too common for faith-based organizations to be subject to blanket exclusionary rules applied by the government grant and contract distributors based upon the notion that no Federal funds can go to pervasively sectarian institutions. However, the Congressional Research Service concluded in its December 27, 2000, report to Congress on Charitable Choice: ''In its most recent decisions, the Supreme Court appears to have abandoned the presumption that some religious institutions are so pervasive sectarian that they are constitutionally ineligible to participate in direct public aid programs. The question of whether a recipient institution is pervasively sectarian is no longer a constitutionally determinative factor.''

The pervasively sectarian test under which the patronizing assumption was made that religious people could be too religious to be trusted to follow rules against the use of Federal funds for proselytizing activity is, thankfully, dead. However, its ghost continues to linger in many of the implementing regulations of the programs covered by H.R. 7, and, unfortunately, in the rhetoric of many of H.R. 7's opponents.

For those with constitutional concerns, I also ask them to consider the changes to H.R. 7 that were adopted by the Committee on the Judiciary and just amended in this bill with the self-executing rule. These changes firm up the constitutionality of the bill and expand the options of individuals to receive government services from the type of organization they are most comfortable with.

To begin with, the bill now makes clear that when a beneficiary has objection to the religious nature of a provider, an alternative provider is required that is objectionable to the beneficiary on religious grounds, but that the alternative provider need not be non-religious. This same requirement appears in the Charitable Choice provisions of the 1996 Welfare Reform Act. If, of course, a beneficiary objects to being served by any faith-based organization, such a beneficiary is granted a secular alternative.

Existing Charitable Choice law contains an explicit protection of a beneficiary's right to refuse to actively participate in a religious practice, thereby ensuring a beneficiary's right to avoid any unwanted sectarian practices. Such a provision makes clear that participation, if any, in a sectarian practice, is voluntary and non-compulsory.

Further, Justices O'Connor and Breyer require that no government funds be diverted to religious indoctrination. Therefore, religious organizations receiving direct funding will have to separate their social service program from their sectarian practices. If any part of the faith-based organization's activities involve religious indoctrination, such activities must be set apart from the government-funded program, and, hence, privately funded.

The bill as reported out of the Committee on the Judiciary now contains a clear statement that if any sectarian worship instruction or proselytization occurs, that shall be voluntary for individuals receiving services and offered separate from the program funded.

Also the bill now includes a requirement that a certificate shall be separately signed by the religious organization and filed with the government agency that disperses the funds certifying that the organization is aware of

and will take care to comply with this provision.

□ 1230

The amendment also makes clear that volunteers cannot come into a federally funded program and proselytize or otherwise engage in sectarian activity.

The Committee on the Judiciary also changed the bill to include a subsection to permit review of the performance of the program itself, not just its fiscal aspects. This amendment is needed to prevent an unconstitutional preference for faith-based organizations, as secular programs are subject to both types of review.

One of the most important guarantees of institutional autonomy is a faith-based organization's ability to select its own staff in the manner that takes into account its faith. It was for that reason that Congress wrote an exemption from the religious discrimination provision of Title VII of the Civil Rights Act of 1964 for religious employers. All other current charitable choice laws specifically provide that faith-based organizations retain this limited exemption from Federal employment nondiscrimination laws.

An amendment adopted by the Committee on the Judiciary replaced existing language in H.R. 7 with the same language used in the 1996 Welfare Reform Act, which was signed into law by President Clinton, with an additional clause making clear that contrary provisions in the Federal programs covered by H.R. 7 have no force and effect. This additional clause was not necessary in the 1996 Welfare Reform Act because it codified charitable choice rules for a new program, whereas H.R. 7 covers already existing programs that may have conflicting provisions.

This amendment is offered to avoid any confusion. The language of the 1996 Welfare Reform Act did nothing to ''roll back'' existing civil rights laws, and that same language is used in this amendment.

It is important for all to understand that this bill does not change the anti-discrimination laws one bit, either with respect to employees or beneficiaries. Faith-based organizations must comply with civil rights laws prohibiting discrimination on the basis of race, color, national origin, gender, age and disability.

Since 1964, faith-based organizations have been entitled to the Title VII exemption to hire staff that share religious beliefs; and courts, including the Supreme Court, have upheld this exemption. Do the critics of those laws really want to revoke current public funding from the thousands of child care centers, colleges and universities that receive Federal funds in the form of Pell grants, veterans benefits, vocational training, et cetera, because these institutions hire faculty and staff that share religious beliefs?

Remember, one of the primary goals of this legislation is to try to open opportunities for small entities that take part in Federal social service programs. It is particularly important to maintain this exemption for small faith-based entities, because they are the types of community organizations we hope will be encouraged by this bill to seek involvement in delivering social services. These small entities are not going to go out and create new organizations and staff that provide these services. So we do not want to force them to advertise, hire new people and possibly be sued in Federal court for a job they would like to be filled by people already on staff, namely, people who share their religious beliefs.

One of the most revered liberal justices in the history of the Supreme Court, William Brennan, recognized that preserving the Title VII exemption where religious organizations engage in social services is a necessary element of religious freedom.

In his opinion in the Amos case upholding the current Title VII exemption, Justice Brennan recognized that many religious organizations and associations engage in extensive social welfare and charitable activities such as operating soup kitchens and day care centers or providing aid to the poor and the homeless. Even where such activity does not contain any sectarian instruction, worship or proselytizing, he recognized that the religious organization's performance of such functions was likely to be ''infused with a religious purpose.'' He also recognized that churches and other entities ''often regard the provision of social services as a means of fulfilling religious duty and providing an example of the way of life a church seeks to foster.''

Charitable choice principles recognize that people in need should have the benefit of the best social services available, whether the providers of those services are faith-based or otherwise. That is the goal: helping tens of thousands of Americans in need.

We are considering today whether the legions of faith-based organizations in the inner cities, small towns and other communities of America can compete for Federal funds to help pay the heating bills in shelters for victims of domestic violence, to help them pay for training materials teaching basic work skills, to help them feed the hungry, and to provide other social services to help the most desperate among us.

Mr. Speaker, I urge my colleagues, even those initially opposed to H.R. 7, to join me today in voting for this bill and the expansion of charitable choice.

Mr. Speaker, I reserve the balance of my time.

Mr. CONYERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I commend the gentleman from Wisconsin (Mr. SENSENBRENNER), the chairman of the committee, for his sterling statement. Except for the conclusion, of course, it was very well presented.

Now, to the heart of the matter. The Conservative Family Research Council announced yesterday that they would abandon support for H.R. 7 if it were changed one iota to defer to existing State or local civil rights laws. Therein lays the rub. Namely, to put it another way, more colloquially, can a brother make as good a pot of soup as a Southern Baptist? Can too much diversity spoil the soup? That is the problem here, and it is why we are having so much trouble with faith-based which, incidentally, already exists, I say to my colleagues. Is there anyone not aware that we already have faith-based organizations dispensing charity by the billions of dollars? So what is the problem here?

Well, during our discussion in the Committee on the Judiciary, no one caught this sense of the issue more sensitively than our distinguished colleague from Florida (Mr. SCARBOROUGH), and I quote him at this point from page 191: ''For instance,'' he says, ''delivering soup. Let's say, for instance, in an area that is heavily served, let's say a synagogue, in an urban part of the area, listen, they want to get their soup. They do not want to hear somebody with views that are completely different from their own views. And I understand. I understand what the bill says, that they are not allowed to do that. But, again, if you compel these organizations, whose culture many Americans believe allow faith-based organizations to deliver services more effectively,'' and so on and so forth.

So I thank our departing colleague for that very important contribution to what we are about here.

Now, why do so many people feel uncomfortable about using this legislation as a vehicle to override our civil rights laws, our Federal civil rights laws, our State civil rights laws, our local civil rights laws? Why?

Many of us are still recovering from the revelation that the Salvation Army negotiated a secret deal with the White House to override parts of civil rights laws, including those protecting domestic partner benefits. Most do not think it is right to trade off our civil rights laws to get legislative support from a private organization.

Had the administration really wanted to do something to help religion, they might have tried to include the proposed charitable tax deductions in the $2 trillion tax deal. If they wanted to do something to improve social services, they would increase funding for drug treatment, housing and for seniors, instead of cutting these programs by billions of dollars. If they wanted to help our kids in our inner cities, of which I have heard so much today it is staggering, they would help us try to rebuild the crumbling schools all around them.

Mr. Speaker, I yield 2¼ minutes to the gentleman from New York (Mr. NADLER), the ranking member of the subcommittee from which this bill came.

Mr. NADLER. Mr. Speaker, this bill is a threat to religious liberty, a threat to the very effective way the Federal, State and local governments have long worked with religious charities, and a threat to this Nation's long commitment to equal rights, nondiscrimination and human dignity.

I would like to dispense with a few myths that have been propagated during this debate.

First, contrary to what we may have heard, religious charities are not the victims of discrimination; far from it. Religious charities now administer billions of dollars in public funds every year. Catholic Charities, the Federation of Protestant Welfare Agencies, the United Jewish Communities and many other church groups have been providing social services partially funded with taxpayer dollars for many, many decades.

Myth two: Religious charities must be allowed to discriminate in employment and services using public money in order to do their jobs properly. Why? Why does a Jewish lunch program need to hire only Jews to serve the soup? Why does a Baptist homeless shelter need to hire only Baptists to provide the blankets? I thought that this was a settled issue in our society, but apparently it is not.

Let me ask my colleagues, on the road to Jericho, did the good Samaritan ask the wounded traveler whether he was of a certain faith or whether he was gay or whether he was of the proper race? If the answer is no, then why would we think it necessary for churches to do this now, with public funds?

We are told that current law already allows such discrimination. Yes, it does, but only with church funds. But this bill is different. This bill allows that discrimination not just with church money but with public money in purely secular activities or what we are told are purely secular activities. That is very new and very, very wrong.

Myth three: This bill preserves State laws. Not true. The gentleman from Wisconsin (Mr. SENSENBRENNER) made clear in the markup in the committee that it does not. The bill allows broad religious discrimination and nullifies the laws of 12 States and more than 100 localities to the contrary. Do not be fooled by the argument that this applies only to lesbian and gay rights, important though they are. This applies to all local antidiscrimination laws, whether they protect women or minorities or single mothers or whatever local communities may have committed to take a stand on. That is an important difference from past charitable choice legislation, which specifically said that State and local laws would be preserved. This is different.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair would remind Members to abide by the time limitations.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT. Mr. Speaker, I rise in strong opposition to H.R. 7. While it has been described as a plan to help religious organizations to receive and administer government funds, charitable choice in reality is a fundamental assault on our civil rights laws.

In this debate, let us be clear. The major impact of H.R. 7 will be to allow religious sponsors who want to receive Federal funds to discriminate in hiring based on religion. Any program that can get funded under H.R. 7 can get funding today, except those run by organizations that insist on the right to discriminate in hiring.

□ 1245

So when we hear about all the programs that can get funded, let us tell the truth, all of them can be funded today if the sponsors are willing to follow civil rights laws, just like all other Federal contractors. Just do not discriminate in hiring.

So this bill is not about new programs which can get funded. There is no new money in the program. Any program funded under H.R. 7 can be funded now. This bill provides no new funding, just new discrimination.

Whatever excuse there is to discriminate based on religion in these programs should apply to all Federal programs. In fact, it would apply to all private contractors or all private employers.

Why should a manufacturer be required to hire people of different faiths? The answer is it is the law. Because of our sorry history of discrimination and bigotry in the past, we have had to pass laws to establish protected classes.

So someone can choose their employees any way they want, except they cannot discriminate in hiring based on the protective classes of race, color, creed, national origin, or sex. This principle was established in Federal defense contracts when President Roosevelt signed Executive Order 8802 on June 25, 1941. Now, 60 years later, here we are allowing sponsors of federally funded programs to discriminate in hiring.

There are a lot of other problems with this bill, but we ought to defeat this bill strictly because of the fact that it allows new discrimination in hiring.

Mr. CONYERS. Mr. Speaker, in consultation with the chairman of the committee, I ask unanimous consent that each side be given 10 additional minutes.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Michigan?

Mr. SENSENBRENNER. Mr. Speaker, reserving the right to object, I would point out to the gentleman from Michigan that while I personally have no objection, the general debate time is controlled by the Committee on Ways and Means. I would suggest that he request that of the chairman of the Committee on Ways and Means when he comes back to the Chamber. I am afraid that I would be trodding on their turf, so I would ask him to withdraw his unanimous consent request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. SENSENBRENNER. I object, Mr. Speaker.

The SPEAKER pro tempore. Objection is heard.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes and 5 seconds to the gentlewoman from California (Ms. LOFGREN).

Ms. LOFGREN. Mr. Speaker, if we take time to review the details of this bill, we will see it is bad for America. The premise that religious people cannot help solve America's social problems is simply wrong. I spent 14 years in local government. We worked with Catholic Charities and many others. We do not need this radical departure from the Bill of Rights to work with Catholics, Protestants, Buddhists, Hindus, Sikhs, or Jains to solve America's problems.

Consider the plain language of the first amendment: ''Congress shall make no law respecting an establishment of religion.'' I think that is clear. But this bill would take tax money and give it directly to churches. How can that not run afoul of the constitutional prohibition against the establishment of religion?

Our country was started by people seeking religious freedom to worship, and this fundamental American value was put in the very first amendment to our Constitution.

When government becomes involved in establishing or preferring religions, trouble follows. Will the Sikhs or Hindus receive the day care contract? Will the Muslims or Jews run the nursing home where your mother will live? Pity the local government who must decide.

With government money comes interference and perhaps improper conduct. Do these funds go to friends of the President? Does the Salvation Army get a financial benefit for political work? Thomas Jefferson is famous for the observation that ''. . . intermingling of church and State corrupts both.''

Finally and incredibly, there are special interest provisions in this bill that do not even relate to religion. Look at section 104.

Astonishingly, the bill creates a special class of victims without rights, nonprofit and religious groups who rent vehicles from businesses. An example: Corporation A leases a van with bald tires to the Baptist Youth Choir. The van overturns. With section 104, Corporation A cannot be held liable to help with the funeral and medical expenses. But if the same van is rented for the same price to a for-profit satanic rock group, corporation A can be held liable. Why should religious and nonprofit groups be victimized with impunity?

This bill will result in outcomes not desired by the American people. It will end up undercutting religion as well as religious freedom. It will enrage Americans by using their tax dollars to subsidize religious beliefs they disagree with. It undercuts our Constitution, provides not one additional cent of tax money to help the poor, and will end up stimulating religious conflict and racial and religious discrimination. Please have the good sense to vote no.

Mr. CONYERS. Mr. Speaker, I ask unanimous consent for each side to have 10 additional minutes, having consulted with my leader on the Committee on Ways and Means, the gentleman from New York (Mr. RANGEL).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. THOMAS. Reserving the right to object, Mr. Speaker, I yield to the gentleman from New York (Mr. RANGEL) in terms of the statement of the gentleman from Michigan.

Mr. RANGEL. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, it seems as though, on this very controversial but important subject matter, there are so many Members who would like to share their views before we have time to vote on this, and in view of the fact that the Committee on the Judiciary has had jurisdiction over the substance of this and the time was split and they need additional time, if there is any technicality because the Committee on Ways and Means would follow them that interferes with them getting unanimous consent, I would like to yield to them on this issue.

Mr. THOMAS. Continuing to reserve my right to object, Mr. Speaker, I would tell the gentleman that actually we have 2 hours of debate on this question. As the Speaker indicated in announcing the rule, there is an hour of general debate and an hour on the substitute.

That means the Committee on the Judiciary, if the time is divided on the substitute, the same as was divided on general debate, would have 1 hour. That is the normal debate time. The Committee on Ways and Means would have 1 hour. The Committee on the Judiciary would have an hour.

The debate is not necessarily narrowly directed to the subject at hand; i.e., if the gentleman from Michigan (Chairman CONYERS) has some of his members of the Committee on the Judiciary who wish to make general statements about the underlying legislation, they certainly are able to, and indeed, we often do that during the debate on the substitute.

It seems to me that an extra 1 hour on this subject matter for a full 2 hours of discussion is more than ample.

Therefore, Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. CONYERS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE), a distinguished member of the Committee.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the distinguished gentleman from Michigan for yielding time to me, and I thank the leaders for this very important debate.

Mr. Speaker, I rise today to reinforce the importance of this debate and the importance of characterizing this debate for what it is: the desire for those of us who believe in the first amendment and the Bill of Rights to emphasize that this should not be a referendum on our faith, for this country was founded on the ability to be able to practice one's faith without intrusion.

But rather, I would hope that this particular debate will focus around the intent and the understanding of James Madison, the father of the first amendment, that indicated that he believed that the commingling of church and State was something that should not exist, and that he apprehended the meaning of the establishment clause to be that ''Congress shall not establish a religion and enforce the legal observation of it by law, nor compel men or women to worship God in any manner contrary to their conscience.''

It means that if I am of a different belief and I want to fight against child abuse, and a particular religious institution is running a child abuse prevention charitable organization in my community, I should be able to be hired. Under this bill, although it has good intentions, it forces direct monies into religious institutions, not requiring them to comply with any means of preventing discrimination.

Martin Luther King said ''Injustice anywhere is injustice everywhere.'' Discrimination on the basis of religion somewhere is discrimination everywhere.

What we want here is an understanding that we embrace faith, but we do not embrace discrimination. Change this legislation, eliminate the discriminatory aspects, eliminate the voucher program, eliminate the direct funding of religion, and James Madison's voice and spirit will live and the Bill of Rights will live, and we can all support this legislation.

Mr. CONYERS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Wisconsin (Ms. BALDWIN).

(Ms. BALDWIN asked and was given permission to revise and extend her remarks.)

Ms. BALDWIN. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, this debate is about the fundamental relationship between a democratic government and religious institutions.

The first amendment has two purposes. First, it is designed to prevent the government from using its power to promote a particular religion. Second, it is designed to protect religious institutions from unwarranted intrusions of government.

I believe H.R. 7 endangers both of these purposes. This bill expands the religious exemption under Title VII to clearly nonreligious activities, and it preempts State and all other local nondiscrimination laws. For the first time, Federal dollars, public funds, will be used to discriminate; or put another way, Americans can be barred from taxpayer-funded employment on the basis of their religion or other factors.

Civil rights and religious freedom go hand-in-hand. Undermine one and we undermine the other.

Mr. Speaker, it is a mistake for government and religion to become entangled. I urge my colleagues to reaffirm our commitment to separation of church and State by defeating H.R. 7.

Mr. Speaker, I rise today in opposition to H.R. 7.

Let me begin by saying that I very much value the traditional role of religions institutions in providing social services. Our country has been made stronger through the good works of people of faith in helping those in need. Religious institutions have long fed the hungry, clothed the poor, given shelter to the homeless, and helped heal the sick. These contributions have been absolutely essential for millions of Americans throughout the history of our great nation.

But this debate is not whether or not religious institutions should do good works. We all agree that they do and they should. This debate is about the fundamental relationship between a democratic government and religious institutions.

The Bill of Rights to the United States Constitution sets forth the fundamental principles upon which our democracy is based—freedom of speech, freedom of expression, right to trial by jury, limitations on searches an seizures, the right to bear arms. One of the most fundamental protections in our Constitution is freedom of religion.

The First Amendment states: ''Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof.'' This Constitutional principle has two purposes. First, it is designed to prevent the government from using its power to promote a particular religion. Our Founding Fathers rightly saw that true freedom of worship was impossible if the state advantaged one religion over others.

The second purpose is to protect religious institutions from the unwarranted intrusion of government. The independence of religious institutions from the hand of government is fundamental to the free exercise of religion.

I believe H.R. 7 endangers both of these purposes and therefore undermines our nation's commitment to the free exercise of religion. This bill will allow religious institutions to accept direct government funding of social service programs. While it purports to ban proselytizing using tax dollars, it still permits the mingling of religion and government as never before seen in our country. It extends the reach of government into the private religious sphere. And I believe it is unconstitutional.

It is not in the best interest of our religious institutions to have government agencies pick and choose which church or synagogue or mosque should get taxpayer dollars. As my colleague Mr. SCHIFF of California said in the Judiciary Committee, ''would it be appropriate for Members of Congress to write letters in

support of one church's grant application or against another?'' Would it? Is that a good idea? What future rules will we apply to these funds? Will the Bishop or the Rabbi come by to lobby for funding? If a church violates the rules or is suspected of fraud, do we really want the government digging into their books?

Our Founding Fathers created the Establishment Clause as an answer to this dilemma. Their answer was no. In a letter written in 1832, James Madison wrote, ''it may not be easy, in every possible case, to trace the line of separation between the rights of religion and the civil authority with such distinctness as to avoid collisions and doubts on unessential points. The tendency of a usurpation on one side or the other, or a corrupting coalition or alliance between them, will be best guarded by an entire abstinence of the government from interference in any way whatsoever?''

We have recently seen the impact of entangling government and religion in the case of the White House and the Salvation Army. The Salvation Army, a religious charity, has lobbied and been lobbied by the White House to promote this legislation. According to newspaper accounts, the Salvation Army was prepared to spend hundreds of thousands of dollars to advance this bill in exchange for the right to discriminate in hiring. The White House now says they've backed off.

But the very right to discriminate in hiring that the Salvation Army wanted is contained in this bill! This bill expands the religious exemption under Title VII to clearly non-religious activities and preempts all other state and local non-discrimination laws. For the first time, public funds will be used to discriminate in employment. Or put another way, Americans can be barred from taxpayer funded employment on the basis of their religion.

Under this bill, a Protestant church could refuse to hire a person who is Jewish to work in their day care or a Muslim soup kitchen could refuse to hire a Catholic to serve meals to the hungry. But not only that, a church could refuse to hire a person who is divorced if divorce is against that church's tenets and teachings, even though the position is involved only in a secular activity.

Expanding a religious institution's ability to discriminate in employment to include secular enterprises is just the start of the discrimination in this bill. The bill also preempts all state and local laws against discrimination. Thus, if a state protects its citizens from discrimination on the basis of sexual orientation, real or perceived gender, marital status, student status, or other bases the moment federal funds are commingled, religious institutions are allowed to discriminate. We hear a great deal about local control, but this bill eviscerates these state and local non-discrimination laws.

That is why the Gentleman from Massachusetts, Mr. FRANK, and I proposed an amendment in the Rules Committee. It is very simple, just one line. ''Notwithstanding anything to the contrary in this section, nothing in this section shall preempt or supersede State or local civil rights laws.'' Unfortunately, the Rules Committee refused to make our amendment in order, denying the House the opportunity to have an up or down vote on this critical issue.

The House still has an opportunity to correct this major problem with the bill. The Democratic Substitute maintains non-discrimination protections in current Federal, State and local law. I urge all of my colleagues to support the substitute.

It is very distressing that the proponents of this bill desire to chip away at our civil rights and non-discrimination laws. And it is even more distressing that they are using religion as a cover. Civil rights and religious freedom go hand in hand. Undermine one and you undermine the other. In the Federalist Papers Number 51, James Madison noted this interrelationship: ''In a free government, the security for civil rights must be the same as that for religious rights. It consists in the one case in the multiplicity of interests, and in the other in the multiplicity of sects.''

Mr. Speaker, it is a mistake for government and religion to become entangled. I urge my colleagues to reaffirm our commitment to the separation of church and state by defeating this misguided legislation.

Mr. CONYERS. Mr. Speaker, I am pleased to yield the balance of our time to my distinguished leader, the gentlewoman from California (Ms. WATERS).

The SPEAKER pro tempore. The gentlewoman from California (Ms. WATERS) is recognized for 2 minutes and 10 seconds.

Ms. WATERS. Mr. Speaker, I think it is important for some of us to say that we were raised in church, and that we are religious people. We went to Sunday school every Sunday when I was a little girl coming up. We went back to the 11 a.m. service with our parents, and then we went back at 6 o'clock in the evening to BYPU for the young people.

I do not want anybody to think that because we are against this bill, somehow we are not religious, or we do not believe in religion. We certainly do. What we do not believe in is discrimination. We cannot, as public policymakers who understand the Constitution and appreciate it, and understand the struggle of those people who came to this country fleeing religious oppression, sit here and allow something called a faith-based program to reinstitute discrimination. It is wrong, and we cannot stand for that.

Religious organizations in this country participate in this government in many ways. For those people who say we have to have this bill in order to have participation, they are wrong.

Let me just tell the Members, last year Lutheran Services, the largest faith-based organization to receive government aid, received about $2.7 billion, Jewish organizations received about $2 billion in government aid, Catholic Charities received $1.4 billion, and the Salvation Army received $400 million.

So what are we talking about? They have separate 501(c)3s that they apply under because they separate from the collection plate the money that comes from the government in order to carry out these programs, and that is the way it should be. We should never allow commingling of the government and taxpayers' dollars in the collection plate. It is wrong, it violates separation of church and State, and we should stop it on this floor right now, and not support the so-called faith-based organization initiative.

I would say to my friends and colleagues here today, we have the opportunity to uphold civil rights, to say we are against discrimination, to say we are not going to allow taxpayer dollars to turn people away who are applying for jobs, and most importantly, we are going to uphold the Constitution of the United States of America. I ask for a no vote on the faith-based organization initiative.

Mr. SENSENBRENNER. Mr. Speaker, I yield the balance of my time to the gentleman from Ohio (Mr. CHABOT), the chairman of the Subcommittee on the Constitution.

(Mr. CHABOT asked and was given permission to revise and extend his remarks.)

□ 1300

Mr. CHABOT. Mr. Speaker, as we debate this bill today, I would ask my colleagues not to let partisanship cloud their judgment on this proposal. The purpose of this bill is to help people. This is not some great scheme to funnel tax dollars to religious organizations or to force people to seek social services from religious providers. This bill will provide new hope and new opportunities to thousands of Americans. It will help the homeless, the hungry, and the downtrodden, and it will help those in need.

Over the past several months, the House Subcommittee on the Constitution held several hearings that looked at charitable choice programs and the role that faith-based organizations can play in the delivery of social services. We heard compelling testimony about the work of faith-based organizations that have received Federal funding under current law. It is the current law now.

And we discussed and debated the constitutional issues surrounding this legislative proposal. And at the conclusion of these hearings, two points were very clear. First, the charitable choice provisions of H.R. 7 are completely consistent with the Constitution. And second, faith-based organizations play a vital role in providing social services to the most desperate among us.

I would like to quote from a speech that was made a while back to the Salvation Army: ''The men and women who work in faith-based organizations are driven by their spiritual commitment. They have sustained the drug addicted, the mentally ill, the homeless, they have trained them, they have educated them, they have cared for them. Most of all, they have done what government can never do: they have loved them.''

Do my colleagues know who said that? Al Gore. Now I do not always agree with Al Gore, but I certainly agree with him in that particular instance.

This is legislation which is very important to the President. I want to thank the chairman, the gentleman from Wisconsin (Mr. SENSENBRENNER), for getting us to this point today. We

want to make sure that this withstands any constitutional challenge that might be made against it. This is excellent legislation which will literally help thousands and thousands of the most desperately needy people in this country.

I want to thank the chairman for his leadership again on this. Let us pass this legislation today. It is important to an awful lot of people.

RESPONSES TO FALSE DEMOCRATIC CLAIMS IN THEIR DISSENTING VIEWS IN THE COMMITTEE REPORT

Claimed comparison of H.R. 7 with language of 1996 Welfare Reform Act

Footnote 7 of the Dissenting Views states that H.R. 7 does not contain language from the 1996 Welfare Reform Act that indicated its provisions were not intended to supercede State law, and therefore the absence of that provision from H.R. 7 means it somehow preempts State law. That is a mischaracterization of the provision in the 1996 Welfare Reform Act. The provision referred to in the 1996 Act was simply a ''savings clause'' that recognized that some states have provisions in their constitutions and state laws that don't allow them to spend state funds on faith-based organizations. The savings clause simply recognized that in those states with such laws, they could continue to segregate state funds as required by state law, but that they could also use federal funds in accordance with the charitable choice provisions of the 1996 Welfare Reform Act. Conference Report 104–430, accompanying H.R. 4, 104th Congress, 1st Session (December 20, 1995), at 361—the previously adopted welfare reform bill with the identical subsection (k) as that found in the Welfare Reform Act of 1996—provides the following explanation for the subsection: ''Subsection (k) states that nothing in this section shall be construed to preempt State constitutions or statutes which restrict the expenditure of State funds in or by religious organizations. In some States, provisions of the State constitution or a State statute prohibit the expenditure of public funds in or by sectarian institutions. It is the intent of Congress, however, to encourage States to involve religious organizations in the delivery of welfare services to the greatest extent possible. The conferees do not intend that this language be construed to required that funds provided by the Federal government referred to in subsection (a) be segregated and expended under rules different than funds provided by the State for the same purposes; however, States may revise such laws, or segregate State and Federal funds, as necessary to allow full participation in these programs by religious organizations.'' H.R. 7 gives states the same option. Subsection (j) provides that insofar as states use federal funds, or mingle state and federal funds, and uses them for covered programs, the federal rules in H.R. 7 apply. If states separate out their state funds, then they can of course use them without any federal conditions attaching.

