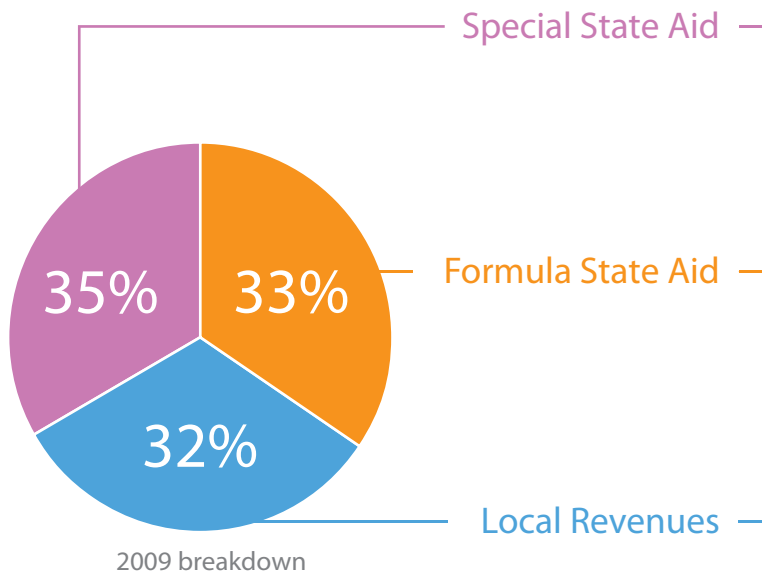


Where do Camden's municipal revenues come from?

revenue breakdowns for previous two fiscal years



	fy09	fy10 anticipated
special municipal purpose aid	\$51,700,000 (32%)	\$62,700,000 (39%)
special municipal aid additional funding	\$5,318,000 (3%)	\$4,300,000 (3%)
	\$56,318,000	\$67,000,000
consolidated municipal property tax relief aid (CMPTRA)	\$45,743,498 (28%)	\$42,120,850 (26%)
energy receipts tax	\$8,365,735 (5%)	\$11,979,653 (7%)
	\$54,100,682	\$54,100,503
current tax payments	\$20,488,595 (13%)	\$20,637,765 (13%)
delinquent tax payments	\$125,865 (0.1%)	\$383,881 (0.2%)
payments in lieu of taxes	\$12,233,757 (8%)	\$8,285,962 (5%)
host community benefits	\$2,859,595 (2%)	\$2,859,134 (2%)
TLFC corporation	\$3,557,016 (2%)	\$2,000,000 (1%)
other local revenues	\$12,785,200 (8%)	\$7,335,147 (5%)
	\$52,548,148	\$41,501,889
total revenue	\$163,177,261	\$162,602,392

There are three primary sources of City revenue:

“Special” State Aid is only available to about 12% of poorer municipalities - particularly the 8 or 9 most distressed urban centers - with their above-average concentration of public infrastructure to maintain and populations in need of higher levels of services. The amount of special State aid needed by the Camden City government has increased from \$14 million in fy2001 to \$59 million in fy2009 and up another 20% to a projected \$67 million in fy2010. Camden’s share has been the largest in the state since fy2004. Special state aid can be used as a rough proxy for the City’s structural budget deficit, as it represents the difference between recurring sources of revenue that can be expected annually and the operating costs associated with running the City, minus any cost cutting that the City is forced to perform.

