

I extend my deepest congratulations once again to Eric Jimenez for winning the Arvada Wheat Ridge Service Ambassadors for Youth award. I have no doubt he will exhibit the same dedication and character to all his future accomplishments.

THE CONGRESSIONAL YOUTH ADVISORY COUNCIL: A LEGACY OF SERVICE

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 27, 2010*

Mr. SAM JOHNSON of Texas. Madam Speaker, I ask my fellow colleagues to join me in congratulating the 2009–2010 Congressional Youth Advisory Council. This year 45 students from public, private, and home schools in grades 9 through 12 made their voices heard and made a difference in their communities, their country and their Congress. These students volunteered their time, effort, and talent to inform me about the important issues facing their generation. As young leaders within their communities and their schools, these students boldly represent the promise and the hope we all have for their very bright future.

President Ronald Reagan said, “Freedom is never more than one generation away from extinction. We didn’t pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same, or one day we will spend our sunset years telling our children and our children’s children what it was once like in the United States where men were free.”

To ensure that the blessing of freedom is passed from one generation to the next, the members of the CYAC spent time interviewing a veteran and documenting the experience for the “Preserving History Project.” Today I’m proud to submit the brief summaries provided so the patriotic service of our dedicated veterans and the thoughtful work of the CYAC may be preserved for antiquity in the CONGRESSIONAL RECORD. A copy of each submitted student summary follows.

To each member of the Congressional Youth Advisory Council, thank you for making this year and this group a success. It is not a coincidence that this congressional tribute celebrates two generations of service. Each of you is trusted with the precious gift of freedom.

You are the voices of the future and I salute you. God bless you and God bless America. The summary follows:

In the interview I conducted, I conversed with former Air Force Captain Wayne R. Thompson. He served the United States from 1960–1963 during the time when Cold War tensions were greatest. Stationed at NORAD in Colorado Springs, he was in charge of emergency power, and he also participated in different construction projects. At one point, during the Cuban Missile Crisis, he slept for three days at the base because an attack seemed imminent. There were many false alarms, and many times he did not know if he would make it. Luckily, for the United States and him, no nuclear weapons were fired, and Kennedy resolved the situation. Thompson learned a lot from his stay in the military as he said that the experience helped him build character and leadership.

The camaraderie that he felt with his fellow comrades was his favorite part of being in the military. The bonds that they shared were tighter than any other because they were all united with a common purpose. From the interview, I learned a lot about joining the armed forces. His experiences proved to me that by serving the country, one can really gain the skills and character traits to be successful in life. I fully respect Thompson and his commitment to serving the nation.—Kenny Lee

EMMA RITTER

HON. ED PERLMUTTER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 27, 2010*

Mr. PERLMUTTER. Madam Speaker, I rise today to recognize and applaud Emma Ritter who has received the Arvada Wheat Ridge Service Ambassadors for Youth award. Emma Ritter is an 8th grader at Drake Middle School and received this award because her determination and hard work have allowed her to overcome adversities.

The dedication demonstrated by Emma Ritter is exemplary of the type of achievement that can be attained with hard work and perseverance. It is essential students at all levels strive to make the most of their education and develop a work ethic which will guide them for the rest of their lives.

I extend my deepest congratulations once again to Emma Ritter for winning the Arvada Wheat Ridge Service Ambassadors for Youth award. I have no doubt she will exhibit the same dedication and character to all her future accomplishments.

INTRODUCTION OF THE RESTITUTION FOR LOCAL GOVERNMENT ACT OF 2010

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 27, 2010*

Ms. ESHOO. Madam Speaker, I rise today to announce the introduction of my legislation, the Restitution for Local Government Act of 2010. This legislation will require the Department of the Treasury to assist public entities that lost taxpayer dollars when Lehman Brothers declared bankruptcy in September of 2008 . . . the single largest bankruptcy in the history of the United States.

More than 40 municipalities from around the country lost close to \$1.7 billion when Lehman collapsed.