Claim that millions of dollars already go to groups like Catholic Charities, so there is no problem to fix

The Dissenting Views point out that millions of dollars go to large organizations such as Catholic Charities every year, but fails to mention these are large, separately incorporated and secularized organizations, not churches. The purpose of H.R. 7 is to allow small religious organizations to be able to compete for social service funds by removing barriers to entry and allowing them to serve as churches, and to provide social services in their churches without having to rent out separate, expensive office space, or having to hire lawyers to create separate corporations.

Claim that H.R. 7 preempts general state and local nondiscrimination in employment laws

The Dissenting Views states that under H.R. 7 a national religious organization could choose to accept a single federal grant and attempt to use that as a shield against laws protecting gay and lesbian employment rights in all 50 states. This is wrong. Subsections (d) and (e) in H.R. 7 do not constitute a general preemption clause, but a narrow statutory right afforded faith-based organizations to help them preserve their religious liberty when they are using federal funds during the course of a federally funded program and encourage their participation in the delivery of social services for the poor and the needy. When a religious organization is not using federal funds during the hours of a federally funded program, which will be most of the time, the protections of H.R. 7 do not apply, and all State and local nondiscrimination in employment laws that are not tied to government funding, including those that prohibit discrimination based on sexual orientation, remain in effect. For example, in 16 states, employers with a single employee are covered by their state's civil rights law. Others set the minimum number of employees between 4 and 10. Ohio's employment discrimination law covers employers with 4 or more employees; Oh.St. §4112.01(A)(2); Wisconsin's covers employers with 1 or more employees; Wi.St. 111.32(6)(a); Massachusetts' covers employers with 6 or more employees; Ma.St. 151B §1(5); New York's covers employers with 4 or more employees; N.Y.Exec. §292(5); Michigan's covers employers with 1 or more employees; Mi.St. §37.2201(a); California's covers employers with 5 or more employees; Ca.Civil §51.5(a). Also, the provisions of H.R. 7 will not apply whenever a State or local government chooses to separate its federal funds from its nonfederal funds. Experience from existing charitable choice laws that contain the very same provisions as H.R. 7—and which have been on the books for five years—has shown that this narrow statutory right will not need to be invoked very often, if ever.

Claim that the House has never previously considered the details of charitable choice provisions

Contrary to the assertion in the Dissenting Views, the House has voted several times on amendments offered by Mr. Scott to strip away charitable choice provisions that would allow religious organizations to continue to be able to hire based on religion while taking part on federal programs.

The Fathers Count Act of 1999 contained the charitable choice provisions of the Welfare Reform Act of 1996. Mr. Scott offered a motion to recommit the bill with instructions to remove the charitable choice provision allowing religious organizations receiving funds under the designated programs to make employment decisions on religious grounds. This motion was defeated 176–246, by a 70 vote margin including 34 Democrats. The bill was then adopted by the House by a vote of 328–93, by a 235 vote margin. Constitution subcommittee Ranking Member Nadler voted for the bill, as did four other Democratic Members of the House Judiciary Committee. Those other Members were Sheila Jackson-Lee, Boucher, Delahunt, and Meehan.

The Child Support Distribution Act of 2000 also contained the charitable choice provisions of the Welfare Reform Act of 1996. Mr. Scott's motion to recommit with instructions would have removed the charitable choice provision allowing participating religious organizations to make employment decisions on religious grounds. The motion was defeated 175–249, by a 74 vote margin including 30 Decmocrats. The bill was then adopted by a vote of 405–18, by a 387 vote margin. Constitution Subcommittee Ranking Member Nadler voted for the bill, as did eight other Democratic Members of the House Judiciary Committee. Those other Members were Conyers, Watt Jackson-Lee, Lofgren, Berman, Boucher, Meehan, Delahunt, Wexler, Baldwin, and Weiner.

Claims regarding statements made by President Clinton when he signed previous charitable chioce laws

The Dissenting Views incorrectly state that prior charitable choice laws were enacted without the support of President Clinton, and they cite President Clinton's statement when he signed the re-authorization measure for the Community Services Block Grants Program (''CSBG'') into law that its charitable choice provisions should not be used to fund '' 'pervasively sectarian' organizations, as tha term has been defined by the courts.'' 134 Weekly Compilation of Presidential Documents 2148 (Nov. 2, 1998) (Statement on Signing the Community Opportunities, Accountability, and Training and Educational Services Act of 1998). However, the courts have since abandoned the ''pervasively sectarian'' test, and President Clinton's later statements on charitable choice provisions in October and December 2000, do not rely on the pervasively sectarian test, and those statements in fact support H.R. 7. The Congressional Research Service concluded in the December 27, 2000, Report to Congress on Charitable Choice, that ''In its most recent decisions[,] the [Supreme] Court appears to have abandoned the presumption that some religious institutions, such as sectarian elementary and secondary schools, are so pervasively sectarian that they are constitutionally ineligible to participate in direct public aid programs.'' CRS Report, at 29.

Indeed, on October 17, 2000, President Clinton stated his constitutional concerns regarding the implementation of the charitable choice provisions in Substsance Abuse and Mental Health Services Administration (''SAMHSA'') programs as follows: ''This bill includes a provision making clear that religious organizations may qualify for SAMHSA's substance abuse prevention and treatment grants on the same basis as other nonprofit organizations. The Department of Justice advises, however, that this provision would be unconstitutional to the extent that it were construed to permit governmental funding of organizations that do not or cannot separate their religious activities from their substance abuse treatment and prevention activities that are supported by SAMHSA aid. Accordingly, I construe the act as forbidding the funding of such organizations and as permitting Federal, State, and local governments involved in disbursing SAMHSA funds to take into account the structure and operations of a religious organization in determining whether such an organization is constitutionally and statutorily eligible to receive funding.'' Weekly Compilation of Presidential Documents (Oct. 23, 2000) (Statement on Signing the Children's Health Act of 2000), p. 2504. He made an identical statement regarding the charitable choice provisions in the Community Renewal Tax Relief Act when he signed that measure into law on December 15, 2000. See White House Office of the Press Secretary, ''Statement of the President Upon Signing H.R. 4577, the Consolidated Appropriations Act, FY 2001'' (December 22, 2000), at 8. These concerns are the same as those addressed by the provision in subsection (j) of the

Charitable Choice Act of 2001, which provides that, ''No funds provided through a grant or cooperative agreement to a religious organization to provide assistance under any [covered] program . . . shall be expended for sectarian instruction, worship, or proselytization. If the religious organization offers such an activity, it shall be voluntary for the individuals receiving services and offered separate from the program funded under subsection (c)(4).'' The required separation would not be met where the government-funded program entails worship, sectarian instruction, or proselytizing. Under subsection (j), there are to be no practices constituting ''religious indoctrination'' performed by an employee while working in a Government-funded program. The same is true for volunteers.

Claim that current charitable choice laws have been barely implemented

The Dissenting Views states that current charitable choice laws have barely been implemented. This is untrue. Existing charitable choice programs have had a significant impact on social welfare. Dr. Amy Sherman of the Hudson Institute has conducted the most extensive survey of existing charitable choice programs. Dr. Sherman concluded that, currently, ''All together, thousands of welfare recipients are benefiting from services now offered through FBOs [faith-based organizations] and congregations working in tandem with local and state welfare agencies.'' Dr. Amy S. Sherman, ''The Growing Impact of Charitable Choice: A Catalogue of New Collaborations Between Government and Faith-Based Organizations in Nine States'' (''Growing Impact''), The Center for Public Justice Charitable Choice Tracking Project (March 2000) at 8. Dr. Sherman also found that fears of aggressive evangelism by publicly funded faith-based organizations have little basis in fact. According to Dr. Sherman: ''[O]ut of the thousands of beneficiaries engaged in programs offered by FBOs [faith-based organizations] collaborating with government, interviewees reported only two complaints by clients who felt uncomfortable with the religious organization from which they received help. In both cases—in accordance with Charitable Choice guidelines—the client simply opted out of the faith-based program and enrolled in a similar program operated by a secular provider. In summary, in nearly all the examples of collaboration studied, what Charitable Choice seeks to accomplish is in fact being accomplished: the religious integrity of the FBOs working with government is being protected and the civil liberties of program beneficiaries enrolled in faith-based programs are being respected. Id. at 11 (emphasis added). Religious groups in the nine states Dr. Sherman surveyed also registered few complaints about their government partners. According to Dr. Sherman, ''The vast majority reported that the church-state question was a 'non-issue,' and that they enjoyed the trust of their government partners and that they had been straightforward about their religious identify.'' Id.

The success of existing charitable choice programs had led the National Conference of State Legislatures (''NCSL'') to support their expansion. According to Sheri Steisel, director of NCSL's Human Services Committee, ''In many communities, the only institutions that are in a position to provide human services are faith-based organizations. Providing grants to or entering into cooperative agreements with faith-based and other community organizations to provide government services is something that has proven effective in the states over the past five years. As welfare reform continues to evolve, it is important that government at all levels continues to explore innovative ways to provide services to its constituents. We are extremely pleased that the President is joining the states in exploring these new opportunities.'' News Release, ''Faith Based Initiatives Nothing New to Nation's State Lawmakers'' (January 30, 2001). Some states have embraced charitable choice to the tune of spending hundreds of thousands of dollars or, in some cases, millions in contracts with congregations and other organizations that would not otherwise have been eligible. See Associated Press, Survey Highlights Charitable Choice (March 19, 2001).

Claim regarding the number of ''charitable choice'' lawsuits filed

The Dissenting Views states that there have been five lawsuits filed challenging existing charitable choice laws. That is not true. The Dissenting Views mention three lawsuits that do not involve the terms of federal charitable choice programs, and another has already been dismissed as moot:

American Jewish Congress v. *Bernick*, (San Francisco County Superior Court, filed January 31, 2001) (challenging a program announced in August 2000 by the California Department of Employment Development to fund job training offered by groups that had never before contracted with government; charging that only religious organizations were eligible to compete). The State of California filed an affidavit in the case stating no TANF funds were used in the program.

Pedreira v. *Kentucky Baptist Home for Children*, Case No. — (E.D. Ky., filed April 17, 2000) (charging that the dismissal of an employee, who was employed to help the Kentucky Baptist Home for Children distribute state funds for the provision of child care, on the grounds that her sexual orientation was contrary to the employer's religious tenets violates the establishment of religion clause). No federal funds were used in this case, so the lawsuit does not involve a federal charitable choice program.

In *Lara* v. *Tarrant County*, 2001 WL 721076 (Tex.), the court stated that ''This case involves a dispute over a religious-education program in a Tarrant County jail facility. Our inquiry focuses on the Chaplain's Education Unit, a separate unit within the Tarrant County Corrections Center, where inmates can volunteer for instruction in a curriculum approved by the sheriff and director of chaplaincy at the jail as consistent with the sheriff's and chaplain's views of Christianity.''

American Jewish Congress and Texas Civil Rights Project v. *Bost*, No. — (Travis County, Texas, filed July 24, 2000) was dismissed as moot on January 29, 2001.

Claim that H.R. 7 requirement that an alternative unobjectionable on religious grounds is available is an ''unfunded mandate''

The Dissenting Views state that H.R. 7's requirement that an alternative be available that is unobjectionable to a beneficiary on religious grounds is an ''unfunded mandate.'' This is not true. As the Congressional Budget Office points out in its statement on H.R. 7, ''All of [the charitable choice] requirements are conditions of federal assistance, and therefore, are not mandates under UMRA [the Unfunded Mandates Reform Act].''

Claim that children could be subject to ''peer pressure'' to engage in proselytizing activity

The Dissenting Views worry about children being subject to ''peer pressure'' that leads them to take part in sectarian activities outside a federal program.

H.R. 7 excludes from covered programs those that include ''activities carried out under Federal programs providing education to children eligible to attend elementary schools or secondary schools, as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801),'' except it does not exclude activities ''related to the prevention and treatment of juvenile delinquency and the improvement of the juvenile justice system, including programs funded under the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.).'' Children eligible to attend elementary schools or secondary schools is defined in Elementary and Secondary Education Act of 1965, 20 U.S.C. §8801(3), as follows: ''The term 'child' means any person within the age limits for which the State provides free public education.''

Also, H.R. 7 makes clear that any sectarian instruction, worship, or proselytizing activities must be conducted separate and apart from the federally-funded program, and any children taking part in any such activities would be doing so under the normal doctrines of guardianship law.

Claim that H.R. 7 allows discrimination against beneficiaries

The Dissenting Views incorrectly states that H.R. 7 allows discrimination against beneficiaries because its terms only refer to a prohibition on discrimination against beneficiaries on the basis of religion. First, courts will interpret ''on the basis of religion'' in the same way they do when interpreting the Title VII exemption, which is to also include within ''religion'' an organization's beliefs regarding lifestyle. Courts have held that the §702 exemption to Title VII applies not just when religious organizations favor persons of their own denomination. Rather, the cases permit them to staff on the basis of their faith or doctrine. See *Little* v. *Wuerl*, 929 F.2d 944 (3d Cir. 1991) (Catholic school declines to renew contract of teacher upon her second marriage); *Hill* v. *Baptist Memorial Health Care Corporation*, 215 F.2d 618 (6th Cir. 2000) (dismissing woman when she became associated with church supportive of homosexual lifestyle and announced she was lesbian). H.R. 7's provisions in subsection (h)(1) prevent religious organizations taking part in covered programs from discriminating against beneficiaries of grant programs on the basis of a refusal to hold a religious belief. Therefore, a religious organization could not discriminate against homosexual beneficiaries of grant programs because they do not adhere to a religious belief that homosexuality is a sin.

Also, Title VII does not exempt a religious organization from a discrimination claim based on sex, and Title VII treats discrimination against a woman because of her pregnancy as discrimination based on sex, and prohibits it. The answer is the same whether the woman is married or unmarried.

Further, H.R. 7 does not preempt State or local laws protecting beneficiaries from discrimination, including State or local laws that prohibit discrimination against homosexuals in the receipt of social services.

Claim that beneficiaries don't have a right under H.R. 7 to enforce discrimination claims in court

The Dissenting Views state that beneficiaries facing discrimination do not have a right to enforce their rights in court. This is patently untrue. Any beneficiary who is discriminated against may sue, in federal court, a State or locality under subsection (n) and get them to stop any discrimination going on in a covered program that denies a beneficiary access to a service on the basis of religion, a religious belief, or a refusal to hold a religious belief. A beneficiary who is protected by any other State or local law protecting beneficiaries in the receipt of services can enforce their rights in court under those laws as well. Beneficiaries are also protected against discrimination based on race under Title VI.

Claim that subsection (l) regarding indirect funding was ''hidden in the fine print''

The Dissenting Views claim that subsection (l) was hidden ''in the fine print'' of the manager's amendment and ''added in the middle of the night.'' Well, subsection (l) was typed on the page in the same font and font size as any other provision in the amendment, and the amendment was distributed the afternoon before the markup, at about 3 o'clock. Subsection (l) was not buried in a footnote. Indeed, the entire charitable choice sections of the amendment consisted of a mere 13 pages, double spaced, in standard legislative counsel format. Of course, we had been working on changes, but we didn't have the final draft until that afternoon and therefore couldn't distribute it to our Republican Members until the day before the markup too.

Claims on indirect funding that are internally inconsistent

The Dissenting Views are internally inconsistent on the significance of indirect funding. On the one hand, on page 305, they state that indirect funding of religious organizations is objectionable because when a religious organization engages in sectarian instruction, worship, or proselytizing with indirect funds, it is still doing so ''with Federal funds.'' But on page 298, the Democrats say it's all right for religious organizations to hire staff based on religion when they receive Federal funds indirectly. Apparently there is dissent even within the Dissenting Views.

Claim that ''you can't have it both ways'' on non-proselytization and hiring on a religious basis

The Dissenting Views state that the Majority ''cannot have it both ways—either the Federal funds will be used for religious purposes, in which case there may be a justification for tolerating religious discrimination [in hiring]; or the funds will be used in a nonsectarian manner, in which case there is no reason to discriminate [in hiring] on the basis of religion.'' This totally misses the point that faith-based organizations perform secular social services motivated by religious conviction. They want to provide social services as a church. While the task of serving the poor and the needy is ''secular'' from the perspective of the government, from the viewpoint of the faith-based organization and its workers it is a ministry of mercy driven by faith and guided by faith. As the Reverend Donna Jones of North Philadelphia stated in her testimony before the House Subcommittee on the Constitution, she and her fellow church members did not want to set up a separate secular organization to perform good works because they were motivated to perform those good works together as a church, and they wanted to retain their identity as a church when they provided the services.

Justice Brennan makes this same point in his concurring opinion in the *Amos* case, which upheld the current Title VII exemption for religious organizations seeking to preserve the religious character of their organization. Justice Brennan recognized that many religious organizations and associations engage in extensive social welfare and charitable activities, such as operating soup kitchens and day care centers or providing aid to the poor and the homeless. Even where the content of such activities is secular—in the sense that it does not include religious teaching, proselytizing, prayer or ritual—he recognized that the religious organization's performance of such functions is likely to be ''infused with a religious purpose.'' *Amos,* 483 U.S. at 342 (Brennan, J., concurring). He also recognized that churches and other religious entities ''often regard the provision of such services as a means of fulfilling religious duty and providing an example of the way of life a church seeks to foster.'' *Id.* at 344. Perhaps one of the greatest liberal Justices, then, recognized that preserving the Title VII exemption when religious organizations engage in social services is a necessary element of religious freedom.

Mostly importantly, faith-based organization employees and volunteers can do their good works out of religious motive. While the task of helping the poor and needy is ''secular'' from the perspective of the Government, from the viewpoint of the faith-based organization and its workers it is a ministry of mercy driven by faith and guided by faith.

Claim that H.R. 7 allows a faith-based organization to discriminate based on interracial dating or marriage

The Dissenting Views claim that H.R. 7 will permit employment discrimination on the basis of interracial marriage. The cited source, an NAACP memo, plays off Bob Jones University v. United States, 461 U.S. 574 (1983). The claim in false. Title VII prohibits racial discrimination in employment by faith-based organizations. It is an act of facial discrimination to fire a while person because he or she marries a black person. There are no reported cases of anyone ever being allowed to be discriminated against by an organization due to interracial dating or marriage under Title VII.

Finally, in no way does H.R. 7 overrule the Bob Jones case. The case involved a challenge to a 1971 IRS Ruling which denied tax exempt status, under 501(c)(3), to any school which engaged in racial discrimination, and the Bob Jones University prohibited interracial dating by its students. The IRS Ruling has nothing to do with federal funding. H.R. 7 does not affect the Supreme Court's decision in any way. The IRS Ruling #71–447 continues in full force and effect.

Claim that Justice O'Connor disapproves of direct funding of religious organizations

In Justice O'Connor's view, monetary payments are just a factor to consider, not controlling. Also, please note that Justice O'Connor concurred in the opinion in Bowen v. Kendrick, where she joined in approving direct cash grants to religious organizations, even in the particularly ''sensitive'' area of teenage sexual behavior, as long as there is no actual ''use of public funds to promote religious doctrines.'' *Bowen* v. *Kendrick,* 487 U.S. 589, 623 (1988) (O'Connor, J., concurring).

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

This particular bill is shared in its jurisdiction between the Committee on the Judiciary and the Committee on Ways and Means. The discussion that we have been hearing is over the second title of the bill. There are three titles. The first title deals with charitable contributions by individuals and businesses. The second title is that which has been under discussion. The third title deals with individual or independence accounts, which is a demonstration program that the Committee on Ways and Means addressed.

I believe, and I hope it is true, that the debate about the constitutionality of this bill, which I do not believe to be meritorious, does not apply in any way to title I and title III discussions. It is well-established in terms of the charitable contribution aspect of the Tax Code. The committee examined these issues through subcommittee hearings, analyzed other Members' pieces of legislation and of course listened to groups who are involved in charitable activities, and then suggested a number of proposed tax changes that could create a more positive environment for giving.

The cost of the bill, over 10 years, as determined by the Joint Committee on Taxation, is a little over $13 billion over a ten year period. About half of that is directed toward creating a greater opportunity for those income tax payers who do not itemize their income taxes. These individuals are then recognized for additional tax contributions to charitable organizations beyond that amount already incorporated into the determination of the standard deduction.

It also addresses the fact that more and more seniors, through very prudent decisions, have individual retirement accounts that they put away for their senior years, and that some individuals, while in those senior years, have decided that they would be able to make additional charitable contributions. There now is a taxable consequence for directing those charitable contributions, and we eliminate that for seniors if they choose to use a portion of their individual retirement account for charitable giving.

In addition to that, there are a number of industries who are involved in the food services business who contribute excess food to charity but who certainly would be induced to do so even more if there was a modest recognition in the Tax Code for the contribution of those foodstuffs. And we will hear more about that provision as we discuss the rest of the provisions.

In addition to that, there are two rather arcane sections of the bill in which, based upon the structure of a corporation, that corporation either may be able to claim the full value of appreciable property or it cannot. The committee decided, listening to testimony, that it did not make any sense to differentiate between a so-called Subchapter S corporation or a C corporation; that a C corporation could donate property and get a deduction for the full appreciated asset and Subchapter S corporations could not.

These are the kinds of changes that constitute title I. As I said, over 10 years, there are about $13 billion. Some may say that these are very modest. But if we examine especially the corporate provisions on foodstuffs and the manner in which appreciable property could be donated, I believe that we will have a significant impact, far more than the $13 billion over the 10 years; and it could amount to as much as several billion dollars the first year.

So it may be called modest, but it is a step in the right direction; and I do hope Members, as they assess their vote on this bill, would look at the consequences of voting no, especially in regard to title I and to title III. These are sections of the bill that should be passed into law. And from my reading

of the Constitution, section II should be as well.

Mr. Speaker, I reserve the balance of my time.

Mr. LEWIS of Georgia. Mr. Speaker, I yield myself such time as I may consume, and I want to thank the gentleman from New York (Mr. RANGEL), the ranking member, my friend and colleague, for allowing me to control this part of the debate on this bill.

Mr. Speaker, H.R. 7 is wrong for America. Allowing religious organizations to provide much-needed social services to disadvantaged people or people in need sounds like an innocent way to solve many of our problems. But the truth is that it allows these organizations to use Federal dollars, the taxpayers' dollars, to discriminate in their hiring. This is not right. It is not fair. It is not just.

I have spent more than 40 years of my life fighting against discrimination. We have worked too long and too hard, and we cannot sit back and watch the work of so many people who sacrificed so much be undone by this bill. We have come too far in this country to go back now. The House should not support a bill that allows the Government to promote discrimination, or return to the days when religious intolerance was permitted. It is not the right thing to do. It is not the right way to go. It is not the way to use the Tax Code.

Furthermore, this bill is an assault on the separation of church and State. This concept underlies our democracy. Yet H.R. 7 compels a citizen, through his tax dollars, to fund religious organizations. Tax dollars will go directly to churches, synagogues, and mosques. The wall between church and State must be solid. It must be strong. It has guided us for more than 200 years. It must not be breached for any reason.

There is no doubt, Mr. Speaker, that there are many religious organizations and institutions providing much-needed services to our citizens. But as a government and as a Nation, we should not sanction religious discrimination or violate the separation of church and State. I urge my colleagues to vote against H.R. 7.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. CRANE), a member of the Committee on Ways and Means.

Prior to that, however, I ask unanimous consent that the gentleman from Michigan (Mr. CAMP) be allowed to manage the remainder of my time.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. CRANE) is recognized for 2 minutes.

(Mr. CRANE asked and was given permission to revise and extend his remarks.)

Mr. CRANE. Mr. Speaker, I thank the gentleman for yielding me this time.

We now have an excellent opportunity to advance sound tax policy and sound fiscal policy and sound social policy by returning to our Nation's historical emphasis on private activities and personal involvement in the well-being of our communities. Because the legislation we are considering contains a number of worthwhile provisions that I believe will help encourage people to give to charity, I rise today to express my support.

Mr. Speaker, I have long been an advocate in making changes in the Tax Code to encourage charitable giving. For many years, I have championed and sponsored some of the proposals contained in the legislation we have before us today, including the charitable IRA rollover and the deduction for nonitemizers. In fact, I do not believe there is a Member in Congress who has fought longer and harder for restoring a charitable deduction for nonitemizers than me. I have introduced the nonitemizer deduction legislation in every Congress since the 99th, and it is gratifying to finally see its inclusion in this legislation.

I would like to thank the gentleman from Oklahoma (Mr. WATTS) for including my provisions in H.R. 7, and the chairman, the gentleman from California (Mr. THOMAS), for including it in the mark. While I am pleased that the nonitemizer deduction was included in H.R. 7, I am disappointed that the limitations on the amount of the deduction were set so low. I hope to be able to work with the chairman in the future to raise the limit up to the standard deduction.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. RANGEL), the Committee on Ways and Means ranking member.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. And now, my colleagues, we get to act two of this bill. And as was indicated by the chairman of the committee, while the tax provisions may not be unconstitutional, in my view they are unrealistic.

The President has seen fit to provide some $84 billion to taxpayers in order to encourage them to do the right thing, to make charitable contributions. But there was no money to do that. So the leadership in the Committee on Ways and Means reduced the $84 billion down to $13 billion. Well, we cannot do much with that if we want to give incentives to those people who do not itemize. But in order to make certain that this size 12 foot fits into a size 6 shoe, they had to put a cap on the amount that a person could deduct.

Now, listen to this, because if you are a charity, you are in trouble. The cap on the amount of money that a taxpayer who does not itemize can give is $25. Of course, if it is a married couple, it increases dramatically to $50. If an individual is in the 15 percent bracket, they will be able to get a return up to $3.75. So much for a realistic incentive.

What we are trying to do with the $13 billion is at least to pay for it, and we believe that the highest income people in this country can afford to pay for at least the $13 billion that hopefully will be given to those people in our great society that are least able to take care of themselves. It should not be that we should have to give incentives. But if we have to do it, let us give those that can really work.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN), a distinguished member of the Committee on Ways and Means.

Mr. PORTMAN. I thank my colleague and rise in strong support of this bill because it will help Americans who are most in need.

Over the past decade, Mr. Speaker, our Nation has enjoyed great prosperity, but it has not reached everybody. And the idea of this legislation is to try to reach people who have been left behind and to try to get at our very toughest social problems.

Some, including some I have heard earlier today, think the Government is the answer; that the Government is going to solve these problems. The Government can solve some of these problems; but we know from experience that when it comes to helping those most in need, there is no questioning the great success of community groups, of faith-based groups, of our churches, our synagogues, our temples reaching out to people. And not just helping them in their immediate need, but helping people help themselves by transforming lives. That is what this is all about.

Currently, government regulations often prohibit Federal assistance to support these institutions.

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That is a fact. That is what we are trying to break down. We have heard a lot of discussion today about how this raises concerns.

Opponents today have said it violates the separation of church and State. Not true. This bill strictly follows the boundaries that have been established over time by the Constitution and by numerous court decisions. These funds will not be used for religious purposes. These funds will be used to fund the good work that these groups are doing in our communities.

We have heard opponents say this bill threatens the independence of religious organizations. That is not true. First of all, it is entirely voluntary. No religious organization must partner with government to get these funds. Second, the legislation contains specific protections to prohibit the Federal government from interfering with the internal governance of the religious organizations.

We have heard opponents say this bill discriminates in employment. Not

true. This legislation strictly protects the exception for religious organizations that were first established in the Civil Rights Act of 1964. This exemption allows religious organizations to maintain their character and mission by hiring staff that share their beliefs. That is all. That exemption continues. Organizations still must comply with all Federal laws regarding discrimination.

I would say Congress has passed four bills during my tenure here that President Clinton signed that have similar charitable choice provisions.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 5 seconds to the gentleman from Virginia (Mr. SCOTT) on intervention.

Mr. SCOTT. Mr. Speaker, I wanted to point out that any program that can get funded under H.R. 7 can be funded today. There is no discrimination against religious organizations. Many religious organizations get money today.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, President Bush has said we should fund the good work of the faithful but not the faith itself. I agree. Unfortunately, somewhere along the line the administration's proposal as reflected in the bill before us lost track of the goal of providing additional funds for faith and community groups to help needy families. Instead, the bill promotes government-funded religious discrimination, turning the President's campaign proposal on its head.

President Bush and the authors of H.R. 7 have continually failed to acknowledge that religious charities can and already do receive government funding to address poverty and other social problems. For example, Catholic Charities receives two-thirds of its budget from Federal, State and local government. The armies of compassion are already marching with the Federal government's thanks, blessing and money.

The bill before us does not provide a single dime in new money for these programs, no new resources for child care, social services, substance abuse treatment, housing or any other pressing need that the community and faith-based organizations are working to meet.

I asked the Committee on Rules to make an amendment in order that would have backed up our bold talk with badly-need funds. My amendment would have increased resources for the child care and the social services block grant, two programs that are underfunded and have a long and successful record of supporting faith-based organizations. Unfortunately, the Committee on Rules rejected my amendment along with a number of other amendments that would strengthen this bill.

