



CITY OF SAN JOSE

BALANCING ACT ANALYSIS

FISCAL YEAR 2021



INTRODUCTION

The Balancing Act exercise provides San Jose residents an additional opportunity to provide City officials with feedback during the budget process through a virtual platform. The tool allows residents to voice their budget priorities while also exploring City services and their impact on the community.

Efforts to encourage participation in the Balancing Act exercise included general social media outreach via Facebook, Twitter, and Nextdoor as well as targeted outreach through City Council offices, community-based organizations, and City commissions. In 2021, the exercise was open from early February 2021 through the end of May 2021 and resulted in engagement from over 2,000 residents and 268 exercise submissions. The tool was available in English, Spanish, and Vietnamese.

IMPORTANT DISCLAIMER: This exercise was a simulation that uses inaccurate and incomplete budgetary data and should not be relied upon as a source of budget information. While the simulation does enable the City to better understand the public's relative preferences regarding city spending and it provides a very unrepresentative picture of how public dollars are actually spent.

For example, the website's description and pie chart describe that only \$3.6 million is spent to address homelessness from the General Fund, yet many tens of millions are spent each year through each of several different programs, including the Homeless Housing Assistance, and Prevention (HHAP) program, Measure E revenues, and the City's affordable housing construction funds. For the FY'22-'23 budget, the dollar figures will be revised to reflect actual City expenditures more accurately, to ensure that this effort both elicits feedback from and informs our public.

RESULTS IN BRIEF

Submissions to the Balancing Act were analyzed to gain insight into how residents prioritized spending categories and balanced the budget through this exercise. The deficit amount used for the Balancing Act exercise was \$25 million although the actual deficit amount for the City in 2021-2022 was \$38 million. Given that the exercise does not include all General Fund costs, the entire deficit amount was not included in this exercise.

Due to the magnitude of the deficit, and the select number of General Fund services offered as part of the exercise, the easiest approach to address the deficit was through cutting public safety programs. Many submissions took this approach; however, a few other large spending categories such as the library and parking enforcement also experienced some of the largest cuts in total dollar amounts.

Conversely, homelessness spending categories received some of the largest spending increases despite making up relatively small portions of the General Fund budget. This demonstrated a strong interest from residents in prioritizing spending to assist in combating homelessness.

In the revenue categories section, residents showed a preference for exploring new revenue streams as well as utilizing the Budget Stabilization Reserve during the exercise in order to balance the budget.

BALANCING ACT BUDGET CHANGES ANALYSIS

The following results are the top five spending and revenue categories that were cut or increased by residents that completed the Balancing Act exercise. The numbers next to each category indicates the amount that each program was cut on average and the percent of the category that was cut on average.

TOP AVERAGE SPENDING CATEGORIES CUT:

CATEGORIES	AVG TOTAL CUT	AVG PERCENT CUT
1. Police Patrol:	-\$16,115,721	-7.6%
2. Investigations and Special Operations:	-\$1,927,260	-3.3%
3. Fire and Emergency Medical Services:	-\$1,590,300	-0.8%
4. Library Hours and Borrower Services:	-\$1,129,640	-4.9%
5. Parking Enforcement (On-Street Parking):	-\$690,337	-5.9%

These programs received the largest cuts from residents that submitted the Balancing Act. Given that these programs have large budgets relative to the rest of the General Fund, it seems that residents found that cuts to some of the largest programs were necessary to balance the budget during the exercise.

TOP AVERAGE SPENDING CATEGORIES INCREASED:

CATEGORIES	AVG TOTAL INCREASED	AVG PERCENT INCREASED
1. Homeless Rapid Response Programs*:	\$ 379,712	10.6%
2. Traffic Streetlight Maintenance:	\$61,637	0.9%
3. Crime Prevention:	\$61,019	3.2%
4. Creek & Watershed Maintenance:	\$59,685	14.5%
5. Removing and Preventing Illegal Dumping	\$ 40,566	3.1%

These programs received the largest funding increases from residents. These funding increases indicate a desire to see funding allocated toward homeless rapid response programs and some public interest in traffic streetlight maintenance, crime prevention, creek and watershed maintenance, and stopping illegal dumping.

