



# ON THE BALLOT

A Report from the Bureau  
of Governmental Research

## ST. TAMMANY PARISH SALES TAX RENEWALS, MARCH 24, 2018

### INTRODUCTION

On March 24, St. Tammany Parish voters will decide whether to renew two parishwide sales taxes. Proposition No. 1 would renew the sales tax dedicated to parish courthouse facilities (Justice Center Tax). Proposition No. 2 would renew the sales tax dedicated to the parish jail (Jail Tax). If renewed, both taxes would run for another 10 years, and the rate of each would decrease from 0.25% to 0.20% (i.e., 1/4 to 1/5 of a cent). If they are not renewed, the taxes will expire a week later on March 31.

The tax renewals will appear on the ballot as two separate propositions. Accordingly, voters will cast one vote for the Justice Center Tax and another for the Jail Tax.

The purpose of this report is to help voters make informed choices on the tax renewals. It provides an overview of the tax renewals. Then, for each renewal, the report provides additional background, an analysis grounded in BGR's mission of promoting the effective use of public resources, and BGR's position on the tax renewal.

### AN OVERVIEW OF THE TAX RENEWALS

The Justice Center and Jail sales taxes are separate propositions that share a common history. Voters authorized both 0.25%, 20-year sales taxes on January 17, 1998, and they took effect April 1, 1998.

Both propositions authorized the use of tax revenues for "acquiring, constructing, improving, operating and maintaining" their respective facilities. They also authorized the Parish to issue bonds supported by the tax revenue. In 1998, the Parish issued bonds to build a new courthouse and expand the jail. The Parish will retire the jail bonds and the Justice Center bonds in April 2018. The Parish has spent the tax revenue on both operating and capital needs during the past 20 years.

If renewed, each tax will continue at a reduced rate of 0.20% for another 10 years.<sup>1</sup> Allowable uses of Jail Tax revenue would remain the same. Renewal of the Justice Center Tax would expand its current uses to direct at least 10% of future revenue to operate the 22<sup>nd</sup> Judicial District Specialty Courts (the Specialty Courts).<sup>2</sup>

At the current 0.25% rate, each tax generated \$11.9 million in 2017. At the reduced rate, each tax will generate about \$9.5 million annually. Each proposition states a lower estimate of \$9 million based on tax collection data provided to the Parish's bond counsel as of the drafting of the ballot language.

If voters renew the taxes, Parish revenue from the taxes will decrease from a combined \$23.8 million to \$19 million a year. For estimates of each tax's impact on individual taxpayers, see the sidebar "The Taxpayer's Bottom Line."

Voters have twice rejected Justice Center and Jail tax renewal propositions. This will be the Parish's third attempt at renewal.<sup>3</sup> BGR reviewed the history of the renewal attempts and spoke with parish officials, community and civic leaders, business groups and local residents to understand their positions.

In April 2016, the Parish asked voters to renew both taxes at 0.25% for an additional 20 years. Some voters questioned renewing the taxes at their current rate given that the Parish would retire its Justice Center and jail bonds in early 2018. Parish officials sought the Justice Center Tax renewal to support future operations, maintenance and capital repairs for existing buildings, as well as a future expansion of the courthouse complex in Covington. They told BGR they needed the 20-year term to issue new bonds to build a parking garage and an annex at the Complex. They proposed the Jail Tax renewal to continue operations, maintenance, and capi-

tal repair and replacement for the existing jail.

Voters rejected both renewals by an approximate margin of 60% to 40%, with voter turnout less than 10%.<sup>4</sup> Following the defeat, the Parish did not amend its operating or capital budgets because two years remained on the tax levies. But it tabled future Justice Center projects it would have financed with the new bond issues.

In April 2017, the Parish asked voters a second time to renew the Justice Center and Jail taxes. The Parish proposed a 0.20% rate and 10-year renewal term for each tax. By reducing the rate and duration of the taxes, the Parish essentially gave up future bonding capacity. In addition, the Parish proposed directing at least 10% of future Justice Center Tax revenue to operate the Specialty Courts.

The propositions failed, each by less than 200 votes, in another election with less than 10% turnout.<sup>5</sup> The March propositions are the same as those proposed in April 2017.

Against this common backdrop, BGR’s report provides a separate analysis of each tax renewal.

## PROPOSITION NO. 1: JUSTICE CENTER TAX RENEWAL

### Background

By 1998, when voters approved the Justice Center Tax, St. Tammany had long outgrown its courthouse in Covington.<sup>6</sup> Parish population growth resulted in an increase in cases and judgeships in the 22<sup>nd</sup> Judicial District Court.<sup>7</sup> The lack of space forced judges to hold court in buildings scattered throughout downtown Covington. The Clerk of Court and other parish offices occupied various other buildings.<sup>8</sup> The Parish developed a plan to centralize Covington courtrooms and offices in a new courthouse financed by the tax.

The Parish completed the main courthouse in 2003. Today, it houses the 22<sup>nd</sup> Judicial District Court and offices of the Clerk of Court, District Attorney, Assessor and Sheriff. The Parish later added an adjacent parking garage that includes an office for the Registrar of Voters and additional office space for the Clerk of Court.<sup>9</sup>

### THE TAXPAYER’S BOTTOM LINE

As shown in Table 1, general sales tax rates vary throughout the parish. The current rates would decrease by 0.05% for each tax renewed. They would decrease by 0.25% for each tax not renewed.\*

A decrease of 0.05% amounts to 5 cents per \$100 of taxable purchases. For example, a taxpayer buying a \$1,500 refrigerator would pay \$3 instead of \$3.75 in each sales tax. A taxpayer buying a \$30,000 vehicle would pay \$60 instead of \$75.

For each tax renewed, a household spending \$20,000 a year would pay \$40 instead of \$50 a year. For each tax that expires, the household would pay \$50 less in annual sales tax.\*\*

\* The decreases reflect the number of percentage points by which the tax rate would be reduced, rather than the percentage change in the rate.

\*\* BGR estimates that an average household spends \$20,460 on the types of purchases to which this sales tax would apply. BGR based this estimate on its analysis of national data from the U.S. Bureau of Labor Statistics’ Consumer Expenditure Survey for 2016.

**TABLE 1: GENERAL SALES TAX RATES IN AREA**

Jurisdiction	Sales Tax Rate
Town of Mandeville	10.25%
Village of Folsom	10.25%
Village of Sun	10.25%
Town of Pearl River	10.00%
City of New Orleans	10.00%
Unincorporated St. Tammany Parish	9.75%
City of Covington	9.75%
City of Slidell	9.75%
Town of Abita Springs	9.75%
Town of Madisonville	9.75%
Jefferson Parish	9.75%

Source: St. Tammany Parish Sheriff’s Office, 2018 Adopted Budget, p. 119, and information provided by the City of New Orleans and Jefferson Parish.

BGR refers to the collection of buildings as the Justice Center Complex or the Complex.

In Slidell, the Parish operates the Justice Center Annex (Annex), which provides the same government services as the Complex but on a smaller scale to serve residents in the eastern part of the parish. Together, the Complex and the Annex comprise the Justice Center facilities.

The remainder of this background section:

- Reviews State of Louisiana (State) mandates on parishes to provide court facilities and other offices.
- Examines how the Justice Center Tax pays for these mandates in the Parish’s budget.
- Discusses future capital needs of the Justice Center facilities.
- Provides an overview of the Specialty Courts.

*State Mandates.* Under Louisiana law, parish governments must provide a “good and sufficient courthouse.”<sup>10</sup> In addition, they must provide certain support for the operations of the district court and certain parish officials, including the Clerk of Court, District Attorney, Registrar of Voters, Assessor and Sheriff (collectively, BGR refers to support for the judges and other officials in this report as the Courthouse Tenant Support).<sup>11</sup> While the requirements vary somewhat by entity, the parish government usually must provide office space, furniture, equipment and supplies.<sup>12</sup> State law also directs parishes to reimburse the District Attorney for a variety of administrative and office-related expenses.<sup>13</sup>

State law creates these mandates but does not fund them or specify how parish governments should pay for them. If the Parish were to refuse to pay, the judges and officials could sue to enforce the mandates.<sup>14</sup>

*The Tax and the Parish Budget.* The Parish has relied on the Justice Center Tax as the sole source of funding for the mandated Justice Center facilities and Courthouse Tenant Support. Before 2017, the Justice Center Tax generated enough revenue (nearly \$12 million a year) to cover annual operating, debt service and capital costs and build an \$11.9 million operating fund balance.<sup>15</sup>

In 2017 the Parish budgeted \$12.5 million of current and prior-year tax revenue to pay for:<sup>16</sup>

- Annual operating costs of \$6.9 million, including facility operations and maintenance and Courthouse Tenant Support.<sup>17</sup>
- Debt service on the Justice Center bonds of

**KEY TERMS TO KNOW FOR THIS REPORT**

*Bonds.* A form of debt issued by governments that is repaid, usually with interest, over periods of a few years to a few decades. They are typically issued to finance the acquisition, construction and rehabilitation of capital assets, *i.e.*, those with useful lives of more than one year.

*Debt service.* The amount of money necessary to pay principal, interest and any other related costs of outstanding bonds.

*Fiscal year.* The typical period of time used by a government for accounting purposes and reporting its finances to the public. It may not be the same as the calendar year. This report refers to two separate fiscal years: The Parish’s, which follows the calendar year, and the Sheriff’s, which begins on July 1 and ends on June 30.

*Fund.* An accounting entity created by a government for the purpose of tracking the finances of a particular activity or group of activities. Each fund is assigned its own set of assets, liabilities and residual assets or balances.

*Fund balance.* A fund’s assets minus its liabilities.

*General fund.* A basic operating fund that accounts for everything not accounted for in another fund. This report refers to two separate general funds: the Parish’s General Fund and the Sheriff’s General Fund.

*Special revenue fund.* A governmental fund that manages specific revenue sources or accounts for all financial activities of a specific function, *e.g.*, a jail.

*State mandate.* A state law or other legal requirement that a local government engage in an activity or provide a facility, program or service.

Sources: Governmental Accounting Standards Board, Municipal Securities Rulemaking Board, US Legal.com

\$3.5 million.

- Capital repairs and improvements of \$2.1 million.

This relatively stable funding picture changed dramatically in 2018. With the tax set to expire on March 31, the Parish could budget only \$3 million in tax revenue

before that date. The Parish deferred all capital improvements, reducing annual expenditures to \$10.3 million.<sup>18</sup> The Parish closed the \$7.3 million budget gap by:

- Cutting Justice Center operating costs by 28%, or \$1.9 million. The Parish made the largest cut – \$1 million – to contractual services. It primarily reduced building security by Sheriff’s deputies and janitorial services. In other Justice Center operations, the Parish reduced costs for personnel, office supplies, and advertising. It also left the judges’ law library completely unfunded.<sup>19</sup>
- Appropriating \$2.8 million from the operating fund balance.
- Appropriating \$2.6 million from the debt service fund balance.

The Parish did not appropriate money from its General Fund to pay the costs of the Justice Center in fiscal 2018. (See Table 2 for a summary of the Justice Center budget changes from 2017 to 2018.) However, faced with the risk of losing the Justice Center and Jail taxes beyond March 31, the Parish took steps to control future cost growth. For example, it implemented a hiring freeze and eliminated cost of living and merit raises for all Parish government employees.

