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The Scholarship Spigot

What do sewer and water bills

have to do with college tuition? Not much—until Sam Adams said so.

BY BETH SLOVIC



IMAGE: Hawk Krall

Mayor Sam Adams' upcoming budget proposal for the City of Portland will include \$500,000 for new community college scholarships Adams says will "get our youth on track in high school."

Less "on track" is one of the mayor's ideas for creating a new way to pay for the program, "Future Connect Scholars."

As first reported by *WW*, Adams, who aspires to be the "education mayor," plans to pay for up to 1,000 new scholarships a year by tapping the fees Portlanders contribute to the city's general fund each time they pay their water and sewer bills. Now, it appears Adams may raise the city's cap on those fees, a move that amounts to raising taxes. The mayor's office confirms this is one option.

But the push to get more of the city's high-school graduates to attend community college has some in Portland questioning the appropriateness of the funding plan, without doubting the value of the educational initiative.

"I think the scholarship program is awesome," says David Johnson, a member of the volunteer Portland Utility Review Board, a citizens panel appointed by City Council to weigh issues affecting municipal utilities. "But this is just the wrong way of going about funding a good idea."

This is not the first time City Council has turned to ratepayers to fund programs unrelated to delivery of water and sewer services to homes and businesses, Johnson says. The city also uses \$500,000 in ratepayer money every year to maintain park fountains and Benson Bubblers.

Despite longstanding complaints about the practice from the utility review board, City Council has the power to both set the rates Portlanders pay for sewer and water *and* to establish how to spend the ratepayers' money.

Johnson calls that system "broken" and long overdue for an overhaul. "The checks and balances in the current system are ineffective," he says. "You need someone else to say, 'Wait a minute, is this really appropriate?'"

That's not happening now. And Adams wants city ratepayers to subsidize his scholarship program, even though doing so will affect the pocketbooks of "Mikes" and "Jeans" everywhere. Water rates in Portland increased by 17.8 percent last year and are scheduled to jump 12.9 percent this year. Sewer rates rose 6 percent last year and are expected to increase 6.9 percent this year.

Meantime, the City of Portland faces a \$33 million gap in the general fund discretionary budget for 2010-11, about 9 percent of the entire fund.

Adams announced the scholarship program at his State of the City address Feb. 5, but offered few details about the program's funding source.

"When it is at full strength, the City Council and our community colleges will partner to offer up to \$2 million annually in scholarships to cover the cost of tuition," he told the City Club of Portland that day.

The funding mechanism at the heart of Adams' proposal is called the utility license fee. That fee is essentially a tax of 5 percent on the gross revenues of utilities that range from Comcast to Northwest Natural Gas to the city's own Water Bureau. In all cases, the utilities pass those fees to consumers via their utility bills. (The mayor is proposing changes that affect only sewer and water rates.)

But all of the money then goes to the city's discretionary budget, which can be used to pay for any city services. Historically, much of it has gone to paying for core safety services like police protection and firefighting.

Tapping the city's utility license fees for college scholarships could require raising Portland's sewer and water rates, says Dean Marriott, director of the Bureau of Environmental Services.

Adams' office defends the program. To justify use of the utility license fee, Adams has proposed making it a requirement of scholarship recipients that they be interns with the Water Bureau and the Bureau of Environmental Services. Further, Adams says recipients will have to major in subjects like engineering, environmental science or sustainability.

"Investing in smart, skilled Portlanders to keep the utilities at their best is a smart long-term investment for our utilities and our

economy," says Roy Kaufmann, the mayor's spokesman.

FACT: *City Auditor LaVonne Griffin-Valade is considering undertaking a new audit to investigate the use of ratepayer money to pay for services unrelated to the delivery of water and sewer services.*

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