

THE SUMMIT PLAN

"Investing in Our Community's Future" - An Integrated Scholarship Plan for Higher Education



WHO ARE WE?

PDA-Ohio, is a grassroots chapter of the Progressive Democrats of America based in Congressional Districts 13 and 17, Summit County, Ohio, PDA-Ohio works to restore the role of government as the instrument to better lives of the citizenry. PDA-Ohio will strive to build the progressive base of our Democratic Party by supporting candidates and initiatives serving the general good of the people over the special interests at all levels of government: local, state, and federal.

We perform these lofty goals through the forming of coalitions among like-minded individuals, activists, grassroots groups, and issue oriented organizations to effect progressive, positive change, while grounded in the recognition that the forces of the status quo, corporate and institutional, will at times in our democracy attempt to undermine the common good for the sake of retaining power.

We believe power in itself is not inherently bad unless of course its impetus is to limit the general welfare in favor of the few. PDA-Ohio sees itself as one instrument of many working in unison to create a more just society where all citizens are able to reach their potential regardless of color, economic status, sexual orientation, and/or religious beliefs.

Through these coalition-building efforts with organizations, we will work to set practical goals and realistic objectives in order to achieve specific outcomes having a broader impact on the issue(s) at hand to maximize the opportunity for change.

We welcome those of like minds to share in this important work to build the movement that will make for a better tomorrow by sharing in the work necessary today.

BACKGROUND - What's wrong with The Akron Plan?

First of all, let us be clear. PDA-Ohio credits the mayor of Akron for displaying bold leadership in seeking post-secondary funding alternatives. It is the means to that end we strongly disagree with in the Akron Plan. Selling or leasing public assets runs counter to the necessary role of municipal government. PDA-Ohio, Labor unions, grassroots organizations and many citizens of Akron and Summit County strongly believe the sale or lease of the sewer to a for-profit corporation in order to create a funding mechanism for post-secondary education is not the answer for many reasons.

First and foremost, turning over public assets to for-profit corporations counters elected government's important role in providing basic municipal services to the community. Safety forces, fire and emergency services, water utilities, transportation, and sewer are basic governmental services that should not be auctioned off to the highest corporate bidder. Officials are elected to protect the safety, health and well-being of its citizens. It is why we hold elections to determine who best can carry out these government services and why we don't hire a private sector CEO to run

government. The basic tenet of defining the difference between public (government for the people) and private (corporations for profit) is one of the distinguishing features of our democracy.

divestiture - Definition

Disposition or sale of an asset by a company. A company will often divest an asset which is not performing well, which is not vital to the company's core business, or which is worth more to a potential buyer or as a separate entity than as part of the company.

PDA-Ohio believes in government and not in unchecked free market capitalism as a vehicle to solve our problems. The corporation's job is to make a profit to please their investors. Profit motive over the public institution steers our democracy down the road to placing infinite power in the corporate state over the public good and a diminished role by, for and of the people. In a nutshell, the electorate loses control of their government.

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. . . . corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed."

-- U.S. President Abraham Lincoln, Nov. 21, 1864

Second, educating our citizens is not a municipal government function or role, but the responsibility of our State and Federal government - and it is not, nor should it be the municipal government's duties in finding a solution. Ohio has been hit hard with the loss of blue-collar manufacturing jobs **(1)**. There is no question Ohio faces real challenges in improving our educational system and how we fund it, particularly in an economy where we are rapidly forced to transition from a manufacturing blue-collar workforce to a post-secondary educated workforce in order to compete in today's global economy. But, because the State and Federal government have not been successful in solving this education crisis - should the municipal government take on their responsibility by devising extreme measures like siphoning off public assets as the Akron Plan proposes? The simple answer is no. Elected officials and the citizenry should apply pressure on their elected State and Federal representatives to make education their priority.

Recently, due to a Democratic-controlled House on the Federal level, the 110th Congress has stepped up by passing H.R. 2669, the College Cost Reduction Act in September of 2007 **(2)**. The Congressional Act will not solve all the problems of the cost of educating our children, but it is a start.

On the State level, Governor Ted Strickland (D) has made education the top priority for his Administration. Governor Strickland and Board of Regents Chancellor Eric Fingerhut are developing and pushing forward new initiatives to reduce college costs and provide scholarships **(3)**.