Rather than providing real assistance to religious charities to serve needy families, the President's initiative focuses on allowing groups receiving government money to discriminate in their hiring practices. In fact, the proposal goes so far as to preempt State and local laws on prohibiting employment discrimination.

Proponents of the H.R. 7 have said they are simply continuing a current exemption to the Civil Rights Act, as the gentleman from Cincinnati (Mr. PORTMAN) just said, for the hiring practices of religious organizations.

This exemption is a common sense provision that ensures a synagogue is not required to hire a Catholic as a rabbi and a Christian church is not required to hire a Jew as a priest. However, the bill before us today is talking about something very different, allowing discrimination in secular jobs which are directly supported with government dollars. Such discrimination is not only wrong, it is unconstitutional.

In its decision on this specific issue, Dodge v. Salvation Army, a U.S. District Court ruled, and I quote, ''The effect of government substantially, if not exclusively, funding a position and then allowing an organization to choose the person to fill or maintain that position based on religious preference clearly has the effect of advancing religion and is unconstitutional.''

Mr. Speaker, there is no disagreement in this Chamber about the important role that religious charities play in addressing our Nation's problems. However, many of us are concerned about the proposal that it attempts to bypass constitutional protections while simultaneously failing to provide the necessary resources to achieve its stated purpose.

Mr. Speaker, I urge my colleagues to support the substitute that provides the protections and to reject the underlying bill.

Mr. CAMP. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Washington (Ms. DUNN).

Ms. DUNN. Mr. Speaker, Americans in communities across the country give their time, their talents and their money to help worthy causes. We have always been a generous people. DeTocqueville noted this in the mid-1800s when he spoke of the unique American tradition of volunteerism. No matter the social or economic burdens, the average American takes extraordinary actions to make a difference and to help those in need, not because they must but because they care.

H.R. 7 is a reflection of President Bush's vision to tap into the generosity of average Americans by expanding tax relief for charitable donations and by encouraging all organizations to participate in caring for those in need.

Currently, taxpayers who itemize their returns get to take a charitable deduction. Unfortunately, the Tax Code leaves out the nearly 70 percent of taxpayers who do not itemize. H.R. 7 eliminates that restriction. It puts a toe in the door. It rewards the taxpayer's charitable choice and will lead to a corresponding boost in donations.

The bill also allows wealthy retired individuals to donate more money from their IRA without a tax penalty. Older people with means who want to help the community by donating to charity should be encouraged and not punished by the Tax Code.

Lastly, we should continue developing public-private partnerships between the government and charitable organizations.

Some critics claim that this is a dangerous blurring of politics and religion. With great respect, I disagree. I believe that by supporting this bill we honor our common commitment and belief in helping our fellow human beings.

Mr. LEWIS of Georgia. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. DAVIS).

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Mr. Speaker, I rise in favor of the Democratic substitute.

Mr. Speaker, I rise in support of the Community Solutions Act, Democratic Substitute, as there are thousands of communities and millions of people in our country who have serious problems and are in need of real solutions.

I rise in support of this legislation, not because I believe that it is a panacea, I don't believe in one-stop cure-alls for the overwhelming magnitude of social, emotional, spiritual and economic ills which plague our society and are in need of every rational, logical, and proven approach that we can muster.

And yes, Mr. Speaker, I support this legislation because I have faith, faith in the ability of religious institutions to provide human services without proselytizing. I have faith in these institutions to organize themselves into corporate business entities to develop programs, to keep records, and to manage their affairs in compliance with legal requirements. I also have confidence in the ability of these institutions to magnify the Golden Rule, ''Do unto others as you would have them do unto you.''

I have listened intently to the issues raised by my colleagues who have expressed serious concerns about this legislation and I commend them for their diligence. I appreciate their concerns about charitable choice, ranging from discrimination to infringement on individual liberties.

However, charitable choice is already a part of three federal social programs: (1) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, (2) The Community Services Block Grant Act of 1998, and is part of the 2000 Reauthorization of funding for the Substance Abuse and Mental Health Services Administration. Each of these programs possess the overarching goal of helping those in poverty, or treating those suffering from chemical dependency, and the programs seem to achieve their purpose by providing resources in the most effective and efficient manner. The opponents of this legislation have expressed concern about the possible erosion of rights and protections of program participants and beneficiaries. (And rightly so, nothing could be more important). Therefore, I am pleased that

after serious scrutiny and debate we have language which protects our citizens and repudiates employment discrimination on the basis of race, color, religion, national origin or sexual preference.

The overall purpose and impact of this legislation can be good. It reinforces for us the fact that many people in poverty, suffer from some form of drug dependency. Alcohol, narcotics, and in some instances, even legalized prescription or over-the-counter-drugs. Many of these individuals have been beaten down, have virtually given up, and have lost the will to overcome their difficulties. It is in these instances and situations, Mr. Speaker, that I believe the Community Solutions Act can and will help the most.

It reminds us, Mr. Speaker, that poverty, deprivation and the inability to cope with anxiety, frustration, homelessness, are still rampant in our country. Let's look, if you will, at an exoffender, unable to get a job, illiterate, semi-illiterate, disavowed by the ambiguities and contradictions of a sometimes cold, misunderstanding, uncaring or unwilling-to-help society. These situations create the need for something different; new theories, old theories reinforced, new approaches, new treatment modalities.

A preacher friend of mine was fond of saying that new occasions call for new truths, new situations make ancient remedies uncouth. Well, I can tell you Mr. Speaker, the drug problem in this country is so overwhelming, so difficult to deal with, so pervasive . . . the Mental health challenges require so much, the abused, neglected and abandoned problems require psychiatrists, counselors, psychologists, well developed pharmaceuticals and all of the social health, physical health and professional treatment that we can muster, but I also believe that we could use a little Balm of Gilead to have and hold, I do believe that we could use a little Balm of Gilead to help heal our sin sick souls.

Mr. Speaker, I am told that the cost of drug abuse to society is estimated at $16 billion annually, in less time than it takes to debate this bill, another 14 infants will be born into poverty in America, another 10 will be born without health insurance, and one more child will be neglected or abused. In fact, the number of persons in our country below the poverty level in 1999 was 32.3 million.

This legislation recognizes the fact that we must commandeer and enlist every weapon in our arsenal to fight the war against poverty, crime, mental illness, drug use, and abuse as well as all of the maladies that are associated with these debilitating conditions. H.R. 7, the Community Solutions Act of 2001, can lend a helping hand.

But it cannot be allowed to help expand discrimination; therefore, I urge that we vote for the democratic substitute and the motion to recommit.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. MCDERMOTT).

Mr. MCDERMOTT. Mr. Speaker, whenever we pass this legislation, we have to ask ourselves, what is broke? What are we trying to fix?

The gentleman from Virginia (Mr. SCOTT) has very clearly said any religious organization can accept money. In the present situation, this bill is not needed. Catholic Charities gets 62 percent. That equates to $1.4 billion a year from the Federal Government. The Salvation Army gets $400 million a year. United Jewish Communities, their nursing homes get 76 percent of their money from the Federal Government. Lutheran Services gets 30 percent of their $6.9 billion from the Federal Government. That is $2.6 billion.

Mr. Speaker, my colleagues tell me that faith-based organizations need this bill to get this money. That is clearly not what we are doing here. We are skirting around the court case we heard about. We want to give the ability of religious organizations to break laws that are here today and mix church and State.

The other thing that we are doing, and everybody forgets the past, the other side of the aisle took money from the Community Development Block Grant for social services 2 years ago and put it into the transportation budget. Now these agencies are coming and saying, we do not have enough money. So the other side of the aisle's answer is, well, we will just ask people to contribute more. We will put this really good incentive out there.

Mr. Speaker, everybody who has filed the short form in this country now has the opportunity to give $25. If they keep records, and they have to keep records where they gave that $25, they then will get $3.75 back. Now, I do not know how stupid the other side of the aisle thinks 75 percent of the American people are. If they care, they are already giving $25. They will give $25 or $50, or whatever they have, but they are not going to do it for $3.75 that they have to wait a year to get. This is simply a nonsense bill.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH. Mr. Speaker, the real issue today is, will blind ideology and partisan politics stand in the way of our investing in successful faith-based programs, in communities and families, and in individuals truly in need? The naysayers today are the same people who told us that welfare reform would not work; and look at the results.

For years, faith-based charities have reached out, making it their mission to serve our communities. They work to support those who are struggling and have broken lives. These groups provide emergency food and shelter, after school care, drug treatment, welfare-to-work assistance, and many other services. They do it with little support from the Federal Government, but they get the job done.

Because of all of that, what these groups do for our communities, I urge my colleagues to step back from partisan politics, step back from blind ideology and support the Community Solutions Act.

Mr. Speaker, this bill will stimulate an outpouring of private giving to nonprofits, faith-based programs and community groups by expanding tax deductions and other initiatives.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 1 minute to the gentlewoman from Florida (Mrs. MEEK).

Mrs. MEEK of Florida. Mr. Speaker, this is an outrage. I got religion in a lean-to many years ago, so there is very little my colleagues can tell me about faith based. But they can say to me that they want to discriminate, and I can hear that in whatever language they speak it in.

Mr. Speaker, the other side of the aisle is giving a set-aside. That is what my colleagues are doing. It is a set-aside with Federal funds for religious organizations, and it is a subterfuge. It is a set-aside on civil rights.

It is well-intended. There are some good people behind this bill, and there were some good people behind slavery. We do not want that to happen again. We have to watch this.

There is no one in this Congress that is more faith based than I am, so I should have every reason to support H.R. 7. But, Mr. Speaker, I am afraid of this bill. Some of the little churches in my community are going to be misguided and misrepresented; and, before we know it, they will be in Federal court because of some of my colleagues' foolishness trying to spread out and do something.

Mr. Speaker, why are my colleagues doing this bill? There is only one reason. It is a subterfuge.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. SAM JOHNSON), a distinguished member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, this act will actually increase charitable giving. I want to focus on the value of individuals donating funds from their IRAs to charities once they reach the age of 70½. Permitting older Americans to roll over funds from a retirement account without the government getting a piece of the action is a major help for charities. When this bill becomes law, a $100 YMCA contribution will be a $100 contribution, not $85 because the IRS is not going to take their chunk out.

Mr. Speaker, charities do remarkable things for our country. They change the lives and hearts of so many for the better. They feed the hungry, clothe the homeless, and assist the needy. Now is the time to help charities help those most in need. Let us help the charities keep more of their well-deserved dollars. It is the right thing to do.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, the question before this House is not whether faith is a powerful force; it is. The question is not whether faith-based groups do good works; they do. The question is not even whether government can assist faith-based groups in their social work; the government does, and has so for years without this bill.

Mr. Speaker, rather, the vote on this bill boils down to two fundamental questions: First, do we want citizens' tax dollars funding directly our churches and houses of worship? Second, is it right to discriminate in job hiring when using tax dollars?

By directly funding churches and houses of worship with tax dollars, this bill obliterates the Bill of Rights' wall of separation between church and State. As all of human history has proven, entanglement between government and religion will lead to less religious freedom and more religious strife. Government funding of our churches will absolutely lead to government regulation of our churches, and it will cause religious strife as thousands of churches compete for billions of dollars annually.

Mr. Speaker, to my conservative colleagues I would say this: No one should be more concerned than true political conservatives about the idea of the long arm of the Federal Government and its regulations extending into our sacred houses of worship.

I would challenge any Member of this House to show me one nation anywhere in the world that funds its churches and has more religious liberty, more religious vitality or tolerance than right here in the United States.

Regarding the religious discrimination subsidized by this bill, I would say this: No American citizen, not one, should ever have to pass someone else's religious test in order to qualify for a federally funded job. Sadly, under this bill, a church or group associated with Bob Jones University could put out a sign that says, ''No Catholics Need Apply Here'' for a federally funded job. That is wrong. This bill is wrong for religion, it is wrong for our churches, and it is wrong for our Nation.

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Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. HOUGHTON), a distinguished member of the Committee on Ways and Means.

Mr. HOUGHTON. Mr. Speaker, there are many parts of this bill. The part I would like to concentrate on is something which the gentleman from Ohio (Mr. HALL) and I have been working on for a long time. The basis is this: there are 31 million Americans, according to a Department of Agriculture report, who go to bed hungry every night; and 12 million of those are children. One of the things this bill does is to encourage and gives a tax incentive to restaurants and hotels and people like that who have excess food, throw it away, to give it to these organizations, to help these people that are hungry.

That is all it is. It is a very simple part of this bill. I think it is needed, and I think it is the right area.

Mr. LEWIS of Georgia. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Florida (Mr. DEUTSCH).

Mr. DEUTSCH. Mr. Speaker, I would take second place to no one in this Chamber in my faith and my belief in God. I would take second place to no one in this Chamber in terms of my personal commitment to supporting faith-based organizations. But I cannot support the bill as presently drafted and specifically focusing on the discrimination aspect of the bill.

No one in this Chamber would ask that a Jew serve as a Catholic priest or a Muslim serve as a Christian minister. But what this bill specifically does, and we should face it and we should talk about it and think about the implication, is that the person serving the soup literally with the ladle would be allowed to be only of a certain faith, whatever that faith may be, with Federal funds. That is a very scary concept, I think, for many Americans. I ask my colleagues to sensitize themselves about that. We could talk around that issue. We could talk any way that we want. If that money is coming from my donation as a free will offering, and that institution chooses to do that, they have the ability, but not with Federal funds, not with taxpayer dollars.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN), a distinguished member of the Committee on Ways and Means.

Mr. RYAN of Wisconsin. Mr. Speaker, I think it is important as we listen to this debate to hear what the opponents are saying. They are not attacking this bill head-on. They are chewing around the edges. They are trying to set up roadblocks. They are trying to put new provisions in law with respect to the civil rights acts. What they are trying to do is make this program unworkable.

We hear this comment repeated over and over: Catholic social services, Lutheran social services is getting all this government money. That is true. The large, high-financed, well-established churches do get Federal funding. They can afford the attorneys, they can afford the accountants, they can afford the largesse to afford these complicated tax structures to get this money.

That is not what this bill is about. This bill is about the little guy. This bill is about the people who have those small, faith-based organizations in our inner cities, in our rural areas, who know the names, who know the faces, of those who are in need.

The problem that we have had with this Federal Government, with the welfare state, with our approach to poverty, is that we have treated the superficial wounds that have plagued our population but we have not treated the soul. We have not treated the heart of the problem. The goal here is to let those small institutions of civil society throughout America, those faith-based organizations, who know the name of the person in need, who are there in the ghettos, in the streets, to help them, to sight their problems and to help them and to get assistance.

This bill is about discrimination. We are discriminating against those groups from getting equal treatment of our laws to help these people in need. It maintains every point of our current civil rights laws today. There is no civil rights law that is degraded in this act as we move forward. We are simply removing discrimination against these groups.

I urge passage of this bill. I think this bill has the potential of changing our culture more so than any other measure we may be considering here in this Congress. I think those who are on the other side are well-intended, but I think it is the right time that we pass this legislation. I urge its passage.

Mr. LEWIS of Georgia. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Speaker, if what the previous gentleman said was in the bill, it would be much less controversial. It does change civil rights laws. It preempts, as the chairman of the committee acknowledged in the debate, all State and local laws that many of these organizations do now have to abide by in their purely secular activity, and it allows discrimination with Federal funds for purely secular activities. It says, ''No, you can't discriminate based on race, but you can based on religion.''

But, sadly, all too often in America, religion becomes a proxy for race. When Orthodox Jews get this money in Brooklyn, no blacks will be hired. When the Nation of Islam gets this money in Baltimore to deal with public housing, no whites will be hired. In fact, religion is all too often correlated with race. And when you say to religious groups, provide a purely secular activity with Federal tax dollars but in employing people to serve the soup or build the homes or clean up or give drug treatment, hire only your own coreligionists, you are empowering people de facto to engage in racial segregation. That is not worthy of the purposes of this bill.

Mr. LEWIS of Georgia. Mr. Speaker, I yield the balance of my time to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT. Mr. Speaker, I would just point out that no one is going to make a $25 donation because they can get $3.75 back from their taxes a year from now. If we want to help these organizations, we ought to increase the appropriations that have been cut over the past few years.

And we are not going around the edges. The basic core part of the bill does not help little churches. They still have to do a grant-writing proposal. They still have to run a program pursuant to Federal regulations. They still have to withstand an audit. But they cannot discriminate now, and this bill will allow them to discriminate in hiring. That is wrong. That is why the bill ought to be defeated.

Mr. CAMP. Mr. Speaker, I yield myself the balance of my time.

Just briefly on the tax provisions in this bill, this bill is about fairness. It

allows those 70 percent of taxpayers who do not itemize ability to give charitable contributions regardless of their itemizing on their tax returns. IRS data shows that if they do, they will increase their charitable giving significantly.

It also allows for tax-free withdrawals from IRAs and Roth IRAs. It also gives incentives for increased charitable contributions by businesses and employers in terms of food from restaurants or computer equipment from other businesses.

This will be a real benefit to our communities. I urge support and passage of this bill.

Mrs. MINK of Hawaii. Mr. Speaker, I rise today in very strong opposition to H.R. 7, the Charitable Choice Act of 2001.

This legislation sanctions government-funded discrimination. Passage of this bill would allow religious organizations who receive government funds to hire only those individuals who prescribe to the organization's religious tenets. The bill would also override state and local civil rights laws that prohibit discrimination based on race, sex, national origin and sexual orientation.

This bill proposes a major change to the basic American principle of separating church and state. Federal agencies would be given the opportunity to take all of the funding for a program and convert it into vouchers to religious organizations. Religious groups receiving this money would be able to use it for any number of purposes, including proselytizing.

Supporters of this bill claim that more individuals will be helped because more organizations will have access to federal funds. This is simply not the case. H.R. 7 does not provide one additional dollar in federal funding for social programs. In fact, the President's budget actually cuts funding for the very programs that are being touted in this bill.

The tax provisions of this bill are a joke. On the campaign trail, the President wanted to encourage greater charitable giving by providing $91.7 billion in tax breaks for those who donate. H.R. 7 provides only $13.3 billion in tax incentives for charitable giving. Why the discrepancy? In their haste to pass a massive tax cut, the President and Republicans abandoned the charitable donation proposals.

I urge all members to vote against this harmful legislation.

Mr. ETHERIDGE. Mr. Speaker, I rise in strong opposition to H.R. 7. As an active member of my local church, I strongly support the good work performed by faith-based charities across this country. But there is a right way and a wrong way to provide government support for those efforts. Unfortunately, this bill represents the wrong way.

H.R. 7 will allow religious organizations to discriminate in hiring on the basis of race, color, sex, national origin and sexual orientation while using federal tax dollars collected from all Americans. This would be a giant step backwards for civil rights. This legislation also subverts First Amendment safeguards by allowing individuals to use vouchers in faith-based programs. Finally, sending federal tax dollars directly to our houses of worship is unconstitutional, and will inevitably lead to government regulation of religion.

Mr. Speaker, I am proud to support the Democratic Alternative to H.R. 7. The Democratic Substitute will prevent the charitable choice provisions in H.R. 7 from preempting or superseding state or local civil rights laws. The Substitute will also prohibit the use of vouchers and other indirect aid by religious organizations. Mr. Speaker, the Democratic Alternative represents the right way to establish partnerships between faith-based organizations and government. We must never use the American people's money to condone discrimination.

Faith- and community-based organizations have always taken the lead in combating the hardships facing families and communities, and I strongly support the work they have done and will continue to do. But H.R. 7 is the wrong way to show our support for these important organizations. I urge my colleagues to oppose H.R. 7 and to support the Rangel Substitute.

In addition, Mr. Speaker, I want to submit for the RECORD a list of some of the distinguished organizations that have contacted me to express opposition to H.R. 7. This list is large and broad-based and demonstrates the divisive nature of this bill in its present form. I am hopeful Congress will come together across party lines to pass a common sense compromise to support faith-based charities.

Here is a partial list of organizations that oppose H.R. 7:

The Baptist Joint Committee
The United Methodist Church, General Board of Church and Society
The Presbyterian Church, USA
American Baptist Churches, USA
The Episcopal Church, USA
The American Jewish Committee
The Anti-Defamation League
The American Association of School Administrators
Hadassah, The Women's Zionist Organization of America
The American Association of University Women
The American Federation of Government Employees, AFL–CIO (AFGE)
The American Federation of State, County and Municipal Employees (AFSCME)
The American Federation of Teachers
The National Coalition for Public Education
The Jewish Council on Public Affairs
The National Association for the Advancement of Colored People (NAACP)
The National Council of Jewish Women
The National Education Association (NEA)
The National Parent Teacher Association (PTA)
Service Employees International Union, AFL–CIO (SEIU)
The Interfaith Alliance

Mr. KLECZKA. Mr. Speaker, the issue before the House of Representatives today is not whether faith is a positive force or whether churches and synagogues do good work. I think it's safe to assume we all agree that religious organizations play a significant role in providing needed social-welfare programs in every community across the United States.

Religious groups have been doing charity work for years, and they have been doing so without the necessity of the legislation before us today. What is of issue, however, is whether Congress should sanction government-funded discrimination and remove the wall between the church and state.

By permitting religious groups to discriminate in hiring on the basis of religion, the bill before us today violates the principle of equal protection and endorses taxpayer-funded discrimination. Under the bill, for instance, a religious group can refuse to hire a single mother, a woman using birth control for family planning, or even a person of a different race, if their ''status'' violates the doctrine of that religion. I can support religious institutions using their private funds to hire a rabbi or a priest to lead their congregations in worship, but I do not condone allowing religious groups to discriminate in hiring when receiving public funds. No American should have to pass a religious test to qualify for a federally-funded job.

Equally disturbing, this legislation does not provide adequate safeguards and essentially obliterates the wall separating church and state, a core principle of our nation for over 200 years. H.R. 7 introduces a new feature into our social-welfare system that allows federal agencies to convert more than $47 billion in federal funds into vouchers to religious organizations. These vouchers could be used for religious purposes, including the funding of sectarian worship, instruction, and proselytization.

As a strong supporter of faith-based organizations, I cannot support this flawed legislation. The Rangel/Conyers Substitute, which includes anti-discrimination protections and safeguards between church and state received my strong endorsement and vote. This Substitute removed from the base bill the provision that permits indirect aid that could be used for religious purposes and clearly stated that religious programs could not engage in sectarian worship, instruction, or proselytization at the same time and place as the government-funded program.

It is my hope the senate makes wiser choices during its consideration of this legislation, and the bill's shortcomings are addressed during conference committee. Hopefully, by that point, the measure will be corrected so that I may lend it my support.

Mr. BENTSEN. Mr. Speaker, I rise in opposition to H.R. 7, the community Solutions Act, well-intentioned legislation that would undermine two of our nation's most fundamental constitutional principles—equal protection and the separation of church and state. Mr. Speaker, I agree that the federal government should encourage non-profits including religious organizations to help in meeting our nation's social welfare needs, but not at the expense of the constitutional principals that have served this nation so well.

H.R. 7 would broaden the use of federal funds made available to religious groups than is currently permitted and allow such groups to make their religious tenets central in the provision of those services. Specifically, the bill prohibits the federal government, or state and local governments using covered federal funds, from denying religious organizations in the awarding of grants on the basis of the organizations' religious character. The bill expands previously enacted ''charitable choice'' laws to include eight new programs that relate

to: juvenile justice, crime, housing, job training, domestic violence, hunger relief, senior services and education.

The bill also contains $13 billion in tax reductions over the next decade designed to encourage charitable giving. Given the new budgetary constraints after the passage of the President's $1.35 trillion tax cut package, the Ways and Means Committee approved just 15% of charitable giving tax incentives provided under the President's plan. H.R. 7 would permit taxpayers who do not itemize their taxes to deduct up to $25 in charitable contributions a year, rising to $100 in 2010. Under this bill, non-itemizers in the 15 percent tax bracket would get anemic tax benefit of $3.75 a year if they contributed the maximum, rising to $15 a year. I would also note that the bill does not provide one additional dollar in federal funding for charitable-choice programs. In fact, the President's budget, in fact, slashes funding for some of the very programs promoted in the bill.

Mr. Speaker, I supported the ''charitable choice'' provisions of the 1996 Welfare Reform Act which allowed religious organizations to qualify for federal funds for social service programs, without being forced to eliminate or soften their religious content. Such previously-enacted charitable choice laws strictly prohibited these faith-based social-service providers from proselytizing in their federally-funded programs. Today, we have before us legislation to give effect to the President's ''faith-based initiative'' by allowing religious organizations to proselytize or undertake other religious activity with federal funds when such activities are funded indirectly through vouchers.

This approach, while well-meaning, runs afoul of the First Amendment requirement of separation of church and state and would open the door to employment discrimination in federally-funded programs. Under H.R. 7, groups would be permitted to make hiring decisions based on religion, without regard to state or local laws on the subject. Under the bill, for instance, an organization could discriminate against someone involved in an interracial relationship or second marriage, if that status violated the doctrine of the religion. I can see no legitimate justification for permitting providers of government-funded secular services to discriminate in this manner. The content of a person's heart and a desire to serve the community should be the only requisites for undertaking good works. Taxpayers should not be required to support discrimination.

The fact that some of the most vocal opponents of this bill are members of the clergy must not be overlooked. The bill does not provide adequate safeguards regarding the separation of church and state and may pave the way for excessive entanglement between government and religion. Churches and religious organizations that embrace this program should consider that with taxpayer dollars comes a fiduciary responsible in the form of oversight and what can be deemed intrusions into the affairs of such churches and other faith-based groups. Just this week, I heard from a constituent, a political science professor from Rice University who is active in his church, who urged me to vote against H.R. 7 and said it would ''strike a blow to religious autonomy in America, allowing government auditors and other bureaucrats into the inner sanctum of religious organizations—including, ironically, many of the churches who favor the bill.'' I couldn't have said it better myself.

Mr. Speaker, I also oppose the substitute, offered by Reps. RANGEL and CONYERS, because I believe that the passage of new legislation is not necessary. For decades, government-funded partnerships with religiously-affiliated organizations such as Catholic Charities, Jewish Community Federations, and Lutheran Social Services have helped to combat poverty and have provided housing, education, and health care services for those in need. These successful partnerships have provided excellent service to communities largely unburdened by concerns over bureaucratic entanglements between government and religion. In fact, many smaller churches in my district provide a multitude of social services to the community with federal grant money and tax deductible contributions. The existing prohibition on proselytizing has not curtailed their desire to serve and fulfill their missions.

Under the present system, any church or religious institution can establish a 501(C)(3) and apply for federal funds. Under § 501(c)(3) of the Internal Revenue Code, ''charitable organizations'' set up by organizations such as the Red Cross, Catholic Charities USA or small churches and religious organizations greatly benefit from the ability to receive tax-deductible charitable contributions and are generally exempted from being taxed. Today, religiously-affiliated private entities receive hundreds of millions of dollars for their social service works. Mr. Speaker, we must all remember that religious institutions are out there, every day, making a difference in the lives of their communities and, with or without passage of this measure, will continue to contribute to the social fabric of this nation.

Mr. Speaker, while I strongly believe that religious organizations play an important role in providing needed social-welfare programs, I cannot sanction this bill which would put the federal government in the position of funding discrimination picking and choosing among the right religions and breaking down the separation of church and state.

Mr. STARK. Mr. Speaker, I rise today in opposition of H.R. 7, the Community Solutions Act. With 12 million children living in poverty, it is clear that Congress needs to do more to lift them out of their desperate situation. However, H.R. 7 does nothing to achieve this goal. It provides only a minimal tax deduction to encourage people to contribute to charitable organizations that provide social services to the poor. The bill does not provide any new government funding for faith-based organizations to carry out their missions to provide social services and reduce poverty.

If the Republicans truly cared about lifting children and families out of poverty, their budget would reflect significant increases in funding for social service programs. Instead, the Bush budget increases spending for the Administration for Children and Families by only 2.9%—far less than even inflation.

This bill is purported to be necessary to allow religious organizations to receive federal funds to provide services for those in need. In fact, many religious organizations qualify for such funds today. The only requirement is that they separate their duties as religious entities from their social service programs. For example, Catholic Charities received $1.4 billion in 1999 in government funding—totaling two-thirds of their annual budget.

Let's be real. This bill has nothing to do with increasing social services funding.

The most significant achievement of H.R. 7 is to allow federally funded faith-based organizations to circumvent state and local anti-discrimination laws.

Last week, the Bush administration announced that they would not pursue an administrative rule that would allow faith-based organizations to pre-exempt state laws prohibiting discrimination based on sexual orientation. Although some may believe that action resolved the issue, it did not. H.R. 7 explicitly allows faith-based organizations to pre-empt state law and state law and discriminate in their hiring practices.

This provision is worse than the Administration's proposed regulation because it allows faith-based organizations to not only discriminate against someone based on their sexual orientation, but for many other reasons such as being unmarried or pregnant to name a couple. However, this is only the tip of the iceberg.

