City Budget Crisis Simulation

Instructions: For this simulation, you and your group will be acting as the advisors to a fictional mayor dealing with a budget crisis. You need to read clearly all of the provided information and directions and complete each part of the simulation thoroughly. There are 4 parts to this project: Budget Recommendations and Rationale, Short Response Questions, and Propaganda Poster.

COMMITTEE MEMORANDOM

From: The Mayor

To: Finance Action Committee

You have been asked to join this committee to help solve a problem. Due to unforeseen economic downturn, San Leandro’s tax revenues will be $500,000 less than expected this year, the second year of the city’s two-year budget period. This means that we might have to cancel several projects or raise taxes. To complicate matters, I promised in the last election campaign to complete all of the scheduled spending projects without increasing taxes. My opponent, who only lost by a few votes, argued that city spending should be cut and that taxes should be reduced. Currently, many residents of San Leandro argue that no spending is necessary in these harsh economic times and call for local government stimulus packages in the form of tax refunds.

Your job is to review the budget items below and make recommendations on how the city of San Leandro should spend its tax revenue. Note that the total cost of the projects listed below is $1,000,000, but only $500,000 is available without raising taxes (which I cannot do- it’s an election year!). No additional funds can be obtained by cutting existing programs in the city’s budget.

Based on these limits, make whatever choice you think is best: Eliminate all the proposed projects and give tax refunds to the citizens of San Leandro; Complete all of the projects and raise taxes on the citizens of San Leandro; or come up with some combination of both. You may decide to fund part of a project, but not fund it entirely. For example you could hire one firefighter. You need to be specific about which projects are funded or cut and how much you will raise or refund taxes. Be sure to include which budget line items are being cut/funded and your rationale for cutting or funding.

**Before funding/cutting, read the extended project descriptions on page 3**

* Using the provided budget on the following page:
* Circle any items that you will keep on the budget and therefore fund. If you will fund the entire project, circle the total project cost. If you will only fund part of the project, circle the cost of that specific budget line.
* Draw a line through any projects that you intend to cut. Draw your line so that you can still see the original cost and other information.
* To the left of the table, rank each of the 6 projects in order of greatest need to the city (regardless of whether or not you will fund the project). #1 should be the most needed and #6 should be the least.
* Be sure to discuss the funding/cuts with your group and come to a group consensus. I should find the same circles and lines from each person in the group

2012-2013 San Leandro Expenditure Table: Summary Data

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| --- | --- | --- | --- | --- | --- | --- |
| **Project** |  | **Budget Line** |  | **Cost** |  | **Total Cost** |
| 1.) Firefighters |  |  |  |  |  | $150,000 |
| Station 1  Williams@Doolittle |  | **A147a** |  | $50,000 |  |  |
| Station 2  Washington@San Leandro Blvd. |  | **A147b** |  | $50,000 |  |  |
| Station 3  West Juana near SL Public Library |  | **A147c** |  | $50,000 |  |  |
| 2.) Davis St. Day Care Center |  | **B910a** |  | $100,000 |  | $100,000 |
| 3.) Street Light improvement/Traffic Cameras/Gun Shot Sensors |  |  |  |  |  | $200,000 |
| Bayfair Mall sub-area |  | **C113e** |  | $50,000 |  |  |
| Marina@Doolittle sub-area |  | **C113f** |  | $50,000 |  |  |
| E14th between Durant Square and City Hall |  | **C113g** |  | $50,000 |  |  |
| Bancroft Ave between Callan Ave and SLHS |  | **C113h** |  | $50,000 |  |  |
| 4.) Overpass Repair |  |  |  |  |  | $300,000 |
| Marina blvd. overpass@ 880 |  | **C119c** |  | $150,000 |  |  |
| Washington blvd. overpass@880/238 |  | **C119d** |  | $150,000 |  |  |
| 5.) Sewer system retrofitting |  |  |  |  |  | $150,000 |
| Sewage line Halcyon Ave between Hesperian and Washington |  | **C133a** |  | $75,000 |  |  |
| Sewage line Dutton Ave between E14th and MacArthur |  | **C133b** |  | $75,000 |  |  |
| 6.) Park upgrades including lights, grafitti clean-up, and new play structures |  |  |  |  |  | $100,000 |
| Marina Park and fitness track |  | **D004c** |  | $50,000 |  |  |
| Stenzel Park & Washington Manor Little League Field |  | **D004d** |  | $50,000 |  |  |
| **Total Project Cost for 2012-2013** |  |  |  |  |  | **$1,000,000** |

