

# Assessing the Citywide Savings Program



November 2015

# Managing the Budget

Since the 1975 fiscal crisis, New York City's financial plan has been characterized by a structural deficit: expense growth outpaces revenue. This is true in good fiscal times and bad ones.

Managing the budget has required a "Program to Eliminate the Gap," or PEG. The PEG specifies expense reductions, revenue increases, and policy changes to generate resources to close projected budget gaps.

# Reimagining the Tradition

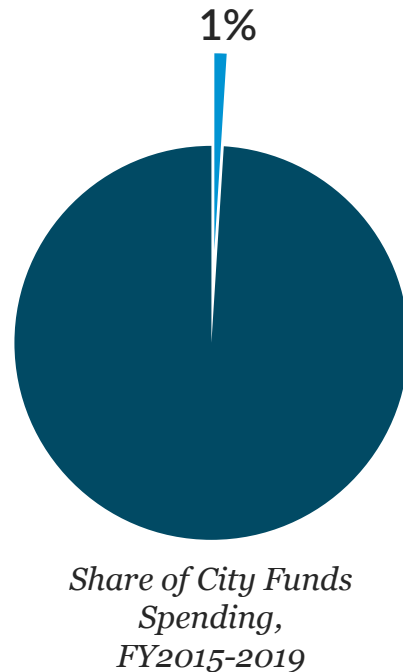
In the budget handoff between Mayors Bloomberg and de Blasio in January 2014, no new PEGs were introduced for fiscal year 2015.

In the May 2015 Executive Budget for fiscal year 2016, Mayor de Blasio began the “Citywide Savings Program,” or CSP. Rather than require all agencies to meet PEG savings targets, the CSP is voluntary and based on recommendations from agency commissioners.

# Overview of the FY16 CSP

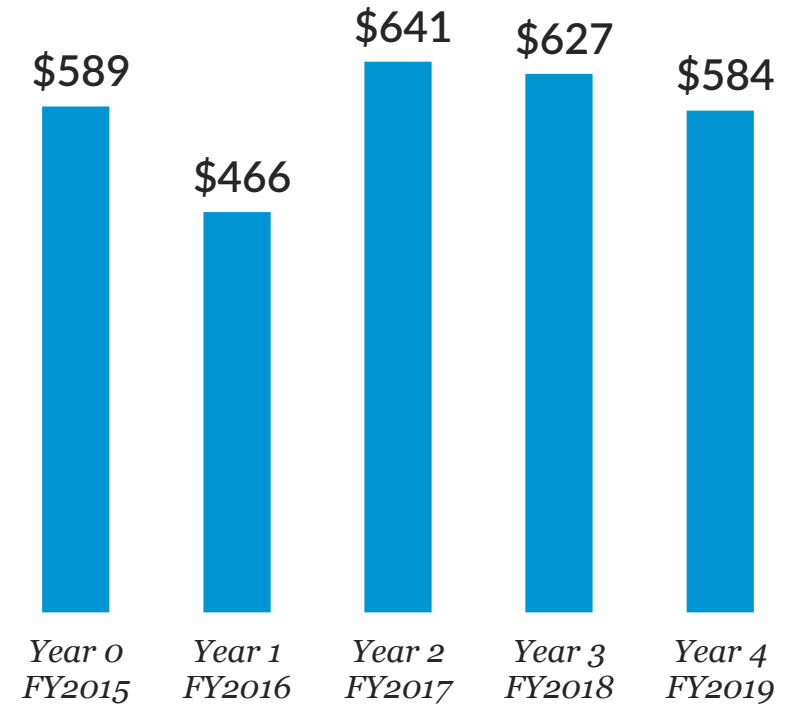
from the May 2015 Executive Budget for FY16

## Total Savings



## Savings by Financial Plan Year

(dollars in millions)



# How do the PEG and CSP differ?

This analysis compares the FY16 CSP to the five most recent PEGs from FY10-14 based on Executive Budget (April/May) proposals.

Because these are multiyear initiatives to be realized over the course of the financial plan, the analysis compares total five-year values, as well as savings in individual years.