TOP AVERAGE REVENUE CATEGORIES CUT:

CATEGORIES	AVG TOTAL CUT	AVG PERCENT CUT
1. Property Tax:	-\$870,951	-0.2%
2. Sales Tax :	-\$117,630	-0.05%
3. Utility and Telephone Line Taxes:	-\$82,097	-0.07%
4. Real Property Transfer Tax:	-\$45,895	-0.15%
5. Licenses and Permits:	-\$20,919	-0.1%

The General Fund Total Revenue categories did not include Transfers, Loans, and Contributions. These categories represent the largest revenue streams cut on average by residents during the Balancing Act exercise. Changes to revenue may require additional City or public action, such as voter approval or contract negotiation.

* Homeless rapid response programs specifically provide quick short-term solutions for homeless residents. These programs are a small part of the much larger initiatives that address issues of housing and homelessness in other parts of the City budget."

TOP AVERAGE REVUNUE CATEGORIES INCREASED:

CATEGORIES	AVG TOTAL INCREASED	AVG PERCENT INCREASED
1. New Bond Measure:	\$1,645,522	N/A
2. Budget Stabilization Reserve:	\$1,003,731	N/A
3. New Tax:	\$250,000	N/A
4. Other:	\$190,298	N/A
5. Business Tax & Franchise Fees:	\$183,077	0.16%

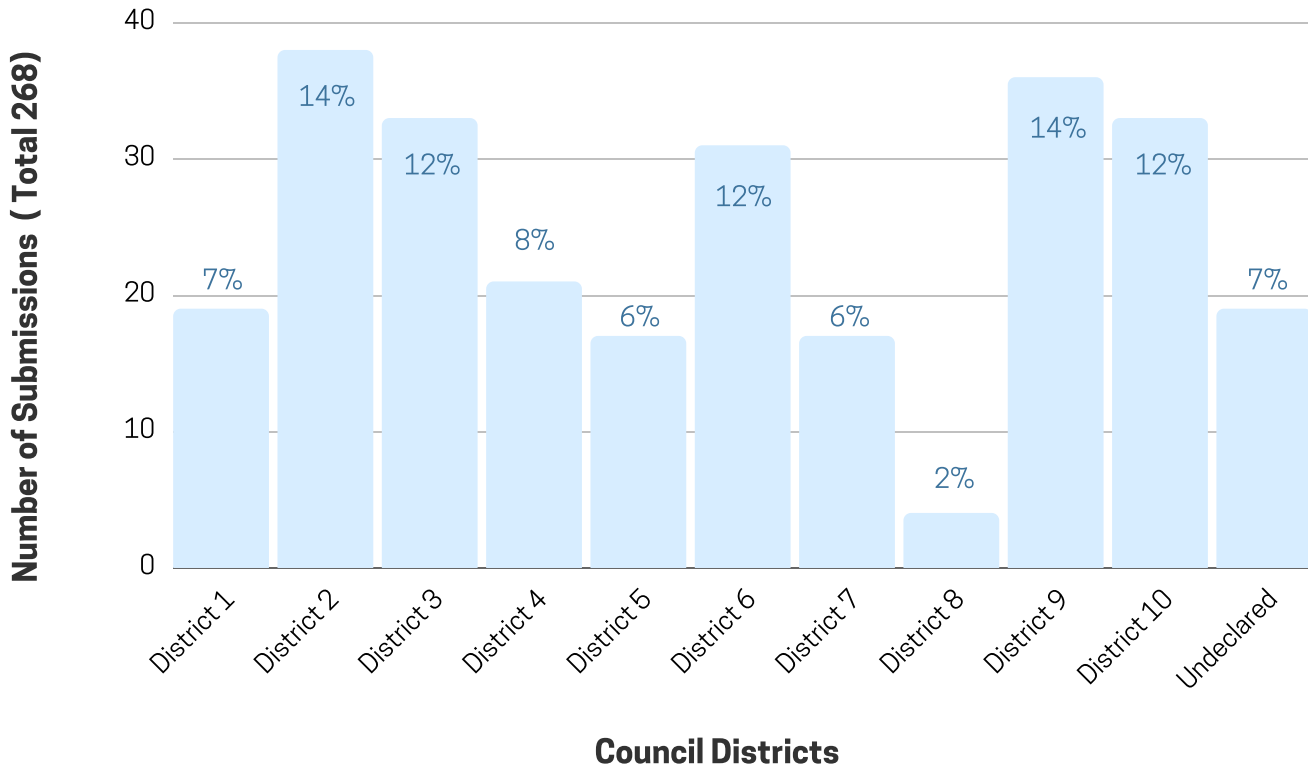
The General Fund Total Revenue categories did not include Transfers, Loans, and Contributions. These categories demonstrate the preferences of residents in gaining additional revenue for the city to balance the budget for this exercise. Changes to revenue may require additional City or public action, such as voter approval or contract negotiation.