The Parish acted preemptively because it has limited flexibility within its overall budget to absorb the loss of either tax. Most of the Parish’s \$125.4 million in revenue is dedicated to specific operating, capital or debt service purposes. Only about 10%, or \$12.4 million, is unrestricted revenue in its General Fund.<sup>20</sup> (See Chart 1.) Furthermore, unrestricted revenue shrinks to \$11.6 million after the payment of license collection fees to the St. Tammany Parish Sheriff and State-required property tax deductions for pension funds.

Against this \$11.6 million of available revenue, the General Fund bears \$28.8 million of Parish Government’s operating costs in 2018. Costs include:

- \$18 million to support the Parish’s central administration, including: the Parish President’s office; the Parish Council; technology, finance, facility management and other core departments; planning, permitting and development; and certain Parish-owned facilities and other costs.
- \$10.8 million of State mandates for personnel and other operations of the district court, District Attorney and others. These mandates are separate from the mandated costs associated with the Justice Center.

The Parish expects to recover \$15.6 million of the \$18 million of central administrative costs through permit fees, rental income and service charges. The largest recovery by far (\$12.5 million) comes from “interfund charges” to restricted funds (including the Justice Center’s) for their share of Parish central services. The Parish applies the charges using a cost allocation plan developed by a consultant in accordance with generally accepted accounting principles and federal regulations.<sup>21</sup> For example, the Parish recovers facility management costs on a per-square-foot basis and technology costs on the basis of devices and accounts supported. By recouping overhead costs through interfund charges, the Parish maximizes its limited amount of

**TABLE 2: JUSTICE CENTER BUDGET CHANGES, 2017 TO 2018**

Figures for Parish’s Fiscal Years Ending December 31

	2017 Projected Budget	2018 Adopted Budget	% change
<b>SOURCES</b>			
Justice Center Tax Revenue (1)	\$ 12,095,281	\$ 3,090,500	-74%
Use of Operating Fund Balance	419,323	2,768,810	560%
Use of Debt Service Fund Balance	-	2,554,000	--
<b>Total Sources</b>	<b>\$ 12,514,604</b>	<b>\$ 8,413,310</b>	<b>-33%</b>
<b>USES</b>			
Operating Expenditures	\$ 6,903,691	\$ 4,966,510	-28%
Debt Service (2)	3,510,913	3,446,800	-2%
Capital Projects	2,100,000	-	-100%
<b>Total Uses</b>	<b>\$ 12,514,604</b>	<b>\$ 8,413,310</b>	<b>-33%</b>

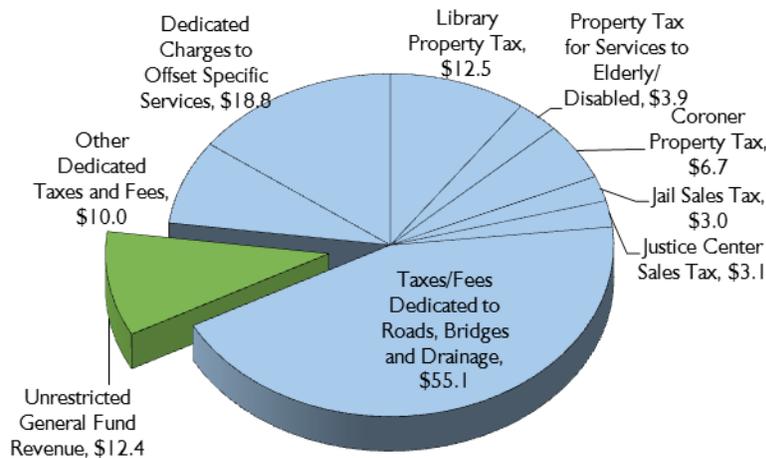
(1) Justice Center Tax revenue includes interest and other income totaling \$95,281 in 2017 and \$90,500 in 2018.

(2) Debt service includes \$137,788 added to the debt service sinking fund in 2017.

BGR calculations based on St. Tammany Parish 2018 Operating and Capital Budget

**CHART 1: ONLY 10% OF 2018 PARISH REVENUE IS UNRESTRICTED**

Figures in \$ Millions for the Parish's Fiscal Year Ending December 31, 2018



BGR calculations based on St. Tammany Parish 2018 Operating and Capital Budget and analyses provided by the Parish. The blue slices reflect Parish's dedicated revenues, totaling \$11.3 million; the green slice reflects the Parish's unrestricted General Fund revenues, totaling \$12.4 million.

pending the vote on the tax renewal.

In addition to the Council's plan, the Parish's commissioned study of long-term Justice Center facility needs found that the Complex will require \$5.2 million during the next 10 years to replace equipment.<sup>23</sup> The study also found that continued population growth in the parish will necessitate future expansion of the Justice Center facilities. By 2039, the study estimated that the Complex and its occupants will need an additional 99 full-time employees, bringing the total number of employees to 655.<sup>24</sup> To accommodate this growth, the study recommended an expansion of the Complex by building a new parking garage and a new annex

unrestricted revenue available to help meet State-mandated costs that fall to the General Fund. Ultimately, the unrestricted General Fund revenue covers only \$2.4 million in central administrative costs.

However, the Parish could not balance the 2018 General Fund budget solely with unrestricted revenue. It had to appropriate \$1.6 million from the General Fund balance to cover the gap between the \$11.6 million of revenue and the \$13.2 million of State mandates and unrecovered central administrative costs.

The Justice Center and Jail taxes are dedicated revenue streams, but they offset State-mandated costs that otherwise must be paid from the General Fund. As discussed later in this report, the \$10.8 million of State-mandated costs included \$4.1 million for the Parish's obligations to the jail in 2018. This burden forced the Parish to make cuts throughout the General Fund and use a portion of its fund balance.

*Future Capital Needs of Justice Center Facilities.* The Council has adopted a Justice Center capital improvement plan through 2022 that includes \$1.5 million in capital projects for the Complex and the Annex.<sup>22</sup> However, the Parish has put all capital projects on hold

to the current courthouse. The study estimated the expansion plans to cost \$50 million.<sup>25</sup> For a more detailed look at the Justice Center's future capital needs, see Table 3.

Parish officials say that if voters had approved the first proposition, the tax could have supported new bonds to finance the expansion. After the proposition's defeat, the Parish placed its growth plan on hold. Officials say the current proposition's reduced rate and duration are insufficient for a bond repayment schedule. As of this report, the Parish has not identified an alternative funding source to the Justice Center Tax to pay for future capital needs.

The Parish has some reserves to pay for Justice Center capital needs. It projected a year-end 2017 Justice Center capital fund balance of \$3.8 million, of which \$2.8 million is budgeted for active capital projects and \$972,000 is available. And once the Justice Center bonds are retired in 2018, the Parish will have \$3.6 million left over in the debt service fund. The Parish administration has recommended that the Council transfer that money to the Justice Center's capital fund for future needs.

22<sup>nd</sup> Judicial District Specialty Courts. The Justice Center Tax, if renewed, will provide a new source of funding for the Specialty Courts, which provide individuals who have been convicted of or pled guilty to certain criminal offenses with an alternative to incarceration. The courts help individuals address the mental and social problems that may have contributed to their criminal activity. The courts offer assistance, treatment, education and court-supervised accountability measures. The goal of the courts is to rehabilitate individuals into contributing members of the community.

The Specialty Courts initiative in St. Tammany Parish began in 1998 with the Drug Court. It has expanded since then to include six types of courts (see sidebar on page 7).

In 2017, funding for the Specialty Courts totaled \$2.3 million.<sup>26</sup> The courts received funding from various sources, including a portion of fees and costs collected by the district court, grants from the Louisiana Supreme Court and federal grants. In recent years, the courts' operating expenses have averaged about \$2 million annually. However, they have no guarantees on their annual funding. In addition, the Parish does not currently provide any funds to support the Specialty Courts' operations.<sup>27</sup>

If voters renew the tax, the Specialty Courts will receive at least 10% of future tax revenue, or about \$950,000 annually based on current projections. The courts plan to use the tax revenue to

pay for basic operating expenses and some treatment programs. However, because the tax revenue would not fully cover existing expenses, the courts would continue to apply for grants. They would use some grant

**TABLE 3: JUSTICE CENTER FACILITIES, FUTURE CAPITAL NEEDS FROM 2019 TO 2039**

	Cost	Expected Year of Commencement
<b>Complex Building Expansion</b>		
Parking Garage and Office Space	\$15,000,000	Undetermined*
Annex Building	35,000,000	Undetermined*
<b>Total Complex Building Expansion</b>	<b>\$50,000,000</b>	
<b>Complex Equipment Replacement</b>		
Voice/Data Infrastructure and Equipment	\$ 800,000	2019-2020
Cooling Towers (2)	540,000	2023
Air Handling Units (18)	920,000	2023-2024
Variable Air Volume Boxes (HVAC) (312)	1,100,000	2023-2025
Centrifugal Chillers (2)	1,400,000	2026
Steel Fire Tube Boilers (2)	415,000	2028
<b>Total Complex Equipment Replacement</b>	<b>\$ 5,175,000</b>	
<b>Complex Building Maintenance</b>		
Re-Stripe Parking Lots	\$ 75,000	2019
Replace Membrane Roofing	115,000	2023
Re-Seal Traffic Coating in Parking Garage	250,000	2024
Re-Point Brick Façade	120,000	2028
Re-Finish Metal Roofing at Entries	75,000	2028
Deferred Maintenance Projects, 2017-18	555,000	Undetermined
<b>Total Complex Building Maintenance</b>	<b>\$ 1,190,000</b>	
<b>Complex Improvements</b>		
Network Server Room Buildout	\$ 400,000	2019
Interior Improvements	350,000	2019
Office Remodels	200,000	2019-2020
Energy and Lighting Upgrades	140,000	2019
Parking Garage and Lot	90,000	2019-2020
<b>Total Complex Improvements</b>	<b>\$ 1,180,000</b>	
<b>Annex Improvements</b>		
Security Cameras	\$ 120,000	2019-2022
Elevator Repairs	100,000	2019-2022
Window Tint	40,000	2019-2022
HVAC Units	21,000	2019-2022
<b>Total Annex Improvements</b>	<b>\$ 281,000</b>	
<b>Total</b>	<b>\$57,826,000</b>	

\* The Parish deferred these projects from commencing in 2020 (garage) and 2022 (annex) following the failure of the April 2016 tax renewal proposition.

Sources: St. Tammany Parish Justice Center Building, Operations, and Fiscal Study, 1998-2039; St. Tammany Parish Capital Improvement Budget, 2018-2022; and information provided by the Parish.

funding to maintain current operational levels and treatment programs. The courts would use the remaining grant funding to expand the services currently offered to Specialty Court participants, such as temporary housing or transportation assistance. The tax revenue would be limited to St. Tammany residents.

The Specialty Courts employ 13 full-time employees, including case workers and project managers who monitor participant progress and manage the courts' caseloads. In addition to salaries and benefits, funding for Specialty Courts pays for administrative and programmatic expenses (e.g., participant evaluations, drug testing and treatment). The judges volunteer their time and do not receive additional compensation to oversee and operate the Specialty Courts.

