

April 2020

Proposed Schools Capital Plan Changes: More Seats, Repairs, Technology Upgrades

The School Construction Authority (SCA) 2020-2024 five-year capital plan was adopted in June 2019. Each capital plan is amended annually through a process that includes input from the community. The amounts allocated to the various programs within the plan are adjusted to reflect new initiatives and changes to priorities and needs. The SCA released the first proposed amendment to the 2020-2024 capital plan in November 2019. SCA staff engaged in discussions with elected officials—primarily City Council members—as well as the Community Education Councils (CECs) across the city. After incorporating community input, the revised version of the first proposed amendment was submitted in February 2020 to the City Council. In a typical year, the amendment submitted in February of any given year would be adopted as part of the budget ratification process between the Mayor and the City Council in June.

Of course, 2020 is far from a typical year. (All years are city fiscal years unless indicated otherwise.) At this point in time, the severity and duration of the Covid-19 pandemic remain unknown. What is clear, however, is that the city and state's economic and fiscal condition has taken a sharp turn for the worse and further adjustments to the plan submitted in February may be made before its adoption.

If the proposed February 2020 amendment is adopted in its current form, the SCA would commit \$18.8 billion across its three main categories: capacity, capital investment, and mandated programs. This would be a 10 percent increase since the adoption of the original 2020-2024 plan last June. Capacity projects account for the largest category of commitments (\$8.9 billion, about 48 percent) in the latest version of the plan, followed by capital investment (\$6.2 billion, about 33 percent), and mandated programs (\$3.7 billion, about 20 percent).

The 2020-2024 capital plan includes new additions to

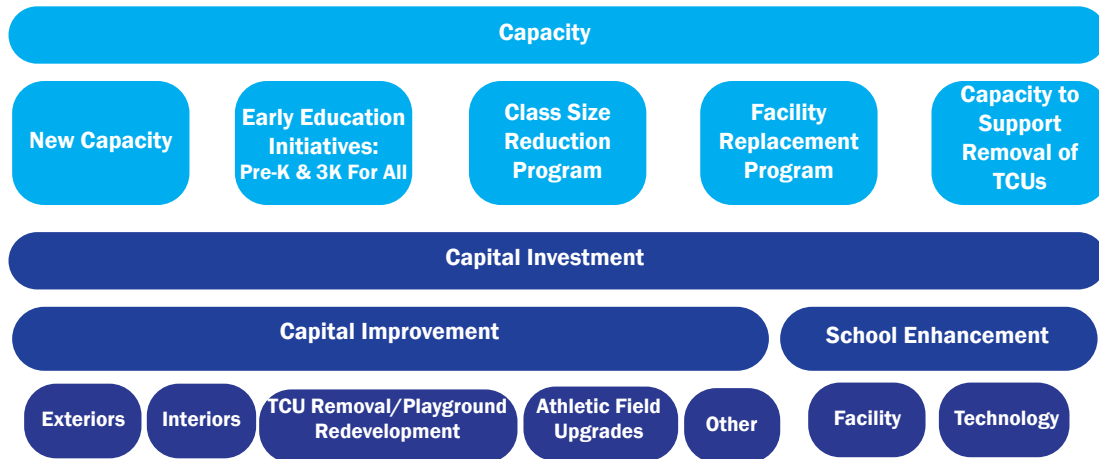
capacity commitments. Unlike the 2015-2019 plan, which did not include commitments to reduce the use of trailers as classrooms, under the 2020-2024 plan this program would receive \$180 million to fund additional permanent capacity to replace the school seats provided by the trailers. This is in addition to \$50 million in funding provided under the capital investment category. Trailer removal funded under this program may include building or upgrading a playground in the space previously occupied by a trailer.

The new capacity program would fund 57,000 seats over 89 projects; 1,600 of these seats are for design only and another 23,400 are being rolled over from the 2015-2019 plan. In the proposed amendment, some of these new seats would be used to expand capacity in the citywide special education district 75. This marks the first time since the five-year planning process began in the 1990s that specific funding for replacing, upgrading, or creating new capacity for district 75 has been included as part of the new capacity program. The plan would add over 2,300 seats in district 75 schools. Early education also continues to receive considerable funding for 3-K and pre-K seats. However, the Mayor has recently proposed a delay to 3-K expansion this fall, which may in turn affect the timing of these commitments.

Capital investment commitments includes funding for new priorities and for initiatives introduced in the prior plan. Capital investment includes both capital improvement programs consisting of interior and exterior structural improvement projects and upkeep, and school enhancement programs made up of facility and technology enhancements. The focus in the 2020-2024 plan is on accessibility- and safety-related projects. There is also continued investment in the air conditioning and universal physical education initiatives started in the preceding capital plan.