Project Descriptions

1.) Firefighter’s

**A147a** Firefighter at station #1; **A147b** Firefighter at station #2; **A147c** Firefighter at station #3

After opening station #3 last year to address how thinly spread San Leandro’s fire coverage was, each of the city’s fire stations is short one firefighter. This is causing major issues with scheduling and causing some firefighters to work back-to-back shifts on a rotational basis. This requires the city to pay overtime to these workers, and creates dangerous situations with personnel not being as rested as they could/should be. Each added firefighter would cost $50,000 in salary, benefits, and equipment. *Note: each station only covers a specific area of the city meaning that filling the need at one station will only benefit that station and service area.*

2.) Davis Street Day Care Center

**B910a** Day Care Center

The Davis Street Center has served San Leandro for years providing service to low-income families and at-risk families. The center acts as a shelter, provided counseling to battered women and children, provides substance abuse education, as well as providing low-income childcare for members of the San Leandro community. Last year a fire burned the Day Care facilities down. Once it was confirmed that an off-duty workers cigarette was the cause of the blaze, insurance refused to cover the damage. Although the center has been able to use other facilities to house the children, a space of their own is greatly needed as many of the other services such as substance abuse counseling has been suspended due to lack of space.

3.) Streetlight upgrade/Traffic Camera/Gunshot Alert sensors

**C113e** Bayfair Mall Sub-Station; **C113f** Marina blvd @Doolittle Sub-Station; **C113g** E14th corridor between Durant Square and City Hall; **C113h** Bancroft Corridor between BMS and SLHS

These four areas are major roadways for the city of San Leandro. In recent years there has been a spike in traffic related issues including pedestrians being struck and killed along with a rise in crime at night. In particular there has been a marked increase in gun related crime with over 60 shootings happening in the city last year alone (11 of which were homicides). This project will provide upgrades to the streetlights making them brighter and more energy efficient (solar powered). Additionally, traffic cameras will be installed to automatically issue tickets to vehicles running red lights providing additional revenues and freeing up police manpower to deal with more important issues. Finally a special noise recording sensor will be installed that can detect and triangulate whenever a firearm is fired and provide a signal to police dispatch allowing them to respond quicker.

4.) Over Pass Upgrade

**C119c** Marina Blvd. overpass@880; **C119d** Washington Ave. overpass@880/238

After inspection, the city engineer discovered that 8 bridges/overpasses were overdue for repair. The worst two were fixed last year, and two are scheduled for repair per year until all 8 have been retrofitted and repaired. Failure to complete this scheduled maintenance could require that the overpasses be closed for over a year. With a new hospital being built near the Marina blvd. overpass, traffic is expected to increase dramatically in the near future, creating a possible crisis situation should the overpass deteriorate any further.

5.) Sewage system upgrade

**C133a** Halcyon Ave between E14th and Washington Ave; **C133b** Dutton Ave between E14th and MacArthur Blvd.

After years of population expansion, the cities sewer lines have been in need of retrofitting. After a mandatory federal seismic assessment of the area due to our proximity to the Hayward fault, it was discovered that these two main convergences were two small to handle the city’s waste. Additionally both lines represent major hazards to public health should a relatively small earthquake on the Hayward fault cause either to rupture. Both lines represent the main sewage path that waste from across the city travels towards the treatment plant near the Oakland Airport. Some residents have been complaining for years about the smell after a heavy rain and demanded that I fix this during campaign fundraising.

6.) Park upgrades including lights, graffiti removal and new play structures.

**D004c** Marina Park including the fitness track; **D004d** Stenzel Park including the Washington Manor baseball field

Both of these parks are major sources of contention for the citizens of San Leandro. For years both parks have fallen into neglect with Gang Activity occurring, Teenagers using the parks to drink alcohol or use drugs, and the aged play equipment falling into disrepair. Following the gang clash between the Nortenos and the Border Brothers at Marina park, a young boy was shot by accident while watching his father play soccer. Another teenager was paralyzed after being struck by a car late at night crossing the street near Stenzel. The driver said he was unable to see the teen. This project would pay for graffiti removal and installation of lights throughout both parks along with new play structures for children. My opponent called for these parks to be closed, which met with heavy criticism from the community and is the reason why I called for these parks to be added to the budget.