BALANCING ACT DEMOGRAPHIC DATA

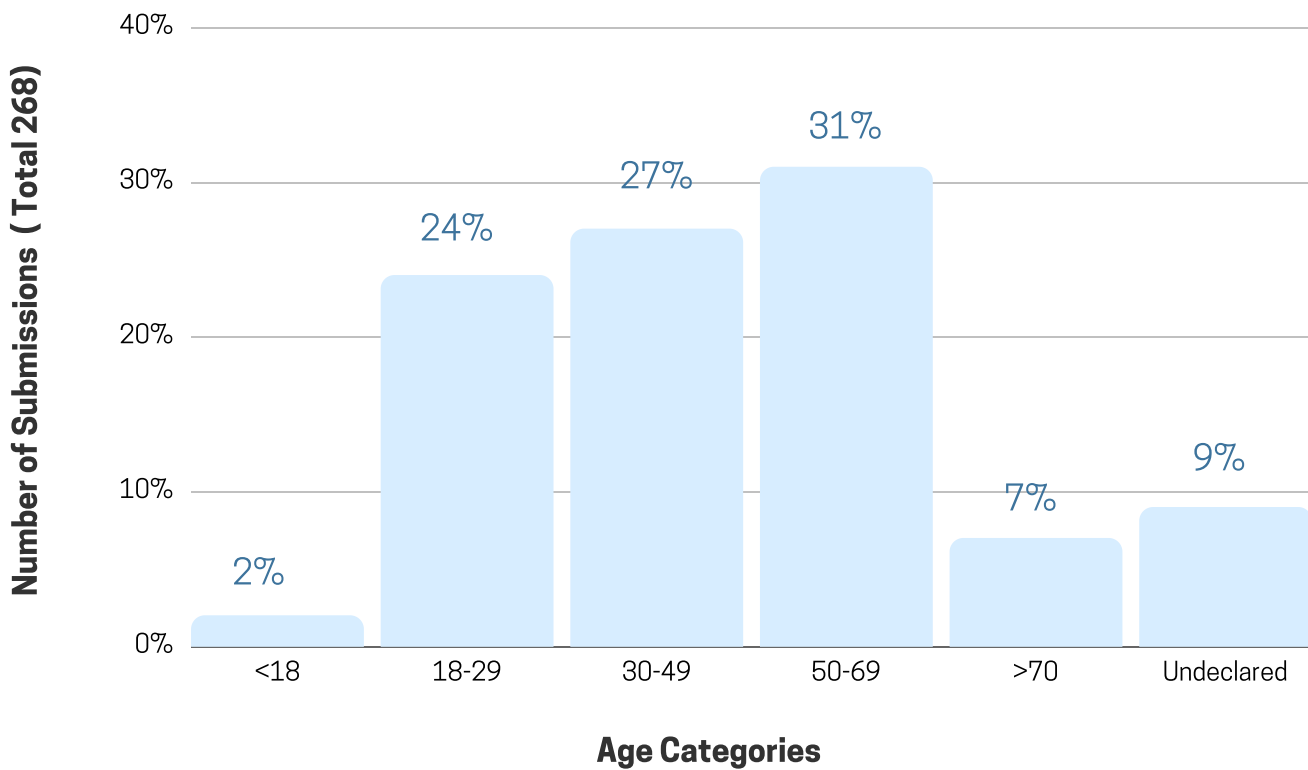
The Balancing Act was distributed across the San Jose community to include residents of every city council district and across every age category.

The Balancing Act submissions were also relatively well represented in each age category from 18-69 years of age. Demographic data were not collected on the race or ethnicity of the submitters.

