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**Report on the
Proposed Amendment to the Fiscal
2020-2025 Capital Plan and Fiscal
2024 Preliminary Capital Budget
School Construction Authority**

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School Construction Authority Overview

The School Construction Authority (SCA or the Authority) was established in 1988 to build new public schools and manage the design, construction, and renovation of New York City's public school buildings. In 2002, the State consolidated management of the Department of Education's (DOE or the Department) capital program under the SCA. SCA selects and acquires sites for new schools, including leases, and supervises major capital upgrades of existing DOE facilities. The SCA also calculates the capacity and utilization of school buildings and projects future seat need. Finally, SCA prepares the DOE's Five-Year Capital Plan, which itemizes the approved capital projects.

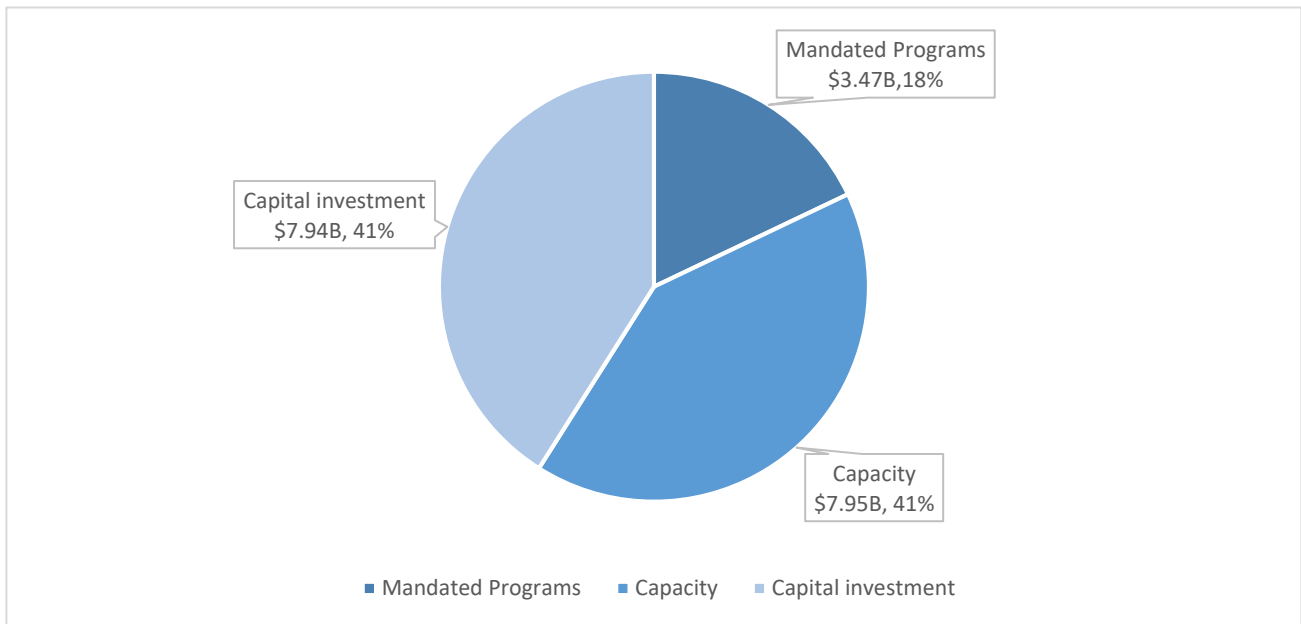
The structure of the DOE's Capital Budget and Commitment Plan differs from most other City agencies. The law authorizing the creation of the SCA exempts the DOE from having to adhere to the City's line-by-line Capital Budget

February 2024 Proposed Amendment to the Fiscal 2020-2024 Five-Year Capital Plan

State law requires the Department of Education to produce a Five-Year Capital Plan in addition to the City's Capital Plan and budget for the DOE; the development of this Five-Year Capital Plan is coordinated by the School Construction Authority. SCA and DOE are in the third year of the Fiscal 2020-2024 Five-Year Capital Plan (Adopted Plan). In February 2023 the SCA released a Proposed Amendment to the Five-Year Capital Plan for Fiscal 2020-2024 (the Amendment). If approved, this will be the third amendment to the Fiscal 2020-2024 Capital Plan. This Amendment includes the current projects, seat availability, capacity, and current renovations.

