

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Mark Treyger
Chair, Committee on Education



Report of the Finance Division on the
Fiscal 2022 Preliminary Capital Budget and
Proposed Amendment to the Fiscal 2020-2025 Capital Plan for the
Department of Education and the School Construction Authority

March 23, 2021

Finance Division

Masis Sarkissian, Financial Analyst
Dohini Sompura, Unit Head

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director

Nathan Toth, Deputy Director
Paul Scimone, Deputy Director

Table of Contents

School Construction Authority Overview	1
February 2021 Proposed Amendment to the Fiscal 2020-2024 Five-Year Capital Plan	1
Proposed Changes to the Five Year Plan	2
Capacity	2
Calculating Seat Need	5
Class Size Reduction.....	6
Capital Investment.....	7
Mandated Programs	8
Capital Needs Related to Early Childhood Education.....	10
SCA Operating Budget and Staff.....	10
DOE Capital Funding Sources.....	10
DOE Capital Budget and Commitment Plan	11
Preliminary Capital Budget	11
Preliminary Capital Commitment Plan	11
Appendices	15
A. Adopted 2020-2024 Capital Plan vs. February 2021 Proposed Fiscal 2020-2024 Capital Plan Amendment.....	15

School Construction Authority Overview

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.

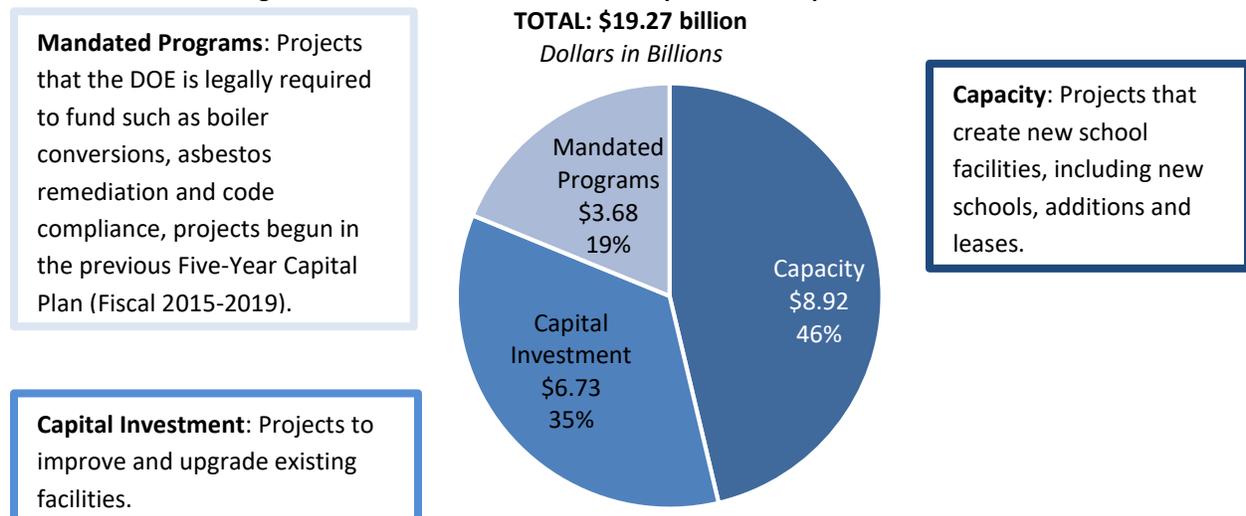
This report provides a review of DOE's \$17.02 billion Fiscal 2020-2024 Five Year Capital Plan Proposed Amendment (Proposed Amendment or February Plan), DOE's Fiscal 2022 Preliminary Capital Budget, the Preliminary Capital Commitment Plan for Fiscal 2021-2025, and Preliminary Ten-Year Capital Strategy for Fiscal 2022-2031.

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 second year of the Fiscal 2020-2024 Five-Year Capital Plan (Adopted Plan). If approved, this will be the first 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, was withdrawn from consideration.

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

The Capital Plan is divided into three sections: Capacity, Capital Investment, and Mandated Programs; funding levels for these three sections are reflected in Figure 5. These three sections are discussed in more detail below.

Figure 5. Fiscal 2020-2024 Five-Year Capital Plan Proposed Amendment



Proposed Changes to the Five Year Plan

The February Plan totals \$19.27 billion, an increase of \$2.26 billion, when compared to the Adopted Plan. The increase is due mostly to an addition of \$1.2 billion for capital projects added to the Fiscal 2020 and Fiscal 2021 Adopted Capital Budgets through Resolution A (Reso A) by elected officials. Other increases include \$266 million for student laptops and tablets for remote learning, \$246 million for electrical systems, \$230 million for roofs, \$217 million for facility replacement, \$120 million for windows, \$105 million for parapets, and \$554 million for prior plan completion. These increases are offset by some decreases, including \$133 million less for exterior work and \$84 million less for new capacity projects. The Proposed Amendment adds 1,351 projects and eliminates

56 projects, these projects are identified in the February Proposed on pages C-28 to C-67 for added projects and C-68 to C-00 for cancelled

<i>Dollars in Thousands</i>	Adopted Plan	Proposed Amendment	Difference	% Change
Capacity	\$8,761,000	\$8,923,000	\$162,000	2%
Capital Investment	5,180,200	6,727,300	1,547,100	30%
Mandated Programs	3,070,000	3,624,100	554,100	18%
Total	\$17,011,200	\$19,274,400	\$2,263,200	13%

projects of the plan document. 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 have determined that an alternate project is more important. One project was canceled due to ineligibility and one because work was previously completed. Table 1 shows the proposed funding changes by project category and a more detailed list is shown Appendix A.

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. Details are provided for capacity projects and the other categories with large shifts in the February Plan.

