



City of New York

OFFICE OF THE COMPTROLLER

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COMPTROLLER



FINANCIAL AUDIT

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Deputy Comptroller for Audit

Department of Education Efforts
To Alleviate Overcrowding in School
Buildings

7E13-123A

July 8, 2014

<http://comptroller.nyc.gov>



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To the Residents of the City of New York:

My office has audited the effectiveness of the Department of Education's ("DOE's") efforts to alleviate overcrowding in public school buildings. The audit focused on the work of DOE's Offices of Space Planning and Portfolio Management to address overcrowding in school buildings identified as over-utilized in the "Enrollment, Capacity, and Utilization Report" also known as the "Blue Book." We conduct audits of agencies such as DOE in order to ensure that City resources are used effectively, efficiently and in the best interests of the public.

Our audit found significant weaknesses in the processes employed by DOE to alleviate overcrowding in its schools, including the failure of the Offices of Space Planning and Portfolio Management to maintain official written policies and procedures. In addition, the audit found that DOE failed to track whether recommendations were implemented and, where they were implemented, whether they were successful in alleviating overcrowding conditions. The audit further found that actions taken by the Offices of Portfolio Management and Space Planning to alleviate school building overcrowding were not adequately documented. Accordingly, the impact of whatever efforts may have been taken during the audit period could not be assessed.

Finally, the audit also found that certain statistics reported in the Blue Book were misleading because they accounted for students who attend classes in Transportable Classroom Units ("TCUs") separately from students in permanent school buildings. As a result, the utilization rates for school buildings with affiliated TCUs did not accurately reflect the actual amount of overcrowding in individual schools.

The audit makes seven recommendations to DOE including that it should compile written policies and procedures detailing the steps required to take to address overcrowding; maintain documentation on proposed recommendations and solutions to address overcrowded school buildings; implement a system to track over-utilized buildings and buildings for which overcrowding solutions were recommended and addressed; and report an additional set of combined utilization rates in the Blue Book for school buildings with associated TCUs.

The results of the audit have been discussed with DOE officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my audit bureau at audit@comptroller.nyc.gov.

Sincerely,


Scott M. Stringer



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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

Audit Report on Department of Education Efforts To Alleviate Overcrowding in School Buildings 7E13-123A

AUDIT REPORT IN BRIEF

This audit was conducted of the Department of Education (“DOE”) to determine the effectiveness of DOE’s efforts to alleviate overcrowding in public school buildings in school years 2010-2011 and 2011-2012. DOE is responsible for providing primary and secondary education to more than one million students in over 1,800 schools located in approximately 1,400 buildings citywide. According to the DOE’s “Enrollment, Capacity, and Utilization Report” for 2010-2011 (known as the “Blue Book”), 525 of 1,463 (36 percent) school buildings were over-utilized. For 2011-2012, that overall rate remained unchanged, with the Blue Book showing 520 of 1,454 (36 percent) buildings over-utilized. DOE data indicates that between Fiscal Years 2010 and 2012, the over-utilization rate for primary schools increased from 31 to 33 percent and for middle schools from 9 to 12 percent, while the high school over-utilization rate decreased from 37 percent to 32 percent.

During the period under review in the audit, DOE’s Office of Portfolio Management and its Office of Space Planning had primary responsibility for assessing and providing recommendations to alleviate school building overcrowding. Among the measures that could be recommended were the conversion or reclassification of space determined to be “excess” for classroom use and rezoning school district lines or making significant changes to school buildings’ utilization in accordance with DOE’s Chancellor Regulations A-185 and A-190. When it was not possible to reduce overcrowding through such actions, the Office of Portfolio Management was authorized to recommend construction of new school facilities to accommodate additional students.

Audit Findings and Conclusion

The audit found significant weaknesses in DOE’s efforts to alleviate overcrowding in its schools, including a failure to maintain official written policies and procedures and process flow charts. In addition, the audit found that DOE failed to track whether recommendations were implemented and, where they were implemented, whether they were successful in alleviating overcrowding conditions. The audit also found that certain statistics reported in the Blue Book are misleading. As a result, the utilization rates for school buildings with affiliated Transportable Classroom Units did not accurately reflect the actual amount of overcrowding in a given school.

