



Office of the Sheriff
Parish of Orleans ~ State of Louisiana

Marlin N. Gusman
Sheriff

July 29, 2010

Honorable Mitchell J. Landrieu, Mayor
New Orleans City Hall
1300 Perdido Street
New Orleans, LA 70112

Re: Orleans Parish Sheriff's Office Faces Unprecedented Financial Shortfall

Dear Mayor Landrieu:

The Orleans Parish Sheriff's Office (OPSO) is facing an unprecedented financial shortfall in fiscal year 2010-2011. As previously documented, our expenditures have exceeded our revenues since Hurricane Katrina, causing us to operate consistently at a deficit. In order to make expenditures including payroll, inmate food, maintenance, and other basic necessities, after depleting our reserves, OPSO has been forced to borrow funds. This loan will be due in 2011, adding to our financial burden.

The reasons for the deficit include:

- One of the lowest inmate per diems in the nation (\$22.39)
- Increased cost of goods, including food, materials, and services
- Outdated, inefficient, scattered site facilities which require heavy manpower and maintenance resources
- Destruction of facilities by Hurricane Katrina/rebuilding process

Prior to the destruction of all OPSO facilities by Hurricane Katrina, OPSO was operating at a minor deficit, spending more per inmate than we were receiving in per diem fees. With the number of inmates being held in 2010 at less than half of the number held in 2005,¹ but with this lesser number of inmates being held in the older, less energy efficient and labor intensive, high-maintenance facilities, OPSO is forced to maintain spending per inmate at near pre-Katrina levels while realizing less income.

Added to these financial burdens is the rising cost of food, medicine, services, and materials, all of which are daily necessities. Since 2005, the Southern Consumer Price Index shows a rise from

¹ A maximum of 3,500 inmate beds in 2010 vs. a maximum of 7,200 in 2010.

187.8 in June 2005 to 211.23 in June 2010, a reflection of the rising costs throughout the nation.² Inflation rates, too, reflect the reduced buying power of the dollar, with an 11.7% loss in 2010 compared to the buying power of a 2005 dollar.³ One of the areas in which rising costs can be clearly seen is in food costs. In 2005, OPSO purchased a year's worth of apricot halves for \$201,725, while in 2010, a year's worth of apricot halves cost \$213,022—a difference of \$11,297⁴. Similar price rises occurred in dairy products, meat, cheese, and even seasonings such as garlic powder.

OPSO hoped to replace less efficient facilities (House of Detention, Orleans Parish Prison, Templeman V. Conchetta, South White Street, Temporary Jail Facility, Food Services) very quickly, and has been working with FEMA to construct all new facilities to American Correctional Association standards. However, although a temporary municipal inmate jail, a temporary booking facility and temporary kitchen have been constructed, permanent new jail facilities have not yet been constructed and are several years in the future.⁵ In the meantime, OPSO must run seven facilities which are spread throughout an eight block area, and must transport inmates daily to medical and court services outside of the secure area.

In order to survive while new facilities are being constructed, OPSO borrowed money for operating expenses, including payroll, accounts payable, and service costs. A \$6M operating expenses loan, from which over \$4M has already been drawn down, will be due in June 2011. A Gulf Opportunity (GO) Zone loan, from which OPSO has drawn over \$2.2M, will also begin principal payment on funds in January 2012 at 4.64%. Currently, as we continue to exceed our income monthly, OPSO will be unable to meet these obligations. Furthermore, when these loans are wholly expended, OPSO will be unable to make payroll and vendor expenses, which will effectively halt all jail operations.

At base, our financial troubles stem from a long standing, systematic under-funding of OPSO. The inmate per diem of \$22.39 paid by the City of New Orleans is woefully inadequate to meet basic security, food, medical, and other costs, much less to provide preventative programming for inmates. Our local per diem is one of the smallest in the nation; for comparison purposes, in 2000, the average per diem rate for facilities larger than 2000 inmates was \$68.58 per day⁶, while local jail facilities of comparable size currently charge much higher rates, for example, \$74.04 per day (Hillsborough County, FL⁷) and \$58.91 in Davidson County, Tennessee⁸.