SUBMISSIONS BY COUNCIL DISTRICT



SUBMISSIONS BY AGE CATEGORY

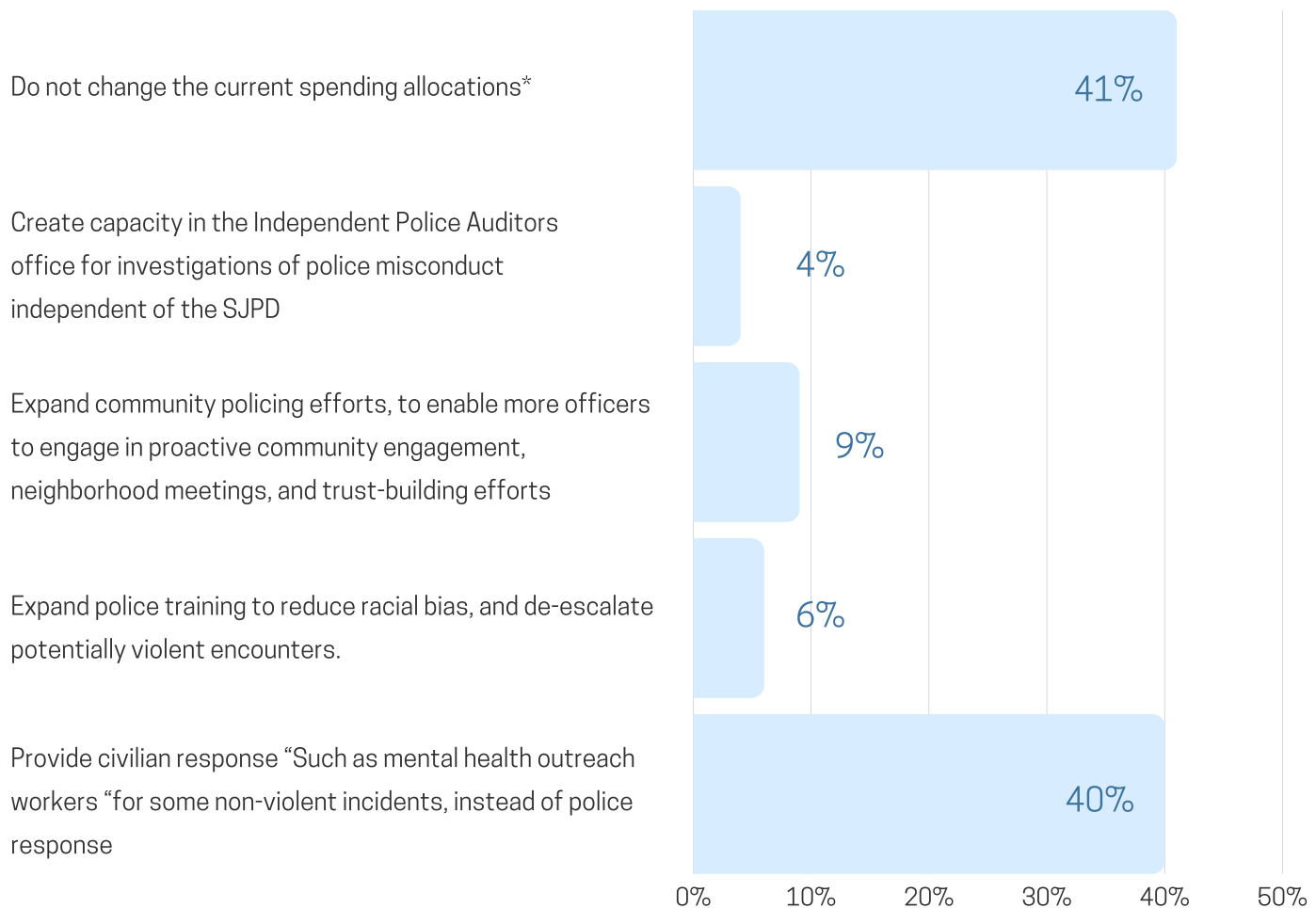


"WHAT-IF" SURVEY QUESTION RESULTS

This year the Balancing Act included several “What-If” scenario questions in order to gain further insight into how residents wanted to prioritize spending for specific budget categories. Residents were only allowed to choose one option from a list of given priorities. The results are presented below.