Capacity

The goal of the capacity program is to build new facilities to meet match expected student enrollment over the Plan period, lower in-school crowding, and eliminate reliance on temporary structures. Capacity projects total \$8.92 billion, or 46 percent, of the February Plan and are comprised of five areas: new capacity, \$7.8 billion; class size reduction, \$140 million; Pre-K and 3-K for All, \$589 million; capacity to support removal of TCUs, \$180 million; and facility replacement, \$217 million. Capacity funding grows by \$162 million or two percent in the Proposed Plan. The February Plan includes the same 93 capacity projects included in the Adopted Plan. These projects will add 55,145 new seats. When combined with the 2,44 District 75 seats this brings the total number of seats in process or completed to 57,489, or SCA's projected seat need.

For the coming school year that begins in September 2021, the DOE plans to open eight new schools with 3,458 seats. SCA expects to complete another 10 new schools in September 2022 with approximately 5,181 seats and four new schools in September 2023 with 2,244 seats. All of these projects were funded in the 2015-2019 Capital Plan. In February 2020 SCA had planned to deliver 7,866 seats in September 2021 and 3,017 seats in September 2022, but delayed several capacity projects, for the first time in its history.

Due to the months long freeze on capital work imposed last Spring because of the COVID-19 pandemic, nine schools expected to open in September 2021 have been delayed. The stop work order will have a ripple effect on delivery of capital projects. The SCA's capital portfolio was restarted gradually over the course of this fiscal year with capacity projects set to open last September prioritized. By the fall all capacity projects were unfrozen. SCA's other in-process capital projects continue to be restarted. The chart below outlines capacity programs set for completion in the next three school years and includes the previous anticipated opening. These capacity projects are not funded in the Capacity program section of the February Proposed Plan but are funded through prior plan completion within Mandated Programs. Two of these projects are for facility replacement and two address class size reduction.

February 2021 Proposed Plan COVID-19 Impact on Capacity Projects slated to Open by 2023						
School District	School	Borough	Address	Number of Seats	Previous Anticipated Opening	New Anticipated Opening
10	P.S. 33 Annex	X	2424 Jerome Avenue	388	2021	2021
10	P.S. 340 Annex	X	25 West 195th Street	296	2021	2021
11	P.S. 97 Addition	X	1375 Mace Avenue	548	2021	2021
20	P.S. 127 Addition	K	7805 7th Avenue	364	2021	2021
21	P.S. 97 Addition	K	1855 Stillwell Avenue	468	2021	2021
30	P.S. 2 Addition*	Q	75-10 21st Avenue	180	2021	2021
30	P.S. @ Parcel F	Q	1-35 57th Avenue	612	2021	2021
78K	East New York Family Academy**	K	2057 Linden Blvd	602	2021	2021
15	P.S. @ 4513 8th Avenue	K	4513 8th Avenue	328	2021	2022
15	P.S. @ 836-841 5th Avenue	K	836-841 5th Avenue	404	2021	2022
22	P.S. 254 Addition	K	1801 Avenue Y	416	2021	2022
24	I.S. 419	Q	111-10 Astoria Blvd	646	2021	2022
28	P.S. 196 Addition	Q	71-25 113 Street	250	2021	2022
29	P.S. 131 Addition**	Q	170-45 84th Avenue	384	2021	2022
75	I.S./H.S. @ 715 Ocean Terrace*	R	715 Ocean Terrace	456	2021	2022
78Q	Academy Of American Studies	Q	40-11 28th Street	969	2021	2022
78Q	Francis Lewis HS Annex	Q	58-20 Utopia Parkway	555	2021	2022
31	P.S. @ 45 Waverly Place	R	45 Waverly Place	773	2022	2022
15	P.S. @ 4302 4th Avenue	K	4302 4th Avenue	332	2022	2023
28	P.S. 206 Addition	Q	61-21 97th Place	392	2022	2023
30	I.S. @ 47-10 Barnett Avenue	Q	47-10 Barnett Avenue	725	2022	2023
78Q	Cardozo HS Annex	Q	57-00 223rd Street	795	2022	2023

*Facility replacement projects

**Class size reduction projects

The February Plan has 93 capacity projects of which, 38 have sites selected, compared to 18 in the Adopted Plan. Together these projects account for 20,676 sited seats, or 36 percent, of the 57,489 seats funded in the plan. The below chart shows these identified projects.