### Analysis

Supporters of the Justice Center Tax renewal view a well-functioning courthouse as essential to public safety and a high quality of life in St. Tammany. The Parish also views the tax as essential from a financial standpoint: Losing that funding source would result in budget cuts to the operations of the Justice Center facilities and other Parish services. In addition, Parish officials view the new investment in the Specialty Courts as a way to enhance their potential to reduce recidivism and thus the overall cost of the criminal justice system.

Critics of the renewal proposition agree that it is important to have a well-functioning courthouse. However, they question the cost of the Justice Center facilities and the need for the tax at the 0.20% level. They also question the Parish's transparency and accountability for tax revenues and whether a portion of revenue should be dedicated to the Specialty Courts.

This section analyzes the Justice Center tax renewal proposition on the basis of three questions related to efficient and effective use of public resources: Is the tax necessary? Is it appropriately sized to the need? And, will the tax revenue be well spent?

*Is the Justice Center Tax Necessary?* State law requires the Parish Government to bear significant costs related to providing a parish courthouse and supporting judges

### SPECIALTY COURTS IN ST. TAMMANY

The 22<sup>nd</sup> Judicial District judges operate six types of Specialty Courts:

- The Behavioral Health Court was created to address an overrepresentation of individuals in the criminal justice system with mental health issues. The court assists individuals with mental health treatment options.
- Two Drug Courts hear cases involving non-violent drug offenders and support those individuals as they work toward sobriety.
- The Family Preservation Court helps parents who have lost custody of their children because of addiction issues receive substance abuse treatment. The goals of the court are addiction treatment and family reunification. The 22<sup>nd</sup> Judicial District operates only one of three family preservation courts in Louisiana.
- The Re-Entry Court was created in partnership with the Louisiana State Penitentiary. Individuals are accepted into Re-Entry Court when sentenced. While at the penitentiary, non-violent offenders receive the tools they need to re-enter society, including substance abuse treatment, life skills and vocational skills. Once those programs are completed, the court provides support to and supervision of the former inmates while they are on probation.
- The Sobriety Court hears cases involving individuals who have been charged with alcohol-related offenses. The court may require individuals to participate in a variety of treatment methods, including drug testing, counseling and group meetings.
- The Veterans Court was created in response to an increasing number of military veterans in the criminal justice system with mental health or substance dependency issues. The court helps current and former military personnel receive mental health counseling, substance dependency treatment, job skills training and housing assistance as needed.\*

\* La. R.S. 13:5361 et seq.

and certain other elected officials in the parish. The Parish has relied on the Justice Center Tax to pay those State-mandated obligations. In 2018, the Parish avoided cuts to its relatively small General Fund due to the \$9 million drop in Justice Center Tax revenue by drawing upon existing fund balances, cutting operating costs and deferring capital projects. If voters do not renew the tax, the Parish's General Fund will face major cuts in 2019. The General Fund, as the only source of unrestricted revenue, would be vulnerable to a sudden need to fund \$5 million of Justice Center operating costs.<sup>28</sup>

If the jail tax renewal fails as well, BGR estimates that the Parish's 2019 General Fund budget will have to absorb a total \$9.1 million of unfunded costs relating to the Justice Center and jail.<sup>29</sup> The unfunded obligations would represent 44% of total General Fund costs without a designated funding source. They would also represent 73% of the projected \$12.5 million General Fund balance at the end of 2018. The addition of either set of costs to the General Fund would create a significant deficit in the fund.<sup>30</sup>

The Parish has estimated a similar budget impact. In the Parish's 2018 budget letter, the Parish President stated that the expiration of the Justice Center and Jail sales taxes would force the Parish to cut its General Fund operations by 45% in 2019. The Parish has not yet proposed specific budget adjustments. However, the administration told BGR it would:

- Re-evaluate all existing expenditures of departments funded by the General Fund and then consider an across-the-board cut within the General Fund.
- Propose reductions in the current General Fund appropriations for its State-mandated obligations. However, its capacity to reduce this funding is unclear. If the judges and other officials object to a budget reduction, they could sue to enforce the mandates. A successful lawsuit may force deeper cuts to departments that receive unrestricted revenue.
- Seek further cuts to Justice Center facility operations and Courthouse Tenant Support. The Parish

administration told BGR that it would reserve a portion of the Justice Center's operating fund balance for essential capital needs to keep the Complex in suitable condition. The Parish would use the remaining fund balance over 10 years to help offset future operating costs.

Parish officials say that further budget cuts to General Fund departments and the Justice Center would have a negative impact on the quality of life for residents. Officials say taxpayers expect the Parish government and public officials to provide efficient and effective services.

The Parish explains that General Fund budget cuts would diminish the function of Parish departments such as Code Enforcement, Permits and Planning. Their ability to respond to citizen requests and complaints would suffer.

At the Complex, the Parish may reduce general equipment maintenance and janitorial services. Parish officials have also discussed making additional reductions to the number of Sheriff's deputies at the courthouse, which could limit access to one entry and may slow security checkpoint lines.

At the Annex in Slidell, the Parish may reduce services or hours or close the facility. If the Annex closes, all Parish Government matters will need to be handled at the Complex in Covington. The Parish operates the Annex as a convenience to residents in the eastern part of the parish; however, it is only obligated to provide these government services at the parish seat in Covington.

The loss of the tax would also force the Parish to defer capital investments in the Justice Center facilities. With its large main building now almost 15 years old, the Parish expects greater costs for repair and replacement in the coming years. An inability to make those investments could shorten the useful life of the facility. In addition, a lack of funding would defer future expansion plans. Parish officials say that the Complex presently has reached maximum capacity in terms of work and storage space and parking.<sup>31</sup>

If voters do not renew the Justice Center Tax, the Parish

The main building of the Justice Center Complex in Covington.



cantly higher than the standard for local governments' general funds.<sup>33</sup> BGR notes that the fund balance projected at the end of 2018 – \$8.7 million – could pay for current operating costs for 1.75 years.<sup>34</sup>

Two years ago, voters rejected renewal of the Justice Center Tax at the 0.25% rate. Critics raised concerns that the rate was too high, particularly because the Parish would no longer be making debt payments after April 2018. Furthermore, some critics said that the Parish did not present a clear plan to voters on how it would use the tax revenue.

Parish officials acknowledge that, for the first proposition, they could have communicated more clearly to voters how savings

will need a new funding source to meet its State-mandated obligations in the coming years. Alternatively, citizens would have to accept an appreciable reduction in services. If voters renew the Justice Center Tax, it will preserve an existing base of financial support and the current level of service delivery.

*Is the Proposed Justice Center Tax Appropriately Sized to the Need?* Renewal of the Justice Center Tax would result in a decrease in the tax rate and the revenue available to the Parish.

In recent years, the 0.25% Justice Center Tax paid to operate and maintain the Complex and Annex, provide Courthouse Tenant Support and service the facilities' bonded debt. In addition, the tax allowed the Parish to accumulate a sizable fund balance. At the end of 2017, the Justice Center's \$11.5 million operating fund balance stood at more than 1.5 times annual operating expenditures. Parish officials say the Justice Center fund balance is appropriately sized, considering the potential expiration of the tax, cash flow necessary to pay current operating costs and future capital needs. With tax renewal uncertain, the Parish increased the minimum fund balance requirement for the Justice Center from 25% of gross revenues in 2017 to 100% of projected expenditures in 2018.<sup>32</sup> The new minimum is signifi-

from the bond debt retirement would allow the Parish to fund future expansion at the Complex. In response to taxpayer concerns, the Parish reduced the rate to 0.20% as reflected in the current proposition.

However, critics now question whether the 0.20% rate is still too high. Reducing the tax rate in response to voters' concerns, they say, demonstrates that the Parish has not fully assessed the financial needs of the Justice Center facilities nor has it tailored the tax rate to meet those needs. In addition, critics say that the Parish's decision to dedicate at least 10% of tax revenue to the Specialty Courts shows that the reduced rate will generate more revenue than is needed.

During its research into whether the proposed tax is appropriately scaled, BGR requested a projection of future revenues and expenditures from the Parish based on the new 0.20% tax rate. A projection would show how much revenue the Parish expects to receive from the tax and how it plans to spend revenue on future expenses. However, the Parish had not prepared a projection and did not provide one to BGR at that time. Parish officials told BGR that tax revenue will pay for operations and capital projects; however, they said that the Parish had deferred decisions on spending tax revenue until after the election.

To help voters understand the financial picture if the tax is renewed, BGR developed its own projection through 2019. The projection is based on available budget data and assumptions of modest growth in revenues and current operating costs in 2019. BGR’s projection found that the tax will cover the current level of operating expenses and provide an annual surplus.

As shown in Table 4, BGR projects surplus revenue of \$3.6 million in 2018 and \$3.7 million in 2019. BGR’s projection assumes the Parish will maintain the 2018 budget cuts to operating expenditures. If the Parish restores some or all of the expenditures, it will reduce the projected surplus in a correlating amount.

Relative to this consideration and for illustrative purposes, BGR reviewed a select group of facility operating costs at the Complex and found that the Parish is spending more than the national average in some areas, but less in other areas.<sup>35</sup> For instance, the Parish is spending more for security than the national benchmark, even after the Parish reduced its security costs by half.<sup>36</sup> On the other hand, Complex expenses related to maintenance, janitorial services and utilities are below the national average for courthouses.<sup>37</sup> Before restoring any budget cuts, the Parish should identify operating efficiencies to determine whether it is necessary to restore them.

BGR notes that the Parish’s five-year capital plan for the Justice Center facilities and its long-term facility plan for the Complex identify more than \$57 million in

**TABLE 4: BGR PROJECTION OF BUDGET IMPACT OF JUSTICE CENTER TAX RENEWAL**  
 Figures for the Parish’s Fiscal Years ending December 31

	2017 Projected	Assuming Renewal at 0.20%	
		2018 Projected	2019 Projected
<b>SOURCES</b>			
Justice Center Tax (at 0.25%)	\$ 12,000,000	\$ 3,000,000	\$ -
Justice Center Tax (at 0.20%)	-	7,125,000	9,690,000
Interest and Other Income	95,281	82,500	83,738
Use of Operating Fund Balance	419,323	-	-
Use of Debt Service Fund Balance	-	2,554,000	-
<b>Total Sources</b>	<b>\$ 12,514,604</b>	<b>\$ 12,761,500</b>	<b>\$ 9,773,738</b>
<b>USES</b>			
Operating Expenditures	\$ 6,903,691	\$ 4,966,510	\$ 5,090,673
10% of Tax Revenue for Specialty Courts	-	712,500	969,000
Debt Service	3,510,913	3,446,800	-
Capital Projects	2,100,000	-	-
<b>Total Uses</b>	<b>\$ 12,514,604</b>	<b>\$ 9,125,810</b>	<b>\$ 6,059,673</b>
<b>Surplus (Deficit)</b>	<b>-</b>	<b>\$ 3,635,690</b>	<b>\$ 3,714,065</b>

BGR developed the projections based on available 2018 budget data and the following assumptions:

- Initial year revenue projection of \$9.5 million from the 0.20% tax, pro-rated to the months of April to December 2018
- 2% growth in sales tax revenue in 2019
- 1.5% annual growth in interest income and other revenue
- Elimination of the need to use \$2.8 million of operating fund balance in 2018
- No restoration of the 2018 cuts to Justice Center operations
- 2.5% annual growth in operating costs in 2019
- Annual allocation of 10% of revenue from the 0.20% tax to the Specialty Courts, pro-rated in 2018 to the months of April to December

capital repair and improvement projects in the coming years, an amount well in excess of BGR’s projected surplus amount. The tax could provide a significant source of revenue for pay-as-you-go capital projects if the Parish directs future surplus revenue to capital needs.