Religious organizations have an exemption under the Civil rights Act that allows them to discriminate in the hiring of individuals that perform their religious work. However, that exemption does not currently allow them to discriminate in the hiring of individuals that carry out their federally funded social service programs. H.R. 7 extends the Civil Rights exemption to allow faith-based organizations to discriminate in the hiring of individuals that deliver their federally funded social service programs.

Again, the only real change in this bill from current law is to allow faith-based organizations to discriminate and to proselytize while receiving government funds. This bill is strong on promoting discrimination and weak on lifting families out of poverty.

By passing H.R. 7, the United States House of Representatives is sending the message that Congress endorses government-sponsored discrimination. I believe that this message desecrates the memory of the men, women and children who lost and risked their lives to bring equal rights to all who live in this country. Instead of undermining the memory of these courageous civil rights advocates, Congress should be using their effort as a source of inspiration to continue and move forward the battle to ensure that all who live in this nation obtain true equal rights.

It is time that our nations' leaders stood together to protect the advancements made in civil rights and create a nation that cherishes tolerance for all groups. To truly help the poor, Congress should ensure that they have access to health care, child care and other social services. None of these measures require undermining this nation's civil rights laws.

Finally, I hope this bill is no indication that Bush Administration wants to dismantle our existing social safety net and turn it over to religious organizations and other private charities. A recent Ewing Marion Kauffman Foundation study indicates that charities—even with the benefits of the tax cuts in this bill—would not be able to replace the federal government's commitment to providing social services. According to their study, adding up the current assets of all the foundations in America would only replace federal government funding for social services for 74 days. The Bush Administration may want to shift responsibility to religious organizations and private charities, but they can't do the job alone.

Moreover, if Congress decides to allocate more government funds to increase faith-based organizations role in providing social services, we should make sure that we are getting our taxpayers' money worth. At a recent Brookings Institute conference recently on child care, Mary Bogle, a child care expert, cited several studies that reported that child care provided by churches was among the lowest quality in the country. These child care centers had higher staff-to-child ratios, lower levels of trained and educated teachers and less educated administrators than other non profit child care centers.

I for one do not want to be telling my constituents several years down the road that Congress spent money on social services based on whether they are religious rather than on their ability to provide quality services.

Please join me in opposing H.R. 7 and lets work together to seriously tackle the problem of poverty without legalizing government-sponsored discrimination.

Mr. BLUMENAUER. Mr. Speaker, I rise to oppose H.R. 7, the Charitable Choice Act of 2001. I support the work that many religious charities do on behalf of those in the need in my community and across the nations. Currently, any church or religious organization can establish a charity and apply for federal funds. This legislation provides no additional money for those organizations. It simply would allow religious organizations that wish to discriminate to apply or federal funds. It would allow the rollback of many of the basic civil rights protections for all Americans currently enjoy. Allowing religious organization to discriminate in hiring on the basis of religion, sexual preference, and race is wrong.

Short-circuiting the current system also opens the door to federal interference in religious activities, which has prompted the opposition of many religious organizations and leaders. The litany of groups opposing this bill is long and contains the names of some of the most distinguished charitable and religious groups in the country.

Another unfortunate aspect is the failure to meaningfully assist the charitable contributions of low income Americans unable to itemize on income tax returns. As a result of other tax relief for people who need help the least, we are unable to assist those who are unduly penalized.

Given the flaws in this legislation, I oppose it, and urge my colleagues to do likewise.

Mr. WEXLER. Mr. Speaker, I rise today in opposition to the Community Solutions Act of 2001.

In a 1780 letter, Benjamin Franklin wrote, ''When religion is good, I conceive that it will support itself; and, when it cannot support itself, and G-d does not take care to support, so that its professors are obliged to call for the help of the civil power, it is a sign, I apprehend, of its being a bad one.''

Forty-three years later, James Madison wrote in a letter, ''Religion is essentially distinct from civil government and exempt from its cognizance . . . a connection between them is injurious to both.''

Franklin and Madison's observations are still poignant, and relevant to today's debate on President Bush's social services plan. I join with many Americans who have great concerns about the provisions of his plan which punch holes in the firewall between places of worship and the government.

A number of religious organizations already run very valuable social service programs, and Americans appreciate the significant contributions that these religious groups make to the well being of our communities. However, this proposed faith-based legislation unnecessarily entwines church and state in a financial relationship under the mantra of improving social services.

The Founding Fathers understood that both church and state play important roles in the lives of Americans, but neither may function appropriately under our Constitution if they are heavily intertwined. The separation of church and state actually protects each from the other. Many Americans express concern over the potential for a disproportionate level of influence of religious doctrine upon the making of public policy. However, places of worship should also be concerned about interference from government. It would be a travesty if a financial relationship between the two became so significant that religious decisions are affected by concerns over public funding.

Let us be straight-forward about the crux of this debate: The question is not whether churches, synagogues or mosques should provide social services. Of course they should. The question is whether religious organizations should abide by federal civil rights laws if they take federal money. The answer again is of course they should.

Proponents of the President's plan call for the removal of ''barriers'' which religious charities face when attempting to secure public funding for their social service programs. These so-called ''barriers'' are America's civil rights laws, and we must not compromise them. If a privately-funded place of worship directs its employees to follow its religious dictates, then it is within its rights to do so. However, if it uses public funds, then it should not be allowed to discriminate against anyone.

While we should always look for better ways to provide social services, I do not believe that the separation between church and state need to be dismantled to do so. I ask that you vote against the bill.

Ms. MCCOLLUM. Mr. Speaker, today I will vote against H.R. 7, the Community Solutions Act, because I strongly support the constitutional separation of church and state, and I believe this bill infringes on that separation. The bill would threaten religious autonomy, as religious organizations would be subject to government regulations in exchange for federal funds. The truth is that the federal government can already fund faith-based charities if they meet the following three conditions: they establish a 501(c)(3) tax-exempt charitable organization, they agree not to proselytize using tax dollars, and they cannot discriminate in job hiring. H.R. 7 would remove these important protections. I also believe this bill allows federal intrusion on state and local jurisdiction, as faith-based groups would not have to adhere to Minnesota's comprehensive state and local nondiscrimination laws.

I recognize the very important contributions of faith-based organizations to our communities and families. Some successful faith-based organizations in Minnesota such as Church Charities, Lutheran Social Services, and Jewish Family and Children's Services have developed a reputation for providing quality services without religious discrimination. These organizations certainly complement many governmental social services and I would not want to see their roles diminished in the lives of so many Minnesotans. This bill has the potential to interfere in the historic working relationships between faith-based organizations, the government, and the people they so generously serve.

Mrs. CHRISTENSEN. Mr. Speaker, I must join my colleagues who have spoken in opposition to H.R. 7.

Never can I or will I ever support a piece of legislation which would allow and therefore support discrimination in any way shape or form.

I am proud to be a member of the Congressional Black Caucus which does not oppose, but strongly supports, making funding available to support our religious organization's work in the world, but voted unanimously to oppose the egregious parts of the bill which allow the provisions of the hard fought for civil rights laws to be sidestepped.

As an African-American and a Christian, I must also say that I am insulted and deeply resent the way the administration has specifically courted the Black Church with this initiative because H.R. 7 falsely advertises the initiative as new, and also as funded, and it most agregiously, allows discrimination.

Mr. Speaker, I am and have always been a strong supporter of the work that religious groups such as Lutheran Social Services, Catholic Social Services, the Inter-Faith Coalition, the Moravian conference, The Seventh Day Adventist Church and others have been doing.

In addition to these concerns, I am also very troubled by the fact that H.R. 7 contains a provision that allows any federal agency to convert their entire services programs into a voucher in order to circumvent protections against discrimination that are provided for under federal law.

This most uncharitable bill goes beyond the question of violating the principle of separation of Church and State, first by allowing discrimination and then by purporting to provide funds for religious and other organizations when it doesn't actually provide any new dollars in the bill at all. Neither should they now, that the lack of funding is uncovered, be allowed to raid the Medicare Trust Fund.

As an African-American and a Christian, I must also say that I am insulted and deeply resent the way the administration has specifically courted the Black Church with this initiative because of the aforementioned aspects of H.R. 7 to which I have objected.

Mr. Speaker, I am and have always been a strong supporter of the work that religious groups in my and other communities do. Federal support of Faith based organizations is not new. In my district, groups such as Lutheran Social Services, Catholic Social Services, the Inter-Faith Coalition, the Moravian conference, The Seventh Day Adventist Church and others have been doing a tremendous job serving the needy in Virgin Islanders for many years now and will continue to do so with or without this bill.

Where there efforts are hampered is through the recent tax cut which will drastically cut funding from the programs that help those in our communities who need an extra hand up—in education, in health care services, in housing, in economic opportunity, and in programs that would promote an improved quality of life.

And it just astounds me that while the Administration is pushing this initiative ''as'' one

of its highest priorities, in the case of the CBC Minority AIDS Initiative, the Department has decided that Faith Based Organizations can no longer be targeted for funding.

I support the Democratic Substitute and urge my colleagues to do the same. This better bill would prohibit employment discrimination and the setting aside of state and local civil right laws and delete the sweeping new language in the bill which would permit federal agencies to convert more than $47 billion in current government programs into private vouchers.

Mr. GILMAN. Mr. Speaker, faith-based organizations play a vital role in our communities and work tirelessly towards effectively meeting the needs of our communities. These organizations cover all religions and range from family counseling, to community development, to homeless and battered woman's shelters, to drug-treatment and rehabilitation programs and to saving our ''at-risk'' children. In many cases, they are the only organizations that have taken the initiative to provide a much needed community service.

In principle, I support what H.R. 7, the Community Solutions Act seeks to accomplish. However, during exhaustive conversations with my constituents, and a variety of organizations, we must address the following issues before the bill is viable and fair:

H.R. 7 gives the executive branch broad discretion to fundamentally change the structure of a plethora of federal social service programs totaling some 47 billion dollars through the use of vouchers.This voucher program allows any Cabinet Secretary to convert any of the covered programs currently funded through grants or direct funding to a voucher program, without Congressional approval. The risk of these voucher programs is that once a program becomes a voucher program, the funds become indirect funds, which could require participants in voucher funded programs to engage in worship or to conform to the religious beliefs of the religious organizations providing the service.

H.R. 7, would permit a variety of organizations, including for-profit entities, to receive program vouchers. Our concern is that this could jeopardize the financial stability of nonprofit agencies by replacing the more reliable grant and contracts funding they currently receive with unpredictable voucher funding.

Mr. speaker, Charitable Choice fails to protect the beneficiaries of funded programs from proselytization, in that H.R. 7 fails to include meaningful safeguards for the beneficiaries while they are participants in publicly funded programs. H.R. 7, places the burden of objecting to the religious nature of the program up to the client, after he or she has sought assistance. Only after the injury suffered through unwanted proselyting, that the government is required to provide an alternative program. We should fund secular alternatives in advance, not when a lawsuit is brought challenging the religious nature of the program.

Mr. Speaker, H.R. 7, mandates that those faith based entities utilizing federal funds are to be held to the federal civil rights standard that allows religious organizations to discriminate against those on the basis of religion. In many cases state law provides additional civil rights protections regarding sexual orientation, physical and mental disabilities, genetics, and a host of other protections. To allow federal law to supersede state law on this important issue, not only creates the potential for constitutional states rights challenges, but does nothing to advance civil rights protections in our nation.

While no one can dispute the great work and the important services that faith-based organizations provide to our communities, the issues that I set forth and those raised by my colleagues must be addressed before this bill is fair, balanced and provides the necessary safeguards for all.

Accordingly, I look forward to working with our Conferees in the conference on this bill in order to more clearly address these issues.

Mr. PAUL. Mr. Speaker, no one familiar with the history of the past century can doubt that private charities, particularly those maintained by persons motivated by their faith to perform charitable acts, are more effective in addressing social needs than federal programs. Therefore, the sponsors of HR 7, the Community Solutions Act, are correct to believe that expanding the role of voluntary, religious-based organizations will benefit society. However, this noble goal will not be accomplished by providing federal taxpayer funds to these organizations. Instead, federal funding will transform these organizations into adjuncts of the federal government and reduce voluntary giving on the part of the people. In so doing, HR 7 will transform the majority of private charities into carbon copies of failed federal welfare programs.

Providing federal funds to religious organizations gives the organizations an incentive to make obedience to federal bureaucrats their number-one priority. Religious entities may even change the religious character of their programs in order to please their new federal paymaster. Faith-based organizations may find federal funding diminishes their private support as people who currently voluntarily support religious organizations assume they ''gave at the (tax) office'' and will thus reduce their levels of private giving. Thus, religious organizations will become increasingly dependent on federal funds for support. Since ''he who pays the piper calls the tune'' federal bureaucrats and Congress will then control the content of ''faith-based'' programs.

Those who dismiss these concerns should consider that HR 7 explicitly forbids proselytizing in ''faith-based' programs receiving funds directly from the federal government. Religious organizations will not have to remove religious income from their premises in order to receive federal funds. However, I fail to see the point in allowing a Catholic soup kitchen to hang a crucifix on its wall or a Jewish day care center to hang a Star of David on its door if federal law forbids believers from explaining the meaning of those symbols to persons receiving assistance. Furthermore, proselytizing is what is at the very heart of the effectiveness of many of these programs!

H.R. 7 also imposes new paperwork and audit requirements on religious organizations, thus diverting resources away from fulfilling the charitable mission. Supporters of HR 7 point out that any organization that finds the conditions imposed by the federal government too onerous does not have to accept federal grants. It is true no charity has to accept federal grants. It is true no charity has to accept federal funds, but a significant number will accept federal funds in exchange for federal restrictions on their programs, especially since the restrictions will appear ''reasonable'' during the program's first few years. Of course, history shows that Congress and the federal bureaucracy cannot resist imposing new mandates on recipients of federal money. For example, since the passage of the Higher Education Act the federal government has gradually assumed control over almost every aspect of campus life.

Just as bad money drives out good, government-funded charities will overshadow government charities that remain independent of federal funding. After all, a federally-funded charity has the government's stamp of approval and also does not have to devote resources to appealing to the consciences of parishioners for donations. Instead, government-funded charities can rely on forced contributions from the taxpayers. Those who dismiss this as unlikely to occur should remember that there are only three institutions of higher education today that do not accept federal funds and thus do not have to obey federal regulations.

We have seen how federal funding corrupts charity in our time. Since the Great Society, many organizations which once were devoted to helping the poor have instead become lobbyists for ever-expanding government, since a bigger welfare state means more power for their organizations. Furthermore, many charitable organizations have devoted resources to partisan politics as part of coalitions dedicated to expanding federal control over the American people.

Federally-funded social welfare organizations are inevitably less effective than their counterparts because federal funding changes the incentives of participants in these organizations. Voluntary charities promote self-reliance, while government welfare programs foster dependency. In fact, it is in the self-interests of the bureaucrats and politicians who control the welfare state to encourage dependency. After all, when a private organization moves a person off welfare, the organization has fulfilled its mission and proved its worth to donors. In contrast, when people leave government welfare programs, they have deprived federal bureaucrats of power and of a justification for a larger amount of taxpayer funding.

Accepting federal funds will corrupt religious institutions in a fundamental manner. Religious institutions provide charity services because they are commanded to by their faith. However, when religious organizations accept federal funding promoting the faith may take a back seat to fulfilling the secular goals of politicians and bureaucrats.

Some supporters of this measure have attempted to invoke the legacy of the founding fathers in support of this legislation. Of course, the founders recognized the importance of religion in a free society, but not as an adjunct of the state. Instead, the founders hoped a religious people would resist any attempts by the state to encroach on the proper social authority of the church. The Founding Fathers would have been horrified by any proposal to put churches on the federal dole, as this threatens liberty by subordinating churches to the state.

Obviously, making religious institutions dependent on federal funds (and subject to federal regulations) violates the spirit, if not the letter, of the first amendment. Critics of this legislation are also correct to point out that this bill violates the first amendment by forcing taxpayers to subsidize religious organizations whose principles they do not believe. However, many of these critics are inconsistent in

that they support using the taxing power to force religious citizens to subsidize secular organizations.

The primary issue both sides of this debate are avoiding is the constitutionality of the welfare state. Nowhere in the Constitution is the federal government given the power to level excessive taxes on one group of citizens for the benefit of another group of citizens. Many of the founders would have been horrified to see modern politicians define compassion as giving away other people's money stolen through confiscatory taxation. After all, the words of the famous essay by former Congressman Davy Crockett, that money is ''Not Yours to Give.''

Instead of expanding the unconstitutional welfare state, Congress should focus on returning control over welfare to the American people. As Marvin Olaksy, the ''godfather of compassionate conservatism,'' and others have amply documented, before they were crowded out by federal programs, private charities did an exemplary job at providing necessary assistance to those in need. These charities not only met the material needs of those in poverty but helped break many of the bad habits, such as alcoholism, taught them ''marketable'' skills or otherwise engaged them in productive activity, and helped them move up the economic ladder.

Therefore, it is clear that instead of expanding the unconstitutional welfare state, Congress should return control over charitable giving to the American people by reducing the tax burden. This is why I strongly support the tax cut provisions of H.R. 7, and would enthusiastically support them if they were brought before the House as a stand alone bill. I also proposed a substitute amendment which would have given every taxpayer in America a $5,000 tax credit for contributions to social services organizations which serve lower-income people. Allowing people to use more of their own money promotes effective charity by ensuring that charities remain true to their core mission. After all, individual donors will likely limit their support to those groups with a proven track record of helping the poor, whereas government agencies may support organizations more effective at complying with federal regulations or acquiring political influence than actually serving the needy.

Many prominent defenders of the free society and advocates of increasing the role of faith-based institutions in providing services to the needy have also expressed skepticism regarding giving federal money to religious organizations, including the Reverend Pat Robinson, the Reverend Jerry Falwell, Star Parker, Founder and President of the Coalition for Urban Renewal (CURE), Father Robert Sirico, President of the Action Institute for Religious Liberty, Michael Tanner, Director of Health and Welfare studies at the CATO Institute, and Lew Rockwell, founder and president of the Ludwig Von Misses Institute. Even Marvin Olaksy, the above-referenced ''godfather of compassionate conservatism,'' has expressed skepticism regarding this proposal.

In conclusion, Mr. Speaker, because H.R. 7 extends the reach of the immoral, unconstitutional welfare state and thus threatens the autonomy and the effectiveness of the very faith-based charities it claims to help, I urge my colleagues to reject it. Instead, I hope my colleagues will join me in supporting a constitutional and compassionate agenda of returning control over charity to the American people through large tax cuts and tax credits.

Ms. KILPATRICK. Mr. Speaker, today I rise in opposition to the underlying bill and in support of the Conyers Substitute. First, and foremost I must make known my profound belief in the healing ability of faith. The Church has always played an important role in my life and in many ways was a catalyst to my choice to pursue a political career. However, this is not a debate about government versus religion. Religious organizations play an important role in our society and no matter what we do on the floor today they will continue to do so. I assure you I will continue to support them.

ALREADY HAVE THE ABILITY TO COMPETE

There are many who have taken the floor and allege that Faith Based organizations are discriminated against when competing for federal funds. I question this statement. I have come to believe that under current law, Faith Based organizations can in fact compete if they take certain steps under the law. They must create a separate 501(C)(3) organization to prevent the mixing of church and secular activities. In my mind this insulates Faith Based organizations from the sometimes intrusive hand of the government.

DISCRIMINATION

Again I state my support for the healing role of faith based organizations. However, as an avid student of this country's history and, for that matter, the world's history, I cannot ignore some of the heinous things that have been done in the name of religion. In fact, current history is full of the horrors attendant to state sponsored religion. For decades, this country has struggled to bring peace to the hot box that is the Middle East, where religion is the sub-text used for the oppression of women, the oppression of other faiths and state sponsored terrorism. While I realize that this country has many protections against many of these horrors, and I do not mean to suggest that the enactment of this bill will rise to the level of these horrors, I do mean to suggest that more subtle forms of these problems such as discrimination will result from this measure.

This bill would allow Faith Based organizations to discriminate as to who they will hire. This is wrong. The faith of a helping hand is of no consequence to the person in need. All of humanity has the potential to accomplish charitable deeds and should not be told that there is no role for their charity because of the faith they hold dear. I will not stand idly by as the Civil Rights laws in place to prevent workplace discrimination are flouted in the name of religion

NO ADDITIONAL FUNDING FOR THE PROGRAM

Finally, this measure is indicative of the Republican efforts to dismantle social programs. I say this because they have not provided a red cent for the implementation of this initiative or the programs that it involves. This bill will expand the pool of competitors already competing for diminished funds due to a bloated tax-cut. For example the Bush budget cuts local crime prevention funds by $1 billion. The Bush budget also cuts the needs of public housing by $1 billion by cutting $309 million from Public Housing Drug Elimination Grants, and cutting the Public Housing Capital Fund by $700 million. Even Job Training is cut by $500 million under the Administration's budget.

Mr. CRANE. Mr. Speaker, I have long advocated making changes to the tax code designed to encourage charitable giving. Indeed, I have promoted some of the proposals contained in the legislation we have before us today, including the charitable IRA rollover and the deduction for non-itemizers, for many years. Because the legislation we are considering, the Community Solutions Act, contains a number of worthwhile provisions that I believe will help encourage people to give to charity, I rise today to express my support.

However, while I believe this legislation is a step in the right direction, H.R. 7 is but a first step. Frankly, we need to do more, and in my remarks today I would like to highlight a number of items that I believe need to receive further consideration by the Ways and Means Committee and the Congress in the near future.

My first comments relate to the largest provision in this legislation in terms of revenue impact—the charitable deduction for non-itemizers. I do not believe there is a member in Congress who has fought longer or harder for restoring the charitable deduction for non-itemizers than I. The non-itemizer charitable deduction actually existed in the tax code from 1981–1986. It was created in the 1981 Reagan tax bill, but the language in the 1981 bill sunset the provision after 1986. In January 1985, at the start of the 99th Congress, I introduced legislation, H.R. 94, to make the non-itemizer deduction permanent. The year after the provision expired in 1986, I introduced legislation, H.R. 113, to restore the deduction. In every Congress since that time up to the present, I have introduced legislation to restore this deduction. For the record, I would like to insert the following table identifying the Congress, date and bill number of the legislation that I have introduced on this subject: 99th Congress—1/3/85—H.R. 94; 100th Congress—1/6/87—H.R. 113; 101st Congress—1/4/89—H.R. 459; 102nd Congress—1/3/91—H.R. 310; 103rd Congress—1/5/93—H.R. 152; 104th Congress—4/7/95—H.R. 1493; 105th Congress—9/18/97—H.R. 2499; 106th Congress—3/25/99—H.R. 1310; and 107th Congress—2/28/01—H.R. 777.

While I am gratified that Congressman WATTS included that the non-itemizer deduction in H.R. 7, I am disappointed that the limitations on the amount of the deduction were set so low. Indeed, I am concerned that the deduction limits have been set so low as to have a very minimal impact toward the goal of increasing charitable giving. Frankly, the deduction allowance ought to be set substantially higher. I applaud President Bush for his proposal to allow the deduction up to the amount of the standard deduction. However, despite my concerns with the limitations contained in H.R. 7, I still believe that this provision represents a positive first step—a step on which the Ways and Means Committee can build a more substantial deduction. Moreover, I hope that the other body takes up similar legislation this year and that it considered the concerns I am raising today.

With regard to those individuals who do itemize their deductions, I want to mention two proposals that were not contained in H.R. 7 but hopefully will be considered at a later date. The first of these proposals relates to Section 170 of the tax code. Under current law, individuals who contribute appreciated property (such as stocks and real estate) to charity are

subject to complex deduction limits. While donors can generally deduct charitable contributions up to 50 percent of their income, deductions for gifts of appreciated property are limited to 30 percent of income. For gifts of appreciated property to charities that are private foundations, deductions are limited to 20 percent of income. In my view, these limits under present law discourage charitable giving from the very people who are in the best position to make large gifts. Someone who has done well in the stock market should be encouraged to share the benefits. In order to fix this problem we should consider allowing contributions of appreciated property to be deductible within the same percentage limits as for other charitable gifts.

The proposal I have in mind would increase the percentage limitation applicable to charitable contributions of capital gain property to public charities by individuals from 30 percent to 50 percent of income. thus, both cash and non-cash contributions to such entities would be subject to a 50 percent deductibility limit. In addition, I would propose increasing the percentage limitation for contributions of capital gain property to private foundations from 20 percent to 30 percent of income. While these proposals were not included in H.R. 7, I want to thank Ways and Means Chairman THOMAS for publicly acknowledging that these issues are worthy of consideration. As a follow-up to his comments in the Ways and Means Committee, Chairman THOMAS has written a letter to the Staff Director of the Joint Committee on Taxation asking for a revenue estimate and additional information with respect to this proposal.

In addition, I would like to thank the Chairman for making a similar request with regard to the other proposal I believe needs to be addressed—removal of charitable contributions from the cutback of itemized deductions commonly referred to as the ''Pease'' limitations. Even though the cutback of itemized deductions is being phased out under current law, its impact on charitable giving will remain in effect for several years. It is my strong belief that extracting charitable contributions from the Pease limitation will do much to encourage further generosity from those in a position to give the most.

Mr. Speaker, I am pleased to have this opportunity to express my support for H.R. 7 and I hope that I will return to the floor one day soon to address the other important issues I have raised in my remarks.

Mr. FORBES. Mr. Speaker, I rise in strong support of the Community Solutions Act, which will provide more opportunities for the strong wills and good hearts of Americans everywhere to rally to the aid of their neighbors.

All across America, there are people in need of a helping hand. Some of them are just a little down on their luck and need temporary shelter or a hot meal or the comfort of a confidant. Others are in more dire straits. The government can provide some assistance to these individuals and families, but it cannot do it all. And, frankly, it should not. In every pocket of America, there are groups and individuals—some of faith and some not—who are rallying to the aid of their neighbors. We in Washington should be in the business of encouraging this kind of community involvement and outreach.

In fact, the public places far more trust in faith-based institutions and community organizations than in government to solve the social woes of our nation. Earlier this year, the Pew Partnership for Civic Change asked Americans to rank 15 organizations, including governments, businesses, and community groups, for their role in solving social problems in our communities. More than half named local churches, synagogues, and religious institutions; nonprofit groups, like the Salvation Army and Habitat for Humanity; and friends and neighbors—putting them at the top of the list behind only the local police. In contrast, the federal government was ranked 14th out of 15, with only about 1 in 4 respondents naming it as a social problem-solver.

The bipartisan Community Solutions Act builds on the faith-based initiative proposed earlier this year by the President to answer this call. But, to call it a faith-based initiative is really a misnomer. While faith-based groups clearly have a role to play in this plan, it is really all about neighbors helping neighbors.

Mr. Speaker, the bill will increase charitable giving by allowing non-itemizers to deduct their charitable contributions. It will also expand individual development accounts to encourage low-income families to save money for home ownership, college education, or other needs. And, the Community Solutions Act will expand charitable choice provisions already in law to give faith-based groups a greater opportunity to provide assistance to those in need through programs that Congress has created.

This bill embodies many good ideas, and it is long past the time when we should be returning these principles to our civil society. I thank the President for making this a priority for his Administration, and thank Congressmen WATTS and HALL introducing it in the House.

It is time for Congress to step aside and let the armies of compassion do what they do best—help neighbors in need. I urge my colleagues to support this bill and to oppose the substitute and the motion to recommit.

Ms. MILLENDER-MCDONALD. Mr. Speaker, currently, under Title VII, religious organizations can discriminate in hiring practices. If the Charitable Choice Act (H.R. 7) is enacted, this discriminatory practice will extend to programs on the Federal level. It is alarming that the Charitable Choice Act (H.R. 7) would pre-empt state and local anti-discrimination laws. This bill would open women to all kinds of employment discrimination that is currently prohibited by Federal law.

Under H.R. 7, religious employers would be allowed to include questions in hiring interviews on marital status and childcare provisions. Women would also be subject to discrimination in the delivery of services. For example, this bill offers no protection for the unwed mother being denied benefits because of the tenets of the religious organization responsible for delivering services. Women's basic employment and civil rights should be a fundamental guarantee and not conditioned on whether or not the entity hiring or providing services has been offered special protections under the law.

Currently, under Title VII, there are cases where women lost their job because they became pregnant but wasn't married and due to their views on abortion. If the Charitable Choice Act is passed, then this can include many more forms of discrimination.

This is no ordinary piece of legislation. It raises serious questions about church-state relations in this country. These are grave issues. Congress needs to proceed with caution.

Mr. HALL of Texas. Mr. Speaker, as a longtime supporter of local solutions for local problems, I want to thank my colleagues, Representative J.C. WATTS and Representative TONY HALL, for their work to bring H.R. 7, the Community Solutions Act, to the Floor. I am pleased to be a cosponsor of this initiative, which recognizes the important role that faith-based groups are performing in every community in America. I commend President Bush for making this a priority of his Administration.

