Alumni Boost Bond Issue

BY LEONARD DONWIE

Ohio State alumni are helping lead the drive for voter approval next month of the state-wide $250 million bond issue, $210 million of which is earmarked for aid to Ohio's public colleges and universities and distressed school districts.

Final organizational meetings were held yesterday in 19 central Ohio counties where alumni-directed committees of civic, business, farm and labor leaders are conducting a whirlwind grass roots campaign to inform voters about the issue and to urge its passage.

Actually, State Issue No. 1 is a proposed constitutional amendment, requiring majority approval from Ohio's voters to extend a penny-a-pack cigarette tax first levied by a similar referendum vote in 1955 and due to expire in 1977.

$175 Million For Buildings

The issue approved in 1956 provided $150 million for mental health, welfare and higher education capital expenditures. Construction of Denney and Sisson Halls, Evans Chemical Laboratory, the Chemical Engineering Building, and the Fine Arts Building was financed by Ohio State's share of the money.

If approved Nov. 5, State Issue No. 1 would provide around $175 million for new buildings for Ohio's public universities, including Ohio State, Miami, Kent State, Bowling Green and Central State College; Akron, Cincinnati and Toledo municipal universities; and Lorain County, Youngstown and the new Cuyahoga County community colleges.

The rest of the $250 million provided by the bond issue would go to distressed school districts ($35 million), conservation and parks ($25 million), and state facilities ($15 million).

Alumni Committee Formed

The issue was placed on the November ballot by legislative action this summer. Gov. James Rhodes and numerous state-wide organizations, including the Ohio Educational Association, Farm Bureau, Chamber of Commerce and Ohio Manufacturers' Association, have endorsed the plan.

Ohio State alumni were brought into the campaign when Chairman of the Ohio State Board of Trustees Thomas F. Paton, who is a 1926 law graduate, organized the Citizens for Ohio's Future. Backed by contributions totaling $165,000, this organization of educational, civic, business, labor and legislative leaders is coordinating the campaign for voter approval of the bond issue. The Alumni Association, Development Fund, and the University each contributed $10,000 to the committee's coffers.

As offshoots of the committee, the alumni groups of 11 of the benefitting schools (newly-opened Cuyahoga Community College has no alumni) are directing a grass-roots informational campaign for the issue in each of the state's 88 counties under the leadership of Ohio State's Alumni Secretary John B. Pullen.

People To People

Mr. Pullen explained the campaign as a "people-to-people effort to inform the general public that State Issue No. 1 exists and should be approved."

The state was divided into seven campaign areas, according to Mr. Pullen, with alumni of the public universities in each area directing the campaign there, helped by graduates of the other schools. Ohio State alumni have primary responsibility for a 19-county Central Ohio area: Allen, Ashland, Champaign, Coshocton, Crawford, Delaware, Fairfield, Franklin, Guernsey, Knox, Licking, Logan, Madison, Marion, Morrow, Muskingum, Pickaway, Richland, and Union counties.

In each of these counties, an alumnus heads an executive campaign committee composed of local alumni of Ohio State and other affected schools. Each of these committees organized and met with a larger group that included area business, farm, civic and school leaders. The last of these final organizational meetings were held yesterday.

Enrollments To Double

Coordinating all this and sitting in on most of the meetings was a past president of the Alumni Association, G. E. Tenney. Two weeks ago he logged 3,100 miles in six days, while Mr. Pullen, who accompanied him to many of the meetings, spoke in five scattered Ohio cities during the same period.

"Most of all, this campaign gives us a significant opportunity to alert the people of Ohio to the needs of higher education here," Mr. Pullen said.

He pointed to campaign figures showing that the state's college-age population will double in the next seven years. Ohio State's on-campus enrollment, for instance, is expected to stand at 35,000 students, 16,000 of them freshmen, by the 1965-66 school year, compared to a 20,000 total during the 1955-56 academic year, according to official university estimates.

Fee Rate Soars

"The students have been paying their share of the necessary expansion expense," Mr. Pullen said. Five fee raises in the last seven years have boosted tuition for Ohio-resident undergraduates 109 per cent from $63 to $125 per quarter. "Student room and board fees have been paying for the recent dormitory and dining facility building boom, too," he added.

"Ohio citizens, meanwhile, contribute only $13.14 a piece annually to support the state's higher education program. This compares with a national average of $17.50 per capita, and with per capita contributions of $32.00 in California, $29.11 in Michigan and $28.92 in Indiana.

"The bond issue could give us a chance to begin catching up before we fall too far behind," he said.
Number One

State Issue No. 1 is aptly named.

It is the most crucial issue facing Ohio citizens. It may determine whether many high school graduates of '66 or '67 will obtain bachelor's degrees in 1970 or '71.

Voter reaction to Issue No. 1 in November will influence the destiny of Ohio education. A majority of "yes" votes will give Ohio higher education 175 million sorely-needed dollars, in addition to making $35 million available for loans to distressed public school districts.

The need is there. University President Novice G. Fawcett spelled it out speaking to freshmen at the beginning of this quarter:

"If the bond issue passes, there will be new classrooms and laboratories which some of you will use when you are juniors and seniors.

"But if it fails," he warned, "your life on this campus may be quite different from what it might have been, and your younger brothers and sisters and their friends may have great difficulty in gaining admission."

This is tragically true. For enrollment in Ohio's public universities will double between 1960 and 1970, according to Ronald B. Thompson, dean of special services and an expert in projecting enrollments.

This means that all of the physical and human resources which have been developed in the past 160 years must be duplicated in the next 10 years.

A prodigious task faces Ohio citizens. The $175 million the bond issue would provide may not stretch far enough to meet all the demands of ballooning enrollment, but it must be passed to let Ohio offer a college diploma to the 340,000 students seeking higher education in 1970.

Without this $175 million, some Ohio college students will be unable to find a seat in classrooms, laboratories or libraries. A study made in 1962 under the direction of the Ohio Legislative Service Commission shows that already Ohio colleges and universities are lacking needed space in those areas.

Some have said the student should pay. They are now paying for student unions, athletics, dormitories and dining halls.

For instance, Ohio State fees have increased 178 per cent in the last ten years. State support has risen only 21 per cent.

This rapid increase in fees places the financial burden of the Ohio State student above that of students at 10 other major state universities, including California, Michigan and Wisconsin, according to figures released last year.

And Ohio State fees have gone up to $125 since those figures were released.

Students need your help, Ohioans. And if you vote yes, you will merely be continuing a tax you approved in 1955.

The entire bond issue will be financed by continuing an existing cent-a-pack cigarette tax.

So, a "yes" vote Nov. 5 on State Issue No. 1—the issue of first importance to Ohio's future—will provide critically-needed college facilities and mean no more taxes for you.

Vote "yes." You can't go wrong.
Citizens have raised questions, comments and controversy about the $250 million state capital improvements bond issue appearing on the Nov. 5 ballot. Few have questioned the need for expanded colleges and universities. But controversy has centered on how to finance this expansion. To clarify the positions of the bond issue's proponents and opponents, the Lantern has interviewed John B. Fullen, secretary of the Ohio State University (Alumni) Association, a regional chairman of Citizens for Ohio's Future, and William Coleman, state Democratic chairman. Their comments follow below.

By CHARLES L. BELL

On Tuesday, the problem of providing increased facilities for higher education in Ohio will be thrown into the laps of the voters via Issue No. 1.

As approved by the legislature, this $250 million bond issue will be financed by continuing the penny-a-pack cigarette tax.

This tax was first imposed in 1955 when Ohio voters approved a 150 million bond issue to finance capital improvements, including $75 million for higher education.

**Five Series Of Bonds**

The bond issue would be used for financing:

- $175 million in public college and university buildings.
- $35 million in loans to distressed public school systems for buildings.
- $25 million in improvement of state-recreational facilities.
- $15 million for buildings at state welfare institutions.

If Issue No. 1 is passed, the state will sell bonds in five series of $50 million at one-year intervals. Each of these bonds will probably be issued for 30 years at 3 per cent.

**Mature In 2003**

At this rate the $250 million worth of bonds would mature in 2003 and would cost about $130 million in interest—more than 50 per cent. State officials contend that if cigarette tax revenues continue to increase at the rate which they have increased since 1955, this $250 million could be retired possibly by 1987, instead of 2003.

If the bonds were retired in 1987, says State Treasurer John D. erbent, the interest would be about $115 million—or 40 per cent.

**Need For Bonds**

Q. Why do you think a bond issue of this type is being used to raise money for educational facilities and other state capital improvements?

COLEMAN—In this instance, I must be perfectly frank and say that the only reason in the world that this is being done is so the present administration can hold true to its promise of no new taxes. This, in fact, is a new tax of $575 million, including the $125 million interest, but the administration is attempting to hoodwink the people saying it is merely a continuation of an existing tax.

FULLEN—Because it's a practical and feasible way to do it. It's a very easy and painless way. It's a continuation of a tax voted by the voters in 1955. Thus, there is precedent for it—the voters have already approved it. It seems at this particular time, when there is no other way to get the needed capital, the most feasible way to do it.

**Interest Rate**

Q. What is your opinion of the amount of the interest rate?

COLEMAN — It is ridiculous. Most bond issues over the state, either on a municipal, county, district or state level, usually cost anywhere from 18 to 22 cents for each dollar made available for capital purposes. This particular bond issue will cost the taxpayers of Ohio more than 50 cents for each one dollar made available. The reason is that not one dime comes in from revenues to retire the bond issue or to pay the carrying charge for ten years.

