

Public Safety Local Income Tax Estimated Cash Flow Analysis

Corrected* after Presentation to the Vigo County Council*
on
May 19, 2020

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* See note on slide 5

Public Safety Local Income Tax Estimated Cash Flow Analysis

There are four buckets in the Vigo County Public Safety Local Income Taxes approved by the County Council in 2018:

1. Special purpose tax (dedicated to jail construction): .25%
2. Correctional facilities tax (can be used for jail operations): .20%
3. Public safety tax (shared with City of Terre Haute): .20%
4. PSAP: .10%
5. Total increase: .75%

Analysis Questions:

1. Specifically: What is the impact on our budget of reductions to the local income taxes?
2. Generally: What is the financial picture for these taxes for the next few years?

Sources of Information / Drivers for the Analysis:

Crowe estimates for jail revenue and jail operating expenses (March 2019)

Actual expenses from budget and other documents

Ball State University study on anticipated impact of coronavirus on local income tax receipts

Garmong jail project report

Crowe/Highway webinars on tax impacts of coronavirus

Basic Annual Calculation for Each Tax Bucket

What is the financial picture of revenues vs. expenditures for each tax bucket, each year?

Format:

	Year			
	LIT -SP - .25%*	LIT Corr Fac - .20%	Pub Safety- .20% - CoShare	PSAP – .10% - freed up
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0
Surplus / (Deficit)	\$0	\$0	\$0	\$0
Accumulated Surplus/Deficit 2018 - 2023	\$0	\$0		\$0

Vigo County, Indiana
Public Safety Local Income Taxes
Annual Revenues, Expenses, and Accumulations (Estimated)

Year: 2018

	LIT – Spec Purpose - .25%	LIT Corr Fac - .20%	Pub Safety- .20% - CoShare	PSAP – .10% - freed up
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0
Surplus / (Deficit)	\$0	\$0	\$0	\$0
Accumulated Surplus/Deficit 2018	\$0	\$0	\$0	\$0

Vigo County, Indiana

Public Safety Local Income Taxes

Annual Revenues, Expenses, and Accumulations (Estimated)

Year: 2019

	LIT -SP - .25%*	LIT Corr Fac - .20%	Pub Safety- .20% - CoShare	PSAP – .10% - freed up
Revenue	\$5,213,642	\$4,170,914	\$2,107,985	\$2,085,457
Expenditures	\$5,104,055*	\$3,506,050	\$0	\$972,546
Surplus / (Deficit)	\$109,587	\$664,864	\$2,107,985	\$1,112,911

Accumulated
Surplus/Deficit
2018 – 2019

\$109,587	\$664,864	\$2,107,985	\$1,112,911
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* Note: In the original presentation on May 19 in the County Council meeting, this number was incorrectly reported as \$1,104,055.

Vigo County, Indiana
Public Safety Local Income Taxes
Annual Revenues, Expenses, and Accumulations (Estimated)

Year: 2020

	LIT -SP - .25%*	LIT Corr Fac - .20%	Pub Safety- .20% - CoShare	PSAP – .10% - freed up
Revenue	\$5,402,230	\$4,321,784	\$1,935,420	\$2,160,892
Expenditures	\$5,000,000	\$0	\$0	\$1,342,149
Surplus / (Deficit)	\$402,230	\$4,321,784	\$1,935,420	\$818,743

Accumulated
Surplus/Deficit
2018 - 2020

\$511,817	\$4,986,648	\$4,043,405	\$1,931,654
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Vigo County, Indiana
Public Safety Local Income Taxes
Annual Revenues, Expenses, and Accumulations (Estimated)

Year: 2021

	LIT -SP - .25%*	LIT Corr Fac - .20%*	Pub Safety- .20% - CoShare*	PSAP - .10% - freed up**
Revenue	\$4,755,751	\$3,734,601	\$1,693,311	\$1,904,886
Expenditures	\$5,000,000	\$0	\$0	\$1,409,256
Surplus / (Deficit)	(\$244,249)	\$3,734,601	\$1,693,311	\$495,630

**Accumulated
Surplus/Deficit
2018 - 2021**

\$267,568	\$8,721,249	\$5,736,716	\$2,427,284
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* Note 1: Revenues this year are calculated as: same as 2020, **but less the Ball State estimated Covid-19 tax reduction**

** Note 2: PSAP revenue was calculated using a 12% average deduction, estimated from the Ball State information

Vigo County, Indiana

Public Safety Local Income Taxes

Annual Revenues, Expenses, and Accumulations (Estimated)

Year: 2022

	LIT -SP - .25%*	LIT Corr Fac - .20%*	Pub Safety- .20% - CoShare*	PSAP - .10% - freed up*
Revenue	\$4,755,751	\$3,734,601	\$1,693,311	\$1,904,866
Expenditures	\$2,055,000**	\$1,588,422	\$0	\$1,479,719
Surplus / (Deficit)	\$2,700,751	\$2,146,159	\$1,693.311	\$425,167

Accumulated
Surplus/Deficit
2018 - 2022

\$2,968,319	\$10,867,408	\$7,430,027	\$2,852,451
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* Note 1: Used same revenue calculations as for 2021, which reflects the assumption of a slow recovery from Covid-19

** Note 2: \$4,110,000 of debt service for half a year, given presumed jail completion of June 2022 (Garmon reported target + 3 mos)

Vigo County, Indiana
Public Safety Local Income Taxes
Annual Revenues, Expenses, and Accumulations (Estimated)

Year: 2023

	LIT -SP - .25%*	LIT Corr Fac - .20%**	Pub Safety- .20% CoShare	PSAP - .10% - freed up
Revenue	\$5,402,230	\$4,321,784	\$1,935,420	\$2,160,892
Expenditures	\$4,110,000	\$3,406,758	\$0	\$1,553,705
Surplus / (Deficit)	\$1,292,230	\$915,026	\$1,935,420	\$607,187

Accumulated
Surplus/Deficit
2018 - 2023

\$4,260,549	\$11,782,433	\$9,365,447	\$3,459,637
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* Note 1: \$4,110,000 of debt service for full year

** Note 2: Crowe estimate of operating expenses, but increased for 4%/2% annual payroll increases plus 5% per-year other cost increases

What Does This Mean?

