

legislation which provides the vehicle for establishing integrated resource and environmental data on the natural and managed rivers as well as other North Coast watersheds and tributaries. The investigations and surveys we have underway are:

Northern California Streams.

The Humboldt Bay Baseline Survey.

The Russia River Basin Comprehensive Investigation.

The Eel River Streambank Erosion Demonstration Project.

Eel River Delta Alternatives to Levees.

The Eel River Comprehensive Basin Investigation.

The latter study and the Russian Comprehensive were unique in that it provided the Corps a new role in water resource planning and assistance. These basin resolutions direct the Corps to investigate all facets of the watershed, from forestry and fishing to water quality and flood control.

For the Eel Delta, we've authorized the Corps to evaluate and develop non-structural flood control alternatives such as flood proofing of buildings, possible relocation, dredging, channel stabilization and cattle evacuation plans. While it would not control a major flood such as in 1964, it could minimize damage and afford some protection and security from the lesser floods that occur.

In Lake County, there has also been a concentrated effort to deal with the water quality and supply problems at Clear Lake with nonstructural alternatives. In this endeavor, EDA, EPA, Bureau of Reclamation and the Corps have all been involved.

These ideas of a new and more flexible role for the Corps are being accepted. Recently, Lt. General John Morris, Chief of Engineers, in a speech to the Water Resources Congress, entitled "Where are We Headed" noted, "Water resources problems will continue to arise from population growth, economic expansion and unpredictable natural events will force more effective national water conservation measures supported by a proper blend of structural and non-structural solutions which are well engineered and developed. The key to resolving water resource problems is the formulation of clear, comprehensive national water policies which are in tune with today's public and national objectives." These changes in thinking by the Corps are indicative of the re-evaluations of National Water Policy currently taking place in the Congress and the Administration. One administration report advises the President to propose laws and adopt procedures that would require federal and state planners to consider much more carefully the building of huge government-financed water projects. This same report also recommends that states should be required to pay in advance 10% of the cost of the new water projects that they want built. Of course, Congress would have to assist and/or approve the establishment of any new water policy.

This Congress has approved our committee's new "clean water" program which authorizes comprehensive waste water management and includes my new innovative technology incentives amendments for communities that develop re-cycling, re-use and land treatment management alternatives.

The implications of all of this are far-reaching. For sure, it points to the need for building a cohesive political support group in the North Coast that will be able to articulate representative and clearly defined positions on the water related issues that affect you. I believe that your joint-powers agreement is the first step toward meeting that objective. Your program is a program of, by and for the areas of origin on the North Coast . . . you have perceived the potential for action by other interests in the

state and you are taking early-on action to make sure that our interests are protected. It is not a narrow, parochial, "them versus us" interest, but the legitimate interest in seeing that you have a say in what affects our communities . . . and the North Coast.

Your joint-powers agreement is properly predicated on the strong role that local government should and must play in determining public policy that you will establish and implement and I totally support the fundamental concepts of your agreement. The real challenge to all of us will come when we develop the specifics of our plan of action.

The Miami and Muskingum watershed conservancy programs in Ohio are excellent examples of what can be done by local units of government joining together to address common water resource related problems. These organizations were initially formed to control the tremendous floods that used to frequent the Miami and Muskingum Valleys in Ohio. Over the years, they have matured into multi-purpose water management organizations whose primary goal was flood control and the maintenance of water quality in their regions. They are actively involved in waste management, flow-augmentation, stream appearance, recreation facilities and other problems that affect water quality. I would strongly recommend that those who will be immediately involved in directing your joint-powers agreement look to the Miami and Muskingum programs as models of what can be done.

The Corps will cooperate with you in developing its studies and resource inventories. Last week in Washington I met with Colonel John Atsid, of the San Francisco District. We talked of this joint-powers agreement and he re-affirmed his commitment to provide support. He also indicated that Charlie Elmore, whom most of you know and who is here today, would be designated as the Corps' liaison person to work directly with you. I think the Corps is the best federal agency to provide coordination in this area because of its long-standing knowledge of our region and its water resources.

