



FULTON COUNTY TAXPAYERS FOUNDATION

Non-Profit Advocate Of Lower Property Taxes In Atlanta/Fulton

October 2006

Significantly Reducing The Cost of Local Government!

With the City of Atlanta ranked among the ten highest tax-burdened cities in United States (1), with Fulton County ranked in the highest ten percentile in millage rates among the 159 counties in the State of Georgia (2), and with the annual Cost-Per-Student at the Atlanta Public School District, \$11,216, among the ten highest-cost districts in United States (3), many taxpayers are asking "Is there anything that can be done to significantly reduce the cost of local government?"

Fortunately for the taxpayers of Atlanta and Fulton County, a recently published book, "The Price of Government" by David Osborne and Peter Hutchinson describes the unusual success of three developments in local government – *competition, consolidation and performance standards* - that have resulted in significantly reducing the cost of local government and vastly improving the quality of services.

Competition

The authors state: "When public employees compete with private firms, public employees are challenged to perform at a higher level."

The concept of public employees competing with private firms was first developed in Phoenix, Arizona in 1978 when the Mayor and City Council decided to bid the garbage collection. The Mayor divided the City into seven districts, with both city employees and private contractors bidding for each district. City employees – furnished with the same advanced

equipment as private firms – were awarded over half the districts. So successful was the competition – a reduction of 30% - that Phoenix today requires all of its employees to compete with the private contractors in every service.

The authors describe the success of Indianapolis: "From 1992-1999, Indianapolis Mayor Steve Goldsmith successfully bid out more than 70 city services. Of the first 64 competitions, city employees won 16 outright and split 13 more with private contractors. The city saved more than \$120 million over seven years, and the Indianapolis International Airport saved another \$100 million by competitively bidding out its management."

Still another example cited by the authors, San Diego embarked on a program to implement competition within city services. According to the authors, "San Diego incorporated the best features of contracting: competition and a performance contract with detailed goals, incentives for exceptional performance, and penalties for unsatisfactory work with retention of control over publicly funded infrastructure, accounting transparency, tax-exempt financing and no conflict between the private motive and public interest." The authors state that the result has been cost savings ranging from 20% to 30%, higher morale of employees and improved quality of services.

- (1) Kiplinger Tax Survey
- (2) Georgia Dept. of Revenue
- (3) U.S. Dept. of Education

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Consolidation

The second development advocated in "The Price of Government" is for local governments to consolidate funding streams and "steering" authority but not the actual "rowing." In the words of the authors: "Using consolidated funding streams, steering organizations can purchase far better results from any rowing organization they consider best equipped to produce them. Consolidated funding gives citizens the benefits of more effective steering and more competitive service delivery. It is a radical, fundamental change, yielding exponential increases in 'bang for the buck.'"

Examples cited by the authors: Cincinnati consolidated its Information Technology services with Hamilton County, with an independent group "rowing." The City of Portland and Multnomah County merged their purchasing, again with an independent group "rowing", with cost savings ranging from 20% to 30% annually. Still another example: Tampa-St. Petersburg consolidating its Juvenile Welfare, with some 60 different not-for-profit organizations offering a wide array of services from child-care centers to parenting skills to teen centers to residential treatment services. Finally, Charlotte and Mecklenburg County not only consolidated multi-functions – including police – but also consolidated layers of management, an approach that has proven cost-effective in the business world.

The authors devote a chapter to a redefinition of consolidation in public schools:

Houston has charter schools, contract

schools and placement in private schools by contract, as well as traditional public schools. Minneapolis has traditional schools, charter schools and contract schools, with 30% of high school students graduating from alternative schools, many of which are operated by non-profits on contract. Washington, D.C. has a separate school board for charter schools, created by Congressional legislation which has chartered 25 schools. Philadelphia has authorized 43 charter schools and contracted with seven non-profit organizations to run 45 or more schools.

The authors of "The Price of Government" show in example after example that consolidation of services result in cost-savings ranging from 20% to 30%, improves the morale of the employees, and, at the same time, significantly improves the quality of services.

Performance Management:

Competition and consolidation are critical to improving services and reducing costs, but, according to "The Price of Government", cities, counties and school districts desperately need Performance Management as an indispensable tool.

The authors sum up Performance Management in words that are important enough to quote: "In 1992 when Reinventing Government was published, the simple act of measuring performance was still rare. Now more and more cities, counties and school districts measure performance. Faced with a permanent fiscal crisis, it's time to take the next step: to make public

employees accountable for their performance. When people in government hear the word accountability what registers in the brain is usually 'punishment.' But citizens are not interested in punishment – they want results. To us, people are accountable when they get direct, immediate, personal feedback on their performance, followed by consequences, both positive and negative."

Examples of successful Performance Management cited in the book include the City of Baltimore where Mayor Martin O'Malley or the Deputy Mayor, their staff members and department executives meet once weekly to determine the impact of Performance Management.. The process, known as CitiStat, is designed to imbue city

government with continuous accountability. New York City also practices Performance Management through a program known as CompStat, while Charlotte has a "City Scorecard" of 19 objectives for the five focus areas of top priority, Public Safety, Economic Development, Families & Neighborhoods, Transportation and Restructuring Government.

The authors show clearly that the result of Performance Management has been cost-savings in the range of 20%-30%, and a quantum improvement in the quality of services for the many cities, counties and school districts that have adopted Performance Management.

Editorial Conclusion

In view of the potential for such huge savings, it behooves Mayor Franklin and the City Council, the Chair Karen Handel and Members of the Fulton County Board of Commissioners and the Superintendent, Dr. Beverly Hall, and Members of the Atlanta School Board, to read the book and – in the interests of the taxpayers - to consider implementation of these "best practices."

City / County / School	General Fund Budget (millions)	Projected Annual Savings* (millions)	
		20%	30%
City of Atlanta	\$592.2	\$118.4	\$177.7
Fulton County	\$590.5	\$118.1	\$177.2
Atlanta Public Schools	\$526.8	\$105.4	\$158.0
TOTAL (millions)	\$1,709.5	\$341.9	\$512.9

** The range of savings of "20% to 30%" is detailed in the book and confirmed by Geoffrey Segal of the Reason Foundation*

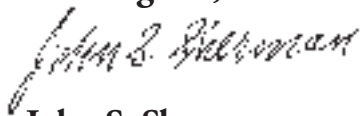
Your Donations Are Now Tax-Deductible!

I am pleased to announce that the Fulton County Taxpayers Foundation (FCTF) has been approved as a 501(c)(3) non-profit organization, making your donations tax-deductible. The FCTF deeply appreciates the support of each member.

The FCTF will continue to be an advocate of lower property taxes in Atlanta and Fulton County, carefully researching best practices. The FCTF will continue to urge the adoption of those best practices which have succeeded in other cities, counties and school districts.

Moreover, the FCTF is working closely with the Fulton County Board of Assessors in holding annual Property Tax Seminars. They will begin on October 28th at North Atlanta High School on Northside Drive, on December 2nd at the South Fulton Government Center on Stonewall Tell Road and on December 9th at the North Fulton Government Center on Roswell Road. All meetings will be held on Saturday mornings from 10-12 AM. This will give the taxpayers an opportunity to meet the newly appointed Board of Assessors and Chief Appraiser. After an informational presentation, a question and answer session will highlight each meeting.

Kind regards,



John S. Sherman
President

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