



# **ON** **THE BALLOT**

A Report from the Bureau  
of Governmental Research

*October 14, 2023 Election  
Orleans Parish*

***IN BRIEF***

***New Orleans School Facilities  
Tax Renewal***

***Reorganizing Code Enforcement  
in New Orleans***

***Extending the New Orleans  
City Council's Budget Review***





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**IN BRIEF**

## New Orleans School Facilities Tax Renewal, October 14, 2023

### OVERVIEW

On October 14, New Orleans voters will decide whether to renew a property tax dedicated to the preservation, improvement and capital repair of public school facilities owned by the parish school district, NOLA Public Schools (the District). If renewed, the District's governing body, the Orleans Parish School Board, could continue levying the tax at the current rate of up to 4.97 mills for an additional 20 years. The renewal would take effect in 2025 and expire at the end of 2044.

In 2023, the school facilities tax is projected to generate \$23 million. A State of Louisiana law that establishes a School Facilities Preservation Program for public school buildings in New Orleans largely governs the tax's use. Adopted in 2014, the law directs the revenue, along with a portion of the School Board's 1.5%

sales tax, to school renovations, repairs or improvements. The District is responsible for administering the Preservation Program.

The District views the property tax as necessary to maintain the quality of its more than 75 school campuses, which it leases to charter school operators. Many of these facilities were built or renovated after Hurricane Katrina with nearly \$2 billion in federal recovery funds. The District does not charge charter operators rent, but it requires them to manage and fund routine building maintenance and minor repairs. Charter operators must also reimburse the District for property insurance costs.

### REPORT HIGHLIGHTS

To analyze the proposition, BGR considered three questions that address the efficient and effective use of public resources: (1) Has the District carefully planned how it will spend the tax revenue and provide financial stewardship and accountability for the public dollars? (2) Is the tax an acceptable way to fund the purposes 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 District has identified each school's capital needs in comprehensive plans that would guide expenditures of the tax revenue during the next decade. The plans specify when major building systems or components will need to be replaced through 2032 and estimate the costs of these projects. The District will work with schools' charter operators to develop updated capital plans for the remainder of the proposed renewal's 20-year term.

While that planning process will not begin for several more years, District officials and facilities experts anticipate a "capital bubble" of numerous major repair and replacement needs as core components of the many schools built or renovated post-Katrina begin reaching the end of their useful lives. It is difficult to



predict how future school enrollment trends and construction cost inflation will shape capital needs and, in turn, the need for the full 4.97-mill tax rate. But it is clear that, without a renewal of the property tax, available sales tax and other funding for school capital repairs and replacements would fall well below the nationally recommended level.

- The State law governing the Preservation Program, along with the District's own policies, provide several oversight mechanisms for use of program funds. While the District has generally implemented the program with care and transparency, BGR identified areas for potential improvements to public accountability.
- The renewal's proposed 20-year term is twice that of the existing tax. The longer duration would give the District the flexibility to pursue bond financing if necessary to keep capital plans on schedule.
- Neither the District nor charter schools have sufficient funding from other sources that could replace the tax without creating funding gaps for other priorities. In addition, other funding sources fall outside of the State law that governs the Preser-

vation Program and is central to achieving the program's purpose.

- The Preservation Program aligns with expert recommendations for making regular investments to maintain school quality and support students' well-being and academic growth. Program law works to fairly allocate funding for capital needs across all District-owned school campuses.
- The District's strong oversight of its facilities and consistent engagement with charter schools on Preservation Program implementation also helps ensure effective use of the tax dollars. The District developed a detailed manual for charter school operators that lease its buildings that clearly delineates the operators' responsibilities and provides a comprehensive guide to daily building upkeep and preventive maintenance. The District requires charter operators to adhere to the manual and verifies compliance through annual building inspections and reviews of schools' contracts for maintenance services. This proactive approach maximizes the lifespans of building components, allowing the District to save money on future capital expenditures.

## BGR POSITION

**FOR.** Renewing the tax is critical to sustain the quality of public school facilities, which is essential for students' health, safety and achievement. The tax provides more than half of the annual revenue for New Orleans' School Facilities Preservation Program. The program funds capital repairs, replacements and improvements that prevent schools from deteriorating prematurely and ensure that buildings continue to meet educational needs.