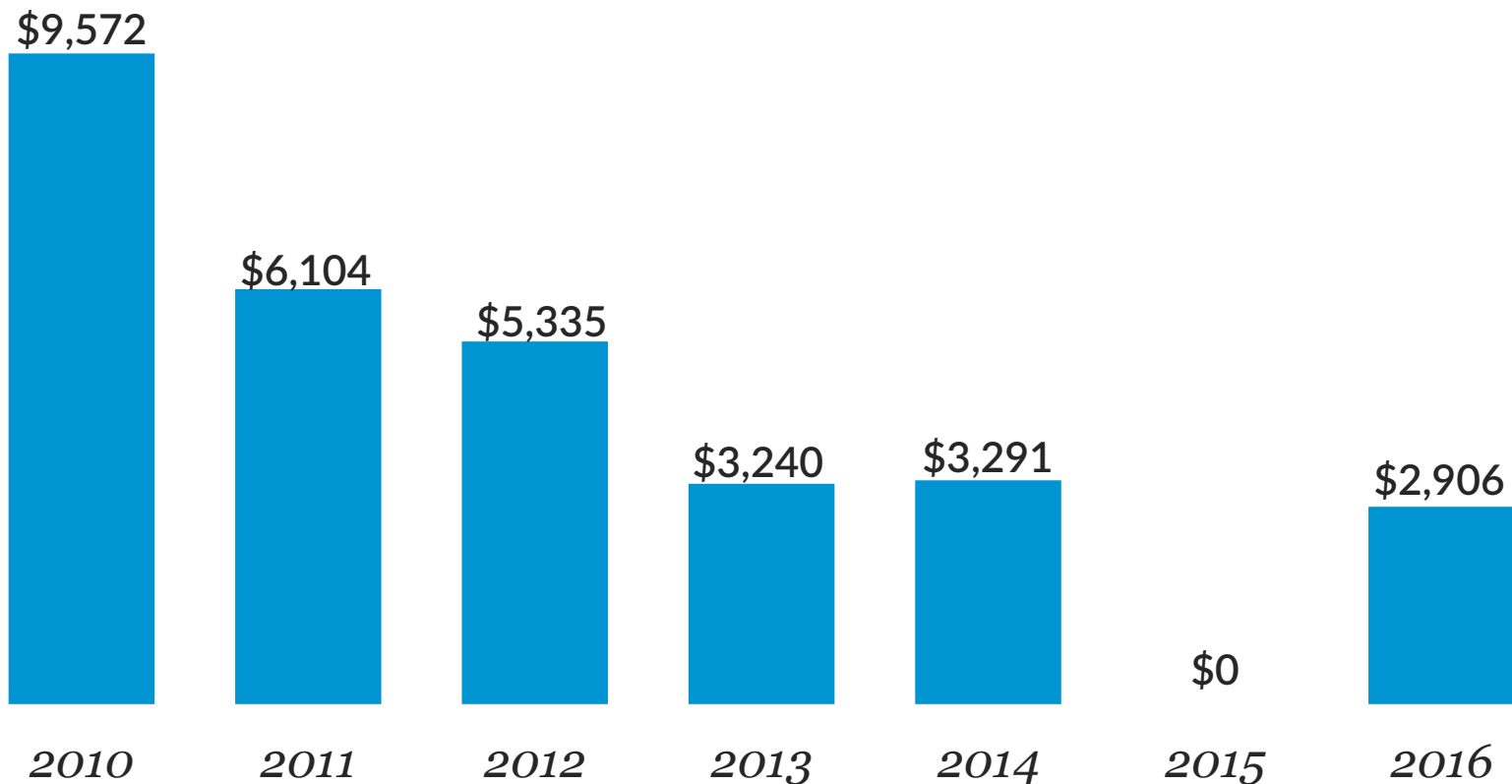
Current year proposals are designated Year 0, with each out year called Years 1-4.

# PEGs and CSP are Different in Three Ways

- The FY16 CSP is smaller in dollar terms **and** as a share of total spending than the five previous PEGs
- Most savings in the FY16 CSP do **not** come from agency efficiencies
- Not all agencies participated in the CSP, and those that did generated smaller shares of budget savings than under PEGs