We also have in our own area tremendous talent and human resources that you can tap in developing your information base. I have discussed with the Presidents of Humboldt State, Sonoma State and the Community Colleges in the North Coast the idea of involving their forestry, fishery, remote sensing, environmental science and biology departments in your efforts. They have all expressed a ready willingness to participate.

Given such a broad-based support effort we can continue to work at the Federal level to provide a mechanism to consolidate the tremendous amount of information that would be forthcoming. Several ideas that I have in mind might be the construction of a hydrology model of our North Coast, similar to the San Francisco Bay Model that the Corps operates in Sausalito. Or a computer simulation model of the region, like the one used to monitor water quality in the Miami Conservancy Program.

Only after the establishment of such a data base and resource inventory will you be in a position to make the kinds of management and policy decisions that you envision in your joint-powers agreement.

So, in conclusion, let us restate our purposes and objectives.

As I stated in my 1971 speech advocating the Basin Watershed Conservancy concept, "The challenge to the North Coast is to strike a balance between conservation and development of our natural resources. The present and future economy of our area is tied directly to the way in which we meet this challenge."

I want to assure you that I fully support your actions to date and I believe we are in unison toward meeting this challenge.

The purposes of the Watershed Conservancy program is to provide information, direction and expertise necessary for the continued management, development, use and treatment of the surface and ground water of the Russian and Eel Basin so as to meet the water quality standards set by the State and approved by the federal government under our "Clean Water" program.

Simply put, our objectives are to say that the waters of the Russian and Eel Watersheds must be suitable for all uses at all places at all times.

Water quality is everybody's business.

Water management is our mutual responsibility.

Water is one of this nation's treasures. We cannot survive without it.

A nation is no more than the sum of its natural resources and its people and only when the people and their governments properly manage their natural resources can they or the nation survive.

Working together, we, on the North Coast of California, can demonstrate to our people the kind of enlightened leadership required to meet this challenge. The people we are privileged to represent have a right to expect the best from all of us. Give us at the state and federal level a vehicle to work with and maybe we can supply some of the fuel. But, you the elected representatives of the North Coast will be in the drivers seat.

In addition to the water management I've discussed, I look forward to working with you on transportation and economic development programs that will revitalize and diversify the economies of our area. ●

PENSION PLANS OF CHURCHES AND CHURCH-RELATED ORGANIZATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York, (Mr. CONABLE) is recognized for 10 minutes.

● Mr. CONABLE. Madam Speaker, I wish to discuss a bill, H.R. 12172, which I recently introduced to amend the Internal Revenue Code of 1954 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church and to make certain clarifying amendments to the definition of church plan. The major church denominations of this country all agree that they are seriously affected by the definition of church plan we provided in section 414(e) of the Internal Revenue Code.

For many years our church plans have been operating responsibly and providing retirement coverage and benefits for the clergymen and lay employees of the churches and their agencies. Some of the church plans are extremely old, dating back to the 1700's. The median age of church plans is at least 40 years. Churches are among the first organizations to found retirement plans in the United States.

In 1974, when we enacted the Employee Retirement Income Security Act of 1974, popularly called ERISA, we exempted church plans from the provisions of the act to avoid excessive Government entanglement with religion in violation of the first amendment to the Constitution. We provided that a church plan is a plan established and maintained for its employees by a church or by a convention

or association of churches which is exempt from tax under section 501. At the same time we provided that a church plan, if it were to continue to be identified as such, could not provide coverage to employees of church agencies not participating in the plan in 1974, nor could it provide coverage for employees of any agencies after 1982.

Mr. Speaker, I believe that our definition of church plan should be revised. It does not take into account the special needs of our churches, ministers, and lay persons, or the structural differences of our denominations.

Under the existing definition of church plan, the churches must by 1982 divide their plans into two parts, one covering employees of the church and one covering employees of church agencies. Present law fails to recognize that the church agencies are parts of the church in its work of disseminating religious instruction and caring for the sick, needy, and underprivileged. Estimates of the initial costs of the division of church plans that have been in existence for many years and of the additional continuing costs of maintaining two separate plans are so significant that reduced benefits may result.