CHANGES IN POLICING

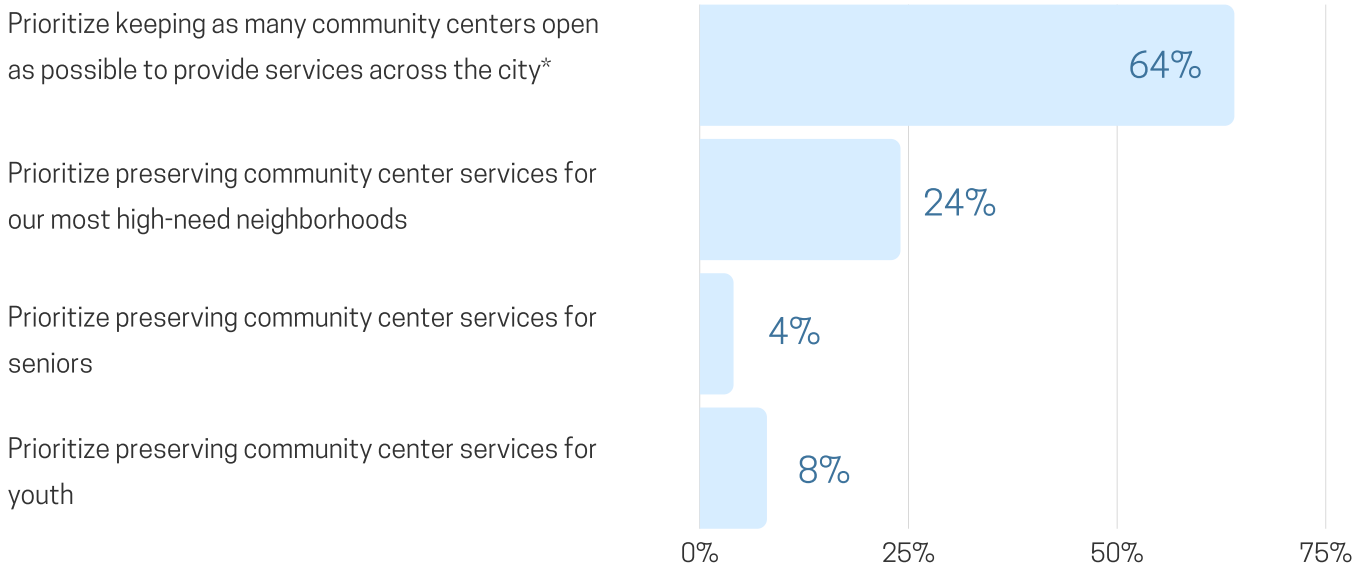
The City is committed to ongoing efforts to address concerns about police accountability, use of force, and racial discrimination. If the city secured \$200,000 of additional spending for this area, how should reforms be spent?



*This choice was the default option for this question.