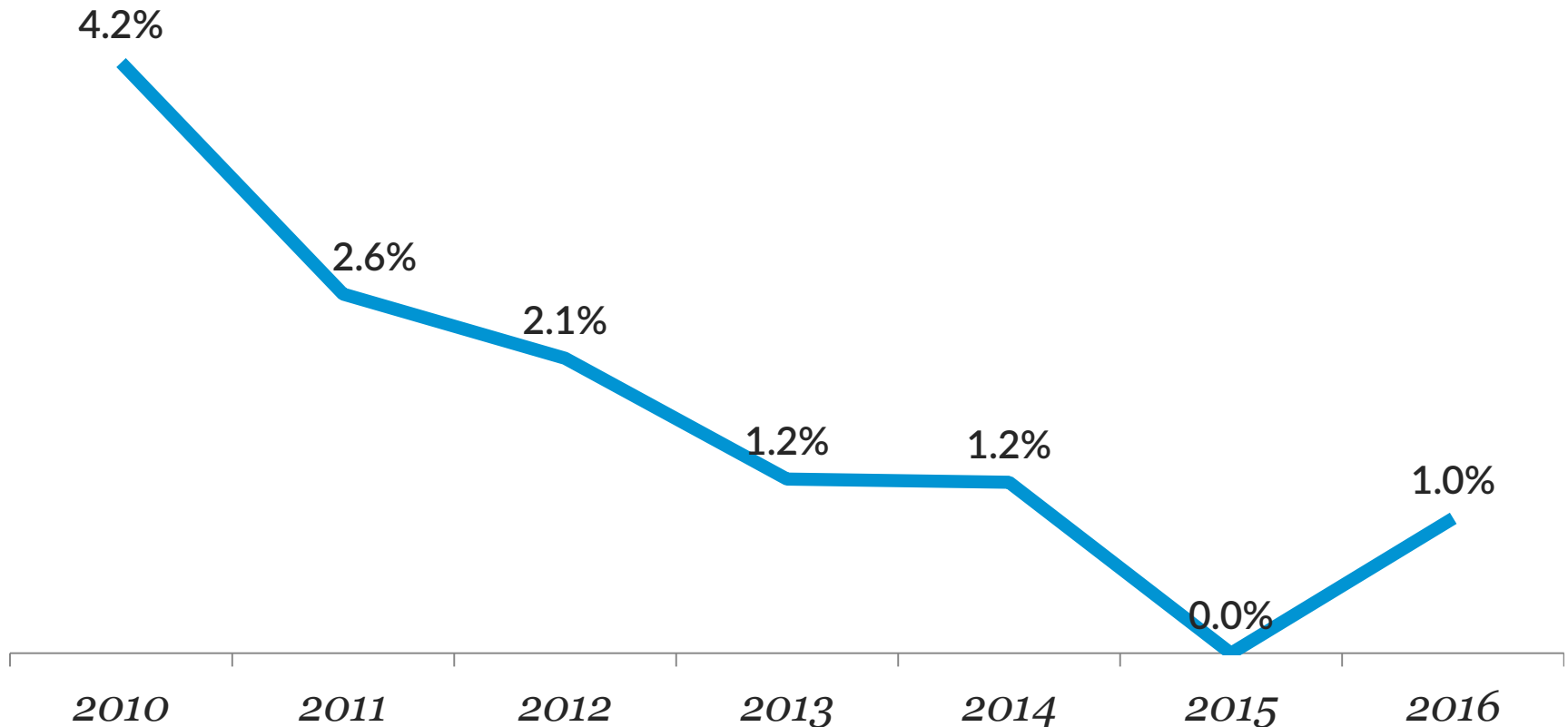
# The FY16 CSP is \$2.9 Billion – less than the FY10-14 PEGs

**Total Five-Year Value by Executive Budget Fiscal Year**  
(dollars in millions)



# As a Share of Spending, FY16 CSP is Also Smaller than Past Years

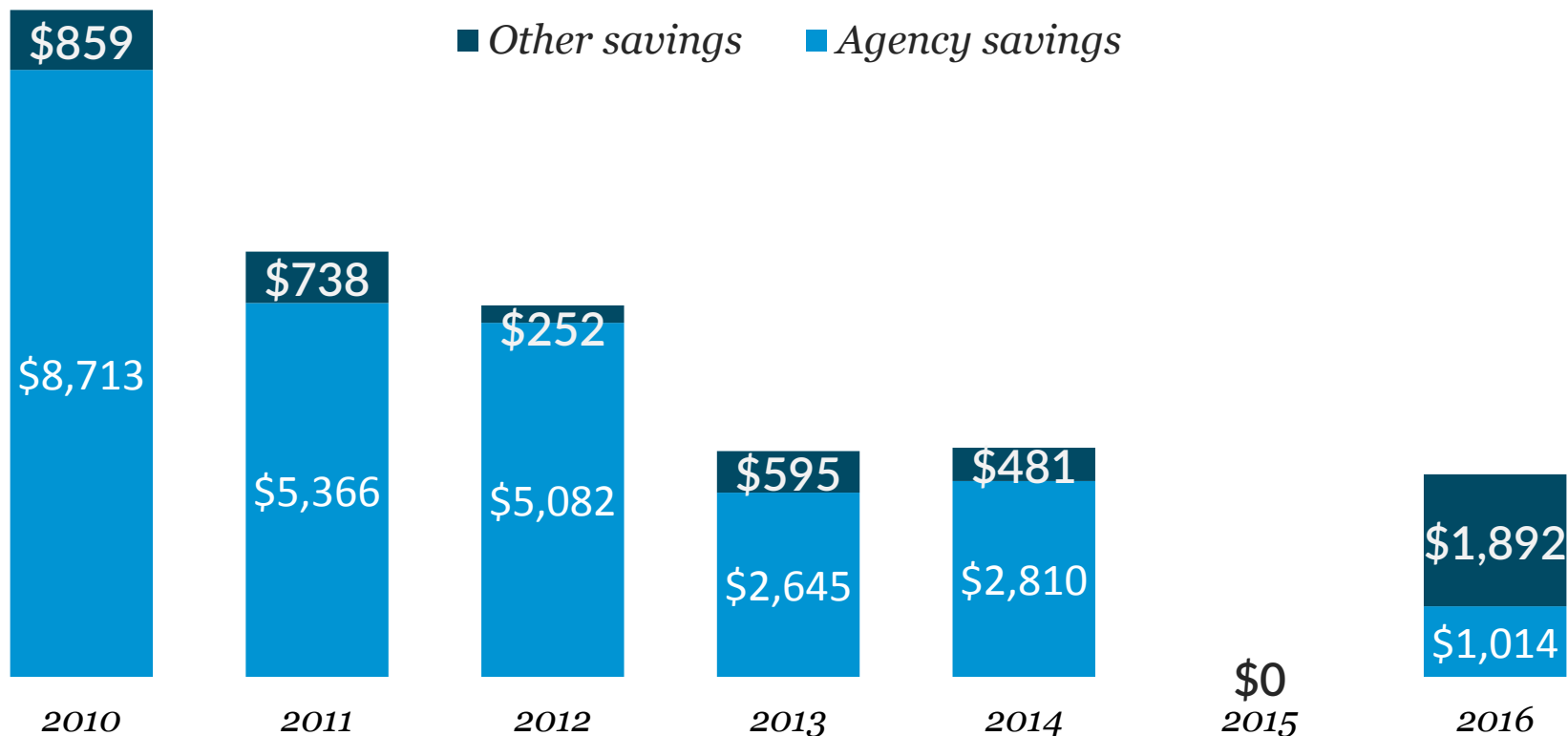
**Total Five-Year Savings as Share of Financial Plan Spending, City Funds, by Executive Budget Fiscal Year**





