Citywide Savings Plan Should Include Greater Efficiency Savings

March 6, 2020
The Citywide Savings Program (CSP) is the de Blasio Administration’s strategy to identify and implement cost-saving or revenue-generating initiatives. The initiatives can provide savings in one or several years of the financial plan.

A CSP can be included in any quarterly update to the budget. Savings are identified for the current fiscal year in addition to anticipated savings in outyears.

For this analysis, CSPs announced within a fiscal year are grouped together and identified by the prospective fiscal year. The FY2021 CSP includes savings from the November 2019 Budget Modification and the January 2020 Preliminary FY2021 Budget.
FY2021 CSP Identifies Five-Year Savings Equal to 0.6 Percent of City-Funded Expenditures

The FY2021 CSP identifies savings equal to only 0.6% of city-funded spending over five years.

City-funded expenditures are those not funded by federal, state, and other categorical grants. Spending is adjusted by CBC to exclude interfund agreements and deposits to the Retiree Health Benefits Trust, and to adjust for the impact of pre-payments.
What Types of Initiatives Are Included?

- **Efficiency**: changes to agency practices to reduce spending without reducing service; these savings are recurring
- **Revenue**: higher than budgeted revenue
- **Debt service**: lower than expected debt service expenditures
- **Re-estimates or funding shifts**: lower city-funded spending due to additional federal/State funding; lower spending due to delays or lower than expected costs; savings due to delays in filling vacant positions
- **Service reductions**: spending reduction that results in decreased service to the public

Categorization of initiatives based on analysis by CBC staff. Efficiency savings recur for at least two years.
Efficiency Savings Are Just 33 Percent of FY2021 CSP

The CSP includes various revenue and re-estimate initiatives as savings; often these initiatives represent routine budget adjustments.

FY2021 CSP

- Efficiency: 33%
- Re-estimates and Funding Shifts: 43%
- Debt Service: 18%
- Revenue: 6%
FY2021 CSP Efficiency Savings Similar in Size to Prior CSPs

Between FY2016 and FY2021, efficiency savings averaged just 0.23 percent of city-funded spending.
1 Percent Annual Efficiency Savings Since FY2016 Would Have Reduced FY2021 Budget by $2 Billion

City-Funded Spending and Hypothetical City-Funded Spending If 1% Efficiency Savings Had Been Achieved, FY2015 – FY2021 (dollars in millions)

Had 1 percent efficiency savings been identified in each budget cycle since FY2016, the City-funded budget would have grown at an average 4.7 percent annually compared to the 5.2 percent growth now projected between FY2015 and FY2021.

One percent efficiency savings calculated based on CBC-adjusted city-funded expenditures in each year of a financial plan. Efficiency savings calculated as of the Executive Budget of each fiscal year. Savings applied to the year in which they would have been achieved. FY2020 and FY2021 spending projected as of the Preliminary Budget for FY2021.