(1) OHIO JOB LOSSES WORST SINCE GREAT DEPRESSION, By Charles McMillion, February 21, 2008

(2) Congressman John Conyers, MI The 110th Congress - Reducing the Cost of College for Parents and Students

(3) Ohio Board of Regents web-site at <http://regents.ohio.gov/index.php>

Third, who benefits and who pays? The Akron sewer system serves 210,000 customers as well as 85,000 in the nearby suburbs (*Bond Buyer Newspaper, Wednesday June 25, 2008*), totaling 295,000 users for Akron's system. That means customers outside of City of Akron comprise 29% of those who pay sewer fees to Akron. Over the years, Akron sought new customers outside of its borders to expand the system and generate revenue. Suburban users of Akron's sewer system paid for the sewer extension through sewer fees. The suburban families who paid for their portion of the Akron sewer system will not benefit from The Akron Plan. To assume that all children living in the suburbs connected to Akron sewer live in upper income families, or that their investment into the Akron system (sewer bills), should deny them a say on leasing the system, or that suburban children should be overlooked when scholarships are awarded, seems on its face, unfair. The City of Akron will place their initiative on the ballot for a vote, but only to Akronites and not suburbanites who also invested financially in a public system that has generated revenue in the millions of dollars over the years for Akron.

Fourth, the citizens ballot initiative. The ballot initiative put forward by the Save our Sewers coalition to allow citizens a vote on privatizing the sewer system, or for that matter, any public utility sold or leased to a private sector for-profit entity is not intended to discount the mayor's proposal. The people are only asking to vote on any current proposal to sell or lease of a public utility or future sale or lease. A vote by the people on important matters like this one is a basic right of our democracy. It has been said on a few occasions by the mayor and members of his administration that our government is a representative democracy. This is true enough. But, what is uniquely democratic in our form of government are the checks and balances put in place when citizens believe their collective voice is not considered. This measure is called the initiative, referred to at times as the ballot or people's initiative. There are from time to time moments on issues when citizens may request a vote of the people. What is an "initiative?"

- a. The power or right to introduce a new legislative measure.
- b. The right and procedure by which citizens can propose a law by petition and ensure its submission to the electorate.

Thus, a ballot initiative is the people's right in our democracy.

Fifth, The Akron City Council respected the petitioning process approved by the Board of Elections by meeting before the end of their recess to vote and approve the ballot initiative put forward by the people for the November 4th election. Akron City Council respected the right of the people to vote on the initiative by placing it on the ballot. We wish to recognize Akron City Council. Council lived up to its role by representing their constituents giving voice to the community's concerns and needs. The Akron Council understood its role as elected officials by demonstrating their democratic duty as an elected representative of the people.

Let us never forget that government is ourselves and not an alien power over us. The ultimate rulers of our democracy are not a President and senators and congressmen and government officials, but the voters of this country.

-- Franklin D. Roosevelt

Sixth, it is clear the City of Akron has rushed, and in the end, thwarted their fact-finding process due to citizen opposition to The Akron Plan. That is a shame. Putting together a workable privatization plan, and not a two-page report amounting to a press release, generally takes many months and sometimes even years, as has been the case in other communities around the country.

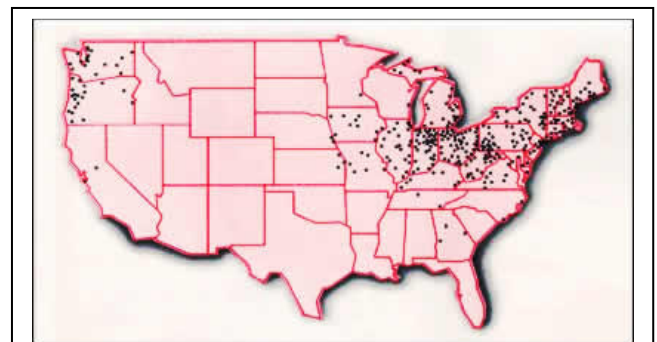
The Republican mayor, of Stockton California forced a vote by his council (passed 4-3) on selling the water system while an initiative was underway to bring it to a vote of the people. In their rush to bypass the people's input, the city overlooked an important item in the process. The city of Stockton did not conduct an environmental study. The system was sold to a private company, sewer personnel were cut to less than minimum, and services disintegrated. Finally, the courts overturned the sale of the system, leaving Stockton citizens with repairs in the hundreds of thousands of dollars. Needless to say, Mayor Podesto lost his reelection bid, attempted a run for a State seat, and lost there as well. The two-page Akron Plan was hailed as a "comprehensive" proposal in a recent editorial by the Akron Beacon Journal editorial board. The Akron proposal can be found online at:

http://www.ci.akron.oh.us/News_Releases/2008/081808%20Scholarship%20Plan.pdf. A few of the 12-member study group the Mayor of Akron brought together to look into the lease of the sewer did not see the six-page report prior to its release, although all twelve members supposedly agreed they all fully endorsed the proposal. As for the six-page release by the City of Akron, PDA-Ohio believes the six-page document is not a comprehensive plan - lacking in clarity and details.

