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A Report from the Bureau of Governmental Research

ORLEANS PARISH SHERIFF'S OFFICE TAX, APRIL 29, 2023

INBRIEF

On April 29, New Orleans voters will decide whether to nearly double a 2.8-mill property tax for the Orleans Parish Sheriff's Office. The ballot proposition would replace the tax with a 5.5-mill tax, for an increase of 2.7 mills. The new tax would generate an estimated $11.7 million in additional annual revenue for employee compensation, training and capital improvements to help bring the jail into compliance with court-mandated reforms. If approved, the 10-year, 5.5-mill tax would take effect with tax bills to be sent out later this year and payable in early 2024. The existing 2.8-mill tax would no longer be levied.

The Sheriff's proposal comes a few months after the City of New Orleans, which provides more than three-quarters of the funding for the jail, declined the Sheriff's 2023 budget request for additional operating and capital funding.

The tax proposition received little public discussion until less than a week before the start of early voting on April 15. The Sheriff's Office had taken almost no steps to inform the public about the proposition beyond a mandatory public notice in a newspaper. This raises significant transparency concerns as voters have had little time and information to evaluate the proposition.

Report Highlights

To analyze the proposition, BGR considered three questions that address the efficient and effective use of public resources: (1) Has the Sheriff's Office carefully planned how it will spend the tax revenue and provide financial stewardship and accountability for taxpayer dollars? (2) Is the tax an acceptable way to fund the Sheriff's plan for improving the jail's performance in light of alternative funding options? (3) Is there evidence indicating the tax would result in effective outcomes for the public? Based on this analysis, BGR found the following:

- The Sheriff views the additional tax revenue as necessary to comply with court-ordered reforms to improve conditions of confinement at the jail and end more than 50 years of federal oversight and investigation. The 5.5-mill tax would generate up to $23.8 million a year, replacing the existing tax that generates up to $12.1 million a year.
- In response to BGR's review of the tax proposition, the Sheriff has provided significant evidence that low pay and benefits contribute to understaffing and limit progress toward improving jail conditions. The office also has substantial capital needs, including replacing outdated technology systems and physical repairs to the jail.
- However, the spending plan is incomplete and does not specify how the office would use $4.1 million, or more than a third of the additional tax revenue. The office also has not provided any details on a $1.8 million allocation for additional staff training. Nor has it completed a new pay structure that would provide sufficient detail on the use of tax revenues for salary increases.
- The spending plan does not address 409 vacant positions that the Sheriff's Office identifies as essential, including 278 at the jail. The plan also does not include looming expenses to staff a court-ordered "Phase III" mental health and medical services facil-

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ity to be built next to the main jail. Such a piecemeal approach to addressing the jail's needs is problematic, especially given longstanding disagreements between the City and the Sheriff's Office over jail funding levels.

- In addition to the office's failure to inform citizens about the tax proposition, other accountability questions have arisen. It is unknown how the office will manage a large increase in tax revenue amid the recent departures of four high-level administrators, including the chief financial officer. There are also fundamental weaknesses in accountability associated with the Sheriff's special taxing district and the City's financial oversight. While the City would still provide most of the funding for the Sheriff's Office, it lacks the clear oversight of other large counties that fund their jails from the general fund, and it has no control over the Sheriff's taxing district.
- The City could offset some or all of the additional tax revenue by decreasing its funding for the jail. This means voters cannot be assured the millage proposition would result in increased funding for the office for the purposes described.
- On the other hand, City officials have agreed to provide funding for a $2.43-per-hour raise for all hourly employees after the Sheriff's Office spends down its surplus revenues on the raise, which took effect in December. The raise amounts to about $5,000 per year per employee at a total cost of $3.3 million.
- The existing tax does not expire until 2025, providing time for the Sheriff to fully develop future jail staffing and compensation plans, and for the Sheriff and City to work toward an agreement on the jail's needs and an appropriate funding level as BGR recommends in its 2022 report, *Keys to the Jail*.

SHERIFF'S OFFICE SPENDING PLAN FOR ADDITIONAL TAX REVENUE ($ in millions)

Purpose	Amount
1.25% annual raises for all employees	$1.7
$3,000 longevity bonus every three years	$0.7
$2 per-hour hazardous duty pay for jail workers	$1.9
100% employer-paid health insurance	$1.5
Employee training	$1.8
Other uses not yet determined, including possible capital improvements, cost-of-living raises or pay plan revisions	$4.1
TOTAL	$11.7

BGR Position

AGAINST. Resolving jail employee pay disparities, improving employee recruitment and retention, and bolstering jail technology and security are essential to the jail's performance and the Sheriff's goal of improving compliance with federal court mandates. While the Sheriff deserves credit for developing clear priorities, this tax proposal is not the best way to achieve them. First, the proposal is premature. The office has not fully mapped out a spending plan, and a critical guiding document – the future employee pay plan – remains under development. Second, the spending plan fails to account for major declared needs to fill vacant positions the office has deemed essential. Third, the proposal lacks meaningful public accountability, both from the Sheriff and its partner in the jail's future, the City of New Orleans. The Sheriff has limited financial accountability to the City Council, and it is difficult for voters to observe jail conditions and operations. The risk of the City cutting its appropriations to the jail if the tax passes is significant, and it could hinder progress on addressing core needs. Finally, the tax is out of step with best practices and other large counties that use county-provided general revenues to fund their jails and deliver accountability through budgetary checks and balances. For New Orleans, this means the City should remain committed through its General Fund to meet pressing jail needs.

If voters reject this proposition, the Sheriff will have two years left under the current tax to further define jail funding needs and seek a budget solution with the City. The responsibility for negotiating that solution falls on both the Sheriff and the City. BGR urges them to pursue its recommendations in *Keys to the Jail* that include developing a mutual agreement that commits them to a joint strategic planning and budget process for the jail, with accountability on both sides.