February 2021 Proposed Plan Fiscal Year 2020-2024 Capacity Projects in Process, Sited Projects					
School District	School	Borough	Forecast Capacity	Design Start	Actual / Est. Completion
2	P.S./I.S. @ Western Railyards	M	766	Apr-21	Sep-26
2	P.S. @ Trinity Place	M	450	May-15	Sep-22
2	P.S. @ Hudson Square	M	462	Apr-20	Jun-26
7	P.S. @ 639 St Anns Avenue	X	572	Apr-19	Jun-24
8	P.S. 138 Addition	X	542	Sep-19	Mar-24
9	P.S. @ Edward L Grant Highway	X	458	Aug-19	Jun-24
9	P.S. @ 2075 Webster Avenue	X	392	Jun-19	Jun-24
10	P.S. @ 2355 Morris Avenue	X	476	Sep-19	Sep-24
10	Jonas Bronck Academy	X	389	Mar-19	Jun-23
11	P.S. 87 Addition	X	412	Apr-19	May-24
11	P.S. 108 Addition	X	600	Jul-19	May-24
11	P.S. 105 Addition	X	388	Nov-20	Sep-24
12	P.S. @ 1570 Boone Avenue	X	458	Dec-17	Sep-22
12	P.S. 195/ 196 Addition	X	608	Apr-19	Sep-24
13	I.S. 653	K	812	May-15	Mar-24
13	P.S. @ Albee Square West	K	332	Jul-17	Jun-23
15	I.S. @ 21-31 & 35 Delevan Street	K	555	Apr-21	Sep-25
15	P.S. @ 763 President Street	K	432	May-21	Aug-24
15	P.S./H.S. @ Schermerhorn Street	K	382	Mar-18	Sep-24
20	I.S. @ 650 86th Street	K	550	Jan-20	Apr-24
20	P.S. @ 6740 3rd Avenue	K	322	Feb-21	Sep-24
20	P.S. @ 6312 13th Avenue	K	572	Mar-20	Jun-24
21	P.S. 253 Addition	K	428	Nov-19	Sep-24
24	P.S. @ 69-02 Queens Boulevard	Q	476	Jan-19	Jun-26
25	P.S. 169 Addition	Q	643	Sep-18	Mar-24
25	P.S. 32 Addition	Q	376	Sep-19	Sep-24
26	P.S. 46 Addition	Q	440	Sep-18	Jun-23
26	P.S. 41 Addition	Q	488	Feb-19	Sep-24
26	P.S. 26 Addition	Q	458	Oct-20	Sep-24
28	P.S. 160 Addition	Q	476	Jan-21	Apr-25
28	P.S. 174 Addition	Q	432	Nov-20	Sep-24
30	P.S. @ Parcel C	Q	572	Dec-16	Sep-24
30	I.S. @ 44-59 45 Avenue	Q	536	Mar-22	Jun-26
30	P.S. 85 Annex	Q	476	Jun-19	Sep-24
31	P.S. @ 24 Shelley Avenue	R	476	Apr-21	Jul-25
31	P.S. 5 Addition	R	334	Jan-20	Sep-24
31	Forest Avenue Community Educational Complex	R	56	Jul-19	Apr-22
78Q	H.S. @ 53-16 Northern Boulevard	Q	3,079	Jun-18	Jun-25
Total Seats			20,676		

The February Plan includes four Pre-kindergarten (Pre-K) center projects, compared to three in the Adopted Plan. All four projects are sited and provide a total capacity of 684 projected seats. It also includes sixteen 3-K center projects, compared to four in the Adopted Plan. In addition, the number of sited projects increases from one to thirteen when compared to the Adopted Plan. These sixteen sites will provide a total capacity of 18,860 projected seats.

February 2021 Proposed Plan Pre-K and 3-K Projects in Process					
Pre-K Projects					
School District	School	Borough	Forecast Capacity	Design Start	Actual / Est. Completion
15	Pre-K Center @ 168 8th Street	K	180	Dec-19	Jun-23
20	Pre-K Center @ 412 63rd Street	K	90	Nov-16	Sep-23
24	Pre-K Center @ 37-55 104 Street	Q	108	Aug-18	Jul-23
24	Pre-K Center @ 47-01 111th Street	Q	306	Aug-16	Sep-22
3-K Projects					
7	Learning Through Play Pre-K Center @ 443 East 162nd Street	X	150	19-Mar	21-Mar
9	3K Center @ Plimpton Avenue*	X	90	18-Nov	22-Sep
9	3K Center @ Bathgate Avenue*	X	120	21-Mar	22-Sep
9	3K Center @ Webster Avenue*	X	60	21-Mar	22-Sep
12	District 12 3K Center @ 1224 Prospect Avenue	X	75	19-Mar	21-Mar
24	Mosaic Pre-K Center At 75-01 Broadway	Q	90	19-Apr	20-Oct
27	3K Center @ 185 Beach 99th Street	Q	120	19-Jun	22-Sep
29	District 29 Pre-K Center At 134-35	Q	60	19-Apr	20-Sep
29	Springfield Boulevard	Q	165	18-Aug	20-Sep
31	District 29 Pre-K Center At 207-01 Jamaica Avenue	R	150	18-Sep	22-Sep
31	3K Center @ 10 Elm Street	R	150	18-Jul	20-Sep
31	The Richmond Pre-K Center @ 2040 Forest Avenue	R	90	18-Sep	20-Sep
31	The Richmond Pre-K Center @ 2389 Richmond Avenue	R	75	18-Jul	20-Sep
31	The Richmond Pre-K Center @ 1275 Woodrow Road	R	120	18-Oct	22-Sep
31	3K Center @ 365 Bay Street	R	90	19-Mar	21-Mar
31	The Richmond Pre-K Center @ 1800 Richmond Terrace	R	255	19-Mar	20-Sep
*Not Sited					

Lastly, included are four replacement projects and one project for capacity supporting TCU removal project. All five projects are new since the February Plan and are sited. The replacement projects do not add capacity, and the capacity supporting TCU removal project will add 158 seats. The replacement sites were both chosen because the current school buildings were determined to be unworkable and a new building at the same location was the best path forward for the school.

February 2020 Proposed Plan Replacement Projects, Sited Projects					
School District	School	Borough	Forecast Capacity	Design Start	Actual / Est. Completion
6	P.S./I.S. @ 3761 10th Avenue	M	Replacement	Oct-20	Sep-24
9	P.S. 163	X	Replacement	Jun-19	June-24
27	P.S. 47	Q	Replacement	Nov-19	Sep-23
75R	D75 @ 30 Wellbrook Avenue	R	Replacement	Jun-20	Sep-20
Capacity Supporting TCU Removal Projects, Sited Projects					
27	P.S. 96 Addition	Q	158	Jan-20	Jun-24

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 document 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 fails to clearly show how data used by the agency informs how seat need is calculated in a transparent manner. The Council has repeatedly called for SCA to provide supporting data and metrics when identified seat needs has changed plan-to-plan on the sub-district level to no avail.

Another issue within seat need is that no methodology is given to explain the process by which SCA determines in which sub-districts to prioritize funding projects. As an example, School District 11, with an identified need of 3,136 seats, and District 13, with an identified need of 1,620 seats, both have two subdistricts, one with 100 percent of the seat need funded or in process, and another sub-district with some portion of the seats in process. This is a sharp difference from School Districts 27 and 28, geographically adjacent to one another, that have at least two subdistricts and an average seat needs of 2,334 yet have no seats completed or in process. Since publication in November of 2019, the projection seat need has not changed in any district or sub district.

