

## School Capital Plan Counts on More Seats, Falling Enrollment To Ease Overcrowding

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Last month, the city's Department of Education released its proposed five-year, \$13.1 billion capital plan for building and renovating New York City schools. Among the main goals of the plan, which covers fiscal years 2005-2009, are alleviating overcrowding and further reducing class size in kindergarten through third grade. To help meet these goals, the plan would create nearly 62,700 new seats in the city's schools. But the education department is also counting on enrollment in the city's schools to decline by 91,000 over the next decade in order to reduce overcrowding and K-3 class size.

Although capacity expansion has been a major theme in each of three previous education capital plans (1990-1994, 1995-1999, and 2000-2004) shortages of classroom seats remain a problem in many areas of the city. Based on the most current data available for school enrollment, capacity, and utilization, IBO estimates that last year's shortfall of 68,077 seats meant nearly 50 percent of city public school students attended overcrowded schools. Overcrowding was worst in the high schools, with nearly three-quarters of high-school students attending overcrowded schools. The education department's plan assumes that after accounting for anticipated enrollment declines in the coming years, the new capacity to be added under the proposed plan would be sufficient to overcome the shortage by the year 2012.

The plan, *Children First Ten-Year Needs Assessment and Proposed 2005-2009 Five-Year Capital Plan*, calls for spending \$4.0 billion on projects to expand school capacity. Of this amount, \$2.6 billion is proposed to construct 48 new schools, \$1.1 billion to renovate 28 leased facilities, \$253.4 million to acquire school sites, and \$8.5 million to purchase new "transportable classroom units." The plan also includes \$225.0 million for projects that were begun during the current five-year plan; these projects were not identified in the new plan but most likely include projects to add seats as well as capital improvement projects.

In addition to adding capacity, there are two other major components of the 2005-2009 capital plan. It allocates \$4.6 billion to create smaller schools within existing school buildings and construct science labs and libraries and upgrade computer technology in these schools and provide facilities for 50 new charter schools. Additionally, the plan allocates \$4.5 billion to repair and upgrade existing school buildings. The plan assumes that roughly half of the necessary funding will be provided from the city's capital program, with the other half coming from the state as part of the resolution to the Campaign for Fiscal Equity case.

The proposed capital plan is under review by the community school boards this month. The

education department will likely make some changes and a revised plan will be submitted to the Education Policy Panel (the reconfigured Board of Education) early next year. The City Council will then vote on the plan. A new capital plan must be adopted by July 1, 2004, when fiscal year 2005 begins.

**Early Grade Class Size Reduction.** Under the proposed plan, the education department will expand its early grade class size reduction initiative with the goal of reducing the *maximum* K-3 class size to 20 students in all elementary schools citywide by 2012. Since the state's early grade class size grant was established in 1998, lack of space has been an impediment to creating new classes in many city schools. Nevertheless, progress has been made with the citywide *average* falling from nearly 25 students per class to just under 22 per class in the 2002-2003 school year (see IBO's "[Despite Free Space in Some Middle Schools, Many Packed Classrooms](#)").

Although the continuing decline in early grade enrollments will reduce the number of classrooms needed to bring all K-3 classes to 20 or fewer students, meeting this objective will still require creating a substantial number of seats. Using data for 2002-2003, IBO estimates that providing additional classes at those schools where average class size is currently above 20 would require up to 34,500 new seats if the initiative were fully implemented today. The need would be lower if neighborhood school assignments were relaxed, allowing students in these grades to be bused to schools elsewhere in their community school district or even elsewhere in the city.

Further reducing K-3 class sizes will also require hiring additional teachers. The city's existing early grade class size initiative has largely depended on a state grant and a federal grant to pay for the teachers needed to achieve the reductions in class size that have occurred. These grants are not open-ended, and will not automatically grow if the city expands its initiative. (Indeed, the state grant has been a regular target of the Governor's budget proposals each year.) Thus, unlike the case with teachers hired as part of the existing K-3 initiative, the salary and benefits expenses for the new teachers needed to staff the classrooms to be created under this part of the capacity program may well fall upon the city.

**Reducing Overcrowding.** The plan aims at alleviating overcrowding in general and reducing the use of split sessions in high schools plagued by severe overcrowding. Each year the education department compiles utilization data in a document referred to as the Blue Book, which shows the rated capacity for each of the city's public school buildings compared with the actual enrollments.<sup>1</sup> The most recent data, based on 2002-2003

student enrollment, showed that the overall utilization rate for elementary and middle school was 91 percent and the overall utilization rate for the high schools was 109 percent.<sup>2</sup> A utilization rate that exceeds 100 percent indicates that a school's rated capacity, based on minimum standards of classroom space per student, is lower than the number of students enrolled there.

Utilization rates vary widely across the city. IBO's analysis of the Blue Book data indicates that although the overall utilization rate for the city's 32 community school districts was below 100 percent, there were six districts—6, 10, 11, 20, 24, and 29—that were overcrowded. Moreover, there are individual overcrowded schools in virtually every district in the city. Looking at individual schools, the data shows that last year the city's public school system was short a total of 68,077 seats. The greatest need was at the high schools, which were short 43,724 seats. Nearly two-fifths of the city's primary and middle-school students attend overcrowded schools while 73 percent of high-school students attend overcrowded schools.