Some of these additional costs must of necessity be shifted to the local churches and agencies. Churches and church agencies are often very small and operate marginally, being staffed by two or three persons who work at a personal sacrifice. Plan contributions for churches and agencies are generally dependent upon tithes and offerings. There is virtually no way to pass on higher plan costs to the consumer as businesses can. If forced by the 1982 deadline to establish a retirement plan separate from the denominational plan and to comply with the paperwork and other requirements of ERISA, many of the agencies might decide to abandon their retirement plans.

Mr. Speaker, the division of the church plans will also hurt the work of our churches. The churches consider their agencies as an extension of their mission. A significant number of ministers and lay employees move frequently from church to agency and back in pursuance of their careers. A church may ask a rabbi to serve in an agency where his services are most needed. The rabbi may then return to pulpit work. The present definition of church plan does not satisfy the unique need of our churches to cover continuously their employees in one plan. If ministers and lay persons cannot be continuously covered by one plan, gaps in coverage will result, and they will not be free to pursue their work for the denomination as they should.

Also, many ministers serve their faith outside of the denominational structure as chaplains in prisons, universities, hospitals, and elsewhere. In some cases the employment relationship is not easily discernible or does not exist. For example, evangelist ministers may have no employer. The present definition of church plan could be interpreted to exclude them from coverage either now or in 1982.

One of the most important binding influences within a religious denomination is the pension and welfare benefits program. The division of the church plans may lessen the unity of the church. Some churches fear that division of their plans will destroy the sense of oneness within the church and weaken the dedication of agency employees to the denomination.

Moreover, in a congregational denomination, if the plan covering the agencies is required to comply with ERISA, the denomination would not be able to require an agency either to join in the plan or to observe the requirements of ERISA. In the congregational type of denomination, the local churches and agencies are self-governing. Unlike corporate structures, no lines of authority exist from the denomination.

The existing definition of church plan has also created many technical problems. The large majority of church plans of the congregational denominations are administered by a pension board, a unit separate from, but controlled by, the denomination. It is not clear whether a plan administered by a pension board of a congregational church is a plan established and maintained for its employees by a church. A pension board is usually incorporated because the church does not want the funds set aside for retirement purposes to be subject to the general creditors of the church.

This structure raises a question whether a plan maintained by a pension board is maintained by a church. In the congregational denominations, ministers and lay employees are considered employees of the local churches and other units, rather than of the denomination. As mentioned, congregational churches have little control over local churches and agencies. Some differences in plan provisions, therefore, necessarily occur, and the question is also raised whether the plan is maintained by the church (denomination) for its employees or by a local church for its employees.

Under section 1 of the bill, effective as of January 1, 1974, a church plan may continue after 1982 to cover the employees of its church-associated organizations, both those participating in 1974 and those that begin participation after 1974. This recognizes the special nature of church agencies and of their special problems in complying with ERISA. It also recognizes the unique needs of ministers and denominational employees to move about within the denominational structure and still stay within the church plan.

The bill achieves this result by retaining the basic definition of church plan as a plan established and maintained for its employees by a church or by a convention or association of churches exempt from tax under section 501. The term "employee", however, is redefined to include: First, a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry; second, an employee of an organization which is exempt from tax and which is controlled by or associated with the church; and

third, certain former employees who participated in a church plan before separation from service. Under the bill an organization is "associated" with a church if it shares common religious bonds and convictions with that church.

For purposes of section 414(e), all such employees are deemed to be employed by the denomination. The combined effect of these provisions is to treat both hierarchical and congregational denominations in the same manner for purposes of the church plan definition. The bill, thus, accommodates the differences in beliefs, structures, and practices among our religious denominations.