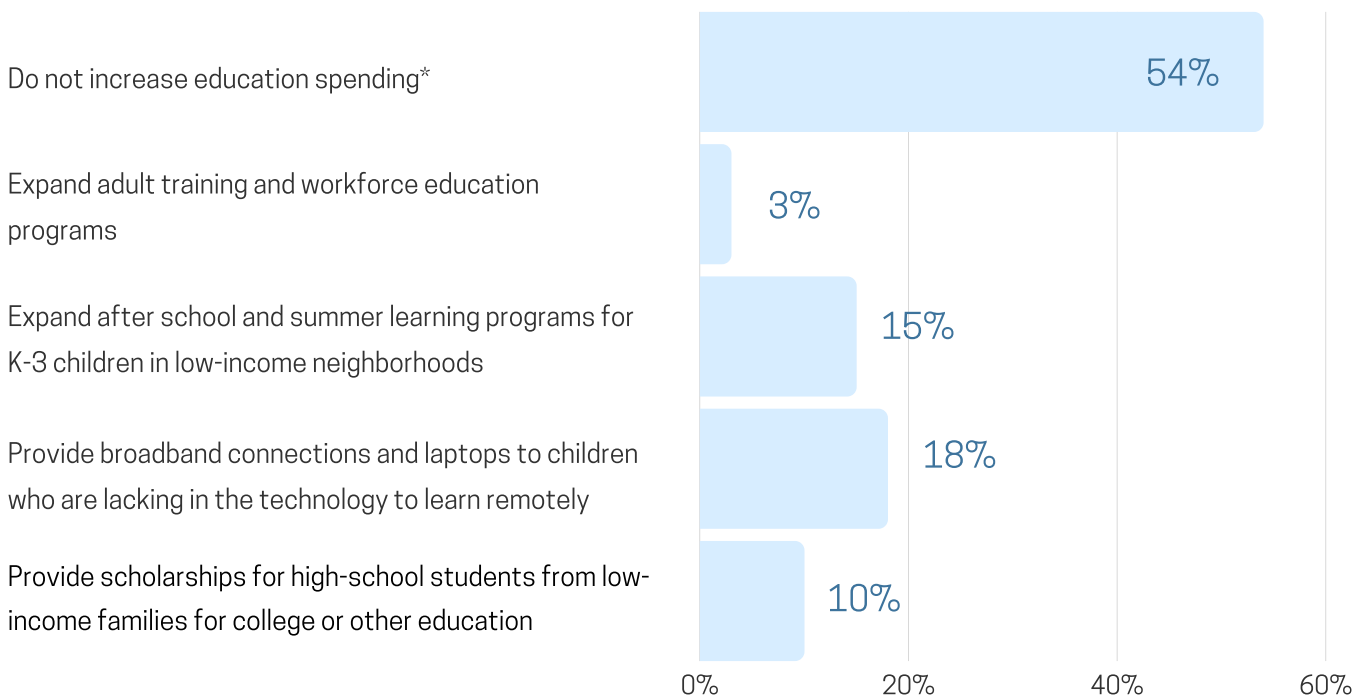
COMMUNITY CENTERS PRIORITIZATION

If budget cuts are necessary for this area, how should funding be prioritized with regard to San Jose's community centers?



EDUCATIONAL SPENDING

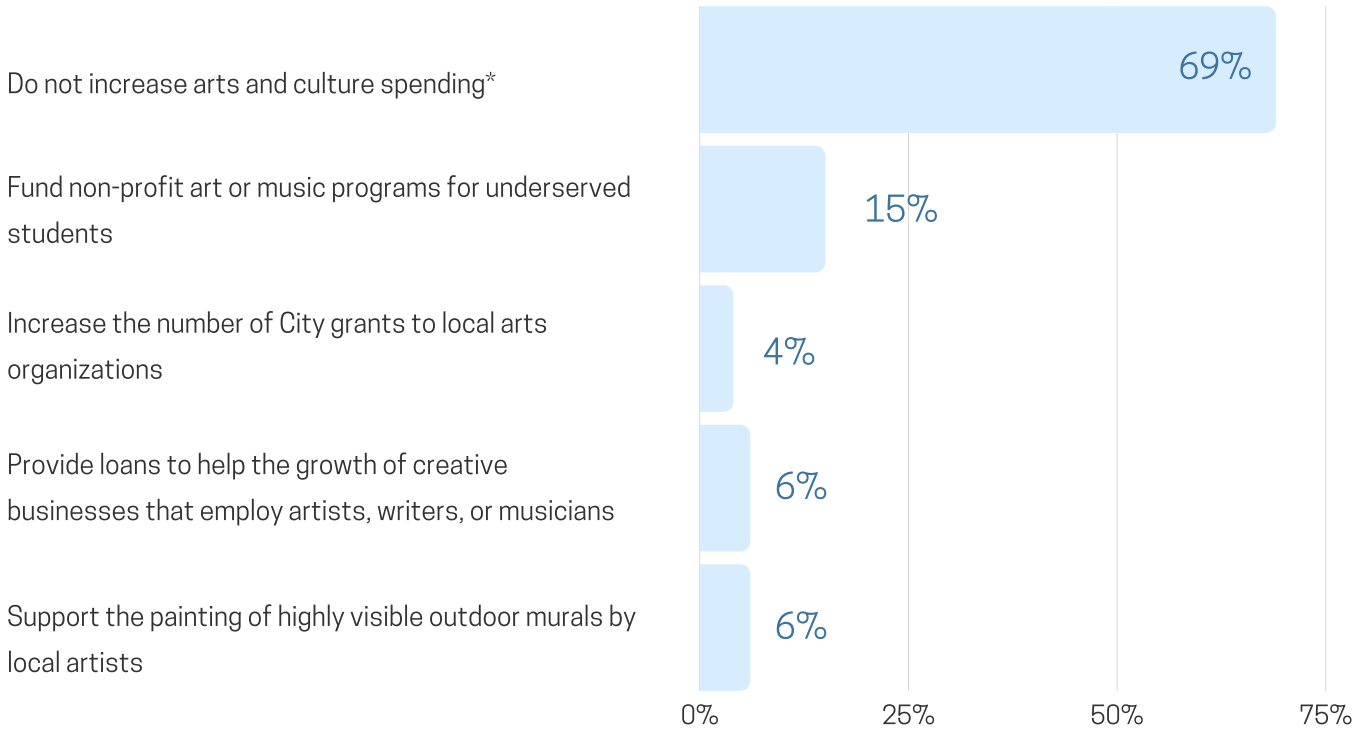
If the city secured \$100,000 of additional spending for this area, how should it be spent?



