

American Friends Service Committee

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8 REASONS TO HATE 8

Fourth in a series

<http://www.afsc.net/ctsosaw.html>

Educational funds can be shifted

It's incorrect that all funds received from any lease of the Akron sewer system will go toward "scholarships." Issue 8 language, in fact, states; "The City shall first repay any and all outstanding loans, bonds and obligations of the system from the lease proceeds." Akron officials say this amounts to \$90 million – meaning the first \$90 million received will go to pay down city debt.

The non-profit watchdog group, Food and Water Watch, says that given the large amount of money involved in any lease and the current difficulty in securing loans from the financial sector, it's likely that if Issue 8 would actually pass, the City would receive any total lease amount in installments. The first installment could be little more than \$90 million -- meaning not very much money would actually go right away toward student financial assistance.

Of greater concern is that funds beyond the \$90 million received under a lease agreement can be shifted to non-educational purposes.

Buried in what few specifics exist in Issue 8 is a provision allowing the transfer of funds from student financial aid.

Issue 8 language states, "Upon determination by the Mayor that the lease proceeds are no longer needed for scholarships because other sources provide, in whole or in part, post-secondary education to Akron resident students, the Mayor shall present a plan to Council for its approval of an alternate use of the proceeds."

There is no language in Issue 8 categorically stating the degree or amount of financial aid qualifying students will receive. Specific and precise terms of the program, if enacted and once written, could make

it difficult for students to qualify or to receive much assistance.

In addition, other sources, both at the federal and state levels as well as various private scholarships from many organizations and institutions, already provide partial financial aid to students seeking education beyond high school.

The incomplete language of Issue 8 as written coupled with the availability of other sources of financial aid, therefore, opens the door to funds being shifted to non-educational needs. All that's required to initiate the process is a mere call by the Mayor. Council has to approve it and the public has to ultimately vote on it.

The city is hundreds of million of dollars in debt above and beyond what's owed on the sewers. The "scholarship" funds could be seen as fair game to pay it down. Or it could be used for other purposes.

Any such case for spending money for non-educational programs would be far easier to make if the question is whether or not to shift existing funds already in the city bank vs. taxing citizens for new money. Voters would be more inclined to give the Mayor what he wants if no additional money has to come out of their pockets.

Pretty clever move.

Greg Coleridge
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