Government has long provided public funding for social service programs through its ''charitable choice'' provisions. This Act builds on this success by expanding the services that may be provided by faith-based groups. Most of us would agree that local citizens have a far better understanding of local problems and have better solutions for those problems than some ''one-size-fits-all'' Federal program. We've spent billions of dollars fighting the war against drugs, for example—and are still losing it because we are fighting it form the top.

The bill's sponsors have worked to address the constitutional concerns that have been raised, and they have provided some important safeguards. As this bill moves forward, we need to continue our efforts to fully examine the implications of this Act as it affects State laws.

The Community Solutions Act holds great promise in our efforts to combat drugs, juvenile delinquency, teenage pregnancy, hunger, school violence, illiteracy and other ills. It recognizes that faith-based organizations often are succeeding where government-run programs are failing. It makes sense to include these worthy programs in our efforts to serve those in need in our communities.

I urge my colleagues to recognize the contributions and potential of faith-based organizations to improve the quality of life for our citizens by voting for H.R. 7 and giving this initiative a chance to work.

Mr. BROWN of South Carolina. Mr. Speaker, I rise today in strong support of President Bush's faith-based initiative, as reflected in H.R. 7. Both the Judiciary Committee and the Ways and Means Committee has worked hard to craft legislation we should all be able to support.

I would like to take a minute, though, to concentrate on the charitable choice provision of this bill, because the tax provisions should not keep anyone from voting for H.R. 7. According to Chairman NUSSLE of the House Budget Committee, the $13.3 billion in estimated revenue reduction does not threaten the Medicare trust fund. No, if this bill fails, the failure will be due to the charitable choice provision.

Many have expressed concerns about ''separation of church and state'' and about ''government funded discrimination'' in conjunction with President Bush's faith-based initiative. However, when the Welfare Reform Act was passed in 1996, the charitable choice provision allowed faith-based groups to apply for federal money the same way that secular groups do. The charitable choice provision is also included in the 1998 Community Services Block Grant Act and in the 2000 Public Health Service Act. The charitable choice provision has a history of success.

Rather than promoting a radical restructuring of current law, H.R. 7 will simply ensure

that faith-based organizations can compete on more equal footing than in the past. The government will not be encouraging any kind of discrimination but, instead, will be able to partner with faith-based organizations in a wider variety of social services, including juvenile justice, crime prevention, housing assistance, job training, elder care, hunger relief, domestic violence prevention, and others.

In summary, we should all support H.R. 7 because it provides a proven method for the federal government to participate in the provision of social services to Americans who still need help. This bill allows the federal government to partner with faith-based and other community service organizations that already have a history of success in providing these social services. H.R. 7 puts faith-based organizations on a level playing field in the competition for federal funds, without jeopardizing their autonomy, and without undermining religious freedom for either the service providers or for the service beneficiaries. I urge all of my colleagues to vote for H.R. 7.

Mr. HYDE. Mr. Speaker, I have been listening to this debate with great attention all afternoon, and—at the risk of oversimplifying, I would like to cut to the chase. What we are talking about is an army of people out there motivated by spiritual impulses who want to do good, who want to help solve poverty, disease, violence in the community, homelessness, hunger, and some of them are clergy, some of them are not. They are religiously motivated, and we have spent all afternoon finding ways to keep them out. We have enough help. We don't need them—there is too much God out there. We suffer from an excess of God, for some crazy reason.

Discrimination—if the First Baptist Church wants to do something as the First Baptist Church, take care of some homeless people, that fact that they want to retain their identify and not become another local United Fund operation, there is nothing wrong with that. There is nothing wrong with saying if you want to join us, you have to be Baptist.

There is discrimination, and there is invidious discrimination. I do not think it is discrimination for Baptists to want to hire Baptists to do something as the Baptist Church. I think that is fine. That is not invidious discrimination. So far as I am concerned, we ought to figure out ways to facilitate the exploitation, the benign exploitation of these wonderful people who want to help us with our very human problems, instead of finding ways to say on because, for fear, God might sneak in under the door.

Mr. KIND. Mr. Speaker, as with many of the colleagues from both sides of the aisle, I strongly support the community services provided by religious organizations throughout the Nation. We are all proud of the faith we hold and believe in the principles of selfless service encouraged by religious organizations. As I have personally witnessed in western Wisconsin, the effective and invaluable efforts put forth by religious organizations to combat such traumas as drug-addiction, and child and domestic abuse, are worthy of our continual appreciation and praise.

I am, however, concerned that this legislation would undermine the successes and integrity of such programs through the introduction of more government. I am therefore unable to support this flawed legislation which, while it may be well intentioned, seeks to provide funds to religious organizations by violating our constitution and without regard to State's rights.

The establishment of religion clause in the first amendment to the constitution was drafted in the recognition that state activity must be separate from church activity if people are to be free from Government interference. The Founders did not intend this provision as anti-religious, but instead realized this is the way to protect religion while simultaneously protecting the people's rights to worship freely.

America was founded by people seeking freedom from religious persecution by fleeing lands that contained religious strife and even warfare. To infringe on the separation of church and state is to infringe on the miracle and fundamental principles of American democracy. It is this principle that not only allows our government to operate by the will of the people, but also allows religious entities to conduct themselves without Government regulation and intrusion. When the line between church and state is an issue in policy, the highest scrutiny must be applied to ensure that principle prevails. I do not believe this legislation would pass such constitutional scrutiny.

The Founders also recognized the dangers of State sponsored favoritism toward any religion. This bill will not only pit secular agencies against religious organizations, it will pit religion against religion for the competition of limited public funds.

Under current law, there are Federal tax incentives for individuals to donate to charitable organizations, including the religious organizations of their choice. In addition, religious groups have always had the ability to apply and receive federal funding for the purpose of providing welfare related programs and services after they form 501(c)(3) organizations. Entities including Catholic Charities and Lutheran Social Service have a long history of participation in publicly funded social service programs.

The conditions associated with the provision of these services, however, require the religious organizations to be secular in nature—in accordance with the establishment of religion clause in the first amendment to the Constitution, as well as adhere to federal, state or local civil rights laws. H.R. 7 would remove these preconditions, allowing for public funding to go toward discriminatory and exclusionary practices that violate the intentions of hard fought civil rights.

In addition to the constitutionality of the legislation, we must also question how the provisions contained in the bill would be implemented and enforced. Supporters of H.R. 7 claim the bill contains safeguards that would prohibit public funding from going to proselytization and other strictly religious activities. Even if these safeguards existed, which they do not, how do we police these organizations to ensure compliance? If we find violations do we then fine the churches or prosecute Catholic priests, Methodist ministers or Lutheran pastors?

The road we are taking with this legislation leads to these serious questions about regulations imposed on organizations that receive Federal funds. The strings attached to entities receiving federal funds are there to ensure applicable laws are obeyed and accountability exists. It is precisely these types of provisions that will inhibit religious organizations from maintaining their character, and it would be negligent of us as public servants to waive these provisions. This situation serves to illustrate why this bill should be opposed.

The substitute to this bill, offered by Mr. RANGEL, guards against the possibility of publicly funded discrimination by not overriding State and local civil rights laws, as well as offsetting the costs associated with this legislation. In addition to being unconditional, H.R. 7 is indeed expensive. While it is not as expensive as the President had originally envisioned, it will cost over $13 billion with no offsets. With passage of the President's tax cut, there is simply no money to pay for this bill without taking from the Medicare and Social Security Trust funds. A problem that will not go away as we mark up the rest of next year's budget.

With all the problems associated with this bill, I ask my colleagues to vote against H.R. 7, and support the Rangel substitute.

Mr. GREEN of Texas. Mr. Speaker, I rise in opposition to H.R. 7, the Community Solutions Act. While the goals of this bill are noble, there are fundamental concerns with this legislation.

One of the central tenets of most faith based organizations, whether they are Catholic, Protestant, Jewish or Muslim, is to reach out to those in need.

I know that in churches in which I've been a member and churches in my district have several programs to serve the needy, such as food drives, senior nutrition programs, housing assistance, substance abuse counseling, after school programs and many other needed community services.

Therse are services that most churches perform because they are consistent with that church's mission.

A component of H.R. 7, the Community Solutions Act would expand Charitable Choice to allow faith based organizations to compete for federal funding for many of these services. The religious groups today compete and receive federal funding.

But they cannot only serve their particular faith or beliefs.

In fact, there are organizations such as the Baptist Joint Committee, the United Methodist Church, the Presbyterian Church, and the United Jewish Communities Federation all fear that this legislation would interfere with their missions, rather than help them.

We know that the first amendment prevents Congress from establishing a religion or prohibiting the free exercise thereof. This wall of separation has been a fundamental principle since the founding of our great nation.

As a Christian I believe it is my duty to serve and my service is a reflection of my faith. Many Christians, Jewish and Muslims, do this everyday if we are practicing our beliefs.

We do not need Federal tax dollars to practice and live our faith.

Mr. CUMMINGS. Mr. Speaker, I stand with you today to raise my grave concerns regarding H.R. 7.

Faith-based and community-based organizations have always been at the forefront of combating the hardships facing families and communities. As a federal legislator, I do not have a problem with government finding ways to harness the power of faith-based organizations and their vital services.

Although I support faith-based entities, I cannot endorse H.R. 7 because I believe that:

(1) taxpayer money should not be used to proselytize; (2) taxpayer money should not be used to discriminate on the basis of race, gender, religion, or sexual orientation; and (3) the independence and autonomy of our religious institutions should not be threatened.

Unfortunately, H.R. 7 in its current form does not prevent the problems I have outlined. Most significantly, while it may state that government funds should not be used for worship or proselytization, meaningful safeguards to prevent such action are not included in the provisions. Further, religious institutions are currently exempted from the ban on religious discrimination in employment provided under Title VII of the Civil Rights Act of 1964. As such, because the bill does not include a repeal of this exemption, these institutions can engage in government-funded employment discrimination.

I am committed to our U.S. Constitution and civil rights statutes. Unfortunately, H.R. 7 threatens these very principles and I believe it is unnecessary and unconstitutional. It is important to note that under current law, religious entities can seek government funding by establishing 501(c)(3) affiliate organizations.

I look forward to working with faith-based entities in their good works, but will also remain a strong advocate of civil rights, religious tolerance and the independence of our religious institutions. Join me in opposing H.R. 7 and supporting the Democratic substitute that will address these serious issues.

Mr. DEMINT. Mr. Speaker, I rise today in strong support of H.R. 7, the Community Solutions Act, which is also known as the Faith-Based Initiative.

America has long been a country made up of generous people who want to help a neighbor in need. Long before government programs came along to act as an extra safety net, individuals worked together with their churches and other community groups to ensure those in need were housed, clothed, and fed.

While government programs were created to provide specific services to needy populations, these programs have less incentive to go above and beyond the call of duty.

For many people of faith who run social service programs, their faith is what inspires them to go the extra mile for the poor, the downtrodden, the hopeless.

Why, then, would the government exclude faith-based providers in its attempt to tackle difficult social problems such as drug addiction, gang violence, domestic violence, mental illness, and homelessness?

Faith-based organizations with effective programs to combat societal ills should be able to compete equally with their non-faith based counterparts for government grants.

And in some cases under current ''charitable choice'' laws, they can. When Welfare Reform passed in 1996, charitable choice language was included so faith-based groups providing welfare-to-work programs such as job training and child care can compete equally.

I'm sure most of us know a church day care program which could care for children with just as much love and ability and professionalism as a non-faith based program.

The legislation before us today allows ''charitable choice'' to apply to more government programs, such as juvenile delinquency, housing, domestic violence, job training, and community development programs.

Let me make one thing clear: no faith-based group is compelled to apply. Those who are not interested in government funding can carry on with their ministry and keep doing the good work of serving our nation.

Those groups which have an effective program and would like to compete for a grant may do so and keep their faith-based component largely intact. They would have to abide by some common sense requirements such as keeping the government funds in a separate account, but the requirements should not interfere with the religious nature of their program.

The religious organization sponsoring the program would remain completely autonomous from federal, state, and local government control.

The Faith-Based Initiative is a long-overdue, much-needed reform to recognize the importance of the faith community in caring for the most vulnerable of our nation.

I want to take a minute to highlight a couple of wonderful community initiatives in my District which are inspirational to me. The Downtown Rescue Mission in Spartanburg has a myriad of exciting initiatives to provide housing, meals, health services, job training, and other help to give a helping hand up and empower folks in the downtown area.

And in Greenville, since 1937—during the Great Depression—Miracle Hill Ministries has provided leadership in our community by providing food, clothing, shelter, and compassion to hurting and needy people, as well as serving as a model for other homeless outreach efforts in South Carolina.

I am proud of these folks and the good work that they do and hope that the Faith-Based Initiative would be helpful to them. There are countless other good people and good organizations—big and small—which could benefit from this attempt to provide a level playing field for the faith community.

This bill also contains some great provisions to encourage charitable giving by individuals and corporations, as well as incentives for low-income individuals to save money that can be used to buy a home, a college education, or start a small business.

We want everyone in America to be able to live the American Dream.

The armies of compassion in our nation should be able to serve the needy and provide them hope, so that they too—through hard work and perseverance—can make the American Dream a reality.

Mr. GARY MILLER OF California. Mr. Speaker, I rise in support of H.R. 7 the ''Community Solutions Act.''

Although a lot of speakers have focused their remarks on the charitable choice provisions of this bill, I feel that Title III, the Individual Development Account or IDAs offers a fundamental policy shift which merits the attention of this House.

Many communities are facing an affordable housing crisis. Until now, our solution to this problem has been to increase the number of available Section 8 vouchers. However, this ''solution'' has only widened the gap between those who dream of owning a home, and those who are able to accumulate the financial resources needed to become a first-time home buyer. Under the Section 8 voucher program, if you demonstrate ambition and work hard to improve your situation, you are no longer eligible for the voucher. But at the same time, you do not have the down payment to own a home.

IDAs will begin to reverse this trend. By encouraging individuals to save for a home through tax exemption IDAs and matching that investment, we finally have policy which makes sense.

I urge my colleagues to support this bill and to turn the American dream of owning a home into a reality.

The SPEAKER pro tempore (Mr. LAHOOD). All time for debate on the bill has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute printed in House Report 107–144 offered by Mr. RANGEL:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Community Solutions Act of 2001''.

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

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 of the Internal Revenue Code of 1986 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—

''(1) IN GENERAL.—In the case of an individual who does not itemize his deductions for the taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the lesser of—

''(A) the amount allowable under subsection (a) for the taxable year for cash contributions, or

''(B) the applicable amount.

''(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount shall be determined as follows:

"For taxable years beginning in:	The applicable amount is:
2002 and 2003	$25
2004, 2005, 2006	$50
2007, 2008, 2009	$75
2010 and thereafter	$100.

In the case of a joint return, the applicable amount is twice the applicable amount determined under the preceding table.''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 of such Code is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end thereof the following new paragraph:

''(3) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 of such Code is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 of such Code is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end thereof the following new paragraph:

''(3) the direct charitable deduction.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution.

''(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

''(ii) which is made directly by the trustee—

''(I) to an organization described in section 170(c), or

''(II) to a split-interest entity.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to subparagraph (A) and, in the case of a distribution to a split-interest entity, only if no person holds an income interest in the amounts in the split-interest entity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph—

''(i) DIRECT CONTRIBUTIONS.—A distribution to an organization described in section 170(c) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(ii) SPLIT-INTEREST GIFTS.—A distribution to a split-interest entity shall be treated as a qualified charitable distribution only if a deduction for the entire value of the interest in the distribution for the use of an organization described in section 170(c) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such amount does not exceed the aggregate amount which would be so includible if all amounts were distributed from all individual retirement accounts otherwise taken into account in determining the inclusion on such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

''(i) CHARITABLE REMAINDER TRUSTS.—Distributions made from an individual retirement account to a trust described in subparagraph (G)(ii)(I) shall be treated as income described in section 664(b)(1) except to the extent that the beneficiary of the individual retirement account notifies the trustee of the trust of the amount which is not allocable to income under subparagraph (D).

''(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)(II)) by reason of a qualified charitable distribution to such fund.

''(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract.

''(F) DENIAL OF DEDUCTION.—Qualified charitable distributions shall not be taken into account in determining the deduction under section 170.

''(G) SPLIT-INTEREST ENTITY DEFINED.—For purposes of this paragraph, the term 'split-interest entity' means—

''(i) a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(ii) a pooled income fund (as defined in section 642(c)(5)), and

''(iii) a charitable gift annuity (as defined in section 501(m)(5)).''.

(b) MODIFICATIONS RELATING TO INFORMATION RETURNS BY CERTAIN TRUSTS.—

(1) RETURNS.—Section 6034 of such Code (relating to returns by trusts described in section 4947(a)(2) or claiming charitable deductions under section 642(c)) is amended to read as follows:

"SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION 4947(a)(2) OR CLAIMING CHARITABLE DEDUCTIONS UNDER SECTION 642(c).

''(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—Every trust described in section 4947(a)(2) shall furnish such information with respect to the taxable year as the Secretary may by forms or regulations require.

''(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION UNDER SECTION 642(c).—

''(1) IN GENERAL.—Every trust not required to file a return under subsection (a) but claiming a charitable, etc., deduction under section 642(c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary may by forms or regulations prescribe, including:

''(A) the amount of the charitable, etc., deduction taken under section 642(c) within such year,

''(B) the amount paid out within such year which represents amounts for which charitable, etc., deductions under section 642(c) have been taken in prior years,

''(C) the amount for which charitable, etc., deductions have been taken in prior years but which has not been paid out at the beginning of such year,

''(D) the amount paid out of principal in the current and prior years for charitable, etc., purposes,

''(E) the total income of the trust within such year and the expenses attributable thereto, and

''(F) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply in the case of a taxable year if all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries. Paragraph (1) shall not apply in the case of a trust described in section 4947(a)(1).''.

(2) INCREASE IN PENALTY RELATING TO FILING OF INFORMATION RETURN BY SPLIT-INTEREST TRUSTS.—Paragraph (2) of section 6652(c) of such Code (relating to returns by exempt organizations and by certain trusts) is amended by adding at the end the following new subparagraph:

''(C) SPLIT-INTEREST TRUSTS.—In the case of a trust which is required to file a return under section 6034(a), subparagraphs (A) and (B) of this paragraph shall not apply and paragraph (1) shall apply in the same manner as if such return were required under section 6033, except that—

''(i) the 5 percent limitation in the second sentence of paragraph (1)(A) shall not apply,

''(ii) in the case of any trust with gross income in excess of $250,000, the first sentence of paragraph (1)(A) shall be applied by substituting '$100' for '$20', and the second sentence thereof shall be applied by substituting '$50,000' for '$10,000', and

''(iii) the third sentence of paragraph (1)(A) shall be disregarded.

If the person required to file such return knowingly fails to file the return, such person shall be personally liable for the penalty imposed pursuant to this subparagraph.''.

(3) CONFIDENTIALITY OF NONCHARITABLE BENEFICIARIES.—Subsection (b) of section 6104 of such Code (relating to inspection of annual information returns) is amended by adding at the end the following new sentence: ''In the case of a trust which is required to file a return under section 6034(a),

this subsection shall not apply to information regarding beneficiaries which are not organizations described in section 170(c).''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns for taxable years beginning after December 31, 2001.

SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 170(b) of the Internal Revenue Code of 1986 (relating to corporations) is amended by striking ''10 percent'' and inserting ''the applicable percentage''.

(b) APPLICABLE PERCENTAGE.—Subsection (b) of section 170 of such Code is amended by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2002 through 2007	11
2008	12
2009	13
2010 and thereafter	15.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 512(b)(10) and 805(b)(2)(A) of such Code are each amended by striking ''10 percent'' each place it occurs and inserting ''the applicable percentage (determined under section 170(b)(3))''.

(2) Sections 545(b)(2) and 556(b)(2) of such Code are each amended by striking ''10-percent limitation'' and inserting ''applicable percentage limitation''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Paragraph (3) of section 170(e) of the Internal Revenue Code of 1986 (relating to special rule for certain contributions of inventory and other property) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

''(i) GENERAL RULE.—In the case of a charitable contribution of food, this paragraph shall be applied—

''(I) without regard to whether the contribution is made by a C corporation, and

''(II) only for food that is apparently wholesome food.

''(ii) DETERMINATION OF FAIR MARKET VALUE.—In the case of a qualified contribution of apparently wholesome food to which this paragraph applies and which, solely by reason of internal standards of the taxpayer or lack of market, cannot or will not be sold, the fair market value of such food shall be determined by taking into account the price at which the same or similar food items are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).

''(iii) APPARENTLY WHOLESOME FOOD.—For purposes of this subparagraph, the term 'apparently wholesome food' shall have the meaning given to such term by section 22(b)(2) of the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791(b)(2)), as in effect on the date of the enactment of this subparagraph.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 105. REFORM OF EXCISE TAX ON NET INVESTMENT INCOME OF PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Subsection (a) of section 4940 of the Internal Revenue Code of 1986 (relating to excise tax based on investment income) is amended by striking ''2 percent'' and inserting ''1 percent''.

(b) REPEAL OF REDUCTION IN TAX WHERE PRIVATE FOUNDATION MEETS CERTAIN DISTRIBUTION REQUIREMENTS.—Section 4940 of such Code is amended by striking subsection (e).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE INCOME OF CHARITABLE REMAINDER TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 664 of the Internal Revenue Code of 1986 (relating to exemption from income taxes) is amended to read as follows:

''(c) TAXATION OF TRUSTS.—

''(1) INCOME TAX.—A charitable remainder annuity trust and a charitable remainder unitrust shall, for any taxable year, not be subject to any tax imposed by this subtitle.

''(2) EXCISE TAX.—

''(A) IN GENERAL.—In the case of a charitable remainder annuity trust or a charitable remainder unitrust that has unrelated business taxable income (within the meaning of section 512, determined as if part III of subchapter F applied to such trust) for a taxable year, there is hereby imposed on such trust or unitrust an excise tax equal to the amount of such unrelated business taxable income.

''(B) CERTAIN RULES TO APPLY.—The tax imposed by subparagraph (A) shall be treated as imposed by chapter 42 for purposes of this title other than subchapter E of chapter 42.

''(C) CHARACTER OF DISTRIBUTIONS AND COORDINATION WITH DISTRIBUTION REQUIREMENTS.—The amounts taken into account in determining unrelated business taxable income (as defined in subparagraph (A)) shall not be taken into account for purposes of—

''(i) subsection (b),

''(ii) determining the value of trust assets under subsection (d)(2), and

''(iii) determining income under subsection (d)(3).

''(D) TAX COURT PROCEEDINGS.—For purposes of this paragraph, the references in section 6212(c)(1) to section 4940 shall be deemed to include references to this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.

(a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—Clause (ii) of section 170(e)(4)(B) of the Internal Revenue Code of 1986 (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—Clause (ii) of section 170(e)(6)(B) of such Code is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(c) CONFORMING AMENDMENT.—Subparagraph (D) of section 170(e)(6) of such Code is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION STOCK FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (1) of section 1367(a) of such Code (relating to adjustments to basis of stock of shareholders, etc.) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) the excess of the amount of the shareholder's deduction for any charitable contribution made by the S corporation over the shareholder's proportionate share of the adjusted basis of the property contributed.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 109. REVENUE OFFSET.

(a) IN GENERAL.—Paragraph (2) of section 1(i) of the Internal Revenue Code of 1986 (relating to reductions in rates after June 30, 2001) is amended—

(1) by striking ''38.6'' and inserting ''38.8'',

(2) by striking ''37.6'' and inserting ''37.8'', and

(3) by striking ''35'' and inserting ''35.5''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

TITLE II—EXPANSION OF CHARITABLE CHOICE

SEC. 201. PROVISION OF ASSISTANCE UNDER GOVERNMENT PROGRAMS BY RELIGIOUS AND COMMUNITY ORGANIZATIONS.

Title XXIV of the Revised Statutes of the United States is amended by inserting after section 1990 (42 U.S.C. 1994) the following:

''SEC. 1991. CHARITABLE CHOICE.

''(a) SHORT TITLE.—This section may be cited as the 'Charitable Choice Act of 2001'.

''(b) PURPOSES.—The purposes of this section are—

''(1) to enable assistance to be provided to individuals and families in need in the most effective and efficient manner;

''(2) to supplement the Nation's social service capacity by facilitating the entry of new, and the expansion of existing, efforts by religious and other community organizations in the administration and distribution of government assistance under the government programs described in subsection (c)(4);

''(3) to prohibit discrimination against religious organizations on the basis of religion in the administration and distribution of government assistance under such programs;

''(4) to allow religious organizations to participate in the administration and distribution of such assistance without impairing the religious character and autonomy of such organizations; and

''(5) to protect the religious freedom of individuals and families in need who are eligible for government assistance, including expanding the possibility of their being able to choose to receive services from a religious organization providing such assistance.

''(c) RELIGIOUS ORGANIZATIONS INCLUDED AS PROVIDERS; DISCLAIMERS.—

''(1) IN GENERAL.—

''(A) INCLUSION.—For any program described in paragraph (4) that is carried out by the Federal Government, or by a State or local government with Federal funds, the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, and the program shall be implemented in a manner that is consistent with the establishment clause and the free exercise clause of the first amendment to the Constitution.

''(B) DISCRIMINATION PROHIBITED.—Neither the Federal Government, nor a State or local

government receiving funds under a program described in paragraph (4), shall discriminate against an organization that provides assistance under, or applies to provide assistance under, such program on the basis that the organization is religious or has a religious character.

''(2) FUNDS NOT AID TO RELIGION.—Federal, State, or local government funds or other assistance that is received by a religious organization for the provision of services under this section constitutes aid to individuals and families in need, the ultimate beneficiaries of such services, and not support for religion or the organization's religious beliefs or practices. Notwithstanding the provisions in this paragraph, title VI of the Civil Rights Act of 1964 (42 USC 2000d et seq.) shall apply to organizations receiving assistance funded under any program described in subsection (c)(4).

''(3) FUNDS NOT ENDORSEMENT OF RELIGION.—The receipt by a religious organization of Federal, State, or local government funds or other assistance under this section is not an endorsement by the government of religion or of the organization's religious beliefs or practices.

''(4) PROGRAMS.—For purposes of this section, a program is described in this paragraph—

''(A) if it involves activities carried out using Federal funds—

''(i) related to the prevention and treatment of juvenile delinquency and the improvement of the juvenile justice system, including programs funded under the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.);

''(ii) related to the prevention of crime and assistance to crime victims and offenders' families, including programs funded under title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3701 et seq.);

''(iii) related to the provision of assistance under Federal housing statutes, including the Community Development Block Grant Program established under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.);

''(iv) under subtitle B or D of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.);

''(v) under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

''(vi) related to the intervention in and prevention of domestic violence, including programs under the Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.) or the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.);

''(vii) related to hunger relief activities; or

''(viii) under the Job Access and Reverse Commute grant program established under section 3037 of the Federal Transit Act of 1998 (49 U.S.C. 5309 note); or

''(B)(i) if it involves activities to assist students in obtaining the recognized equivalents of secondary school diplomas and activities relating to nonschool hours programs, including programs under—

''(I) chapter 3 of subtitle A of title II of the Workforce Investment Act of 1998 (Public Law 105–220); or

''(II) part I of title X of the Elementary and Secondary Education Act (20 U.S.C. 6301 et seq.); and

''(ii) except as provided in subparagraph (A) and clause (i), does not include activities carried out under Federal programs providing education to children eligible to attend elementary schools or secondary schools, as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

''(d) ORGANIZATIONAL CHARACTER AND AUTONOMY.—

''(1) IN GENERAL.—A religious organization that provides assistance under a program described in subsection (c)(4) shall have the right to retain its autonomy from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

''(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government, nor a State or local government with Federal funds, shall require a religious organization, in order to be eligible to provide assistance under a program described in subsection (c)(4), to—

''(A) alter its form of internal governance or provisions in its charter documents; or

''(B) remove religious art, icons, scripture, or other symbols, or to change its name, because such symbols or names are of a religious character.

''(e) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-1) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (c)(4), and any provision in such programs that is inconsistent with or would diminish the exercise of an organization's autonomy recognized in section 702 or in this section shall have no effect, except that no religious organization receiving funds through a grant or cooperative agreement for programs described in subsection (c)(4) shall, in expending such funds allocated under such program, discriminate in employment on the basis of an employee's religion, religious belief, or a refusal to hold a religious belief. Nothing in this section alters the duty of a religious organization to comply with the nondiscrimination provisions of title VII of the Civil Rights Act of 1964 in the use of funds from programs described in subsection (c)(4).

''(f) EFFECT ON OTHER LAWS.—Nothing in this section shall alter the duty of a religious organization receiving assistance or providing services under any program described in subsection (c)(4) to comply with the nondiscrimination provisions in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) (prohibiting discrimination on the basis of race, color, and national origin), title IX of the Education Amendments of 1972 (20 U.S.C. 1681–1688) (prohibiting discrimination in education programs or activities on the basis of sex and visual impairment), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (prohibiting discrimination against otherwise qualified disabled individuals), and the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) (prohibiting discrimination on the basis of age).

