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Report on the
Proposed Amendment to the Fiscal
2020-2025 Capital Plan and Fiscal
2023 Preliminary Capital Budget
**School Construction
Authority**

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Table of Contents

School Construction Authority Overview1

February 2021 Proposed Amendment to the Fiscal 2020-2024 Five-Year Capital Plan1

Proposed Changes to the Five-Year Plan.....2

Changing Demographic Information, Revised Blue Book and Local Law 1672

Capacity Program.....3

Capital Investment.....4

Mandated Programs5

SCA Operating Budget and Staff6

DOE Capital Funding Sources.....6

DOE Capital Budget and Commitment Plan7

Preliminary Capital Budget7

Preliminary Capital Commitment Plan7

Issues and Concerns.....8

School Construction Authority Overview

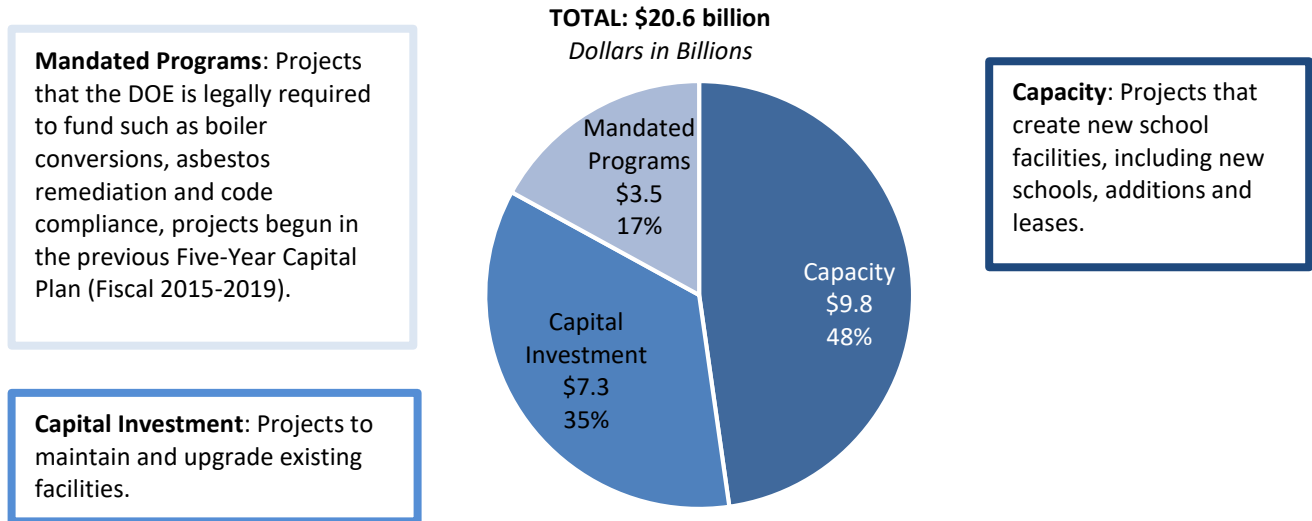
State law requires the DOE to produce a Five-Year Capital Plan in addition to the City’s Capital Plan and budget for the DOE; the development of this Five-Year Capital Plan is coordinated by the SCA. SCA and DOE are in the third year of the Fiscal 2020-2024 Five-Year Capital Plan (Adopted Plan). If approved, this will be the second amendment to the Fiscal 2020-2024 Capital Plan. The first proposed amendment to this capital plan that SCA presented to the City Council for consideration in February 2020 right before the COVID-19 pandemic was withdrawn from consideration.

