legislation which provides the vehicle for establishing integrated resource and environ-
mental management in the North Coast watersheds and tributaries. The investigations and surveys we have underway are:
- The Russian River Basin Comprehensive Investigation.
- The Eel River Basin Comprehensive Investigation.
- The Eel River Streambank Erosion Demonstration Project.
- The Eel River Watershed Alternatives to Levees.

The latter study and the Russian Comprehensive were undertaken in order to give the Corps a new role in water resource planning and assistance. These basin resolutions directed the Corps to investigate all facets of the watershed, from forestry and fishing to water quality and flood control.

For the Del Norte, we will promote the Corps to evaluate and develop non-structural flood control alternatives such as flood proofing of buildings, possible relocation of homes along floodplains, and perhaps even other methods of flood control. The Corps has not been asked to do these studies and inventories, which will be immediately involved in directing its efforts.

I should also point out that there has been a concentrated effort to deal with the water quality and supply problems at Clear Lake with non-structural alternatives. This has been in response to the problem of water quality in their regions. They are actively involved in water management, flow-management, stream appearance, recreation facilities, and other related environmental aspects. If I were here today, I would strongly recommend that those who will be involved in directing the Corps to the Miami and Muskingum programs as models of what can be done.

In addition to water management, there is a wealth of potential for developing its studies and resource inventories. Last week in Washington I met with Colonel John Atsid, of the San Francisco District. He and I agreed to our proposal and he reaffirmed his commitment to provide support. He also indicated that Charlie Kimbrough, of the Corps 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 areas tremendous talent and human resources that you can tap in developing your information base. I have discussed with the President of Humboldt, State, Sonoma State and the Community Colleges in the North Coast the idea of involving these various colleges in developing your information base.

I have the authority 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 this assurance of the permanence of church plan must be provided. For the plan to continue after 1982, it must be designed to be immediately and directly involved in directing its efforts.

Mr. CONABLE. Madam Speaker, I wish to discuss a bill, H.R. 12172, which...
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 serving the sick 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 the 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 for the sake of the church and agency. 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.

Many ministers serve their faith outside of the denominational structure as chaplains in prisons, universities, hospitals, and elsewhere. In some cases the employees of the plan are not discernible or do not exist. For example, evangelist ministers may have no employer. The present definition of church plan could be interpreted to exclude employees 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 of the church agencies that meet this test 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 denominational congregations 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 denominational 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 or by the denominational agencies 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 to cover 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 accommodate the differences in beliefs, 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 except 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 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 such 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 whereby 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. The default 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 shall 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 considered 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 1985 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.

Sec. 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 by a church or by an organization, whether a civil law corporation or otherwise, the principal purpose of which is to provide benefits for the employees of a church or an organization association of churches.

"(A) which is established and maintained primarily for the benefit of employees (or their beneficiaries) by a church or by or associated with a church, the principal purpose of which is to provide benefits for the employees of a church or an organization association of churches which is exempt from tax under section 501.

"(2) Certain plans excluded.—The term 'church plan' shall not include—

"(A) which is established and maintained primarily for the benefit of employees (or their beneficiaries) by a church or by or associated with a church, the principal purpose of which is to provide benefits for the employees of a church or an organization association of churches which is exempt from tax under section 501.

"(B) which includes individuals less than substantially all of whom are described in paragraphs (1), (5), (6), or (5) (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—

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

"(2) an employee of an organization, whether a civil law corporation or otherwise, the principal purpose of which is the sponsorship, administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, the tax-exempt status of which is controlled by or associated with 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;

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

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

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

"(2) an employee of an organization, whether a civil law corporation or otherwise, the principal purpose of which is the sponsorship, administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, the tax-exempt status of which is controlled by or associated with 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;

"(3) 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 an employee defined as an employee under paragraph (3) (B).

"(D) An organization, whether a civil law corporation or otherwise, the principal purpose of which is the sponsorship, administration or funding of a church or a convention or association of churches, if it shares common religious bonds and connections with a church or a convention or association of churches.

"(2) If an employee who is included in a church plan separately from a service of a church or a convention or association of churches or an organization described in clause (2) of paragraph (3) (B), the church plan shall not fail to meet the requirements of this subsection merely because it—

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

"(2) receives contributions on his behalf after his separation from service, but only for a period of five years after the employee's separation from service, unless the employee is the beneficiary of the meaning of the disability provisions of the church plan or, if there are no such provisions in the church plan the meaning of section 72(m) (7) (T) at the time of his separation from service.

"(3) CORRECTION OF FAILURE TO MEET CHURCH PLAN REQUIREMENTS.—If a plan is 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 period in which the correction 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) the day after the date on which 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 determined by 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 adventures 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 in any way that makes 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 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-social 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:

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* "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 open and then closed them again. He reached up, turned off the light, and pulled the blanket over his head.

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