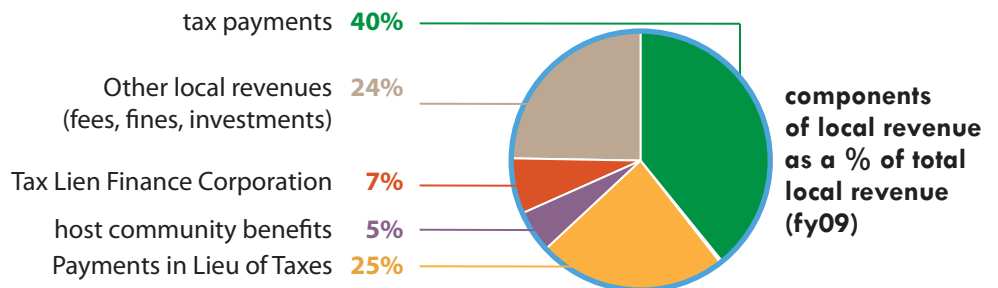
“Formula” State Aid is awarded annually to all municipalities based on fixed criteria. It is largely composed of several taxes and fees which, at various points in the state’s history, were collected directly by local governments, but which are now collected by the State and returned to local jurisdictions. Formula “aid” was created as an administrative efficiency for the entities that fund it and the jurisdictions that receive it. It also provides the State with a degree of fiscal leverage over local governments. Camden is the recipient of the 3rd largest amount of Formula aid in New Jersey after Newark and Jersey City, and just ahead of Trenton. Prior to fy2009, formula aid was a collection of several programs that distribute revenue collected by the State from local entities to municipalities in the state. With a few one-time or short-term exceptions, the funds are distributed to all 566 New Jersey municipalities. In all cases, the aid is distributed based on fixed criteria. Unlike “special” state aid, municipalities do not need to apply, negotiate, or demonstrate need. Starting in fy2009, all other formula programs of more than nominal size were terminated, leaving only the two largest: Consolidated Municipal Property Tax Relief Aid and the Energy Receipts tax.

Local revenue is the sum of all current and delinquent tax payments, Payments in Lieu of Taxes (PILOTs), host community benefits, Tax Lien Finance Corporation income, municipal fees and fines, and other investment income collected by the City. Municipal revenue tends to grow or shrink in proportion to a population’s wealth or a municipality’s density of residents or businesses.

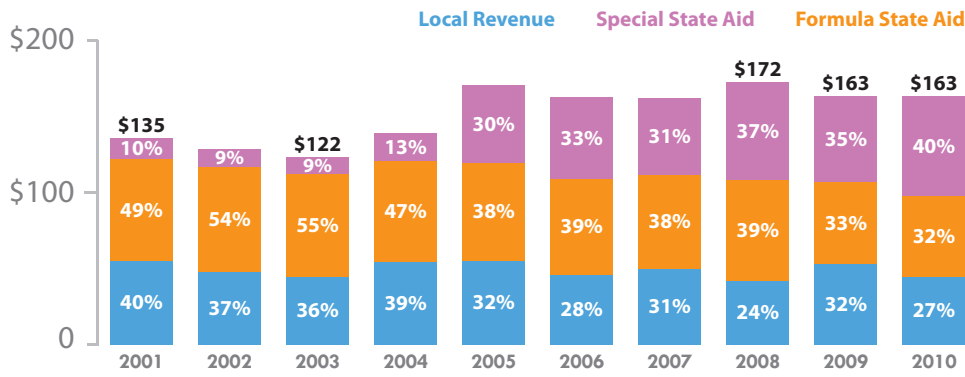


For more info, visit:
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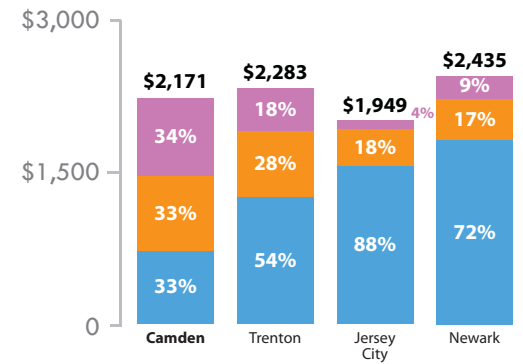
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revenue sources over time (adjusted to 2009 dollars)