As part of its pre-publication review process, BGR provided the Parish with an earlier draft of the report. The Parish provided comments on the draft, but still did not have its own projection of future revenues and expenditures at that time. On February 26, shortly before this report’s publication, the Parish provided BGR with a spreadsheet calculation that extended for 10 years an initial projection made by BGR in its earlier draft. The Parish assumed full restoration of the 2018 budget cuts, appeared to prioritize capital maintenance of existing buildings over expansion projects at the Complex, and

identified a future projected surplus that falls short of capital needs.

However, it does not appear that the Parish has shared the calculation with the public or that the Parish Council has considered it. The calculation does not address operating efficiencies or explain the need to fully restore the 2018 Justice Center budget cuts. Further, the Parish had not created this calculation when determining the tax rate for the current or past renewal propositions. In contrast, the Parish provided this calculation to BGR shortly before this report's publication and requested that it be considered by BGR's Board of Directors during a meeting to discuss the tax renewal and, ultimately, BGR's position.

If a taxing authority seeks to impose a tax, the authority should justify to taxpayers the necessity of the money. It should also furnish a clear spending plan that specifically informed the development of the tax proposition and accounts for the new revenue. The Parish's late-stage transmission to BGR does not rise to the level of a clear spending plan for the Justice Center Tax. Without such a plan, voters do not have sufficient information for full evaluation of the tax renewal.

As previously discussed, the tax will expire if voters do not support the current renewal proposition. However, the consequences of that scenario will not take effect immediately. The Parish has budgeted for the Justice Center facilities through the end of the year. The Parish could present voters with a proposition for a new tax as early as November 2018.<sup>38</sup> Coming back to voters in a few months would give the Parish time to explain to them whether it will restore any of the 2018 budget cuts, the underlying rationale for that decision, and how the Parish will spend future tax revenue, including the surplus.

*Will the Justice Center Tax Revenue Be Well Spent?* The Parish has studied the capital needs of the Justice Center facilities, including the scope of long-term expansion of the Complex to keep pace with St. Tammany's growing population. However, critics say that the Parish's lack of a clear plan for future operations makes it difficult for voters to evaluate whether tax revenue will be well spent. They say that voters will not have the full

financial picture regarding Justice Center facility costs in time for election day.

Critics also say they would have more confidence that tax revenue is being well spent if there was more budget transparency and accountability. They say it is difficult to fully understand Justice Center funding, in part because the Parish uses multiple funds to account for the money. However, government accounting standards require the Parish to maintain separate operating, capital and debt service funds. BGR found that a citizen could have difficulty tracking the flow of tax revenue between the Justice Center funds and the payment of interfund charges to central administrative departments. However, after requesting additional detail from the Parish, BGR found that the Parish accounted for all uses of the Justice Center funds in 2018, including all central administrative costs recovered by the Parish.<sup>39</sup>

BGR also reviewed the new proposed use of Justice Center Tax revenue for the Specialty Courts.

Parish and court officials tout several reasons why the Specialty Courts should receive a portion of the tax revenue. They say the Specialty Courts help reduce the jail population because participants have entered a guilty plea and can then be released on court supervised probation. In 2017, 387 individuals avoided jail time by going through the Specialty Court system. By reducing the jail population, the program reduces jail costs for the Parish and Sheriff and, ultimately, taxpayers. The district court estimated a cost reduction of \$3.5 million a year.<sup>40</sup>

Officials add that the Specialty Courts help reduce recidivism rates.<sup>41</sup> This is a benefit to the individual, and to the community as a whole. In Louisiana, the normal recidivism rate is 51.4% for one year after release from prison.<sup>42</sup> This means that more than half of the individuals released from prison are re-arrested within one year. In contrast, the one-year recidivism rates for individuals who participate in a Specialty Court program are much lower: 34.3% for Behavioral Court; 6.9% for Drug Court; and 0.1% for Sobriety Court.<sup>43</sup>

Studies show that some specialty courts, such as drug and sobriety courts, have reduced recidivism rates and

are cost-effective for taxpayers.<sup>44</sup> In addition, family courts have effectively increased family reunification rates and lowered the costs of out-of-home child placements.<sup>45</sup> Mental health courts have seen more moderate results, largely due to the increased costs and longer timeframes associated with mental health treatment.<sup>46</sup> Newer types of specialty courts, such as veterans' courts, have not been in operation long enough to determine whether this type of court is effective; however, anecdotal evidence shows the courts are producing improved outcomes.<sup>47</sup>

Some taxpayers support the work of the Specialty Courts but question whether the Justice Center Tax should pay for court operations. Specialty courts are not a required or mandated function of the district court. Some taxpayers also express concern over dedicating at least 10% of the tax proceeds. As revenue generated by the tax increases, so will the amount dedicated to the Specialty Courts.

In addition, some critics say that, because the Specialty Courts are self-sustaining and do not rely on the Parish to fund their operations, they may not need to receive a portion of tax revenue. On the other hand, while the Specialty Courts are not a required district court function, they divert individuals from the traditional criminal justice process.

In sum, the Justice Center Tax renewal would pay for the Parish's substantial obligations to provide a courthouse and support the judges, District Attorney and other officials who occupy it. Without the tax, the Parish will face a Justice Center funding gap of \$5 million in 2019 and have to cut services within its General Fund to pay the State-mandated obligations. In addition, the Parish would forego capital investments needed to sustain the existing Justice Center facilities and expand them to serve a growing population.

Renewing the tax would avoid any disruption and preserve core services. It would also enhance the Specialty Courts, which supporters view as an investment in public safety as well as a cost savings in the criminal justice system.

While the Parish has shown voters the consequences of not renewing the tax, it has not provided the same level

“ [B]ecause the Parish has not provided voters with a clear spending plan, it is difficult to determine with certainty whether the renewal is scaled appropriately to projected needs. ”

of detail on potential renewal. BGR's own projections show annual surplus revenue. But because the Parish has not provided voters with a clear spending plan, it is difficult to determine with certainty whether the renewal is scaled appropriately to projected needs.

Finally, BGR found that the Parish could improve transparency and accountability regarding the Justice Center's budget. While BGR was able to analyze the uses of Justice Center Tax revenues, this was only after requesting additional budget detail from the Parish. The Parish could add a consolidated summary of revenues and expenses for all Justice Center funds to make the budget more user-friendly for citizens.

### **BGR Position**

**AGAINST.** Given the Parish's small amount of unrestricted revenue, the Parish needs a dedicated funding source for the Justice Center facilities. However, the Parish has not clearly demonstrated to voters how much revenue is required to meet the Justice Center's future operating and capital needs. In addition, the proposition dedicates a portion of revenue to the Specialty Courts which, despite any benefits they provide to the community and the local criminal justice system, currently are self-sustaining and are not a mandatory function of the district court. Voters should let this tax expire and require the Parish to come back with a tax proposal it can prove to be appropriately scaled based on a clear plan for future spending. The Justice Center is funded through 2018 and has enough funding without the renewal to postpone further budget cuts this year. The Parish should present voters with its new tax proposal later this year on the November or December 2018 ballots.

**PROPOSITION NO. 2: JAIL TAX RENEWAL**

**Background**

Voters originally approved the Jail Tax to relieve jail overcrowding and accommodate future growth.<sup>48</sup> In 1998, the parish jail consisted of a single dormitory building with approximately 300 beds.<sup>49</sup> The lack of jail space forced the Sheriff to release persons arrested on less serious charges.<sup>50</sup> The Sheriff developed an expansion plan, financed by the sales tax, to nearly quadruple the size of the jail to 1,192 beds and add facilities for special programs, maintenance and other purposes.<sup>51</sup>

The jail houses a mix of parish, state and federal inmates in four dormitory buildings. Parish inmates include those awaiting trial on misdemeanor or felony charges in the 22<sup>nd</sup> Judicial District Court and those serving sentences for parish offenses. State inmates are primarily awaiting transfer to state prison facilities or serving the end of their sentences for state offenses. Federal inmates are awaiting transfer to federal prison facilities or a hearing on their immigration status or deportation.<sup>52</sup>

Table 5 illustrates the projected decline in the average number of inmates per day, a result of the decrease in state and federal inmates.<sup>53</sup> According to the Sheriff’s Office, the Sheriff’s closure of the transitional work program and the State’s recent sentencing reforms have reduced state inmates.<sup>54</sup> Meanwhile, an increase in parish arrests has expanded the parish inmate population. For fiscal 2018, parish inmates will represent 52% of the jail population; state inmates, 35%; and federal, 13%.

The remainder of this background section:

- Provides an overview of State mandates related to the jail.
- Discusses how the Jail Tax fits within the Parish’s budget.
- Shows how the Jail Tax fits within the Sheriff’s budget.
- Discusses the future capital needs of the jail.

**TABLE 5: ST. TAMMANY PARISH JAIL POPULATION**  
 Figures for the Sheriff’s Fiscal Years Ending June 30

	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>Actual</b>	<b>Projected</b>	<b>Projected</b>
Parish Inmates	517	528	580
State Inmates	480	349	297
Federal Inmates	166	131	112
<b>Total</b>	<b>1,163</b>	<b>1,008</b>	<b>989</b>

Source: St. Tammany Parish Sheriff’s Office

*State Mandates and the Parish-Sheriff Agreement.* The Parish and the Sheriff each have State-mandated obligations to support the jail. The Jail Tax can pay for both Parish and Sheriff jail costs.

State law obligates the Parish to provide a “good and sufficient jail.”<sup>55</sup> The Parish owns the jail and is responsible for its capital needs. The Parish also must pay certain costs of maintaining and operating the jail, including the costs of food, clothing and medical care for parish inmates and maintenance of jail facilities.<sup>56</sup>

State law designates the Sheriff as keeper, or warden, of the jail, in addition to his roles as the parish’s chief law enforcement officer and tax collector.<sup>57</sup> The Sheriff has the general duty to operate the jail and make sure that inmates are “properly cared for, fed and clothed.”<sup>58</sup> The Sheriff employs deputy sheriffs and other staff to run the jail. He must pay their salaries and benefits.<sup>59</sup>

To determine the use of Jail Tax revenue for their respective obligations, the Parish and the Sheriff have maintained an intergovernmental agreement (the Parish-Sheriff Agreement) since 2004. The current agreement expires on March 31, 2018, the same day as the existing Jail Tax.<sup>60</sup> The Parish and the Sheriff are negotiating a new agreement to take effect regardless of whether voters renew the tax. For an illustration of key obligations and who pays for them under the current agreement, see Table 6.

