

Torchbearer Policy Update

By Caryl Auslander • Feb 20, 2023

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Welcome back! We hope you enjoyed your weekend. Thank you for allowing us to be your trusted source for news at the local, state, and federal levels.

Local, state, and federal highlights in this week's memo include:

- **Nearly 30 Percent of Work Remains Remote as Workers Dig In**
- **Attorney General Finds Indianapolis Public Schools Did Not Violate \$1 Law**
- **Indiana Group Joins Forces with Illinois, Michigan Coalition on Hydrogen Hub Effort**
- **Ivy Tech Leaning Heavy on Workforce with Strategic Plan**
- **Housing Costs are Still a Problem**
- **Inflation Eases Again, but Bringing Prices Further Down Will Take Work**
- **Share the Torchbearer Newsletter with Your Network!**
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Let's dive in.

Nearly 30 Percent of Work Remains Remote as Workers Dig In

What's new: The pandemic may be winding down, but the work-from-home revolution marches on.

By the numbers: Nearly 30 percent of all work happened at home in January, six times the rate in 2019, according to [WFH Research, a data-collection project](#). In Washington and other large urban centers, the share of remote work is closer to half. In the nation's biggest cities, entire office buildings sit empty.

The backstory: The COVID-19 pandemic transformed the American workplace. The share of all work performed at home rose from 4.7 percent in January 2019 to 61 percent in May 2020. Some economists consider the remote-work boom the greatest change to the labor market since World War II.

What they're saying: "It's affected so many things," said Nicholas Bloom, a Stanford University economist and WFH researcher. "It's affected city structure. It's affecting days of the week that people play sport: golf, tennis. It's affecting retail. It's completely skewed, mostly in a positive way, the American economy."

The bottom line: In 2021 and 2022, employers gradually summoned American workers back to the office. Last spring, the back-to-the-office movement hit a wall, and the work-from-home population stabilized around 30 percent. ([The Hill](#))

Attorney General Finds Indianapolis Public Schools Did Not Violate \$1 Law

Breaking: Indianapolis Public Schools did not violate a controversial state law that requires school districts to offer unused classroom buildings to charter schools for \$1, the state attorney general's office concluded on Tuesday.

The backstory: The [complaints from the Indiana Charter School Network](#) argued that IPS failed to inform the state of six school buildings slated for closure at the end of this school year, making them available to charter schools: Floro Torrence School 83, Frances Bellamy Preschool Center, George Buck School 94, Raymond Brandes School 65, Francis Parker School 56, and Paul Miller School 114.

Yes, but: But the attorney general's office found each complaint unsubstantiated, noting that IPS had provided "sufficient documentary evidence" to show that the district intends to use each of the six schools even after it closes to classroom instruction. The attorney general's office did not elaborate on the district's planned future uses.

What they're saying: In a statement, IPS said that it is pleased with the findings and noted that the school board passed a [resolution](#) that listed a number of potential uses for the buildings, including for charter schools that are part of the district's Innovation Network.

"Our focus remains on the students and teachers who are still in all our proposed consolidated buildings, and ensuring they are well-supported through this time," the district wrote. "The district and Board of School Commissioners are committed to transparent communications and decision-making about our buildings that will occur prior to the end of the school year."

Dig deeper: The [state law](#) — commonly referred to as the \$1 law — requires school districts to notify the state Department of Education if classroom buildings are left "vacant or unused." Charter schools and state educational institutions can then buy or lease those buildings for \$1 to use for instructional or academic purposes. Anyone may file a complaint with the attorney general if they believe school districts did not follow the law.

Since the law's inception in 2005, the attorney general's office has investigated at least [nine complaints](#) and found in favor of the school district in eight of the cases. But the law's lack of definition of what an

unused building is has generated varying interpretations, multiple complaints to the attorney general, and at least one lawsuit.

At the Statehouse: A bill by Sen. Linda Rogers, R-Granger, would require districts to close schools that are underutilized, or operating at less than 60% capacity for the current school year and two previous years. That would make the buildings available to charter schools.

[Senate Bill 391](#) would only apply to districts whose enrollment has dropped at least 10% over five years and that have more than one school serving the same grade span as the school targeted for closure.

Shuttered schools also must be able to redirect students to another building within 20 minutes of the closed school. Districts could avoid closing underused schools by showing how a space would be used instead for offices, storage, or alternative education, but must meet certain requirements to fall under that exemption.

The bottom line: The bill could have sweeping implications for IPS, which has an average building utilization rate of 60%, according to a [districtwide 2020 assessment](#). Twenty-two of those buildings had [rates below 60%](#), including some charter schools within the district's Innovation Network. ([Chalkbeat](#))

Indiana Group Joins Forces with Illinois, Michigan Coalition on Hydrogen Hub Effort

What's new: An Indiana group seeking to land a federal hydrogen hub has joined forces with a coalition representing Michigan and Illinois to enhance the chance that the Midwest nabs a share of \$7 billion in funding from the U.S. Department of Energy.