Under the proposed plan a total of 62,687 new seats would be created.<sup>3</sup> The start dates and construction times for projects to increase capacity vary, with the earliest project completed by December 2005 and the latest completed by June 2010. If enrollment were to remain constant, these new seats, combined with those currently under construction, would be sufficient to eliminate the overcrowding that exists today, although that would leave little additional capacity for reducing class sizes.

**Enrollment Decline Projected.** But enrollment is not expected to remain constant. Instead it is projected to decline in the next decade according to a demographic analysis commissioned by the education department for its plan. The analysis, conducted by the Grier Partnership, estimates that by 2012 student enrollment in elementary and middle schools will decline by 8.2 percent or roughly 63,000 students. In high schools, enrollment would decline by 9.4 percent or roughly 28,000 students.

With total student enrollment expected to decline by roughly 91,000 and the current shortfall being roughly 68,000 seats, the education department expects to be able to meet its goal of alleviating overcrowding *systemwide* by the year 2012, although pockets of overcrowding are likely to remain.

It should be noted that projecting enrollments 10 years in the future is a challenging task. The projection's accuracy can be influenced by unanticipated changes in immigration policy, economic conditions in the city, the country, and elsewhere in the world, as well as more local factors such as development of

<b>Overcrowding in the City's Public School Districts, 2002-2003 School Year</b>						
<b>District-Borough</b>	<b>Enrollment</b>	<b>Capacity</b>	<b>Under Capacity/ (Over Capacity)</b>	<b>Utilization %</b>	<b>Seats Needed in Overcrowded Schools</b>	<b>New Seats in 2005-2009 Plan</b>
<b>Elementary and Middle Schools<sup>a</sup></b>						
1 - Manhattan	9,001	11,811	2,810	76%	(107)	-
2 - Manhattan	19,767	21,910	2,143	90%	(407)	1,890
3 - Manhattan	15,135	18,890	3,755	80%	(447)	-
4 - Manhattan	13,199	16,139	2,940	82%	(171)	-
5 - Manhattan	12,293	16,056	3,763	77%	(15)	-
6 - Manhattan	27,791	27,496	(295)	101%	(1,123)	441
7 - Bronx	16,124	19,923	3,799	81%	(193)	-
8 - Bronx	23,783	26,919	3,136	88%	(423)	-
9 - Bronx	32,105	34,523	2,418	93%	(940)	1,701
10 - Bronx	43,049	41,651	(1,398)	103%	(2,902)	4,032
11 - Bronx	31,126	30,740	(386)	101%	(1,612)	3,780
12 - Bronx	19,611	22,504	2,893	87%	(498)	-
13 - Brooklyn	13,760	19,234	5,474	72%	(33)	-
14 - Brooklyn	16,857	23,577	6,720	71%	(74)	-
15 - Brooklyn	20,918	23,826	2,908	88%	(592)	630
16 - Brooklyn	10,805	15,039	4,234	72%	(31)	-
17 - Brooklyn	24,788	29,062	4,274	85%	(965)	-
18 - Brooklyn	18,884	20,446	1,562	92%	(122)	630
19 - Brooklyn	23,402	26,142	2,740	90%	(379)	-
20 - Brooklyn	29,850	29,324	(526)	102%	(1,915)	5,119
21 - Brooklyn	23,938	27,007	3,069	89%	(409)	1,260
22 - Brooklyn	28,532	28,906	374	99%	(1,015)	2,520
23 - Brooklyn	12,981	17,306	4,325	75%	(149)	-
24 - Queens	37,638	36,836	(802)	102%	(2,178)	4,662
25 - Queens	24,096	27,168	3,072	89%	(131)	-
26 - Queens	17,484	17,414	(70)	100%	(891)	882
27 - Queens	34,649	36,614	1,965	95%	(2,002)	2,597
28 - Queens	23,831	25,624	1,793	93%	(695)	2,520
29 - Queens	26,203	25,681	(522)	102%	(1,377)	-
30 - Queens	28,608	29,439	831	97%	(1,068)	1,701
31 - Staten Island	41,813	43,842	2,029	95%	(1,305)	1,890
32 - Brooklyn	16,473	18,720	2,247	88%	(184)	-
<b>Subtotal</b>	<b>738,494</b>	<b>809,769</b>	<b>71,275</b>	<b>91%</b>	<b>(24,353)</b>	<b>36,255</b>
<b>High Schools<sup>b</sup></b>						
78 - Brooklyn	87,247	84,702	(2,545)	103%	(11,661)	4,956
78 - Bronx	49,764	43,784	(5,980)	114%	(8,872)	9,912
78 - Manhattan	54,274	53,186	(1,088)	102%	(6,326)	-
78 - Queens	72,808	60,250	(12,558)	121%	(14,954)	9,912
78 - Staten Island	15,734	15,747	13	100%	(1,911)	1,652
<b>Subtotal</b>	<b>279,827</b>	<b>257,669</b>	<b>(22,158)</b>	<b>109%</b>	<b>(43,724)</b>	<b>26,432</b>
<b>Total</b>	<b>1,018,321</b>	<b>1,067,438</b>	<b>49,117</b>	<b>95%</b>	<b>(68,077)</b>	<b>62,687</b>
SOURCES: IBO; Department of Education's 2002-2003 Blue Book data.						
NOTES: Additional student seats to be provided in new grade 6-12 facilities were included in the high school figures. <sup>a</sup> These data exclude 2,328 K-8 grade students in special districts and 10,449 high school students assigned to facilities in elementary and middle school districts. <sup>b</sup> Also excluded were 3,482 K-8 grade students assigned to facilities in the high school superintendencies.						