FULLEN—Well, there's a great discussion about the interest rate. Of course it's going to cost interest. But once I bought a house and I had a mortgage on it and at the end of the month I was horrified when I got my statement. It showed $20 toward my equity and $80 in interest. Now we know all school districts float their capital facilities with bond issues, and that every corporation has to float a loan in order to build. As one can see, this is the accepted method of building long range facilities.

There's another aspect to this. These bonds will be paid off over a long period of time meaning that the cost of them will be distributed down through the generations who will be using the buildings, instead of having us all pay it now for those future generations.

**Payoff Date**

Q. When do you believe the bonds from this issue, if passed, would be paid off?

COLEMAN — The people from the law firm of Squire, Sanders and Dempsey, who were responsible for figuring this at the time the Senate joint resolution was voted upon in the legislature, estimated it to be 1983 A.D.—forty years hence. The present bond issue which was passed in 1955 still has 10 years to go. The new one, theoretically, would not begin until 1973. It's a thirty-year issue.

FULLEN — There's one figure that goes up to 2002, but this depends on how great the income is from the sale of cigarettes. In 1955, when we campaigned for the $150 million issue, we estimated that the penny tax would produce about $8 million a year. It is now producing about $14 million a year. The speed with which the bonds will be retired depends on how many cigarettes are purchased.

There's another aspect to this, involving the interest rate. There's a limitation on how many of the bonds can be issued in a given year for capital improvements. In terms of the interest rate, taxpayers won't be paying interest on $250 million right away. They will be paying it as the bonds are issued.
FULLEN—Yes, I believe it is a factor. I have heard there is a horrendous report coming out of Washington — the worst ever — about the effects of cigarettes on cancer potential. But this is in the lap of the gods whether people who smoke cigarettes will be scared enough by the new reports to cut down on their smoking. What I've noticed is a cigarette smoker myself is that you get scared for a little bit and cut down. Then, when the scare is over you go back to smoking again.

Emergency Measure
Q. This method of financing capital improvements has been called an emergency measure. Do you believe it is?

COLEMAN—It is an emergency measure only for the purpose that I stated at the outset—that this is merely a hoax. It's an attempt to cover up a new tax of $375 million dollars. While bond issues, if they are properly put to the voters and are on a sound business basis, are a good means of raising money for capital improvements. This is not that kind of a bond issue. It certainly couldn't be described as an emergency measure at all.

FULLEN—It certainly is an emergency right now because the legislature wouldn't do it any other way. If the bond issue doesn't pass, we will be in a real chaotic emergency without the facilities to take care of the oncoming boards of students. We know what the enrollment is at Ohio State—almost 10,000 freshmen enrolled this year. The prediction is that by 1968 the freshman enrollment will increase by 50 per cent. We know that all the state supported and assisted universities are bursting at the seams now. Where will we put these new students if we don't get this bond issue passed?

Tax Inadequacies
Q. The bond issue of financing has been said to point up inadequacies in Ohio's tax system. Do you believe it does?

COLEMAN—Yes, this bond issue has pointed up inadequacies in Ohio's tax system. I think our whole tax structure should be reviewed. I think this must be done at a very early date. Ohio as a state is going backward. Today, for example, our legislature provides less money for each student at Ohio State University and all other state universities than any other state in the Western Conference.

This is a sad commentary on the people of Ohio, the state administration and the state legislature when we, a state as rich as Ohio rank tenth among the schools in the Western Conference for the amount of aid we provide for our students.

FULLEN—These are purely political, partisan attitudes when you get opposition from the Democrats against the Republicans about a method of taxation. But these charges seem to highlight the fact that Ohio's tax system is pretty antiquated and needs a real look at one of these days.

The fact of the matter is that we stand way down among the states in what we do to support education. In addition, our student fees have increased phenomenally in the last ten years—Ohio University's fees have gone up $206 per cent and Ohio State's have increased 178 per cent.

When the Land Grant Act was signed by Abraham Lincoln, the sons and daughters of artisans, mechanics, farmers and laborers for the first time had an opportunity to go to college. The theory was that it would be education just as cheaply as possible, not for the benefit of the individual himself, but for what he would produce for society.

I have always contended that education is the ultimate source of all our wealth and our culture. If we start to make it difficult for the common people to get an education, our country will go backwards instead of forward right at the time when there is a world-wide push for education.

So it seems to me that a good hard look should be taken at the total tax structure of the state of Ohio to see why there are not enough taxes available to finance education adequately.

Adequacy Of Size
Q. Do you believe the size of the bond issue is adequate?

COLEMAN—This of course is something that requires careful study to figure out the plans. But the buildings themselves are not the answer. What we need is operating funds. We need better trained professors. We need more and better laboratories. We need operating funds more than buildings. And while we need buildings, we also need some indication that the legislature is going to provide adequate operating funds rather than just buildings.

FULLEN—No, I do not think it is adequate. The universities' presentations of their needs on the biennial plans indicate that it is not. Three biennials ahead, Ohio State University has listed $119 million worth of needs. But there's only $175 million listed in the bond, issue for all of the 10 universities which are participating. The inadequacy of the appropriation to Ohio State is very clear.

Possible Followup
Q. Do you think this bond issue, if passed, should be followed very soon with additional bond issues or direct appropriations from the legislature?

COLEMAN— I think the people of Ohio must be awakened to the sad situation that we have in our whole educational system. We should consider the amount of money that we are providing for our public school teachers under the Foundation Act in comparison to other states. We must also consider Ohio's educational institutions' high fees.

It's going to take something like a sound defeat of this particular issue to awaken the people of Ohio to the situation that exists here—that we are lagging behind and that this is a legislative responsibility. A sound defeat may very well awaken the public. They, in turn, may bring pressure on the legislature—either this one, or one to be elected—to get Ohio in step with the other states and to move Ohio forward in the field of education.

Unless we have some inclination of intent on the part of the present administration or legislature to do the job—to move Ohio forward—I see no hope for the future. And this building program is not the answer. First of all we must have adequate operating funds. Why are many of our leading professors going elsewhere?

FULLEN—Only time can tell. We have to assess what the 10 participating universities are able to do with the facilities that are created out of this bond issue. If the college enrollment increases and facilities run out, which people think will happen, there will have to be some other means of raising revenue.

Fulfilling Other Needs
Q. Do you think the legislature would raise taxes and make direct appropriations to fill needs left vacant with this bond issue?
COLEMAN—I think there is a good possibility that the public will demand this of the present legislature, or they will elect one that will move Ohio forward. Unless this bond issue gets a sound drubbing, we're going to go right along just dragging our feet and providing less and less aid. Soon we may well become a second rate state, because this is where we are fast drifting to.

FULLEN—Well, I doubt whether the governor or the legislature in its present frame of mind would do anything about raising taxes, because they are aware of the climate of resistance to any kind of tax in Ohio. For example, we heard from the Kiplinger agency that one-third of all of the school bond issues are going down to defeat. There seems to be a mood, particularly in Ohio, against any kind of tax.

But we had an old president of this University named Dr. William Oxley Thompson who used to pound his fist on the table at the Finance Committee, down in the General Assembly and say to them, "Gentlemen, I tell you that the people of Ohio will demand and they will get the educational facilities."

Well, they have demanded and they have gotten far beyond Dr. Thompson's dream. They are not in any sense adequate to the needs of today, but it all depends on when it starts to hurt. If hundreds of families, either through high tuition or lack of facilities, find their children denied a college education, there'll be another kind of rebellion on the part of the people. They will insist that the legislature take care of the situation and issue whatever taxes are necessary.

The difficulty, I think, is that the people don't understand what the needs are until the inadequacies start to hurt them. When they hurt they yell, and when they yell, they vote.
Aid To Higher Education
Okayed By Almost 2 To 1

State Issue No. 1, the controversial $250 million bond issue, was approved yesterday by an overwhelming majority of almost two to one.

The issue—the only state-wide item on the Ohio ballot—was never in danger of defeat.

Thomas Patton, chairman of the bond-supporting "Citizens For Ohio’s Future" and president of Republic Steel Corp. in Cleveland, said passage of the issue will "give Ohio a big boost in preparation for the future and can only be interpreted as a vote of confidence in Ohio's future."

In Franklin County (Columbus), the issue passed by more than a two to one majority. In Mahoning County (Youngstown), passage was by just under a two to one majority.

The bond issue will provide Ohio with $250 million in state securities to support capital improvements by continuing the one-cent-per-pack tax on cigarettes.

Of this, $175 million will go to public universities and colleges, $35 million for distressed public school districts, $25 million for conservation, recreation and water improvement, and $15 million for state facilities.

Cincinnati Votes No

As of 11:30 p.m. in Lucas County (Toledo), the bond issue led in "yes" votes by 24,000. At 11 p.m. in Stark County (Canton), there were 3000 more "yes" than "no" votes.

At 11:30 p.m. in Summit County (Akron), "yes" votes led by 26,000. At 11 p.m. in Cuyahoga County (Cleveland), bond issue "yes" votes led by 40,000.

Hamilton County (Cincinnati), was the only county in which the issue was losing. As of 10 p.m., "no" votes led by 3,000.

