



# THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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## New York State Provides Roughly Half of Funding for NYC's School Infrastructure Projects

**October 1, 2024**, – Since New York State mandated smaller class sizes, school construction in New York City has become a central topic among advocates, legislators, and community members. The New York City Independent Budget Office (IBO) is releasing a report that details how the state provides funding for the City's education infrastructure projects. Individuals can access related IBO reports on the impact of [class size limits on NYC schools](#) and the [School Construction Budget](#) on our website.

New York City school building projects are primarily financed through the issuance of City bonds. However, the State covers roughly half of the City's total debt service spending on school infrastructure through building aid revenue. This report will provide a detailed explanation of how New York City school construction projects are funded and examine the building aid formula, which determines the amount of aid the state allocates to the City.

Read IBO's explainer [here](#).

- From fiscal years 2020 through 2024, over 99% of New York City spending on school building projects was financed by City-issued bonds. However, this does not account for building aid revenue, through which New York State funds approximately half of New York City's total spending on school infrastructure.
- Although New York City's 2024 building aid ratio is 37%, most projects since July 2005 have used a higher ratio of 57%, meaning that the State has reimbursed the City *up to* 57% for school infrastructure projects since 2005. This is due to the formula applying the district's highest building aid ratio since 1982, with adjustments based on the district and project year.
- The State building aid formula also limits revenue to New York City by capping costs eligible for reimbursement. This means expensive projects, such as new school construction, may receive a lower share of State reimbursement. These projects require more City funds to cover debt service payments, reducing the amount of City funds available for spending on other projects.
- Even without State changes to the building aid formula, the share of New York City's spending on school infrastructure could decline if the gap between actual project costs and State-allowed costs for reimbursement grows.



**New York City Independent Budget Office**

IBO's mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis.