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The Times Journal

# OPINION

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## Some school districts hiking taxes despite rising property values, revenues

By Jim Waters



If, as Assistant Principal Kevin Crosby claimed when the new \$84.5 million Tates Creek High School opened in Lexington on the first day of school, “students deserve a building like this,” then didn’t Fayette County taxpayers also deserve a better case from their local board of education before it voted to raise property tax rates again?

Simply claiming current revenues are insufficient to meet the district’s educational and capital needs doesn’t cut it. Solid verification is needed.

A favorite talking point of those supporting increased taxes centers on how the district has a serious overcrowding problem, resulting in 2,500 students learning in portable classrooms.

Which begs the question: Why isn’t the current budget of nearly a half-billion dollars – larger than the Lexington-Fayette Urban County Government’s spending plan – sufficient to meet Fayette schools’ needs?

The Fayette tax hike stands in sharp contrast to

other districts’ acknowledgement that there’s no need to further soak taxpayers when increased property values already mean more money for their coffers.

The Covington Independent Public Schools lowered its property tax rate by a whopping 17% this year while conceding it will still get increased revenues due to rising property values.

Annette Burtschy, Covington’s finance director, told the Northern Kentucky Tribune: “the board has been good stewards of taxpayer money,” adding the district didn’t raise property tax rates between 2012 and 2020.

By contrast, taxpayers should be wary of the Fayette district’s demonstrated lack of enthusiasm for being transparent with – much less accountable for – the way the public’s hard-earned dollars get tossed around.

Why, for example, did it take the district three weeks to respond to an open records request from the Lexington Herald-Leader regarding the cost of renting out the Central Bank Center for a summer party for employees that cost taxpayers tens of thousands?

The Fayette school board certainly displayed a similar lack of enthusiasm for accountability in a special-called meeting on Sept. 8, limiting some speakers

to two minutes’ worth of comments while denying others the opportunity to comment altogether before voting 4-1 to raise taxes.

This isn’t to say the board violated law by limiting speakers; recent state legislation simply requires school boards provide a total of 15 minutes for audience participation. It’s up to local boards how they dole out the time.

Rather, the issue is the school board has neither justified a tax hike nor been forthcoming about how it spends – or at least prioritizes the spending of – taxpayer dollars, as addressed in the following questions:

Why is there overcrowding when the district spent more than \$20 million to purchase the former Herald-Leader building and high-priced property from the family of a wealthy developer? Nearly 165,000 square feet of district-owned space now sits empty on a plot of more than 40 acres.

With teachers complaining about roof leaks and other building-maintenance issues, why isn’t the district better maintaining its current facilities rather than purchasing additional unused ones?

Many other Kentucky school districts are foregoing – or even lowering – taxes while still getting increased revenues due to rising property values. Is it unreasonable to expect

Fayette schools to do the same? As Lexington businessman Ron Vissing noted, even if the school board kept tax rates the same this year, the district would still get \$19 million in additional revenue.

In 2019, the General Assembly passed legislation providing an opportunity for greater success with tax-recall efforts in Jefferson and Fayette counties, allowing electronic gathering of – and significantly lowering the number of required – signatures.

Vissing, who led an unsuccessful effort to recall a Fayette school tax increase in 2018 despite gathering 12,000 signatures, said “it was impossible to do a recall” under the old rules.

This time, he says a successful effort will only require about 5,000 signatures.

The key is for taxpayers to understand: Defeating a tax increase doesn’t mean reduced funding for Fayette schools.

It just means they haven’t even come close to making the case for yet another tax increase.

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## Center for Open Government

The state Court of Appeals overturned the Frankfort Circuit Court’s decision requiring the Beshear administration to re-bid the MCO contracts. According to the CJ’s article, the Franklin County circuit court found “multiple flaws ‘cast a cloud over the process’s legitimacy.’ The appeals court disagreed, finding the alleged flaws were not sufficient grounds to throw out all the bids and order a new round of bidding.”

The MCO contracts were awarded in late-November 2019 by the outgoing Bevin administration, only to be cancelled and rebid two months after Andy Beshear was inaugurated. Through a series of open records requests, the Bluegrass Institute’s Center for Open Government discovered, among other things, the state’s Finance Cabinet 1) withheld important documents covered by Kentucky’s Open Records Act, 2) reluctantly acknowledged that several members of the contract-scoring committee failed to preserve documents and their notes from the scoring process, even though they were required to do so, and 3) didn’t find concern with a high-ranking member of the Beshear transition team joining Molina Healthcare’s bid as a consultant when Beshear’s CHFS re-bid the multi-billion dollar contracts.

The appeals court decision deemed the 2020 MCO procurement “valid” and remanded the matter to the circuit court to lift its temporary injunction. (p. 40)

Emily Parento’s “appearance of impropriety” was insufficient “to usurp the broad discretion afford the Commonwealth’s procurement decisions.” Franklin circuit court found that the scoring irregularities, in combination with the “appearance of impropriety” created by Parento’s work for Molina shortly after leaving Governor Beshear’s transition team, warranted invalidation of the 2020 RFP. (p. 25)

The appeals court disagreed, arguing that since the Kentucky Model Procurement Code (KRS 45a) doesn’t explicitly provide that an “appearance of impropriety” is a justification for nullifying an agency decision, the circuit court’s decision wasn’t “support(ed) in the law.”

The appeals court discussed how Parento bound herself to the Executive Branch Ethics Commission’s code of ethics (EBCE) when signing a non-disclosure agreement that allowed her – as a co-chair of the CHFS transition team – to review material from the 2019 bid submissions. Interestingly, a paragraph in the decision indicates Molina and Parento argued in a deposition that she wasn’t covered by the EBCE:

Court of Appeals decision p. 29

Why does it matter? Because the EBCE prohibits individuals bound by the code to accept “employment, compensation, or other economic benefit from any person or business that contracts or does business with ... the state in matters which he or she was directly involved during the last thirty-six (36) months of his or her tenure.” (p.29)

At the time, gubernatorial transition team members were not covered by executive branch ethics regulations. However, Parento agreed to be bound by EBCE as a condition of the confidentiality agreement. Therefore, she shouldn’t have accepted the consulting role with Molina - or at

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