''(g) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

''(1) IN GENERAL.—If an individual described in paragraph (3) has an objection to the religious character of the organization from which the individual receives, or would receive, assistance funded under any program described in subsection (c)(4), the appropriate Federal, State, or local governmental entity shall provide to such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection, assistance that—

''(A) is an alternative that is accessible to the individual and unobjectionable to the individual on religious grounds; and

''(B) has a value that is not less than the value of the assistance that the individual would have received from such organization.

''(2) NOTICE.—The appropriate Federal, State, or local governmental entity shall guarantee that notice is provided to the individuals described in paragraph (3) of the rights of such individuals under this section.

''(3) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives or applies for assistance under a program described in subsection (c)(4).

''(h) NONDISCRIMINATION AGAINST BENEFICIARIES.—

''(1) GRANTS AND COOPERATIVE AGREEMENTS.—A religious organization providing assistance through a grant or cooperative agreement under a program described in subsection (c)(4) shall not discriminate in carrying out the program against an individual described in subsection (g)(3) on the basis of religion, a religious belief, or a refusal to hold a religious belief.

''(2) INDIRECT FORMS OF ASSISTANCE.—A religious organization providing assistance through a voucher, certificate, or other form of indirect assistance under a program described in subsection (c)(4) shall not deny an individual described in subsection (g)(3) admission into such program on the basis of religion, a religious belief, or a refusal to hold a religious belief.

''(i) LOCAL CIVIL RIGHTS LAWS.—Nothwithstanding anything to the contrary in this section, nothing in this section preempts or supercedes State or local civil rights laws.

''(j) ACCOUNTABILITY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), a religious organization providing assistance under any program described in subsection (c)(4) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds and its performance of such programs.

''(2) LIMITED AUDIT.—

''(A) GRANTS AND COOPERATIVE AGREEMENTS.—A religious organization providing assistance through a grant or cooperative agreement under a program described in subsection (c)(4) shall segregate government funds provided under such program into a separate account or accounts. Only the separate accounts consisting of funds from the government shall be subject to audit by the government.

''(B) INDIRECT FORMS OF ASSISTANCE.—A religious organization providing assistance through a voucher, certificate, or other form of indirect assistance under a program described in subsection (c)(4) may segregate government funds provided under such program into a separate account or accounts. If such funds are so segregated, then only the separate accounts consisting of funds from the government shall be subject to audit by the government.

''(3) SELF AUDIT.—A religious organization providing services under any program described in subsection (c)(4) shall conduct annually a self audit for compliance with its duties under this section and submit a copy of the self audit to the appropriate Federal, State, or local government agency, along with a plan to timely correct variances, if any, identified in the self audit.

''(k) LIMITATIONS ON USE OF FUNDS; VOLUNTARINESS.—No funds provided through a grant or cooperative agreement to a religious organization to provide assistance under any program described in subsection (c)(4) shall be expended for sectarian instruction, worship, or proselytization. If the religious organization offers such an activity, it shall be voluntary for the individuals receiving services and offered separate from the program funded under subsection (c)(4). A certificate shall be separately signed by religious organizations, and filed with the government agency that disburses the funds, certifying that the organization is aware of and will comply with this subsection. No direct funds shall be provided under subsection

(c)(4) to a religious organization that engages in sectarian instruction, worship, or proselytization at the same time and place as the government funded program.

''(l) EFFECT ON STATE AND LOCAL FUNDS.—If a State or local government contributes State or local funds to carry out a program described in subsection (c)(4), the State or local government may segregate the State or local funds from the Federal funds provided to carry out the program or may commingle the State or local funds with the Federal funds. If the State or local government commingles the State or local funds, the provisions of this section shall apply to the commingled funds in the same manner, and to the same extent, as the provisions apply to the Federal funds.

''(m) TREATMENT OF INTERMEDIATE GRANTORS.—If a nongovernmental organization (referred to in this subsection as an 'intermediate grantor'), acting under a grant or other agreement with the Federal Government, or a State or local government with Federal funds, is given the authority under the agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (c)(4), the intermediate grantor shall have the same duties under this section as the government when selecting or otherwise dealing with subgrantors, but the intermediate grantor, if it is a religious organization, shall retain all other rights of a religious organization under this section.

''(n) COMPLIANCE.—A party alleging that the rights of the party under this section have been violated by a State or local government may bring a civil action for injunctive relief pursuant to section 1979 against the State official or local government agency that has allegedly committed such violation. A party alleging that the rights of the party under this section have been violated by the Federal Government may bring a civil action for injunctive relief in Federal district court against the official or government agency that has allegedly committed such violation.

''(o) TRAINING AND TECHNICAL ASSISTANCE FOR SMALL NONGOVERNMENTAL ORGANIZATIONS.—

''(1) IN GENERAL.—From amounts made available to carry out the purposes of the Office of Justice Programs (including any component or unit thereof, including the Office of Community Oriented Policing Services), funds are authorized to provide training and technical assistance, directly or through grants or other arrangements, in procedures relating to potential application and participation in programs identified in subsection (c)(4) to small nongovernmental organizations, as determined by the Attorney General, including religious organizations, in an amount not to exceed $50 million annually.

''(2) TYPES OF ASSISTANCE.—Such assistance may include—

''(A) assistance and information relative to creating an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 to operate identified programs;

''(B) granting writing assistance which may include workshops and reasonable guidance;

''(C) information and referrals to other nongovernmental organizations that provide expertise in accounting, legal issues, tax issues, program development, and a variety of other organizational areas; and

''(D) information and guidance on how to comply with Federal nondiscrimination provisions including, but not limited to, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.), the Fair Housing Act, as amended (42 U.S.C. 3601 et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681–1688), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 694), and the Age Discrimination Act of 1975 (42 U.S.C. 6101–6107).

''(3) RESERVATION OF FUNDS.—An amount of no less than $5,000,000 shall be reserved under this section. Small nongovernmental organizations may apply for these funds to be used for assistance in providing full and equal integrated access to individuals with disabilities in programs under this title.

''(4) PRIORITY.—In giving out the assistance described in this subsection, priority shall be given to small nongovernmental organizations serving urban and rural communities.''.

TITLE III—INDIVIDUAL DEVELOPMENT ACCOUNTS

SEC. 301. ADDITIONAL QUALIFIED ENTITIES ELIGIBLE TO CONDUCT PROJECTS UNDER THE ASSETS FOR INDEPENDENCE ACT.

Section 404(7)(A)(iii)(I)(aa) of the Assets for Independence Act (42 U.S.C. 604 note) is amended to read as follows:

''(aa) a federally insured credit union; or''.

SEC. 302. INCREASE IN LIMITATION ON NET WORTH.

Section 408(a)(2)(A) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''$10,000'' and inserting ''$20,000''.

SEC. 303. CHANGE IN LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.

Section 410(b) of the Assets for Independence Act (42 U.S.C. 604 note) is amended to read as follows:

''(b) LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.—Not more than $500 from a grant made under section 406(b) shall be provided per year to any one individual during the project.''.

SEC. 304. ELIMINATION OF LIMITATION ON DEPOSITS FOR A HOUSEHOLD.

Section 410 of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 305. EXTENSION OF PROGRAM.

Section 416 of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''2001, 2002, and 2003'' and inserting ''and 2001, and $50,000,000 for each of fiscal years 2002 through 2008''.

SEC. 306. CONFORMING AMENDMENTS.

(a) AMENDMENTS TO TEXT.—The text of each of the following provisions of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''demonstration'' each place it appears:

(1) Section 403.
(2) Section 404(2).
(3) Section 405(a).
(4) Section 405(b).
(5) Section 405(c).
(6) Section 405(d).
(7) Section 405(e).
(8) Section 405(g).
(9) Section 406(a).
(10) Section 406(b).
(11) Section 407(b)(1)(A).
(12) Section 407(c)(1)(A).
(13) Section 407(c)(1)(B).
(14) Section 407(c)(1)(C).
(15) Section 407(c)(1)(D).
(16) Section 407(d).
(17) Section 408(a).
(18) Section 408(b).
(19) Section 409.
(20) Section 410(e).
(21) Section 411.
(22) Section 412(a).
(23) Section 412(b)(2).
(24) Section 412(c).
(25) Section 413(a).
(26) Section 413(b).
(27) Section 414(a).
(28) Section 414(b).
(29) Section 414(c).
(30) Section 414(d)(1).
(31) Section 414(d)(2).

(b) AMENDMENTS TO SUBSECTION HEADINGS.—The heading of each of the following provisions of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ''DEMONSTRATION'':

(1) Section 405(a).
(2) Section 406(a).
(3) Section 413(a).

(c) AMENDMENTS TO SECTION HEADINGS.—The headings of sections 406 and 411 of the Assets for Independence Act (42 U.S.C. 604 note) are amended by striking ''**DEMONSTRATION**''.

SEC. 307. APPLICABILITY.

(a) IN GENERAL.—The amendments made by this title shall apply to funds provided before, on or after the date of the enactment of this Act.

(b) PRIOR AMENDMENTS.—The amendments made by title VI of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2001 (as enacted into law by Public Law 106–554) shall apply to funds provided before, on or after the date of the enactment of such Act.

The SPEAKER pro tempore. Pursuant to House Resolution 196, the gentleman from New York (Mr. RANGEL) and the gentleman from California (Mr. THOMAS) each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have an opportunity here to review a very important piece of legislation. As relates to the tax portion of this bill, I do not think anybody would believe that allowing a taxpayer to deduct $25 cap or $50 for a couple is enough incentive, or that incentive is necessary. But this is politics as usual, and so we are prepared not to fight that. But the least we should do is to pay for these things. $13 billion, in the majority's point of view, is not a lot of money. After all, they have just passed a $1.3 trillion tax cut. But it would seem to me, Mr. Speaker, that if we are going to have a budget and we are going to try to stay within the four corners of that budget, the least we could do is to try to pay for those things.

Mr. Speaker, I yield 15 minutes to the gentleman from Michigan (Mr. CONYERS), the ranking member of the Committee on the Judiciary, and I ask unanimous consent that he be allowed to further allocate the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the gentleman from Washington (Mr. MCDERMOTT), and I ask unanimous consent that he be allowed to further allocate the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. THOMAS. Mr. Speaker, I yield 15 minutes of my time to the gentleman

from Wisconsin (Mr. SENSENBRENNER), and I ask unanimous consent that he be permitted to control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I find it rather interesting that during the debate on H.R. 7, that there were statements made about the tax portion of the bill, especially in terms of title I, almost rising to the level of derision on the amount of money that was provided to individuals who did not itemize their tax deductions. One gentleman called it nonsense in terms of what, on a bipartisan basis, we are doing in changing the Tax Code.

I do not know about you, but I have had some enjoyment watching, over these recent evenings, the programs on dinosaurs, ''When Dinosaurs Roamed America,'' on the Discovery Channel. Frankly, some of the facts that have been mentioned on the program are staggering. For example, in referring to the sauropods which were the largest dinosaurs to roam America and they were herbivores, to give some understanding, I guess, of the size of these beasts, it was indicated that, on a daily average, they left about 2,000 pounds of fecal material.

I just pondered that fact, because in listening to my Democratic colleagues stand up and deride the tax portion of H.R. 7, I am fascinated to find that in their offering of their substitute, when they had a clean sheet of paper and, of course, if they deride the amount of money provided to nonitemizers, they certainly could have picked any number they thought was appropriate. If they thought those provisions to corporations were inadequate, they certainly could have picked any structure they wanted, and they are saying they are going to pay for their proposal, and, therefore, they had any amount of money that they chose to pay for any program they thought was appropriate for charitable giving.

Do you know what that clean, white sheet of paper turned into? It turned into word for word, sentence for sentence, paragraph for paragraph the charitable giving portion of H.R. 7. Yes, my friends. The substitute's tax portion is absolutely identical, notwithstanding all of their criticism of the majority's bill.

And so when I think back at that 2,000 pounds, I just wonder what Democratosaurus can produce. We have seen the first major installment.

For them to stand up and ridicule the charitable tax provisions in the bill and then turn right around and word for word incorporate them in the substitute certainly is a really big pile.

Mr. Speaker, I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Speaker, I yield myself a couple of minutes here.

The distinguished chairman of the Committee on Ways and Means certainly is an erudite speaker and I appreciate his great erudition on these matters.

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However, the gentleman knows that since he runs the House, he sets the rules. You would not let us have a clean amendment. You said, you have to do a substitute; and you have got to make it germane. You made it so tight, we did not have any way to do it but to use your stupid vehicle.

But we wanted to pay for it. If we could have added an amendment and simply paid for it, we would have done it, because we would have proven the hypocrisy of what has gone on on the other side.

You are offering this amendment, and you have broken the budget; and you are into Social Security, and you will not pay for this.

That is what the people need to understand. We are willing to pay for what we do. It will turn out in this vote that you are not. You are simply doing a PR exercise.

Everybody on the other side already has their press release ready: ''Today we gave a charitable choice to every American. They can participate.'' It is an empty sack.

Mr. Speaker, I yield 1¼ minutes to the gentleman from Indiana (Mr. ROEMER).

(Mr. ROEMER asked and was given permission to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, as a person that strongly believes that our religious and faith-based organizations have an important and vital role in potentially helping us solve problems, particularly for the poor, I rise in opposition to the underlying bill.

Thomas Jefferson wrote: ''Politics, like religion, hold up the torches of martyrdom to the reformers of error.''

The reformers of error in this instance are the authors of this bill, and they are so for two reasons: we have a very important separation, a wall, a separation of church and State in this country; and, instead of breaking it down, they are tunneling under it.

On page 45 of their bill, instead of having money go directly to these institutions, we can use vouchers or certificates or other forms of reimbursement. We have rejected vouchers to our public schools; we should reject vouchers to our houses of private worship.

Finally, Mr. Speaker, on the tax cut: I voted for a tax cut, a $1.3 trillion tax cut. This one is $13.3 billion. We just had $40 billion evaporate from the surplus in one month. We should not vote for more tax cuts in this body until we know what that surplus is going to be like.

So on constitutional grounds and fiscally responsible grounds, we should reject this underlying bill and support the substitute.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let us revisit the comments made by the gentleman from Washington, that he was required to utilize exactly the same tax provisions.

Now, that is simply factually false. He could have changed the dollar amount to 50, 100, 250, 1,000. For him to wring his hands and say he was required to follow exactly to the word the majority's tax provisions is to simply say that the Demosaurus pile grows and grows.

Mr. Speaker, it is my privilege to yield 1 minute to the gentlewoman from Pennsylvania (Ms. HART).

Ms. HART. Mr. Speaker, I rise in opposition to the substitute and in support of the bill as it stands. The Community Solutions Act is just that. The Community Solutions Act is designed to aid organizations that aid communities.

This is not a jobs bill. I repeat, this is not a jobs bill. This is designed to give more resources to the organizations who know their communities, the organizations who are driven by faith and charity to help people in communities who need help. It is not designed to create a bunch of new jobs. In fact, hopefully, the only people who will take any jobs that may be created by this bill are those who are motivated by charity. These jobs will not pay lots of money.

The goal here is to help people. The goal here is to allow those who have been helping people for years to get a few more resources from the Government to do an even better job than they do now.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, America is the greatest country on the face of the Earth, and in part it is because of the inspiration that our Founding Fathers had in the drafting of the Constitution and the promulgation of the first 10 amendments: ''We hold these truths to be self-evident.''

The gentlewoman says this is not a jobs bill, and she is correct. This is a bill about doing what our faiths tell us to do: lifting people up, reaching out to them, helping them. My party believes in that. I think the other party does as well.

I was a Jaycee. The Jaycee creed starts with these lines, that faith in God gives meaning and purpose to life.

I am a Baptist. There are many faiths represented in this body. I am also from Maryland. In April of 1649, Maryland passed an act on religion, now known as the Act on Toleration. It was one of the first statutes in these colonies that said we were going to make sure that the State did not infringe upon religion. Why? Because the Calvert family was Catholic, and the majority of the colony was Protestant, and they wanted to make sure that the Government did not infringe upon the right to practice their religion, which

is, of course, why they came to these colonies.

This is a fundamental issue. That is why this substitute is so good, because among those principles that we hold dear in America and the reason we are so great is because we do not believe in discrimination, knowing full well that some practice it, but that discrimination is not one of those truths that we hold self-evident.

In the fifties and sixties and throughout our history, men and women have died for that principle. Let us have the courage to vote for that principle. Vote for this substitute and vote against the underlying bill.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Indiana (Mr. SOUDER).

(Mr. SOUDER asked and was given permission to revise and extend his remarks.)

Mr. SOUDER. Mr. Speaker, first I want to praise the chairman of the Committee on Ways and Means for his ability to work his contributions within the budget context. We would have all preferred to go to $500, but he has taken a stair-step method that enables people who do not take large tax deductions to take the small increments that many small churches were asking us to do.

It is appalling that Members have stood on this floor and mocked those who do not have large resources, but who would like to contribute to their local resources. I praise the gentleman for his effort.

But I think it is also important to make clear today that in fact we are not looking just to protect religious liberty in this bill; but the way it has been debated on this floor, it would repeal religious liberty that has stood for many years.

For example, if we make religious liberty subject to State and local laws, contractual provisions that prohibit a religious organization from maintaining its internal autonomy, which is not true currently, could be used to require religious health services to distribute condoms. If we repeal the religious liberty amendment and make it subservient to State and local laws, it is a slippery slope for other issues such as Medicaid, where it could require Catholic hospitals to perform abortions. This has huge ramifications in our society, if you make religious liberty subject to State and local laws.

Religious liberty. We are in a very difficult area. It is a very uncomfortable area to debate, whether people of faith who have had centuries of positions on difficult issues like homosexuality, or other churches that may or may not, for example, have male nuns or female priests, whether they have to, in order to participate in any government program, lose their religious liberty.

It will have a chilling effect not only on what could be done, but we are looking at reach-back provisions here if we start to apply this standard on what we are already doing in the AIDS area, where many churches have reached out over the years and have never been told before that suddenly they have to change their internal structure of their church to be eligible for government money. We are heading down a very slippery slope if we repeal religious liberty in America.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL).

(Mr. PASCRELL asked and was given permission to revise and extend his remarks.)

Mr. PASCRELL. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, on page 40 of H.R. 7 is the very crux of why we believe that this is a particularly pernicious, pernicious, amendment. A young lady comes walking along, and suppose her purse falls and something pops out of the purse. Lo and behold, it is birth control pills. Under this piece of legislation, if that particular religion does not accept forms of prevention, that woman could be fired on the spot because they do not accept it. You tell me where it is she is protected in this legislation?

In the early days of the Bush administration, the Office of Faith-Based Initiatives was created with the great idea that religious community-based organizations are the best source of social services.

I support the Rangel-Conyers-Frank-Nadler-Scott substitute. I was the mayor of Paterson before I came to the Congress, a city whose residents rely on exactly the social programs this legislation is designated to help. Believe me, my city counted on these social services, nonprofit organizations, many of them religiously affiliated, to supplement the city, State and Federal programs that already exist.

But as a former mayor, as a former State legislator, I have grave reservations about the number of provisions in the Community Solutions Act which would supersede State and local civil rights laws and, in essence, allow religious institutions to discriminate, despite receiving Federal dollars.

The Rangel substitute corrects every inequity and every discriminatory possibility. It recognizes the unique contributions of religious organizations to the community. Unlike the base bill, this amendment not only creates a new program, but it also pays for the program.

Mr. THOMAS. Mr. Speaker, it is my privilege to yield 2 minutes to the gentleman from Texas (Mr. DELAY), the majority whip of the House of Representatives.

Mr. DELAY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I come to this debate today in a very solemn mood, but a very excited mood at the same time, it is kind of a conflicting emotion, because this is the beginning of a debate that we have been looking for for a long, long time; in fact, my entire adult life. This is the beginning of a very real debate in this country over two very distinctly different world views.

For 40 to 50 years, we have had the world view, as exemplified by the opposition all day long today, a world view that has been going on for 40 or 50 years, and that world view basically is man can build Utopia, and what can undermine that building of Utopia is bringing God into the mix. So they have spent 40 to 50 years getting God out of our institutions, and they have fought very long and been very successful at it.

Yet now we have a President that comes along and says, no, faith is important; what you believe is important. What you believe is what you are, and we need to bring it back in, because the world view that says we are going to build Utopia by building huge government to do everything for you, faith does not have to enter into it.

Do you know what the result of that is? Look at what has happened over the last 40 or 50 years to the culture, the fabric of the culture of this country. I do not have time to list it here, but we all know what I am talking about. The culture, very fabric has been ripped apart, the culture of this country.

Now we want to bring it back in, and part of rebuilding that culture is faith, faith in something bigger than yourself, and that, to many of us, is God; and we want to bring God back into it. But they want to continue to discriminate against those that want to bring in faith-based institutions, that have proven to be successful.

□ 1400

Right in my own district, Chuck Colson's Prison Fellowship took over an entire prison on faith. Do we know what the recidivism rate of that prison is? Mr. Speaker, it is 3 percent. Because we know that changing the heart and mind and soul of men through faith is how they are changed.

That is what we are talking about here. It is more fundamental than the petty arguments that we have heard here today. This is vitally important, the future of our country and the rebuilding of our culture. We must pass this bill without amendment. Vote for the bill and against the substitute.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, 40 or 50 years, I would tell the gentleman from Texas (Mr. DELAY), indeed, 200 years and plus, because some of us think that just maybe our Founding Fathers, Mr. Jefferson and Mr. Madison and all those that played a role in our Bill of Rights, may have known just slightly more than the greats of today such as the gentleman from Texas (Mr. DELAY), Mr. Gingrich, the gentleman from Texas (Mr. ARMEY), and the gentleman from Illinois (Mr. HASTERT). Perhaps they understood the role, the

important and vital role that religion would play in our society, and they would also recognize that we do not need government interfering with it. We do not need government funding it.

Indeed, that is why hundreds of religious leaders, who are doing innovative work—enriching and changing lives across this country, have opposed this bill. Because they are doing their good deeds, they are living their faith and their religion, and they do not even need the gentleman from Texas (Mr. DELAY) and the gentleman from Illinois (Mr. HASTERT) to come in and pass a bill to let them do it.

Today is a referendum on discrimination. We will have a vote today on which the Members of this House will have an opportunity to say whether they want to spend Federal tax dollars to encourage discrimination in employment or not. And the second matter, the ultimate faith-based initiative today is on the issue of fiscal responsibility.

Mr. Speaker, these Republicans are draining the Medicare Trust Fund as quickly as they can turn the spigot. And when they get through emptying it, they are moving next to the Social Security Trust Fund. That is why rather than remaining true to recent Republican pledges to ''lockbox'' Medicare, The Director of the Office of Management and Budget calls the Medicare Trust Fund ''a fiction,'' Indeed, the real fiction is the claim that Republicans can provide tax breaks like this and maintain any sense of fiscal responsibility.

If we think that the gentleman from California (Mr. THOMAS) can keep coming in here, week after week, with one special interest tax break after another, today for those that helped in getting out the Republican vote last year in certain parts of the religious community, and next week with the breaks for the oil, gas industry nuclear and coal industries, if we think that he can provide all of those tax breaks and not pay for or provide offsets for a single one of them without invading the Medicare Trust Fund and the Social Security Trust Fund, Mr. Speaker, if we think he can accomplish that, we are really investing the ultimate faith-based initiative.

Mr. THOMAS. And the Democrats' sorrow pile grows and grows.

Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, not every human need and social problem requires a government program. There are many charitable, nongovernmental, nonprofit, humanitarian and faith-based programs that work, that are very effective. President Bush has recognized the power of faith-based organizations, and he has challenged America to harness this power. He points to groups like Teen Challenge that operate in Pennsylvania for over 40 years. It has an 86 percent success rate in drug and alcohol rehab, and they track their graduates for 7 years after they graduate. The government programs we fund have a 6 to 10 percent success rate. Clearly, there is a difference.

President Johnson waged a war on poverty. We have declared a war on drugs. We have not won those wars. That is because the real problems of this country are not money problems, they are problems of the spirit. Government cannot create a work ethic or make people moral or make people love one another or pray, renew communities. Government cannot address the basic problems which are problems of the spirit, and these faith-based programs can. Let them have a place at the table with their conscience.

Mr. MCDERMOTT. Mr. Speaker, I yield 10 seconds to the articulate gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Speaker, there is a flaw in several of the things we have heard. The bill specifically says we cannot have a religious and theological content in the program. Those who say that the importance is to use religion to improve people's lives have not read the bill.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SCHIFF).

Mr. SCHIFF. Mr. Speaker, religious institutions have always played a vital role in serving the needs of society's most vulnerable members, our children, the poor, the disabled, the dispirited, not out of a motivation for public funding but driven by the beneficent dictates of their faith. That work goes on. It must go on. I applaud the administration for the desire to further this goal.

But this bill is not the way. Providing Federal funding directly or indirectly through a massive multi-billion dollar voucher program, practically without restriction, for religious or nonreligious activities related to the delivery of social service runs squarely into conflict with our Constitution.

Why does that matter? Perhaps the Founding Fathers got it wrong. Because there should be no separation of church and State. Perhaps the Founding Fathers were simply antagonistic to religion. No, they were not. The right of free exercise of religion and against the establishment of religion protected in our Bill of Rights are intertwined rights. They are inseparable. Allow the establishment of religion, and we do away with the free exercise of religion. Allow the excessive entanglement of church and State as represented in this bill, and we do not serve church or State.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. STEARNS).

(Mr. STEARNS asked and was given permission to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, I think all of us should reflect a little bit and realize that four bills were signed by President Clinton that had charitable choice in them and they passed overwhelmingly. I suspect that a lot of people that are debating this voted for those bills, because they passed 345 to whatever was left.

Proponents of the idea to substitute their own bill always talk about our bill violates the first amendment, and this is a very relevant question. It demands some serious consideration. Those who support the idea that they want to put in another bill because ours violates the first amendment do so because they believe in the first amendment, but we all do. The Constitution provides, ''Congress shall make no law respecting the establishment of religion or prohibiting the free exercise thereof.''

But this charge is twofold. The first amendment provides that the government cannot establish one religion or a religion over a nonreligion. But it also, I say to my colleagues, provides that the government shall not prohibit the free exercise of religion.

This is a very important point and the purpose of our bill. With some constitutional concerns in mind, we must make certain to allow members of organizations seeking to take part in government programs designed to meet basic human needs and ensure that capable and qualified organizations not be discriminated against on the basis of their religious views.

So charitable choice makes clear that existing Federal law providing for the Federal provision of social services should not be read to exclude. One cannot exclude faith-based organizations solely on the basis of their beliefs.

So I would conclude, Mr. Speaker, to point out that what we are trying to do is exercise freedom of religion, and that is what charitable choice does.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

This amendment was put out here for a very simple purpose. The Republicans have been acting like they had a $500 bank account and they were going to write ten $100 checks; and that is what the Committee on Ways and Means Chairman led by the Committee on Ways and Means Republicans has done, over and over again.

We received a letter from the gentleman from Iowa (Mr. NUSSLE) on July 11 that said that the surplus remaining was $12 billion. Now, the President has yet to submit a defense request to us. The lowest estimate anybody has heard is that he wants $10 billion. So if we just imagine taking 12 and subtracting 10, we now have $2 billion left in surplus, and so then we are almost into Social Security and Medicare. Okay?

Now, we also have stuff coming out of the CBO and the Committee on Joint Taxation telling us that the economy has slowed down and the revenue estimates are going down. A very conservative estimate of how far down they have gone is $20 billion. Now, remember, we have that $2 billion left, we subtract another 20, we are $18 billion into the surplus in Medicare.

Mr. Speaker, I do not know how many times I have heard people come out and say, we are going to put a lockbox on these funds. By God, we are going to put a lockbox on this, on Social Security, and lock up all that Medicare.

Right here, before we pass this foolish bill, we are already $18 billion into the Medicare money. Now we have another $13 billion here. So now we are up to $31 billion, and next week we are all going to get a chance to come out here and pass a bill about energy cuts. I have forgotten what that one is. I think it is $33 billion. And we know that $500 checking account that we wrote $1,000 worth of checks on, we are going to write about $5,000 worth of checks by the time we are done. We are bankrupt, unless we go into Social Security and Medicare.

Now, we can do all the dancing we want out here and talk all about the issue of the first amendment. I mean, people are acting like somehow we cannot fund social services done by faith-based groups. As I said earlier, that is nonsense. Catholic charities, Jewish Charities, Lutheran World Service, on the list goes, the Salvation Army, the whole works, they all have tremendous amounts of Federal money, and they follow rules. And that section of this bill that wants to take away the rules or start bending the rules is going to wind up with people facing indictments. We are going to have ministers who think they can come down here to the government, get a bag full of money and go home and do whatever they want with it, and they are going to wind up being indicted.

Now, we had one of our colleagues, some of my colleagues may remember, runs a great, large church, and he spent a lot of money defending himself against the charge that he was spending Federal money in a religious way. He ultimately won, but we are going to see that this is not a free bag of money to just go and take for church leaders to take home and do whatever they want with. The Supreme Court, the district courts, the courts of appeal have been clear on this issue.