The audit further found that specific actions taken by the Offices of Portfolio Management and Space Planning to alleviate school building overcrowding were not adequately documented. Accordingly, the impact of whatever efforts may have been taken during the audit period could not be assessed. DOE statistics show that rates of overcrowding in primary and middle school public buildings were fairly consistent between 2010-2011 and 2011-2012. However, because of the absence of documentary evidence, it was not possible to determine what affect, if any, efforts of the Offices of Portfolio Management and Space Planning had on building overcrowding.

Following receipt of the draft preliminary audit report, DOE informed the auditors that it had eliminated the Office of Portfolio Management and that its responsibilities would be absorbed by the Office of District Planning.

Audit Recommendations

Based on the audit findings, we make the following 7 recommendations:

1. DOE should compile written policies and procedures detailing steps that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning are required to take to address overcrowding, prior to those measures required under Chancellor Regulations A-185 and A-190.
2. DOE should ensure that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning carry out the required steps set forth in accordance with Recommendation 1 to alleviate overcrowding in school buildings and Transportable Classroom Units.
3. DOE should maintain documentation on proposed recommendations and solutions to address overcrowded school buildings.
4. DOE should implement a system to track over-utilized buildings and buildings for which overcrowding solution were recommended and addressed.
5. DOE should assess and monitor the effectiveness of recommendations that have been implemented to alleviate overcrowding and use that information to guide future action.
6. DOE should request that the School Construction Authority report an additional set of combined utilization rates in the Blue Book for school buildings with associated Transportable Classroom Units.
7. DOE should examine the feasibility of discontinuing the use of Transportable Classroom Units, particularly at the six schools identified in this report as under-utilized.

Agency Response

In their response, DOE officials stated, "While we are in agreement with most of the recommendations from the audit, we find the text of the audit deliberately misleading and demonstrating a clearly biased approach to the issue, particularly in describing the roles and responsibilities of the units interviewed. The report inaccurately describes the goals and responsibilities of the Office of Portfolio Management (OPM) as solely focused on and owning responsibility for resolving overcrowded conditions."

Despite its criticisms of this audit report, DOE nonetheless affirmed that it is “in agreement with most of the recommendations” of the audit. Consistent with the audit report, these recommendations concern the failure of the Offices of Portfolio Management and Space Planning to adequately document measures they had taken to alleviate school building overcrowding. As a result of this deficiency, which DOE has for the most part agreed to address, the auditors could not assess the effectiveness of any efforts by those offices to alleviate school overcrowding.

AUDIT REPORT DETAILS

INTRODUCTION

Background

DOE provides primary and secondary education to over one million students in over 1,800 schools located in approximately 1,400 City-wide buildings. In furtherance of this role, DOE is responsible for providing adequate and functional space for its students pursuant to internal procedures and other applicable laws, rules and regulations. During the period that was the subject of this audit, school years 2010-2011 and 2011-2012 (“the audit period”), DOE’s Office of Portfolio Management (“Portfolio Management”) and Office of Space Planning (“Space Planning”) had primary responsibility for assessing the utilization of space and for recommending actions to alleviate overcrowding in public school classrooms.¹

Among other responsibilities, during the audit period, the Office of Portfolio Management was charged with resolving overcrowding conditions in over-utilized school buildings and was the primary contact for principals seeking assistance in addressing overcrowding issues in their school buildings. Portfolio Management employed 40-50 people, some of whom dealt with principals on a one-on-one basis and provided recommendations to alleviate challenges stemming from over-utilization. Toward this end, Portfolio Management coordinated with Space Planning and reviewed utilization statistics and current school programming, such as class size and number of classes per grade.