Class Size Reduction

Class size reduction has been a top priority of the Council and advocates across the education spectrum. It is unclear if any of the capacity projects mentioned in the previous section include both new capacity and class size reduction funding, or just new capacity, as class size projects are not clearly defined in the Plan. No separate tables exist to identify which projects being implemented are for class size reduction, even though the narrative text of the Plan stresses the focus and importance of these funds to assist in providing capacity to help reduce class size. Class size reduction is discussed at greater length under issues and concerns later in the report.

Just before the pandemic, the Council held a hearing² to discuss class size reduction. During the hearing unions, advocates, parents, students, and Administration officials all testified for the need for smaller classes and the disruption large class size brings. The Administration's past remarks, and those during the testimony, provided outlined support for class size reduction. The SCA's plan itself, as laid out on page 23 of the February Proposed Plan, states:

The Class Size Reduction Program recognizes the need for targeted investments to build additions or new buildings near school buildings that would significantly benefit from additional capacity and further promote quality and equality among our schools.

Despite this statement, the Plan does not clearly identify which capacity projects in process from the 2015-2019 Plan are projects which reduce class size, or what district(s) will be prioritized for new class size reduction projects. While there is \$140 million in the February Plan for class size reduction, this is \$52.1 million less than the \$192.1 million spent in the 2015-2019 capital plan

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

² New York City Council Hearing. Oversight - Class Size Reduction. February 28, 2020. <https://legistar.council.nyc.gov/MeetingDetail.aspx?ID=763973&GUID=7A4A4569-9D3D-4343-BFA6-82908EE1C990>

and \$360 million less than the \$500 million target set when this program was added to the 2015-2019 capital plan.

Capital Investment

The Capital Investment program totals \$6.73 billion, or 35 percent, of the February Plan. It is broken out into three core areas: Capital Improvement Program (CIP), totaling \$2.76 billion; School Enhancement Projects, totaling \$2.79 billion; and Reso A projects totaling \$1.55 billion. The Capital Investment section contains 68 percent of the net growth in the February Proposed Plan, with the largest changes being an increase of \$1.18 billion in Reso A funding from elected officials. Additional major changes include \$230 million for roofs, \$120 million for windows, \$105 million for parapets. These additional increases are offset by a decrease of \$133 million for exterior masonry and a decrease of \$168 million for heating plant upgrades. CIP Projects compose total \$2.76 billion, or 14 percent, of the February Proposed Plan and comprises of exterior projects, interior work, TCU removal, and athletic field upgrades.

This section does not contain a review of delays as a result of the COVID-19 pandemic and associated freeze because the current presentation of the Five-Year Plan does not make it possible. There is no discussion of delays or changes to timelines across the greater Capital Investment program area, yet these projects were not prioritized for reopening. Some restarted in the fall and additional open were restarted this year however, all are not expected to be unfrozen until remote learning ends as certain construction projects reduce available classroom space inside schools. We would expect massive delays and a reduced capacity to deliver projects during this five-year period as most projects were offline for nine months or more. Additionally, to compare ever project list in the plan to generate a discussion on delays this data would need to be available at the release of the Plan in excel which it is not, making the Council's oversight role more difficult. The only full listing of projects with timelines is the SCA's quarterly reports which are released a few weeks after each quarter. A new quarterly report however will not be available until April.

Reso A projects, while an important category of school capital projects, continue to not be itemized in the Plan. The only mention of Reso A projects is a single paragraph within the funding section of the February Proposed Amendment.

Exterior projects 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. These exterior projects total \$2.22 billion in the February Proposed Plan. 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. For the major areas of change in exterior projects all experienced some degree of cost estimate changes, and had additional projects identified. This includes roofs, which grew from 27 to 68 projects, which parapets, grew from 33 to 85 projects, and windows, which grew from 10 to 33 projects.

Interior projects make up \$616.1 million of the February Proposed Plan and have minor changes, except for a \$168.4 million reduction in heating plant upgrades and \$84.4 million increase in

ventilation projects. The reduction in heating plant upgrades is primarily because projects were completed during boiler conversions which are funded under mandated programs. The increase in ventilation projects primarily address the state of good repair of systems. Other shifts occur throughout interiors, but they are minor.

TCU removal and athletic field upgrades see no change in the February Proposed Plan, remaining at \$50 million and \$100 million respectively.

School Enhancement Projects total \$2.79 billion, or 14 percent, of the February Proposed Plan and are divided into two categories: Facility Enhancements and Technology. Facility enhancements, totaling \$1.78 billion, have seen a few noteworthy changes including an additional \$34 million for the Universal Physical Education Initiative, which aims to bring indoor physical education spaces to all schools, and an increase of \$28.4 million to physical fitness upgrades, which will improve current facilities. Additionally, under facility enhancements there is now a category called IDEAS: Innovative, Diverse, Equitable, Accessible Spaces. This new area 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.

The Capital Investment program also sees a major change with the addition of \$266 million for emergency student devices, which account for nearly all increased spending in the technology area. This covers the approximately 500,000 laptops provided to students for remote learning during the pandemic. Yet, this funding is not itemized in the capital plan. It is not clear what other capitally eligible expenses are covered by this \$266 million which also leaves the purchase cost of the laptops themselves unknown.

Mandated Programs

Mandated programs total \$3.62 billion, or 19 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	205,700
Lead Paint Removal	8,000
Emergency Lighting	25,000
Code Compliance	125,000
Building Condition Surveys	100,000
Wrap Up Insurance	900,000
Prior Plan Completion	1,053,700
Emergency, Unspecified, & Miscellaneous	556,700
TOTAL	\$3,624,100

(Dollars in Thousands)

Prior plan completion accounts for 24 percent of the net growth in the February Plan, increasing from \$500 million in the Adopted Plan to \$1.05 billion in the Proposed Amendment. 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 increases. 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.