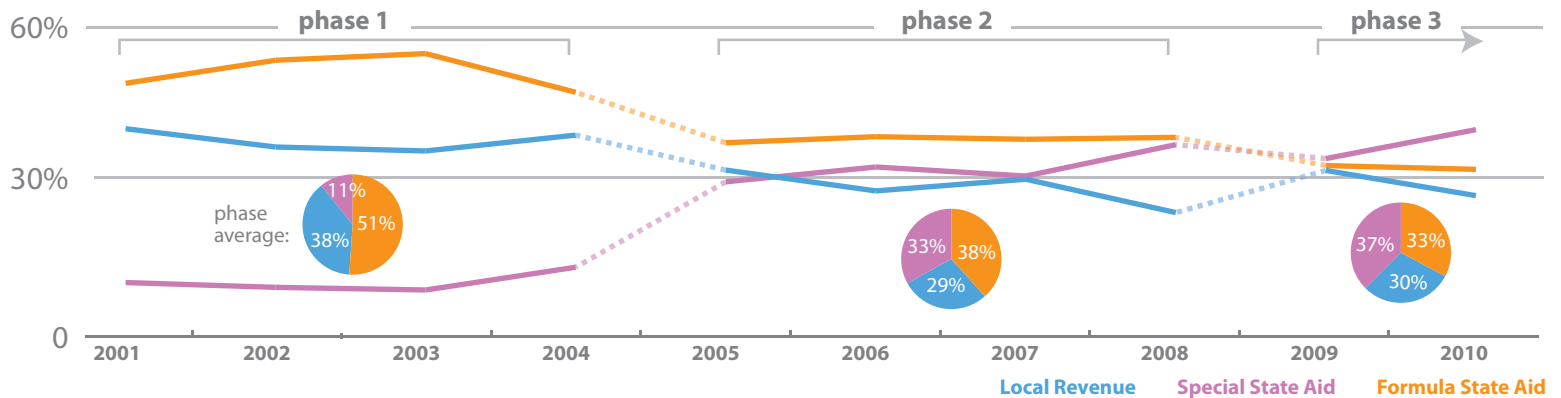


revenue for other NJ urban centers (per capita)



Why is Camden in such persistent need of revenue? Costs are not just rising; revenue is falling. Poverty in the City, in the context of weakness in the broader economy, has meant that local revenues continue to decline as the State copes with its own budget shortfalls. The history of these three revenue types falls into 3 phases.

Sources of revenue as a percentage of total revenue



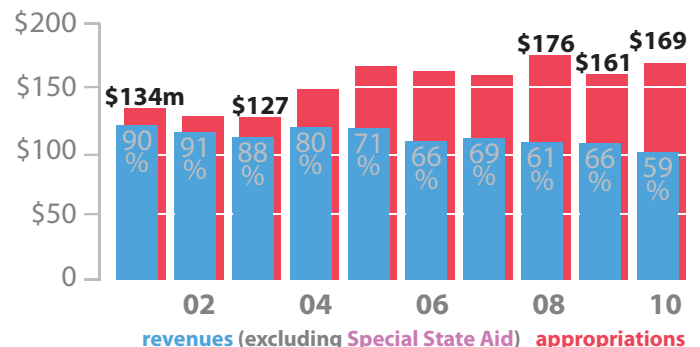
Phase 1: From 2001 to 2004, formula State aid funded about half of the City budget, and local revenue accounted for just under 40%. Special State aid accounted for just 11%.

Phase 2: In 2004 Special aid under the MRERA legislation kicked in. In 2005, this “Municipal Rehabilitation Aid” quadrupled to \$36 million, pushing total special State aid into parity with declining local revenue at roughly 1/3 each. CMPTRA, the largest portion of formula aid, has been decreased by State legislative action each year since fy2002, more than cancelling out CMPTRA’s annual inflation adjustment.

Phase 3: FY2008 was the final year of several formula aid programs (Supplemental Energy Receipts, Legislative Initiative Municipal Block Grants, and Municipal Homeland Assistance). FY2009 saw the reduction of other formula aid and the need for a \$10.5 million infusion of new Special Municipal Aid to close the growing gap, ushering in the current phase in which Special Aid is the dominant source of income. Formula aid is declining faster than inflation, and local revenue is definitively the smallest revenue source.

Camden's emerging structural deficit (adjusted to 2009 dollars)

Special State aid fills the structural deficit, the persistent gap between what the City spends and what it brings in from other revenues. Broadly speaking, the amount of special state aid can be used as a proxy for the City's structural budget deficit.



For more info, visit:

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