To carry out its mission, Portfolio Management gathered data on over-utilized school buildings from principals and the local community. Upon identifying over-utilized buildings and analyzing existing conditions, Portfolio Management was supposed to recommend remedial measures to alleviate overcrowding. Such measures could have included modifying building plans by converting or reclassifying non-classroom space into classrooms. If necessary, Space Planning and Portfolio Management could have also proposed that school district lines be rezoned or significant changes made to building utilization.² If Portfolio Management and Space Planning were unable to address overcrowding through remedial measures, Portfolio Management could have recommended the construction of new facilities to accommodate additional students.

¹ Following receipt of the preliminary draft audit report and an audit exit conference held on May 23, 2014 at which the audit findings were discussed with DOE officials, DOE informed the Comptroller’s Office for the first time that the Office of Portfolio Management “no longer exists.” In a subsequent communication, DOE officials reported that they had eliminated the office in March 2014, although they failed to previously mention that to the audit team. DOE further reported that Portfolio Management had been replaced with the Office of District Planning and that this office would be responsible for matters pertaining to space utilization and overcrowding to the extent that the Office of Portfolio Management had previously been.

² If DOE chooses to rezone or change a utilization plan, these actions must be done in accordance with Chancellor Regulations A-185 and A-190. Chancellor Regulation A-185 is applicable when DOE determines that a major over-utilization problem can be best addressed by modifying the zoning boundaries that form a school district. Re-zoning a school district allows DOE to reassign some students from an over-utilized school to another nearby school that has residual seating capacity. This allows DOE to shift student enrollments as a means of allotting students minimum educational space requirements. Chancellor Regulation A-190 is applicable when DOE proposes a “significant change in school utilization,” which the DOE classifies as a school “phase out, grade reconfiguration, re-siting or co-location.” The plan to sub-divide a building to allow multiple schools to occupy that space is called a “co-location.” The “Building Utilization Plan”, something that got added into A-190 in recent years, outlines the proposed allocation of classrooms and administrative space between a charter school and a district school.

The Office of Space Planning was charged with providing “all students with the adequate and appropriate instructional space required to achieve their fullest academic potential,” according to the DOE website. Space Planning was further identified as “the Chancellor’s designee in the allocation of space in all educational and administrative facilities.” Additionally, Space Planning was responsible for ensuring that students have adequate and appropriate instructional space and for conducting reviews of buildings determined to be over-utilized, to ascertain their actual student enrollment, compliance with architectural floor plans, and conformity with DOE’s “Instructional Footprint,” a DOE publication that contains standards for instructional and non-instructional space.

The School Construction Authority (“SCA”) carries out required capital improvements when DOE determines that overcrowding must be alleviated through new school facility construction. Annually, the SCA compiles and DOE publishes the Blue Book, which identifies and compares the maximum physical capacity (i.e., the total number of students the building should accommodate) for each school building with actual student enrollment.³ Among other things, Blue Book data indicates whether school buildings are over or under-utilized. A building is deemed over-utilized if its utilization rate exceeds 100 percent. Data used to calculate building capacity, which is generated from the SCA’s “Annual Facilities Survey,” includes the size, function and use of each room in a school building. Student enrollment data is obtained from the DOE’s “Automate the Schools” computer system. Information in the Blue Book is intended to inform DOE decision-making on enrollment growth, placement of new schools and programs in underutilized buildings, and capital projects, including upgrades to expand a building’s capacity.

According to the September 2013 Mayor’s Management Report, DOE created, 5,593 new seats in Fiscal Year 2011 (July 1, 2010 – June 30, 2011) and 10,766 new seats in Fiscal Year 2012 (July 1, 2011 – June 30, 2012). However, according to the Blue Book, even with the creation of an additional 16,359 seats, in Fiscal Year 2012 some 33 percent of primary schools were determined to be overcrowded by as much as 138 percent, while 12 percent of middle schools and 32 percent of high schools were determined to be overcrowded.