The Plan does provide information on additional capacity projects in process from the previous Fiscal 2015 to Fiscal 2019 Capital Plan. As of February 2021, 22 school capacity projects are in progress. This is down from 47 when compared to the Adopted Plan. Thirteen projects opened in September 2019, and eleven schools were completed and opened in September 2020. One project, a new school in CSD 26 with 572 seats, was moved into the current. Additionally, 22 sites in progress are projected to open 10,883 seats, with eight sites slated to open by September 2021 adding 3,458 seats.

School District	School	Borough	Address	Projected Seats
10	P.S. 340 Annex	X	25 West 195th Street	296
10	P.S. 33 Annex	X	2424 Jerome Avenue	388
11	P.S. 97 Addition	X	1375 Mace Avenue	548
20	P.S. 127 Addition	K	7805 7th Avenue	364
21	P.S. 97 Addition	K	1855 Stillwell Avenue	468
30	P.S. 2 Addition	Q	75-10 21 Avenue	180
30	P.S. @ Parcel F	Q	1-35 57th Avenue	612
78K	East New York Family Academy	K	2057 Linden Blvd	602
	Total Seats Opening September 2021			3,458
15	P.S. @ 4513 8th Avenue	K	4513 8th Avenue	328
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	Academy of American Studies	Q	40-11 28 Street	969
78Q	Francis Lewis HS Annex	Q	58-20 Utopia Parkway	555
	Total Seats Opening September 2022			5,181
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

Capital Needs Related to Early Childhood Education

DOE took over the management of ACS’s EarlyLearn centers which provide free or low-cost programs to families that qualify. These programs provide early care and education for children from birth to five years old, year-round, for up to ten hours a day. In the first four months of Fiscal 2021 EarlyLearn centers have averaged an enrollment of 42,215, with 37 percent or 15,222 children attending at DOE’s operated centers.

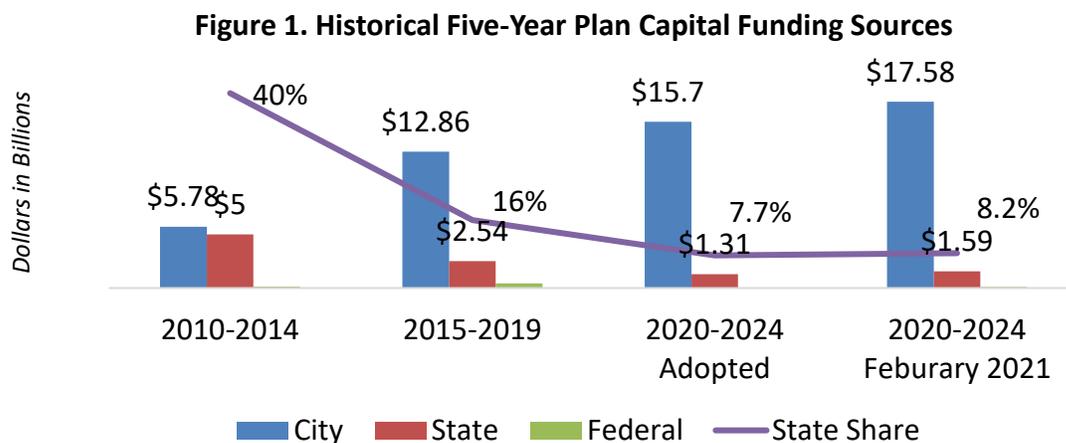
Nowhere within the February Proposed Plan are these sites mentioned with regards to increased scope of work for repairs, technology, initial outfitting, facility replacement or as part of “Early Education Initiatives” within the February Proposed Plan. Additionally, there are no budget lines within DOE’s limited budget lines for EarlyLearn. The Five Year Plan and the DOE’s Capital Budget should be updated to reflect the transfer of the City’s subsidized day care program to the Department.

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. Although the Capital Budget funds SCA’s operations, SCA’s costs are not shown in the Five Year Plan. As of March 1, 2021, the SCA has 853 full-time equivalent employees, and a budgeted headcount of 899, with a Fiscal 2021 operating budget of \$220 million. SCA’s projected operating costs and headcount, although funded through the Five-Year Capital Plan, are not show 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 \$1.59 billion or 8.2 percent of the plan in the most recent amendment as shown in the figure below.



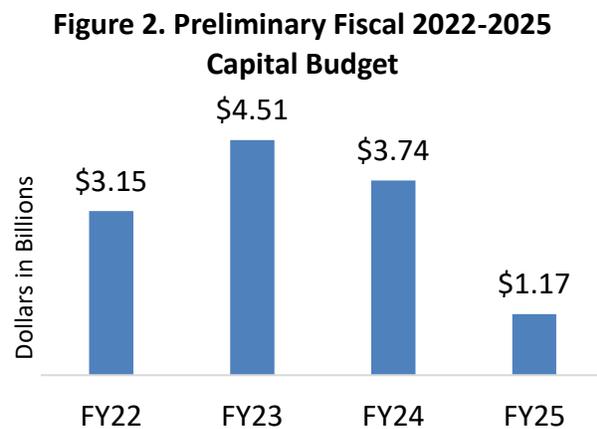
Of the \$1.59 billion in State funding, \$1.31 billion comes from Building Aid. Apart from Building Aid, the City received approximately \$783 million in State capital funding for education through the Smart Schools Bond Act (SSBA). Of this, \$406 million was used in the 2015-2019 Capital Plan, and \$260 million was obligated in the Fiscal 2020-2024 Five-year Plan by the end of Fiscal 2021.³

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.