Organization of the Two Largest Commitment Categories in the 2020-2024 SCA Capital Plan



NOTE: TCUs are Temporary Classroom Units.

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Comparing School Capital Plans

In total, the first proposed amendment to the 2020-2024 plan would allocate about \$3 billion more than what was committed in the previous five-year capital plan. According to SCA's final report for the 2015-2019 plan, \$15.9 billion was allocated for school capital funding from 2015 through 2019. The latest plan represents a 24.2 percent increase in total commitments over what was initially planned (\$12.8 billion) at the outset of the 2015-2019 plan period.

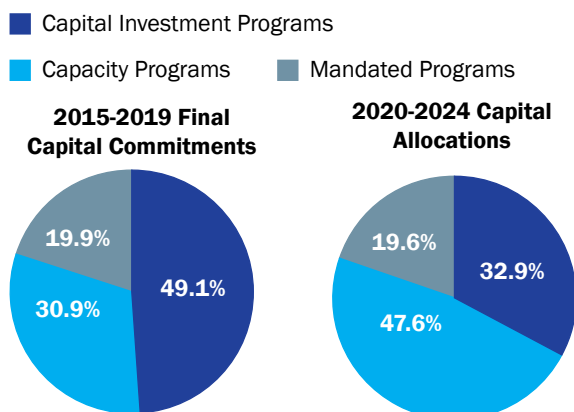
Focusing on the two largest components, the 2020-2024 plan allocates a larger share, almost 48 percent, to capacity compared with about 31 percent of final allocations in the 2015-2019 plan. In the prior plan, capital investment in existing buildings accounted for almost half of the final allocations.

While the allocations between capacity and capital investment have shifted in the 2020-2024 capital plan relative to the final 2015-2019 plan, the trend towards greater investment in capacity was underway during the latter plan, too. When the 2015-2019 plan was first adopted, SCA intended to fund the two categories nearly equally—34.4 percent was dedicated to capacity and 38.6 percent was dedicated to capital investment. IBO tracked changes in funding allocated to capacity and capital investment from the adopted 2015-2019 plan (June 2014) through the final report of the 2015-2019 plan (September 2019) to see how priorities shifted over the last plan and how they compare with what is proposed for 2020-2024.

Trends in Funding for Capacity

Over the course of the 2015-2019 capital plan, funding for capacity rose from \$4.4 billion initially to \$4.9 billion, a 12 percent increase. Seats for early education programs accounted for the largest portion of the increase in funding for capacity. The Pre-K for All program was launched in 2014 and 3K for All in 2017. The 2015-2019 plan initially allocated \$210 million for a program called Pre-K Initiative. By the end of the plan, funding for the renamed Early Education Initiative, encompassing Pre-K for All and 3K for All, had risen to almost \$850 million, a four-fold increase. This increase, along with a roughly 9 percent rise in funding for new capacity, accounts for the difference between capacity funding at the beginning of the plan and funding at the plan's end. Conversely, funding for class size reduction and facility replacement was lower than had been projected at the beginning of the plan.

The School Construction Authority's 2020-2024 Plan Dedicates a Larger Portion of its Budget to Capacity While 2015-2019 Plan Dedicated More to Capital Investment



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Comparison of School Construction Authority Commitments Between 2015-2019 Plan and the First Proposed Amendment of 2020-2024 Plan

Dollars in millions

Commitments By Category And Associated Programs and Projects	2015-2019 Plan Final Report September 2019	2020-2024 1st Proposed Amendment February 2020
Capacity	\$4,914.1	\$8,932.9
New Capacity	3,591.2	7,875.6
Early Education Initiatives: Pre-K and 3-K for All	849.3	588.9
Class Size Reduction Program	192.1	150.0
Facility Replacement Program	281.5	138.4
Capacity to Support Removal of Temporary Classroom Units	0.0	180.0
Capital Investment	\$7,786.7	\$6,168.5
Capital Improvement Program	5,390.1	3,089.0
Exteriors	4,214.4	2,284.3
Interiors	820.4	542.5
Temporary Classroom Unit Removal and Playground Redevelopment	117.5	50.0
Athletic Field Upgrades	126.8	100.0
Other	111.0	112.2
School Enhancement Projects	1,583.9	2,487.8
Facility Enhancements	1,026.7	1,737.8
Technology Enhancements	\$557.2	\$750.0
Mandated Programs	\$3,154.2	\$3,674.3
TOTAL	\$15,855.0	\$18,775.7

NOTES: The total for Capital Investment also includes additional funding allocated by the City Council, Borough Presidents, and Mayoral/Council sources for specific projects. Mandated programs are those required for compliance to local law and includes annual building conditions survey and insurance funding.