In my Congressional District, San Mateo County and its public institutions were severe victims, and still are, of the Lehman Brothers bankruptcy.

San Mateo County is required by California State law to hold operating funds, reserves and bond proceeds in an investment pool. Their investment pool held funds for the county and local cities, school districts, transit agencies and the community college district. They invested in the most highly-rated, conservative Lehman securities. They were not ‘playing the market’ or rolling the dice. They are victims of some of the worst abuses and

deceit of a financial institution that was considered to be one of the soundest and safest in the Nation.

When Lehman collapsed, San Mateo County lost \$155 million. As a result, the county and its 735,000 residents are now reeling financially. Teachers are being laid off. Schools are not being built or renovated. Roads are not being improved. Transportation plans are being scrapped, and critical upgrades in public safety have ceased.

The financial plight of San Mateo County was recently profiled in detail in a February 24, 2010, Wall Street Journal article entitled, Lehman’s Ghost Haunts California. (Madam Speaker, I respectfully request that this article be included in the RECORD.)

My legislation will require the Secretary of the Treasury to use any profit made by the sale of troubled assets acquired through the Emergency Economic Stabilization Act of 2008 to be used to purchase the securities, bonds, and other financial instruments issued by Lehman Brothers which were held by local governments on September 12, 2008. The bill directs the Secretary of the Treasury to establish a \$1.7 billion remediation fund, and grants him the authority to assist the public entities affected by the collapse of Lehman Brothers.

Under my legislation taxpayers will get their money back and will know where the money goes. My legislation specifically states that any local government which receives money from this new fund must report back to the federal government on how this money is being used, and demonstrate job creation, retention, and economic activity equal to the amount of funds received.

Financial institutions were deemed “too big to fail.” Today, we should not overlook those who are being treated as though they are too small to help.

It’s time to serve the best interests of the American people. They lost their hard-earned taxpayer dollars which were specifically intended to be invested in their community for vital services, and I urge my colleagues to join in this critical effort.

[From the Wall Street Journal, Feb. 24, 2010]

LEHMAN’S GHOST HAUNTS CALIFORNIA  
(By John Carreyrou)

SAN MATEO, CALIF.—Little more than a year after the worst of the financial panic, Wall Street is bouncing back. But in this county just south of San Francisco, pain from the financial system’s near-collapse is still felt every day.

San Mateo, a scenic swath of peninsula between the Pacific Ocean and San Francisco Bay, saw \$155 million evaporate when Lehman Brothers went bankrupt in September 2008. On top of deep budget cuts brought on by California’s fiscal crisis, the loss on Lehman securities means San Mateo’s 735,000 residents are taking a hit.

Public schools here have laid off dozens of teachers and delayed or canceled renovations. Local community colleges are slashing classes and scrapping new facilities, even as enrollment surges because of the bad economy. The county trimmed its commuter rail service and shelved plans to build a new women’s jail to alleviate overcrowding.

The biggest factor behind San Mateo’s trouble is California’s spending cuts. But its Lehman losses make a bad situation worse. The problem underscores the diverging fortunes of Wall Street and Main Street and helps explain the populist anger still simmering in many parts of the country. Last week, Barclays PLC reported that its 2009

profit more than doubled to \$14.7 billion thanks in part to its acquisition of Lehman's North American operations.

Lehman Brothers' collapse is "old news for most of America," says Richard Gordon, a member of the county's board of supervisors. But in San Mateo County, he says, "It's a continuing story that continues to unfold."

A report by Beacon Economics, commissioned by the county, estimates that the Lehman losses reduced local government spending, especially on construction projects, by \$148 million over two years. The consulting firm says this resulted in 1,648 jobs lost or not created. County unemployment now hovers around 9%, double what it was 18 months ago.

Dozens of cities and counties around the country, from Sarasota, Fla., to Boulder, Colo., lost a total of \$1.7 billion when Lehman went under, because they held Lehman bonds or other securities. The two worst hit states are Florida and California. Florida public agencies lost a total of more than \$400 million, mostly from a state investment pool. California municipalities lost a total of \$250 million across some 28 cities and counties.