Preliminary Capital Budget

As shown in Figure 2, the Department of Education’s Fiscal 2022 Preliminary Capital Budget includes \$12.58 billion in Fiscal 2022-2025. This represents approximately 23.5 percent of the City’s total \$53.6 billion Capital Budget for 2022-2025. DOE’s Fiscal 2022 Preliminary Capital Budget is an estimate of the additional appropriations needed in addition to the projected excess appropriations for Fiscal 2021 to fully fund the Department’s capital projects planned for next year. As of November 2020, DOE had \$4.58 billion in available appropriations for Fiscal 2021. The Preliminary Budget proposes additional appropriations in Fiscal 2022 of \$4.3 million for DOE.



Preliminary Capital Commitment Plan

The Fiscal 2022 Preliminary Capital Commitment Plan includes \$17.28 billion in Fiscal 2021-2025 for the DOE. This represents approximately 20 percent of the City’s total \$84.13 billion Preliminary Commitment Plan for the same period.

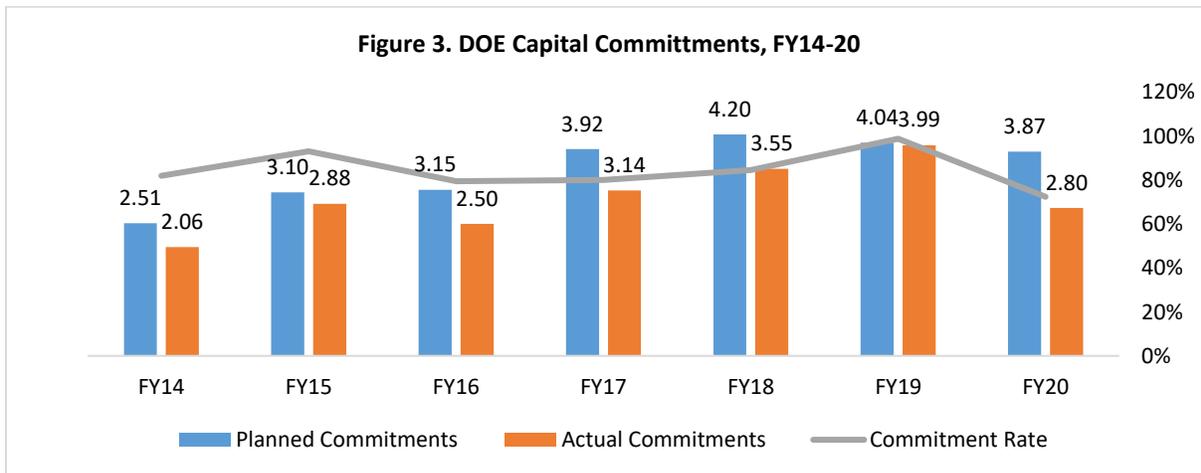
As shown in the table below, DOE’s Preliminary Commitment Plan for Fiscal 2021-2025 has increased \$265.5 million, or less than one percent, when compared to the Adopted Commitment Plan. The variance between the Preliminary and Adopted DOE Capital Commitment Plans is related to three changes: the reduction of \$142,000 in Fiscal 2021 from the previous five-year SCA capital plan; the addition of \$265.7 million in Fiscal 2021 to the current 2020-2024 five-year SCA capital plan; and the movement of \$100,000 in mayoral funding from Fiscal 2022 to Fiscal 2023 for the 2020-2024 five-year SCA Capital Plan.

³ New York City School Construction Authority. February 8 2021

DOE Adopted vs. Preliminary FY21-25 Capital Commitment Plan						
<i>Dollars in Thousands</i>	FY21	FY22	FY23	FY24	FY25	Total
Fiscal 2021 Adopted	\$2,951,751	\$4,535,646	\$4,614,380	\$3,739,780	\$1,174,000	\$17,015,557
Fiscal 2022 Preliminary	3,217,296	4,635,646	4,514,380	3,739,780	1,174,000	17,281,102
Change	265,545	100,000	(100,000)	0	0	265,545
% Change	9.00%	2.20%	(2.17%)	0.00%	0.00%	1.54%

The DOE Commitment Plan shows 19 percent of total planned commitments in the first year, Fiscal 2021. The next three years of the Commitment Plan have 22 percent to 27 percent of the total planned spending in each fiscal year. Fiscal 2025, the final year of the plan, only has seven percent of total planned spending. The lower level of commitments in the current year may reflect a smaller capacity to deliver commitments as the entire SCA portfolio has not yet been unfrozen. However, as stated before in this report the lack of projected spending in Fiscal 2025 is not in line with SCA’s own Five-Year Plan which shows spending on planned capacity projects to continue into Fiscal 2025 and beyond.

Figure 3 demonstrates the last seven years of DOE’s actual commitments, compared against the planned commitments as of the preceding final Commitment Plan at the Executive Budget. The chart also shows the capital commitment rate, which is the percentage of the capital plan committed per fiscal year. DOE does commit most of its planned commitments in any given year. In Fiscal 2020, DOE committed just under \$2.8 billion, or 72 percent, of its \$3.87 billion planned commitments. This is primarily due to the freeze on all capital work from March through the summer of 2020, as a result of the pandemic.