This low rate of reimbursement has severely limited the range of services that can be offered, as well as the low compensation of deputy salaries, maintenance of the facilities, and other day to day operations. Currently, any programs, such as drug treatment, re-entry, education, and other services which might rehabilitate inmates are limited in enrollment and are dependant upon short-

² Source: Bureau of Labor Statistics, "Consumer Price Index, Southern Urban, All Items".

³ Source: Bureau of Labor Statistics, "U.S. Inflation Calculator".

⁴ Source: OPSO internal records.

⁵ It should be noted that the planned new facilities do not increase the total number of inmate beds. The new facilities will replace existing inmate beds in older facilities with the same number of spaces, for a net gain of zero.

⁶ Corrections Yearbook, 2002, "Jail Per Diem Average".

⁷ Source: Hillsboroughcounty.org. Facility is 3,613 inmates per Bureau of Justice Statistics, Jail Inmates at MidYear 2009 Statistical Tables.

⁸ Source: "Beyond Capacity: Issues and Challenges Facing County Jails", Tennessee Advisory Commission on Intergovernmental Relations, March 2007. Facility is 3,450 inmates per Bureau of Justice Statistics, Jail Inmates at MidYear 2009 Statistical Tables.

term grant funds or one-term contracts. Employee retention, too, becomes a "hidden expense", with hourly pay of \$9.69 per hour, 12 hour shifts, and stressful, potentially dangerous working conditions routinely cause large employee turnover. Building maintenance, an ongoing struggle due to older facilities, high traffic volume, and inmate vandalism, also suffers from a lack of resources to truly renovate and modernize facilities. Some facilities still lack air conditioning and heating (HOD), while others have climate control that is aged and inadequate (OPP, Conchetta, South White Street, Templeman V), causing massive and frequent repair costs.

OPSO is also responsible for court security, which frequently requires overtime when courts run into the evening, overnight jury sequestration, and other expensive security needs. Although an annual payment for court security is included in the consent decree, the actual costs of court security consistently exceed the amount. Similarly, although a medical costs payment is allocated via the consent decree, actual annual medical costs are higher than the allowed amount. As with court costs, the cost of medical care is not under OPSO control; OPSO is legally bound to treat all persons in custody, of whom a higher percentage have expensive, chronic health problems such as HIV and kidney failure. Both court and medical stipends were set in 2003 and have not kept up with rising costs.

In short, in the very near future, OPSO may not be able to make our financial obligations. Our options are limited and bleak, and include bankruptcy and ceased operations. Without OPSO, city wide security falters—for example, OPSO holds over a thousand maximum security inmates in our facilities, whose continued secure holding is vital to community safety.

Sincerely,



Marlin N. Gusman
Sheriff, Orleans Parish

- CC: Andrew D. Kopplin, Chief Administrative Officer, City of New Orleans
 Arnie Fielkow, President, New Orleans City Council
 Jacqueline Bretchtel Clarkson, Vice President, New Orleans City Council
 Susan G. Guidry, District A, New Orleans City Council
 Stacy Head, District B, New Orleans City Council
 Kristin Gisleson Palmer, District C, New Orleans City Council
 Cynthia Hedge-Morrell, District D, New Orleans City Council
 Jon D. Johnson, District E, New Orleans City Council

Criminal Court Costs			
Year:	Amount Compensated by City:	Actual Cost to OPSO:	Overage Paid by OPSO:
2007	\$2,442,978	\$3,942,665	\$1,499,687
2008	\$2,442,978	\$3,782,668	\$1,339,690
2009	\$2,442,978	\$3,375,720	\$932,742
2010 (projected)	\$2,442,978	\$2,901,215	\$458,237

*This amount does not reflect a one-time payment from the City of New Orleans to make up the deficit, as it was not expected to be a recurring payment.