San Mateo County's loss was the biggest of any municipality. Under state rules, the county government, city governments and area school districts hold their operating funds, reserves and bond proceeds together in an investment pool that lost about 6% of its value when Lehman went under.

The investment pool owned highly rated Lehman bonds and notes, which currently trade around 20 cents on the dollar. Any recovery from the bankruptcy process will take at least another year. A recovery of 20 cents on the dollar would leave the pool with a loss of roughly \$125 million.

Much of the anger in San Mateo is directed at the Obama administration and, specifically, at Timothy Geithner, the Treasury secretary. Mr. Geithner has declined to use funds from the government's Troubled Asset Relief Program, or TARP, to bail out municipalities.

"There's too big to fail, and we're too small for them to care," says Mary McMillan, the county's deputy manager.

Before Wall Street's crash in late 2008, San Mateo County was on track to balance its \$1.7 billion annual budget within five years. California's cutbacks and the Lehman collapse torpedoed that.

The county government lost \$37 million when Lehman Brothers went under. That's on top of a \$100 million deficit due in part to state cutbacks. San Mateo County has limited power to increase taxes: Boosting sales taxes requires two-thirds voter approval, and two efforts have failed in recent years.

The schools were hit hard, too. In one typical case, Lehman-related losses at the Sequoia Union High School district, one of 25 in the county, totaled \$6.2 million, an amount equivalent to 7% of the district's annual budget. Meanwhile, the state cut its funding to the Sequoia district this school year by \$1.9 million and is cutting it again next school year by another \$3.4 million.

San Mateo ranks among California's most diverse counties. Home to software giant Oracle Corp. and biotechnology pioneer Genentech, it encompasses both wealthy enclaves and working-class, immigrant cities such as Daly City and East Palo Alto that depend heavily on county services. In East Palo Alto, unemployment is 20%.

When Lehman Brothers filed for bankruptcy-court protection on Sept. 15, 2008, the news was met with a mix of panic and disbelief by local officials. The county's schools took the worst hit, losing \$38 million overnight. Two county school districts, the Sequoia district and the Menlo Park City Ele-

mentary School District, had just sold more than \$90 million worth of bonds to fund renovations and expansions and deposited the proceeds in the county investment fund. The lost bond proceeds totaled nearly \$8 million, a debt local taxpayers will be paying off for the next 30 years.

Jean Holbrook, the county's superintendent of schools, says the Lehman losses came on the heels of deep funding cuts from the state that had already cost the jobs of 91 of the school's 681 employees, including 21 teachers. In the ensuing year, 60 more school employees would have to be let go, resulting in larger class sizes and fewer elective courses.

San Mateo's board of supervisors ordered an independent review of the way the county investment fund was run, but found no wrongdoing. In keeping with rules California passed in the mid-1990s (following Orange County's disastrous experiment with derivatives), San Mateo's treasurer had invested in highly rated securities and put no more than 10% of the fund in any single issuer.

With Lehman bonds trading at pennies on the dollar, county officials held little hope of recovering their investment through bankruptcy proceedings. So they opted for a two-pronged strategy: They sued former Lehman Brothers executives for fraud, and they lobbied their state congressional representatives to insert language in TARP legislation that would let municipalities tap the federal rescue program.

Though such language was included in the final bill, bailing out municipalities was low on the list of the federal government's priorities in late 2008 as the financial system flirted with collapse.

To rally support and keep the issue alive in Washington, Ms. McMillan, the deputy county manager, began reaching out to other counties and cities ensnared in the Lehman bankruptcy.

In May 2009, as financial institutions began to stabilize and the specter of a depression subsided, the House Committee on Financial Services agreed to hold a hearing on the matter.

