



# FULTON COUNTY TAXPAYERS ASSOCIATION

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

June 2006

## Competing In The Global Economy

To compete in the global economy, the State of Georgia must dramatically improve statewide education: ranked 49th in the latest SAT test scores, 77% of Georgia's 8th-graders failed the most recent National Assessment of Educational Progress (NAEP) test in Math, and 32.2% of Georgia's 9th-graders failed to graduate high school. To significantly improve education, research indicates that more and more states are successfully adopting School Choice.

An FCTA Board member, Jay Bowen, President of Bowen, Hanes & Co., an Atlanta-based investment counseling firm, wrote an article on School Choice, entitled "Atlanta Schools: Business Leaders Must Speak Out." The article was published in the October 7-13, 2005 edition of the Atlanta Business Chronicle and appears on page 3 of this Newsletter. A copy of the article by Jay Bowen, together with a five-question survey, was sent by the FCTA to every CEO or business owner listed in the latest Directory of the Metro Atlanta Chamber of Commerce. A surprisingly large number, 98, responded representing 8.2% of the 1200 queried. The survey questions and the unequivocal results follow:

- Do you favor market-oriented reforms, such as competition and School Choice? **94.2% favor!**
- Are you aware of the fact that other countries around the world are using competition and choice to better educate their young people? **90.1% are aware!**
- Are you aware of the fact that test scores of students in those countries are vastly superior to the scores of students in even above-average public schools in United States? **96.8% are aware!**

- Do you believe that we are rapidly moving towards an interrelated, integrated, global economy in which workers will compete on a global basis, with education and skill levels becoming increasingly important? **95.4% believe so!**
- Do you think private sector concepts would raise the quality and lower the cost of the educational product currently being offered by the government? **97.1% agree!**

It is obvious that the overwhelming majority of business leaders surveyed in the Greater Atlanta area overwhelmingly support market-oriented reforms, such as competition and School Choice. According to the Center For Education Reform and the Friedman Foundation, there are 18 School Choice programs in 11 states and the District of Columbia have passed School Choice in various forms. The Council on State Legislatures informs me that of the 44 states holding legislative sessions this year, 66% of them debated School Choice legislation.

### What Is School Choice?

School Choice is the ability of a parent to send their children to the public or private school of their choice. School Vouchers – representing the cost-per-pupil currently paid by the State to the local school district – are credits to low-income, inner-city parents who wish to send their child to an alternative school. The State Legislature must authorize such School Vouchers. The average Voucher – if authorized – would comprise a credit averaging \$3,000-\$4,000 per pupil per year, the amount presently contributed by the State. The State funding for education would remain the same as it currently is.

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**Fulton County**

**Taxpayers Association**

309 E Paces Ferry Road, NE, Suite 607

Atlanta, Georgia 30305

Phone: (404) 869-6066

Fax: (404) 869-6101

Email: [fcta@bellsouth.net](mailto:fcta@bellsouth.net)

Website: [www.fcta.us](http://www.fcta.us)

## Why Has School Choice Succeeded?

Here is a quote from the recent March 17, 2006 editorial page of the New York Times: "At first glance, the near north side of Milwaukee can be a bleak place, now that it has lost its department stores, factories and other businesses that used to thrive there. But if you want to see inner-city children getting a good education, it's the most beautiful spot in America. The results so far in Milwaukee and other cities are more than enough to declare vouchers a success." Here are the reasons:

### 1. School Choice helps public school funding and improves the quality of education in public schools:

According to Dr. Caroline Hoxby, College of Education, Harvard University, "Public schools, where choice occurs, actually improve." Dr. Hoxby evaluated three programs, Milwaukee, Michigan and Arizona and concluded that the public school test scores in Reading and Math actually improved. In Milwaukee, both per-pupil and overall funding for the Public Schools increased significantly under School Choice. Between 1990 and 2002, the Milwaukee Public Schools reaped a 32% increase in spending, enrollment grew by 5.4%, and local residents saw their property tax burden decrease by over 30%. Three independent studies in Florida by researchers from Cornell, Harvard and Princeton found that those public schools, exposed to School Choice, outperform other public schools.

### 2. School Choice Helps Struggling Students:

According to independent program evaluations in Milwaukee, "Rather than skimming off the best students, the program seems to provide an alternative education environment for students who are not doing particularly well in the public school system. It is not 'the best' students who exercise choice, but rather struggling

students that are most likely to switch to a different school." Dr. Rod Paige, former Secretary of Education, has stated, "School Choice is the new civil rights revolution that began with Brown v. Board of Education; it is particularly beneficial to the vast majority of inner-city disadvantaged students."

### 3. Professional Studies Prove The Success of School Choice:

After a decade in operation, the Milwaukee Parental Choice Program showed that low-income, inner-city students in the program made significant gains in Math and Reading. A study conducted by researchers from the University of Wisconsin, Georgetown and Harvard found that black students participating in privately funded voucher programs in Dayton, Ohio, New York City and Washington, D.C., performed significantly better on tests after two years in private school than did the students who remained in public schools. In addition, the participating students narrowed the gap between their scores and those of the white students by one-third. There have been a total of seven professional studies which found that students using vouchers outperformed students who applied for the same vouchers but lost a random lottery and had to return to public schools.