Seven, the combined sewer problem. Unfortunately, most cities across the country are facing Akron's dilemma. Sewer systems built in cities across the country in the early 1900's combined storm sewer runoff with sewage disposal. Heavy rains cause overflows polluting streams, rivers and lakes. In 2006, the Beacon Journal editorial board asked, "Where is the federal government with substantial help for beleaguered cities facing this mandated task? Akron is looking at a \$340 million project with little help in sight". Akron, and cities across the country are expected to comply with US EPA unfunded mandates to fix aging, inefficient, sewer systems that dump waste into rivers, streams and lakes with little federal assistance.

Our problem flows to Lake Erie polluting our greatest resource, and one of our greatest assets. (Something to ponder - The cost of the war in Iraq for half a day could take care of Akron's problem.)

What could a trillion dollars of our tax dollars spent in Iraq do to repair water, sewer and other crumbling public infrastructure problems across our Nation?. Even if Akron leases the system, the EPA mandates are not transferrable to the private entity. This \$340 million dollar problem will not go away.



Combined sewer systems are remnants of the country's early infrastructure and so are typically found in older communities. Combined sewer systems serve roughly 772 communities containing about 40 million people. Most communities with combined sewer systems (and therefore with CSOs) are located in the Northeast and Great Lakes regions, and the Pacific Northwest (see map below).

The map below provides a rough illustration of the prevalence of combined sewer systems in the U.S.:

Eight, Municipalizing our Democracy. Selling or leasing public assets to business corporations (privatization or corporatization) is on the rise at state and municipal levels. The reasons driving this trend:

- *worsening budget deficits by state and local governments,*
- *imminent need to upgrade long-deteriorated infrastructure; and*
- *increasing pressure by investors who've seen huge losses from housing and other risky investments seeking safe and stable returns*

Privatizing/corporatizing roads, airports, water and sewer systems, and other public assets by national or transnational corporations has many negative consequences:

- *loss of public jobs,*
- *rising rates,*
- *declining service, and*
- *exporting of income from local communities to shareholders and CEOs of foreign corporations.*

Another negative consequence is the loss of control, of self-governance, of democracy. Keeping public utilities public gives citizen's power:

- *the power to inspect the books of public utilities or departments,*
- *the power to hold accountable the director of a public utility or service department,*
- *the power to pressure city officials to control rates, retain jobs, improve service,*
- *the power to directly create laws via citizen initiatives to control rates, retain jobs, improve service.*

Akron's financial advisor is the investment firm of Morgan Stanley corporation which stands to gain millions from the scheme. Morgan Stanley corporation is one of one of several investment firms (including Goldman Sachs) who see privatization/corporatization as a financial safe haven in these economic turbulent times. It's where money can be made — that is, off the backs of ratepayers and users.

The record of privatization/corporatization of public utilities from a local perspective has been poor. According to Food and Water Watch:

- **Atlanta** canceled its contract with United Water corporation after 4 years of terrible service,
- **Ft. Wayne, IN** decided to take over its water and sewer system from a corporation after it hiked its rates 75%,
- **Stockton, CA** has just won back its water/sewer system after a judge determined privatization would have serious environmental impacts,
- **New Orleans** dropped its privatization plan after studying the idea for 5 years and spending \$5.7 million (by contrast, Akron spent less than 3 months studying the issue with no public hearings),

- In **Newark, NJ**, the city council voted down privatization,
- **Felton, CA** has taken back its water system after a corporation took it over and wanted a 74% rate hike,
- Foreign corporations ship profits out of communities to investors and wealthy CEOs.

"The real truth of the matter is, as you and I know, that a financial element in the large centers has owned the government of the U.S. since the days of Andrew Jackson. History depicts Andrew Jackson as the last truly honorable and incorruptible American president."

