



# ON THE BALLOT

A Report from the Bureau  
of Governmental Research

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## JEFFERSON PARISH LIBRARY TAX, APRIL 29, 2017

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### WHAT IT WOULD DO

Voters parishwide will decide whether to renew the existing property tax that supports the Jefferson Parish public libraries (the Library). The renewal would have a 10-year term, beginning in 2018, and set the maximum tax rate at the previously authorized level of 6.5 mills. The Parish currently levies the tax at a rate of 6.17 mills. The renewal therefore could result in a 0.33-mill tax increase.

### BACKGROUND

The parishwide millage has supported the Library's operating and capital needs for decades. In 2004, as part of a package of millage rededications, the Parish Council reduced the Library tax from seven mills to 6.5 mills.<sup>1</sup> Voters last renewed the millage in 2008, and it expires after 2017.

As property assessments have grown since 2008, the Parish Council has further reduced the Library's tax rate from 6.5 mills to its current level of 6.17 mills. Renewal of the tax will reset the maximum rate at 6.5 mills for 2018. If the council levies the tax at the new maximum rate, taxpayers would see an increase of 0.33 mills. The Parish administration told BGR it will initially need the full 6.5-mill levy to offset anticipated inflation in operating and maintenance costs. Ultimately, though, the council must approve the annual tax levy.

According to the proposition, the tax will yield an estimated \$21.4 million at the full 6.5-mill rate in 2018. This would increase revenue from the tax by \$386,000, or 2%, over the 2017 adopted budget amount.<sup>2</sup>

The millage provides almost all operating and capital funding for the Library system. The system consists of two regional libraries and 14 branch libraries, evenly

divided between the East and West banks.

The millage first funds operations and maintenance, providing 95% of the Library's \$22.2 million budgeted revenue.<sup>3</sup> The balance comes from intergovernmental revenue, interest income, service charges, fines and miscellaneous sources. Since 2008, the Library has built a \$9.5 million operating reserve.<sup>4</sup> The Parish, by policy, reserves an amount equal to 15% of operating costs (\$2.6 million) for emergencies. This leaves \$6.9 million uncommitted.<sup>5</sup>

After operating needs and reserve targets are satisfied, the Library directs the remaining revenue to capital investments. As of February 2017, the Library had \$38 million in its capital fund.<sup>6</sup>

Multiple factors have enabled the reserve build-up, cumulatively totaling \$47.5 million. In 2008, voters renewed the Library millage, allowing the Parish to reset the tax rate from 5.05 mills to 6.5 mills. This millage increase, combined with a parishwide reassessment that year, caused the Library's annual revenue to surge from \$12.2 million in 2008 to \$19.1 million in 2009. Meanwhile, the Library kept operating costs at \$12.3 million in 2009 and has since increased them an average of only 3.1% per year.<sup>7</sup> These factors created surplus millage revenue. In addition, the Library received \$5.1 million in one-time federal funding.<sup>8</sup>

The reserve build-up occurred despite the Library's increased capital spending. Since 2009, the Library has directed an average of \$4.1 million a year in revenue to capital expenditures on facilities, books, vehicles, computers and equipment, compared to \$2.7 million in 2008.<sup>9</sup>

The Library dedicates most of the reserves to future capital projects. All \$38 million in the capital fund reflects current and prior year budgeted capital projects,

including \$20.4 million of operating reserves appropriated in January 2017.<sup>10</sup> That transfer will fund additions and renovations to the West Bank Regional Library (\$12 million); new technology investments (\$4.4 million); branch renovations and maintenance (\$2.3 million); and a new maintenance facility, repairs and renovations at the East Bank Regional Library (\$1.7 million). Prior-year budgeted projects now awaiting completion include the construction of a new branch in River Ridge.<sup>11</sup>

If voters renew the tax and the council levies the full 6.5 mills, future Library revenue will fund operating expenses and reserve targets, and produce \$4.5 million annually for capital expenditures. The Library will maintain the current capital allocations of roughly \$2 million for books, vehicles, computers and equipment and \$2.5 million for facilities.<sup>12</sup> Even at 6.5 mills, the Parish projects a decline in the Library’s overall operating fund balance from the current \$9.5 million to \$3.8 million in 2028 due to anticipated inflation in operating and maintenance costs.