Essentially, the current agreement directs the Sheriff to manage Jail Tax revenue to pay both Parish and Sheriff jail obligations. The Sheriff collects the tax and deducts a 1.15% commission to cover collection costs. Pursuant to the agreement, the Sheriff transfers to the Parish

the amount needed to pay debt service on the Parish’s outstanding jail facility bonds.<sup>61</sup> The Sheriff retains the net proceeds and uses them to:<sup>62</sup>

- Pay the Parish’s expenses of feeding, keeping and providing medical care to parish prisoners.<sup>63</sup>
- Pay the Parish’s other expenses to maintain and operate the jail.<sup>64</sup>
- Make capital improvements, subject to Parish Council approval.<sup>65</sup>

The Sheriff must satisfy the Parish’s obligations first. If there is a deficit, the Parish and the Sheriff must develop a plan to address it.<sup>66</sup> If there is tax revenue left over, the Sheriff may use it to pay salaries and benefits of jail deputies or other jail-related costs.<sup>67</sup> Examples include the costs of transporting prisoners and administrative support.<sup>68</sup> However, tax revenue cannot pay costs associated with non-parish prisoners.<sup>69</sup> For those prisoners, the Sheriff relies mainly on state and federal reimbursements.

The Sheriff controls decisions on jail operations and maintenance. This includes staffing and contracting.<sup>70</sup> In addition, the Parish delegates to the Sheriff its authority to appoint a medical director.<sup>71</sup>

Finally, the agreement requires the Sheriff to report to the Parish on a quarterly basis.<sup>72</sup> The jail accountability reports discuss the inmate population. They also show how much of the total revenues for the jail come from the Jail Tax, how much revenue comes from other sources, and which expenditures are paid from Parish and non-Parish revenue sources.<sup>73</sup> The Sheriff also produces an annual financial summary for the Parish. The Sheriff’s quarterly and annual reports are public documents, but they are not available online. The reports are separate documents from the Sheriff’s and the Parish’s annual budgets and

**TABLE 6: ST. TAMMANY PARISH JAIL - WHO DOES WHAT?**

Based on State Law and the Current Parish-Sheriff Agreement

Key Duties	Who Does This in St. Tammany?	Who Must Provide Funding?	Is It Payable with Jail Tax?
Provide a “good and sufficient” jail	Parish	Parish	Yes
Make capital repairs and replacement	Sheriff	Parish	Yes
Maintain jail facilities	Sheriff	Parish	Yes
Employ and pay deputies and other jail staff	Sheriff	Both	Yes
Feed and clothe parish inmates	Sheriff	Parish	Yes
Provide medical care to parish inmates	Sheriff	Parish	Yes
Feed, clothe and provide medical care to non-parish inmates	Sheriff	Sheriff	No

audited financial statements, which are available online.

*The Tax and the Parish’s Budget.* The Jail Tax has provided almost all funding for the Parish’s costs relating to the jail facility and parish inmates. In 2017, the Parish budgeted \$12 million of Jail Tax revenue. Of this amount, about \$1.9 million went to pay debt service on the outstanding jail bonds. The remaining \$10.1 million went to the Sheriff.<sup>74</sup> The Parish does not maintain an operating fund balance for the jail because the Sheriff manages the money for the jail under the Parish-Sheriff Agreement. The Parish spent only a minimal amount from the Parish General Fund on the jail.<sup>75</sup>

This situation changed dramatically in 2018. With the tax set to expire on March 31, the Parish could not budget tax revenue beyond that date. It could budget only \$3 million in tax revenue. However, the Parish faced \$9.6 million of spending obligations plus another \$225,000 of other jail-related costs. As shown in Table 7, the Parish closed the gap with \$1.4 million from its debt service fund, \$4.1 million from its General Fund and \$1.3 million from the Public Health Fund for jail medical care.

The Parish consequently had to reduce spending and services supported by both its General and Public Health funds. As shown in Table 8, the \$4.1 million General Fund appropriation created a significant budget impact, forcing the Parish to use \$1.6 million from the General Fund balance. To help control costs, the

Parish implemented a hiring freeze and eliminated cost of living and merit raises for all Parish government employees.

*The Tax and the Sheriff's Budget.* The Sheriff is an autonomous elected official who adopts his own budget without Parish approval. The Sheriff manages all jail revenues and costs through a single special revenue fund (the Jail Fund). The Jail Tax is its largest funding source.

However, before 2018, even a full year of Jail Tax revenue at the current 0.25% sales tax rate was not enough to meet all Parish and Sheriff obligations related to the jail facility and parish inmates. Because the tax revenue satisfied the Parish's obligations first, the Sheriff's Office typically had to close a funding gap to pay for its mandates.

The Sheriff closed the gap in several ways. His office received per-diem and other program reimbursements from the State and federal governments for housing their prisoners. Federal per-diem reimbursements are significantly higher than the State's.<sup>76</sup> The State's reimbursements alone did not cover the cost of housing state inmates.<sup>77</sup> However, some state inmates, approved to work in the jail as trustees, offset expenses that otherwise would require new jail staff. The Sheriff has estimated the cost of replacing the approximately 110 trustees with entry-level employees at \$4.5 million.<sup>78</sup> In addition, the Sheriff received commissions, primarily on inmate telephone calls, which he treated as general jail revenues available to close the funding gap.<sup>79</sup>

The deficit position for housing parish inmates and paying jail facility costs is not new. BGR found the costs exceeded Jail Tax revenues in all six fiscal years for which accountability reports were available.<sup>80</sup> However, for the fiscal year ended June 30, 2017, the jail as a whole was financially self-sustaining because of the additional revenue sources in the Jail Fund.<sup>81</sup>

This position shifted on July 1, 2017, the start of the Sheriff's current budget year. With the tax set to expire on March 31, 2018, the Sheriff could not budget tax revenue beyond that date. The Sheriff budgeted

**TABLE 7: PARISH'S 2018 JAIL OBLIGATIONS AND OTHER COSTS, AND HOW IT FUNDED THEM**

Figures for the Parish's Fiscal Year Ending December 31

	<b>2018 Adopted Budget</b>
<b>SOURCES</b>	
Jail Tax Revenue (January to March)	\$ 3,000,000
General Fund Revenue (Current Year)	2,491,064
Use of General Fund Balance	1,635,867
Use of Debt Service Fund Balance (1)	1,384,218
Appropriation from Public Health Fund (2)	1,330,237
<b>Total Sources</b>	<b>\$ 9,841,387</b>
<b>USES</b>	
<b>Parish's Jail Obligations:</b>	
Debt Service	\$ 1,857,637
Inmate Medical Care (2)	1,773,649
Operating Expenditures:	
Salaries and Benefits (3)	2,679,102
Utilities, Telephone and Postage	971,648
Building and Equipment Repair & Maintenance	643,957
Food and Kitchen Operation	630,550
Insurance Premiums, Claims and Legal	449,000
Supplies	326,600
Other Operating Costs	284,088
<b>Subtotal: Parish's Jail Obligations</b>	<b>9,616,231</b>
<b>Parish Government Costs Related to Jail:</b>	
Election Costs	75,000
Interfund Charges to Parish Departments	64,656
Postage and Printing	36,000
Sheriff's Sales Tax Commission	34,500
Professional Services	15,000
<b>Subtotal: Other Jail-Related Costs</b>	<b>225,156</b>
<b>Total Uses</b>	<b>\$ 9,841,387</b>

(1) Figure includes \$3,600 of interest income on the Parish's Jail Debt Service Fund in 2018.

(2) Figure is net of \$38,556 of inmate medical co-payments.

(3) While the Sheriff pays the majority of jail employee salaries and benefits, the Parish provides funding for the cost of jail staff involved in certain functions primarily related to parish inmates or the jail facility, including building maintenance, food service, booking, bonding and inmate transportation.

BGR calculations based on St. Tammany Parish 2018 Operating and Capital Budget and information provided by the Parish.

nine months of tax revenue. Due to the differences in their fiscal years, the Sheriff approved his budget months before the Parish decided how to close the revenue gap in its own 2018 budget. As a result, the Sheriff’s budget does not reflect any revenue from the Parish other than projected Jail Tax revenue.

The following discussion shows how the Sheriff offset the decline of Jail Tax revenue from \$11.9 million to \$8.9 million. The numbers come from the Sheriff’s budget and should be read separately from the figures in the Parish budget discussion above.

**TABLE 8: IMPACT OF MANDATED JAIL COSTS ON THE PARISH’S 2018 GENERAL FUND BUDGET**

Figures for the Parish’s Fiscal Year Ending December 31

	2017 Projected Budget	2018 Adopted Budget
<b>COSTS WITHOUT A DESIGNATED FUNDING SOURCE</b>		
State-Mandated Costs:		
Parish Jail	\$ -	\$ 4,126,932
Other Mandates	7,030,221	6,674,257
Parish Departments, Net of Cost Recovery	4,369,346	2,403,929
<b>TOTAL</b>	<b>\$ 11,399,567</b>	<b>\$ 13,205,118</b>
<b>AVAILABLE SOURCES</b>		
Available General Fund Revenue (1)	\$ 11,398,352	\$ 11,569,251
Use of General Fund Balance	1,215	1,635,867
<b>TOTAL</b>	<b>\$ 11,399,567</b>	<b>\$ 13,205,118</b>

(1) Available revenue reflects unrestricted revenue less the Sheriff’s collection fees and required deductions for pension funds.

BGR analysis of St. Tammany Parish 2018 Operating and Capital Budget and information provided by the Parish. Numbers may not add up due to rounding.

For the fiscal year ending June 30, 2018, the Sheriff approved a 2018 total budget for all functions of his office of \$66.8 million. It consists primarily of the Sheriff’s General Fund property and sales tax revenue (other than the Jail Tax) that supports law enforcement and tax collection costs. The Sheriff’s Jail Fund accounts for all jail revenues (including the Jail Tax). The Jail budget, at \$16.9 million, is 25% of the Sheriff’s entire budget. With a large general fund, the Sheriff has greater budgetary flexibility than the Parish to offset a decrease in revenue. However, as a practical matter, doing so would reduce available funding for law enforcement and other services. (See Chart 2 for an overview of the Sheriff’s 2018 revenues.)

The Sheriff offset the \$3 million loss of Jail Tax revenue primarily by budgeting \$2.4 million from the Jail Fund balance.<sup>82</sup> He offset the remainder through a lower 2018 transfer to the Parish for debt service and the deferral of all capital projects.<sup>83</sup>

The 2018 Jail Fund budget of \$16.9 million reflects both the loss of tax revenue and an almost \$2 million decline in state and federal reimbursements due primarily to fewer state inmates. The Sheriff offset that decline with layoffs of deputies and other positions, as

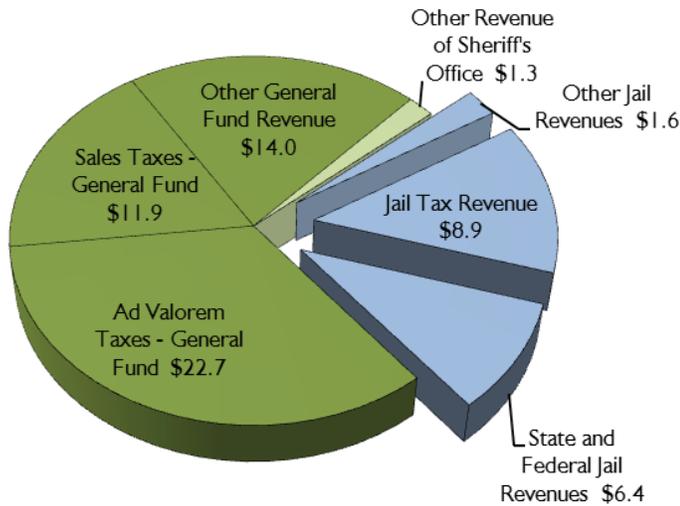
well as the outsourcing of jail medical care.