By including ordained ministers within the definition of employee without requiring an employment relationship, the bill permits a church plan to continue to cover a minister who serves in the exercise of his ministry outside of the denominational structure. Thus, a minister serving as a prison chaplain or teaching religious studies in a university could receive coverage. An evangelist minister who has no employer would also be entitled to participate in the church plan.

The bill provides that a church plan will not have to remove from its rolls an employee who has left the denominational group but may retain his accrued benefit or account for the eventual payment of benefits under the plan. Some denominations continue to accept plan contributions for disabled employees and, temporarily, for employees who have separated from service.

A typical example would be a minister or lay employee who reaches a point in his career where he wants time to decide whether he will spend the rest of his life in the service of the denomination. During such a transitional period, the denomination may permit the individual to continue to be covered by the church plan for a time even though he has separated from service.

The bill would permit a church plan to continue to receive contributions for an individual who is a participant in a church plan at the time of his separation from service, but only for a period of 5 years. No such time limit is placed upon employees who are separated from service because of disability.

The bill also recognizes pension boards as acceptable funding media for church plans. A plan or program funded or administered through a pension board, whether a civil law corporation or otherwise, will be considered a church plan, provided the principal purpose or function of this organization is the administration or funding of a plan or program for the provision of retirement or welfare benefits for the employees of a church.

The organization must also be controlled by or associated with a church exempt from tax under section 501(a). It is intended that no church plan administered or funded by a pension board would be disqualified merely because it is separately incorporated or merely because of variations in plan provisions among the local employers.

The bill also corrects a very harsh position taken by the Treasury Department

in its proposed regulations defining church plan which provide that once a church plan fails to meet the requirements of a church plan it can never thereafter be a church plan. This rule requires perpetual disqualification of church plan status for the smallest violation of rules that are not now clearly understood and that will take years to resolve.

My bill provides a mechanism whereunder a church plan will be disqualified as such only after it receives appropriate notice that it has violated the church plan requirements and does not within a certain period of time correct its default. The term "correction" as used in the bill is not intended necessarily to require a church plan to undo the default completely or to put itself and other parties in precisely the same position they would have been in had the default never occurred. The degree of correction required should depend upon the equities of the situation.

For example, a possible violation of the church plan requirements would be the coverage of an impermissible number of individuals who are not defined as employees. A complete correction of this type of default would require the plan to refund to these individuals all contributions made on their behalf. Such a correction may cause the distributions to be included in the incomes of innocent persons and, hence, work a hardship on them.

In this type of situation, the default should be considered corrected if the church plan were permitted to retain the accrued benefits or accounts of these individuals for the eventual payment of benefits upon their death or retirement. But the plan should accept no further contributions with respect to them.

Mr. Speaker, I believe that when we enacted ERISA, we required far more of our churches than we intended. We certainly did not in 1974 intend to draft a definition of church plan that fails to take into consideration the way our church plans are operated or that is disruptive of church affairs. Our 1974 legislation requires the church plans to reconstitute their plans after decades, even centuries, of responsible experience.

The problems the churches face are immediate. They are concerned today that their plans may be presently disqualified as church plans. This is a matter we must not put off until 1982.

Therefore, Mr. Speaker, I urge my distinguished colleagues to support this measure, and I ask unanimous consent that the bill be printed in the RECORD.

The bill follows:

H.R. 12172

A bill to amend the Internal Revenue Code of 1954 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church and to make certain clarifying amendments to the definition of church plan

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

SECTION 1. Section 414(e) of the Internal Revenue Code of 1954 is amended to read, as follows:

"(e) CHURCH PLAN.—

"(1) IN GENERAL.—For purposes of this part the term 'church plan' means a plan established and maintained (to the extent required in paragraph (2)(B)) for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from tax under section 501.

"(2) CERTAIN PLANS EXCLUDED.—The term 'church plan' does not include a plan—

"(A) which is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513); or

"(B) which includes individuals less than substantially all of whom are described in paragraphs (1), (3)(B), or (3)(E) (or their beneficiaries).