### 4. Vouchers – Plus Private Contributions – Cover The Full Cost of School Choice:

The U.S. Department of Education reported in June 2003 that "76% of private schools (including parochial schools) charge less than \$5,000 per year for elementary school education. The average private school tuition is \$4,689 per student per year, while the average public school expenditure per student per year was \$7,392 of which states contribute \$3,000-\$4,000 annually." To fund the difference between a State Voucher and the actual cost of a private school, non-profit foundations have been formed in many states, including Georgia, to fund the difference in cost of a State Voucher and the cost of a private school education for those inner-city parents wishing to send their children to private school.

## Atlanta schools: Business leaders must speak out

*Leaders should contemplate what life would be like if Fed Ex had not been allowed to challenge the U.S. Post office monopoly.  
By Harold J. (Jay) Bowen III.*

As another school year gets under way, it is important for business and community leaders and the Atlanta Public School Board to ask some hard questions about the current government-run system and why it has such a perpetually dismal record of achievement.

It is an anti-freedom, inefficient, bureaucracy-laden, union-dominated scheme that represents a colossal failure of government, and those who protect and promote it are doing a great disservice to our children, our economy, and ultimately our standard of living.

After all, all of the big philosophical questions have been answered. Command economies based on government bureaucracy and central planning lead to economic stagnation, falling living standards, and misery for the people, while free market capitalism results in a dynamic, innovative economy with unlimited opportunities and rising living standards.

So why would we choose to base our educational system on the former instead of the latter?

It is an utter tragedy that private, entrepreneurial, market-based principles have not been allowed to penetrate our government-run schools, and the results have been predictable: Generally, public school expenditures per student have been on a relentless rise, having tripled in real terms over the last 30 years. However, there is no correlation between more money and test scores, as they have fallen and remain nearly flat.

Also, students continue to rank low in international comparisons. In

Atlanta, more than \$11,000 per student is spent with results that can only be classified as pathetic. More than half of those entering ninth grade never graduate, and middle and high school state achievement test scores are among the lowest in Georgia with the latest SAT scores ranking at or near the bottom nationwide.

Even public school insider Albert Shanker, who was head of one of the largest teachers' unions, ultimately realized the fundamental problem with the system and once noted, "It's time to admit that public education operated like a planned economy, a bureaucratic system in which everybody's role is spelled out in advance and there are few incentives for innovation and productivity. It's no surprise that our school system doesn't improve; it more resembles the communist economy than our own market economy."

Nobel laureate F.A. Hayek called this way of thinking "the fatal conceit," which is the notion that central planners and bureaucracy know more and can manage the system better than the spontaneous order of the marketplace.

Thus, business leaders in the private sector who have witnessed firsthand the unambiguous salutary impact that market-oriented competitive capitalism has had on innovation, productivity, real incomes, employment and living standards should take a solemn vow to forcefully articulate the benefits of this model over anything and everything that is government-run and has monopoly status.

In a highly competitive, interrelated, integrated 21st-century

global economy, tinkering with the current system will not suffice. Surely our business leaders know the best way to perpetually increase the quality and lower the price of any consumer product – regardless of whether it is food, health care, overnight mail delivery, or education – is for the government to get out of the way and allow a market-driven system based on parental choice and competition to take root and flourish. These leaders should contemplate what life would be like if FedEx had not been allowed to challenge the U.S. Post Office monopoly.

So, the question for business and community leaders should not be how can we make the public schools better, but instead why do we entrust one of the most important and vital institutions in the country to government. The best way to achieve this change is probably a statewide tax credit program that would lead to both competition and choice.

Without radical and fundamental change, a report issued more than 20 years ago by the National Commission of Excellence in Education, entitled "A Nation at Risk," could continue to prove to be hauntingly true. It stated that "Each generation of Americans has outstripped its parents in education, in literacy, and in economic attainment. For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents."

*Bowen is president of Bowen, Hanes and Co., an Atlanta-based investment counseling firm.*

# A Call To Action

If the State of Georgia is to compete in the global economy, the Governor and the leaders of the State Legislature must turnaround public education by sponsoring School Choice in the 2007 General Session. ***I urge every FCTA member – their friends and neighbors – to email the Governor and the leaders of the State Legislature to sponsor School Choice:***

**Governor Sonny Perdue**

[sperdue@gov.state.ga](mailto:sperdue@gov.state.ga)

**Lt. Governor Mark Taylor**

[mark.taylor@ltgov.ga.gov](mailto:mark.taylor@ltgov.ga.gov)

**President (Pro Temp) of the Senate, Senator Eric Johnson**

[eric.johnson@senate.ga.gov](mailto:eric.johnson@senate.ga.gov)

**Speaker of the House, Representative Glenn Richardson**

[glenn.richardson@house.ga.gov](mailto:glenn.richardson@house.ga.gov)

**Speaker (Pro Temp), Representative Mark Burkhalter**

[mark.burkhalter@house.ga.gov](mailto:mark.burkhalter@house.ga.gov)

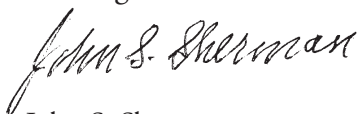
**Chairman, Senate Education Committee, Senator Dan Moody**

[dmoody@legis.state.ga.us](mailto:dmoody@legis.state.ga.us)

**Chairman, House Education Committee Representative Brooks Coleman, Jr.**

[brooks.coleman@house.ga.gov](mailto:brooks.coleman@house.ga.gov)

Kind regards,



John S. Sherman  
President

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