The Library administration has prepared a new strategic plan for the years 2019 to 2021 to guide the use of the future surplus. It will revise the plan in 2021. The strategic plan outlines new capital investments consisting of \$2.9 million of additional improvements to the East Bank Regional Library, \$2.6 million of additional branch renovations, the establishment of a \$2 million emergency maintenance fund, \$500,000 for further renovations to the West Bank Regional Library and \$250,000 in software and computer upgrades.<sup>13</sup>

The plan also identifies new operating needs, but does not estimate their cost. For example, the Library may seek an increase in employee pay to reduce its turnover rate.<sup>14</sup> The Parish attributes the turnover to retirements and low starting salaries. The amount of any potential increase requires further study. If the Parish eventually increases Library employee pay to reduce turnover, it would reduce cost savings due to vacant positions and reduce the size of future surpluses for capital spending.

**LIBRARY CAPITAL PROJECTS TO BE FUNDED FROM FUTURE TAX REVENUES**

East Bank Regional Library improvements	\$2.9 million
Branch renovations	\$2.6 million
Emergency maintenance fund	\$2 million
West Bank Regional Library renovations	\$500,000
Software and computer upgrades	\$250,000

Source: BGR calculations based on information provided by Jefferson Parish.

**ANALYSIS**

The Library has taken a cautious approach to spending. It has avoided a major expansion of the system and the accompanying staff and facility operating costs. It has kept growth in operating costs at a modest 3.1% average annual increase. It has also avoided borrowing for the Library’s capital needs. It has directed the vast majority of its current surplus funds to library renovations and repairs, the installation of new technology, and the addition of the River Ridge branch.

The Library’s new plan identifies strategic uses of the substantial annual surpluses that will accrue within the first three years of the renewed Library tax. It builds upon the system’s previous plan, which guided spending from 2013 to 2018. Among the plan’s objectives, the Library will expand its technology offerings and enhance staff training to support them. It also plans to upgrade more facilities to accommodate community meetings and activities and expand the Library’s own programs for citizens. The plan identifies a host of investments in equipment, infrastructure and branch renovations to help achieve those objectives. It also seeks to address emergency maintenance needs and the employee turnover problem. The Library anticipates updating the strategic plan in 2021.

**“Proper planning is especially important for public libraries because information technology continues to evolve rapidly.”**

Proper planning is especially important for public libraries because information technology continues to evolve rapidly. It has changed how people gather information and read, thereby changing the role of public libraries in the community.<sup>15</sup>

In recent years, the Jefferson Parish Library has been working to respond to these changes. Since 2008, it has increased public Internet access,<sup>16</sup> and grown its collection of electronic books, audio-visual materials and electronic databases.<sup>17</sup> It has also put more emphasis on providing space for meetings and community events. The new River Ridge library, for example, will include not just books, but computers, study rooms, and meeting and classroom space.

If voters renew the tax and the council imposes the full 6.5-mill in 2018, a homeowner with a homestead-exempt property valued at \$200,000 would pay about another \$4 per year, an increase from \$77 to \$81.<sup>18</sup> For each additional \$100,000 of value, the new tax would increase by about \$3. Commercial property owners would pay about an additional \$5 per \$100,000. The taxes on a commercial property valued at \$600,000 would increase by approximately \$28 per year, rising from \$518 to \$546.<sup>19</sup>

If voters ultimately do not renew the tax, the loss of 95% of the system's revenue would be ruinous. To the extent possible, the Library could cancel capital projects to free up money for operations. Beyond that, it would have little funding to keep going. The Parish's General Fund budget would be unable to absorb nearly \$18 million of projected costs to run the libraries without triggering severe cuts to other services.

### **BGR POSITION**

FOR. The Jefferson Parish Library has kept growth in operating costs at a reasonable level and has provided for its capital needs without incurring debt. The Library's new strategic plan and spending priorities will guide future investment in the system. Voters should preserve the Library's core funding source for the next decade.

## ENDNOTES

1 In 2004, the Jefferson Parish Council lowered the Library tax (expiring 2007) by 0.5 mills and reduced three other millages to offset new taxes approved by voters for criminal justice services, culture and parks, economic development and senior citizen services.

