

NEW ORLEANS ELDERLY SERVICES TAX PROPOSAL, MARCH 30, 2019

INBRIEF

What is the tax proposition? New Orleans voters will decide whether to approve a new property tax for elderly services, programs and other assistance. If approved, the tax will be levied city-wide at a rate of 2 mills for five years, beginning in 2020. The tax is expected to generate \$6.6 million in the first year.

The City of New Orleans would place the tax proceeds in a special fund, and the City Council would determine the uses and recipients of the new tax revenue. While the tax could provide additional funding to the New Orleans Council on Aging, Inc., the proposition does not dedicate tax proceeds to any specific organization.

Why is it on the ballot? The City Council proposed the tax to address concerns about inadequate funding of social services for the elderly in New Orleans.

BGR's ON THE BALLOT SERIES

This report is the latest in BGR's *On the Ballot* series, which provides voters with objective, nonpartisan analysis of significant ballot propositions in the New Orleans metropolitan area. In producing *On the Ballot* reports, BGR recommends positions consistent with its mission of promoting informed public policy and the effective use of public resources for the improvement of local government. *On the Ballot* reports bring to light the strengths and weaknesses of ballot propositions and assess the potential for government expenditures or actions to efficiently achieve beneficial outcomes for citizens.

REPORT HIGHLIGHTS

- If voters approve the tax, the owner of a homestead-exempt property valued at the citywide average home sale price of \$359,000 would pay \$56.80 more in property taxes per year. The owner of a homestead-exempt property valued at \$200,000 would pay \$25 more per year.
- New Orleans has more than 74,000 citizens age 60 and older, or 19% of the city's population. Compared to their peers nationally, they have greater income instability, are more likely to be disabled and are more likely to live alone.
- If the tax passes, Orleans Parish would become the 30th of Louisiana's 64 parishes with a dedicated elderly services tax.
- The report analyzes whether the tax is necessary. The property tax would guarantee increased funding for senior citizen services and insulate them from the competing demands of the City's General Fund. And it may address basic needs for a greater number of elderly citizens. However, the City Council has not explained its assessment of the full scope of the elderly's needs or prioritized the most significant ones for millage funding. Nor has it provided the public with an assessment of the potential to meet their needs through increased allocations from the City's General Fund budget, which has grown by 58% during the past 10 years.

- Supporters of the tax say it will help to meet the elderly’s most pressing nutrition and other needs. As shown in the table, New Orleans funds elderly services at a relatively low level compared to other large parishes. Voter approval of the tax proposition could produce a five-fold increase in annual City funding for elderly services and programs, which currently goes to the New Orleans Council on Aging, Inc. However, the proposition does not designate any recipient of the tax proceeds. There is a wide range of potential uses of the millage revenue, from essential daily care to social activities and senior information fairs. Without a more complete picture of the City Council’s intent, BGR cannot determine whether the tax is appropriately sized.
- BGR also analyzed whether the tax revenue would be well spent. The City Council has not set forth a clear plan to direct tax funding to high-priority elderly needs, nor has it assessed the proposed tax in the context of other municipal revenue needs. The City administration, which opposes the new tax, points to a broader range of public health needs, including those of families, youth and senior citizens. It plans to comprehensively address these needs with a millage proposal after 2019.
- In addition, while the City Council would have broad flexibility in allocating dollars to assist the elderly and evaluating the results when the millage would come up for renewal in five years, it has not explained to voters how it would hold service providers accountable for their performance. BGR also could not determine the tax proposition’s potential for effective outcomes.

LOCAL FUNDING FOR ELDERLY SERVICES IN LOUISIANA’S FIVE LARGEST PARISHES PER ELDERLY RESIDENT IN POVERTY

Parish	Fiscal Year 2018
East Baton Rouge	\$1,152
Orleans (Potential, With Millage)	\$592
St. Tammany*	\$361
Jefferson*	\$279
Orleans (Current, Without Millage)	\$108
Caddo*	\$17

* In all parishes except Jefferson, local funding represents local sources reported by the parish council on aging. The Jefferson Parish total revenue amount is a combination of the Jefferson Parish Council on Aging’s total revenue and the millage revenue retained by the Jefferson Parish Office of Senior Citizens’ Services. In St. Tammany, local revenue excludes federal transit funding for bus transportation that St. Tammany Parish Government passes through to the parish council on aging. Caddo Parish receives additional federal funding through the U.S. Department of Veterans Affairs.

BGR analysis of U.S. Census Bureau, American Community Survey, Population 60 Years and Over: 5-Year Estimates, 2013-17 for the five parishes, the annual financial reports of the councils on aging in each parish and Jefferson Parish’s 2018 Adopted Budget.

BGR POSITION

AGAINST. The millage’s goal of improving the quality of life for New Orleans’ elderly is important and laudable, particularly in light of the City’s relatively high population of elderly residents living alone, with disabilities or with limited financial means. However, the millage proposition does not assure citizens of the effective use of the millage revenue. It provides a broad grant of spending authority to the City Council, which has not put forward any companion ordinance to clarify specific recipients, uses, and accountability and performance measures. This is particularly problematic at a time when the City must confront, and voters must weigh, a host of critical needs competing for tax revenue.

If the City wants to impose a dedicated tax for elderly services, it must develop and provide the public with a prioritized assessment of the needs of the elderly population. It must also commit to use the tax for serving the highest priority needs. In addition, the City administration and City Council should assess and prioritize future municipal revenue needs, including those of the elderly, and it should develop a funding strategy to address them.