Rhodes Is ‘Gratified’

When most of the results were in, Ohio Governor James A. Rhodes issued the following statement:

"I'm deeply gratified at the outcome of the balloting, and I wish to thank the voters for their confi-
DON'T DENY OUR CHILDREN THE BEST EDUCATION!

Enrollment in Ohio's public universities and colleges will be twice as great in 1970 as in 1960. So Ohio must expand their facilities — classrooms, dormitories, laboratories.

You, Mr. and Mrs. Voter, will give the answer on Tuesday, Nov. 5. A majority "YES" vote for State Issue No. 1 will mean a $250 million bond issue that will NOT increase the present level of Ohio's taxes. It only continues the one-cent-per-pack cigarette tax in effect since 1955.

It will provide a broad expansion program for Ohio's most critical needs. Money will be used this way:

- $175 million for public colleges and universities
- $35 million for distressed school districts
- $25 million for conservation, parks and recreation
- $15 million for state facilities

Don't deny our children full opportunity. Don't halt Ohio's progress. Go to the polls and vote "YES."

1 VOTE YES
STATE ISSUE #1
Bond Issue For Public Improvements

SPONSOR'S NAME
$3.7 Million Okayed
By Ohio Regents for
OSU Improvements

The Ohio Board of Regents Friday released more than $3,700,000 of nearly $20 million appropriated thus far by the Ohio Legislature for capital improvements at Ohio State.

The largest single cut, $1 million, will go into the purchase of land for the College of Medicine.

Dr. Gordon B. Carson, University vice president, business and finance, said the property to be acquired is a three-block section directly south of University Hospital. The area is bounded by 10th Ave. on the north, 9th on the south, Neil on the east and Perry on the west.

It will eventually be the site of an outpatient hospital, a general hospital, a basic science building and a new school of nursing, according to plans completed last month.

The money for Ohio State is part of $178 million voted for Ohio higher education in last fall's election.

Virtually all funds released by the Regents to date are for the construction and improvement of science facilities here and at other state-supported colleges and universities.

Dr. Carson said this is due to the fact that these are the only areas for which federal matching funds are provided and thus must be considered first. He said the University has earmarked future appropriations for non-science areas.

Following the morning meeting in the Ohio Union Conference Theater, the regents took a bus tour of the campus at the invitation of President Novice C. Fawcett.

In other action, the regents:

- Created a committee to "develop a standard plan" for branch campus construction.
- Released more than $1,600,000 for capital improvements at state-supported colleges and universities.
- Here is a breakdown of the funds released to Ohio State, to be used principally in financing plans for new facilities:
  - Engineering and science building: $95,000.
  - Dentistry laboratories, $32,340.
  - Physics and astronomy building, $20,000.
  - Engineering classrooms and labs, $122,360.
  - Aerodynamics and missile propulsion laboratories, $30,000.
  - Chemistry research facilities, $47,740.
  - Electronics labs, $97,000.
  - Systems engineering building, $33,400.
  - Pharmacy building, $112,560.
  - Orton Hall and Mendenhall Laboratory modernization, $15,610.
  - Robinson Laboratory completion, $175,100.
  - Commerce and Administration Building modernization, $17,570.
  - Olentangy River improvements, $302,300.
  - Highway Testing Laboratory remodeling, $379,000.
  - Urban renewal land purchase, $404,000.
  - Campus Loop Road, $33,740.
  - College of Medicine land, $1 million.
  - Veterinary Clinic removal, $131,740.
Bonds Will Pay for This Construction

Ohio State, the largest of Ohio's tax-supported universities, has already entered more than $1.5 million into contracts for facilities to be financed under Ohio's $250 million capital improvements program. Included are the following projects:

Medical College expansion—includes new hospital, outpatient clinic, basic science medical building, nursing building, and modernization of Hamilton Hall and Staleting-Loving Hospital. Total cost, $20 million.

Dentistry building, $850,000.

Engineering classroom and laboratory building, $2,900,000.

Aerodynamics and missile propulsion laboratory (at Don Scott Field), $720,000.

Chemistry research facilities, $1,300,000.

Pharmacy building, $3,300,000.

Purchase of land for Medical College expansion, $1 million.

Engineering and science facilities (Dayton branch), $3 million.

Removal of veterinary clinic, $200,000.

Design of veterinary hospital, $3,800,000.

Materials engineering and science building, $2,300,000.

Also scheduled are the modernization of Orton, Hagerty, Page and Brown Halls and Mendenhall Laboratory, and an addition to Caldwell Laboratory.
High Court Hears Bond Issue Lawsuit

By BILL WORTH

The Ohio State Supreme Court took under advisement yesterday the taxpayers' suit holding up funds from the $250 million bond issue passed in November.

The court is expected to rule on the suit next Wednesday.

During final arguments at yesterday's hearing, William B. Saxbe, Ohio attorney general, injected a political note into the proceedings by charging the suit was calculated to embarrass the Rhodes administration and the legislature at primary election time.

Questions Legal

Theodore R. Saker, representing Paul J. Lynch who filed the suit against the bond issue, also presented his final arguments.

Mr. Lynch's suit raises questions of the legality of the bond issue suit on two main points:

- Does the law allow the state finance director to levy a tax at his own discretion to pay off the bonds?
- Does the November, 1963 bond issue weaken the value of bonds issued in 1955 after a similar $150 million cigarette bond issue passed?

The suit has halted all work under the capital improvement program, including $175 million in work at the state's universities. The immediate effect at Ohio State was to stop all money which would have paid for $61 million worth of construction and improvements.

Mr. Saker argued that the power the finance director has been given by the legislature to levy a tax does not fall within the traditional system of separation of powers and is therefore unconstitutional. He called the finance director's tax levy responsibility "raw power."

Mr. Saxbe claimed that under the law, the legislature set up a "mechanical procedure" for dealing with the issuance of bonds and the tax to pay them off.

Process Gives Power

This procedure gave the finance director power to check the state's coffers each month to see if there is enough money to pay off the bonds. The key point, he said, was that the outstanding bonds from the 1955 issue were to be paid before the 1963 bonds.

This procedure ensures holders of the 1955 bonds payment, and therefore, the 1963 issue does not weaken the bonds issued in 1955, he said.

Bond Suit Denied; Work Will Resume

By DONNA BOLLER

A lawsuit which could have stunted Ohio State's growth—won't.

The Ohio Supreme Court yesterday ruled against the suit which sought to halt the $250 million capital improvements bond issue approved by Ohio voters last Nov. 5.

The bond issue, known as State Issue No. One, authorized Ohio State and other tax-supported universities in Ohio $175 million for new facilities. When a Columbus schoolteacher, Paul J. Lynch, filed suit against the issue on March 25, the bonds could not be sold and all contracts being negotiated had to be halted.

"This is a smashing victory," Attorney General William Saxbe said yesterday. He added that he hoped that within a week the sinking fund commission could meet and begin arrangements "to spend this money the way it was intended."

To pay off the bond issue, the General Assembly authorized a one cent per pack cigarette tax and provided for a penny-a-pack tax on cigarettes—which was about to be raised—to be reinvested by the state tax commissioner if the finance director decided the new penny tax could not meet payments on the bonds.

Authorizes State Levy

Mr. Lynch contended that this in effect authorized the state finance director to levy a tax, authority which under state law is reserved to the legislature. Therefore, he claimed, the legislation was unconstitutional.

The opinion handed down by the Ohio Supreme Court avoided the question of constitutionality. It stated instead that since Mr. Lynch did not hold one of the bonds from a $150 million capital improvements issue passed in 1955, he was ineligible to bring suit on this issue.

Rises Question

"The question is, 'Does this clear the tax?'" Theodore R. Saker, attorney for Mr. Lynch, commented yesterday after the verdict. "The court, even in very remote terms, raises the question as to whether the authority given the finance director is valid."

In the last paragraph of the opinion, the court states that it recognizes that this suit contains a matter of great public interest.

Mr. Saker said that he had not yet considered appealing the suit, because he had not had an opportunity to consult with his client. Delay Not Serious

Ohio State, which had already entered into more than $1.5 million worth of contracts before the suit was filed, will not be too seriously affected by the delay, according to Dr. Clinton V. Oster, controller, business and finance. Dr. Oster said that although several architect's contracts had been let, no construction contracts had been entered into.

When the suit was filed, he said, "We were asked by the finance department not to incur any further obligations." He said that contract negotiations can resume as soon as work is received from the director of finance.

Main Problem

The main problem the suit caused the University, Dr. Oster said, was that it held up monies needed to purchase three parcel west of Peasley Street and a north and west of Frambes Avenue. This land, part of the plant and North Complex, will be used for one dining hall and three residence halls.

"If this money (from the bond issue) becomes available, and if the state controlling board approves, we can purchase the land, we could begin building this summer."
Bill Calls For $1.2 Billion In Grants, Loans

WASHINGTON — The House gave overwhelming approval yesterday to a bill authorizing $1,195,000,000 to help the nation’s crowded colleges expand.

A 255-92 roll call vote sent the bill to the Senate, where a stiffer fight is expected over a provision making federal grants available to private and church-related colleges.

The bill would launch the federal government on a major new role in education. It calls for a three-year program of grants and loans for institutions from the junior college to the graduate school level.

McCormack Hails Support

Speaker John W. McCormack (D-Mass.), who hailed the solid bipartisan support the House gave the bill, said it would be of “inestimable value” both to higher education and the nation.

