

Atlanta's Taxpayers Should Demand Competitive Bidding For Public Education!

By: Glenn Delk, Partner in Lightmas & Delk, LLP

The AJC Editorial Board recently wrote the following opinion about the need for “healthy competition” in bidding to supply equipment to Medicare:

Competitive bidding is a bedrock of capitalism. Bidding often drives prices lower and improves efficiencies as companies cut costs in an effort to win new business.

The High Cost of the Atlanta Public Schools To The Taxpayers:

This principle applies not only to Medicare, but also to the current fiscal crisis created in large part for Atlanta's taxpayers by the Atlanta Board of Education (ABE) and Atlanta's Public Schools (APS). While Mayor Franklin and the Atlanta City Council share blame for their own fiscal problems, taxpayers are now learning a hard lesson: APS accounts for **65%** % of every dollar they pay in taxes! For the coming year, 2009, the property tax for APS is anticipated at \$633,896,978, with an additional Special 1% Sales Tax (SPLOST) revenue of approximately \$100 million, or a total revenue of \$733,897,978. Dividing this sum by the current enrollment of 50,061 students, the cost per student is a whopping \$14,660!

The APS Test Scores Are “Disappointing”

In comparing APS to the School Districts in Clayton, Cobb, DeKalb, Fulton and Gwinnett, using the 2007 Criterion Referenced Tests, End of Course High School Tests, High School Graduation Tests, as well as American College Test (ACT) and the Scholastic Aptitude Test (SAT), here are the facts:

1. APS had higher “Does Not Meet Standards” for all Criterion Referenced Test grades than the State of Georgia average and each of the five neighboring counties (except for Clayton in the 8th grade).
2. APS had higher “Fail” rates on the 12th Grade End of Course tests that the State average and each of the five neighboring school systems.
3. APS had higher “Fail” rates on the Georgia High School Graduation Test than the State average and the five neighboring school systems.
4. APS had lower American College Test (ACT) scores than the State average and each of the neighboring school systems (except Clayton where they tied).

5. APS had lower Scholastic Aptitude Test (SAT) scores than the State average and each of the five neighboring school systems.
6. APS had a lower high school graduation rate than the State average and each of the five neighboring school systems.
7. APS had fewer high school graduates attending in-state colleges than the State average and each of the five neighboring school systems.
8. In 30 of 35 testing categories referenced above, APS had lower test scores in 2007 than in 2006. In 18 of the 30, APS had test scores that were 5% or more lower in 2007 than 2006.

“Competitive Bidding” Has Proven Highly Successful!

The Fulton County Taxpayers Foundation (FCTF) and many other organizations have long claimed that APS’ budget is bloated and riddled with waste and mismanagement. APS and its Superintendent, Dr. Beverly Hall, have consistently answered these charges by claiming, “it costs more to educate low-income students” and “APS has to pay higher salaries to attract quality teachers.” The debate has been ongoing for many years and will never be solved unless Atlanta’s taxpayers demand that the Atlanta Board of Education employ “**competitive bidding**” to public education. Taxpayers simply don’t have the time or desire to monitor and police the APS budget; the marketplace will do a better job.

The Atlanta Board of Education should adopt the philosophy of cities such as Charlotte, Indianapolis and San Diego which have implemented managed competition and privatization in running their operations, adopting Charlotte Mayor Patrick McCray’s approach to municipal government:

Charlotte will seek the best service at the lowest cost, either through city forces or the private sector. A competitive procurement process will determine who the service provider will be.

Atlanta’s taxpayers should demand that ABE implement a competitive bidding process, requiring APS and Dr. Hall to compete with the most successful charter operators for the right to educate Atlanta’s students. APS currently operates a smaller version of this plan, with 8 charter schools serving 2000 students at an average spending level of \$8,381 per student, or \$6,279 per student less than APS! According to the Governor’s Office of Student Achievement, these 8 charter schools either outperform APS and the entire State, or perform at a comparable level academically.

