



## Marin Finance 101

*The wisdom of man never yet contrived a system of taxation that would operate with perfect equality.  
President Andrew Jackson*

### Where does Marin County get its budget funding?

For [fiscal year 2008/2009](#), Marin received its funding from a variety of sources, all variable:

**Taxes:** Property taxes, sales and use taxes and special assessments. A little more than 38% of the County's revenue comes from this variable source. The current recession has resulted in a reduction of property tax revenue to the County due to foreclosure activity, job losses and demands placed on the County from the state. Approximately 17 cents on the dollar of property tax you pay comes to the County (the majority is for schools governed by the State).

**Government Aid:** Also called 'Interdepartmental Aid' when (a) the Federal Government returns part of tax receipts to state and local government and (b) the State government returns part of tax receipts from the Federal Government to local governments. This revenue source includes mandated services such as welfare, food stamps, health and medical care. In total, Marin County receives about 36% of its revenue from this source.

**Service Charges:** Fees for park facilities, election services, jail booking, estate, and ambulance service fees...and others totaling 11% of revenue.

**Fund Balance:** Carryover savings from prior year's budget...6%.

**Other Revenue:** Miscellaneous sources including grants, bankcard fees, consumer protection penalties and reimbursements...4%.

**License and Permits:** Business licenses, franchise fees, permit and other fees...2%.

**Fines and Fees:** Vehicle code and Court fines and penalties assessed by County departments...2%.

**Interest and Rent:** Earnings on bank deposits, rental fees and depreciation...2%.

## How does the County spend our tax dollars?

Marin officials wrestle with balancing the needs of the county with ever-changing sources of revenue. Spending is allocated in the following manner:

**Health and Human Services:** H&HS is a broad category that includes: Aging; Alcohol, Drug and Tobacco; Community Mental Health; Public Health and Social Services. The County administers a range of federal, state and local programs...34% of the budget pays for these services.

**Public Safety:** Demanding more and more support, Public Safety includes Child Support, Coroner, District Attorney, Fire, Probation, Public Defender and Sheriff Services....26%.

**Administration and Finance:** Coordinating this complex array of direct services, grant writing and staffing over 60 commissions, local government includes the following governance, information gathering and oversight functions: Board of Supervisors, County Administrator, Assessor, Auditor, County Counsel, Human Resources, Information Technology, Retirement and Tax Collector...16%.

**Community Development and Public Works:** Land-use planning, maintenance of County infrastructure such as roads, bridges and bikeways, and the promotion of sustainable practices for handling waste, energy, green building and renewable resources ...12%.

**Community Services:** Direct quality of life services to the community: parks and open space facilities, agricultural assistance, Marin Center and Fair and cultural services, and libraries ...6%.

**Non-departmental:** Countywide projects and other non-departmental services...6%.

### *Current Budget timeline:*

In mid April of this year, Marin County [projected](#) an \$8 million shortfall for FY 09-10, beginning July 1. The Board of Supervisors (BOS) took action and approved \$5 million in reductions through the elimination of vacant positions and specific contracts and by forgoing cost-of-living increases.

These reductions were expected to go a long way in balancing next year's budget. However, in early May, the State of California [recognized](#) an additional \$8 billion shortfall and requested \$7 - \$8 million from Marin's property taxes rolls.

Prior to the May special election which the voters rejected, Assemblyman Huffman stated "...the economy has continued to decline and April tax revenues (state level) came in substantially lower than projected. The Department of Finance now estimates that we face a budget imbalance of \$15 - \$21 billion between now and June 2010." Huffman predicted, "Another round of painful cuts and tough choices is inevitable and will probably happen next month."

Drastic cuts will continue to be made at the State level and Marin County is expected to feel these cuts in areas of health care, education and social services.

As currently proposed by the Governor, the County would lose approximately \$20 million in State funding next year, including \$10 million in ongoing reductions for safety net services and road improvements. Another \$ 8-10 million would be taken as one-time reduction next year, primarily from borrowing property tax revenues to balance the State's budget with repayment required within 3 years.

In addition to the State budget impacts, the County also faces a potential estimated shortfall of \$21 million for Fiscal Year 2010-11, if forced to mark down the assets of the retirement system's market losses this year. Given the scope of future potential reductions, the County Administrator is working with departments to propose ideas to help the county tighten up operations while carrying out its most important tasks well. Departments are actively investigating ideas and have until July 17<sup>th</sup> to submit further cost-saving options for consideration.

