



BLOG | CITY BUDGET

7 Facts about the Adams Administration's Prior Savings Plans

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When Mayor Eric Adams' Administration directed City agencies to implement a PEG (Program to Eliminate the Gap) last week, many were concerned about the potential service impact since the Administration had already implemented three savings plans. The following is presented to clarify the potential impacts of those prior plans.

The Citizens Budget Commission (CBC) finds that 92 percent of the prior plans' savings should have no effect on services since they come from eliminating underspending, re-estimating costs, saving on debt service, leveraging federal or other funding, and increasing efficiencies in ways designed to preserve services. The remaining savings that potentially affect programs comprise less than one-half of one percent of the total budget. Finally, the City still has nearly 23,000 full-time vacant positions, demonstrating that staffing challenges are not due to a lack of budgeted positions.

Specifically, CBC finds that:

1. The Adams Administration has implemented two PEGS—in February 2022 and November 2022—and one Vacancy Reduction Plan in January 2023.
2. Combined, these three plans reduce ongoing budgeted spending approximately \$3.0 billion annually. (See Table.)
 - a. Savings equal 3.4 percent of the total budget and 4.7 percent of the City-funded budget, excluding Medicaid, Public Assistance, and pension contributions.
3. At least 92 percent of these plans' recurring impact should not affect services expected to be delivered.
 - a. 39 percent is from re-estimating how much programs will actually cost or shifting costs to the federal government or other payers;
 - b. 26 percent is from eliminating vacant positions;
 - c. 9 percent comes from debt service savings due to lower than budgeted interest rates and spending, and refunding existing debt;

- d. 3 percent is from new City revenues;
 - e. 9 percent is illusory as gap closing, since the budget adds and claims credit for reducing the same spending. The Mayor's Office of Management and Budget identifies this as cost avoidance; and
 - f. 6 percent of the plans' savings is from specified efficiencies designed to reduce costs without reducing services.
4. Approximately 8 percent of the savings is from reductions, often to other than personal service spending, that potentially affects programs, although some may be attributable to lower recurring spending need.
 5. Reductions that potentially affect programs equal 0.3 percent of the total budget and 0.4 percent of the City-funded budget, excluding the costs of Medicaid, Public Assistance, and pension contributions.
 6. Cumulatively, these plans eliminated 11,386 vacant full-time positions.
 - a. The City simultaneously added 3,271 positions; the net fiscal year 2024 reduction is 8,115 positions.
 7. The City still has nearly 23,000 vacant full-time positions, plus additional part-time vacancies.

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Adams Administration PEG and Vacancy Reduction Plans in February 2022, November 2022, and January 2023
(dollars in millions)

	FY 2023	FY 2024	FY 2025	FY 2026
Budget Reductions Potentially Affecting Programs	(\$169.1)	(\$232.7)	(\$237.8)	(\$239.3)
Efficiencies (designed to preserve services)	(\$131.3)	(\$172.5)	(\$172.4)	(\$203.4)
Budget Lowered (for funding shift or items not being spent)	(\$1,806.1)	(\$2,478.4)	(\$2,151.6)	(\$2,131.5)
<i>Underspending and Re-Estimates</i>	(\$676.9)	(\$1,306.3)	(\$983.4)	(\$975.7)
<i>Funding Shifts</i>	(\$313.2)	(\$108.1)	(\$86.2)	(\$69.7)
<i>Vacancy Reduction</i>	(\$680.0)	(\$825.0)	(\$777.2)	(\$758.4)
<i>Debt Service</i>	(\$136.0)	(\$239.0)	(\$304.9)	(\$327.7)
Illusory	(\$40.0)	(\$74.5)	(\$358.5)	(\$358.5)
Revenue	(\$106.5)	(\$109.2)	(\$94.7)	(\$91.3)
TOTAL SAVINGS	(\$2,253.0)	(\$3,067.2)	(\$3,015.1)	(\$3,023.9)
Budget Reductions Potentially Affecting Programs as Share of:				
<i>Total Budget</i>	0.2%	0.3%	0.3%	0.3%
<i>City-Funded Budget</i>	0.3%	0.4%	0.4%	0.4%
<i>Total PEG and Vacancy Reduction Plans</i>	7.5%	7.6%	7.9%	7.9%

Notes: City-funded and total budget is adjusted by CBC for prepayments, and to exclude Interfund Agreements and Reserves; this calculation excludes Pensions, Medicaid, and Public Assistance that are not subject to the PEGs. Initiatives categorized by CBC and differ from OMB categorization.

Sources: City of New York, Mayor's Office of Management and Budget, *Fiscal Year 2023 Preliminary Budget: Program to Eliminate the Gap* (February 16, 2022), *November 2022 Financial Plan: Program to Eliminate the Gap* (November 15, 2022), *Fiscal Year 2024 Preliminary Budget: Program to Eliminate the Gap* (January 12, 2023), *Fiscal Year 2024 Preliminary Budget: Financial Plan Expense* (January 12, 2023), and *Fiscal Year 2024 Preliminary Budget: Budget Function Analysis* (January 12, 2023).