

Transcript tells of Bell's 'tit for tat' contribution

SAN ANTONIO, Tex. (AP) - A "tit for tat" contribution by Southwestern Bell Telephone Co. is described in a transcript of a tape-recorded conversation between two Bell executives.

However, a third person whose name is in the transcript denies any deal "of any kind was ever mentioned."

The transcript of the telephone conversation is now under seal in federal district court here in an antitrust suit brought against Southwestern Bell Telephone Co. by San Antonio Telephone Co. and several other defunct telephone service companies.

The two speakers in the transcript are John Whitcomb, Bell division manager in Lubbock, Tex., and James H. Ashley, who has been dismissed from his position as commercial manager for two thirds of Texas.

Whitcomb is quoted in the transcript as saying Bell used inflated architects' fees as a conduit for an illegal contribution to a municipal bond drive in Midland, Tex.

Plan claims to uplift school level

AUSTIN, Tex. (AP) - Gov. Dolph Briscoe's school finance plan is designed to lift all Texas school districts to the level of the 42 best ones, his education expert said Tuesday.

Dr. Richard Hooker outlined the "weighted pupil" approach favored by Briscoe for a group of senators, some of whom wryly recalled earlier unsuccessful efforts to reform school finance.

Hooker said state spending would increase by \$600 million and required local expenditures would jump by \$500 million over the next two years if Briscoe's plan is approved by the legislature.

"What are we buying? We are lifting the floor of the Foundation School Program to guarantee the quality of programming identified in the 42-district sample," Hooker said.

The 42 best districts of varying sizes were selected by polling school officials across Texas. The districts' per pupil costs for various programs were analyzed and became the basis for Briscoe's proposal, Hooker said.

While Briscoe has not publicly stated how he thinks state and local shares of the Foundation School Program should be determined, Hooker said market value of taxable property would have to be the index. Some districts would hang to increase taxes, he said.

"That's the booger," Sen. Tom Creighton, D-Mineral Wells, whispered to Sen. Oscar Mauzy, D-Dallas, chairman of the Senate Education Committee.

Sen.-elect Kent Hance, D-Lubbock, asked Hooker if the plan would require consolidation of rural school districts. A public school reform plan requiring countywide districts failed in the 1969 legislature, Hooker said the plan would not require consolidation and, in fact, contained extra funds for sparsely settled rural districts. But, he said, small districts in areas with fairly dense populations would find it to their advantage to consolidate.

"Seduced consolidation," remarked Sen. John Traeger, D-Seguin.

Hooker said it would be unfair to the state's taxpayers to pump \$150 million in funds each year into inefficiently small districts.

"What do you do where market value of farm and ranch land has little relation to its productive value?" asked Sen. Grant Jones, D-Abilene.

A productivity index similar to one approved by legislators when they sat as a constitutional convention last summer, would be used, Hooker replied.

Use of actual values of taxable property as the sole measurement of a local district's ability to pay its share of Foundation School Program costs would require some sort of state monitoring to assure accurate valuations.

Mauzy said the state comptroller already had the power to force accuracy of county tax rolls. "He can reject any county tax roll submitted to him. The comptroller has always had that power."

He said he favored making the comptroller responsible for publishing guidelines for assessing property and then checking to assure accuracy.

Briscoe's plan would weight various programs according to their costs per 30 pupil hours of instruction, ranging from a value of 1.00 for grades 4-6 to 4.86 for special education for crippled children. The total weight factors would be multiplied by \$650 in 1975-76 and \$700 in 1976-77 to determine a district's foundation school program cost.

Whitcomb, 59, who has announced his retirement from Bell effective March 1, declined comment on the transcript, except to say, "Whatever it says, it says."

He added: "Do you know that I didn't know the conversation was being taped?"

Whitcomb said, "At the time of this conversation, I was talking to my boss Ashley and I knew nothing about any investigation going on. It was just a conversation between me and my boss."

Ashley was dismissed during the internal Bell investigation which also involved Bell's top men in Texas, T.O. Gravitt, who committed suicide at his Dallas home Oct. 17. Ashley and the Gravitt family have filed a \$29 million libel and defamation suit in which the transcript may also figure.

The transcript discusses an arrangement whereby Bell would contribute to a bond drive and receive help on the closing of an alley in Midland where it was to construct

a multi-million-dollar building for some of its Midland district operations.

The name of C.J. Kelly emerges in the transcript. Kelly, a prominent Midland banker, told the AP the alley closing was a routine city council matter and that no deal was involved with the phone company.

Kelly was interviewed Tuesday by the Midland Reporter-Telegram and said, "I was chamber of commerce president and other civic leaders and I were working hard to

get Southwestern Bell Telephone to locate its district headquarters rather than some other area city."

"At one stage, the telephone people inquired about the possibility of rerouting the alley beside Southwestern Bell property if additional property in the same block was acquired," Kelly said.

"I told them that our bank had faced the same problem with its building and that the Midland city council should be asked to approve

the rerouting, since this is a fairly routine matter," Kelly said. "I also stated that I would be happy to assist if such help would bring the headquarters and more families to Midland."

About a bond drive to build a civic center about the same time in Midland, Kelly said, "As I do in many civic drives, I solicited Midland firms and individuals for contributions to the chamber of commerce to promote public education about the

bond issue." Kelly said, "I may have talked to Bell's former district manager here, Fred Kester, about such a civic contribution but no deal of any kind was ever mentioned."

A source told The Associated Press that the company contribution was "in the range of \$10,000 to \$20,000." Kelly said, "If the company contributed anything, and I don't recall it, it certainly didn't amount to any \$10,000 or \$20,000."

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