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The current 2020-2024 plan's \$8.9 billion budget for capacity is an 82 percent increase over what was finally committed in the 2015-2019 capital plan. This is due to a 120 percent increase in the allocation for the new capacity program as compared with the final commitments for new capacity in the 2015-2019 plan. The proposed 2020-2024 plan allots \$7.9 billion for new capacity although the SCA committed less than half that amount, \$3.6 billion, on new capacity during the 2015-2019 plan. The SCA plans to build 57,000 seats over 89 projects with the new plan, while the 2015-2019 plan funded 25,000 seats over 50 projects. In contrast, the 2020-2024 plan also includes \$589 million

for early education initiatives, about 70 percent of what was committed in the final 2015-2019 plan.

Although Pre-K for All has been operating citywide since school year 2015-2016, 3K for All is currently operating in 12 of the city's 32 school districts and was planned to expand into 4 more districts in fall 2020 until the Mayor's recent announcement to delay expansion for a year following the Covid-19 pandemic crisis. In the proposed amendment, there is one 3K center planned for district 12 and two 3K centers planned for district 29 for a combined estimated total cost of over \$40 million. It is unclear what the announcement to delay expansion will mean in terms of planned construction for those centers.

Trends in Funding for Capital Investment

Over the five years of the 2015-2019 plan, there was a roughly 41 percent increase in funding for capital investment, from \$4.9 billion to \$7.8 billion.¹ Within this category, capital improvement programs experienced the largest increase in final funding compared with funding allocated at the beginning of the 2015-2019 plan. The final allocation for exterior repairs, a subset of projects within the capital improvement program, was about 137 percent greater than initially allocated. These repairs included work on roofs, parapets, windows, masonry, and flood elimination, which are projects aimed at preventing water from seeping into school buildings. The increase in commitments over the 2015-2019 plan likely reflected the need to continue repairs on buildings damaged in 2012 during Hurricane Sandy. At the end of the 2010-2014 plan, the SCA reported work either underway or completed at 43 buildings that had sustained damage from the hurricane and there were over 200 Sandy-related repair projects at the outset of the 2015-2019 plan.

Interior repair projects, also within the capital improvement category, mostly stayed within their original budgets. One notable exception was an increase of almost \$90 million in funding across three different capital improvement and school enhancement programs dedicated to air conditioning installation and climate control, which coincided with Mayor de Blasio's announcement in April 2017 that all classrooms would have air conditioning by 2022.²

While the SCA is planning for an increase in capital investment commitments with the proposed amendment to the 2020-2024 plan compared with the initial outlays in the 2015-2019 plan, the current amount, \$6.2 billion, is 21 percent below the \$7.8 billion that SCA committed at the end of the 2015-2019 period. This is largely due

to a decrease in funding for exterior capital projects. The proposed plan allocates a total of \$2.3 billion for exteriors, which would be 46 percent less than committed in the 2015-2019 plan. In contrast, there were modest increases for facility enhancement programs such as science lab upgrades, accessibility improvements, and swimming pools and a twofold increase in the allocation for bathroom upgrades.

Interior capital allocations in the proposed amendment to the 2020-2024 capital plan would be 34 percent below what was committed in 2015-2019 and almost 60 percent below the final commitments under the 2010-2014 capital plan. There are, however, some interior projects such as safety systems, elevators and escalators that are slated to receive more funding than in the 2015-2019 plan.

The proposed 2020-2024 capital plan amendment also has about a 58 percent increase in school enhancement programs. The largest share of this increase would be concentrated in facility enhancements. Within this program, safety and security (a different set of projects than included in interior improvements), accessibility, and physical fitness upgrade programs have funding amounts considerably above what was committed in 2015-2019.

Overall, the proposed 2020-2024 capital plan allocates 21 percent less in the capital investment category than what was committed in 2015-2019. However, the proposed first amendment to the plan submitted in February would increase funding for capital investment from \$5.2 billion to \$6.2 billion (20 percent) compared with the initial 2020-2024 plan adopted in June 2019. Additional funding for exterior improvement projects accounts for the largest share of this increase, a pattern that is similar to what happened over the course of the 2015-2019 plan.

More Changes Likely

Roughly half of all planned commitments in the first proposed amendment to the 2020-2024 SCA capital plan are currently slated for capacity, with another third for capital investment. If the shifts in commitments that we saw over the course of the 2015-2019 plan are any indication, however, it is very possible that capital investment needs and priorities may shift again in future amendments to this plan. The current financial crisis brought on by the Covid-19 pandemic may further change not only the proposed commitments made in February but future capital plans as well.

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Endnotes

¹This includes over \$800 million in Reso A funding which is allocated by City Council members and Borough Presidents rather than the Mayor.

²<https://www1.nyc.gov/office-of-the-mayor/news/261-17/mayor-de-blasio-chancellor-fari-a-city-council-every-classroom-will-have-air>

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