The SCA Capital Plan is divided into three sections: Capacity, which includes funding for new schools, additions and outfitting leased spaces; Capital Investment, which includes projects to maintain and upgrade existing facilities; and Mandated Programs, which supports work that is legally required of DOE and the SCA. The funding levels for these three sections are reflected in Figure 1 below and discussed in greater detail below.

Figure 1. Fiscal 2020-2024 Five-Year Capital Plan Proposed Amendment



Mandated Programs: Projects that the DOE is legally required to fund such as boiler conversions, asbestos remediation and code compliance, projects begun in the previous Five-Year Capital Plan (Fiscal 2015-2019).

Capital Investment: Projects to maintain and upgrade existing facilities.

Capacity: Projects that create new school facilities, including new schools, additions and leases.

Proposed Changes to the Five-Year Plan

The February Amendment (Amendment) totals \$19.4 billion, a decrease of \$1.25 billion, when compared to the Adopted Plan. The decline is due mostly to a decrease of \$1.89 billion to the Capacity Program offset partially by an increase of \$678 million in Capital Investment. The decrease to the Capacity Program is also accompanied by major shifts within the category’s program areas. These shifts within the Capacity Program are the result of changes to seat need projections and target class size that represents a major change to the Five Year Plan, which will be discussed in detail in the following section.

The Amendment includes a total of 2,865 projects. The SCA has cancelled 162 projects that were in the Adopted Plan: 98 projects were cancelled because no capital work was required, 26 projects were reclassified because work was completed under a different project, and 6 had work previously completed.

Table 1: February Proposed Plan Changes by Category				
<i>Dollars in Thousands</i>	Adopted Plan	Proposed Amendment	Difference	% Change
Capacity	\$9,841,800	\$7,950,900	\$1,890,900	(19%)
Capital Investment	7,263,600	7,942,500	678,900	9%
Mandated Programs	3,507,600	3,468,100	(\$39,500)	(1%)
Total	\$20,613,000	\$19,361,500	\$1,251,500	(-6%)

The Proposed February Amendment identifies additional projects and makes changes to some project budgets and timelines. Changes in the Proposed Amendment and each of the three categories of the Plan: Capacity; Capital Investment; and Mandated Programs are discussed below.

Changing Demographic Information, Revised Blue Book and Local Law 167

The [Blue Book was republished](#) in 2023 with modified classroom capacity, lowering the target capacity for 4th through 12th grade. The revised plan also drops the program efficiency ratios for middle schools and high schools. Program efficiency ratios were used to partially account for lower classroom capacity but are no longer needed according to the SCA. As a result, for grades 4 through 8 the target capacity is 23 students, down from 28, and the new target capacity for grades 9 through 12 grade is 25 students, down from 30. The target capacity for Pre-K remains at 18, and for kindergarten through 3rd grade it remains at 20 students. These changes to the Blue Book mirror the 2015 recommendations of the Blue Book Working Group which was created by the Council and Administration. Reductions to class size has been a core focus of the Council, parents and advocates in New York City for decades, and this change is a result of those efforts.

Along with the amended Blue Book, the SCA [updated documents on their website](#) to reflect the newest school demographic data. These documents were first uploaded in the fall of 2019, and are updated annually in compliance with Local Law 167 of 2018 passed by the Council, which requires the DOE to post online the process, data, and criteria used by the Department and the SCA to calculate the number of seats needed to meet future enrollment needs. The requisite Local Law 167 documents related to enrollment projections, new housing projections, planning standards and housing multipliers are posted online to comply with the law. According to SCA, these new figures reduce projected seat need to from 45,883 to the 44,810 seats set forth in the Adopted Plan. This reduction is the result of declining trends in birth rates and school enrollment that began before the pandemic.