-- Franklin D. Roosevelt

Nine, Parochialism over Regionalism? The City will soon be turning over the Akron Building Department to Summit County. PDA-Ohio believes this regional approach is the smart approach for government. Regionalizing building departments into one throughout the County can create a uniform building code easing the burden on contractors and developers. Other elected officials in communities in Summit County should start the dialogue with Summit County to incorporate their building department personnel into a streamlined and more efficient uniform county building department. Plusquellic called it another step toward more efficient government. "We consolidated our weights and measures division a couple of years ago. This move is similar as it also strengthens and streamlines operations, while following our regionalization philosophy of good government."

How does this relate to The Akron Plan? Regionalizing the public sewer system can have the same positive outcome. Read *The Summit Plan* and see how we can fund education while creating a regional sewer system.

"The key problem here is, and continues to be, the inability of people to put aside egos and address this on a regional basis, not on a stovepipe basis."

--William Jenkins

Ten, Comparing Apples to Oranges - The Akron Plan vs. Kalamazoo Promise: The Mayor often refers to the Kalamazoo Promise when talking to citizens about how a community can invest resources to fund education. There is a distinct difference between Akron's plan and Kalamazoo's Michigan's plan. The **Kalamazoo Promise** is a pledge by a group of anonymous donors to pay up to 100 percent of tuition at any of Michigan's state colleges or universities for graduates of Kalamazoo's public high schools. Bottom line, Kalamazoo did not sell off its public assets to a private for-profit corporation to fund education. Kalamazoo made it the community's responsibility to fund education. Kalamazoo's broad-based "we're all in this together" commitment and attitude in paying for college brings the entire community together as stakeholders in educating the next generation of workers.

Eleven, PDA-Ohio must add one more item to the ten reasons why The Akron Plan is not a good plan to fund education. We believe a Democrat should not be promoting the privatization agenda of the Republican right-wing party. Democrats don't support privatization, whether it's Bush's schemes to privatize Social Security or the military with private for-profit corporations like Halliburton and KBR, Dave Brennan's privatization of charter schools, or Ken Blackwell's privatization of the Ohio Turnpike (yes, and even Democratic Governor Rendell and his privatization scheme for the Pennsylvania Turnpike to a foreign multinational company), for profit.

This is the fundamental issue that erodes our democracy by turning our "public" government into a "corporate-run" government.

Fascism should more appropriately be called Corporatism because it is a merger of state and corporate power.

-- Benito Mussolini

"I hope we shall crush ... in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country."

--Thomas Jefferson

PDA-Ohio affirms the virtues of business and the capitalistic system while seeking to humanize and democratize it. It is our hope to build a just society where we encourage business to broaden their role in the name of democracy by incorporating a social justice component into their business fabric that promotes the common good - not just the maximization of profits. The Akron Plan is a regressive plan in that it unwittingly seeks to create private markets for business in the name of education by taking over the public institution's role for no reason other than profit. There are other new emerging markets business can invest in and develop, with the assistance of government - research and development in clean energy resulting in new products that create jobs come to mind. Government should assist and reward businesses that take on the investment risk with these new endeavors.

AN ALTERNATIVE PLAN: The Summit Plan to Fund Higher Education

Are there other options other than The Akron Plan? Yes. PDA-Ohio has put forth an alternative proposal to fund education. Is it a perfect document? No. No more than the six-page document put forward by the City of Akron. What is unique about The Summit Plan is its ability to act as a starting point for community dialogue in formulating a comprehensive, inclusive, hence a community-driven approach to fund post-secondary education for our children. This draft proposal is not written in stone. We welcome input from citizens, community leaders, business leaders, educators, and elected officials in Summit County - in effect the stakeholders, to contribute their expertise and ideas to this plan. Our effort leaves no one out of the development process in having input. Together, we can find broad-based workable solutions to fund scholarships for our children - the next generation of workers.

THE SUMMIT PLAN

"Investing in Our Community's Future" - An Integrated Scholarship Plan for Funding Higher Education

PDA-Ohio

OVERVIEW:

The goal of The Summit County Plan is to seek regional approaches in providing college and advanced technical scholarships to Summit County students.

The main objective of this plan is to create an educated, talented, and capable workforce for our local business community. Companies like Goodyear, Bridgestone, Firestone, and hundreds of small and mid-size companies in Summit County looking to compete in the global marketplace need the best and the brightest we can produce. With many college graduates looking for a career outside of the Summit area, and Ohio for that matter, we as a community need to keep our young and talented professionals here, to live, work, and to raise their families. The future of our economic well-being depends on having a bright, educated and capable workforce for existing businesses, and to attract new businesses and technologies to Summit County that will keep our economy strong.