February 2021 Proposed Amendment to the Fiscal 2020-2024 Five-Year Capital Plan

The School Construction Authority (SCA) 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, State consolidated management of the Department of Education’s (DOE’s) 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 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



Proposed Changes to the Five-Year Plan

The February Plan totals \$20.6 billion, an increase of \$1.3 billion, when compared to the Adopted Plan. The increase is due mostly to an increase of \$918.7 million to the Capacity Program and addition of \$364.2 million for capital projects added to the Fiscal 2022 Adopted Capital Budgets through Resolution A (Reso A) by elected officials, which is budgeted within the Capital Investment category. The increase to the Capacity category is also accompanied by major shifts within the category’s program areas. These shifts are a result of changes to seat need projections and target class size and represent a major change to the Five Year Plan which will be discussed in detail in the following section.

In total, Reso A funding stands at \$1.2 billion with the Council accounting for \$787.5 million or 67 percent of that funding. Funding from Borough Presidents totals

	Adopted Plan	Proposed Amendment	Difference	% Change
Capacity	\$8,923,000	\$9,841,700	\$918,700	10%
Capital Investment	6,727,300	7,263,600	536,300	8%
Mandated Programs	3,624,100	3,507,600	(116,500)	(3%)
TOTAL	\$19,274,400	\$20,612,900	\$1,338,500	7%

\$271.5 million or 26 percent of Reso A funding. The remainder of the funds are jointly from the Council and Mayor. While Reso A funding is at the discretion of elected officials it still comprises a significant portion of the Adopted Plan. Reso A funding supports a variety of projects in schools with an emphasis on technology, auditoriums, bathrooms, cafeteria, lab renovations and school yards.

The Amendment also includes an increase of \$128.3 million for roofs under the Capital Investment category. Additionally, \$130.8 million in prior plan completion under Mandated Programs is shifted to two areas under the Capacity Program: \$36 million to Early Learn, 3K, Pre-K and \$94 million to New Capacity. These changes represent all shifts in the Amendment greater than half a percent of the plan, approximately \$100 million. Table 1 shows the proposed funding changes by Plan category and a more detailed list is shown Appendix A.

These projects are identified in the February Amendment on page C30. Additionally, the Amendment adds about 1,942 projects and eliminates 125 projects. Nearly all of the canceled projects were removed from the Plan due to a finding that no capital work is required, a reclassification or because the DOE has determined that an alternate project is more important. Three projects were canceled due to ineligibility and five because work was previously completed.

The February Plan 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

In conjunction with the [release of the Proposed Amendment](#), the [Blue Book was republished](#) with modified classroom capacity. The new target capacity for 4th through 8th grade is 23 students, down from 28, and the new target for 9th through 12th grade is 25 students, down from 30. The target 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 victory is a result of those efforts.

Alongside the amended Blue Book, the SCA [updated documents on their website](#) to reflect the newest 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 45,883 seats down from 57,489 seats in the Adopted Plan as a result of data reflecting declining birth rates and school enrollment that began before the pandemic.

Capacity Program

The goal of the Capacity Program is to build new facilities to match expected student enrollment over the Plan period, lower in-school overcrowding, and eliminate reliance on temporary structures. The Capacity Program totals \$9.8 billion in the Amendment, an increase of \$918.7 million or 10 percent compared to the Adopted Five-Year Plan of \$8.92 billion. The growth in this program area is accompanied by large shifts from the reduced projections of new students, updated demographic data, and new class size guidelines as revised in the Blue Book. New Capacity to address future enrollment is funded at \$6.3 billion in the Amendment, a \$1.5 billion or 19 percent decrease from the Adopted Plan as a result of the new demographic information. The remaining four program areas see tremendous growth in the amendment, and total \$3.5 billion, up from \$1.1 billion in the Adopted Five-Year Plan. The largest percentage growth is attributed to the Class Size Reduction program increasing from \$140 million to \$740.4 million. It is important to note, that the previous “Pre-K for All” program area has been replaced by “Early Learn, 3K, Pre-K”, as Early Learn has fully transitioned from ACS to DOE in the Five-Year Plan.

