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Testimony of Sarita Subramanian
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To the New York Council Committees on Education, Finance, and Capital Budget
On the New Five-Year School Construction Plan
December 18, 2018

Good afternoon Chairs Treyger, Dromm, Gibson, and members of the City Council. My name is Sarita Subramanian and I am the supervising analyst for the education team at the New York City Independent Budget Office. Thank you for the opportunity to testify at today's oversight hearing on the recently released five-year education capital plan for 2020-2024.

The proposed new plan would increase overall capital spending to \$17.0 billion, a 3 percent increase from the current \$16.5 billion 2015-2019 capital plan. The capital plan is divided into three main categories: capacity (creating new seats), capital investment (improving existing buildings and facilities), and mandated programs (programs required by local law or city agency mandates). The new plan would significantly increase funding in two key areas: new capacity and facility enhancements—the latter mainly to improve building accessibility and provide air conditioning.

Capacity

The capacity category would receive the largest overall increase: \$2.3 billion, a 36 percent increase from the current five-year plan. The plan breaks down capacity projects into several programs with the largest being "new capacity." The other programs are tied to specific initiatives—expanding early education, reducing class size, and removing transportable classroom units. The increase in funding for the capacity category is largely attributable to new capacity projects, which have increased by 64 percent, rising from \$4.8 billion in the 2015-2019 plan to \$7.8 billion in the new plan. Almost 57,000 new capacity seats are funded in the proposed plan, including 23,400 seats rolled over from the current plan and 1,600 seats in two projects funded for design only.

Over half of the new capacity seats (almost 33,000) in the new plan would come online for school years 2020-2021 through 2025-2026. The breakdown by community school district is shown in the attached table. In eight districts—district 2 in Manhattan, districts 7, 8, and 12 in the south Bronx, districts 13 and 15 in western Brooklyn, and districts 24 and 27 in western Queens—all of the new capacity seats are expected to be completed no later than the start of the 2025-2026 school year. Of these, school districts 2, 7, 8, 12, and 13 had district level utilization rates for elementary, middle, and charter schools below 100 percent in the recently released 2017-2018 Enrollment Capacity and Utilization Report (the Blue Book). Utilization rates in the other three districts were at or above 102.7 percent in 2017-2018. On the other hand, no new capacity projects planned for school districts 19 and 21 (in Brooklyn), and district 29

in eastern Queens are estimated to come online before the 2025-2026 school year; although capacity utilization was relatively low in districts 19 and 29, district 21 had a utilization rate of 104.9 percent.

District 20 in southwest Brooklyn and district 25 in northern Queens, the two districts with the highest utilization rates (over 121 percent) in 2017-2018, are expected to get the largest number of new capacity elementary and middle school seats in the new capital plan. Together, these two districts account for one-fifth of all new capacity seats—6,400 seats in district 20 and 4,900 seats in district 25. By September 2025, more than two-thirds of the new seats planned for district 20 are scheduled to come online whereas only a little over one-fifth of district 25's seats are expected to be ready by then.

The significant increase in new capacity funding is offset by decreased funding for other capacity programs that are associated with specific programmatic initiatives. The new plan allocates \$550 million for the Early Education initiative, which encompasses Pre-K for All and 3-K for All. This is a 37 percent decrease from the \$872 million allocated for Pre-K for All in the 2015-2019 plan. Funding for Class Size Reduction fell from \$490 million to \$150 million, an almost 70 percent decline. The \$287 million allocation for the Facility Replacement Program, which provided seats for schools that had to be relocated, has been removed entirely from the 2020-2024 capital plan.

The new plan also shifts \$180 million of funds to support the removal of transportable classroom units from the capital investment category into the capacity category; another \$50 million remains in capital investment to pay for removing those transportable classroom units that can be eliminated without building new capacity and can be accompanied by playground redevelopment. Even combining those two categories, total funding for transportable classroom unit removal would remain \$165 million below what is allocated in the current plan, likely because over 70 percent of original transportable classroom units have already been removed.

