

March 2014

## Spending Increases in New Five-Year Capital Plan for Schools Relies Heavily on Statewide Referendum

The School Construction Authority (SCA) released a \$12.8 billion proposed spending plan for fiscal years 2015 through 2019 in early February. The plan now moves to the City Council for review and must be approved, with or without modifications, by the end of this fiscal year. Total funding for the five years of the proposed plan would be almost \$1.0 billion, or 8.5 percent, higher than under the current plan covering 2010 through 2014.

Consistent with the prior plan, the proposed plan incorporates approximately equal shares of state and city funds, but also includes \$800 million for the city from the Governor's \$2.0 billion New York State Smart Schools bond proposal, which will be on the statewide ballot in November. The capital plan allocates \$490 million of this anticipated funding to enhance technology in schools through infrastructure projects and software purchases; about \$300 million is allocated to facility restructuring to expand capacity for pre-kindergarten classroom space, more than half of the funds devoted to such reconstruction work in the plan. If approved by voters, this additional funding would allow SCA to redirect \$490 million of funding previously earmarked for technology towards building 4,900 more seats to reduce class size.

The SCA's proposed plan organizes projects into three categories: capacity, capital investment, and mandated programs. Mandated programs are required by local or state law and include: remediation, such as removal of lead paint and replacement of PCB-contaminated light fixtures; building code compliance; insurance; and boiler conversions to phase out two highly polluting forms of heating oil as called for in Mayor Bloomberg's PlaNYC. Compared with the current plan, the proposed plan increases spending on capital investment and mandated

programs. Despite the inclusion of \$490 million that would be freed up by the Smart Schools bond proceeds, spending on capacity would decline slightly. Click [here](#) for a table comparing allocations in the proposed plan with the current plan for numerous types of projects.

The change in mandated programs accounts for the largest increase over the 2010-2014 plan—almost \$1.0 billion, or 40 percent. The mandated program items with the largest increases include boiler conversions and associated climate control (\$523 million) and PCB-related lighting replacements (\$203 million).

Spending on capital investment is set to increase by 16 percent, with increases in both the capital improvement program and school enhancement projects. Two categories account for the largest increases in capital improvements: removal of transportable classroom units and redevelopment of playgrounds (\$405 million), and athletic field upgrades (\$105 million). Among school enhancement projects, spending on technology would fall substantially (down \$277 million, or 30 percent) while spending on facility restructuring (including accommodations for more pre-kindergarten seats) increased by \$325 million.

There is a slight decrease in spending on capacity compared with the 2010-2014 plan but a significant shift in resources. Funding for charter school construction has been eliminated in the new plan. Under the previous program charters could combine public matching funds with privately raised money for buildings that would be city-owned but leased to charter schools on a long-term basis. This initiative was allocated \$210 million in the current capital plan but zeroed out for 2015-2019. The SCA's facility replacement plan is also reduced by \$290



million, though \$400 million remains allocated to this program. These reductions are offset by increases to class-size reduction (\$490 million) and pre-K capacity (\$210 million). The class size reduction program is dependent on anticipated revenues from the Smart Schools bonds. Under the new plan, spending on capacity would total \$3.3 billion over 2015-2019, a decline of \$58 million (1.3 percent).

In total, the five-year plan would add 37,460 new seats: funding for 32,560 seats is categorized as new capacity, while funding for the 4,900 seats that depend on the November referendum is shown as class-size reduction. The \$210 million for the pre-K initiative would provide even more seats either in newly constructed buildings or in leased space.

While the 4,900 seats for class-size reduction have not been allocated pending the outcome of the referendum, the plan does specify the proposed locations of the 32,560 new capacity seats that are not dependent on the state bonds. Queens is expected to get the biggest share—over 13,000 seats and 40 percent of seats categorized as new capacity. Almost 9,700 seats (30 percent) will be built in Brooklyn. The Bronx and Manhattan will receive 14 percent and 12 percent of seats, respectively; and 4 percent of seats will be built in Staten Island.

The SCA plans for seats based on anticipated need in specific neighborhoods within the 32 school districts. Three neighborhoods would each receive more than 5 percent of the anticipated 32,560 seats. The area encompassing Corona, Lefrak City, and Elmhurst in district 24 will collectively get almost 2,400 new seats, about 7 percent of total new seats citywide. Two other neighborhoods would each get almost 2,000 seats, or 6 percent of the total: Tribeca and Greenwich Village in district 2 (Manhattan) and Dyker Heights in district 20 (Brooklyn).

The majority of newly constructed seats will serve elementary and middle school students. Only 3,100 seats in the plan are dedicated to high schools, with most of those to be located in Queens. Although no sites have yet been identified for any of the high school seats, 2,800 would be in Queens and the remaining 300 in Staten Island.

<b>Timeline for Estimated Completion of New Capacity Seats</b>		
<b>School Year</b>	<b>Number of Buildings</b>	<b>Number of Seats</b>
2015-2016	1	113
2016-2017	2	1,349
2017-2018	12	5,983
2018-2019	13	6,875
2019-2020	11	5,752
2020-2021	11	6,714
2021-2022	6	4,211
2022-2023	1	757
2023-2024	1	806
<b>TOTAL</b>	<b>58</b>	<b>32,560</b>
<i>New York City Independent Budget Office</i>		

The SCA plans to lease space for slightly more than a third of the projects in the plan and has already identified sites for seven projects. Leased space accounts for almost 9,800 seats—30 percent of the new seats that are not dependent on the bond issue. Design has already begun on three of the seven projects for which sites have been identified.

The proposed 2015-2019 plan lists a total of 58 capacity projects, five of which are carried over from the 2010-2014 plan and account for 2,947 seats. Two of the carry-overs are in Manhattan, two are in Brooklyn, and one is in Queens. The timeline for one of the Manhattan projects—an 806-seat project in district 2—has been pushed back five more years from the original timeline in the 2010-2014 plan. The project, for which a site has yet to be identified, was funded for design only (beginning in May 2014, just months before the current capital plan wraps up). In the proposed 2015-2019 plan, the project is again funded for the design portion only which would begin in May 2019, just before the next plan finishes.

The 32,560 new seats are expected to be ready during the course of the 2015-2016 through 2023-2024 school years, with more than 90 percent of seats expected in 2017-2018 through 2021-2022. More than 60 percent of the seats are expected to be completed by the end of the five-year capital plan.

Receive notification of IBO's free reports by [e-mail](#)  
[Facebook](#)  
[Twitter](#)  
[RSS](#)