Capacity Program

The goal of the SCA’s Capacity Program is to build new facilities to meet expected student enrollment over the Plan period, lower in-school crowding, and eliminate reliance on temporary structures. The Capacity Program totals \$7.95 billion in the Amendment (41 percent of the Amendment), a decrease of \$1.89 billion or 19 percent compared to the Adopted Five-Year Plan of \$9.84 billion. The decrease in this program area is driven by the reduced projections of new students, updated demographic data, and new class size guidelines as revised in the Blue Book. The largest portion of the Capacity Program is for New Capacity, which provides for additional seats necessary to meet estimates of future enrollment. New Capacity is funded at \$5.52 billion in the Amendment, a \$650 million or 13 percent decrease from the Adopted Plan. This reduction is the result of new demographic information. The demographic information shows that although in 2020 migration had increased the City’s population by 25,000, during that same period approximately 152,000 people left the city.

The remaining four areas of funding within the Capacity Program decrease to \$2.4 billion in the Amendment, \$1.07 billion less than in the Adopted Five-Year Plan. The area with the largest percentage decline is the Early Learn, 3K, Pre-K program area decreasing by 46 percent from \$1.4 billion to \$756 million.

Table 2. Breakdown of Funding in Capacity Programs

<i>(Dollars in Millions)</i>	Adopted Five Year Plan	Proposed Amendment	Difference	Percentage Change
New Capacity	\$6,337	\$5,519	(\$818)	(13%)
Early Learn, 3K, Pre-K (Formerly Pre-K for All)	1,407	756	(651)	(46%)
Class Size Reduction	740	605	(135)	(18%)
Capacity to Support Removal of TCUs	302	267	(35)	(12%)
Facility Replacement	1,057	806	(251)	(24%)
Total	\$9,842	\$7,953	(\$1,889)	(19%)

The Proposed Amendment includes class size reduction projects that add a total of 46,010 seats for the DOE. The Amendment includes an additional five new capacity projects adding 2,572 new seats to the Plan, increasing the total number of projects to 88. In total 27,826 new capacity seats (60.5 percent of the 46,010 seats planned in the Amendment) are in process of being completed or have been completed so far.

The Proposed Amendment includes one less Pre-K center project than the four which were included in the Adopted Plan. All three projects are sited and provide a total capacity of 579 projected seats, up from 576 projected seats in the Adopted Plan.

The Amendment also includes funding for 57 primary school buildings, serving Pre-K – Grade 5, 26 larger building projects for schools serving grades Pre-K to Grade 8, and five Intermediate/High School buildings, which range in grades from 6 – 12. These 88 sites will provide 44,906 seats. The Amendment provides 3,024 District 75 seats in all five boroughs.

Capital Investment

The Capital Investment Program totals \$7.94 billion or 41 percent of the Proposed February Amendment. This program is broken out into three core areas: Capital Improvement Program (CIP), which increased by \$380.4 million and totals \$3.65 billion; School Enhancement Projects, which increased by \$7.8 million and totals \$2.85 billion; and Reso A projects which increased by \$364.2 million and now total \$1.44 billion. In total the Capital Investment section increases by \$678 million in the February Amendment and is mostly comprised of building renovations, and projects for eliminating fossil fuel producing boilers.

CIP Projects are comprised of exterior projects, interior work, Transportable Classroom Units (TCU) removal, athletic field, and electrification upgrades. The growth in CIP is led by an increase of \$44 million for roof repairs and exterior masonry to reflect cost estimates.

Exterior projects, which total \$2.5 billion in the Amendment, are identified for inclusion for exterior water prevention work if any of the four major components (roofs, parapets, windows, masonry) were in “poor” or “fair to poor” condition. Conditions are determined through the Building Condition Assessment Surveys (BCAS) survey. Exterior projects prevent water infiltration of buildings which is the single largest cause of the deterioration of facilities. If exterior work is done on one of these major components, other components with similar or “fair” condition are also included in the project scope.

Interior projects, which total \$494.1 million, are comprised primarily of work on low-voltage electrical system, plumbing, heating plant upgrades and ventilation systems and to a lesser extent kitchens and elevators.

The budget for TCU removal and athletic field upgrades is unchanged in the February Amendment, remaining at \$50 million and \$100 million respectively. Four replacement projects, and one project for capacity supporting TCU removal project are included in the Proposed Amendment. Of the original 354 TCU’s, 281 have been removed, and 43 of the remaining 73 TCUs are in progress to be removed. SCA is developing plans for the removal of the remaining 30 TCUs. The remainder of projects in the CIP are labeled as “other” and total \$150.1 million in the Amendment.