<i>(Dollars in Millions)</i>	Adopted Five Year Plan	Proposed Amendment	Difference	Percentage Change
New Capacity	\$7,797	\$6,336.5	(\$1,455.6)	(19%)
Early Learn, 3K, Pre-K (Formerly Pre-K for All)	589	1,406.5	817.5	139%
Class Size Reduction	140	740.4	600.4	429%
Capacity to Support Removal of TCUs	180	301.7	121.7	68%
Facility Replacement	217	1,056.6	839.6	387%
TOTAL	\$8,923	\$9,846.4	\$923.4	10%

Many of the increases to Capacity program areas will take time to be reflected at the project level within the Five-Year Plan. However, there are some capacity projects newly reflected in the Proposed Amendment.

New in the Proposed Amendment are the first two class size reduction projects, which are sited, added to the 2020-2024 Five-Year Plan and totaling 1,145 seats.

In total, new capacity projects are reduced from 93 to 83, but with an increase in sites selected from 38 to 47. In total 23,990 seats are in process or completed, or 52 percent of the 45,883 seats needed according to the plan.

Additionally, three Pre-K center projects are in the Proposed Amendment, compared to four in the Adopted Plan. All three projects are sited and provide a total capacity of 576 projected seats, down from 684 projected seats in the Adopted Plan. It also includes 52 3-K center projects, compared to 16 in the Adopted Plan and the number of sited projects increases from 13 to 35 when compared to the

Adopted Plan. These 52 sites will provide 6,780 in total capacity with the 35 site projects accounting for 4,380 seats.

Lastly, four replacement projects, and one project for capacity supporting Transportable Classroom Units (TCUs) removal project are included in the Proposed Amendment. All five projects are sited and unchanged from the Adopted Plan with the exception of a minor modification of the capacity supporting TCU removal project to 145 seats from 158 seats.

Capital Investment

The Capital Investment program totals \$7.3 billion, or 35 percent, of the February Plan. It is broken out into three core areas: the Capital Improvement Program (CIP), which grew \$164.4 million and totals \$3.3 billion; School Enhancement Projects, which grew \$7.8 million and totals \$2.8 billion; and as previously mentioned Reso A project funding grew by \$364.2 million and now totals \$1.2 billion. In total, the Capital Investment section grows by \$536.3 million in the February Amendment mostly due to Reso A projects.

CIP Projects are comprised of exterior projects, interior work, TCU removal, and athletic field upgrades. The growth in CIP is led by an increase of \$128.3 million for roof projects to reflect updated cost estimates.

Exterior projects, which total \$2.4 billion in the Amendment, are identified for inclusion for exterior water prevention work if any of the four major components were in “poor” or “fair to poor” condition. Conditions are determined through the Building Condition Assessment Surveys (BCAS) survey. The four major components are roofs, parapets, windows, and masonry. Exterior projects prevent water infiltration of buildings which the SCA sees as 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 \$565.3 million, are comprised primarily of work on electrical, plumbing, heating and ventilation systems and to a lesser extent kitchens and elevators.

TCU removal and athletic field upgrades see no change in the February Proposed Plan, remaining at \$50 million and \$100 million respectively. The “other” category rounds out CIP and total \$150.1 million in this Amendment.

School Enhancement Projects total \$2.9 billion of the February Proposed Plan and are divided into two categories: Facility Enhancements and Technology. Facility enhancements, totaling \$1.8 billion, sees only minor changes that increase its budget by less than a percent. Technology funding remains flat in the amendment at \$1 billion after seeing an increase of \$266 million last year to realize spending on student devices during the pandemic. Under facility enhancements the IDEAS: Innovative, Diverse, Equitable, Accessible Spaces area doubles from \$50 million to \$100 million. This area was added to the Five Year Plan last amendment and is meant to compliment the work DOE has done to create new educational programming with new spaces to serve the needs of these programs. An example of a project completed under this area is the Brooklyn STEAM Center which is used by eight Brooklyn high schools for educational enrichment, Science Technology Engineering Arts and Mathematics (STEAM) immersion and career and technical education (CTE) certification.