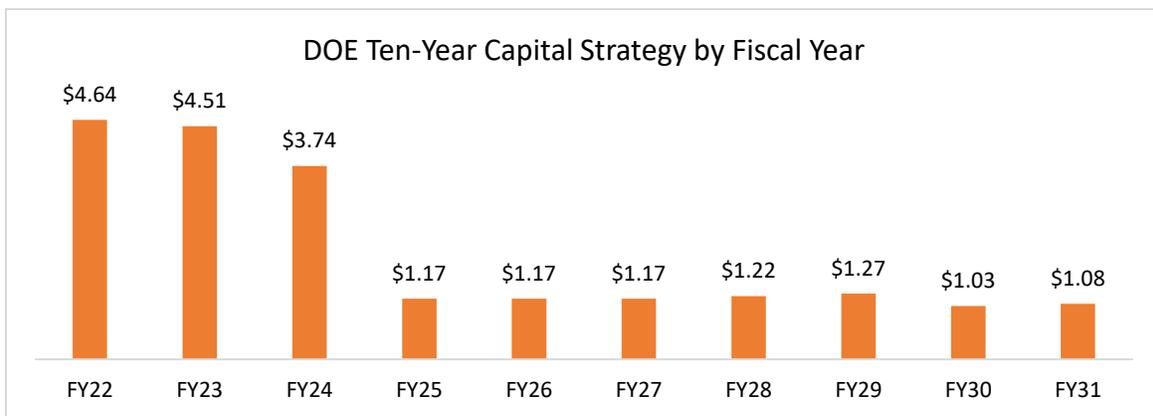


The law authorizing the creation of the SCA also exempts it from the City’s line-by-line Capital Budget. The structure of the DOE’s Capital Budget and Commitment Plan differs from most other City agencies. Almost all the funding for each DOE Five-Year Capital Plan is included in one budget line. Rather 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 \$16.6 billion, or 92 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 \$713.2 million, or four 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”).

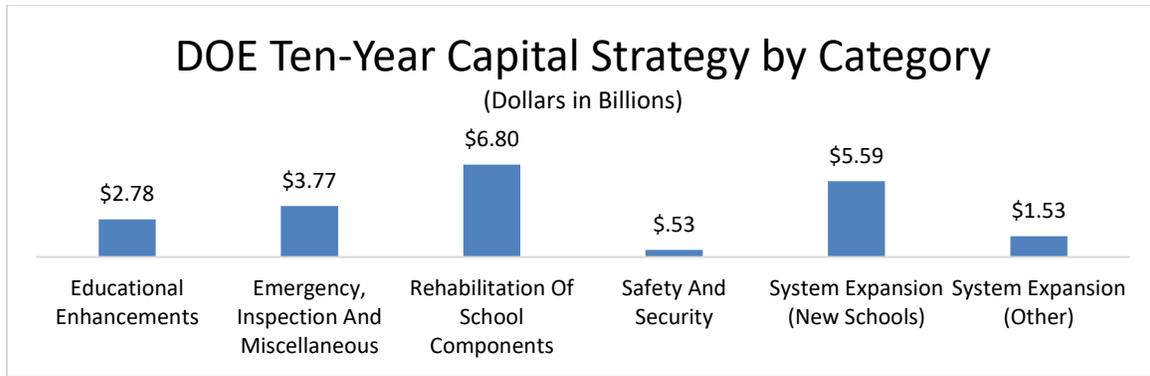
Preliminary Ten-Year Capital Strategy Fiscal 2022-2031

The City’s Ten-Year Strategy totals \$118.8 billion, which is \$1.9 billion larger than the \$116.9 billion Fiscal 2020-2029 Ten-Year Strategy. DOE Ten-Year Capital Strategy totals \$21.01 billion, or 18 percent, of the City’s total Strategy. DOE’s Strategy estimates spending in the first three fiscal years to be between \$3.74 and \$4.64 billion but in the final six is between \$1.03 billion and \$1.27 billion.



To put this in context, we can compare the Strategy amounts for DOE and the Department of Environmental Protection (DEP). In Fiscal 2022 the Strategy estimates DOE will be the largest area of spending in the City, at \$4.64 billion, eclipsing DEP’s \$2.39 billion plan. However, by Fiscal 2025, DEP’s \$2.98 billion will more than double DOE’s \$1.17 billion spending. This cliff in DOE’s estimated spending is almost entirely due to no planned spending on system expansion to address overcrowding in schools and the need for more seats after Fiscal 2024. In Fiscal 2022, DOE is 27 percent of planned spending the Strategy, and in Fiscal 2025 DOE only accounts for 7 percent of total planned spending.

As shown in the graph below, system expansion for new schools and other facilities accounts for 34 of planned spending and as stated above, the entirety of this spending is in the first three years of the Ten-Year Strategy. The second largest category is rehabilitation of school components accounting for 32 percent of DOE’s Strategy followed by emergency inspection and miscellaneous at 18 percent, and educational enhancements at 13 percent. Finally, safety and security accounts for 3 percent of the DOE’s Strategy. All these areas mirror the major plan categories in the SCA’s five-year capital plan discussed next.



System expansion projects and emergency, inspection, and miscellaneous together account for 52 percent of the DOE ten-year strategy. These projects are the most essential projects for the SCA, they address the minimum requirements for safety and space needs for the system to function appropriately for students. That they reflect a majority of the Strategy is appropriate. However, educational enhancements accounting for only 13 percent of the Strategy is concerning. Principals across the city often request funding for technology upgrades, science labs and other educational improvements from elected officials. Most Council Members put significant portions of their annual ResoA funding to address these needs but they do not have the funds to meet every request. There is a clear demonstration of need for educational improvements at schools.

Reconciling City’s Capital Documents Against the Five-year Plan

Of the 57,489 new seats funded in the SCA plan, currently 20,676 are sited. Many projects will not be completed in the current SCA plan even if they are all sited. The SCA plan currently shows the timeline for many projects going into 2026 and beyond. Funding for these projects will be rolled into the next five-year plan under prior plan completion. As stated above, once this occurs, the level of specificity and reporting on the projects declines in the SCA plan.

When comparing the SCA’s Proposed Amendment with the capital documents produced by OMB in coordination with DOE and SCA, a major discrepancy appears in terms of planned spending on capacity projects. All budgets show zero planned spending on school capacity after Fiscal 2024. The DOE’s Commitment Plan and Capital Strategy are not in line with the SCA’s own published plan of completion for its capacity portfolio.