School Enhancement Projects total \$2.85 billion of the February Proposed Plan and are divided into two categories: facility enhancements and technology. The Amendment includes very little adjustment in funding for either category within School Enhancement Projects. Facility enhancements, totals \$1.82 billion, adjusted slightly in the Amendment, while funding for technology remains unchanged at \$1 billion.

Mandated Programs

Mandated Programs total \$3.47 billion, or 18 percent, of the February Proposed Plan and is comprised of the areas presented in the table below. Excluding prior plan completion most areas within Mandated Programs are relatively unchanged from the Adopted Plan.

Table 3: Funding for Mandated Programs by Area in Amendment

Mandated Program Area	
<i>Dollars in Thousands</i>	February Proposed Amendment
Boiler Conversions	\$650.0
Asbestos Remediation	200.0
Lead Paint Removal	8.5
Emergency Lighting	12.2
Code Compliance	95.8
Building Condition Surveys	100.0
Wrap Up Insurance	900.0
Prior Plan Completion	901.0
Emergency, Unspecified, & Miscellaneous	575.6
TOTAL	\$3,443.1

Changes in the Mandated Program in the Amendment includes reduction of \$21.9 million for the completion of items from the prior plan completion, \$12.8 million less funding for emergency lighting, and a \$6.4 million reduction in Emergency/Unspecified & Miscellaneous. Other areas that saw changes includes Code Compliance which was decreased by \$29.2 million and Asbestos Removal, which was increased by \$4.9 million to reflect actual spending. In total, Mandated Programs are \$64.5 million lower in the Amendment.

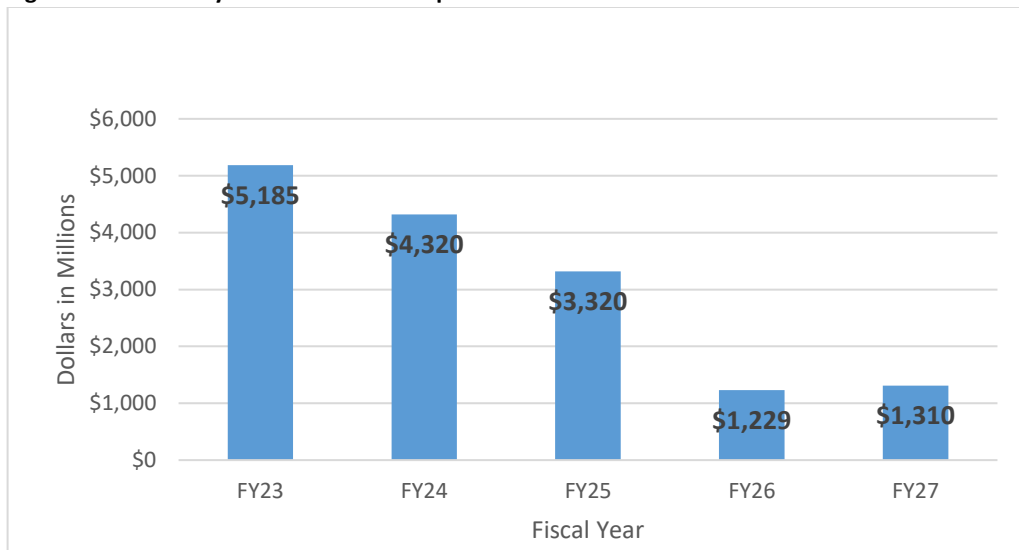
SCA Operating Budget and Staff

SCA’s operating budget is funded through Inter-Fund Agreement (IFA) funds through the capital budget. Neither SCA’s operating budget, nor its staff, are included in the City budget or the Five Year Plan. The SCA has a budgeted headcount of 604 in the February Amendment. This is a decrease from a budgeted headcount of 656. SCA’s projected operating costs are \$68.5 million.