The School District will use detailed capital plans for each school campus to guide Preservation Program expenditures. Importantly, the State law establishing the Preservation Program allocates revenue to all District-owned school campuses and uses uniform criteria to determine each school's share. This helps ensure fair funding for capital needs and avoids politically motivated decision-making that could result in unnecessary expenditures on well-connected

schools. The program law and District policies also provide several oversight measures that support effective and transparent use of the tax dollars. All expenditures must follow the District's procurement rules, and – except for emergency repairs – be approved by both the School Board and the charter school's governing board.

While revenue from the tax is necessary to adequately maintain school facility quality, uncertainties about the future size of the District's facility footprint and growth in revenue and construction costs make it difficult to assess how well the tax's maximum 4.97-mill rate would align with capital needs during the 20-year renewal. This underscores the importance of the School Board's regular review and right-sizing of the rate if voters renew the tax. And to strengthen public accountability, the District should also improve its annual reporting on Preservation Program revenue and uses as BGR outlines in this report.

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**INBRIEF**

**Reorganizing Code Enforcement  
in New Orleans, October 14, 2023**

**OVERVIEW**

Blighted property, such as dilapidated buildings and unkept lots, is a serious problem in New Orleans. It can negatively affect residents' quality of life, neighborhood vitality, economic development and public safety.

Currently, the City of New Orleans (City) combats blight through a "division of code enforcement." While the division has its own staff and operations, it is not a stand-alone City department. As a result, it depends on several City departments and offices for administrative and personnel support. In addition, the City funds the division's work through multiple sources, including fines and fees it imposes for blight violations and federal grant

money. These and other factors have created significant operational, budgeting, accountability and transparency issues for the division.

To address these problems, the New Orleans City Council has proposed a charter amendment on the October 14 ballot to create a new, stand-alone "Department of Code Enforcement." The new department would replace the existing division and consolidate code enforcement functions in one place. The City administration also supports the proposed changes. If approved, the amendment would take effect January 1, 2024.

**REPORT HIGHLIGHTS**

- The current approach to code enforcement diminishes the division's autonomy, limits the decision-making authority of code enforcement leadership, adds layers of bureaucracy and blurs the lines of accountability. These issues have contributed to a backlog of demolition work and delayed the resolution of blight complaints for roughly 4,000 properties.
- The City's budget does not clearly report the division's funding sources and spending. Instead, this information is included in the budgets of other City departments and offices. Further, the City budget lacks critical information needed to understand the division's federal grant funding.
- The City's collection of fines and fees imposed for blight violations worsens transparency. Both the division of code enforcement and the City's Finance Department collect payments for fines and fees. However, when property owners make payments to the Finance Department, code enforcement officials lack clarity on the amounts of those collections and how they are later spent in City government.
- The proposed amendment would replace the existing division with a new department, led by a single director. This would consolidate the charter's code enforcement functions in one place, clarify the chain of



command and provide the new department with more independence. It would also improve budget transparency, enabling City government and citizens to track funding and spending for code enforcement through a single, stand-alone department.

- The proposed amendment, however, would not address all fiscal concerns at the outset, including the unclear process used to collect fines and fees for blight violations. Nor does it guarantee that the new department will have sufficient funding to perform its duties. That would remain up to the City Council when it adopts the City's annual operating budget and the Mayor's Office of Community Development when it determines how to allocate federal grant funding.

- A voter-approved charter amendment is the clearest way to provide City government with a stronger administrative and operational framework for code enforcement. While the mayor has significant latitude in organizing City departments and their functions, the charter does not specify whether the mayor can create a new department.
- From the public's perspective, the proposed amendment could streamline code enforcement operations, strengthen accountability, improve transparency and, ultimately, deliver better results for residents and neighborhoods.

## BGR POSITION

**FOR.** Blight is a significant concern in many New Orleans neighborhoods. However, the City is poorly positioned to tackle the problem. The existing division of code enforcement lacks the independence of a stand-alone department and suffers from a confusing, opaque budget process. The proposed amendment would replace the division with a new, stand-alone Department of Code Enforcement defined in the City charter. The new department would consolidate current blight-related functions under a single department and director, providing greater decision-making autonomy, accountability, budget clarity and transparency. It would also set the stage for better long-term strategic planning and re-

sponsiveness, ultimately placing the City in a stronger position to combat blight.

