Image under license from Adobe Stock.com

San Bernardino County Fair Share

by Rutvij Thakkar '26

On August 20, 2024, the San Bernardino County Board of Supervisors accepted a report on the feasibility and fiscal impacts of possible secession from the state of California submitted by the Blue Sky Consulting Group. The Board had retained Blue Sky one year earlier in response to the passage of a measure on the 2022 ballot that asked: "Do the people of San Bernardino County want San Bernardino County elected representatives to study and advocate for all options to obtain the County's fair share of state funding, up to and including secession from the State of California?" The consulting firm's report shows that San Bernardino County residents pay less per capita personal income tax and sales tax than residents in other counties and receive more than the state average from many, but not all, state revenue sources.

The 2022 secession measure was first proposed by Jeff Burum, a prominent real estate developer, with the goal of fostering discussions about state and federal resource allocation. San Bernardino County officials, including Supervisors Kurt Hagman and Dawn Rowe, expressed frustration over perceived disparities in state resource allocation. They argued that, despite being the fifth most populous county and largest geographically, San Bernardino consistently received less funding per capita than many other counties across California. This dissatisfaction with the allocation of resources was a key motivator for exploring secession as a last resort.

Secession within the United States is legally complex and fraught with challenges. The last successful secession from a state occurred when West Virginia split from Virginia during the Civil War. According to the California State Library, there have been at least 220 attempts to break up California since it became a state in 1850. The first was in 1859 led by Assemblyman Andrés Pico. He introduced a bill in the California Assembly to split the state into two, with the five southernmost counties forming the Territory of Colorado. Governor John B. Weller signed the proposal, but the Civil War put an end to that effort.

There have been three attempts at secession in the last decade. In 2013, a venture capitalist named Tim Draper backed an initiative to amend the California Constitution to split California into six states. The effort gathered more than 1.3 million signatures, but failed to make the ballot when one-third of them were deemed invalid. Draper tried again in 2017 with a plan to split California into three parts, through an initiative statute. Proponents gathered more than 600,000 signatures (they needed 365,880), but the California Supreme Court removed the measure from the ballot on the grounds that the measure would significantly modify the framework of California governance. Finally, in 2018 a political action committee known as CalExit tried to place a secession measure on the ballot. The effort collapsed after it was attacked as being linked to foreign bots and the Russian government. See the Fall 2022 Inland Empire Outlook for a more complete discussion of the secession attempts in California.

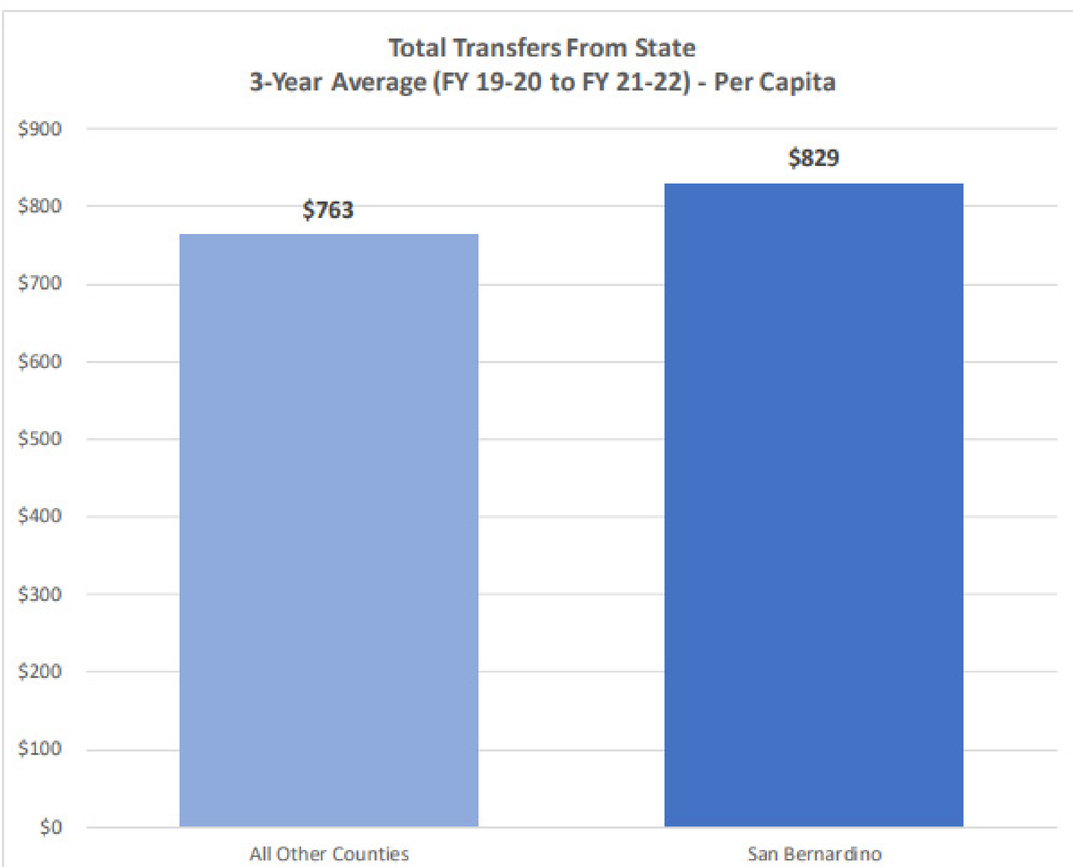
In the most recent case of San Bernardino County, the county's financial relationship with the state was a central issue driving the secession measure. San Bernardino County, the largest county by area in the contiguous United States, finds itself in a complex financial situation when it comes to state funding and resource allocation.