The bill would authorize $690 million in building grants for junior colleges in long-term, low-interest loans for all higher education institutions.

At the college and graduate school level, the grants could total only one-third of the construction cost of a project. For junior colleges, the federal share could be 40 per cent.

Help For Junior Colleges

The bill would give a strong thrust to the development of public community junior colleges by requiring that each state set aside 22 per cent of its share of the $690 million for such construction. Each state’s allotment would be based on its high school and college enrollment.

The administration and the colleges have been pressing for the bill for three years as the advance guard of the big World War II baby crop neared college age. Enrollment in the nation’s 2,100 colleges is expected to double between 1960 and 1970.

The bill is a blend of versions passed earlier by the House and Senate. It limits construction at the college level to libraries and facilities designed for each science, mathematics, engineering and modern foreign languages.

However, the compromise strikes from the Senate bill language saying they could be used only for such purposes.
Bond Commission OK'd by Ohio House

By RICK KERGER
Assistant Staff Writer

Governor Rhodes' Ohio Bond Commission (OBC) drew one step closer to reality yesterday when the Ohio House approved the resolution for its creation.

The measure now goes to the Senate. House Democrats made an attempt to amend the bill.

Some of the amendments proposed by the Democrats were: Changing the date of the vote on the bill from May to November, requiring public meetings, providing an anti-conflict of interest clause, and clarification of the basis of certification of General Revenue. They were all defeated by table motions.

No Party Lines

When it came time to vote on the resolution itself, party lines were disregarded. The vote was 70-27 with two Republicans, W. Rayburn Cadwell, Terrace Park, and Robert Beckman, Cincinnati, voting against the resolution, and 10 Democrats voting for it.

Carl Stokes, D-Cleveland, was the most vocal of all the Democrats in supporting the measure. "I have a history of voting against bond issues, but I have voted for all the amendments to this resolution," he said. "I feel this is a good bill, and I will vote for it."

Stokes cited the problems of Ohio cities in raising necessary funds as one reason he favored the measure. "This proposal would give Cleveland and other Ohio cities a place to get financial aid," Stokes said. "It is only by the application of massive amounts of money that we will be able to make Ohio progress."

Another Sponsor

After Stokes delivered his speech in favor of the bill, Majority Leader Robert Holmes amended the title of the bill, adding Stokes' name as co-sponsor.

Minority Leader Frank Pokorny spoke against the measure before the floor vote. "We [Democrats] offered a total of 17 amendments to this resolution," Pokorny said. "We have the firm belief that each of these amendments, were needed to aid the bill. In its present form, I would feel that I was remiss if I didn't vote against this bill."

Pokorny said that one of the dangers of the proposal is that it creates debt without public consent. He said he did not feel that the hurry in adopting the measure was warranted.

"We wanted to amend this resolution and place it on the November ballot instead of bringing it up for the special election," he said. "I can't see the need to rush this thing through. We haven't even received the budget for the current biennium yet."

Sets Up Commission

In its present form, the proposal does the following:

- Sets up an Ohio Bond Commission composed of five members appointed by the governor, no more than three of which shall be from the same party.
- Grants this board the power to issue bonds for capital improvement construction, subject to the approval of the Ohio Legislature.
- Sets a limit of three-fourths of one percent of the General Revenue Fund as the maximum amount of bonds that may be issued in any one year.
- Enacts a five percent of the General Revenue Fund as the total indebtedness that the commission may have outstanding at any given time.
- Establishes a fund which would defer the real property taxes "for all aged or other natural persons" until the sale of the property.

Objections to Speed

Many of the objections of House members were based on the speed with which the matter was being pursued.

Rep. A.C. Lane on, D-Bellevue, said that haste in making the resolution today would spell disaster in the future. Rep. Ralph Fisht, R-Wooster, chairman of the House Finance Committee which voted unanimously in favor of the resolution said that the speed was necessary to follow up Ohio's capital improvement programs.

"But how many people vote in a primary as compared to the number who vote in November?" Rep. Joseph Kapodrad, D-Ravenna, asked. "I still am unable to see why this measure couldn't wait until November."

Proposed by Rhodes

The resolution was proposed by Governor Rhodes at a press conference three weeks ago.

The measure now goes to the Senate, and if approved without amendment there, it will be placed before Ohio voters as an amendment to the constitution.

Even though the OBC is a constitutional amendment, it is subject to the Revised Code.
Ohio Senate OK's Rhodes' Bond Proposal

2-28-67

By RICHARD A. RASHOR
Laurelton Managing Editor

Governor Rhodes' revised plan for an Ohio Bond Commission was approved last night by the Ohio Senate, 27 to 6.

Four minority Democrats joined 23 Republicans to pass the proposal, which Rhodes describes as the way to finance long-range capital improvements programs.

If the House, which has already approved a similar plan, agrees to Senate changes, Ohio voters will consider the resolution later this year as a constitutional amendment.

The bond proposal would create a five-member commission, which could issue tax-supported and revenue bonds with the approval of the legislature.

One change made by the Senate Finance Committee would give the General Assembly tighter control over the activities of the commission by requiring preliminary drafts of commission projects to be submitted for legislative approval before final drafts were made.

The Senate version also provided for open commission meetings.

The commission could issue bonds for projects which range from recreation and education facilities to highways and old-age centers.

The resolution also provides for deferral of real estate taxes on property belonging to "aged and other natural persons" until the property is sold.

Senate Minority Leader Frank W. King, D-Toledo, and Sen. Charles J. Carney, D-Youngstown, spearheaded the opposition last night.

Carney also questioned where the state would obtain the money to finance the bonds and predicted that voters would reject the proposal.

Sen. Robert R. Shaw, R-Columbus, chairman of the Senate Finance Committee, was the main Republican spokesman for the proposal.

He said that in several recent elections, Ohio voters have shown their approval of a "pay-as-you-use" plan for financing.

He called the proposal a "new concept ... a new approach" to solve the state's long-range improvements financing.

One of the main points of contention is that the proposal would give to the commission and to the General Assembly the power to issue bonds, which heretofore was held by Ohio voters themselves.

Carney said that the plan had been drafted too hastily and said that he had "never seen so many quick and sudden revisions" in a proposal.

Since the commission was proposed by Rhodes Jan. 20, it has been revised and renamed twice.
Secretariat Set Up
By College Group

By WALTER J. CUMMINS
Lantern Staff Writer

A permanent secretariat to look after the affairs of the Ohio College Association was established Saturday morning at the association's 96th annual meeting, held in the Ohio Union.

The secretariat is to be located at Ohio State and supported financially by association members. They see the secretariat as the only way to achieve cooperative effort among public and private institutions of higher education in Ohio. The office of the secretariat is to open July 1.

Kenneth Krouse, assistant to Ohio State President Novice G. Fawcett, will serve as interim secretary until a permanent secretary is hired.

The association, in other business, expressed its support of several bills on education now before the Ohio General Assembly. One of the bills, the Ohio Bond Commission proposal, would provide financial support for building programs of colleges and universities, vocational schools and other educational institutions.

Fawcett, president of the association during the past year, said the executive committee and the presidents of the state universities are unanimously in favor of the bill.

Opponents of the bill said the tax money is needed for already existing legislation.

The association also voted in favor of two tuition equalization bills. Capital University President Harold L. Yochum, chairman of the committee on educational legislation, said one version would cost $3 million while the other would cost $33 to $35 million.

The former, he said, would provide grants ranging from $100 to $500 based on economic need, while the latter would provide $500 for undergraduate students and $825 for graduate students.

The association expressed its opinion that the Ohio Board of Regents should be responsible for recognizing educational institutions. The Ohio Board of Education now has that power.

The association also backs a bill which would exempt the Teachers Insurance and Annuity Association from a state requirement to pay insurance tax.

A bill for loans to private colleges and universities for dormitories and other campus facilities was also accepted by the association members.

At the last annual meeting the association decided to establish an Ohio College Library Center to be located on the Ohio State campus. The library committee said the center would serve the colleges and universities in Ohio. About $80,000 will be needed to begin operations, according to the committee, and payments are due from association members July 1. The center is to have a computerized cataloging program.

The committee is now looking for a director and federal aid to the program.

The Very Rev. Raymond A. Roesch, president of the University of Dayton, was elected president of the association for the next year. Carl C. Bracy, president of Mount Union College, and Kenneth H. McFall, vice president of Bowling Green State University, were elected vice president and treasurer, respectively.
Bond Commission Is Controversial Issue

By RICHARD A. BASHOR
Editor of The Lantern

Gov. James A. Rhodes makes impassioned pleas for its support, calling it the long-range solution to Ohio's capital improvements needs. But Frazier Reams Jr., defeated Democratic gubernatorial candidate, calls it a "fraud and a sham" and says that if Ohio voters have time to realize what it means, they will defeat it.

And Sen. Charles J. Carney, D-Youngstown, said in opposing it that he doesn't like to kick Santa Claus in the pants.

What they all are talking about is Rhodes' proposed Ohio Bond Commission, one of the most far-reaching issues Ohio voters ever will have to consider.

On May 2, voters will decide whether to amend the Ohio constitution and create a five-man commission, which, with the approval of the General Assembly, could issue and sell bonds for a wide range of capital improvements programs.

Much Debated

Since Rhodes first proposed the bond commission Jan. 20, it has been debated and changed to the point that some legislators claim its original form is not recognizable.