Mandated Programs

Mandated programs total \$3.5 billion, or 17 percent, of the February Proposed Plan and is comprised of the areas in the table below. Excluding prior plan completion most areas within Mandated Programs are at the same exact funding level or have small increases or decreases from the Adopted Plan.

Mandated Programs	
Mandated Program Area	February Proposed Plan
Boiler Conversions	\$650,000
Asbestos Remediation	195,100
Lead Paint Removal	7,600
Emergency Lighting	25,000
Code Compliance	125,000
Building Condition Surveys	100,000
Wrap Up Insurance	900,000
Prior Plan Completion	922,900
Emergency, Unspecified, & Miscellaneous	582,000
TOTAL	\$3,507,600

(Dollars in Thousands)

As mentioned earlier Prior Plan Completion is reduced by \$130.8 million in the February Amendment which sees Mandated Programs as a whole reduced by \$116.5 million. Prior plan completion provides funding for construction contracts that were obligated during the previous five-year plan. The February Proposed Plan does not provide any reasons for these large decreases. This follows the 2021 February Amendment last year which had a \$553.7 million increase to Prior Plan Completion. Excluding projects that are for capacity, no list of prior plan completion projects is provided. This is the largest omission in terms of project itemization in the Proposed Amendment. For capacity projects, the level of specificity and detail provided in the current capacity program is missing. It is not possible to identify the difference between types of capacity program from the Plan document alone. This reduces public transparency on the City’s largest area of capital spending.

Other areas that saw changes include Lead Paint Removal which decreased by \$400,000 and Asbestos Removal which decreased by \$10.6 million to reflect actual spending. This reduction and the reduction to Prior Plan Completion are offset by an increase of \$25.3 million to the “Emergency, Unspecified, & Miscellaneous” program area which saw 123 new projects added for emergency lighting and fire safety retrofits in the Amendment triggered by the AC initiative.

As of February 2022, 14 school capacity projects are in progress. This is down from 47 when this Five Year Plan was released and 22 projects in the Adopted Plan. Seven projects opened in September 2021. Of the 10 projects which were slated to open in September 2022 the Amendment moves out up to open this month and one project back to open in February 2023. These projects and the four set to open in September 2023 which are unchanged are listed below.

School District	School	Borough	Address	Projected Seats
78Q	Academy of American Studies	Q	40-11 28 Street	969
	Total Seats Opening February 2022			969
15	P.S. @ 836-841 5th Avenue	K	836-841 5th Avenue	404
22	P.S. 254 Addition	K	1801 Avenue Y	416
24	I.S. 419	Q	111-10 Astoria Boulevard	646
29	P.S. 131 Addition	Q	170-45 84th Avenue	384
28	P.S. 196 Addition	Q	71-25 113 Street	250
31	P.S. @ 45 Waverly Place	R	45 Waverly Place	773
75	I.S./H.S. @ 715 Ocean Terrace	R	715 Ocean Terrace	456
78Q	Francis Lewis HS Annex	Q	58-20 Utopia Parkway	555
	Total Seats Opening September 2022			3,884
15	P.S. @ 4513 8th Avenue	K	4513 8th Avenue	328
	Total Seats Opening February 2023			328
15	P.S. @ 4302 4th Avenue	K	4302 4th Avenue	332
28	P.S. 206 Addition	Q	61-21 97th Place	392
30	I.S. @ 47-10 Barnett Avenue	Q	47-10 Barnett Avenue	725
78Q	Cardozo HS Annex	Q	57-00 223 Street	795
	Total Seats Opening September 2023			2,244

