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Akron eyes sewage system deal for scholarships

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AKRON, Ohio (AP) -- Some people dub it "stools for schools," yet the mayor's plan to lease the city's sewage system gets high marks from others.

Mayor Don Plusquellic has proposed leasing the city-owned sewage system to a private contractor for up to \$200 million and using the money to finance college scholarships for Akron's public high school graduates.

It's a novel idea, but the 100 city workers who run the sewage system oppose the plan and have forced the issue on the Nov. 4 ballot. Opponents, which include some community groups, fear privatizing public assets.

"Whenever you privatize something, you lose some control, especially controlling the sewer rates," said Willie Smith, 57, a retired stagehand and community activist who fears private operation will lead to skyrocketing sewage rate hikes.

Plusquellic, though, bristles at the notion and said the deal amounts to a trade-off.

He said money for the scholarships would help students attend the University of Akron or a trade school in the city, and turning over the system to a contractor would include rate caps and service guarantees.

Plusquellic said the plan would address brain drain - a migration of talented students out of the city. About 18.6 percent of Akron residents are college graduates, compared with 27 percent nationwide, according to the Census Bureau's estimates for 2006.

The city's population also has dropped 9,140, or 4 percent, to 207,934 since 2000 because of a decline in the manufacturing industry.

Plusquellic's plan is a twist on programs in other U.S. cities, including

Kalamazoo, Mich., that offer scholarships to students with the hope that they eventually stay. But the National Association of Student Financial Aid Administrators knows of no other program that leases a sewage system to pay for college scholarships.

The University of Akron has 24,000 students but only about 600 from Akron's public schools. Tuition costs \$8,382 a year for Ohio residents.

Plusquellic's plan is meant to subsidize any remaining tuition after other scholarships and grants that a student gets.

But there's a hook: if a student who receives a scholarship moves out of Akron, the scholarship most likely would convert to a low-cost loan that must be repaid on a sliding scale depending on how long the student stays in the city.

Specifics are still being work out, but plan backers favor a 30-year residency requirement to maximize return on investment.

Unclear is how the city would enforce that, but Plusquellic spokesman Mark Williamson said flexibility is necessary because a person could become employed by a global company, such as Akron-based Goodyear Tire & Rubber Co., then get transferred.

In Michigan, the Kalamazoo Promise scholarship program has inspired at least 19 similar programs since its inception in November 2005, while more than 50 other communities are exploring the idea. The anonymously funded program is open to Kalamazoo public school graduates who meet minimal academic and district residency requirements.

The program has reduced the dropout rate, increased the graduation rate and spurred economic development in the Kalamazoo area by generating housing and business investment, according to studies by the Kalamazoo-based W.E. Upjohn Institute for Employment Research.

Without a donor to jump start Akron's plan, Plusquellic turned to the sewer system and its reliable income.

Greg Coleridge, a member of the Quaker-affiliated Northeast Ohio American Friends Service Committee, said a sewage system lease would abandon an important public asset to an outside corporation. Governments should maintain control of work to ensure the public's health and welfare, he said, because "this is what local governments do."

Justin Draeger, a spokesman for the National Association of Student Financial Aid Administrators, said the trade organization applauds any effort to increase the availability of money for college. Still, a 30-year residency requirement would be a little long, he said.

Students heading into the financial aid office last week at the University of Akron seemed supportive.

Robert Whitlinger, 21, a senior mechanical engineering student whose tuition has risen \$1,000 since he first enrolled, said he didn't have a problem with the deal. "As long as the money that's coming from it is going to a good cause, I'd be fine with it," he said.

Megan Carr, 28, who graduated from the college last December and is looking for a teaching job, said she amassed a \$40,000 student-loan debt in 7 1/2 years on campus and thought the scholarship program was a great idea.

"I think any time scholarships are available, other kinds of funding besides federal funding, it's great," she said.