2 The Parish budgeted revenue from the millage is \$21 million for 2017. Jefferson Parish, 2017 Adopted Budget: Library.

3 Ibid.

4 Information provided by Jefferson Parish Finance Department.

5 BGR analysis of Jefferson Parish Library fund balance projection, February 2, 2017, and an additional fund balance appropriation in Jefferson Parish Council Ord. 25300, adopted January 26, 2017.

6 Ibid.

7 BGR calculated the cumulative average growth rate for the Library's actual budgeted operating costs from 2009 (\$12.3 million) to 2015 (\$15.2 million), the last available year of actual audited budget data. BGR excluded 2016 and 2017 because these figures do not reflect actual costs, but rather the Parish's all-in estimates of anticipated expenditures that it uses to manage budgets conservatively.

8 The federal revenue during the current millage period consisted of \$2 million in FEMA funds and \$3.1 million from the Library's share of federal Community Disaster Loan proceeds. The Parish received the loan proceeds after Hurricane Katrina, but placed them in reserve in anticipation of having to repay them. FEMA forgave the loan in 2013, which freed the funds for Parish spending.

9 From 2009 to 2017, the Parish transferred \$2.7 million a year on average from the Library's operating fund to its capital fund for facility improvements, compared to \$2.1 million in 2008. It averaged \$1.4 million in capital purchases of books, vehicles, computers and equipment, compared to \$643,000 in 2008.

10 Jefferson Parish Council Ordinances 25290 and 25291, adopted January 11, 2017.

11 The 2016 adopted capital budget included the construction portion (\$3.5 million) of the \$6.4 million River Ridge branch project. Jefferson Parish, 2016 Adopted Budget, pp. 259-260, and Jefferson Parish, "River Ridge Public Library Groundbreaking Ceremony," news release, September 6, 2016.

12 The Parish projects \$2 million of annual capital purchases of vehicles, computers and equipment and \$2.5 million of transfers to the Library capital fund. The Parish provided the 2019 to 2028 projection on February 20, 2017. The Library's 2017 adopted budget includes \$2.2 million of capital purchases and \$2.6 million transferred to the capital fund.

13 BGR calculations based on the amounts in Library's list of current and future projects as of February 22, 2017, excluding amounts appropriated in the 2017 adopted budget and Jefferson Parish Council Ordinance 25291, adopted January 11, 2017.

14 The Parish provided turnover statistics for three classifications that make up about two-thirds of the 232 Library positions: Librarian II (41 positions), Library Associate (97 positions) and Library Page (21 positions). The 2014 turnover rates for these positions were 14.6%, 21.6% and 28.5%, respectively. According to the U.S. Bureau of Labor Statistics, the average turnover rate for state and local government employees, excluding education, in 2014 was 18.6%. U.S. Department of Labor, Bureau of Labor Statistics, "Job Openings and Labor Turnover – January 2016," news release, March 17, 2016, Table 16.

15 See Zickuhr, Kathryn, Lee Rainie and Kristen Purcell, *Library services in the digital age*, prepared for Pew Research Center's Internet & American Life Project, January 22, 2013. According to the study, while library visitors still value printed books, they also want free Internet access, electronic books and databases, audio-visual materials and other digital collections. In addition, they now use the traditional library branch for many purposes beyond just reading and research. They seek out libraries for classes, activities, and community meetings and events. <http://libraries.pewinternet.org/2013/01/22/Library-services/>

16 The Library had 391 public internet workstations in 2015, compared to 246 in 2008. BGR analysis of data in State Library of Louisiana, *Public Libraries in Louisiana: A Statistical Report*, 2008 to 2015.

17 Ibid.

18 BGR calculated the homeowner impact using a value of \$200,000 based on data from the New Orleans Metropolitan Association of Realtors, which show the average sale price for a single-family home in Jefferson Parish during the 12 months ending June 2016 was \$197,000. See New Orleans Metropolitan Association of Realtors (NOMAR), "Market Statistics," [www.nomar.org/gsrein-mls-public/market-statistics-public.html](http://www.nomar.org/gsrein-mls-public/market-statistics-public.html).

19 For the commercial calculation, BGR assumed that land value accounts for 20% of total value.

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