However, if voters approve the proposition, the City administration and City Council must address several issues. They should (1) ensure the new department has sufficient and stable funding to perform its duties; (2) establish a comprehensive and transparent process to collect the department's fines and fees; and (3) explore alternative funding options to support the department and lessen its reliance on fines and fees, which can fluctuate and risk encouraging unfair enforcement practices.

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# ON THE BALLOT

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**IN BRIEF**

## Extending the New Orleans City Council's Budget Review, October 14, 2023

### OVERVIEW

On October 14, New Orleans voters will decide whether to amend the city charter to double the City Council's minimum time to review the mayor's proposed operating and capital budgets from one month to two months. If approved, these changes will take effect January 1, 2024. This means the longer period would not come into play until fall 2024 for the council's review of the 2025 budgets.

The City Council has found the current review period does not give it enough time to effectively evaluate the proposed bud-

gets. For 2023, the City's operating budget totals \$1.5 billion and funds more than 50 City and parish entities. Additionally, the 2023-27 capital plan totals \$420 million, with \$300 million slated for 2023.

The City Council proposed the charter amendment to improve its ability to analyze the mayor's budget proposals. The council also said that the longer window could enhance public engagement in the budget review process. The City administration supports the amendment.

### REPORT HIGHLIGHTS

- New Orleans' city charter gives the council a minimum of 30 days to review the proposed budgets, hold public hearings and negotiate any changes with the administration. BGR finds this is less time than in most similar-sized cities. Out of 24 peer cities with laws specifying minimum periods for council budget review, 18 (75%) gave their councils at least 14 days more than New Orleans and eight of these gave their councils at least 30 more days.
- The proposed amendment would require the mayor to submit the operating and capital budgets to the City Council by October 1, rather than the current November 1 deadline. The deadline for the council to approve the budgets would remain December 1. This would provide an additional 31 days for review, compared to the median of seven extra days that New Orleans' mayors have voluntarily provided during the past 20 years.
- The City Council's careful exercise of its tax and spending oversight depends, in part, on having adequate time to study and understand the mayor's budget proposals. The current 30-day period forces the council to juggle the budget review in a month with holidays, other council meetings, and its obligations to set tax rates for the City and certain other governmental entities. The extended time for budget review would allow the council to conduct a deeper analysis of appropriations, better understand each department's funding and thoroughly assess the long-term impacts of the budget. This could lead to better fiscal management and more responsible appropriation of City funds.



- Within the budget process, public engagement helps to define community priorities, strengthen relationships between the public and their elected officials, and build stronger support for the resulting decisions. The short timeline makes engagement difficult for citizens and news media. Hearings for the 2023 budget averaged about 5 hours a day over 12 days. Extra time for review could help improve public engagement and make hearings more accessible.
- However, more effective council review and public input would depend on how the council structures the extended review period. If voters approve the charter change, the amendment's sponsor has suggested that the council develop and test a new review process informally before adopting any new procedure.
- The administration would see no major impact from the proposed change. It would adapt its preparation schedule to meet the earlier submission deadline.

## BGR POSITION

**FOR.** The operating and capital budgets of the City of New Orleans shape its policy decisions and priorities. They also control revenue and spending. Therefore, the City Council should adopt the budgets after careful deliberation and with adequate public input. The proposed charter change would double the council's time to analyze the budget and its important appropriations. The additional month would give the administration more time to respond to the council's questions. This could strengthen accountability and transparency for both branches of City government. The longer period also could increase public and news media engagement to help ensure the budget

responds to the community's needs.

These benefits will depend on how the council uses the extra month. If voters approve the charter amendment, the council should take steps to improve its review process. It should allow additional days for its staff and the public to digest the budget before hearings begin. It should reduce the length of hearing days, creating a more focused, accessible meeting each day. And it should make a good faith effort with the City administration to introduce and publicize any amendments to the proposed budget well in advance of final adoption.

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