In their testimony before the committee, Democratic Reps. Anna Eshoo and Jackie Speier, whose districts span parts of San Mateo County, argued that the \$1.7 billion municipalities were asking for amounted to just one-quarter of 1% of TARP funds and paled in comparison with the hundreds of billions of dollars the Treasury Department had provided to banks.

Ron Galatolo, chancellor of San Mateo's community colleges, told the assembled congressmen that he felt it was "highly inequitable to use TARP funding to shore up banks and to bail out failing corporations but fail to protect agencies' taxpayer dollars, such as ours."

After the hearing, Rep. Eshoo sought a meeting with Mr. Geithner, but says the Treasury secretary didn't respond to her letters and phone calls for months.

Rep. Eshoo finally met with him on Oct. 28, followed by a second meeting on Dec. 2. She says Mr. Geithner told her that TARP was intended only for financial institutions and that rescuing municipalities would open a Pandora's box of claims from other investors.

Rep. Eshoo invoked the passage inserted a year earlier in the TARP bill, which refers to "the need to ensure stability for U.S. public instrumentalities, such as counties and cities, that may have suffered significant increased costs or losses in the current market turmoil."

She says Mr. Geithner said the passage fell short of mandating use of TARP funds to bail out municipalities.

While declining to comment on the meetings, a Treasury spokeswoman says: "There

are countless well-intentioned ideas for deploying TARP funds, but we determined that making Lehman Brothers' creditors whole is not consistent with what Congress intended for TARP funding."

In San Mateo, reverberations from the Lehman losses were on display on the campus of Canada College, one of the county's three community colleges, earlier this month.

Students held a two-day teach-in to protest faculty layoffs, course cancellations and fees that jumped 30% this year.

Lilliam Castellanos, a 35-year-old student majoring in Latin America studies to become an interpreter, said she could no longer afford textbooks because the funding for a program that handed out book vouchers to Hispanic students had been cut sharply. Other students complained about long wait lists to get into courses and a reduction in the number of counselors.

Mr. Galatolo, the chancellor, says the colleges' \$25 million Lehman loss compounded funding cuts made by the state, forcing him to slash the colleges' annual budget by one-fifth, to \$100 million from \$125 million.

Of the \$25 million loss, \$20 million had been earmarked for new buildings and classrooms that he says now won't be built. The remaining \$5 million came directly out of the colleges' operating fund.

Mr. Galatolo says he's angered by the return of multimillion-dollar bonuses on Wall Street "while we can't make ends meet for our students." As for Mr. Geithner, he says, "He had the ability to help us, and he chose not to."

On the other side of the peninsula, in the wind-swept, rural community of Half Moon Bay, Robert Gaskill, superintendent of the Cabrillo Unified School District, says his district's share of the Lehman loss was \$1.4 million, out of an annual budget of \$28 million.

Mr. Gaskill says he had to lay off five teachers and projects that 20 more will be let go in the 2010-11 school year, out of 177, because of state funding cuts. The district is also paring back summer school.

Michael Bachicha, former director of the schools' special programs, sat through the school-board meeting at which his job was eliminated in April 2009. Because he had tenure, Mr. Bachicha was able to land another job teaching at the district's "continuation" high school for students who are falling behind. But his salary dropped from \$105,000 to \$72,000. Around the same time, his wife lost her job as a kindergarten teacher at a local private school.

Mr. Gaskill, the district superintendent, says the teaching job that Mr. Bachicha took bumped someone else less senior off the payroll, resulting in one of the five teacher layoffs.

Ms. McMillan, the deputy county manager, hasn't given up on getting the Lehman money back. She holds conference calls every two weeks with officials from other affected counties and cities to plot strategy. On last week's call, 35 people dialed in from across the country.

In the meantime, the county is gearing up to dismiss hundreds of employees this spring, the first time it has had to resort to mass layoffs, according to Mr. Gordon, the member of the board of supervisors.

DULCE VEGA SALINAS

HON. ED PERLMUTTER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 27, 2010

Mr. PERLMUTTER. Madam Speaker, I rise today to recognize and applaud Dulce Vega