# Unlike Prior Years, the Bulk of FY16 CSP Savings do not Come from Agencies

**Total Five-Year Savings by Executive Budget Fiscal Year**  
(dollars in millions)



*Other savings include debt service, procurement changes, and other items.*

# Several Agencies Did Not Participate in the FY16 CSP

Agency	Average PEG Savings as a Share of Total Spending, FY10-14
<i>Mayoral Agencies</i>	
Housing Preservation & Dev.	11.0%
Cultural Affairs	9.9%
Buildings	9.1%
Corrections	3.4%
<i>Organization Receiving Annual City Budget Support</i>	
Brooklyn Public Library	11.4%
New York Public Library	11.4%
Queens Borough Library	11.4%
New York Research Library	11.2%
Health and Hospitals Corp.	8.6%

Total Spending is agency spending for the entirety of the Financial Plan.  
 Note all libraries combined comprise less than 1% of the annual budget.

# Participating Agencies Generated Less Savings as a Share of Spending than under PEGs

Agency	Average PEG Savings as a Share of Total Spending, FY10-14	CSP Savings as a Share of Total Spending, FY16
Small Business Services	15.4%	2.1%
Finance	12.2%	0.4%
Administration for Children's Services	10.2%	3.3%
Transportation	8.9%	5.8%
Parks & Recreation	8.8%	0.4%
Youth & Community Development	8.2%	0.6%
Central Administrative Services	7.5%	1.8%
Aging	7.1%	1.8%
Health & Mental Hygiene	5.7%	2.7%
Homeless Services	5.4%	0.5%
Education	4.0%	0.3%
Sanitation	3.1%	0.7%
Fire	2.9%	0.2%
City University	2.3%	0.5%
Police	2.1%	0.0%
Social Services	0.8%	0.3%
Environmental Protection	0.2%	0.4%

*Total Spending is agency spending for the entirety of the Financial Plan.*

# Detailed Summary of Findings

- The FY16 CSP totaled \$2.906 billion in savings – about 1% of city funds spending for FY2015-2019
- The FY16 CSP is smaller in both dollar terms and as a share of the budget than the PEGs for FY2010-2014
- Savings in the FY2010-2014 PEGs were accomplished mostly through agency efficiencies; in contrast, the FY2016 CSP relied heavily on debt service savings
- Nine agencies did not participate in the FY2016 CSP
- Among the agencies that did participate, the CSP represented a much smaller share of total spending compared to savings generated under PEGs in FY2010-2014

# Conclusion

The CSP has not required agencies to seek efficiencies as aggressively as under prior PEGs. As a result, savings generated are lower than in past years. Budget gaps are projected to grow by \$2.8 billion by FY2019.

Next week, the City will release its first quarter modification to the FY2016 budget. CBC will ask two important questions:

- Will there be a new round of CSP initiatives?
- How much will agencies save?

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