The County of Marin released its **proposed** budget for FY 09-10 and you may see it in its entirety at <http://egovwebstg.marinpublic.com/depts/AD/main/bgt09/index.cfm>

### Questions:

**Why are local budgets in such dire straits?** A 'perfect storm' may be upon us. One, we are at the behest of the state and Federal government for intergovernmental aid (36%). When there are problems in balancing budgets at the state level of government, we feel the effects of their cutbacks when expected funding is curtailed from the state to local government. Two, local taxes (property, sales and use) vary from year to year. Any shift in the local economy (e.g. loss of jobs, business relocations, foreclosures) will directly impact the level of revenue from these taxes. Three, the downturn in state, national and global economies from this recession has placed extreme pressure on both national, state and local revenues and receipts, compounding the decline in funding necessary to maintain the level of services budgeted by the County. The winds of this storm have arrived

**Can the County government apply for and get TARP money from the Federal government like the banks and insurance companies?** For County relief, a bill ([H.R. 467](#)) by Congresswoman Jackie Speier, titled Equitable Treatment of State and Local Governments Act of 2009, is winding its way through Congress. Congresswoman Speier (D-Calif.) stated that the use of TARP funds to reimburse Lehman losses "is perhaps the fastest way to bring relief to communities (counties) across America, allowing them to pay their employees, maintain current levels of service and immediately put shovels in the ground on already approved projects." We await progress on the bill.

**How does this year's budget compare with previous years' budgets in both dollars and County salaried-employees?**

A simple chart may help explain the changes:

<b>Budget Year (FY)</b>	<b>02-03</b>	<b>03-04</b>	<b>04-05</b>	<b>05-06</b>	<b>06-07</b>	<b>07-08</b>	<b>08-09</b>	<b>09-10*</b>
<b>Budget (\$million)</b>	<b>\$334</b>	<b>336</b>	<b>354</b>	<b>390</b>	<b>400</b>	<b>429</b>	<b>435</b>	<b>435</b>
<b>County Employees</b>	<b>2,094</b>	<b>2,087</b>	<b>2,072</b>	<b>2,132</b>	<b>2,193</b>	<b>2,225</b>	<b>2,224</b>	

- **proposed**

From FY02-03 to FY '09-10, the budget increased 3.8% per year with a 6.2% increase in the number, overall, of employees to manage all functions of the County. Due to reducing positions now, however, the employee count is dropping again for FY '10 and FY '11.

**What other ways exist for the County to raise additional revenue?** Our State and Federal governments are discussing new forms of revenue enhancement; taxing the internet, cigarettes and offshore oil drilling (extraction fees). At the County level, aside from cutting expenditures which is always the county's first approach, officials can ask the voters for an increase in local assessments (e.g. SMART Train), fees and taxes (requiring 2/3rds vote or 50 % plus , under certain conditions, for approval). However, the local electorate has shown little interest in raising new taxes at the County level and, only on occasion, will voters pass a tax assessment at the city/town level.

**What is the county doing to assure roads funding?** The County of Marin is responsible for maintenance of over 1100 lane miles of county roads, 155 bridges, 3,900 drainage culverts, 126,000 feet of storm drains and 8,400 drainage structures. These roads and facilities are funded by revenues from gas tax and Proposition 42 funds (28% and 22% of our roads budget, respectively). The State has proposed to seize \$1.7 Billion in city and county gas funds for state highway debt service payments. Originally proposed as a permanent "borrowing," the State backed off to a two-year taking of funds.

Aside from being unconstitutional, this proposal will devastate our Road Maintenance Division to the tune of \$ 5 M per year in road maintenance funding. It would mean the elimination of large number of roads staff with consequent reduction in services: from regular maintenance and pot hole patching, to hazardous materials and storm response.

With our Public Works Director, I am working with our State legislators, Assemblymember Jared Huffman and Senator Mark Leno to find a backfill solution, as any other will be devastating. Our governor needs to hear from all of us that raiding local funding is unacceptable and unconstitutional.

**How will District 3 libraries (whether in the County library system or self-supporting city systems) be affected under the 09/10 County budget?** The budget is not finalized for the new fiscal year and all budgetary line items are open for further review. What we do know is that the city-supported libraries in [Mill Valley](#), [Sausalito](#), and [Belvedere-Tiburon](#) and the county-supported branch in [Marin City](#) are planning to be open in the new fiscal year.

At the start of the new fiscal year (July 1, 2009), there are 10 branches of the MCFL scheduled to be open. In District 3, the Marin City library (332-6157) is located at 164 Donahue St., Marin City. While there may be some minor cutbacks in magazine subscriptions and book allocations, these will be minimal. Library hours will remain the same. MCFL will continue its high level of service at all locations.

**What can I do to help out during this economic downturn?** The County will continue its mission to retain our safety net services in health and medical care, to secure our highly-prized educational institutions and schools and continue to serve a broad array of social needs. You can help by talking to your friends, family and colleagues about the many [volunteer programs](#) throughout the county. Nonprofits and county organizations are feeling the pinch and could use any and all assistance, including your volunteer time. Get involved where you can. Speak up! Our future is what we do now to support those most in need here in our County and in our District.

Keep yourself safe this summer and share what you can with your community.

*Keep in touch by calling or e-mailing us at [cmcglashan@co.marin.ca.us](mailto:cmcglashan@co.marin.ca.us) Stay tuned with us about the issues in this dispatch and about future topics.*