DOE Capital Budget and Commitment Plan

The Capital Budget determines the funding levels available to the DOE for its Five-Year Capital Plan. The legislation that established the SCA exempted the DOE from the City’s line-by-line annual Capital Budget. Instead, the City provides lump sum allocations for education capital expenditures, and the DOE determines how the funds will be used, subject to scope approval by the City. All funded projects must be listed in the DOE’s Five-Year Capital Plan.

Figure 2. Preliminary Fiscal 2023-2027 Capital Commitment Plan



Preliminary Capital Budget

As shown in Figure 3, the DOE’s Preliminary Capital Commitment Plan includes \$15.4 billion over Fiscal 2023-2027. This represents approximately 16.0 percent of the City’s total \$96.5 billion Capital Budget for Fiscal 2023-2027.

As shown in the table below, the DOE’s Preliminary Commitment Plan for Fiscal 2024-2027 is \$44.9 million, a less than one percent reduction from the Adopted Commitment Plan. The variance between the Preliminary and Adopted DOE Capital Commitment Plans is due to a reduction of \$708 million in Fiscal 2024 from the previous Five Year SCA Capital Plan and a reduction \$47.1 million in Fiscal 2022 to the current 2020-2024 Five Year SCA Capital Plan.

Table 4: DOE Adopted vs. Preliminary FY23-27 Capital Commitment Plan						
<i>Dollars in Thousands</i>						
	FY23	FY24	FY25	FY26	FY27	Total
Fiscal 2024 Preliminary	\$5,185,126	\$4,320,135	\$3,320,024	\$1,228,500	\$1,310,100	\$15,363,885
Fiscal 2023 Adopted	\$5,232,239	\$5,028,135	\$2,631,024	\$1,221,500	\$1,206,100	\$15,318,998
Change	(\$47,113)	(\$708,000)	\$689,000	\$7,000	\$104,000	\$44,887
% Change	(0.90%)	(14.08%)	26.19%	0.57%	8.62%	0.29%

Since some projects funded in the Five-Year Capital Plan will continue beyond the final fiscal year of the Plan, the DOE’s Capital Budget includes budget lines for unfinished projects from previous Five-Year Capital Plans. Uncommitted funds from these capital plans continue to roll into the next fiscal year, which is part of DOE’s overall Capital Commitment Plan roll. The DOE’s capital plan also includes budget lines for City Council additions to DOE’s Capital Budget and a budget line for each Borough

President's additions, these projects account for three percent of DOE's Preliminary Commitment Plan. Additionally, the Fashion Institute of Technology (FIT) is funded through DOE and has budget lines in the Education Capital Commitment Plan.

Issues and Concerns

While DOE and the SCA continue to work with the Council on improving the City's capital program for schools, several significant areas of concern remain.

- **District 75 Seat Need Transparency:** Since 2022, alongside the shifts within the capacity program, the Amendment disaggregates District 75 seat need in the Five-Year Plan. This came after years of advocating by the Council and advocates for increased transparency on District 75 seat need and siting. The new information shows District 75 by sub-district once sited. However, all un-sited seat needs for District 75 students are lumped into a single category with no disaggregation by borough or any other means.
- **Calculating Seat Need:** Local Law 167 of 2018 requires the DOE to post online the process, data, and criteria used by the Department and the SCA to calculate the number of seats needed to meet future enrollment needs. The presentation of a Proposed Five-Year Capital Plan and the requisite Local Law 167 documents related to enrollment projections, new housing projections, planning standards and housing multipliers are posted online to comply with the law.¹ Yet, these new documents still do not provide a clear explanation, reasoning, or overarching methodology as to how seat change is calculated and its effects on the overall plan. The current documents provided by the SCA fail to clearly show how data used by the agency informs how seat need is calculated in a transparent manner.
- Another issue related to seat need is that no methodology is provided to explain the process by which SCA determines in which sub-districts to prioritize funding projects. As an example, School District 20, with over 4,000 seats needed across 3 sub-districts, has one-third of its seats in process and one sub-district with no seats in process. This is a sharp difference from School Districts 21 where 80 percent of seats are in process.

¹ New York City School Construction Authority. Local Law Reports. <http://www.nycsca.org/Community/Capital-Plan-Reports-Data#Local-Law-167-Reports-352>