The Sheriff also adjusted his General Fund to manage the impact of the loss of Jail Tax revenue. The Sheriff increased a general property tax levy slightly while he reduced expenditures.<sup>84</sup> The cuts included the termination of the transitional work program associated with the jail, layoffs in various departments (but not patrol officers), reductions in law enforcement supplies, travel and other expenses, and the deferral of most capital projects. The General Fund cuts freed up revenue to support the jail, if that becomes necessary in the future.<sup>85</sup> The Sheriff eliminated a total of 106 full-time positions throughout his office, or about 13% of total staff.<sup>86</sup> The Sheriff also did not budget for employee cost of living or merit raises throughout the entire Sheriff’s Office.<sup>87</sup>

Thus, the Sheriff balanced the jail’s 2018 budget, but not without a significant impact on both the General Fund and the Jail Fund. Based on updated budget projections provided to the Parish by the Sheriff in August 2017, the Sheriff projected a somewhat smaller 2018 Jail Fund deficit of \$1.6 million, rather than the \$2.4 million originally budgeted. Jail Tax and related revenue still fell short of meeting the Parish’s obliga-

**CHART 2: 2018 REVENUE SOURCES FOR ALL SHERIFF'S OFFICE FUNCTIONS**

Figures in \$ Millions for the Sheriff's Fiscal Year Ending June 30, 2018



BGR summary of St. Tammany Parish Sheriff's Office, 2018 Adopted Budget. The green slices reflect Sheriff's General Fund revenues, totaling \$48.6 million; the blue slices reflect Jail Fund revenues, totaling \$16.9 million.

tions to support the jail facility and parish inmates by \$365,000.<sup>88</sup> In addition, the Sheriff's other jail revenues, consisting mainly of state and federal reimbursements and commissions, were \$1.24 million short of covering the Sheriff's obligations to support parish, state and federal inmates.<sup>89</sup>

*Future Capital Needs of the Jail.* The Parish Council's 2018-2022 capital improvement plan lists \$14.7 million of jail renovations and improvements. The projects include roof replacements, replacement of the maximum security door system, plumbing and electronics upgrades, upgrade and expansion of the intake/booking area and main control, upgrade and expansion of the sewer treatment system, and renovation of the kitchen and dining area.<sup>90</sup> The Sheriff confirmed to BGR that, although there is no long-term facility strategy, these projects are the known capital needs of the jail facilities.

The Parish did not fund any of those projects in 2018.<sup>91</sup> At the end of 2017, the Parish had only \$166,000 in the jail's capital fund balance.<sup>92</sup> The Parish has another \$1.5 million in reserve in the jail's debt service fund.

The Parish administration has recommended that, once the bonds are retired, the Council transfer that money to the jail's capital fund for future needs.

**Analysis**

Proponents of renewing the Jail Tax consider a well-functioning jail essential to public safety and a high quality of life in St. Tammany Parish. The Parish and Sheriff emphasize that the loss of the tax, and the resulting budget cuts, would undermine the financial stability of the jail. It would further strain the Parish's finances, while reducing the Sheriff's ability to operate the jail effectively and in compliance with State and federal laws.

Critics of the renewal proposition agree that it is important to have a well-functioning jail. But they question the cost of the jail facilities and the need for the tax at the 0.20% level. They also question government transparency and accountability for tax revenues.

This section analyzes the Jail Tax renewal proposition on the basis of three questions related to efficient and effective use of public resources: Is the tax necessary? Is it appropriately sized to the need? And, will the tax revenue be well spent?

*Is the Jail Tax Necessary?* Under state law, both the Parish and the Sheriff must bear significant costs related to providing the parish jail. Before 2018, the Jail Tax covered the Parish's obligations and part of the Sheriff's. In fiscal year 2018, the budgeted loss of Jail Tax revenue forced the Parish and the Sheriff to cut costs and use reserve funds to cover their obligations.

The Parish fell back primarily on its General Fund to offset the tax loss because it is the only source of unrestricted revenue in the Parish's heavily dedicated budget. If voters do not renew the tax, the General Fund will be vulnerable in 2019 to funding \$6.7 million of jail operating costs.<sup>93</sup>

As discussed above in the Justice Center Tax analysis,<sup>94</sup> the Parish would address the funding gap in its General Fund by cutting Parish Government operations and proposing reductions in funding its State-mandated obligations. In the case of the jail, a reduction in funding

**TABLE 9: SHERIFF'S OFFICE BUDGET PROJECTION FOR JAIL, ASSUMING TAX RENEWAL**

Figures in \$ Millions for the Sheriff's Fiscal Year Ending June 30

Sheriff's Jail Fund	Estimated	Assuming Renewal at 0.20%					
	2017	2018	2019	2020	2021	2022	2023
Jail Tax Revenue (1)	\$ 11.8	\$ 11.3	\$ 9.5	\$ 9.7	\$ 9.9	\$ 10.1	\$ 10.3
State/Federal Reimbursement	8.7	7.1	5.7	5.7	5.7	5.7	5.7
Other Revenue	1.3	1.2	1.2	1.2	1.2	1.2	1.2
<b>Total Revenue</b>	<b>\$ 21.8</b>	<b>\$ 19.6</b>	<b>\$ 16.4</b>	<b>\$ 16.6</b>	<b>\$ 16.8</b>	<b>\$ 17.0</b>	<b>\$ 17.2</b>
Operating Expenditures	\$ 19.9	\$ 18.0	\$ 18.5	\$ 19.0	\$ 19.5	\$ 20.1	\$ 20.6
Debt Service	1.9	1.4	-	-	-	-	-
Capital Outlay	0.2	-	0.1	0.1	0.1	0.1	0.1
<b>Total Expenditures</b>	<b>\$ 22.0</b>	<b>\$ 19.5</b>	<b>\$ 18.6</b>	<b>\$ 19.1</b>	<b>\$ 19.7</b>	<b>\$ 20.2</b>	<b>\$ 20.7</b>
<b>Excess (Deficiency)</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ (2.3)</b>	<b>\$ (2.6)</b>	<b>\$ (2.9)</b>	<b>\$ (3.2)</b>	<b>\$ (3.5)</b>
<b>Transfer from Sheriff's General Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.8</b>	<b>\$ 2.9</b>	<b>\$ 3.2</b>	<b>\$ 3.5</b>
<b>Net Change in Fund Balance</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ (2.3)</b>	<b>\$ (0.7)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Jail Fund Balance, End of Year</b>	<b>\$ 2.9</b>	<b>\$ 3.0</b>	<b>\$ 0.7</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(1) The \$11.3 million of revenue projected for fiscal year 2018 reflects nine months of revenue at the existing rate and three months at the 0.20% renewal rate.

BGR summary based on budget projection provided by the St. Tammany Parish Sheriff's Office. Numbers may not add up due to rounding.

Parish obligations could provoke litigation by the Sheriff and deeper cuts to Parish departments that receive unrestricted revenue. The Parish's budget cuts could diminish the quality of code enforcement, planning and other services on which citizens rely.

The Sheriff has already projected a 52% revenue loss for the jail in 2019 if voters do not renew the Jail tax.<sup>95</sup> This presumes the absence of replacement revenue appropriated by the Parish to fulfill the Parish's share of jail obligations. The future allocation of jail obligations between the Parish and the Sheriff will not be known until the parties negotiate a new Parish-Sheriff Agreement to take the place of the one expiring on March 31. If the Sheriff must incur such a large cut to the jail budget, it will have significant ramifications.

First, it would increase reliance on the Sheriff's General Fund to pay the cost of deputies at the jail. This could burden the Sheriff's General Fund reserves and reduce law enforcement resources directed to public safety.

For the jail, it could force the Sheriff to further cut

costs, particularly in personnel, which is the largest part of jail operations. Lower staffing levels could have negative consequences pertaining to the safety of the jail for prisoners and personnel, and the general effective administration of the jail and its programs.

Lower jail revenue could also reintroduce the risk of federal intervention. The Sheriff's Office faced federal scrutiny of inmate mental health care in recent years but made changes to improve jail conditions. The jail is not currently under federal oversight.<sup>96</sup>

The \$14.7 million in future capital projects would lack a funding source without the tax.<sup>97</sup> As more time passes, the items needing attention will deteriorate further, making it more costly to repair or replace them.

Beyond the Sheriff's General Fund, there are no significant alternative sources of revenue to offset such a major revenue loss. At \$48.6 million, the Sheriff's General Fund is a large revenue source, but the Sheriff says he cannot afford to pay both law enforcement and the jail costs from it. The Sheriff may be forced to seek a new

funding source on his own from voters.

Thus, voters face a clear trade-off. If they do not renew the Jail Tax, the Parish will need a new funding source to meet its State-mandated obligations in the coming years or, alterna-

tively, it will need to reduce citizen services. The Sheriff may also face a revenue loss, with potential impacts on jail conditions and his ability to fund law enforcement. If voters renew the Jail Tax, it will preserve substantial financial support for the jail and maintain the status quo for other services.

*Is the Proposed Jail Tax Appropriately Sized to the Need?* Renewal of the Jail Tax would result in a decrease in the tax rate and the revenue available to the Parish and Sheriff.

With the existing 0.25% tax and other revenue sources, the jail was financially self-sustaining. The Sheriff ended fiscal 2017 with a \$2.9 million overall Jail Fund balance. At 15% of that year’s operating costs, it aligns with the national standard for local governments’ general funds.<sup>98</sup> However, as noted earlier, the Sheriff allocated the majority of the Jail Fund balance to help offset the potential drop in Jail Tax revenue in fiscal year 2018.

Two years ago, voters rejected renewal of the Jail Tax at the 0.25% rate. The Parish has reduced the rate to 0.20% in the current proposition, but critics have questioned whether this rate is too high.

If voters renew the tax at 0.20%, the Sheriff’s Office projects the \$9.5 million of revenue in fiscal year 2019 will provide a gain of only 7% over the current budget. The Sheriff’s Office actually projects an annual deficit in the jail budget that will worsen over the course of the next five years even if the Sheriff maintains this year’s budget cuts. This will force the Sheriff to balance the jail budget with his General Fund reserves or seek other funding. In addition to the operating deficits, the Sheriff’s projection includes almost no money to address

**TABLE 10: AVERAGE DAILY COST PER INMATE IN ST. TAMMANY JAIL**  
 Figures for the Sheriff’s Fiscal Year Ending June 30

Year	2013	2014	2015	2016	2017	2018
Average Cost Per Day	\$49.79	\$49.84	\$50.79	\$50.98	\$52.15	\$56.25

Note: The table does not include the costs of certain Louisiana Department of Corrections programs that are fully reimbursed by the State.

Source: St. Tammany Parish Sheriff’s Office

the \$14.7 million of jail facility capital needs. Table 9 summarizes the Sheriff’s projection, as provided to BGR by that office.