The stakeholders, thus the contributors in resources to this trust fund, are the citizens of Summit County, local units of government, businesses, labor unions, universities - specifically, The University of Akron and Kent State University, technical colleges, and foundations.

What are the elements of a successful community development initiative like funding post-secondary education? And how do we, the citizens become involved in making education a part of our own collective responsibility and task as a community? Successful community and economic development initiatives are not solo acts. Collaboration is the key to long term success. The report, "Community Development on Fostering Better Outcomes Through Good Process," notes what is required in putting together a broad-based successfully strategy; 1) it requires advocacy; 2) it meaningfully engages the community and links participatory process together; 3) is supported by many; 4) is not imposed on people; 5) addresses underlying issues such as race, class, culture, and power, and 6) anticipates conflict and works to identify common ground. The Summit Plan will attempt to achieve these six strategies.

As previously stated, the Summit Plan should not be construed as a final product. And, we do not purport that it will solve all of the problems. This plan will present several options in finding a solution. It openly seeks input from the stakeholders (all citizens, government, and business) in fashioning a workable plan to fund post-secondary education while achieving broad-based community support. We will explore ways in this plan to build an education trust fund utilizing several community sources.

Regionalizing the Akron Sewer System

Can the Akron Sewer system be used as vehicle to fund higher education? It is possible.

First, the City of Akron has talked about regionalizing some of its governmental functions. It is interesting to note that while the city is in the process of, or under discussions with, Summit County to take over some of its municipal functions like the building department, the drug unit, and the police department, the city has not discussed the possibility of a county-wide regional sewer district that puts the control of all systems in Summit County under one roof. Currently, Akron, Barberton, Twinsburg, the Village of Lakemore, the Northeast Ohio Regional Sewer District, and Stark and Portage Counties, (the latter three posing some problems that will have to be studied and is not yet a part of this plan will take governmental leadership and cooperation to solve this challenge) . A truly regional sewer district makes sense for many reasons and it could lead the way to funding an education trust fund.

What are the upsides for regionalizing the sewers system?

Rates can be spread out across the county equalizing sewer bills so that all residents pay the same monthly sewer rate. Right now, depending where you are located, say in a municipality such as Tallmadge, your sewer bill may be higher, depending on where your sewage is pumped. A portion of Tallmadge sewer users waste pumped to Akron is anywhere from \$40-\$50 dollars lower per quarterly bill than if your sewage is pumped to Stow's plant. Stow's plant is newer resulting in the higher cost to pay for the system. The end result is everyone in the County pays the same rate. 2. The system works on gravity, pump stations and grinder pumps could be located more strategically without consideration of municipal boundaries making for a more efficient system. PDA-Ohio is a grassroots organization and we do not pretend to be sanitary engineers. We have talked to sanitary engineers and they have said a regional sewer district makes more sense and it could reduce costs.

The City of Akron The Sewer Maintenance Division also operates and maintains sanitary sewers and pump stations constructed by the City of Akron in the Joint Economic Development Districts in Bath, Copley, Coventry, and Springfield Townships.

The sewer system includes 1,392 miles of sewer (701 miles of sanitary sewers, 382 miles of storm sewers, 179 miles of combined sewers, 130 miles of inlet lead connections), 28,853 manholes, 22,309 inlets, 32 pump stations, and one (1) combined sewer retention tank.

Summit County's Sewer Division is responsible for 17 wastewater treatment facilities, over 100 wastewater pumping stations and approximately 800 miles of sanitary sewers transporting wastewater both to the County-owned treatment plants and to those of the cities of Akron, Barberton and Twinsburg, Village of Lakemore, Northeast Ohio Regional Sewer District and Stark and Portage Counties.

Other cities that control their own systems in Summit County (Barberton and there may be others PDA-Ohio is not aware of) have been left out of this report until more information can be gathered for a complete report)

What does a regional sewer system have to do with funding education? It can help fund scholarships.

Who contributes to the Education Trust Fund?