One of these charter schools, KIPP WAYS Academy, educates approximately 320 students in grades 5 through 8. 100 percent of the students are Black, with a majority coming from low-income families. Students attend KIPP WAYS Academy from 7:30 am to 5:00 pm, Monday to Thursday, and to 4:00 pm on Friday. Saturday and summer session participation are part of the educational environment. In 2007, KIPP WAYS Academy was the highest performing middle school in all of the Atlanta Public Schools, and the 11th highest performing middle school in Georgia, and ranked as the 2nd highest performing middle school in the State in 8th grade CRCT scores, all the while spending \$9,435 of tax dollars per pupil, or \$5,225 less than APS! KIPP WAYS Academy is part of the widely acclaimed KIPP network which has proven to be highly

successful in raising academic achievements of low-income minority students. KIPP is now beginning to open elementary and high schools throughout the country to go along with its middle schools.

In other words, 8 different charter schools in Atlanta are educating the same low-income students as APS at 57% of APS' costs, with higher achievement levels. If taxpayers succeed in having competitive standards statewide, the saving to the Atlanta taxpayers could be as much as \$300 million annually, while Atlanta's children would receive a far better education.

These results should come as no shock to anyone since professional studies have shown that there is no statistical correlation between higher spending per pupil and higher academic achievement. The most recent study is by the high-respected Professor Eric Hanushek of Stanford University who has prepared a number of graphs as part of his testimony on behalf of the State of Georgia in the school finance litigation. These graphs clearly show that higher per pupil spending in Georgia does not equate to higher reading performance or passage of Georgia's high school graduation tests.

If taxpayers have any doubt about the common sense foundation of this idea, they should consider the test employed by former Indianapolis Mayor Stephen Goldsmith – “the yellow-page test:”

If the phone book lists three companies that provide a certain service, the government should not be in that business, at least exclusively. the best candidates for marketization are those which for which a bustling competitive market already exists. Using the yellow-pages test, you take advantage of markets that have been operating for years.

Nationally, Mayor Goldsmith's yellow-pages test is growing, since, according to the National Alliance for Public Charter Schools:

Highly Gratifying Results Of “Competitive Bidding”:

- More than 1.2 million students are enrolled in over 4,300 public charter schools in 40 states and D.C. California has the most charters (700), while Mississippi has the fewest (1).
- In 29 cities across the country, at least 13 percent of the public school students are enrolled in public charter schools. Notable examples include New Orleans (57 percent), Dayton and D.C. (27 percent), Detroit and Kansas City (20 percent), and Cleveland, Cincinnati and Milwaukee (17 percent).
- Public charter schools enroll a higher percentage of minority students (60 percent vs. 46 percent) and low-income students (52 percent vs. 40 percent) than traditional public schools.
- A vast majority of studies are finding that charter schools are improving achievement at a faster rate than public schools. In fact, public charter schools are usually among the top performers in school districts. These high performers are setting important examples about what public schools can achieve, often with disadvantaged students. The charter

schools are shattering low expectations and breaking through long-standing barrier that have prevented large numbers of students from achieving educational success.

- A recent report by the State of Pennsylvania shows that academic performance of students attending charter schools in Philadelphia improved by nearly twice the amount of improvement shown by the Philadelphia School District. According to Dr. Martin West of Brown University, “student achievement in Philadelphia as a whole after years of stagnation, has improved markedly since the implementation of the Diverse Provider Model. Competition and expanded capacity created by having multiple providers operating in the district is playing a role in the district’s success.”

With the recent passage of H. B. 881, allowing for State authorization and funding of charter schools, Georgia should see a dramatic expansion of charter opportunities. If the Atlanta Board of Education adopted and implemented a policy requiring Dr. Hall and APS to compete against quality charter operators for Atlanta’s 50,000 students, there would no longer be a debate over the APS budget. Since APS and Dr. Hall would be subject to the bedrock principle of competitive bidding, the taxpayers would know that they were getting the best possible service at the lowest price.

I call on all taxpayers to urge the current members of the Atlanta Board of Education (and all candidates who run in 2009) to sign a pledge to implement competitive bidding for public education in Atlanta.

Contact APS School Board!

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