It is difficult to set benchmarks for jail spending because jails vary widely in their facilities, inmate populations and other factors. In 2015, a survey of 35 jails nationally found a wide range of daily costs per inmate, even among jails of similar size. For example, eight jails with average daily inmate populations between 1,000 and 2,000 tallied average daily costs between \$64.10 and \$166.04.<sup>99</sup> These costs approximate total jail costs, including operating costs, debt service and capital.

The eight jails’ costs exceed St. Tammany jail’s average of \$56.25 per day, calculated by the Sheriff based on the 2018 budget assumption of 920 inmates per day.<sup>100</sup> Slightly more than half of this cost represents jail personnel. The next largest share (18%) represents medical care and prescription drugs. The average cost per day also includes debt service on the Jail Tax bonds.

The Sheriff’s Office has worked to control the growth in jail operating expenditures over time. Average daily cost per inmate has increased at a modest 2.1% average annual rate since 2013, as shown in Table 10.

Based on the projected revenues and expenditures, the renewal of the Jail Tax will not produce excessive revenue. In fact, it will not be enough to avoid recurring deficits in jail operations or pay for future capital needs.

*Will the Jail Tax Revenue Be Well Spent?* As shown above, the Sheriff’s Office has controlled jail operating costs and taken steps to free up General Fund capacity to support the jail, if necessary. The Sheriff also has a clear list of capital needs for the existing facilities.

Critics have questioned the level of transparency and accountability regarding the Parish's and the Sheriff's use of the Jail Tax. BGR found that the Parish and the Sheriff report publicly on Jail Tax revenue in several ways. The Parish's 2018 budget includes a one-page summary of the Parish's obligations paid from the Jail Tax and other revenue sources. The Sheriff's budget accounts for all jail revenues and expenditures. In addition, the Sheriff's quarterly and annual reports to the Parish, which are required by the Parish-Sheriff Agreement, offer additional detail on expenditures of tax revenue. These reports are not available online, but they are public records.

In sum, the Jail Tax significantly defrays the Parish's cost of providing the jail and, to some extent, the Sheriff's cost of operating it. Without the tax, the Parish faces a fiscal year 2019 funding gap of \$6.7 million and significant cuts to other core services. Renewing the tax would preserve the Parish's unrestricted revenue in its General Fund for other core government operations and State-mandated costs, and the Sheriff's own general revenue for law enforcement.

The Sheriff has controlled jail costs and reported them to the Parish pursuant to the current Parish-Sheriff Agreement. The public would be better served if those reports were more accessible. If the Parish and Sheriff were to continue their current agreement, projected tax revenue would cover the Parish's roughly \$8 million of annual obligations to support parish inmates and jail facility operations. However, it will not produce much

“Based on the projected revenues and expenditures, the renewal of the Jail Tax will not produce excessive revenue. In fact, it will not be enough to avoid recurring deficits in jail operations or pay for future capital needs.”

excess revenue for capital investments. And the Sheriff will have to rely on other jail revenues and on the Sheriff's General Fund to pay some jail costs and possibly pursue additional funding.

### **BGR Position**

**FOR.** The Jail Tax provides significant revenue for the Parish's and Sheriff's obligations to support the parish jail. Renewal of the tax would help secure the jail's future for another 10 years at a slightly reduced cost to taxpayers. Loss of the tax would result in new budget cuts that would reduce Parish services in other areas and potentially undermine jail operations and the quality of law enforcement.

BGR notes that renewing the tax at the proposed rate would leave some jail costs unfunded. Based on the Sheriff's projections, the jail will need additional funding to offset future deficits and make necessary capital investments in jail facilities. To better inform the public on the jail's financial condition, the Parish or the Sheriff should post online the jail accountability reports.

## ENDNOTES

- 1 The taxes would expire on March 31, 2028.
- 2 The 22<sup>nd</sup> Judicial District Court has jurisdiction in St. Tammany and Washington parishes. However, each parish separately provides and funds a courthouse. The proposed tax revenue for the Specialty Courts would be limited to residents of St. Tammany Parish.
- 3 BGR did not publish a ballot report on either of the prior tax renewal propositions.
- 4 Voters defeated the Justice Center Tax renewal proposition by a margin of 62% to 38% (with a total 14,424 votes cast) and the Jail Tax renewal proposition by a margin of 60% to 40% (with a total 14,453 votes cast). Voter turnout was 8.8%. Louisiana Secretary of State election results for the April 9, 2016, ballot.
- 5 Voters defeated the Justice Center Tax renewal proposition by a margin of 50.5% to 49.5% (156 votes out of 16,280 total cast) and the Jail Tax renewal proposition by a margin of 50.4% to 49.6% (119 votes out of 16,257 total cast). Voter turnout was 9.6%. Louisiana Secretary of State election results for the April 29, 2017, ballot.
- 6 The Parish built the courthouse in 1959. In addition, the Parish acquired the Slidell courthouse annex in the late 1960s. Brasseaux, Carl A., Glenn R. Conrad, and R. Warren Robison, *The Courthouses of Louisiana*, 2<sup>nd</sup> Ed. (Lafayette, La.: The Center for Louisiana Studies at the University of Southwestern Louisiana, 1997), p. 166.
- 7 The parish's population grew from 38,643 in 1960 to 180,692 in 1997. The U.S. Census Bureau estimated the 2016 population at 253,602. Total cases filed from St. Tammany Parish grew from 17,042 in 1988 to 31,997 in 1998. In 2016, 39,429 cases were filed. The number of judges in the 22<sup>nd</sup> Judicial District Court increased from seven in 1988 to nine in 1998. Currently, the court has 12 judges. BGR obtained the data from Official Statement, 1998 Sales Tax Bonds, p. B-1, U.S. Census Bureau, and the Supreme Court of Louisiana, *The Annual Report of the Judicial Council of the Supreme Court*, for the years 1988, 1998 and 2016.
- 8 Bartels, Paul, "Slidell backs parish tax plan," *The Times-Picayune*, December 18, 1997.
- 9 In addition, the Parish provides a separate building for the Public Defender that it maintains with Justice Center Tax revenue.
- 10 La. R.S. 33:4715.
- 11 See, for example, La. R.S. 33:4713.
- 12 La. R.S. 13:784, 18:132 and 33:4713.
- 13 La. R.S. 16:6.
- 14 See, for example, *Reed v. Washington Parish Police Jury*, 518 So. 2d 1044 (La. 1988).
- 15 The Justice Center Complex Fund ended 2016 with a fund balance of \$11.9 million. St. Tammany Parish, 2018 Operating and Capital Budget, Summary, p. 9.
- 16 Ibid. The Parish budgeted current-year tax revenue of \$12.1 million and a draw of \$419,000 from the operating fund balance for capital projects. Figures reflect the 2017 Projected Budget for the Justice Center Complex Fund.
- 17 The Parish projected a year-end 2017 operating fund balance at \$11.5 million. This figure reflects the beginning \$11.9 million fund balance, minus the \$419,000 use of fund balance for capital projects.
- 18 The \$10.3 million consisted of \$6.9 million of operating expenditures from 2017 and \$3.4 million of debt service in 2018.
- 19 In 2018, the Parish cut operating costs for employee salaries and benefits (\$48,000); office supplies (\$55,000); advertising (\$7,300); and the court's law library (\$99,000).
- 20 The \$12.4 million is a mix of undedicated property taxes (\$5 million); fees for occupational and other licenses (\$4.1 million); cable, severance and alcohol tax revenues (\$2.5 million); and various other sources (\$747,000).
- 21 According to Parish officials, the plan follows generally accepted accounting principles and federal regulations establishing principles, policies and procedures for cost recovery. The plan also aligns the Parish with best practices. See Government Finance Officers Association, *Pricing Internal Services*, February 2013.
- 22 The projects outlined in the capital improvement plan are separate from those outlined in the facility needs study.
- 23 St. Tammany Parish Government, *St. Tammany Parish Justice Center: Building, Operations, and Fiscal Study Summary, 1998-2039*, Section 2, Capital Expenditures, Building and Equipment Improvements, p. 3.
- 24 Ibid. at Section 1, Staffing and Square Footage, pp. 2-3.
- 25 Ibid. at Section 2, Capital Expenditures, Building and Equipment Improvements, pp. 1-2. The study estimated \$15 million to build a new parking garage and \$35 million to build a new courthouse annex.
- 26 Information provided by the 22<sup>nd</sup> Judicial District Court.
- 27 Until June 30, 2017, the Parish paid \$50,000 a year for a case manager for Behavioral Health Court through the Parish's Public Health Fund.
- 28 BGR estimates that the Parish's 2019 obligations to the Justice Center would decrease from \$8.4 million to \$5 million due to the elimination of debt service. There are no 2018 appropriations from the General Fund to the Justice Center. The estimate does not assume any capital expenditures.

- 29 BGR estimates \$9.1 million as the difference between \$11.6 million of available General Fund revenue and \$20.7 million of General Fund costs without a designated funding source in 2019. These costs consist of: \$6.7 million of unfunded jail costs, \$5 million of unfunded Justice Center costs, \$6.6 million of other State mandates, and \$2.4 million of costs not recovered by General Fund departments from interfund charges, fees or other sources. Central administrative costs no longer offset by interfund charges to the Justice Center and Jail taxes are reflected in their respective totals.
- 30 BGR estimates that General Fund costs without a designated funding source would be \$15.7 million with the addition of only the unfunded jail costs and \$14 million with the addition of only the unfunded Justice Center costs, relative to \$11.6 million of available revenue.
- 31 St. Tammany Parish Government, *St. Tammany Parish Justice Center: Building, Operations, and Fiscal Study Summary, 1998-2039*, p. 1.
- 32 St. Tammany Parish, Adopted Operating and Capital Budgets, 2017 and 2018.
- 33 Government Finance Officers Association, *Fund Balance Guidelines for the General Fund*, September 2015. The guidelines recommend a minimum unrestricted general fund balance of at least two months of regular general fund operating revenues or regular general fund operating expenditures.
- 34 BGR estimated the \$8.7 million fund balance at the end of 2018 by subtracting the budgeted \$2.8 million use of operating fund balance during 2018 from the beginning balance of \$11.5 million. BGR then divided \$8.7 million by the \$5 million of budgeted Justice Center operating costs in 2018.
- 35 International Facility Management Association (IFMA), *Operations and Maintenance Benchmarks*, September 2017, pp. 61 and 64. BGR could not identify a comprehensive study of courthouse facility operating costs, and it was beyond the scope of this report for BGR to undertake its own cost study.
- 36 The IFMA's national benchmark for security costs is \$1.91 per square foot for all properties it surveyed. It did not calculate a separate benchmark for courthouse security costs. While the benchmark for security costs is not specific to courthouses, it provides a point of reference for facility security costs for other buildings. In 2017, the Parish spent \$4.15 per square foot for security costs. After the 2018 budget cuts, the Parish reduced its spending on security costs to \$2.07 per square foot.
- 37 The IFMA's national benchmark for maintenance, janitorial services and utilities is \$6.05 per square foot for courthouses. In 2017, the Parish spent \$5.62 per square foot on these expenses. After the 2018 budget cuts, the Parish reduced its spending on these items to \$4.93 per square foot.
- 38 La. Const. Art. VI, Sec. 30. Except in the case of an emergency, the constitution prohibits political subdivisions from submitting "the same tax proposition, or a new tax proposition that includes such a tax proposition," to voters more than once in a six-month period. As scheduled by the Secretary of State, the remaining election dates for 2018 are April 28, November 6 and December 8. See also St. Tammany Parish Home Rule Charter, Sec. 2-17.
- 39 The \$5 million of operating expenditures in 2018 fell into three categories: facility operations and maintenance for the Complex and Annex (\$3.7 million); Courthouse Tenant Support (\$1.1 million); and other Parish expenditures, such as the Sheriff's commission on tax collections and the 2018 election expense (\$161,000). The Parish recovered \$353,000 of facility operations and maintenance costs for central services it provided. It recovered \$706,000 of the cost of Courthouse Tenant Support. Approximately 90% of those charges relate to centrally provided technology services. BGR calculations based on St. Tammany Parish 2018 Operating and Capital Budget, 2018 Cost Allocation Plan Summary, 2018 Facility Operations and Management Schedule.
- 40 Estimate provided by the 22<sup>nd</sup> Judicial District Court. While this estimate is based on a conservative average of \$9,100 per year for the 387 participants, BGR notes that the participants could present different costs related to the individual attributes of their incarceration.
- 41 In the context of the criminal justice system, recidivism is the tendency of an individual to relapse or return to criminal behavior. Recidivism rates reflect the rates at which individuals released from prison are re-arrested for a criminal offense within a specified period of time.
- 42 The recidivism rate does not take into account any particular crime.
- 43 Information provided by the 22<sup>nd</sup> Judicial District Court. Recidivism rates for the Family Preservation Court are not applicable because participation does not arise from a criminal proceeding. Recidivism rates for the Veterans Court are unavailable because there are no program graduates at this time.
- 44 Marlowe, Douglas B., Carolyn D. Hardin and Carson L. Fox, Jr., *Painting the Current Picture, A National Report on Drug Courts and Other Problem-Solving Courts in the United States*, prepared for the National Drug Court Institute, June 2016, pp. 14-20.
- 45 *Ibid.*, pp. 20-23.
- 46 *Ibid.*, pp. 28-29.
- 47 *Ibid.*, pp. 25-28.
- 48 Information provided by the Sheriff.
- 49 Information provided by the Parish and the Sheriff. The Parish built the jail at its current location in Covington in 1984. Information provided by the Parish. Previously, it was located inside the old courthouse. Brasseaux, et al., p. 166.