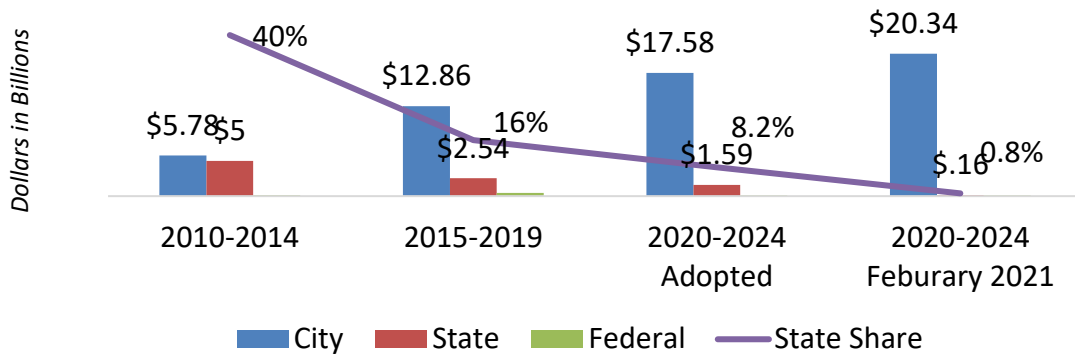
SCA Operating Budget and Staff

SCA funds its operating budget with capital funding, which the Office of Management and Budget (OMB) approves each year. Neither its operating budget, nor its staff, are included in the City budget or the Five Year Plan. As of March 1, 2022, the SCA has 827 full-time equivalent employees, and a budgeted headcount of 1,059. This is an increase from a budgeted headcount of 899. The SCA's projected operating costs and headcount, although funded through the Five-Year Capital Plan, are not shown in the Plan.

DOE Capital Funding Sources

New York State historically funded approximately 50 percent of the City's education capital costs directly through Building Aid Revenue Bonds (BARBs). This continued until the 2010-2014 SCA Five-year Plan. Since then, most of the bonds currently issued to finance DOE capital projects are City-backed bonds, such as General Obligation (GO) bonds. The State's direct portion of the City's education capital costs has dropped to \$162.6 million or less than one percent of the plan in the most recent amendment as shown in the figure below.

Figure 2. Historical Five-Year Plan Capital Funding Sources



DOE Capital Budget and Commitment Plan

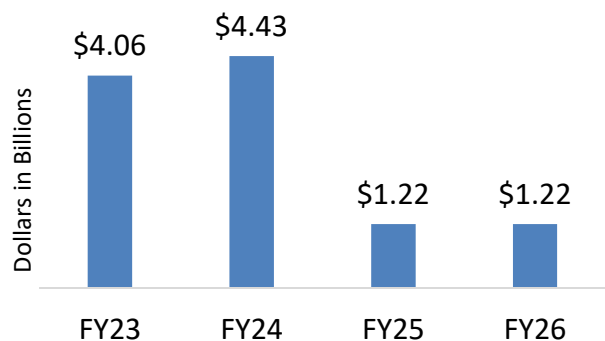
The Capital Budget determines the funding levels available to the DOE for its Five-Year Capital Plan. The legislation that established the SCA exempted the DOE from the City’s line-by-line annual Capital Budget. Instead, the City provides lump sum allocations for education capital expenditures, and the 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.

One major issue with both the Capital Budget and Commitment Plan is the extreme drop in projections in Fiscal 2025. 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 also exempts it from the City’s line-by-line Capital Budget. Alongside this DOE and the Mayor’s Office of Management and Budget choose not to project education properly outside the scope of the current Fiscal 2020-2024 SCA Five Year Plan allocating no funding for the next Five Year Plan which the SCA will begin preparing for next year.

Preliminary Capital Budget

As shown in Figure 3, the Department of Education’s Fiscal 2023 Preliminary Capital Budget includes \$10.9 billion over Fiscal 2023-2026. This represents approximately 17 percent of the City’s total \$63.1 billion Capital Budget for 2023-2026. The DOE’s Fiscal 2023 Preliminary Capital Budget is an estimate of the additional appropriations needed in addition to the projected uncommitted appropriations for Fiscal 2022 to fully fund the Department’s capital projects planned for next year.