Its origin, however, is the same: the commission would eliminate the need for Ohio voters to approve bond issues as they have three times since Rhodes became governor.

Instead, the commission, and the General Assembly, would assume this authority.

Democrats, like Reams, say this is the reason they want to wait until November for voters to consider the bond proposal. Voters should realize that they are forfeiting the right to cast their ballots, they say.

Republicans reply that the bond commission answers long-range capital improvements needs and the sooner the commission is approved the better.

Control Called Clear

Sen. Robert Shaw, R-Columbus, chairman of the Senate Finance Committee, says the General Assembly's control over the commission would be clear. Assembly members are mentioned no fewer than 13 times in the proposed amendment. Shaw points out.

One reason Democrats want a November vote is that more Democrats would be in control then.

But while the Democratic leadership stands against the proposed commission and the Republican hierarchy is of course for it, there have been defections from state party ranks. The most notable of which is Rep. Carl B. Stokes, Cleveland Democrat.

Stokes, a Negro, came within a fraction of upsetting Cleveland's Democrat mayor, Ralph Locher, in the last election. And Stokes not only left Democrat ranks to support the bond proposal; he also put his name on the resolution as one of its sponsors.

"Help Achieve Progress"

Stokes calls the plan a "way to help achieve progress," adding that it could help create jobs and remove some persons' names from the welfare rolls.

On the Senate side, veteran Anthony J. Calabrese, also a Cleveland Democrat, supports the proposed commission.


As with most matters which come before the General Assembly, the bond commission plan was involved in a numbers game, the numbers being 8, 5, 2, 3, 4, and 113.

Three-fifths represents the fraction of support necessary in both houses to get a proposed constitutional amendment on the ballot.

Thanks to Reams' lopsided election victory over Reams last fall, the Republicans hold margins of 62 to 37 in the House and 23 to 10 in the Senate. With the Democrat defections, the GOP had no trouble passing the bond proposal.

Trouble for GOP

It was with the 2/3, 3/4, and 113, however, that the Republicans ran into trouble. All of these numbers involved getting the proposal on the May 2 ballot, when, to repeat, the amendment probably has a better chance of being approved.

It was near the end of February when the GOP realized it might need a bill to set up special election machinery for a May 2 vote.

The Republicans introduced a bill, No. 113, for this purpose and attached an emergency clause waiving the 90-day waiting period before a measure goes into effect. Since 90 days before election fell at the end of February, it would have been necessary to suspend the constitutional rules, which requires a three-fourths vote, to push the bill through without an emergency clause.

As the Republicans, with only 61 votes in the 99-seat House, couldn't muster the 66 votes needed.

Not Cooperative

The Democrats in the Senate were just as uncooperative. They wouldn't agree to the motion to suspend the constitutional rules and waive two readings of the bill and have it come up for consideration in time to meet the 90-day deadline.

In the end, Republicans wrote into the OBC resolution a provision for a May 2 vote. Democrats, irked at this, promised a court case to test the legality of such a move.

On Wednesday, the Ohio Supreme Court upheld Secretary of State Ted Brown's move to place the plan on the May 2 ballot.

Commission Setup

The five commission members would be appointed by the governor with the consent of the Senate. No more than three commission members could belong to the same political party. The members would serve nine-year terms, decreased from the 20 years Rhodes first wanted when the plan was unveiled.

The nine-year terms are staggered so one seat becomes vacant every two years.

The members could be removed by the governor if they did not perform their duties as provided by law.

Three members of the commission would constitute a quorum and meetings would be open. This latter provision was included by the Senate Finance Committee after it had been rejected as a Democratic amendment on the House floor.

Since three members could be of one party, it could be easy for one party to control the commission's activities so long as that party remained in power.

The salary of commission members would be set by the General Assembly and could be increased during a commission member's term.

Commission Powers

The commission would be empowered to acquire, lease, construct, reconstruct, enlarge, improve, equip, furnish lands, interest in lands, buildings, structures, and facilities in Ohio.

The commission could act on projects in the following areas:

- State or other governmental offices, penal, welfare, correctional and mental hygiene institutions; comprehensive community mental health centers; public highways and mass transportation systems; elementary, secondary and vocational education schools; higher education; state youth agencies; old police centers; state fairs or state supported fairs, including junior fairs; parks and recreation; conservation, including dams, flood control facilities and reservoirs; water and air pollution control projects; air-
Revenue Bonds

Those of the second type, revenue bonds, are paid off through use of the facility for which the bonds are issued. For example, Ohio Turnpike tolls are used to retire Turnpike revenue bonds.

The "full faith and credit" of the state, however, is not pledged for revenue bonds, because of their more risky nature.

One restriction placed on retirement of bonds deals with highway taxes, which may be used, under Ohio law, for projects and expenditures related to highways. An example of a highway tax would be the state tax on gasoline.

Limitations

Two limitations are put on the amount of money which could be issued as bonds.

The payment on principal and interest charges for any bonds issued in a year could not equal more than three-fourths of one per cent of the general revenue fund. The total value of bonds outstanding could not equal more than six per cent of the general revenue fund. The state auditor would certify what the total revenue fund was.

The department of finance has estimated the total general revenue fund for the last fiscal year at $766 million.

The Ohio Democrat leadership charges that, if the OBC is approved, Rhodes immediately will make a supplemental budget request to take care of additional expenditures the commission might make.

King and House Democrat Leader Frank Pokorney said after Rhodes' budget message: "The Rhodes strategy is to woo the people into passage of his bonding amendment . . . and then, after he's crossed that hurdle, he will have the Tax Study Commission come in with proposals for new taxes and he'll propose a revised budget, calling for new expenditures."

Significant Changes

In the time the OBC proposal has been tossed about in the General Assembly, significant changes have been made in the method for issuing bonds. The latest and final method is a modification of the plan as it was first presented.

Before the commission could issue or sell bonds, it first would have to certify to the General Assembly the amount of the proposed issue, estimate the interest, give the time the bonds are to run, (the maximum being 40 years) and give the specific improvements for which the issue would be intended.

Before the certification was made, the commission would have to submit to the legislators a preliminary draft. The General Assembly would have at least a month to make deletions or amendments to the draft and the commission would have to follow the advice of the legislators in making the final certification.

Final Say

The General Assembly would have the final say because it would have the power to pledge the revenues to retire the bonds.

Revenue bonds are not subject to General Assembly certification.

Any proceeds of the bonds, except for premiums and interest, would be credited to a special OBC fund in the state treasury. After payment of all obligations, those proceeds would go into a separate bond retirement fund.

If the bonds couldn't be retired from the sources provided originally, more funds could be appropriated.

In other areas:

- The commission would have the right of eminent domain as a state agency;
- The commission would be required to make an annual report to the governor and legislature and would be subject to an annual audit.

Certain state laws would not apply to the OBC. It would not be subject to the section which prohibits state debt in excess of $750,000. Since bonds are debts, this section of the law is the reason that, heretofore, a state vote has been necessary on bond issues: any such vote amended the Constitution.

It would not be subject to the section which prohibits a state agency from becoming a stockholder in a company. Rhodes mentioned the OBC 18 times in his State of the State message alone.

Ever since he introduced the bond plan as the Ohio Building Authority Jan. 20, the governor has labored in its support.

State Democrat Executive Director Eugene P. O'Grady has on occasion called it the "biggest power grab the State has ever seen."

Ohio voters will take their stand on the proposal May 2.
Bond Plan Passage Is Vital, Fawcett Says

By CHRISTINE JINDRA
Lantern Staff Writer

4-24-67

Rejection of the Ohio Bond Commission proposal on May 2 could set back Ohio State's long-range building plans and drastically hurt the University's operating budget for 1967-68, according to President N. dice G. Fawcett.

In a letter sent to all Ohio State faculty, friends and alumni, Fawcett said, "The only hope which Ohio State has at present for meeting some of its building needs lies in voter approval of the Ohio Bond Commission."

For 'Orderly Planning'

The Commission would provide, for the first time in Ohio's history, the means for making funds available for the orderly planning of higher education facilities, Fawcett said.

At present Ohio State must submit its building and operating plans to the state legislature for approval every two years.

This two-year plan does not permit approval of long-range building proposals since the University and the legislature cannot assume money will be available 10 years from now, Fawcett said.

He said if the University keeps coming back to the people for money every two years, the proposals will eventually get turned down. He implied voters would get tired of being asked for money.

Bond Money Draining

A bill to spend the last $188 million of the $540 million from bond issues approved by the voters in 1963 and 1965 is now before the legislature.

Of the $50 million allotted for higher education from this bill, $17.9 million is earmarked for Ohio State.

Gordon B. Carson, vice-president for business and finance, said that without something like the proposed commission, "We will finish the University's current capital improvements now budgeted and then be at the end of the road."

Authority of the Commission would provide Ohio State with $50 million for building programs until 1973 and provide the mechanism for carrying out future improvement plans, Fawcett said.

Related to Budget

Fawcett has also related passage of the commission to the University's operating budget.

Two operating budgets for Ohio State, differing by about $14 million, have been prepared for 1967-68.

One, prepared by Gov. James A. Rhodes on the basis of available funds, allows $97 million for operating expenses at Ohio State in the next two years.

The other, prepared by the Board of Regents and based on what Fawcett calls the absolute minimum support Ohio State must have from the legislature to progress, calls for $111 million.