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## ON THE BALLOT: ST. TAMMANY PARISH SALES TAX RENEWALS, MARCH 24, 2018

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- 50 Information provided by the Sheriff. See also: Chapple, Charlie, "Voters face tax plans for jail and courthouse," *The Times-Picayune*, November 11, 1997.
- 51 The jail can hold an additional 80 inmates on a temporary basis. Information provided by the Sheriff.
- 52 Information provided by the Sheriff.
- 53 Ibid. During the past four years, the jail has averaged 1,135 inmates per day, based on figures provided in the Sheriff's quarterly reports to the Parish during the fiscal years ending June 30, 2014 to 2017.
- 54 By law, the Sheriff does not have authority to reduce the number of parish inmates unless the jail is overcrowded. La. Atty. Gen. Op. No. 16-0151. According to the Sheriff, he must continue to house federal inmates because the Parish used federal funding to pay part of the original cost of the jail. See 18 U.S.C. Sec. 4013.
- 55 La. R.S. 33:4715.
- 56 La. R.S. 15:702, 703. See also *Amiss v. Dumas*, 411 So. 2d 1137 (La. App. 1 Cir. 1982), *writ denied*, 415 So. 2d 940 (La. 1982).
- 57 La. R.S. 15:704 and La. Const. Art. 5, Sec. 27.
- 58 *Amiss v. Dumas*, at 1141.
- 59 La. R.S. 15:704, La. R.S. 13:5522(A). See also La. Atty. Gen. Op. Nos. 86-341, 87-493 and 91-618.
- 60 Intergovernmental Agreement by and between the St. Tammany Parish Government and the St. Tammany Parish Sheriff, effective July 1, 2016.
- 61 Ibid., Sec. 2.8.
- 62 Ibid., Sec. 2.6.
- 63 Ibid., Sec. 1.1.
- 64 Ibid. This extends to paying all utility costs and remitting to the Parish the cost of premiums on jail building insurance. Ibid., Secs. 1.1, 2.3 and 2.10. The Sheriff, rather than the Parish, insures the building contents. Ibid., Sec. 2.11.
- 65 Ibid., Sec. 2.2.
- 66 Ibid. Sec. 1.1.
- 67 In Sec. 1.1, the Intergovernmental Agreement states: "The Parties acknowledge that the salaries and related benefits of the deputy sheriffs whose job duties include the care, custody and control of Parish Prisoners are operational costs for which the Jail Sales Tax may be used."
- 68 Ibid., Secs. 2.4 and 2.5.
- 69 Ibid., Sec. 3.
- 70 Ibid., Secs. 2.2 and 2.5.
- 71 Ibid., Sec. 4.1.
- 72 Ibid., Sec. 2.14.
- 73 St. Tammany Parish Sheriff, *Jail Revenue and Expenditure Allocation Reports*.
- 74 The Parish deducted less than \$50,000 for risk management and certain other central administrative costs. The Sheriff's portion included his \$138,000 tax collection fee.
- 75 Prior to 2017, the Parish's General Fund paid the cost of a jail maintenance manager. This Parish employee supervised maintenance staff at the jail. Beginning in 2017, the Sheriff began paying the manager. Information provided by the Parish.
- 76 The state's per-diem reimbursement rate is \$24.39 per inmate. The federal per-diem reimbursement rate is \$68 per inmate. Information provided by the Sheriff's Office.
- 77 In fiscal year 2017, state inmates represented 74% of non-parish inmates at the St. Tammany jail. If total expenditures of \$6.9 million for non-parish inmates are allocated proportionately among the state and federal inmate populations, then the state inmates cost \$5.1 million. The Sheriff received only \$4.6 million in State reimbursements. BGR calculations based on the Sheriff's quarterly and annual *Jail Revenue and Expenditure Allocation Reports* for fiscal year 2017.
- 78 St. Tammany Parish Sheriff, *Jail Revenue and Expenditure Allocation Report*, Fourth Quarter of Sheriff's Fiscal Year 2017.
- 79 St. Tammany Parish Sheriff, 2018 Adopted Budget, p. 38, and information provided by the Parish. The Sheriff budgeted \$647,000 of commission revenue, consisting of \$605,000 from inmate telephone calls and \$42,000 from drug screening services.
- 80 The fiscal years ending June 30, 2012 through 2017.
- 81 In the fiscal years ended June 30, 2012 to 2015, the Sheriff made transfers from his General Fund to the Jail Fund in amounts ranging from \$300,000 to \$525,000 a year to balance the jail budget. No General Fund transfers were made in 2016 or 2017. St. Tammany Parish Sheriff, *Comprehensive Annual Financial Reports*, for the years ended June 30, 2012 to 2017.
- 82 Because the Parish and Sheriff typically consume all Jail Tax revenue, the Sheriff built the Jail Fund balance using excess revenue from other jail-related sources.
- 83 The debt service payment in the Sheriff's budget decreased \$462,000, from \$1.9 million in 2017 to \$1.4 million in 2018. According to the Sheriff's Office, the debt service payment schedule requires the Sheriff to transfer tax revenue to the Parish on a monthly basis. Each transfer amounts to one-twelfth of the annual debt service due. However, with the tax expiring on March 31, the Sheriff budgeted the transfer of only nine months of tax revenue in his current fiscal year (July 2017 through March 2018). The Parish's budget, however, includes the full \$1.9 million debt service payment in 2018. Regarding capital projects, the Sheriff spent \$212,000 on capital projects in 2017.

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## ON THE BALLOT: ST. TAMMANY PARISH SALES TAX RENEWALS, MARCH 24, 2018

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- 84 The Sheriff rolled forward the Law Enforcement District millage from 11.25 mills to 11.66 mills, generating about \$800,000. St. Tammany Parish Sheriff, 2018 Adopted Budget, p. 29.
- 85 The termination of the transitional work program eliminated \$2.2 million of General Fund revenue. But the end of the program, combined with other cuts, saved \$4.6 million of Sheriff's General Fund operating costs. St. Tammany Parish Sheriff's Office, 2018 Adopted Budget, p. 94.
- 86 St. Tammany Parish Sheriff, 2018 Adopted Budget, p. 136.
- 87 Ibid., p. 49.
- 88 The Sheriff projected \$8.9 million of Jail Tax revenue plus \$39,000 of inmate medical co-payments, against \$9.3 million of costs allocated to the Parish. The \$9.3 million reflects \$1.4 million in debt service reported by the Sheriff.
- 89 The Sheriff projected \$9.15 million of state and federal reimbursements, commissions and other funding, against \$10.39 million of Sheriff's obligations and administrative costs. Both figures reflect the Sheriff's \$927,000 of general administrative costs related to the jail.
- 90 Information provided by the Parish and the Sheriff.
- 91 St. Tammany Parish, 2018 Capital Improvement Budget, p. 26. Once the bond debt is paid off, the Parish will no longer owe \$1.85 million per year for debt service.
- 92 Of this amount, \$92,000 was committed to a fence repair project and \$74,000 was available. Information provided by the Parish.
- 93 BGR estimated that the Parish's 2019 obligations to the jail would decrease from \$9.8 million to \$8 million due to the elimination of debt service. BGR also assumed that the Parish would continue the 2018 appropriation from the Public Health Fund (\$1.3 million). The remainder would be unfunded costs in 2019. The estimate does not assume any capital expenditures. The Parish's \$9.8 million total includes the full \$1.9 million debt service payment in 2018, not the \$1.4 million budgeted by the Sheriff, as described in footnote 83.
- 94 See discussion, above, at p. 8.
- 95 St. Tammany Parish Sheriff, 2018 Adopted Budget, p. 120.
- 96 Information provided by the Sheriff's Office. In 2013, the U.S. Department of Justice entered into an agreement with the Parish and the Sheriff to improve mental health care and suicide prevention at the jail. U.S. Department of Justice, "Department Of Justice Reaches Agreement To Improve Conditions At St. Tammany Parish Jail In Louisiana," press release, August 15, 2013. By November 2016, the independent monitor reported substantial compliance with 47 of 48 provisions of the agreement. Kapoor, Reena, Monitor's Report #5 for the Memorandum of Agreement between the Department of Justice, the Parish of St. Tammany, and the St. Tammany Parish Sheriff Regarding the St. Tammany Parish Jail, November 28, 2016.
- 97 Information provided by the Parish and the Sheriff. At present, there are no plans for future expansions at the jail. If the parish population continues to grow at current projected growth rates, there could be a need to increase the size of the jail in the future.
- 98 Government Finance Officers Association, *Fund Balance Guidelines for the General Fund*, September 2015.
- 99 Henrichson, Christian, Joshua Rinaldi, and Ruth Delaney, *The Price of Jails: Measuring the Taxpayer Cost of Local Incarceration*, prepared for the Vera Institute of Justice, 2015.
- 100 In addition, costs do not fluctuate solely based on the number of inmates. In particular, the number of deputies – the largest expense of the jail – fluctuates with the number of cell blocks that must be kept open. Approximately 25% of the jail's costs are fixed regardless of the number of inmates. Information provided by the Sheriff.

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