Directions: List all of the items from the budget that you chose to fund in the chart below. Be sure to include the name and location, the budget number and the cost. On the following page- explain your reasons for choosing to spend/cut the way you did. Be sure to mention the trade-offs that the city could have faced had you not funded that project. **For example, If you had not funded Fire station #2, your trade-off might be that the people served by that district would have had longer response times resulting in greater property damage or a fire fighter from that station might have died due to a mental lapse resulting from working back-to-back shifts, etc.**

San Leandro Finance Action Committee Report

To: The Mayor

Re: Recommendations for funding/cutting of 2012-2013 Project Budget

From: Finance Action Committee members

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We have carefully examined the budget provided to us. We recognize that there are insufficient capital resources currently to fund all of the projects in the 2012-2013 budget. We have considered the trade-off’s between raising or lowering/refunding tax money, the trade-offs between funding different projects and the impact that this could have on the city, and the impact that these choices could have on your re-election campaign.

Below is the list of the budget items we have chosen to fund:

**Project/Location Budget Item Total Cost**

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Rationale: For each item we have chosen to fund, we have explained our rationale. If we only chose to fund a portion of a project, we have explained our reasons for doing so. We have identified the potential **trade-off’s** that may occur if we did not fund the project i.e.: **more crime, no childcare, longer fire response time, etc.**

Project funded/Location/Budget Item#:

Rationale for funding:

Project funded/Location/Budget Item#:

Rationale for funding:

Project funded/Location/Budget Item#:

Rationale for funding:

Project funded/Location/Budget Item#:

Rationale for funding:

Project funded/Location/Budget Item#:

Rationale for funding:

Project funded/Location/Budget Item#:

Rationale for funding:

Project funded/Location/Budget Item#:

Rationale for funding:

Project Reflection Questions:

1. Based on your groups discussion, which project had the greatest priority to you? Why? Which of the 6/7 Major U.S. social and economic goals are you promoting by funding this project.
2. Did your spending go over the funds you had available ($500,000)? If so, how do you think voters will respond to the required tax increases? If not, explain your rationale for not raising taxes.
3. Did you cut any spending projects? If so, explain your rationale for doing so for each project that got cut. What are the trade-offs that San Leandro may experience since these projects will go un-funded?
4. If you raised taxes (if you didn’t raise taxes *pretend you did*), what is the potential opportunity cost that the citizens of San Leandro will face? In other words, what will the citizens of San Leandro have to give up since they are being forced to pay higher taxes?
5. Pretend that the members of your group were the leaders of a Command Economy- What projects might you get rid of as unnecessary? Explain your rationale. Remember that in a Command Economy, the government controls all of the resources and provides services that benefit the ENTIRE society. If there are not enough resources to provide a *service that benefits the entire society*, they will definitely not provide a service or product that *only benefits a small group of the society.*
6. Look at the projects that got cut… If the funds suddenly became available, which of the projects that were cut would you now complete? Why? (If you funded all of the projects, use the project that you ranked as least important) Identify, the citizens of San Leandro that would benefit most from this newly funded project.

Propaganda Poster

Instructions: The scenario you completed occurs all the time across the United States. Many times communities will recognize that there are some projects that absolutely must be funded for public safety even if the budget does not have enough money to allow it. Often this will result in the community leaders rallying for a tax increase **but only to fund that specific project**. Communities will create specific campaigns to rally the citizens into voting to approve a tax increase in order to save a publically necessary project.

Using the project you selected from question 6, you will be creating a propaganda poster. This poster will serve as a means for raising public awareness and support for your project. Your propaganda poster should include the following components

* **A slogan or statement about the project you are trying to raise funds for**
* **Illustrations that communicate the goal of your poster to a potential voter**
* **A brief description about the project you are trying to raise funds for- remember voters can be easily swayed so try to focus heavily on the benefits of the project (and try to avoid mentioning the cost)**

This poster should be done in color and should receive equal contributions from ALL group members. Please see the Rubric below for how this component of the project will be scored.

Group member names (last name, first name; in ABC order)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Category | One  Below Basic | Two  Basic | Three  Average | Four  Exceptional | Five  Outstanding |
| Illustrations | Suggests lack of effort. Drawings are of poor quality, not using color, or are hard to understand the meaning/relevance |  |  |  | Drawings show deep effort by all group members, and enhance the overall poster by supporting the slogan and/or description of the project. |
| Slogan | Slogan is not present, or is unremarkable and forgettable |  |  |  | The Slogan is catchy, and provides a clear idea of what votes are expected to do and why? |
| Description of project being funded | Does not clearly describe the project, contains false information, or is missing altogether |  |  |  | Identifies the important information in a way that “sells” the project and clearly identifies what taxpayer money is going towarsa |
| Group Participation | Many group members were observed being off task/ not actively participating | Some group members were observed being off task or one group member was off task excessively | Average- one or two group members were not as “on-task” or actively participating as they could have been | No members were off task and most were actively participating | All group members were actively engaged in the process during the entire time, focused and looking for ways that they could contribute. |