

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

Salinas who has received the Arvada Wheat Ridge Service Ambassadors for Youth award. Dulce Vega Salinas is a 12th grader at Jefferson High School and received this award because her determination and hard work have allowed her to overcome adversities.

The dedication demonstrated by Dulce Vega Salinas 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 Dulce Vega Salinas 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.

IN HONOR OF THOMAS P. FOTE

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 27, 2010

Mr. PALLONE. Madam Speaker, I rise today to honor Thomas P. Fote and congratulate him upon receiving the New Jersey Governor's and New Jersey Jefferson's Environmental Stewardship award. This award recognizes outstanding volunteers who pioneer and promote energy conservation and environmental action. Mr. Fote's years of selfless work to improve New Jersey's environment make him a highly deserving recipient of this honor.

Mr. Fote serves as Legislative Chair of Jersey Coast Anglers Association where he has built a coalition to stop the Port Authority of New York and New Jersey from ocean dumping. Because of his efforts residents of New Jersey benefit from improved ocean water and a safer, cleaner coastal environment. Mr. Fote also serves on the Policy Board of the Barnegat Bay Estuary Program. Under his leadership, the Barnegat Bay's water quality has improved while the program's administrative costs have remained low. As an unpaid volunteer, Mr. Fote selflessly donates much of his time to these critical environmental efforts. Mr. Fote is also a retired Army captain who bravely served our country in Vietnam. His lifetime of service to New Jersey and our nation is an example to us all.

The Governor's Volunteer Awards are being presented for the first time this year in a new partnership with the New Jersey Jefferson Awards. Mr. Fote's volunteer work is especially deserving of an inaugural award from these two long standing and highly respected volunteer recognition efforts.

Madam Speaker, it is my hope that this body will join me in honoring Thomas P. Fote for his exceptional service and congratulate him upon receiving the New Jersey Governor's Environmental Stewardship award.

IN SPECIAL RECOGNITION OF JOEL BOOSE ON HIS OFFER OF APPOINTMENT TO ATTEND THE UNITED STATES MILITARY ACADEMY

HON. ROBERT E. LATTA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 27, 2010

Mr. LATTA. Madam Speaker, it is my great pleasure to pay special tribute to an outstanding young man from Ohio's Fifth Congressional District. I am happy to announce that Joel Boose of Norwalk, Ohio has been offered an appointment to attend the United States Military Academy at West Point, New York.

Joel's offer of appointment poises him to attend the United States Military Academy this fall with the incoming cadet Class of 2014. Attending one of our Nation's military academies is an invaluable experience that offers a world-class education while placing demands on those who undertake one of the most challenging and rewarding experiences of their lives.

Joel brings an enormous amount of leadership, service, and dedication to the incoming Class of 2014. While attending St. Paul High School in Norwalk, Ohio, Joel attained a grade point average that placed him in the top ten percent of his graduating class. Joel was inducted into the National Honor Society, participated in the Teens Leadership Corps, and was active in the Student Council.

Throughout high school, Joel was a member of the football, track, and swimming teams. Joel utilized his leadership skills by being captain of the football team and vice-president of the Key Club. In addition, Joel was awarded an academic letter each year and was recognized as a McScholar Athlete. I am confident that Joel will carry the lessons of his student leadership to West Point.

Madam Speaker, I ask my colleagues to join me in congratulating Joel Boose on the acceptance of his appointment to the United States Military Academy at West Point. Our service academies offer the finest military training and education available. I am positive that Joel will excel during his career at West Point and I ask my colleagues to join me in extending their best wishes to him as he begins his service to the Nation.

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 lead-

ers 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:

Captain Lawrence Nunn, USA (born March 1979) is currently serving in the United States Army. Captain Nunn is a 2001 graduate of the United States Military Academy. He served two tours in the Second Gulf War in Iraq. He is the recipient of two Bronze Star Medals for his exceptional bravery in each of his tours. He also received the Global War on Terrorism Ribbon and many other medals and accolades. Captain Nunn is married to Olivia Nunn who is also a Captain in the U.S. Army. Captain Nunn was born and raised in Canton, Michigan.

I learned from my interview with Captain Nunn that the highest form of service to our country is exemplified in soldiers like Captain Nunn. This level of service to our country requires exceptional courage, dedication, commitment and above all unrelenting perseverance to and for our country.—Nathan Lee

DRAZEN FILLIP DOSLO

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 Drazen Fillip Doslo who has received the Arvada Wheat Ridge Service Ambassadors for Youth award. Drazen Fillip Doslo is a 12th grader at Arvada School and received this award because his determination and hard work have allowed him to overcome adversities.

The dedication demonstrated by Drazen Fillip Doslo 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 Drazen Fillip Doslo for winning the