The simple answer; everyone in Summit County contributes the education trust in some way. There are many options that can be implemented in order to generate significant funds to build the Education Trust Fund. Below are just a few. PDA-Ohio is fully aware that the Summit Plan's numbers pulled from census data and

government records may not be fully accurate as data changes and professional analysis is required to verify the data. An impartial advisory committee comprised of professional CPA's attorney's, business professionals, church officials, and other representatives of the Summit County community is recommended in order to qualify the estimated numbers put forth in this document. *(This report is transparent and we welcome and seek your input and recommendations in fashioning a comprehensive plan.)*

1. A regional public sewer system to generate funds - the residential stakeholders

Sewer users receive four (quarterly) bills a year to pay for the use of the sewer system (user fees). Under a Summit County Sewer District, if a regional sewer district is achieved, Summit County Council can prepare legislation to request a referendum to be place on the ballot to simply add a \$1.00 tax-exempt surcharge to each residential sewer bill equaling \$4 a year per resident. **NOTE - The chart below does not segregate residential users form business users of the system.*

Estimated scholarship funds generated annually from a residential regional public sewer surcharge:

| COMMUNITY | # OF SEWER USERS | ANNUAL \$ GENERATED (Estimated) |
|--|-------------------------|--|
| CITY OF AKRON | 210,00 | \$840,000 |
| SUBURBS (USERS OF AKRON SYSTEM) | 85,000 | \$340,000 |
| SUMMIT COUNTY | 49,000 | \$196,000 |
| BARBERTON | 11,000 | \$44,000 |
| TOTALS | 355,000 | \$1,420,000 |

2. Commercial and industrial sewer users - the private-sector stakeholders

Statistics gleaned from the 2003 Census for Summit County indicate 14,530 businesses in Summit County - (2003 Census - <http://www.census.gov/epcd/cbp/map/03data/39/153.txt>). Many Summit County businesses will stand to benefit from the Education Trust Fund by providing companies with a larger pool of college graduates from which to hire. A sewer surcharge fee can be established for businesses at a higher rate than residential users. For the purpose of this report we will use at a minimum, a monetary contribution/surcharge standard for all businesses regardless of the size of the company. Equitable (graduated) surcharge formulas based on the size of the company may be determined at a later date by an independent advisory committee.

A sewer surcharge of \$20 a quarter can be charged to companies (\$80 a year).

Estimated scholarship funds generated annually from businesses through a public sewer surcharge:

| | | |
|---|------------------------------|--------------------|
| SUMMIT COUNTY COMPANIES - 14,530 | \$80 (\$20 a quarter) | \$1,162,400 |
|---|------------------------------|--------------------|

So far, the Summit Plan will raise an estimated \$2,582,400 dollars annually. That doesn't sound like a lot compared to the expected \$200M windfall the City would receive through the Akron Plan. But, there are still other ways to increase the pool of funders in the Trust Fund.

3. The legalities of adding a surcharge to residential, commercial and industrial users

When the mayor addressed council recently he mentioned The Summit Plan stating it is "illegal" to add costs for other than sewer maintenance, construction and repair. PDA-Ohio has reviewed Section 6117 of the Ohio Revised Code - ORC 6117 - SEWER DISTRICTS; COUNTY SEWERS. The ORC language appears somewhat vague on the term "public obligations" and could be interpreted to mean any obligation deemed necessary by the County with the approval of the voters.

Below is how the current legislation reads:

6117.02 - Sanitary rates, charges or penalties fixed or established. Section C (4) states, "Moneys in the sanitary fund shall not be expended other than for the use and benefit of the district."

"Any surplus remaining may be applied to the acquisition or construction of those facilities or for the payment of contributions to be mad, or costs incurred, for the acquisition or construction of those facilities under cooperative contracts. Moneys in the sanitary fund shall not be expended other than for the use and benefit of the district."

6117.02 Section D(4)- " All moneys collected as drainage rates, charges, or penalties in or for any sewer district shall be paid to the county treasurer (in Summit County it is the Fiscal Officer) and kept in a separate and distinct drainage fund established by the board to the credit of the district. Except as otherwise provided in any proceedings authorizing or providing for the security for and payment of any public obligations, or in any indenture or trust or other agreement securing public obligations."

"Moneys in the drainage fund shall not be expended other for the use and benefit of the district."

PDA-Ohio believes the ORC language referring to "public obligation" and "benefit of the district" may be construed as to what the district believes it to mean, possibly investment into an education trust fund, should the voters approve such a measure. A legal opinion is needed to clarify the meaning of the Ohio Revised Code on this matter. If the meaning is interpreted rigidly then another alternative measure can be done - change the State law.

Two years ago, Summit County's State representatives were prepared to introduce legislation at the State level to increase the sin tax in Summit County. The legislation was specifically written to only affect "Charter" Counties. The funds that would have been raised through the sin tax were to be earmarked to assist in raising moneys to fill a financing gap in the proposed soccer stadium in northern Summit County. The stadium never got off the ground and the legislation was pulled. This, in effect, would have allowed only Summit County, one of the 88 counties in the State to increase the tax on liquor. This is another option. Change the State law allowing for an "education surcharge" to be added to the sewer bills for charter county governments that must be approved by the voters in Summit County. Our State legislators will be asked to sign on to the

Education Trust and make the case at the State level on behalf of their constituency for the benefit of the people of Summit County.