The "Fair Share" analysis by Blue Sky Consulting Group explains that three of the most important state transfers to local governments are from Realignment, the Mental Health Services Act (MHSA), and Proposition 172 (Prop 172). Realignment refers to state actions in 1991 and 2011 transferring program responsibilities and accompanying funding from the state to counties. Realignment funds are used primarily for health, mental health, and public safety. MHSA funds are distributed to counties for mental health services; they are raised from a 1% income tax surcharge on incomes greater than $1 million. Prop 172 is a $0.05 sales tax dedicated to public safety purposes.

The Blue Sky report shows that San Bernardino County receives more overall state funding per capita than the average California county. Over the past three fiscal years, the county received $829 in state funding per capita, compared to a statewide average of $763 for other California counties - a 9% advantage. These amounts include funding from all state sources, including Realignment, Prop 172, MHSA, and other state transfers to counties, but do not include funding for capital projects and federal projects. Also, the statewide average is a population-weighted average across the 57 counties in California excluding San Bernardino.

The county's position in realignment funding - a crucial source for health, mental health, and public safety programs - is generally positive. In fiscal year 2021-

California Transfers from State to Counties



Source: "San Bernardino County 'Fair Share' Analysis," Blue Sky Consulting Group, updated June 14, 2024.

State General Fund Per Capita Tax Contributions
San Bernardino vs. Other Counties

	San Bernardino	Other California	Tax Share of General Fund Revenue
Personal Income Tax	$ 1,066	$ 3,279	56%
Sales Tax	$ 990	$ 833	18%
Reported Total	$ 2,055	$ 4,114	74%

Source: Memorandum, Blue Sky Consulting Group, May 14, 2024.

2022, San Bernardino received more total realignment funding ($431 per person) than the statewide average ($406). The county ranked 33rd out of 58 counties in this category. Proposition 172 funding is another bright spot. San Bernardino ranks 19th out of 58 counties in Prop 172 funding over the last three available fiscal years, getting an average of $106 per capita compared to $99 for the statewide average.

Despite the overall positive funding picture, there are areas where San Bernardino falls short. Mental Health Services Act (MHSA) funding is one such area. The county received $64 per person in MHSA funding, slightly below the statewide average of $68, ranking 39th among California counties. Another category in which San Bernardino falls short is in the Homeless Housing, Assistance and Prevention (HHAP) program

Image under license from Adobe Stock.com allocations. While San Bernardino County accounts for 2.0% of the state's homeless population, it received only 1.1% of HHAP funds. This discrepancy is partly due to the program's structure, which allocates 42% of funds to cities with populations over 300,000 - a threshold that no city in San Bernardino County meets. San Bernardino County also ranks low in the number of affordable housing units funded by federal tax credits (awarded by the California Tax Credit Allocation Committee). The Fair Share report details other categories where San Bernardino County does well such as funding for roads and highways, as well those in which it is below the state average, such as capital funding for community colleges.

Advocates for the 2022 secession measure focused their attention on the perception that San Bernardino County wasn't getting its fair share, that is it was getting less than it should in state funding. Blue Sky addressed a different aspect of this argument in an analysis of how much the county contributes to state coffers. They found that on a per capita basis, San Bernardino County residents contribute less to California's General Fund in the form of personal income tax and sales tax than the statewide average. Combining personal income tax and sales tax, the county generated $2,055 per capita for California's General Fund, compared to $4,112 for the rest of the state's counties. This gap is largely due to California's progressive personal income tax, which derives nearly half of its annual revenue from people earning more than $1 million annually. Most of these taxpayers live in counties along California's coast.

The Blue Sky report concludes, "Secession would also result in financial disruptions for the County. Counties in California receive a significant amount of revenue from the state in the form of transfers and subventions to fund services including health, mental health, and criminal justice. In addition, school districts and community colleges in the County receive significant amounts of revenue from the State of California. Secession would deprive the County of its share of California's relatively large state budget, which is disproportionately funded by the state's wealthiest residents – most of whom live outside the County's borders."

Bibliography

Blue Sky Consulting Group. Memorandum. May 14, 2024. https://sanbernardino.legistar.com/View.ashx?M=F&ID=13241943&GUID=F086A4CE-9702-4AFE-981C-9DE6DFDBA1FE.

Blue Sky Consulting Group. "San Bernardino County 'Fair Share' Analysis." Updated June 14, 2024. https://sanbernardino.legistar.com/View.ashx?M=F&ID=13242003&GUID=F391EBFE-B07A-4859-A227-794126400A3C.

California State Library. "Breaking Up California: A History of Many Attempts." Accessed October 30, 2024. https://www.library.ca.gov/collections/online-exhibits/splitting-ca/.

San Bernardino County Registrar of Voters. "2022 General Election County Voter Information Guide." November 8, 2022. https://uploads.rov.sbcounty.gov/rov/Elections/2022/1108/VIG-CMBEN.pdf.

Van Wingerden, Pieter. "San Bernardino County Secession Measure." *Inland Empire Outlook*. Fall 2022. https://s10294.pcdn.co/wp-content/uploads/2022/12/IEO-Fall-2022_SB-Secession.pdf.

Yarbrough, Beau. "Secession from California unneeded, San Bernardino County gets 'fair share,' report finds." *San Bernardino Sun*. August 22, 2024. https://www.sbsun.com/2024/08/19/secession-from-california-unneeded-san-bernardino-county-gets-fair-share-report-finds/.