The gentleman from Texas acts like the country started when the Democrats were picking up the pieces after the Republican debacle of the 1920s. This country spent 200 years with a separation of church and State. It does not need this bill, and it is fiscally absolutely irresponsible.

Mr. THOMAS. Mr. Speaker, I yield myself 10 seconds. The Democrats' pile of sorrows grows and grows. The bank that the gentleman described existed only when the Democrats controlled the House of Representatives and ran a bank that did just exactly what the gentleman described.

Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. GREEN).

Mr. GREEN of Wisconsin. Mr. Speaker, I thank the gentleman for yielding me this time.

It is interesting that speaker after speaker today on both sides of the aisle has begun his or her remarks by citing some faith-based organization back in his or her own district that is doing such a wonderful job and then talking about how incredibly supportive they are of those organizations. Yet, with their substitute and with their attacks, the opposition would add burden after burden after burden on these very organizations. In fact, the last speaker would scare faith-based organizations to make sure that they do not take advantage of this law. Worse yet, some of them, some of them would like to remove the religious exemption that these organizations have enjoyed for years and which has been upheld by this body and the United States Supreme Court.

□ 1415

But remember this, the first amendment to the Constitution says that government shall not establish a religion, but it also requires us to honor religious liberty. We have done so for years. We have done so in the years since charitable choice. Some here today would delete that exemption.

Mr. Speaker, maybe we should have that debate on the floor of this House, but that is not the debate today. This is not about scaring faith-based organizations, this is not about putting burdens on them, this is about turning them from rivals in the minds of too many people to partners.

America is hurting. America has needs. America has challenges. Neighborhood after neighborhood has challenges. There are organizations in these neighborhoods ready and willing to make a difference. We should stand by their sides. We should extend a helping hand. If we do this, we can win the war on poverty. We can change America for the good.

I ask my friends to oppose this substitute amendment, support this bill, and let us get it to the President's desk.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I thank the gentleman for yielding time to me.

I want to say to my good friends on the left, gee, whiz, they must have trouble sleeping. Since 1996, this basically has been the law, that charitable institutions, faith-based institutions, can participate in welfare distribution, welfare services.

Now all we are doing is saying two things, that we want to expand that eligibility to say that faith-based institutions who are delivering social services, like job training, like drug addiction, like feeding the hungry, that they can participate in grants.

I know Members are very, very proud of the great job that the government has been doing since the War on Poverty. We have only spent billions and billions of dollars, and the poverty level has not decreased.

What we are saying is, let us think outside the box. Let us expand it. Let us let faith-based institutions get in there.

The second part, which is very important, is let people have a charitable contribution deduction on their taxes to encourage more giving to charity. We think this is important.

I know that the left, and I want to say the Washington left, because I want to say to my Democrat friends back home, all the Democrats back home support this. The traditional liberals back home think this is a good idea. I would be very careful before I listen to my Washington friends.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield the remainder of my time to the gentleman from South Dakota (Mr. THUNE).

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from South Dakota (Mr. THUNE) is recognized for 15 seconds.

(Mr. THUNE asked and was given permission to revise and extend his remarks.)

Mr. THUNE. Mr. Speaker, as we close this debate, I would like to say that I had the opportunity last April to travel around my home State of South Dakota and visit a few of the hardworking local charities that would benefit from this legislation.

I am continually amazed by the kind hearts of the neighborhood saints who work and volunteer at these organizations day in and day out. These folks serve the poor, the weak, and the victimized.

We need to support this legislation, because these organizations can make a difference in people's lives. We need to defeat the Democrat substitute and pass H.R. 7.

Mr. MCDERMOTT. Mr. Speaker, I ask unanimous consent that the gentleman from New York (Mr. NADLER) be allowed to manage the 15 minutes allocated to the Committee on the Judiciary.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. NADLER. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, it is unfortunate that we have been forced by the Republican leadership to consider many of the principle problems with this bill in one substitute amendment. It would have been better to have an open debate on separate amendments, but that might have been proven embarrassing.

Therefore, we have this substitute, which does several things. It prohibits employment discrimination and preemption of State and local civil rights laws with Federal funds, it provides offsets for the costs of the bill, it deletes the sweeping new provisions permitting agencies to convert more than $47 billion in government programs into private vouchers without congressional review, and it protects participants from religious coercion.

If Members do not believe in employment discrimination and if they support the civil rights laws of their community, they should vote for the substitute. If Members are concerned about the administration having unfettered discretion to turn billions of dollars of social services into vouchers without any congressional review, they should vote for the substitute.

If Members think that the charitable deductions established in this bill should be paid for by a slightly lower tax cut to the very wealthy, rather than by raiding the Social Security and Medicare trust funds, they should vote for the substitute.

If Members are fiscal conservatives and think tax cuts must be paid for, they should vote for the substitute.

If Members believe that the most vulnerable members of our society should be free from religious coercion when they seek help, then they should vote for the substitute.

Some Members may want the substitute to do something more or may wish the substitute did not do something that it does. But if Members are concerned that this bill is flawed and want to make their concerns known, they should remember that their choice is between the substitute and the bill. If Members do not vote for the substitute, they should not delude themselves into believing the concerns will be addressed down the road.

If the Republican leadership of the House thinks they can muscle this flawed legislation through the House, they will not pause to repair the terrible flaws later.

Members should vote for the substitute if they have any of these concerns. I urge my colleagues to do so.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong opposition to the substitute. It not only removes key provisions of the bill, but it denies religious organizations civil rights protections they currently enjoy.

Make no mistake about it, the substitute is a radical retrenchment of current law which flies in the face of a unanimous Supreme Court which upheld religious organizations' exemption from title VII, even when they perform social services that contain no religious worship, instruction, or proselytization.

One of the most important charitable choice principles is the guarantee of institutional autonomy that allows faith-based organizations to select staff on a religious basis. H.R. 7 preserves this guarantee and is supported by no less a civil rights leader than Rosa Parks. She has said that H.R. 7 is an important response to urban America in its reduction of discriminatory barriers currently suffered by many grass roots churches who are unable to access funding for educational and social welfare programs.

Now, if churches are allowed to compete for Federal social service funds, they must be able to remain as churches while doing so, and being able to hire those of the same faith is absolutely essential to being a church.

Even former Vice President Al Gore during his campaign, and in a speech to the Salvation Army, said that, ''Faith-based organizations can provide jobs and job-training, counseling and mentoring, food and basic medical care. They can do so with public funds, and without having to alter the religious character that is so often the key to their effectiveness.''

Again, the only way a church can retain its religious character is if it can hire staff with those who share the same faith.

In addition, the small churches of America will often be providing the social services covered by H.R. 7 with the same staff they currently have. That staff likely shares the same religious faith.

The substitute would make it impossible, impossible for these small churches to contribute to Federal efforts against desperation and hopelessness, and it is precisely these small churches that H.R. 7 intends to welcome into that effort.

Section 702 of the Civil Rights Act of 1964 has for decades exempted private nonprofit religious organizations engaged in both religious and secular nonprofit activities from title VII's prohibition on discrimination in employment based upon religion. The Supreme Court, including Justices Brennan and Marshall, upheld this exemption in the Amos case:

''Section 702(a) is not waived or forfeited when a religious organization receives Federal funding. No provision of section 702 states that its exemption of nonprofit religious organizations from title VII's prohibition on discrimination in employment is forfeited when a faith-based organizations receives a Federal grant,'' but the substitute would do just that, and change current law.

The portion of the substitute that says that no Federal funds can go to an organization that engages in sectarian instruction, worship, or proselytization at the same time and place as a government program is fatally unclear. Does it mean that no sectarian activities can occur anywhere in a church when only the church basement is being used to run a life-skills class under a covered Federal program? If two rooms in the church are being used to shelter a battered spouse, does the rest of the church have to cease all religious functions?

The substitute contains language that may say yes to those questions. Inner-city churches in low-income neighborhoods simply cannot afford to set up duplicate facilities to run these social service programs. The substitute punishes small churches, particularly those in poor neighborhoods that cannot and should not have to set up two different buildings to take part in Federal social service programs.

Regarding the indirect funding language of the bill, the Supreme Court approved indirect funding as a way to much reduce church-state separation as far back as 1983 in Mueller v. Allen and in Witters v. The Washington Department of Social Services to the Blind in 1986.

Subsection 1 in H.R. 7 is about more than vouchers, which is just one type of indirect funding mechanism. It is not necessary that a beneficiary actually be handed a piece of paper called a voucher and carry it to the point of service.

According to the Supreme Court, indirect funding is where a beneficiary has genuine choice of social service providers; where the exercise of that choice determines which provider ultimately receives the funding, because the beneficiary decides where the funding goes and not the government.

The Supreme Court has said that the government's responsibility stops with the beneficiary. Therefore, whether the funds end up in a secular or religious group is a matter of private choice, and the establishment clause does not regulate private choices.

The minority party complains of hazards of church-state separation with H.R. 7. When the majority proposes subsection 1, which would alleviate all these first amendment concerns of entanglement, and threats to the autonomy of the faith-based organizations, they object to the perfect solution to their complaints.

The minority also acts like indirect funding is a new and untested idea. We have been living with the child care development block grant act since late 1990. With this act, the Federal Government has been funding services provided by churches via indirect aid, which provide over 40 percent of the indigent day care in this country.

It has resulted in no problems. Indeed, none of the radical separationist organizations have dared to even file a lawsuit to challenge this act.

It is not just day care that can be funded by indirect aid. Alcohol and drug rehabilitation centers can also work in this manner. The State and local government determines who meets the qualifications for these services, and counselors work with qualified individuals to look over the centers available in his or her community. The individual makes a choice, and a call is made affecting a referral. The beneficiary goes to the rehab center and is enrolled. Then the center notifies the State, and checks are sent each month that the services are rendered to that beneficiary.

Subsection 1 is also narrowly drafted. A cabinet level Secretary does not have carte blanche. No program can be shifted to indirect aid without three requirements being met: one, it must be consistent with the purpose of the program; two, it must be feasible; and

three, it must be efficient. This discretion can be challenged under the administrative procedure act.

For all these reasons, I urge my colleagues to oppose the substitute.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself 15 seconds to correct the misstatement of fact by the distinguished chairman who stated that churches can discriminate. They can, but not with Federal funds. This bill would allow them to discriminate with Federal funds. The motion to substitute would say they cannot.

Mr. Speaker, I will later include for the RECORD the letter from Rosa Parks saying she does not support discrimination with Federal funds.

ROSA & RAYMOND PARKS
INSTITUTE FOR SELF DEVELOPMENT,
Detroit, MI, June 26, 2001.

Hon. JOHN CONYERS, Jr.,
Ranking Member, House Judiciary Committee, Rayburn House Office Building, Washington, DC.

DEAR JOHN: As you know, I support legislative efforts to enhance the ability of religious and other faith-based groups to receive government funding in order to respond to community problems.

I believe that helping grassroots churches access this funding can be fully consistent with our civil rights laws and the First Amendment This is why I want to express my support for amendments you plan to offer when the House Judiciary Committee considers H.R. 7 which would insure that government funds provided to religious organizations are not used to keep churches or other non-profits from working together for the betterment of us all. We do not want to change the 1964 Civil Rights Bill that we fought so hard to achieve.

Churches already know that they cannot use food or other services they may provide as an excuse to force people to accept their religious views, while using government funds. I am certainly in support of making sure that does not happen.

John, we have both spent our entire lives fighting against discrimination and in favor of the protections set forth in our Bill of Rights. The last thing we would want to do is permit H.R. 7 to be used to narrow the civil rights laws or to intrude on the First Amendment. It is my hope that adoption of these amendments will help broaden the bipartisan support for the bill and allow the measure to be quickly passed into law so that churches can increase their role in fighting poverty and other urban ills.

God bless you and your good work.

Peace and Prosperity,

ROSA PARKS.

Mr. NADLER. Mr. Speaker, I yield 1 minute to the gentleman from Missouri (Mr. GEPHARDT), the distinguished minority leader.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, I rise to speak in favor of this substitute. I believe it is a superior bill to deal with this very important problem.

I am saddened to stand before the Members in opposition to the language of the bill that is on the floor. In my view, this bill represents a missed opportunity to extend the good works of faith-based organizations.

I am a strong supporter of not-for-profit and faith-based organizations. I believe they provide tremendous help to people all over this country. They feed the hungry. They put roofs over people's heads. They tend to the most underprivileged in our society, the poorest members of our communities. They are vital to every community in America, and as forces for good in our society, they are simply irreplaceable.

But I do not believe that we should accept the premise of the legislation before us. I believe in the Golden Rule: ''Do unto others as you would have them do unto you.'' I do not think that we should expand government support for institutions at the expense of fundamental civil rights and antidiscrimination protections for all Americans.

Millions of people, African Americans, Hispanic Americans, women, gays and lesbians, the disabled, people of all different faiths, enjoy more opportunity and equality because of the these laws.

□ 1430

These are living, breathing parts of the American democracy, making a tremendous difference in people's everyday lives.

I believe the President's faith-based initiative rolls back these protections; protections which ironically our leading reverends and Rabbis and religious luminaries have fought for and won; protections which further the fundamental humanist principles of equality, individual liberty, and freedom.

The consequences of this bill, unintended or not, are that it will be easier for these important institutions to ignore fundamental State, local, and Federal antidiscrimination laws. Just last week, The Washington Post reported that the Bush administration had reached some kind of an agreement with the Salvation Army. In exchange for political support, the White House would consider exemption for the Salvation Army from local and State laws protecting gay Americans from discrimination. This was a sad development, and it indicates the kinds of problems this law creates for potentially millions of Americans in every corner of our society.

I am also concerned that the bill has a tax incentive that is not paid for, and a very small incentive that will have little or no effect on charitable giving. We continue to worry about going into Medicare and Social Security Trust Funds in this budget, and we should not pass new tax breaks without finding offsets so we do not invade these critical programs.

Finally, I think this bill violates the fundamental church-State separation that is still a fundamental principle of our democracy. This bill will invite government regulation of religious institutions; and through a little known loophole, it will invite government scrutiny of the allocation of government-wide vouchers, which will blur the line separating church from State, weakening our Bill of Rights.

In short, I do not think this bill is what the American people want, and I do not believe this is what the House of Representatives wants for our country. Americans enjoy the wonderful protections afforded by the Bill of Rights, the Civil Rights Act of 1964, and the countless critical civil rights laws at State and local level. They have made more freedom and more equality everyday reality in people's lives. I urge Members to vote for this substitute so that we can support faith-based institutions in ways that will not harm the people of this great democracy but will uphold the role of faith in our great and diverse Nation.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. KIRK).

Mr. KIRK. Mr. Speaker, I would like to engage the author of the bill in a colloquy.

Many H.R. 7 supporters have questioned why this issue is suddenly being discussed, since the most recent version of the charitable choice signed into law last year included the following provision: ''Nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or any regulation that relates to discrimination in employment.'' Is that not correct?

Mr. WATTS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. KIRK. I yield to the gentleman from Oklahoma.

Mr. WATTS of Oklahoma. Mr. Speaker, yes, that is an accurate characterization.

Mr. KIRK. H.R. 7, as currently written, does not include similar language prohibiting the preemption of State and local laws; is that not correct?

Mr. WATTS of Oklahoma. If the gentleman will continue to yield, yes, that is correct.

Mr. KIRK. If a State law prohibits discrimination based on a particular characteristic, and in a religious organization would ordinarily, based on State law, be required to comply with that law, would H.R. 7 change that situation in any way?

Mr. GREEN of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. KIRK. I yield to the gentleman from Wisconsin.

Mr. GREEN of Wisconsin. Mr. Speaker, yes, H.R. 7 would change this situation, in a particular instance. If a religious organization were to use funds where the State funds have been commingled with Federal funds, it could assert its right under subsection (d) and (e) of H.R. 7 against the enforcement of State or local procurement provisions that limited the religious organization's ability to staff on a religious basis.

Mr. KIRK. Mr. Speaker, reclaiming my time, I thank the gentleman from Wisconsin for that clarification.

Several constitutional lawyers have informed me that H.R. 7 would indeed change the existing situation. This is precisely where we seem to most disagree on the direction our policy

move in. I would hope that the gentleman from Oklahoma (Mr. WATTS) would commit to working with those of us who are concerned about this issue to craft language which would ensure that these organizations comply with State and local civil rights laws which exist in communities across the Nation.

The gentleman from California (Mr. DREIER) and several representatives of the leadership have expressed their desire to clarify this issue in conference.

Mr. WATTS of Oklahoma. If the gentleman will further yield, as sponsors of the bill, the gentleman from Ohio (Mr. HALL) and I are willing to make the commitment that we will more clearly address this issue in conference and with the gentleman as the process moves along.

Mr. KIRK. Mr. Speaker, I thank the gentleman.

Mr. NADLER. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Speaker, to be honest, on days like today, I am just saddened to be a part of this body. We bring bills like this to the floor and we scream at each other; and the truth of the matter is that there are wonderful, good people on both sides of this issue.

There are people, black and white, Republicans and Democrats, and I could use all of my time, who have spent their entire lives fighting against discrimination. Some of them are supporting this bill; some of them are opposing this bill. The ones who are supporting it, I believe, are supporting it because they believe that the benefits outweigh the detriment, and those who oppose it believe that the detriment outweighs the benefit. I happen to be in that latter category.

I have spent my entire life fighting against discrimination in every form, racial, religious, gender, sexual orientation, without exception; and I will not vote for a bill that sanctions discrimination in religion. And that is what this bill does.

Now, some of us can say that it is worth the price to do that, and I will respect a colleague who says that. But I will not respect anybody who gets up and denies that the bill does not do that. Even the gentleman from Oklahoma (Mr. WATTS) acknowledged that right now he is going to work on it in conference.

The time to work on the bill is here, now, in the committee, in the House. And if it does not measure up, we should vote it down and support the Democratic substitute.

Mr. SENSENBRENNER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. HASTERT), the distinguished Speaker of the House.

Mr. HASTERT. Mr. Speaker, I rise in support of the President's faith-based initiative and urge all of my colleagues to vote for it.

This is a bipartisan bill. I worked last year with President Clinton to do the urban renewal on a bipartisan basis. This idea is not new. When the urban renewal bill was moved last year, I think it almost had unanimous consent on both sides of the aisle.

Why, and why is this important? As we walked through this situation, and I kind of led the antidrug effort, at least on this side of the aisle for a couple of years before I got another job, we found that when we walked into drug treatment organizations that were usually government-run, we had recidivism rates of 95, 96, and 97 percent. When we walked into faith-based organizations to see what their results were, we had recidivism rates as low as 24 and 25 percent. It works.

When people care about people and offer their time and their faith and their hard work and their commitment and devotion to change people's lives, it works. Not only does it have the net result of changing people's lives, allowing people to live a better life, allowing their children and their grandchildren to live a better life, it is also one of the things that, as we look around here, is a little cost effective. If we have recidivism rates of 95, 96, and 97 percent and then turn around and have an answer where recidivism rates are a third of that or less than that, then that is a good idea. It is something we ought to look at.

I believe we need to put the protections in. We need to have the safeguards, and we are trying to do that. I think the good faith of the sponsor says he will do that.

This is a good idea. It is not a new idea. It is part of President Clinton's urban renewal that we did just last year. It is something that works, something that is eminently good common sense. So let us move forward with this. Let us pass it. Let us get it into the Senate. Let us work through the process. Let us lead. Let us do what is right for America.

I commend the sponsor and those who support it, and I appreciate the gentleman from the other side of the aisle, the gentleman from Ohio (Mr. HALL), who has worked on this as well. I have walked a lot of districts, both Republican and Democrat districts. I walked with the gentleman from Illinois (Mr. DAVIS) and the gentleman from Illinois (Mr. RUSH) in Chicago, and have talked to people who have been able to change people's lives. Let us give them a chance to do a better job.

Mr. NADLER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Speaker, there is virtual unanimity here on the goal the Speaker stated. We simply do not believe that to get the benefit of these decent well-motivated individuals who run the faith-based institutions that we have to give them the right to discriminate.

Now, we were told, well, there is probably a concession that there are parts of this bill that would allow too much discrimination, but they will be fixed in conference. It is funny, when I heard this was the faith-based bill, I thought they were talking about faith in God, not faith in the Senate. I think there is a lot less of that over here than of the other.

This bill clearly authorizes the preemption of State and local civil rights laws. What it says is with Federal money, doing purely secular activities, albeit motivated by faith, they can violate State and local laws. And if the money is commingled, if there is State money and local money, and they try to condition that money on their policies, the Federal money wipes that out. It also allows religious discrimination.

It seems to me to disserve the faith-based communities. It insults them to say that they can only go forward if they are allowed to violate otherwise applicable State law and discriminate on these grounds.

And let me address one absolute inaccuracy. The suggestion that we have heard, that the substitute and then the subsequent recommit, somehow will enact the National Gay Rights Bill, that is absolutely and completely and totally false. All this says is that where there are existing State, State antidiscrimination laws, and an organization would otherwise be covered by them, they are still covered. Federal money does not become the universal solvent. If an organization is in a State and they get Federal highway money, that does not exempt them from State laws. If they get Federal housing money, it does not exempt them from State laws.

Do my colleagues really think so little, those on the other side, of churches and faith-based institutions, and synagogues and mosques, as to think they will not do this faith-based charity unless they are given a special right to violate State laws and discriminate against people? I think we are the ones who truly show faith in them.

□ 1445

Mr. SENSENBRENNER. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio (Mr. HALL).

Mr. HALL of Ohio. Mr. Speaker, I have heard a lot of interesting stories today. Some of the speakers, I think, have pointed out worst-case scenarios. These scenarios have never actually come about. They have never happened. We have voted on this four times in the Congress, and these worst-case scenarios have never happened.

This is about the little guy. It is about the man or woman that is helping the least and the lost of our society. It is about the small organization with a few employees, maybe two, three or four employees. It might be one person, the same person dishing out cereal in the morning. He is also the person that is leading the Bible class in the afternoon. He probably has got a jobs program late in the afternoon. At night, he is turning off the

lights; and probably just before that, he swept the floor.

That is what it is about. This is not about a group of people that works 40 hours a week. It is about people that nobody ever heard of. Nobody ever knows them. They never see their name in the paper. They do not work 40 hours a week. They work 50, 60, 70 hours. They work because they love, and they work because of their faith.

Finally, I wanted say that we need to be careful. I especially say this to my Democratic colleagues: We dismiss and we discourage people of faith in this country with our words and our actions sometimes; and we almost, to a point, put out a sign that says you are not welcome in our party.

Vote against this substitute. Vote for this bill.

Mr. NADLER. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I certainly do not want to discourage people of faith. I want to encourage them. But that is not what this debate is about.

In fact, I am more confused now than I was before after listening to the colloquy between the sponsor of the bill and the gentleman from Indiana (Mr. HASTERT). We are going to work on this in conference. We are going to work on States' right. I thought we did that some 200 years ago. Whatever happened to States' rights?

It seems that devolution, that fundamental principle of the Reagan revolution is no longer operative.

I look at my friends on the other side of the aisle. The Contract with America which spoke so clearly about local control seems to have been discarded. Well, it is clear to me that States' rights in this Chamber are no longer in vogue today or with this administration, at least on this particular issue.

Remember, last week we learned that the Salvation Army had lobbied the White House for a regulation exempting them from State and local laws to protect employees from discrimination based on sexual orientation. Then there was an uproar, and that effort was quickly abandoned.

Well, they will not need a regulation if this bill becomes law today as it is presently drafted because religious organizations will be able to evade State and local laws simply by receiving a Federal grant. They will be free to deny a job to qualified workers. We must not let this happen.

Support the substitute. Defend States' rights and defeat the underlying bill.

Mr. NADLER. Mr. Speaker, I yield 2½ minutes to the gentleman from New York (Mr. WEINER).

Mr. WEINER. Mr. Speaker, I agree with the sponsors and advocates of this bill. As we look around our communities, it is undeniable the best homeless facilities, drug treatment, even job training courses are not city and State run. They are run by churches and synagogues.

The supporters of this bill are right. We ought not rule out a compassionate program simply because it is motivated by a calling from God. I do not support those who believe that this bill is the handiwork of the radical right. This is the product of a very real desire to replicate the great works that are quietly and effectively working all throughout this Nation.

The gentleman from Ohio (Mr. HALL), the gentleman from Oklahoma (Mr. WATTS) and the gentleman from Wisconsin (Mr. SENSENBRENNER) are decent and caring individuals who seek to do what is best.

I will vote yes on this bill if we can make a much improved bill and perfect it further.

First, let us restate what is the agreed-upon purpose of bill. Today, we vote to fund secular services in a nonreligious environment, no preaching, no proselytizing. It is right there in the bill. The bill, to its credit, makes that very clear. There is no reason to want to discriminate in hiring of a typing teacher or an after school art teacher. None of us would support such discrimination in these purely nonreligious environments.

We should guarantee that this discrimination does not take place.

To be clear, I strongly support Title 7 language of the Civil Rights Act of 1964. There is no reason to extend this protection to the programs we consider today.

Secondly, I ask the sponsors, why should the passage of this effort drag down local and State human rights and anti-discrimination laws?

It is ironic that many of the excellent and active religious organizations who support this bill were at the forefront of the laws that are being passed in the States and cities to protect the most vulnerable.

As a former city councilman, I share the chagrin so often expressed by my conservative colleagues about the way we frequently trample on carefully considered local laws. There is no good reason to do that in this bill.

When my colleagues advocate for the bill, I hear no good explanation for that preemption.

Finally, as I said, I do not agree with the theorists that this bill is a subterfuge for a sinister agenda. Some have called me naive in that.

Now after the bill was considered carefully and thoughtfully in two committees of this House, a new section was added which dramatically changes the way we administer virtually every social service program, every housing program, every anti-crime program by permitting a voucher-driven reorganization.

Mr. Speaker, this broad administrative change that impacts $47 billion of grant programs has no place in this bill.

Fortunately, I can and will vote for the Faith Based Initiative Bill today. I will be voting for the Rangel Conyers substitute which irons out the last of the wrinkles in this bill.

It ensures the best of the desires of this house—increased Federal funding for local religious based programs. And it makes it clear what we already know—there will be no discrimination in hiring.

It preserves state and local human rights laws. And it leaves the voucher debate for another day. Modest improvements that—if made—can make this a bill that unifies this body around the principles that unify this Nation.

Mr. NADLER. Mr. Speaker, I yield 1 minute to the gentleman from Washington (Mr. INSLEE).

Mr. INSLEE. Mr. Speaker, I commend all those on both sides of the aisle who are trying to figure out a way to assist faith-based organizations. But I think, given the nature of the debate, we need to pay due to the devil, and the devil truly is in the details on this important subject.

Mr. Speaker, the unfortunate detail that I learned is that in the underlying bill it allows, it condones, it sanctions an employer to use tax-based money to hang out a sign saying we would like a drug therapist counselor, but no Jews need apply. That is wrong. It breaks faith with what Thomas Jefferson was so instrumental in giving to the world, which is tolerance for religious freedom. The separation of church and State is not because faith is only of small importance, it is because it is of great importance.

Vote for the substitute which helps faith-based organizations but keeps faith with the idea of religious freedom.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from New York (Mr. NADLER) has 2¼ minutes remaining, and the gentleman from Wisconsin (Mr. SENSENBRENNER) has 3 minutes remaining. The gentleman from Wisconsin has one final speaker to close.

Mr. NADLER. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, a few moments ago when the Speaker of the House said this bill is not a new idea, the gentleman was absolutely correct. The idea of having tax dollars subsidize our churches and houses of worship was debated 200 years ago by our Founding Fathers. In answering that question, they felt so strongly about it that they not only put it into law, they embedded it into the first 16 words of the Bill of Rights, the proposition that religion in America is best served when we keep the hand of government regulation out of our houses of worship.

When supporters of the bill today say we voted on funding of subsidizing religious discrimination in the past and we voted to directly fund churches in the past, they fail to point out that most of those debates were at 1:00 a.m. or 12:30 a.m. on the floor of the House with only two or three Members here on a 20-minute debate. I know because I have one of those three Members.

Mr. Speaker, this bill was wrong at 1:00 a.m. in the morning, and it is

wrong today. Direct funding of our churches was wrong 200 years ago, as evidenced by our Founding Fathers' writing of the Bill of Rights; and it is wrong today.

Mr. NADLER. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON).

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, as Chair of the Congressional Black Caucus, I want to share with my colleagues that we have a unanimous vote to vote against this bill and to support the substitute. It should not be a surprise why. We all are victims of discrimination. We do not want to roll back the clock. We are recipients of faith-based leadership throughout our history. We are not afraid of faith-based organizations. We support them. We work with them.

All of the ministers who were brought here were snookered to think that they were getting something, until they found this clause in the bill.

Mr. Speaker, they unanimously decided that it was not worth rolling back the clock and codifying discrimination again in the year 2001. I would ask all of the Members to please support the substitute and vote down the main bill.