*This choice was the default option for this question.

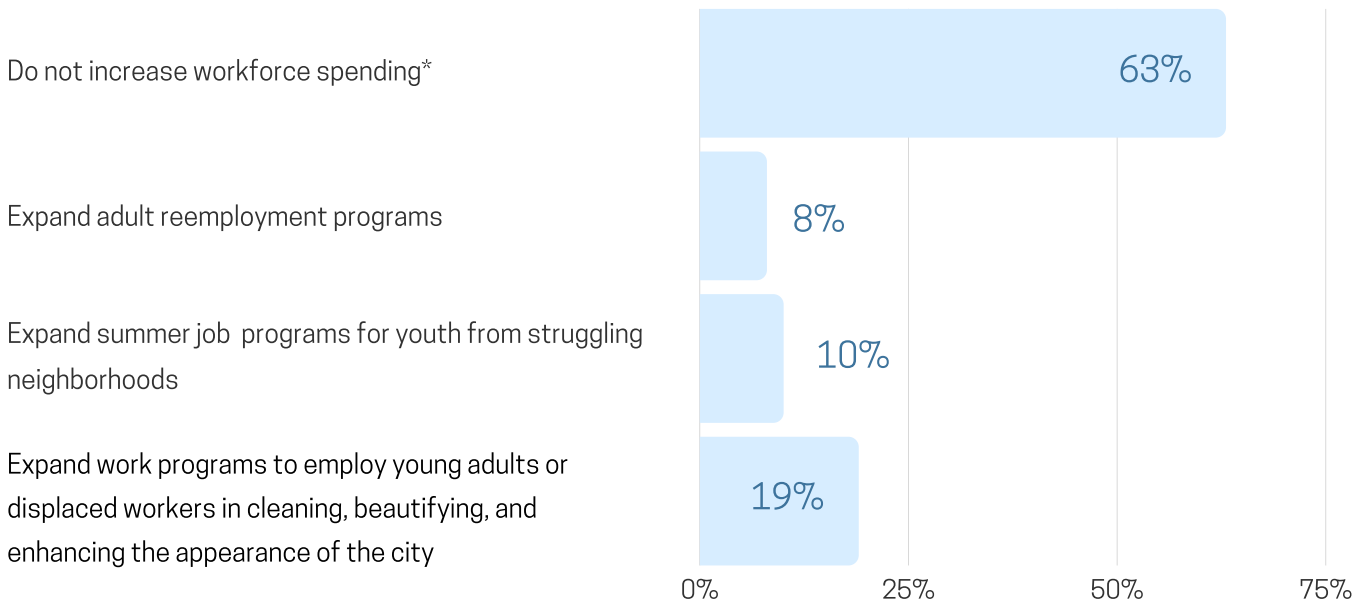
ARTS AND CULTURE PRIORITIZATION

If the city secured \$200,000 of additional spending for this area, how should it be spent?



WORKFORCE PRIORITIZATION

If the city secured \$200,000 of additional spending for this area, how should it be spent?



*This choice was the default option for this question.