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before the

Subcommittee on Energy and Power
Committee on Commerce
United States House of Representatives

The Honorable Dan Schaefer, Chairman

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Mr. Chairman, and members of the subcommittee, I am pleased to be here today to represent the American Association of School Administrators and school districts across the country who believe that deregulation of the electric industry will allow them to spend more money on services that help students in the classroom and less on electricity.

Mr. Chairman, superintendents all over the United States are interested in deregulation because electricity is a significant cost for us. Let me be frank. It takes a lot of money to run schools these days -- especially in urban districts liic mine or Chicago. This is not a popular reality, but it is a reality nonetheless. We need resources from both the government and the private sector to help us serve the diverse student body we arc serving today. Our children are children of promise if the learning opportunities and resources are available. But. we are not only looking for additional resources, we want to spend the funds wc have now in the most effective way possible but because of archaic laws concerning the electric industry, we cannot do that with our electrical service.

Right now, I can, and superintendents across the country can, cooperatively purchase just about every service or commodity we use. This allows school districts or groups of districts to huy in volume and take advantage of economies of scale and bulk discounts. We do this with about everything we use, from pencils and desks to special services and even natural gas -- but we can't do it with electricity.

In fact, Mr. Chairman, right now most school districts in this country can't even aggregate their load within a district. This means a huge district like Chicago that uses about $40 million in electricity annually pays for each school based on its individual usage rather than the total usage of tbe more than 600 buildings in the system. If this sounds a little absurd, it's because it is. It would be like me telling

each of my principals to figure out how many new school buses they need each year and to order them independently from all the other schools in Madison. Rather than my business officer going to the bus company and working out a deal for 15 new buses, there would be fifteen principals each negotiating a price for one bus. You don't have to be an economist to see which way would garner a better price.

As I mentioned, electricity is a major cost for us. It is the largest non-labor item in most school district budgets. Nationwide, K-12 public school districts use about $4.25 billion annually in electricity. If we could save only 15 percent nationwide -- and as I understand it, the pilot programs currently underway are generating savings greater than that -- 15 percent would give school districts natiouwidc $635 million that they could spend iu the classroom to help students rather than on electricity.

Mr. Chairman, these sort of savings would mean different things to different school systems. In rural Wesr Virginia, my colleague, Dr. Charlie Duffy, who I understand you know, estimates that he could save enough in one year to outfit each of the 16 high schools he serves with 21 new computers lo help his students become more technologically literate.

In Madison, each year we could hire five more Reading Recovery teachers to assure basic literacy competency for 60 more six and seven year-olds who have yet to learn to read. Learning and mastering the tools of reading arc major factors in reducing the dropout rate and ensuring a high graduation rate. With over 96 hours of graduate and pot-graduate study and research in reading and learning disabilities, I appreciate the value of volunteers to reinforce and share a love of reading and learning. However, it takes highly skilled professionals to teach children who are not only coming to school not reading and

writing, but coming to kindergarten and first grade with few, if any, letter-sound relationships. Unfortunately, these skilled professionals don't come cheaply.

My point, Mr. Chairman, is that various school systems across the country could be spending money on a variety of proven programs and services related to raising student achievement, but right now they are spending that money on electricity.

Frankly, Mr. Chairman, as electric rates in this country go. Madison's are not too bad. The most my district pays per kilowatt hour is about 4 cents, and wc pay less off peak Here in Chicago, only 120 miles away, the school system pays an average of9 cents par kilowatt hour. Their average ratc is more than double my district's highest rate. As I said, Chicago public schools spend about $40 million annually -- if they paid what I pay, that would be more than $20 million dollars -- each year -- that they could spend in their classrooms rather than on their electric bills. Twenty million dollars! If that is not an imperative to act on this issue, I don't know what is.

Mr Chairman. there are school districts across this country that would benefit as a result of deregulation. For most, the savings would not be as dramatic as they could he for Chicago. but they would save money nonetheless. Even if wc only saved 10 percent in Madison, that would still be more than $140,000 each year that we could spend in the classroom rather than on electricity. This is not an insignificant amount of money. Five more Reading Recovery teachers would have a significant impact on achieving our goal of 100% success for every third grader to read above standard on their third grade reading teat.

There are a number of compelling arguments for federal action on this issue, but as Lincoln once said, "where you stand depends on where you sit" and from where I sit, I see public schools everywhere, in every state, and every community. Because of this, my colleagues and I bclicvc that federal legislation is necessary for restructuring this vital industry. When people talk about businesses and industry relocating to find cheaper power, it reinforces the belief of my colleagues that federal action is necessary. We can't move schools to take advantage of savings in different regions or states. Schools have to be where the students are. Without federal action, I don't think the savings will come to all school districts. Power marketers and utilities are actively courting the business of schools in states where deregulation has taken place. All school districts should be able to take advantage of these opportunities.

Mr. Chairman, as I said, electricity is the largest non-labor item in most school district budgets. For us, cutting this cost is not a profit or price issue as it is for many other consumers. If we can save on electricity, it is our students who will profit because we can devote more resources to them and less lo our electric hills.

In Madison, our parent hotline is 608/266-HELP! I hope we can count on your help to most effectively realign more of our available dollars away from electricty and directly toward improving student and school achievement.

Thank you very much for inviting me to testify before your subcommittee. If I can be of further assistance, I hope that you will not hesitate to contact me.

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