Further, commitments in the capital budget call into question the validity of the Commitment Plan and Capital Strategy. In Fiscal Year 2020, DOE saw \$1.19 billion in fewer commitments compared to Fiscal 2019 due to a freeze on capital that disproportionately affected non-capacity programs. Most of these programs did not restart until the fall, and some only restarted in the spring. We can that expect SCA won’t reach pre-pandemic levels of commitments in Fiscal 2021 due to these factors. However, looking the Commitment Plan and Capital Strategy we do not see shifts that reflect new timelines for substantial portions of the Capital Plan.

Appendices

A. Adopted 2020-2024 Capital Plan vs. February 2021 Proposed Fiscal 2020-2024 Capital Plan Amendment

<i>Dollars in Thousands</i>	Adopted FY20-24 Plan	February Proposed FY20-24 Plan	Difference*	% Change
Capacity	\$8,761,000	\$8,923,000	\$162,000	2%
New Capacity	7,881,000	7,797,000	(84,000)	(1%)
Pre-K for All	550,000	589,000	39,000	7%
Class Size Reduction	150,000	140,000	(10,000)	(7%)
Capacity to Support Removal of TCUs	180,000	180,000	0	0%
Facility Replacement	0	217,000	217,000	n/a
Capital Investment	\$5,180,200	\$6,727,300	\$1,547,100	30%
Reso A	1,000	819,500	818,500	81,850%
City Council (CC)	0	585,020	585,020	n/a
Borough President	1,000	220,060	219,060	21,906%
Mayor/CC	0	14,420	14,420	n/a
Capital Improvement Program	2,757,700	3,109,000	351,300	13%
Exteriors	1,856,400	2,226,100	369,700	20%
Flood Elimination	226,600	272,900	46,300	20%
Reinforcing Support Elements	20,500	20,600	100	0%
Reinforcing Cinder Concrete Slabs	0	1,000	1,000	n/a
Roofs	234,900	464,900	230,000	98%
Parapets	252,100	357,500	105,400	42%
Exterior Masonry	902,800	769,600	(133,200)	(15%)
Windows	219,500	339,600	120,100	55%
Interiors	656,500	616,100	(40,400)	(6%)
Low-Voltage Electrical System	80,000	89,900	9,900	12%
Interior Spaces	27,300	21,000	(6,300)	(23%)
Kitchen Areas	25,000	25,000	0	0%
Boiler Upgrades/Conversions (excludes mandated programs)	0	48,100	48,100	n/a
Elevators & Escalators	50,000	50,000	0	0%
Floor	27,300	16,600	(10,700)	(39%)
Electrical System (excludes facility restructuring)	0	10,200	10,200	n/a
Lighting Fixtures (excludes mandated)	0	5,800	5,800	n/a
Heating Plant Upgrade	414,800	246,400	(168,400)	(41%)
Ventilation	0	84,400	84,400	n/a
Safety Systems	32,100	18,700	(13,400)	(42%)
Other	94,800	116,800	22,000	23%
TCU Removal/Playground Redevelopment	50,000	50,000	0	0%
Athletic Field Upgrades	100,000	100,000	0	0%
School Enhancement Projects	2,421,500	2,798,700	368,200	15%
Facility Enhancements	1,671,500	1,781,900	110,400	7%
Facility Restructuring	287,500	278,500	(9,000)	(3%)
Universal Physical Education Initiative	25,000	59,000	34,000	136%
Air Conditioning Initiative	284,000	275,800	(8,200)	(3%)
Safety & Security	200,000	200,000	0	0%
Science Lab Upgrades	50,000	46,500	(3,500)	(7%)
Accessibility	750,000	750,000	0	0%
IDEAS: Innovative, Diverse, Equitable, Accessible Spaces		50,000	50,000	n/a
Physical Fitness Upgrades	25,000	53,400	28,400	114%
Library Upgrades	0	1,200	1,200	n/a
Auditorium Upgrades	0	17,500	17,500	n/a
Bathroom Upgrades	50,000	50,000	0	0%

<i>Dollars in Thousands</i>	Adopted FY20-24 Plan	February Proposed FY20-24 Plan	Difference*	% Change
Technology	750,000	1,016,800	266,800	36%
High-Capacity Bandwidth Data Network	285,000	285,000	0	0%
High-Capacity Bandwidth School Data Wiring Upgrade	52,500	52,500	0	0%
Next Generation (Wave 3) Wireless Platform	97,500	97,500	0	0%
Modernizing Voice Infrastructure	60,000	60,000	0	0%
School Electrification Upgrades	75,000	75,000	0	0%
Ancillary Technology Facilities Upgrade	52,500	52,500	0	0%
Non-Infrastructure Projects	127,500	128,300	800	1%
Emergency Student Devices	0	266,000	266,000	n/a
Mandated Programs	\$3,070,000	\$3,624,100	\$554,100	18%
Boiler Conversions	\$650,000	\$650,000	0	0%
Asbestos Remediation	200,000	205,700	5,700	3%
Lead Paint Removal	10,000	8,000	(2,000)	(20%)
Emergency Lighting	35,000	25,000	(10,000)	(29%)
Code Compliance	125,000	125,000	0	0%
Building Condition Surveys	100,000	100,000	0	0%
Wrap Up Insurance	900,000	900,000	0	0%
Prior Plan Completion	500,000	1,053,700	553,700	111%
Emergency, Unspecified, & Miscellaneous	550,000	556,700	6,700	1%
TOTAL	\$17,011,200	\$19,274,400	\$2,263,200	1%

* Difference between the February 2021 Proposed Plan and Adopted Fiscal 2020-2024 Capital Plan (i.e. February 2021 Amendment to the Fiscal 2020-2024 Five-Year Capital Plan).