Both groups—the Indiana-led Midwest Hydrogen Corridor Consortium and the Midwest Alliance for Clean Hydrogen, dubbed MachH2—

submitted initial proposals to the Department of Energy last fall and were encouraged last month to submit full applications by April 7.

Yes, but: But the DOE also strongly urged applicants to consider combining their efforts. That led to discussions between the Indiana group and MachH2.

What they're saying: “We want to make sure the Midwest gets one of these hubs,” said Paul Mitchell, CEO of Indianapolis-based Energy Systems Network, a not-for-profit partner in the Indiana coalition. “So this will not be us competing with other Midwestern hubs. It’s now a Midwestern hub competing with the rest of the country. We want to make sure the Midwest is a winner.”

The backstory: The efforts are part of the federal Regional Clean Hydrogen Hubs, or H2Hubs, program that Congress created as part of the \$1.2 trillion Infrastructure Investment and Jobs Act passed in late 2021. The program aims to award \$7 billion to fund six to 10 hydrogen hub projects focused on the production, processing, delivery, storage and end use of clean hydrogen, with the goal of boosting the nation’s hydrogen economy.

In addition to Energy Systems Network, the Indiana coalition includes the Indiana Economic Development Corp., Columbus-based Cummins Inc., Purdue University, London-based BP Plc and others.

In the state: Indiana’s proposal [focuses on northwestern Indiana](#), which has natural underground caverns that could be used to store captured carbon dioxide—a byproduct when hydrogen is produced using fossil fuels. BP has a refinery in Whiting—the company’s largest worldwide—that could produce hydrogen cleanly by sequestering its emissions underground.

The MachH2 proposal is focused largely on using nuclear plants to produce hydrogen. It’s coalition includes Chicago’s metropolitan planning agency, the University of Illinois system and Constellation Energy, which operates multiple nuclear power plants in Illinois. It also has the backing of the states of Michigan and Illinois.

In addition, the Indiana proposal focuses heavily on the transportation corridor between Chicago and Detroit, which runs through Indiana. So having Illinois, Michigan and Indiana in one proposal is common sense, he said.

The bottom line: “This collaboration with regional partners strengthens the Midwest’s competitiveness through future-focused energy generation advances that will put us at the center of the global economy,” Indiana Commerce Secretary Brad Chambers said in a statement about the merger. “Indiana’s adoption of economically viable new energy innovations will ensure Hoosiers are powering progress and prosperity for decades to come.” ([Indianapolis Business Journal](#))

Ivy Tech Leaning Heavy on Workforce with Strategic Plan

What’s new: Ivy Tech Community College says innovation and connection are two focus areas for its new three-year strategic plan. The institution said when the plan was approved earlier this month it would serve as a road map to address the needs of employers in advanced manufacturing, nursing, and other growing industries.

What they’re saying; “It is about expanding those partnerships with industry but most importantly, responding to them at their pace of change,” said Ivy Tech President Sue Ellspermann.

“[We want to be] able to offer exactly what [employers] need to build the partnerships that work for them and to bring adult learners into that talent pipeline, credit for prior learning, things that help their employees [and] our students to be able to fill those high-wage, high-demand careers that they have,” said Ellspermann.

Dig deeper: The plan includes four specific goals: teaching and learning, workforce and careers, student experience, and operational excellence.

Ellsperman said Indiana’s economy is changing and Ivy Tech aims to be at the forefront of that by partnering with businesses. She cited the school’s involvement with the [\\$2.5 billion investment](#) from Stellantis (NYSE: STLA) and Samsung SDI to build an electric vehicle battery

facility in Kokomo. Samsung SDI CEO Yoon Ho Choi said Ivy Tech's campus in Kokomo and its relationship with the automaker was one of the reasons Kokomo was selected for the project.

Ellspermann said Ivy Tech is also involved in the partnership that brought Minnesota-based [SkyWater Technology](#) (Nasdaq: SKYT) to the Purdue University campus to build a \$1.8 billion semiconductor R&D and production facility.

But the effort doesn't stop with industry partnerships. Ellspermann said the college is also continuing to partner with Hoosier high schools to get students more credentials while they're still in high school.

By the numbers: "We have over 70,000 high school students taking dual credit this year...and of those, thousands are earning their first credential, over 6,000 last year. That could be first year of college or that certificate or associate degree that will get them into the workforce into that great, great job and career."

The bottom line: Looking ahead, Ellspermann said Ivy Tech is on pace to achieve the goal from its previous strategic plan when it comes to completion of high-quality certifications, certificates, or degrees annually.

"Our big vision was 50,000 completions a year aligned with Indiana's workforce and communities," she said. "We're over 41,000; we have done 80% of that work. That last part is coming in this plan and we will get there we will deliver for Indiana." ([Inside Indiana Business](#))

Housing Costs are Still a Problem

The costs of shelter kept inflation stubbornly high last month, *Matt writes*.