Mr. NADLER. Mr. Speaker, I yield 1¼ minutes to myself.

Mr. Speaker, churches have a role to play in the provision of social services, but Members should vote for the substitute to make sure that this bill does not establish employment discrimination with public funds, with preemption of State and local civil rights law, to make sure the bill provides offsets for the cost of the bill, to make sure that we protect participants from leadership coercion, and that we do not voucherize $47 billion worth of programs without congressional review.

Mr. SENSENBRENNER. Mr. Speaker, I yield the balance of my time to the gentleman from Oklahoma (Mr. WATTS).

Mr. WATTS of Oklahoma. Mr. Speaker, I thank the gentleman from Wisconsin (Mr. SENSENBRENNER), the chairman of the Committee on the Judiciary, and the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, for their efforts in getting this bill to the floor of the House today.

Mr. Speaker, let me clarify some things that have been said. We do not spend one dime of Social Security or Medicare money to pay for this bill. Nothing in this bill changes any of the civil rights laws. I, too, have been a beneficiary of civil rights law. We do not add or take away from the 1964 Civil Rights Act.

Mr. Speaker, we do not violate the artificial argument of church and State, because this bill is not about church or State. It is about people in the trenches every day having more resources to feed the hungry, to clothe the naked, to house the homeless, to help the drug and alcohol addicted.

This is not about funding faith. It is about people. It is about their hopes, their dreams, their ideas, their ambitions and, most importantly, their goodness. We do not fund churches, mosques, synagogues. We fund their compelling faith to assist those in need. This bill is about standing with people all over America who cannot afford to contribute to any of our campaigns. They cannot give money to some political party or political action committees. They just have a compelling love and a compelling faith to assist those people in their communities that need help.

□ 1500

We should work with them, not against those people in our legislative efforts.

It is fascinating to me the arguments that I have heard, and I too know of many black ministers who have fought for civil rights. Many of the black ministers who came here in April to the faith-based summit, they knew exactly what they were getting into. Just yesterday we got an endorsement letter from the Southern Christian Leadership Conference, an organization made up of many black ministers from around the country who stood in the civil rights effort. Rosa Parks, Catholic bishops, people from all walks of life, the Jewish community, all have supported this bill.

As the gentleman from North Carolina said, there are many people on both sides of this debate, both sides of the aisle, who are good people, who see the world differently, who say that we should allow all people that want to help, give them opportunities just to compete for the dollars. There is no preference. There is no set-aside. We just say faith-based organizations should have an opportunity to compete on a level playing field. Give them the opportunity to do what they do best. They do not get their names in the paper. They do not work a half a day. Yes, they work a half a day. They work the first 12 hours and somebody else works the other 12. They do not get their names in the paper, they do not get a lot of attention, they just love the people who have the same ZIP Code that they have in trying to meet their needs.

Vote ''no'' on the substitute. Vote ''yes'' on H.R. 7.

Mr. DAVIS of Illinois. Mr. Speaker, I rise in support of the Democratic Substitute for the Community Solutions Act as there are thousands of communities and millions of people in our country who have serious problems and are in need of real solutions.

I rise in support of this legislation, not because I believe that it is Panacea, I don't believe in one-stop cure-alls for the overwhelming magnitude of social, emotional, spiritual and economic ills which plague our society and are in need of every rational, logical, and proven approach that we can muster.

And yes, Mr. Speaker, I support this legislation because I have faith, faith in the ability of religious institutions to provide human services without proselytizing. I have faith in these institutions to organize themselves into corporate business entities to develop programs, to keep records, and to manage their affairs in compliance with legal requirements. I also have confidence in the ability of these institutions to magnify the Golden Rule, ''Do unto others as you would have them do unto you.''

I have listened intently to the issues raised by my colleagues who are concerned about legislation and I commend them for their diligence. I appreciate their concerns about charitable choice, ranging from discrimination to infringement on individual liberties.

However, charitable choice is already a part of three Federal social programs: One, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; two, the Community Services Block Grant Act of 1998, and is part of the 2000 Reauthorization of funding for the Substance Abuse and Mental Health Services Administration.

Each of these programs possess the overarching goal of helping those in poverty, or treating those suffering from chemical dependency, and the programs seem to achieve their purposes by providing resources in the most effective and efficient manner. The opponents of this legislation have expressed concern about the possible erosion of rights and protections of program participants and beneficiaries. (And rightly so, nothing could be more important). Therefore, I am pleased that the crafters of this legislation (the Democratic Substitute) have taken note and forthrightly addressed these concerns.

We must be aware of the fact that many people in poverty, suffer from some form of drug dependency. Alcohol, narcotics, and in some instances, even legalized prescription or over-the-counter-drugs.

Many of these individuals have been beaten down, have virtually given up, and have lost the will to overcome their difficulties.

It is in these instances and situations, Mr. Speaker, that I believe the Community Solutions Act can and will help the most.

It reminds us, Mr. Speaker, that poverty, deprivation and the inability to cope with anxiety, frustration, hopelessness is still rampart in our society. Take for example, if you will an ex-offender, unable to get a job, illiterate, semi-illiterate, disavowed by the ambiguities and contradictions of a sometimes cold, misunderstanding, uncaring or unwilling-to-help society, creates the need for something different; new theories, old theories reinforced, new approaches, new treatment modalities.

A preacher friend of mine was fond of saying that new occasions call for new truths, new situations make ancient remedies uncouth.

Well, I can tell you Mr. Speaker, the drug problem in this country is so overwhelming, so difficult to deal with, so pervasive . . . the Mental health challenges require so much, the abused, neglected and abandoned problems require psychiatrists, counselors, psychologists, well developed pharmaceuticals and all of the social health, physical health and professional treatment that we can muster, but I also believe that we could use a little Balm of Gilead to have and hold, I do believe that we could use a little Balm of Gilead to help heal our sin, sick souls.

After reading much of the material and listening to the debate, I am convinced that the activities covered and being promoted by this legislation are too broad to leave under the exemption of section 702 of the 1964 Civil

Rights Act which allows religious institutions to make employment decisions outside the protection of section 703 dealing with race, color, religion, or national origin; and then in 1972, the Equal Employment Opportunity Act of 1974, which broadened the scope of section 702 and permitted religious institutions to make religion-based employment decisions in all their activities, rather than just religious ones.

While the Republican bill correctly addresses race, color, and national origin, it is regrettably silent on the question of sexual orientation; thereby leaving a loophole which I find totally unacceptable.

Mr. Speaker, I am told that the cost of drug abuse to society is estimated at $16 billion annually, in less time than it takes to debate this bill, another 14 infants will be born into poverty in America, another 10 will be born without health insurance, and one more child will be neglected or abused. In fact, the number of persons in our country below the poverty level in 1999 was 32.3 million.

This legislation recognizes the fact that we must commandeer and enlist every weapon in our arsenal to fight the war against poverty, crime, mental illness, drug use, and abuse as well as all of the maladies that are associated with these debilitating conditions.

The Democratic substitute for H.R. 7, the Community Solutions Act of 2001, can lend a helping hand.

Mr. Speaker, I rest my case and yield back the balance of my time.

Mr. CONYERS. Mr. Speaker, when I was first elected to this body, if someone had told me that in the first year of he 21th century, the U.S. Congress would be on the verge of passing a bill making it lawful to discriminate with taxpayer funds, I wouldn't have believed them. I would have told them that too many had fought too long for us to backtrack in the battle against bigotry. Yet that is exactly what this bill does, and that is exactly what we are trying to undo with this Democratic substitute.

I am astonished the Bush Administration would fight so strenuously to extend the right to discriminate in employment on account of religion. If government funds truly will not be used in a non-sectarian manner—as the Administration claims—why in the world would we want to permit discrimination on the basis of religion? I've been asking this question for the last month, and have yet to receive any semblance of an adequate response.

Every Member in this body knows that cooking soup for the poor can be done equally well by persons of all religious beliefs. But the Administration has bent over so far backwards to make sure we do not discriminate against religious organizations, that somehow they forgot about protecting the actual people—the citizens—against discrimination.

This bill is so extreme it sanctions employment discrimination based on so-called ''tenets and teachings.'' This means a religious organization could use taxpayer funds to discriminate against gays and lesbians, against divorced persons, against unmarried pregnant women, against women who have had an abortion, and against persons involved in an interracial marriage.

If you can believe it, the bill gets even worse. The legislation not only sets aside federal civil rights laws, it goes as far as to eliminate state and local civil rights laws. That means if the voters of a state or city had decided as a matter of public policy that organizations utilizing taxpayer funds should not be permitted to discriminate, that law would be set aside under H.R. 7. This turns the principle of federalism completely on its head.

We shouldn't be surprised that the civil rights community is so strongly opposed to the bill. Just last week, Julian Bond, the Chairman of the NAACP, declared H.R. 7 will ''erase sixty years of civil rights protections.'' The NAACP Legal Defense Fund has written that charitable choice is ''wholly inconsistent with longstanding principle that federal moneys should not be used to discriminate in any form.'' The Leadership Conference on Civil Rights has stated in no uncertain terms that charitable choice will ''erode the fundamental principle of non-discrimination.''

If our President really wanted to bring us together, he wouldn't push this legislation which so strongly divides this body and our nation. He would work with us on a true bipartisan basis to expend the role of religion in a manner that protects civil rights. We can begin this effort by voting yes on the Democratic substitute.

Mrs. MEEK of Florida. Mr. Speaker, I rise in opposition to H.R. 7, the so-called ''Community Solutions Act'', and in support of the Rangel-Conyers substitute. I recognize and commend our country's religious organizations for the critical role that they play in meeting America's social welfare needs. We need to support their efforts and encourage them to do even more, but not at the expense of our civil rights laws or our Constitution.

I cannot support legislation that allow religious organizations to discriminate in employment on the basis of religion, that preempts state and local laws against discrimination, or that breaks down the historic separation between Church and State. Nor can I support the massive expansion of the use of vouchers contained in H.R. 7, an expansion that would allow the Administration to convert $47 billion in social service programs into vouchers and allow the recipients of such vouchers to discriminate against beneficiaries of such programs on account of their religion.

We should never support such a subterfuge that would allow religious organizations indirectly to achieve what they could not do directly, that is, to use funds for sectarian instruction, worship, or proselytizing. We can never accept a return to the days where we see ads that read: No Catholics or no Jews need apply. We simply cannot allow it.

The Rangel-Conyers substitute is the right approach to involving faith-based organizations in federal programs. The substitute provides that religious organizations receiving federal funds for social programs could not discriminate in employment on the basis of an employee's religion; prohibits any provision in the bill from superseding state or civil rights laws; prohibits religious organizations who provide federally funded programs from engaging in sectarian activities at the same time and place as the government funded program; and strikes the provision in the bill relating to governmental provision of indirect funds.

While many of the advocates of H.R. 7 are very well-intended, this legislation is a good example of the devil dressed as an angel of light. H.R. 7 includes provisions that sharply attack one of the oldest civil rights principles—that the federal government will not fund discriminate by others. The bill would allow religious groups that receive federal funds to discriminate in their hiring practices—not just for workers that they hire to help carry out religious activities funded by private contributions, but for workers hired to perform secular work with government funding.

We're not talking here about a provision to insure that a church does not have to hire a Jewish person to be a priest or a Catholic to be a rabbi. We're talking about a provision that would allow a religious organization not to hire a janitor because of that person's religious beliefs. This is an outrage!

For decades, there has been an effective relationship between government and religiously affiliated institutions for the provision of community-based social services. These organizations, such as Catholic Charities, Lutheran Services, United Jewish Communities and numerous others, separate religious activities from their social services offerings, follow all civil rights laws, follow all state and local rules and standards and do not discriminate in staffing. There is no reason to remove these effective safeguards.

Mr. Speaker, let's keep our eye on the ball and focus on the real problem. What we really need is legislation to authorize additional dollars for social service programs and then fund these programs properly, not the Bush Administration's cuts in juvenile delinquency programs, in job training, in public housing, in child care, and in Temporary Assistance to Needy Families (TANF).

Mr. Speaker, we can and must do better than H.R. 7. Let's preserve our historic commitment not to allow religious organizations to discriminate in employment on the basis of religion and preserve our Constitution's religious protections. Support the Rangel-Conyers substitute. I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 196, the previous question is ordered on the bill, as amended, and on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. RANGEL).

The question is on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. NADLER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 168, nays 261, not voting 4, as follows:

[Roll No. 252]

YEAS—168

Abercrombie	Boswell	Cummings
Ackerman	Boucher	Davis (FL)
Allen	Boyd	Davis (IL)
Andrews	Brady (PA)	DeFazio
Baca	Brown (FL)	Delahunt
Baird	Brown (OH)	DeLauro
Baldacci	Capps	Deutsch
Baldwin	Capuano	Dicks
Barcia	Cardin	Dingell
Barrett	Carson (IN)	Dooley
Becerra	Carson (OK)	Doyle
Berkley	Clay	Edwards
Berman	Clayton	Eshoo
Bishop	Clyburn	Etheridge
Blagojevich	Condit	Evans
Blumenauer	Conyers	Farr
Bonior	Coyne	Fattah
Borski	Crowley	Filner

Ford
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matheson
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Moran (VA)
Nadler
Napolitano
Neal
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schakowsky
Scott
Serrano
Sherman
Slaughter
Smith (WA)
Solis
Spratt
Stark
Stupak
Tanner
Thompson (MS)
Thurman
Tierney
Towns
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—261

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bentsen
Bereuter
Berry
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Clement
Coble
Collins
Combest
Cooksey
Costello
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (CA)
Davis, Jo Ann
Davis, Tom
Deal
DeGette
DeLay
DeMint
Diaz-Balart
Doggett
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hinojosa
Hobson
Hoeffel
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Israel
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lucas (KY)
Lucas (OK)
Manzullo
McCrery
McDermott
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Osborne
Ose
Otter
Oxley
Paul
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sanchez
Sandlin
Saxton
Scarborough
Schaffer
Schiff
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Souder
Stearns
Stenholm
Strickland
Stump
Sununu
Sweeney
Tancredo
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Turner
Upton
Vitter
Walden
Walsh
Wamp
Waters
Watkins (OK)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—4

Engel
Matsui
McKinney
Spence

□ 1530

Ms. GRANGER, Mrs. NORTHUP, Mrs. KELLY, Mr. BARTLETT of Maryland, Mr. HERGER and Mr. OBERSTAR changed their vote from ''yea'' to ''nay.''

Ms. RIVERS and Mr. HOLDEN changed their vote from ''nay'' to ''yea.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 1530

The SPEAKER pro tempore (Mr. LAHOOD). The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. CONYERS

Mr. CONYERS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CONYERS. Yes, Mr. Speaker, I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONYERS moves to recommit the bill H.R. 7 to the Committee on the Judiciary with instructions to report the same back to the House forthwith with the following amendments:

In title II, in the matter proposed to be inserted in the Revised Statutes of the United States as a section 1991—

(1) in subsection (e), strike the period after ''effect'' and insert '', except that no religious organization receiving funds through a grant or cooperative agreement for programs described in subsection (c)(4) shall, in expending such funds allocated under such program, discriminate in employment on the basis of an employee's religion, religious belief, or a refusal to hold a religious belief.''; and

(2) insert after subsection (h) the following:

''(i) LOCAL CIVIL RIGHTS LAWS.—Notwithstanding anything to the contrary herein, nothing in this section shall preempt or supersede State or local civil rights laws.

Redesignate succeeding subsections accordingly.

Mr. CONYERS (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Michigan (Mr. CONYERS) for 5 minutes in support of his motion.

Mr. CONYERS. Mr. Speaker, I say to my colleagues, we have had a very instructive discourse here today and quite revealing, I believe. As a result, this motion to recommit would simply safeguard the Federal, State and local civil rights laws as they presently exist.

Mr. Speaker, bigotry and discrimination have been, unfortunately, our Nation's greatest curse for more than 210 years, and we should never, ever knowingly adopt legislation which would in any way worsen the problem, as the measure before us clearly does. So to my friends on the Republican side who urge that we might have created a more narrow motion, I say to them just this: It is just as wrong for the bill to set aside State and local civil rights laws as it is for the bill to set aside Federal civil rights laws.

We need to fix both problems, and we need to fix them now and not in conference or some day later. So let us all of us stop trying to divide our Nation by religion, by race, by ethnicity, by sexual orientation. Let us pass a motion that I think most of us can agree on so we can increase the role of religion without trampling on our precious civil rights.

Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. NADLER), the ranking member of the subcommittee.

Mr. NADLER. Mr. Speaker, there has been a lot of confusion on this point, but the basic question on the facts are simple: Under current law, a church may discriminate on religious or other grounds using its own funds. Under this bill, a church can discriminate on religious grounds, on other grounds, on sexual grounds using its own funds and using government taxpayer funds. And if there are any local or State civil rights laws that say it cannot, this bill says, never mind, we supersede the State or local civil rights laws.

This motion to recommit is very simple. It says that with government funds, with taxpayer funds, one may not discriminate and one may not contravene Federal, State or local civil rights laws with government funds. With church funds, the law would be unchanged. One can still do that, but one cannot discriminate, one cannot say no blacks, no women, no Jews, no Catholics, whatever, with government taxpayer funds, period.

I hope everybody will vote for, one would assume, this elementary, anti-discrimination civil rights recommit motion.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, no American citizen should ever have to pass someone else's religious test to qualify for a federally funded job. No American, not one, should ever have to be fired from a federally funded job solely because of his or her religious faith. It is ironic that a bill that was designed supposedly to stop discrimination against religion ends up authorizing, and then subsidizing, religious discrimination.

Mr. Speaker, unless this motion to recommit is passed, a group associated with Bob Jones University could receive our Federal tax dollars and put out a sign that says, ''No Catholics need apply here for a federally funded job.'' That is wrong.

Say no to discrimination and yes to this motion to recommit.

Mr. CONYERS. Mr. Speaker, I yield the remainder of the time to the gentleman from Virginia (Mr. SCOTT), a member of the Committee on the Judiciary.

Mr. SCOTT. Mr. Speaker, as we listen to all of the programs that could be funded under this bill, remember that anything that can be funded under this bill can be funded today if the sponsor will abide by the civil rights laws. On June 25, 1941, President Roosevelt signed an Executive Order number 8802 which prohibited defense contractors from discriminating in employment based on race, color, creed or national origin. Civil rights laws of the 1960s put those protections into law. The vote was not unanimous, but the bills passed.

Since then, few have questioned whether or not sponsors of Federal programs could consider a person's religious beliefs or religious practices when they were hiring someone for a job paid for with Federal money. But here we are considering a bill with no new money, a bill which provides eligibility for funding only to those programs who are eligible for funding now, if one would comply with civil rights laws. That is not a barrier to funding.

Mr. Speaker, we do not need new ways to discriminate. Let us maintain our civil rights by passing the motion to recommit.

Mr. SENSENBRENNER. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER) for 5 minutes.

Mr. SENSENBRENNER. Mr. Speaker, make no mistake about it. This motion to recommit is more than a new preemption clause. It denies religious organizations, including churches, their current exemption from Title VII when they seek to take part in Federal programs to help others. It is not the motion to recommit we have been reading about. It is the motion to recommit we have been hearing about, plus an atomic bomb for faith-based organizations.

I repeat. This motion to recommit contains more than a preemption clause. It trumps the considered judgment of the Congress that passed the Civil Rights Act of 1964 and which soundly decided, along with the Supreme Court, that churches must be allowed to hire members of their own faith in order to remain churches under Federal law. I ask my colleagues to remember that when they vote.

Even Al Gore, during his campaign and in his speech to the Salvation Army, said that ''faith-based organizations can provide jobs and job training, counseling and mentoring, food and basic medical care. They can do so with public funds and without having to alter their religious character that is so often the key to their effectiveness.''

Again, the only way a church can retain its religious character is if it can staff itself with those who share the same faith.

In addition, the small churches of America will often be providing the social services covered under H.R. 7 with the same staff they currently have, and that staff likely shares the same religious faith. The substitute would make it impossible for these small churches to contribute to Federal efforts against desperation and helplessness, and it is precisely these small churches that H.R. 7 intends to welcome into a laudable effort.

Section 702 of the Civil Rights Act of 1964 has for decades exempted nonprofit, private, religious organizations engaged in both religious and secular nonprofit activities from Title VII's prohibition on discrimination in employment on the basis of religion. The Supreme Court, including Justices Brennan and Marshall, upheld this exemption in the Amos case.

Section 702 is not waived or forfeited when a religious organization receives Federal funding. No provision in section 702 states that its exemption of nonprofit, private, religious organizations from Title VII's prohibition on discrimination in employment is forfeited when a faith-based organization receives a Federal grant. But the substitute would do just that.

The motion to recommit would prevent Federal equal access rules from following Federal funds. Under this motion, States or localities could incorporate provisions into their procurement requirements that prohibit religious organizations from hiring on a religious basis when they take part in covered Federal programs. Such provisions thwart the very purpose of this legislation, which is to welcome the very smallest of organizations into the Federal fight against poverty.

I want to emphasize to everyone that the small churches of America will be providing the social services covered by H.R. 7 with the same staff they currently have, and that staff likely shares the same religious faith. State or local procurement requirements that deny them the right to retain the same staff will slam the door shut on their participation to the detriment of people in need everywhere.

Churches should be allowed to compete for Federal social service funds and remain churches while doing so. The only way a church can remain a church is to give them the right to staff itself with those that share their faith. Again, this is a bill that really puts the small churches in America in the midst of fighting poverty, helplessness and despair.

Mr. Speaker, I urge Members to vote down the motion to recommit. The only way we can expand the capacity of the Nation to meet the needs of the poor and afflicted is through H.R. 7. Only in this way can we help those with highly effective and efficient but small, faith-based organizations being in the mix.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I think all Members of Congress of welcome the opportunity to search for new options to solve historically entrenched problems in all communities in the United States. Under established law, the Supreme Court requires a secular purpose to sustain the validity of legislation, and the eradication of social ills certainly affects all Americans. However, as we consider the possibility of allowing faith-based groups to compete for federal funding to eradicate social ills, we should be careful to recognize our limited powers in this area.

Mr. Speaker, James Madison, the father of the First Amendment, clearly understood the potential harms involved with the commingling of church and state when he stated that he ''apprehended the meaning of the [Establishment Clause] to be, that Congress should not establish a religion, and enforce the legal observation of it by law, nor compel men to worship God in any manner contrary to their conscience.'' 1 Annals of Cong. 758 (Gales & Seaton's ed. 1834) (Aug 15, 1789).

Mr. Speaker, Madison was concerned that without the Establishment Clause, the Necessary and Proper Clause of the Constitution might have enabled the Congress to ''make laws of such a nature as might infringe the rights of conscience, and establish a national religion; to prevent these he assumed the amendment was intended . . .'' because he ''believed that the people feared one sect might obtain pre-eminence, or two combine together, and establish a religion to which they would compel others to perform.'' Id.

We are therefore left with an irony of historical proportions today as we discuss H.R. 7, the Community Solutions Act of 2001.'' For as we begin our discussion of H.R. 7, I find that the Leadership has sponsored legislation contrary to both the intention of the first Amendment and its development in Supreme Court precedent.

Mr. Speaker, the United States has gained a full understanding of the First Amendment, and particularly its prohibitions on congressional activity toward religion and religious institutions, through the development of precedent in case law. Over the years the courts have struck a delicate balance between the competing tendencies of the Establishment Clause and the Free Exercise Clause.

Likewise, Mr. Speaker, this body has been diligent in its observance of the First Amendment's constitutional prohibitions on religion. With few exceptions, this body has diligently followed the directive established for the Court by Chief Justice Burger in *Walz* v. *Tax Commission of City of New York,* 397 U.S. 664 (1970):

The general principle deducible from the First Amendment and all that has been said by the Court is this: that we will not tolerate either governmentally established religion or governmental interefence with religion. Short of those expressly proscribed governmental acts there is room for play in the joints productive of a benevolent neutrality which will permit religious exercise to exist without sponsorship or interfence.

Mr. Speaker, it is this spirit that animates my concerns about H.R. 7, and thus compels me to speak against its passage in this form. Specifically, this legislation does not ensure that the delicate balance between church and state will be retained if the bill is allowed to pass in this form, for despite statements to the contrary, the bill might not pass either the effects test or the entanglement test of Supreme Court jurisprudence.

This bill does not provide assurances that the use of federal funds will not result in excessive entanglement with government bureaucracy and accounting and reporting requirements. The Leadership proposal dedicates funds to help sectarian organizations with accounting and administrative activities. Won't this have the same effect on promoting religion as a ''symbolic union government and religion in one sectarian enterprise?'' *Grand Rapids School District* v. *Ball,* 473 U.S. 373, 397 (1985). The mechanisms of this bill place the imprimatur of the Congress on impermissibly mingling church and state. This is the wrong message to send to the citizens of this country, who have entrusted us with the care of the document that sustains our democracy, the Constitution.

Also, by allowing federal agencies to convert funds into vouchers for religious organizations, the bill would unilaterally convert over $47 billion in social service programs that could be used for sectarian purposes including proselytization. Court cases such as *Roemer* v. *Maryland Public Works,* 426 U.S. 736 (1976), permitted subsidies to private colleges with sectarian affiliations only because they were not pervasively sectarian.

This is not the case with the organizations that will benefit from this bill. This legislation will turn the Court right back to the controlling case, *Lemon* v. *Kurtzman,* 403 U.S. 602 (1971). ''Comprehensive, discriminating, and continuing state surveillance will inevitably be required to ensure these restrictions are obeyed and the First Amendment otherwise respected.'' Id. at 619. In plain language, this bill simply requires too much oversight in a manner the Supreme Court never intended.

Mr. Speaker, it is also important to note that by not extending the religious exemption in the Civil Rights Act to include activities carried out under this subsection, the Congress would establish the possibility that organizations could discriminate on the basis of religion using federal funds. My conscience as a legislator cannot allow me to support this legislation for this reason alone.

This bill will allow religious groups to discriminate. Even more, it will chill the fight for civil rights for all Americans on both the state and local level, where great gains have been made in ensuring quality for all. I cannot stand the irony that the religious institutions of America, which were so influential in the civil rights movement, will be allowed to erode the equal protection laws the citizens of this nation fought and died for.

Mr. Speaker, the Democratic substitute to this legislation avoids these pitfalls. The substitute legislation specifies that the civil rights exemption is not extended to allow groups receiving funds to discriminate in employment with taxpayer funds. It also provides that state and local civil rights laws are not superceded by the act.

The substitute bill also provides an offset to the tax code's top rate to balance the charitable contribution increase. The rate raises the top tax rate by 0.2%.

Under this proposal, no proselytization can occur at the same time and place as a government funded program. The substitute also deletes the private voucher provisions that would provide agencies with $47 billion in discretionary funds, and deletes changes in tort reform that absolve businesses of liability.

The Democratic substitute is a better bill, Mr. Speaker. It pays heed to the words of Justice Burger and the precedents of the Supreme Court. I urge all members to vote against this measure and for the Democratic substitute.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CONYERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on final passage.

The vote was taken by electronic device, and there were—ayes 195, noes 234, not voting 4, as follows:

[Roll No. 253]

AYES—195

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Crowley
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Foley
Ford
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Leach
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McNulty
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Shays
Sherman
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—234

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Coble
Collins
Combest
Cooksey
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Forbes
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley

Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Roukema
Royce
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Turner
Upton
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—4

Engel
McKinney
Meehan
Spence

□ 1601

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SENSENBRENNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 233, nays 198, not voting 3, as follows:

[Roll No. 254]

YEAS—233

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Clement
Coble
Collins
Combest
Condit
Cooksey
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley
Pence
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sununu
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—198

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clyburn
Conyers
Costello
Coyne
Crowley
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Frost
Gephardt
Gonzalez
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ross
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Sherman
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stump
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—3

Engel
McKinney
Spence

□ 1611

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of H.R. 7, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PERSONAL EXPLANATION

Mr. TIERNEY. Mr. Speaker, last evening, on rollcall vote No. 248, I want it to be in the RECORD that I was here and I did vote in favor of that bill. Unfortunately, there was a malfunction with the voting apparatus, apparently, and it did not record my vote.

CONFERENCE REPORT ON H.R. 2216, 2001 SUPPLEMENTAL APPROPRIATIONS ACT

Mr. YOUNG of Florida (during consideration of H.J. Res. 50) submitted the following conference report and statement on the bill (H.R. 2216) making supplemental appropriations for the fiscal year ending September 30, 2001, and for other purposes:

CONFERENCE REPORT (H. REPT. 107–148)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2216) ''making supplemental appropriations for the fiscal year ending September 30, 2001, and for other purposes'' having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2001, and for other purposes, namely:

TITLE I—NATIONAL SECURITY MATTERS

CHAPTER 1

DEPARTMENT OF JUSTICE

RADIATION EXPOSURE COMPENSATION

PAYMENT TO RADIATION EXPOSURE COMPENSATION TRUST FUND

For payment to the Radiation Exposure Compensation Trust Fund for approved claims, for fiscal year 2001, such sums as may be necessary.