Capital Investment

The proposed capital plan allocates \$5.2 billion to the capital investment category, a decrease of 9 percent from the current plan. In addition to shifting some funding for the removal of transportable classroom units out of this category, there are reductions in allocations for various exterior improvements and athletic field upgrades. Funding for the Universal Physical Education Initiative would decrease to \$25 million from \$105 million in the current plan. This is partly because funding for the initiative in the proposed new plan would only run through the first two years of the new capital plan (2020 and 2021).

There are other areas within the capital improvement category in which funding would increase. Funding for facility enhancements would increase by over 71 percent, from \$974 million in the current plan to nearly \$1.7 billion in the new plan. Much of the increase would go towards funding to improve accessibility, which would increase by \$622 million (almost five times) over the current plan. The air conditioning initiative would also increase almost five-fold, with \$284 million dedicated to the initiative. Spending on technology enhancements, which includes upgrading school wireless data networks, would rise from \$654 million to \$750 million, a 15 percent increase. This plan also doubles the amount spent on safety and security to \$200 million, with a continued focus on installing video surveillance.

Mandated Programs and Expected State Funding

The amount dedicated to mandated programs would decrease by about 10 percent from \$3.4 billion to roughly \$3 billion, with the greatest decreases in funding dedicated to boiler conversions, to phase out the use of Number 4 heating oil by 2030, and prior plan completion costs. The largest increase among mandated programs was for emergency lighting—funding increased to \$35 million in the new plan, more than three times what is allocated in the current plan.

Finally, additional funding that was recently awarded by the State Education Department for New York City's Smart Schools Bonds Act application will likely change some of the allocations for projects in the capacity and capital improvement categories of the new plan. In the city's approved application, \$300 million would allow for transportable classroom removal, \$100 million would be dedicated to building or leasing new capacity for Pre-K, and \$383 million would allow for technology upgrades (\$273 million to improve school connectivity and \$110 million for classroom technology).

Thank you again for the opportunity to testify and I would be glad to answer any questions you may have.

Utilization Rate and New Capacity Planning by Community School District, 2020-2024 Capital Plan Projects											
District	2017-2018 Utilization Rate	Forecast New Capacity By School Year That Seats Will Become Available									
		2020-2021	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	District Total	District Share of Total
2	96.1%		450	462	1,242	640				2,794	4.9%
7	86.6%			572	572					1,144	2.0%
8	94.2%					572				572	1.0%
9	90.4%			572	572		476			1,620	2.8%
10	106.6%			476	640	572		1,648		3,336	5.9%
11	104.3%			476		824	824			2,124	3.7%
12	91.1%		458		476					934	1.6%
13	77.4%		640	332		476				1,448	2.5%
14	78.8%				379			612		991	1.7%
15	106.3%			382	1,286	640				2,308	4.1%
19	79.3%							476		476	0.8%
20	121.1%				1,464	2,764	2,124			6,352	11.2%
21	104.9%						1,428	1,116		2,544	4.5%
22	96.9%					640		476		1,116	2.0%
24	108.0%			640	824					1,464	2.6%
25	121.9%		410			640	2,988		824	4,862	8.5%
26	108.9%		440	476			824	640		2,380	4.2%
27	102.7%				640	1,116				1,756	3.1%
28	104.1%					1,464	572	640		2,676	4.7%
29	91.3%						1,048			1,048	1.8%
30	95.5%				1,176	476	476		1,000	3,128	5.5%
31	102.2%	132			476	952	952	1,168		3,680	6.5%
High School-Queens					3,079	1,202	2,404		1,479	8,164	14.3%
Annual Total		132	2,398	4,388	12,826	12,978	14,116	6,776	3,303	56,917	
Annual Share of Total		0.2%	4.2%	7.7%	22.5%	22.8%	24.8%	11.9%	5.8%		
Cumulative Share of Total		0.2%	4.4%	12.2%	34.7%	57.5%	82.3%	94.2%	100.0%		

SOURCES: IBO analysis of School Construction Authority Proposed FY 2020-2024 Five-Year Capital Plan and Enrollment Capacity Utilization Report for 2017-2018 school year

NOTES: Elementary and middle school new capacity planning is done at the sub-district and district levels; high school new capacity planning is done at the borough level. Reported utilization rates in 2017-2018 were aggregated by district for elementary, middle, and charter schools only.