Proposal Seen as Test of Public

"If the vote on the proposal is favorable, I believe it would be interpreted by the state administration and the General Assembly as a significant expression of public willingness to support higher education," Fawcett said.

If this happens, then the legislature and the governor may make additional funds available for operating expenses, Fawcett said.

The big "if," Fawcett said, is whether additional state money will be made available.

"The need for more money is clear, and the means may be forthcoming, as the governor indicated in his state-of-the-state address," Fawcett said.

Ohio State's most pressing building needs are facilities for education, journalism, law, dentistry, mathematics, and the humanities, according to Carson.

Both he and Fawcett have said they see no means other than the commission for Ohio State to carry out its expansion plans.
Rhodes: Will Aid 3 Areas

4–27–47

Governor Rhodes pleaded his case yesterday for the establishment of the Ohio Bond Commission (OBC) at a morning press conference in the Ohio Union.

Rhodes said creation of the OBC would help eliminate three major problems facing the state: the high unemployment rate between the ages of 16 and 25, urban renewal, and water pollution.

According to Rhodes, half of the unemployed in Ohio are between 16 and 25, one of those 80 per cent are considered "unemployable" because of lack of education and training.

"We want to present a program to enable every young person to become part of the productive segment of our society," Rhodes said.

To do this, he said the state would build a vocational institution in Columbus to provide training for unemployed youths. The institution would be built with OBC funds and given to the city.

Rhodes said that an OBC would provide money to bridge the gap between municipal and federal urban renewal projects, neither of which, according to him, have the Constitutional right to participate in urban renewal.

The third major problem—water pollution—would be alleviated by construction of sewage facilities throughout Ohio. Rhodes said the state, if an OBC is approved May 2, would finance 75 per cent of the project.

Rhodes, emphasizing the significance of his recent trade tour in the Far East, stated that Ohio now ranks third in the nation in exports with $1.6-billion. New York leads with $1.8-billion, but Rhodes predicted that "in three years we will be first, which is a great achievement for an inland state."

The governor also said that potential racial hotspots this summer in major Ohio cities are being observed for possible outbreaks of violence.

He closed the conference by announcing that he would retire from state politics in 1971, adding, with tongue-in-cheek, that "Mrs. Rhodes will not be a candidate in 1970."
Bond Commission Is Crushed

Apportion Proposal Defeated

5-3-67

By DAVID GOLLUST

In a stunning election upset yesterday, Ohio voters rejected Gov James A. Rhodes' Ohio Bond Commission proposal.

With more than 90 per cent of the state's polling places reporting results late last night, the OBC proposal was losing by at least a two-to-one margin throughout the state.

Also voted down was the other state issue on the ballot, a proposal designed to set up a permanent state legislature reapportionment system.

Latest returns from the vote, which was described by election officials as "light," showed the OBC measure trailing 882,433 to 424,673 last night while the reapportionment issue was down 713,880 to 572,983. Although official figures were not available last night, it was estimated that 3,000,000 persons cast ballots in the special election.

Governor Rhodes, who initiated and supported the OBC issue, conceded its defeat before 9:00 p.m. last night with a short, press release to state house newsmen. "The people of Ohio have spoken," Rhodes said. "Once again, and as governor of all the people of Ohio, I take heed and give my promise that I shall fulfill their direction. I shall continue with every ounce of my energies and enthusiasm toward making Ohio the greatest state in the Union."

The defeat of the OBC issue is a setback for the governor since he was elected governor in 1962. He won re-election last year in overwhelmingly large margins and also received three solid votes of confidence on bond issues.

Statehouse officials believe that the OBC was defeated because state voters were suspicious of the controversial and complicated measure. The measure would have permitted the state to take up or continue bond issues and hire lawyers for capital improvements without special bond issue elections.

The negative "backlash" from the OBC issue was believed to be the reason that the reapportionment issue was also defeated. The state will now have to keep the present temporary reapportionment plan now in use until another permanent plan can be developed by the legislature and approved by the voters.

Rhodes' Image Unshaken

Ted W. Brown, Ohio Secretary of State, said that the defeat of the two issues proved that "the citizens of Ohio are just too cautious about any taxation bills." Brown added that the bills would have improved the state "in many aspects" but that Governor Rhodes "just didn't succeed in selling the people on the proposals. These defeats will not tarnish the image of the governor," Brown said. "He was thoroughly sold on the merits of the issues, and if they would have passed, we'd all have him to thank."

Democrats Jubilant

State Democratic officials, who had campaigned for the defeat of both issues, were jubilant as the first returns indicating the vote upset reached their headquarters in the Neil House Hotel.

Eugene P. O'Grady, executive secretary of the Ohio Democratic Party said, "This campaign demonstrates one thing for all to see and hear — you just can't fool all the people all the time."

Referring to the OBC issue, O'Grady said, "It does not pay to push a complicated constitutional amendment through the legislature in just seven weeks. The people want to know what they are voting for. And irresponsible million-dollar promises will not purchase their votes.

Voters' Weren't Fooled

"The people of Ohio can take only so much," O'Grady added, "and just because Rhodes has a winning image, he can't cram such issues down their throats. The vote has proved that Ohio's voters can't be fooled."

The Democrats had based their campaign solely on the OBC issue, and hoped that voter response would carry the reapportionment issue down also," O'Grady said. "We put the full weight of our attack against the OBC bill, just as Rhodes did in favor of it. Because we beat Mr. Rhodes in this important confrontation, his image will be severely tarnished," O'Grady said.

Raced Across State

Rhodes has raced across the state during the final stages of the campaign, reassuring voters that the legislature would have tight control over the OBC and that OBC and Mr. Rhodes did in favor of it. Because we beat the races for the state."

If it had passed, the state's reapportionment issue would have made permanent the state's interim 99-member State House of Representatives and 33-member Senate. In addition, the measure would have added permanently...
ence to the system by providing for a 6-member reapportionment board which would re-district the state after every national census.

Rhodes Involved
Rhodes was personally involved in the creation of the reapportionment issue also. Originally, it was drafted by him and other Republican members of the state hierarchy. The drafted plan, which is temporarily in use until a permanent one can be approved by the voters, was necessitated by a U.S. Supreme Court ruling that the old Ohio districting system was "unconstitutional."

Because the issue was defeated on yesterday's ballot, the state will have to come up with still another apportionment plan. Ohio voters had previously voted down a plan in 1965. The Supreme Court has ruled that the state must have a permanent plan by 1971, based on the census of 1970.
Building Program Hits Snag

Tuesday's defeat of the Ohio Bond Commission proposal leaves Ohio State without formulated plans for obtaining state money for its capital improvements program, President Novice G. Fawcett said yesterday. Deated 1,021,958 to 599,826 in a statewide vote, the OBC would have financed one-third of the University's building needs, he said.

"The University was not neutral in the OBC issue because we saw it as a means of keeping our forward thrust from being thwarted," Fawcett said.

$50 Million Worth of Construction

The Commission would have provided us with a prompt means of carrying out $50 million worth of construction in six years and would have made us eligible for an additional $12 million in federal funds. "I still hope the General Assembly will look at the matter objectively and formulate another plan to get the necessary funds," he said.

Fawcett said he didn't feel that the campaigning Ohio State and other state-assisted institutions did for the OBC harmed the issue.

Only Answer to Problems

The opinion of state educators was that the OBC offered the only answer to their building problems, bringing about their whole support," he said.

"I feel that a substantial part of the affirmative vote came from our efforts," he said.

Projects Affected

Capital improvements projects affected by the OBC's defeat include: $5 million for remodeling or replacing University Hall, $4.5 million for facilities of the College of Education, $1.5 million to complete the Veterinary Hospital buildings, $3.7 million for Animal Science facilities and $2,789,000 for the School of Journalism building.

Other projects affected are expansions for the Schools of Law and Dentistry, enlargement of social workers' facilities, conversion of the Ohio Historical Museum into an undergraduate library, facilities for the physical education department and the greenhouses, renovation of three old buildings, air-conditioning for the main library and enlargement of the heating plant.

Legislature Backs Bond Expansion

COLUMBUS (AP) — The Ohio Bond Commission may be dead, but another. Rhodes administration bond plan is on its way towards approval by the legislature.

The Senate Ways and Means Committee voted out with a recommendation for passage of a measure to expand the use of industrial expansion financing bonds.

The committee made several changes, including one which would insure that public funds cannot be used in financing the bonds which would be used to build facilities for private industry.

Some committee members also questioned a provision which allows sale of state land to private companies without competitive bidding and without approval by the legislature.

"This is to help give Ohio the competitive advantage that we need," State Development Director F. P. Neunschwander told the committee.

"It will allow a political subdivision to move fast ... when time is of the essence."

The committee did adopt an amendment offered by Sen. Ralph Regula, R-Navarre, requiring the State Controlling Board to approve such transfers of state land.

The bill already specifies they must be approved by the government agency involved and by the Governor.

The bill extends authority to issue industrial financing bonds to county as well as municipal governments and clarifies the powers of the Ohio Development Financing Commission.

The ODFC was designed to also issue revenue bonds which could be used to build industrial plants which would then be leased or sold to private industry.

It has been in existence for two years but has never issued any bonds because its powers were not clearly spelled out in the law.
OBC Defeat Called Setback for OSU

5-22-67

The failure of the Ohio Bond Commission issue may curtail progress on many buildings and remodeling proposals planned for Ohio State, President Fawcett told the Ohio Board of Regents Friday.