The big picture: Early on, COVID-era inflation was driven by the cost of stuff — cars, lumber and bikes, for example. But now, getting inflation under control hinges on controlling costs for services, a segment in which housing is the heavyweight.

By the numbers: So-called core inflation — which excludes volatile food and energy, and is a closely watched measure of price trends — was up 5.6% over the last year, according to the January Consumer Price Index released yesterday.

- Shelter costs accounted for almost 60% of that.
- And shelter was about half of the higher-than-expected 6.4% annual rise in headline inflation. (Analysts expected 6.2%.)

What they're saying: "What is concerning, and influential for the Fed, is that services inflation continues to remain elevated with limited progress the past few months, with shelter costs leading the way," wrote Rick Rieder, chief investment officer of global fixed income at giant money management firm BlackRock.

Yes, but: While shelter costs remain elevated in the CPI numbers produced by the Bureau of Labor Statistics, private-sector market research suggests some housing expenses are declining.

For instance: An [index of rental prices produced](#) by real estate firm Zillow found that asking rents declined in October, November and December 2022, the last months for which data was available.

- Zillow says BLS rent metrics tend to lag its rental index by about a year.

Yes, but, but: That traditional lag could be broken since there are [remarkably few homes available to buy](#) — and that could keep American home prices from declining.

The bottom line: While such data distinctions are important to the Federal Reserve — and therefore the stock market — the facts about American housing are pretty clear.

- Shelter has gotten incredibly expensive over the last few years, as [prices](#), rents and [mortgage rates](#) have all skyrocketed.
- And, due to the lack of inventory and higher borrowing costs, those prices seem unlikely to plunge any time soon.

([Axios](#))

Inflation Eases Again, but Bringing Prices Further Down Will Take Work

What's new: Inflation eased for a seventh month straight in January, but interest rates will keep rising as the Fed works harder to root stubbornly high prices out of the economy.

Data released by the Bureau of Labor Statistics on Tuesday morning showed prices rose 6.4 percent in January compared to the year before. That marked a slight step down from the 6.5 percent rate notched [in December](#), and a drop from last summer's peak of [9.1 percent](#). It was also the smallest 12-month increase since October 2021.

The report showed January prices rose 0.5 percent in comparison with the previous month, a bump from the 0.1 percent rise in the December report, and a less-than-encouraging sign for economists and policymakers who argue that progress is best measured month by month.

Dig deeper: The latest report underscored a key challenge facing the Fed — and the overall economy. Prices are easing, a welcome reversal after 2022's eye-popping inflation rates. But finishing the job requires targeting some of the most persistent sources of inflation and keeping the pressure on. No part of the Fed's job until now has been easy, and the central bank had to scramble to get inflation down from 40-year highs last year. But price increases are still abnormally high, and getting them down to sustainable levels may require a level of pain that has so far been avoided.

By the numbers: Housing costs were by far the largest contributor, accounting for nearly half of the monthly increase. Fed officials and economists expect rent inflation eventually to fall as costs for new leases cool off. But that has not happened on a significant scale yet. Rent in January was up 0.7 percent over the month in comparison with 0.8 percent in the previous report. It was also up 8.6 percent from the year before.

Categories including food, gasoline and natural gas also drove average prices higher. The food index in January rose 0.5 percent over December's. Four of the six major grocery store categories increased over the month. Eggs, in particular, rose 8.5 percent in January, driven by shortages caused by the avian flu.

The energy index rose 2 percent over December, and the gasoline index increased 2.4 percent. Motor vehicle insurance also was up, along with the cost of clothing, household furnishings and recreation. New-car prices were up 0.2 percent.

There were a few bright notes: The cost of medical care fell 0.4 percent in January. Used cars and trucks also fell, by 1.9 percent, continuing a downward trend. Airfares fell 2.1 percent. ([Washington Post](#))

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Important Dates:

Tuesday, February 21st - House Committee Report Deadline

Thursday, February 23rd - Senate Committee Report Deadline

Thursday, February 23rd - House 2nd Reading Deadline

Monday, February 27th - Senate 2nd Reading Deadline

Monday, February 27th - House 3rd Reading Deadline

Tuesday, February 28th - Senate 3rd Reading Deadline

Tuesday, April 11th - House Committee Report Deadline

Thursday, April 13th - Senate Committee Report Deadline

Thursday, April 13th - House 2nd Reading Deadline

Monday, April 17th - Senate 2nd Reading Deadline

Monday, April 17th - House 3rd Reading Deadline

Tuesday, April 18th - Senate 3rd Reading Deadline

Thursday, April 27th - Anticipated Sine Die

[Senate Session Calendar](#)

[House Session Calendar](#)

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All the best,

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