Figure 3. Preliminary Fiscal 2023-2026 Capital Budget



Preliminary Capital Commitment Plan

The Fiscal 2023 Preliminary Capital Commitment Plan includes \$17.2 billion in Fiscal 2022-2026 for the DOE. This represents approximately 17 percent of the City’s total \$99.99 billion Preliminary Commitment Plan for the same period.

As shown in the table below, DOE’s Preliminary Commitment Plan for Fiscal 2022-2026 remains nearly flat decreasing by 1.3 million, or less than one-hundredth of one percent, when compared to the Adopted Commitment Plan. The variance between the Preliminary and Adopted DOE Capital Commitment Plans is due to a reduction of \$329,000 in Fiscal 2022 from the previous Five Year SCA Capital Plan and a reduction \$944,000 in Fiscal 2022 to the current 2020-2024 Five Year SCA Capital Plan. The Plan also shifts \$949.5 million from Fiscal 2022 into Fiscal 2023 and Fiscal 2024 within the Five Year Plan.

DOE Adopted vs. Preliminary FY22-26 Capital Commitment Plan						
<i>Dollars in Thousands</i>						
	FY22	FY23	FY24	FY25	FY26	Total
Fiscal 2021 Adopted	\$5,231,633	\$5,322,866	\$4,188,280	\$1,221,500	\$1,221,500	\$17,185,779
Fiscal 2022 Preliminary	4,280,865	5,797,361	4,663,280	1,221,500	1,221,500	17,184,506
Change	(\$950,768)	\$474,495	475,000	0	0	(\$1,273)
% Change	(18.17%)	8.91%	11.34%	0%	0%	(0.01%)

Almost all the funding for each DOE Five-Year Capital Plan is included in one budget line. Rather than representing specific projects, project IDs under this budget line reflect spending for each fiscal year. For example, funding for most of the DOE’s current Fiscal 2020-2024 Five-Year Capital Plan is in budget line E-2365, “Seventh Five-Year Educational Facilities Capital Plan.” This budget line currently has \$16.1 billion, or 93 percent, of the Education Preliminary Commitment Plan.

Since some projects funded in the DOE’s fixed Five-Year Capital Plans will continue beyond the final fiscal year of the plan, the DOE’s Capital Budget includes budget lines for previous Five-Year Capital Plans. The previous five-year plan currently has \$400.5 million, or two percent, of the DOE’s Preliminary Commitment Plan. 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. There are also budget lines for City Council additions to DOE’s Capital Budget and a budget line for each Borough President’s additions, which is 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. Finally, there are some relatively small budget lines based on project type (i.e. E-2500 “School Facilities Capital, Hurricane Sandy & Nor’easter”).

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: Alongside the shifts within the capacity program, the Amendment disaggregates District 75 seat need in the Five-Year Plan. This comes 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 need for District 75 students is lumped into a single category with no disaggregation by borough or any other means. In total, there are 1,056 sited District 75 seats with another 1,968 seats to be sited.

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 within seat need is that no methodology is given to explain the process by which the 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.

Increased Cost Due to the Pandemic: While the impact of reduced enrollment and changing seat need is evident in the plan, discussion around increases cost and other impact of the pandemic are missing. Only the description of the Universal Physical Education Initiative hints that COVID-19 impact project schedules and no mention is made about the impact of costs in the report.

Reduced New Capacity Demand Funds Increases to Class Size Reduction and Other Capacity Funding: Class size reduction has been a top priority of the Council and advocates across the education spectrum. This amendment sees a dramatic increase in Class Size Reduction. This is also accompanied by increases to other areas of the Capacity Program. These increases together total \$2.4 billion however, the Capacity program only grows \$923.4 million as the reduced enrollment trend leads to a \$1.5 billion reduction to the New Capacity Section. One major concern is if school enrollment increases the budget for New Capacity, will the Class Size Reduction or other programs be reduced to save costs.

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