Also, the 1970 projected enrollment for the central campus may have to be cut from 42,000 to about 36,000 because of a lack of space.

Fawcett said many proposed projects, such as renovation of University Hall and the Old Pharmacy Building and construction of a new Journalism Building, are in jeopardy because no bond funds are available for them.

Fawcett cited a lack of library space as a major problem at Ohio State. Defeat of the commission put a damper on plans for expanding the various campus libraries, he said.

"Ohio State is particularly concerned with the lack of space problem," Fawcett said, "because the University is scheduled to become Ohio's most prominent center of upper level, graduate, professional and research study."

The Board of Regents in its master plan of education designated Ohio State to assume this role. However, according to Fawcett, this will be more difficult because of the lack of facilities which would have been financed through the OBC.

John Brielley, chairman of the Board of Regents, said that the legislature should either provide the funds for efficient higher education or limit enrollment in the state supported universities.

The regents, who make policy and distribute funds for Ohio colleges and universities, reviewed a report prepared by John B. Millett, chancellor of the group. The report compared student enrollment figures to capacity in 1966 and projected the figures to 1970.

In the projection, the report included facilities to be financed by bond issues passed in 1963 and 1965. These facilities had a total capacity of 283,645 for 1970 as compared to the expected enrollment of 280,000 students as quoted in the Regent's master plan.

Millett said that although the state can meet enrollment expectations in 1970, the state is in serious trouble after that because of the defeat of the Ohio Bond Commission proposal in the May 2 election.
Enarson rejects regent’s proposal to raise funds for Issue 2 defeat

By Cliff Amos

President Enarson Tuesday firmly rejected the suggestion by William B. Coulter, acting chancellor of the Ohio Board of Regents, that state university presidents round up $50,000 to fight repeal of Issue 2.

Issue 2 is the repeal of the state income tax.

"I'm gratified that the acting chancellor has taken an extremely strong public stand in pointing up the dangers of the income tax repeal, both to the state in general and to this University," Enarson said.

"It is, however, unfortunate that he has asked the universities for dollars to be used in a repeal effort.

"There is clearly no way that we can expend state allocated funds, and, in my opinion, no way to use money from the development fund which was meant for another purpose."

Enarson's statement came after Coulter explained his idea in an article carried by the Columbus Citizen-Journal Tuesday.

In part, the story read, "Coulter, acting in concert with Harold Hovey, Governor John J. Gilligan's tough-minded finance director, has urged state university and technical institute presidents to round up $50,000 among them to fight repeal.

"The money is to be channeled to Ohioans for Fair Taxation, the group led by Albert Sealy, former Republican representative from Dayton."

The Ohio income tax went into effect 10 months ago, after an 18-month session of the Ohio legislature.

In August, the Citizens to Repeal the Ohio Income Tax filed 366,000 signatures with Secretary of State Ted Brown, to have the issue placed on the November ballot.

Although only 318,414 valid signatures are required by the Ohio Constitution to put an issue on the ballot, Brown and the local Board of Elections found 70,000 to be invalid during the first screening.

Supporters of the tax repeal went back to work and Friday submitted 70,000 supplemental signatures, almost 50,000 more than needed.

Briefly, if Issue 2 passes, it would wipe off the books Ohio's .5 to 3.5 percent personal tax and a 4 and 8 percent corporate tax.

It would also leave the legislature with the decision of whether to enact alternative taxes or make budget cuts.

According to a letter written to the Lantern, Coulter explained how the repeal would affect Ohio State.

"It seems clear to me," Coulter wrote, "that income tax repeal promises severe austerity for higher education or dramatically increased student fees, or both, if we can assume the legislature will find no quick solution to a loss of 25 percent of the state's general revenue."

Coulter bases his theory on the "long and bitter struggle last year which preceded passage of the income tax."

Enarson sees Issue 2 as danger to University

By Ellen Teitelman
Nov 19 1972

President Harold L. Enarson urged the defeat of a move to repeal the state income tax Wednesday night at a “gripe session” in Taylor Tower with 150 dormitory residents.

Enarson said he was concerned with the student vote on the issue. If the state income tax is repealed, he said there will be a cut in the level of Ohio State services and a rise in fees.

He called the repeal issue a “clear and present danger to OSU.”

Enarson urged his audience to explain to others the importance of the issue and to have them “pass the word along.” Enarson heard complaints from students dissatisfied with dormitory life.

When asked about legalizing 3.2 beer in dormitories, Enarson cited examples of rowdiness from past Michigan State game celebrations.

Enarson said he worried about student conduct.

He said “it (legalizing 3.2 beer) has to do with intoxication, whether in a room or in a bar.”

“I'm not going to be out there (on High Street) in a suit of armor — with or without a six pack,” Enarson said.

Students told Enarson they want to be self-governing and not lectured to. But Enarson answered, “Where is the self-governing in this kind of nonsense?”

Having pets in the dorm, especially an alligator, caused some problem for students in the dormitory. Official rules state no pets other than fish and turtles are permitted in the dorm.

Darrrell Vincent, a sophomore from Cleveland, was forced to get rid of a baby alligator caged in his room.

“Put him in a cage in the Administration Building and we’ll watch him grow,” Enarson said.

Students complained about meals and meal contracts. They said they are told what and when to eat, and that the food and service are poor.

Rules regarding second helpings and take-outs are changed each week, they said. The grade of meat, along with efficiency and expertise of the help, was questioned by Ted Schneider, a sophomore from Canton.

Enarson said, “I was born on a farm and have butchered a cow. There’s only so much steak . . . . I agree, it’s not the way Mom fixed it.”

If the complaints are legitimate, Enarson suggested talking to John P. Nelson, assistant vice president of student housing.
President Edward Jennings spoke to a special session of the University Senate on Sept. 26. He opened by declaring that our university and our state are faced with a financial question of unparalleled importance to their futures. About that he is unequivocally right.

He also said if state issues 2 and 3 are not defeated, the results for higher education would be disastrous. About that he is unequivocally wrong.

Issue 2 would require a three-fifths majority in the General Assembly passage of any new tax measures. Issue 3 would retire at the end of fiscal year 1984 all new taxes passed since January 1983.

Two factors concerning state government and taxes will influence the short-term and long-term health of education in Ohio. The first is the general economic condition of the state: one needn't be a Ph.D. in economics to realize that education will fare better in a growing, thriving economy than in a stagnant, declining economy. The second is the strength of consensus among legislators for adequate funding for education, as opposed to other interests competing for limited tax dollars.

What effects do the tax increases have on the general economy, on jobs and business? Let's review the taxes that were passed.

Warren Brooks, a syndicated columnist for the Boston Herald-America, the tax increases "(cannot) help but punish the Ohio economy, and its ability to recover."

Now let's look at the second factor. Jennings says reduced funding for higher education is inevitable if the tax issues pass. In fact, the opposite is true and here is why. If both issues pass, the legislature will have eight months to fashion a new, more responsible tax package. They will also require a broader consensus for a new tax bill than for any previously passed.

Many of those legislators have opposed the reckless, runaway growth in state spending (increased by almost 30 percent in this biennium), and have thus opposed past budget bills, strongly supporting funding for higher education as one of the basic, legitimate responsibilities of state government.

Issue 2 would mean that a strong consensus for proper funding for higher education would no longer be overshadowed by huge welfare spending increases and generous handouts to special interest groups that accommodate one party or the other.

Jennings claims that Ohio, with these new taxes, is on the verge of "real economic progress." But the reality belies the rhetoric. According to a recent article by economist repudiate them. A nice rhetorical touch, but no more than that.

The administration's intention, you see, is not to inform; it is to frighten ... horribly!

There is no question that all levels of education are today receiving inadequate funding. The financial crisis in our schools continues unabated, even in the face of these staggering tax increases, because, quite simply, the money has gone elsewhere. The number of schools running local levies this November should make this fact eminently clear.

The current administration is pursuing policies that damage the general economy, increase state spending at a dizzying rate, and at the same time leave schools and universities in the breach.

To see the education establishment being willingly trotted out as the poster child for this montebankery is truly depressing. If you really want to help education and help Ohio, vote no on Issues 2 and 3.

Jerry D. Campbell is a guest columnist who is a senior from Mt. Vernon.
Reductions planned if issues pass

By Bob Irvin
Lantern staff writer

OSU President Edward H. Jennings’ staff has already begun plans for budget reductions which will be necessary if State Issues 2 and 3 pass Nov. 8.

According to Larry R. Thompson, special assistant to the OSU president, these plans have placed the president’s staff in an awkward position.

He said the president and his staff at this time are unsure of the specific services which would be cut if the issues pass or the extent of the cuts.

“We need to start planning for budget reductions now,” Thompson said.

Issue 2 is a constitutional amendment that would require a three-fifths vote of the General Assembly instead of a simple majority to pass future tax increases. Issue 3 would repeal all new tax measures enacted this year.

Late last month in a speech before the University Senate, Jennings estimated the total direct loss to OSU would be $132.7 million.

Jennings’ estimate includes $79.3 million in approved capital improvements, $7.3 million in economic recovery and quality enhancement initiatives and $46.1 million in OSU’s annual operating budget.

The $46.1 million figure represents an estimated reduction from $223 million to $177 million in state appropriations for the 1984-85 fiscal year.

That would be a drop of 21 percent — a reduction Jennings said would “risk irreparable damage to the Ohio State University.”