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This means that, by the end of 2023 – the first full year of operation for the new jail – if the County does nothing to plan for the use of surplus Public Safety LIT dollars, we will have over-taxed the people of Vigo County by:

\$28,868,067

What Does This Mean?

This means that, by the end of 2023 – the first full year of operation for the new jail – *if the County does **nothing** to **plan** for the use of **surplus** Public Safety LIT dollars,* we will have **over-taxed** the people of Vigo County by:

\$28,868,067

Summary

Accumulated Surpluses 2018 - 2023	Special Purpose (Construction)	Correctnl Facilities	Public Safety	PSAP (freed up)
	\$4,260,549	\$11,782,433	\$9,365,447	\$3,459,637

\$28 Million

**These Funds Are and Will Be Available to
Improve
Our Criminal Justice System
AND
The Lives of People in Vigo County**

Possible Planning Opportunity (ies)

PSAP - Estimated Surplus by 2023: \$3,459,637

1. Facilities Improvements . . . ?
2. Software Improvements / Upgrades . . . ?
3. Equipment Refresh / Upgrades . . . ?
4. GIS System Analyst(s) . . . ?
5. “Intercept 0”* Counselors . . . ?

* Sequential Intercept Model – intervention prior to law enforcement interaction

Possible Planning Opportunity (ies)

Special Purpose - Estimated Surplus by 2023: \$4,260,549

The Indiana Code says:

“To finance, construct, acquire, improve, renovate, remodel, or equip a criminal justice facility . . .”

“ . . . Related buildings . . . ”

“ . . . Any other reasonably related costs.”

1. Pay the bond off early . . . ?
2. Maintenance fund . . . ?
3. Furniture / fixtures refresh . . . ?
4. Homeless shelter . . . ?
5. Diversion center . . . ?

Possible Planning Opportunity (ies)

Correctional Facilities - Estimated Surplus by 2023: \$11,782,433

The Indiana Code says:

“The revenue shall be maintained in a separate dedicated county fund and used by the county only for paying for correctional facilities and rehabilitation facilities in the county.”

. . . And can be used for operations

1. Homeless shelter . . . ?
2. Diversion center . . . ?
3. Expand/support sober living facilities . . . ?

Possible Planning Opportunity (ies)

Public Safety - Estimated Surplus by 2023: \$9,365,447

The Indiana Code says:

“This section applies to the allocation of additional revenue from a tax under this chapter to **public safety purposes.**”

Proposal:

Carefully identify an amount of funding that we can use from this surplus to add services and programs to our criminal justice system that will:

- a) expand capacity within the system; and
- b) avoid continued runaway growth of our jail population; and
- c) help people in our community.

Possible Planning Opportunity (ies)

Proposal: Carefully identify an amount of funding that we can use from the surplus services and programs to our criminal justice system that will:

- a) expand capacity within the system; and
- b) avoid continued runaway growth; and
- c) help people in our community.

Ideas from Judges Mullican and Roach

- 1) a facility (perhaps set aside from existing space) for those who need medical or psychiatric treatment while in jail
- 2) social worker positions in public defender's office, to act as case managers
- 3) evaluate evidence-based interventions used in problem-solving courts, determine if they can be applied to other populations not served by those courts, and identify ways to do that
- 4) case workers to work with young people
- 5) permanent/expanded funding for existing problem-solving courts
- 6) staffing and space for a "one-stop shop" of substance-abuse and mental-health screening/assessment services that are directly available to those coming through the courts
- 7) working with THPD and others, identify services needed at each point in the Sequential Intercept Model to keep people from going to jail, or to prevent people from returning to jail

Possible Planning Opportunity (ies)

Proposal: Carefully identify an amount of funding that we can use from the surplus to add services and programs to our criminal justice system that will

- a) expand capacity within the system; and
- b) avoid continued runaway growth; and
- c) help people in our community.

Ideas from Judges Mullican and Roach

- 1) a facility (perhaps set aside from existing space) for those who need medical or psychiatric treatment while in jail
- 2) social worker positions in public defender's office, to act as case managers
- 3) evaluate evidence-based interventions used in problem-solving courts, determine if they can be applied to other populations not served by those courts and identify ways to do that
- 4) case workers to work with young people
- 5) permanent/expanded funding for existing problem-solving courts
- 6) staffing and space for a "one-stop shop" of substance abuse and mental-health screening/assessment services that are freely available to those coming through the courts
- 7) working with THPL and others to identify services needed at each point in the Sequential Intercept Model to keep people from going to jail, or to prevent people from returning to jail

Summary

Accumulated Surpluses 2018 - 2023	Special Purpose (Construction)	Correctnl Facilities	Public Safety	PSAP (freed up)
	\$4,260,549	\$11,782,433	\$9,365,447	\$3,459,637

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The County Council must call for a planning effort to begin now!