

Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
Ohio Schools Council

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Key education groups respond to PUCO decision

COLUMBUS — A group of education organizations representing Ohio's public schools today released a statement in response to Wednesday's Public Utilities Commission of Ohio's (PUCO) decision in the American Electric Power Ohio (AEP) operating companies' standard service offer case. Jointly participating in litigation involving the case are the Ohio School Boards Association (OSBA), Ohio Association of School Business Officials (OASBO), Ohio Schools Council (OSC) and Buckeye Association of School Administrators (BASA).

The PUCO's decision approved a standard service offer that is significantly less favorable than market rates and will increase rates for Ohio's consumers — including its schools — by hundreds of million of dollars. The education groups said school districts are working hard to meet Gov. John Kasich's charge to put more money in the classroom. The groups intervened in the PUCO process because increased costs for electricity would take needed classroom dollars from Ohio's schoolchildren.

School districts across the state are struggling to cope with reductions in funding resulting from recent state budget cuts and the state of Ohio's economy. Students are feeling the effects as teachers, staff and education programs are eliminated; bus service is reduced; and "pay-to-play" fees for extracurricular activities are instituted or increased.

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Many districts are operating at “bare bones” levels. Yesterday’s PUCO decision will most definitely put additional strain on school budgets. In some cases, districts will be forced to go back to the voters to help cover the anticipated increases, in addition to further cutting programs. Unfortunately, the prospects of obtaining additional funding to cover the electric rate increase are dim, considering that in recent elections only about 18% of new levy requests have passed.

The rate increase is caused, in large part, by AEP’s request that the price it charges competitive third-party suppliers for capacity be changed from a market-based price to a cost-based price. The PUCO granted this change, and then shifted the responsibility to pay the vast majority of the charge from the competitive third-party suppliers to consumers. Schools and other parties to the case fought to maintain the lower market-based pricing, which AEP had charged since 2007.

The education groups alternatively asked the PUCO to exempt the financially strapped schools from a specific charge meant to recover the capacity costs and to guarantee AEP revenues during its transition to a competitive market. Despite its precedent that allows the exemption, the PUCO declined to do so.

The exemption would have helped keep schools from having to return voters for assistance in covering these new charges for electricity. In effect, taxpayers could end up paying the rate increases twice — once for their own bill, and again for electricity essential to operate the schools. Taxpayer funds are better used in the classroom, rather than for guaranteeing AEP’s revenues during its overdue transition to a competitive market.

The schools were severely impacted by an electric security plan approved in December 2011, but which the PUCO later rejected in February due to the harsh effect on schools and small business customers. In some cases, schools’ bills from AEP increased by more than 40%.

Founded in 1955, OSBA leads the way to educational excellence by serving Ohio’s public school board members and the diverse districts they represent through superior service and creative solutions.

Founded in 1936, OASBO is a not-for-profit, professional association serving the continuing education and legislative needs of public school district treasurers/CFOs, business managers, transportation directors, food and nutrition directors and district support staff. With headquarters in Columbus, Ohio, OASBO has four statewide chapters and 12 chapters across five regions, serving more than 1,100 members statewide. For more information, visit our website at www.oasbo-ohio.org.

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BASA is a nonprofit professional organization of school system leaders (specifically, superintendents, central office administrators, building-level administrators, higher education administrators and faculty, graduate students and other educational personnel) dedicated to developing exemplary school system leaders and to advocate for public education.

OSC is a regional council of governments created by public school districts of northeastern Ohio in 1986 for the purpose of saving schools dollars through volume purchasing. Currently, 161 public school districts in 28 counties are members of OSC. These districts are enjoying reduced pricing through 41 programs, such as utilities, insurance, supplies and equipment, and various services.