Objective

The objective of this audit was to determine DOE’s effectiveness in alleviating overcrowding in public school buildings. The audit focused on the efforts of DOE’s Offices of Space Planning and Portfolio Management to alleviate conditions in school buildings identified as overcrowded in the Blue Book.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the audit evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in

³ The SCA is responsible for the design and construction of New York City public school buildings, and the renovation or reconstruction of existing schools.

Chapter 5, §93, of the New York City Charter. This audit was conducted by staff that included auditors with engineering backgrounds.

The scope of the audit covers school years 2010-2011 and 2011-2012 and primarily addresses the efforts of DOE's Offices of Space Planning and Portfolio Management. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters covered in this report were discussed with DOE officials during and at the conclusion of this audit. A preliminary draft report was sent to DOE officials on May 8, 2014 and discussed at exit conference on May 23, 2014. On June 11, 2014, we submitted a draft report to DOE officials with a request for comments. We received a written response from DOE on June 25, 2014.

In their response, DOE officials stated, "While we are in agreement with most of the recommendations from the audit, we find the text of the audit deliberately misleading and demonstrating a clearly biased approach to the issue, particularly in describing the roles and responsibilities of the units interviewed. The report inaccurately describes the goals and responsibilities of the Office of Portfolio Management (OPM) as solely focused on and owning responsibility for resolving overcrowded conditions." Furthermore, DOE stated, "As of March 2014, with the change in administration, the OPM is no longer operating as such. The Office of District Planning has been created with its own set of responsibilities, some of which overlap with those of the former Office of Portfolio Management." Additionally, DOE stated, "The auditors also chose not to include the work of the School Construction Authority in the audit."

DOE agreed to follow five of the recommendations and agreed to partially follow 2.

Auditor Comment

DOE does not dispute the factual findings in the audit report, to wit, that the Offices of Portfolio Management and Space Planning failed to adequately document the measures they have taken to alleviate school building overcrowding; that overcrowding in the schools remained at a constant level during the audit period; and that the utilization statistics reported in the Blue Book did not combine information about school building enrollment with associated Transportable Classroom Units ("TCUs"). We agree with DOE's observation in its response that "[t]here is much work to be done to address overcrowding." We are pleased that, notwithstanding its criticisms of the tone of the report, it has responded to the audit by agreeing to largely follow the Comptroller's recommendations, which we believe will aid the agency in its ongoing efforts to address school overcrowding.

The full text of DOE's response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

The audit found that DOE had significant weaknesses in its processes for alleviating overcrowding in its schools. These weaknesses include DOE's failure to implement official written policies and procedures, its failure to maintain process flow charts, and its failure to create and preserve documentation of its actions. In addition, DOE's Offices of Space Planning and Portfolio Management failed to track whether their recommendations were implemented and, for those that were, if they were successful or unsuccessful in alleviating overcrowding conditions. As is described in more detail below, since the specific actions undertaken to alleviate school overcrowding by DOE's Offices of Space Planning and Portfolio Management were not adequately documented, the auditors could not assess the impact of those efforts. DOE's statistics show that the rates of overcrowding in primary and middle school public buildings were fairly consistent between 2010-2011 and 2011-2012. However, because of the absence of documentary evidence, it is not possible to determine what effect, if any, efforts of the Offices of Space Planning and Portfolio Management had on overcrowding.

Overcrowding Not Alleviated

DOE has not alleviated overcrowding in primary and middle school buildings. According to the Blue Book report for 2010-2011, 525 of 1,463 (36 percent) school buildings were over-utilized. For 2011-2012, that overall rate remained unchanged, with the report showing 520 of 1,454 (36 percent) buildings over-utilized. (See Charts 1 and 2 below and Appendix I.) In addition, DOE data indicates that between Fiscal Years 2010 and 2012, the over-utilization rate for primary schools increased from 31 to 33 percent and for middle schools from 9 to 12 percent, while the high school over-utilization rate decreased from 37 percent to 32 percent.⁴ If overcrowding cannot be reduced in existing school buildings using remedial measures, it may be necessary to construct new school facilities at a greater expense to accommodate additional students.