4. Learning from Kalamazoo - The Private Sector Investment

The second way to raise funds for the Education Trust (and to build upon the citizen's commitment by way of the surcharge on their sewer bill) follows the Kalamazoo formula. The private sector comprising philanthropists, foundations, Labor organizations, and in particular the business community may make contributions to the Education Trust. If we are to keep our graduates in the Akron area we must have jobs available to them. Compacts can be arranged with businesses seeking specific-degreed graduates by companies providing financial donations to the Trust, providing paid internships while they are in school, and eventually, employment. Companies that contribute to the education trust may enter into a compact with The Summit Plan to allocate their "matching" funds for specific fields of scholarship that are needed in their company. What is missing in The Akron Plan is the lack of commitment from area businesses to fund the scholarship plan or to employ individuals graduating from the University of Akron and Kent State. Who in Akron will employ the graduates and what if they cannot find a job in Akron? If they cannot find employment, under Akron's Plan the graduates would have to pay back the scholarship. The Summit Plan would create a partnership between government and the private sector.

Other ways to build a sustainable education trust fund.

5. Companies in Partnership with the Summit Plan: Besides promoting free inquiry, critical thinking skills, and a more rounded view of the world and one's place in it, college studies obviously prepare students for the ever-changing workforce they matriculate to after graduation. The business community not only benefits from the large pool of graduates entering the workforce yearly, they are in fact dependent upon this pool for future success. In fact, the symbiotic relationship between student and business is ongoing prior to graduation in the form of internships where students attending the university, whether it be the University of Akron, Kent State University, or a technical school, gain the practical skills which are the bridge between education and application. It goes without saying, hands on work experience is valuable both to the student-intern and the business community itself. The Summit Plan envisions the expansions of this partnership as a practical means to fill local business with the work force necessary to continue success. The student not only draws a small stipend to augment college and living expenses, this arrangement also gives the company opportunity to analyze prospective employees while increasing their skills. More importantly the student-intern grows a stronger bond to the community, the hope being the company will keep a graduate at home rather than the graduate becomes part of the exodus of the educated in which Ohio leads the nation.

There are several ways this partnership can be accomplished. The company may elect to contribute to the Summit Plan, earmarking its education trust fund donation toward specific fields of education that will benefit the company's long-term workforce needs, or it may elect to pay students through internships at their company, thus reducing the cost of education demanded on the student. The student not only learns the ways of the business world, the student also learns to be responsible financially for some portion of his/her education. The company receives a return on its donated financial investment while gaining a tax write-off.

6. Why not emulate the Kalamazoo plan?

It is interesting the Kalamazoo plan is promoted as an example of a successful education plan, but it is placed back on the shelf left unexplored in the Akron plan. Kalamazoo raised \$50M from philanthropic donations. This educational funding component must be explored. The Greater Akron area may not have the ability to raise a sum of money even close to Kalamazoo but we may be able to raise a significant amount of money by broadening our reach by reaching out to philanthropists in the region, smaller contributions from alumni at the two area universities, successful and well-to do persons that may not be in the income category considered "the super rich" by NE Ohio standards but are financially successful in their own right, and through national foundations (Bill Gates of Microsoft comes to mind). Many moderate and upper income residents of Summit County would consider contributing \$500 to \$1000 to the fund.

It is difficult to place a number on how much money can be raised for this portion of the Summit Plan. It will take hard work, a solid public relations and marketing plan, and it will take a corporate effort (meaning full citizen participation). Could it raise \$5M? \$10M? \$15M? \$25M. It is hard to guess, but \$20M may be possible, maybe more.

7. University of Akron and Kent State

Given the rising cost of college tuition throughout the country and the fact that the average public tuition in Ohio is 46 percent higher than the national average (2005 study), it is clear that something must be done to curb the rising costs of higher education. Students from outside Ohio attending a university in our State pay higher costs than a student living in Ohio. What can local universities Akron U and Kent State offer students living in Summit County who qualify for a scholarship under the Summit Plan? How about a ten percent to fifteen percent (10% - 15%) reduction in tuition costs for students who receive scholarships under The Summit Plan? As a signatory, beneficiary, and a stakeholder, the universities will be asked to contribute to The Summit Plan by reducing tuition costs for students who have attended a high school Summit County.