The president also said the possible effects would be a 30 percent increase in tuition, a reduction in freshmen enrollment and reductions in academic budgets.

He said other effects could be reduced budgets in such restricted fund areas as Cooperative Extension, clinical support for medicine, veterinary medicine and dentistry.

Services totaling $3.6 million could be curtailed, including the use of the student unions, Larkins Hall, University Hospitals, agricultural testing services, the Cancer Research Institute and WOSU AM-FM-TV.

However, the 21 percent reduction in state appropriations is not likely to be evenly applied among all services, Thompson said.

“I doubt if the cuts will be across the board... and so some of them (services) will be more affected than others,” he said. “Some are less self-supporting than others.”

Thompson added that they want to keep the academic units as complete as possible.

He said the university is in the unpleasant position of already having to make plans for reductions in new enrollment.

Jennings said in his speech that as many or more than 2,000 applicants would have to be turned away. The normal figure of new students is approximately 6,800. If the issues pass, the freshman class could be reduced by more than 30 percent.
Anticipated passage of Issue 3 prompts tax offer

By Mary Lorms
Lantern staff writer 10-27-83

An alternative tax plan to reduce the personal income tax surcharge has been proposed by a coalition of Republican legislators who anticipate passage of State Issue 3.

Under the proposed legislation, the personal income tax surcharge will be reduced from the current 90 percent to 50 percent. The corporate franchise tax will also be reduced one-half of 1 percent.

According to the coalition, the new proposal will not cause any cuts in education, welfare or human resources.

"The net result of this (proposal) is to balance this budget... and still not cut one dime (in education, colleges and welfare)," said State Rep. Waldo Bennett Rose, R-Lima.

Rose, who was speaking for the coalition, said House Democrats violated House rules by refusing to debate or consider a Republican amendment to the tax proposal last February.

The proposal, which will re-introduce certain aspects of that Republican amendment, is not a position formally taken by the House Republican Caucus.

The Stop Excessive Taxation Committee also does not endorse this proposal unless the legislation has a trigger mechanism allowing the tax to be lowered even further if the economy improves.

Rose cited figures from the state Office of Budget and Management which indicates a $1.5 billion deficit is to exist in fiscal year 1985 if Issue 3 passes.

He said the coalition's proposal recognizes the anticipated deficit, but they want to tackle the problem in a different manner.

The amendment would save $200 million by canceling the personal exemption tax relief and the joint filer tax relief and would substitute instead a low income tax credit and reduced tax rates, Rose said.

In addition, the proposal would re-enact several of Gov. Richard F. Celeste's measures, including an unemployment compensation bill, a senior citizen tax relief and a public utilities tax increase. The proposal would also include the expansion of sales tax to data processing services.

The General Revenue Fund Capital Reserve Account, set up for specific projects for capital improvements, would be cut by $15.1 million.

"Some say the chief argument in this battle ought to be surpluses," Rose said. "I'm not against surpluses; they're necessary."

Rose anticipates a $100 million surplus in fiscal 1984 and an additional $100 million in fiscal 1985 from this proposal.

The coalition consists of eight-state representatives.

The group said the administration's handling of the state issues were "scarce tactics and highly exaggerated claims."

"People expect us to do something more reasonable," State Rep. Joan Lawrence, R-Galena said. "The reaction of the people is not against a tax increase but in the way it was handled."
OSU officials relieved by defeat of tax issues

By Tom Rinderle
Lantern staff writer 11–9–83

By a surprising majority Tuesday, Ohio voters rejected two proposed constitutional amendments that would have repealed all taxes enacted this year and instituted tougher requirements to pass new taxes in the future.

“I said when these issues were put on the ballot that if Ohioans had the facts, common sense would prevail,” Gov. Richard F. Celeste said. “And in my judgment, common sense has rejected the notion that somehow Ohio could move forward without adequate financial resources.”

Issue 2, which would have required a three-fifths vote of the General Assembly to pass new taxes, and Issue 3, which would have repealed all tax laws created since Jan. 1, were defeated by a 20 percent majority.

Curt Steiner, a spokesman for the tax repeal organization Stop Excessive Taxation, said he was surprised by the margin of victory.

“We knew going in the odds were against us,” he said. “We did everything we could, but (the Committee for Ohio, the anti-tax repeal group) had better resources.”

With 85.6 percent of the precincts in, Issue 2 was losing by 59.6 percent against to 40.4 percent in favor of the extraordinary requirement — 1,674,381 to 1,134,782. Issue 3 was losing by nearly the same margin, with 56.8 percent of voters saying they opposed the tax repeal opposed to 43.2 percent in favor of the repeal. Issue 3 was losing 1,604,544 to 1,216,557.

Wayne Hill, director for the Committee for Ohio, said the margin surprised everyone.

“But in issue campaigns, people make up their minds near the end,” he said.

Educators have maintained since the onset of the repeal movement that passage of the issues would cripple higher education and state services.

“We’re naturally pleased and gratified by the vote,” Jennings said.

“The state of Ohio has shown its commitment to higher education.”

In September, Jennings addressed the University Senate and warned that the tax repeal would result in a direct loss of $132.7 million to the university. Since his senate address, Jennings and other university presidents have worked to educate the public about the possible effects of the issues, emphasizing that higher education has carried the brunt of budget cuts in the past.

Jim Ruvolo, state Democratic Party chairman, said the “education community was the key in defeating these issues.”

He said issue campaigns in Ohio, like this year’s, usually gain momentum near election day because voters become aware of the full ramifications involved.

“At first, all that people understood was that taxes were going to be cut,” he said.

Ruvolo’s analysis seems to perfectly describe this year’s tax repeal movement.
OSU seeks approval of $90 million bond issue

By STEPHEN LILLY

Ohio State University is preparing to issue $90 million in new debt to finance several capital improvements ranging from parking and dormitory projects to hospital construction.

The bond issue would be the school's first since 1990. Officials said the bond issue is not a way for OSU to compensate for state reductions in the university's current funds budget. The improvements covered by the issue fall under the university's own capital budget, which earmarks construction and renovation projects for auxiliary programs like hospitals and parking services.

University Treasurer James L. Nichols said the capital projects included in the planned issue have been proposed by departments that independently generate the revenue necessary to cover their costs.

"Those that have made it this far are those that have demonstrated the cash flow," Nichols said.

Specific terms of the issue, including the precise amount, maturities and rates of return have not been finalized. An offering circular had not been completed as of last week.

The Ohio Board of Regents and the OSU Board of Trustees must both approve the issue before it can occur. A spokeswoman for the regents described the matter as "routine" and said the group was expected to approve the issue at its July 17 meeting.

The OSU trustees will consider the matter at their September meeting. An OSU official described that approval as a formality.

Projects covered by the bond issue will include:
- $30 million worth of additions and renovations to University Hospitals. These include a surgical intensive care unit addition, a neuropsychiatric facility and infrastructure improvements.
- $11.3 million worth of residence and dining hall improvements.
- $1.2 million for a bleacher addition to Ohio Stadium.
- $1.5 million for a telephone system upgrade.

Nichols said the issue would come in two phases. Approximately $60 million of the new bonds, those that will carry a fixed interest rate, will be issued in September. The remaining $30 million of new debt will carry a variable interest rate and be issued in October. John Nuveen & Co. Inc. of Chicago and the Ohio Co. will be the co-underwriters. The Arter & Hadden law firm is bond counsel for the issue.

Nichols said he expects the bonds to have little trouble in the market because of the school's AA-minus credit rating (Standard & Poor's) and because OSU "does not have a huge supply of credits on the market right now."

"Historically, we've never been a big issuer. I think that helps," Nichols said. Ohio State has approximately $170 million in outstanding debt.
Large bond debt aids projects

By Jarrod Uirey
Lantern staff writer

Ohio State's general receipt bond debt, issued by the university to obtain funds to support large projects such as construction, is increasing, said James Nichols, Board of Trustees fiscal affairs committee treasurer.

The bond debt, the amount the university has borrowed in bonds, is now $286 million. Nichols said it's a figure that likely will grow.

The maximum debt OSU is allowed to incur is determined by comparing the amount of money the university has to spend against the university's revenue. OSU's ability to pay off the debt is based on an industry standard that determines whether the university's debt is good or bad.

"I think that it's fair to say that over time it'll (our debt) continue to rise," Nichols said.

He said the university could double its overall debt without running into trouble with the bond-rating agencies. "Our overall debt is less than most universities, so we have a lot of capacities for (selling) additional bonds," Nichols said.

Leslie Flesch, assistant to the vice president for Finance, said, "Even though we are issuing more bonds than we used to, we are still below the amount we are allowed."

OSU issues two forms of general receipt bonds. One has a fixed interest rate and the other has a variable rate. The interest rate on fixed bonds is currently 5.4 percent, while the rate on variable bonds is 1.55 percent.

Nichols said that since 1985 the university has issued variable rate bonds, saving OSU $10.6 million.

William Shkurti, vice president for Finance, said a bond debt is an investment in the university's infrastructure. "Having a bond debt is like having a mortgage on a house. Its costs are too big to pay off all at one time," he said.

The university can do three things to continue to keep the debt within the industry guidelines, Nichols said. It should continue to be aggressive to pay off the fixed and variable rate debt, continue to issue bonds at the lower variable rate and continue to monitor how much debt is being issued.