"(3) DEFINITIONS AND OTHER PROVISIONS.—For purposes of this subsection—

"(A) A plan established and maintained by a church or by a convention or association of churches shall include a plan established and maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association of churches, if such organization is controlled by or associated with a church or a convention or association of churches.

"(B) The term 'employee' of a church or a convention or association of churches shall include—

"(i) a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry, regardless of the source of his compensation;

"(ii) an employee of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501 and which is controlled by or associated with a church or a convention or association of churches; and

"(iii) an individual described in paragraph (3)(E).

"(C) A church or a convention or association of churches which is exempt from tax under section 501 shall be deemed the employer of any individual included as an employee under paragraph (3)(B).

"(D) An organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if it shares common religious bonds and convictions with that church or convention or association of churches.

"(E) If an employee who is included in a church plan separates from the service of a church or a convention or association of churches or an organization described in clause (ii) of paragraph (3)(B), the church plan shall not fail to meet the requirements of this subsection merely because it—

"(i) retains his accrued benefit or account for the payment of benefits to him or his beneficiaries pursuant to the terms of the plan; or

"(ii) receives contributions on his behalf after his separation from such service, but only for a period of five years after the employee's separation from service, unless the employee is disabled (within the meaning of the disability provisions of the church plan or, if there are no such provisions in the church plan, within the meaning of section 72(m)(7)) at the time of such separation from service.

"(4) CORRECTION OF FAILURE TO MEET CHURCH PLAN REQUIREMENTS.—If a plan established and maintained for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from tax under section 501 fails to meet one or more of the requirements of this subsection and corrects its failure to

meet such requirements within the correction period, the plan shall be deemed to meet the requirements of this subsection for the year in which the correction was made and for all prior years. If a correction is not made within the correction period, the plan shall not be deemed to meet the requirements of this subsection beginning with the date on which the earliest failure to meet one or more of such requirements occurred. The term 'correction period' means the period ending with the later of the following: (1) 270 days after the date of mailing by the Secretary of a notice of default with respect to the plan's failure to meet one or more of the requirements of this subsection; (2) such period as may be set by a court of competent jurisdiction after a determination that has become final that the plan fails to meet such requirements, or, if the final court determination does not specify such period, a reasonable period depending upon all the facts and circumstances, but in any event not less than 270 days after the determination has become final; or (3) any additional period which the Secretary determines is reasonable or necessary for the correction of the default."

SEC. 2. The amendments made by this Act shall be effective as of January 1, 1974. ●

HALL PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 15 minutes.

● Mr. MICHEL. Madam Speaker, yesterday I inserted in the RECORD a Washington Post article that gave a disturbing and enlightening look at Washington, D.C., education. Today I am going to offer the second in that series. This time we follow the aimless wanderings of a student called "Frank." Frank wants to be famous, rich, and successful. But he feels he should not be asked to work or study or in any way make any serious effort to accomplish his goals. He skips most of his classes and spends most of his time in the hallways of his school avoiding schoolwork. He is yet another in a generation that has been led to believe life owes him fame and fortune. At the same time he has been given the impression that working for such success is a sign of shame.

Perhaps we should call Frank a member of the "time-bomb" generation. The inevitable frustration he will feel when he discovers his current values are useless in dealing with reality will eventually explode in anti-societal behavior. And he is not alone.

At this point I wish to insert in the RECORD, "Hall People Are Rarely in Class," from the Washington Post, May 1, 1978:

[From the Washington Post, May 1, 1978]

"HALL PEOPLE" ARE RARELY IN CLASS

(By Juan Williams)

Frank rolled over and sighed. His eyes quickly opened, then closed. Something had awakened him. "... Get up, Frank, you'll be late," his mother yelled again. He let his eyes slide back into a light sleep. She yelled upstairs once more, and he pulled the blanket tight. Frank was going to be late again for the start of classes at Eastern High School.

"We can't get him in the bed and when we get him in..." Frank's father said, "we can't get him out of bed."

Out of bed and standing in Eastern High's hallway in an olive Army fatigue jacket, smoking cigarettes, maybe a joint, or looking