new housing. For example, the projections used in assembling the current capital plan (2000-2004) underestimated the extent of the slowdown in enrollments that began in 1997 and has become more pronounced since.

*No More Trailers?* The proposed capital plan also assumes that the decline in enrollment and new construction projects will enable the school system to eliminate the use of transportable classroom units and mini-schools. Although generally used to provide swing space while new schools are under construction, the transportables have also been used as a stop-gap measure to alleviate overcrowding. According to the education department, as of last year there were roughly 375 transportables in use providing 17,274 additional seats and 62 mini-schools, 38 of them at least 20 years old, providing 12,641 seats.

The enrollment projections indicate that some of the seats in transportables and mini-schools will no longer be needed and others will be replaced either with new permanent construction or by leasing space. While the capital plan provides for purchasing some new transportables as either swing space or stop-gaps, the assumption is that these too will be retired by 2012.

*Completing the Current Plan.* Total funding for the school's expiring five-year capital plan, covering fiscal years 2000-2004, is now \$6.5 billion. As a result of capital funding changes and project cost overruns, the current plan has been amended three times and numerous projects were either eliminated or marked as deferred until the 2005-2009 plan. The most recent plan amendment, which took place in May 2003, led to the deferral of nearly \$2.0 billion worth of capacity and capital improvement projects.

The original 2000-2004 plan called for 59,650 new seats, although 26,700 of those had been rolled over from the previous plan. Since the original plan was adopted 13,388 new seats were eliminated and construction of another 9,807 seats was deferred to the new plan now under review.

The Department of Education says that in compiling the new capacity program, they started with a clean slate. In other words, previously deferred projects were not automatically included in the new plan. Only those deferred projects that met the new criteria used for the 2005-2009 plan were included. IBO's preliminary review of the new capacity program indicates that about two-thirds of those districts (including the high school superintendencies) that lost seats under the December 2001 and May 2003 plan amendments would receive a similar or greater number of seats in the new plan.

*Funding Uncertainties.* The plan would be funded with money from both the city and the state, with each contributing about half. The city portion would total about \$2.0 billion more than the \$4.5 billion currently allocated to education in the city's long-term plan for all its capital needs. Unless there are adjustments to other areas of the city's capital plan, this increase would add over \$100 million to the city's annual debt service. When the initial version of the 2000-2004 capital plan was released, the Giuliani Administration objected to the amount of city funding requested by the school system and the plan was scaled back prior to its adoption in late 1999. Because the education department is now under control of the Mayor, it is assumed that the issue of affordability has already been resolved within the administration prior to release of the new five-year plan. After the plan was released, the city proposed providing some expense budget dollars for pay-as-you-go capital spending on education projects, thus reducing the need to issue debt.

The half of the funding that the education department expects to come from the state is very uncertain. Much will hinge on the resolution of the Campaign for Fiscal Equity suit. The state's highest court, the Court of Appeals, has ruled in favor of the plaintiffs in the case, concluding that the state is obligated to ensure that schools in New York City have the resources needed to provide a sound basic education. The court ordered the state Legislature to develop a financing system that meets those criteria by June 1, 2004. The nature of this financing system and the amount of additional state resources it will ultimately provide the city is currently unknown. If all of the funding cannot be obtained, the plan will have to be reworked. As with the previous capital plans for the city's schools, there is no indication as to how the projects would be reprioritized.

IBO will continue to review the proposed capital plan and any revisions as well as changes in funding availability and expects to report on the implications of these adjustments in the coming months.

*Written by Ana Ventura*

## END NOTES

<sup>1</sup> This year's addition of the Blue Book introduced an alternative measure of building utilization that better accounts for actual usage of space in schools. For this analysis, IBO used the education department's new measure. In the proposed capital plan, the department used the old measure, which assumes a theoretical number of art, music and computer rooms.

<sup>2</sup> IBO's measures exclude high-school students assigned to schools run by community school districts and K-8 students assigned to facilities operated under the high school superintendencies.

<sup>3</sup> This figure does not include the creation of 50 new charter schools under a separate portion of the plan. These charter schools have an unspecified number of seats and may be created in existing schools or in new schools, which may result in some loss in the systems capacity.