This could save the Summit County high school graduate anywhere from \$1200 to \$1500 a semester. Remember, this is a partnership and it is important that all stakeholders contribute in some way. A tuition reduction will give The Summit Trust Fund and opportunity to grow more quickly and to generate more interest income.

8. Income Guidelines for Students Qualifying for Scholarships

The City of Akron has proposed providing scholarships for middle class students. This leaves out poor and working poor families challenged by the high costs of education with little hope of attending, let alone graduating from a university. The Summit Plan proposes that the guidelines for qualifying for a scholarship be set at 300% of the federal poverty level. See chart below:

2008 HHS Poverty Guidelines

| Persons in Family or Household | OHIO | 300% of the Poverty Level |
|-----------------------------------|----------|------------------------------|
| 1 | \$10,400 | \$31,200 |
| 2 | 14,000 | 42,000 |
| 3 | 17,600 | 52,800 |
| 4 | 21,200 | 63,600 |
| 5 | 24,800 | 74,400 |
| 6 | 28,400 | 85,200 |
| 7 | 32,000 | 96,000 |
| 8 | 35,600 | 106,800 |

SOURCE: *Federal Register*, Vol. 73, No. 15, January 23, 2008, pp. 3971–3972

The Summit Plan is sensitive to those with the least ability to pay for college. Lifting up the least of those in our community by creating opportunities for the poor to move up the economic ladder is the hallmark of a just society.

9. Determining the number of scholarship awarded annually and administration of the program

Estimating that the Summit Fund raises \$5M dollars a year, and the cost of one year of college at the University of Akron and Kent State is roughly \$12,000 a year, and you set a minimum reserve of \$2M in the fund at all times (invested conservatively and drawing a moderate return of interest), leaving the fund with \$3M to invest for scholarships annually. Keeping in mind it generally takes a minimum of four years to complete college, how many scholarships could be funded in the first year?

At \$3M it is possible to invest in 250 scholarships the first year. If all 250 students graduate in four years, and 250 scholarships are awarded each year, in five years there will be 1250 students in the scholarship plan. We must ensure jobs are available and companies are willing to employ these students who received scholarships.

That said, if the community is willing to invest in high school graduates we must expect our young men and women who plan to take advantage of the scholarship program to invest in their own education as well.

The cost of post-secondary education in Ohio is well above the national average. Most middle class and poor students must work while attending school, regardless of the number and degree of financial assistance they receive from other scholarships or grants. Many students maintain a part-time job while attending school. The Summit Plan believes that students should be required to take on a part-time job to help pay for some portion of their education. The people who developed this plan know very few students who do not have to

pay for some portion of their educational costs. Working and attending school builds a strong work ethic while keeping the students grounded in the realities of life. Limiting a "full-ride" to the most vulnerable of our society (those at 80% of the poverty level and below) is an option that needs to be considered. Slightly reducing the amount of the scholarship grant for those falling into the category of 250% to 300% of the poverty level will allow more scholarships to be distributed annually. Companies seeking part-time workers can receive a listing of those students receiving scholarships through The Summit Plan. Again, business shall be asked to play a role in ensuring a high graduation rate from students receiving scholarship grants through the plan by hiring them for part-time work.

All grants/scholarships awarded to students through The Summit Plan will be treated as a "forgivable loan" that commence when the student is employed in Summit County. The term of the loan is ten years. Each year that a student resides and works in Summit County the loan is reduced by 10%. After ten years the loan reaches zero and the loan is forgiven. If the student moves out of the area they will be expected to pay the remaining balance on their loan at 2% interest. The loan funds will be directed back into the program.

As you can see from reading The Summit Plan, there are still many details that must be worked out. The Akron Plan is even more severely challenged due to its lack of details. Akron voters must decide for themselves if they have been provided enough details in The Akron Plan to vote for it on November 4th.

As the Akron Mayor works with Morgan Stanley corporation and his group of community leaders to examine how we might invest in developing a plan to provide a publicly-funded education beyond high school let's broaden the vision to see past the boundaries of Akron for a truly regional perspective. Educating the next generation of workers is critical for the long term health of our region. Equally important is keeping our water, sewer, and roads in the public domain.

We look forward to your input on building a more acceptable approach to funding education by adding your ideas to The Summit Plan. Please email your thoughts and ideas to PDAOhio@gmail.com.