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Mayor de Blasio's Citywide Savings Program: Too Little of the Really Good Stuff

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During his first year in office Mayor Bill de Blasio dropped the practice of four predecessors and did not include in his financial plan a set of savings plans known as the Program to Eliminate the Gap, or PEG. It had been a useful tool for helping to eliminate projected future deficits and making municipal government more efficient. In his second year de Blasio reestablished the practice under the new name of Citywide Savings Program (CSP). The resurrection has been uninspired; the CSP in the latest plan, released last month, is too small and includes too few efficiency initiatives. The Mayor should set a higher goal for the CSP in his Executive Budget due in April.

The January CSP consists of initiatives yielding savings of \$804 million in fiscal year 2016 and between \$235 million and \$279 million in fiscal years 2017 to 2020. This is unambitious relative to the total size of the budget and to the PEGs adopted under previous mayors. The planned \$1.9 billion in savings over fiscal years 2016 to 2019 equals just 0.6 percent of total city-funded spending. In contrast, the equivalent figure for the PEGs under Mayor Bloomberg ranged from double (1.2 percent) to nearly quadruple that (2.6 percent) in the period from 2011 to 2014.

Only \$270 million, or less than one-quarter, of all initiatives in the CSP are really good stuff; that is, measures that achieve recurring savings by making agency operations more efficient. Examples include placing people in new supportive housing units rather than homeless shelters (\$63 million), energy savings projects at city facilities (\$15 million), and using red asphalt instead of paint to designate dedicated lanes for the Select Bus Service (\$10 million).

The other major components of the CSP are: (1) debt service savings of \$876 million that result from lower interest rates and are concentrated primarily in the current year; (2) procurement reforms previously planned for this year but still unspecified and valued at \$55 million annually in future years; and (3) about \$1.2 billion in spending re-estimates and funding shifts that substitute federal or state grants for local resources. A full analysis of the Mayor's proposed savings program is available at <http://bit.ly/InsufficientCSP>.

The Mayor has signaled the CSP may be expanded in his Executive Budget in April; that should be a high priority. It should get bigger and better. Higher savings goals should be set; agencies should be required to participate (several have not, including the Fire Department and the Department of Environmental Protection); and there should be more of the really good stuff that saves taxpayers money and makes agency operations more productive.