⁴ This information is based on the Fiscal Year 2012 Mayor's Management Report.

Chart 1

Percentages of Over-Utilized Schools

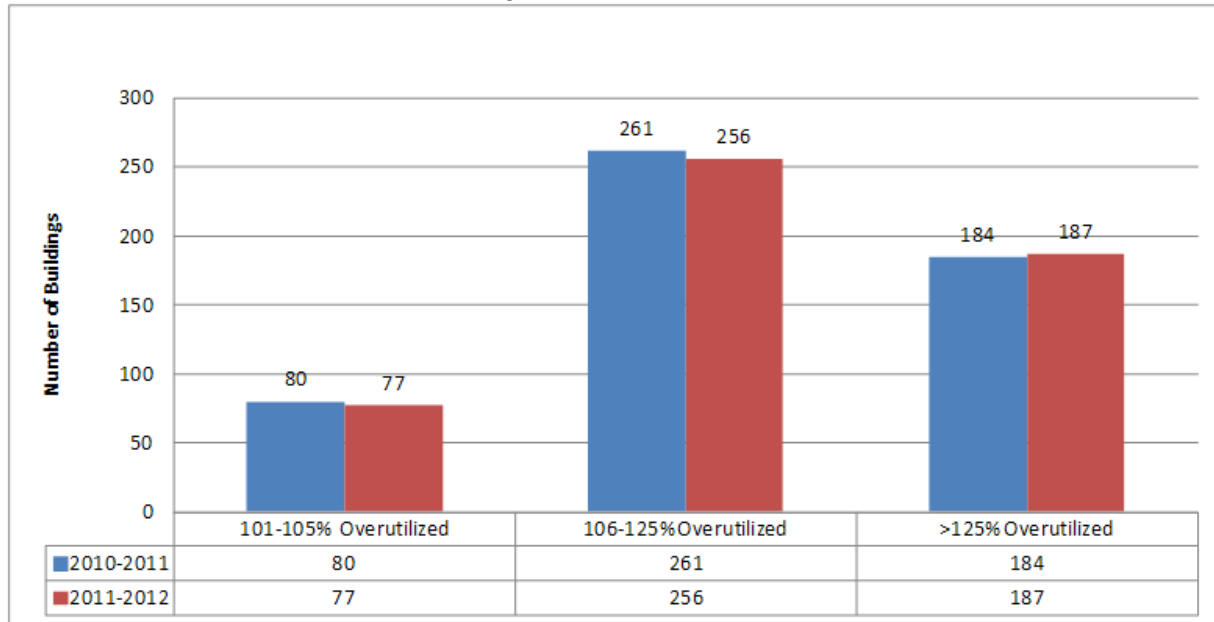
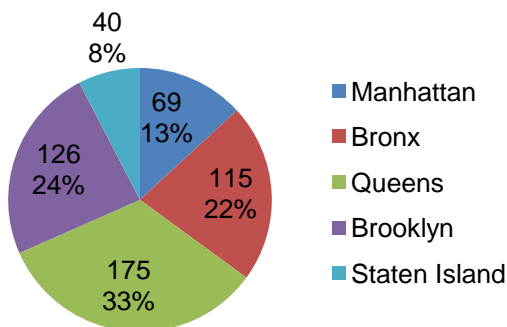


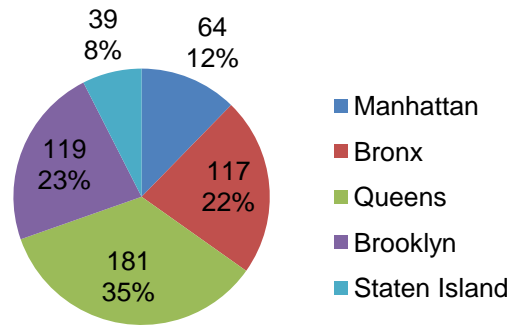
Chart 2

Over-utilized School Buildings by Borough

School Year 2010-2011



School Year 2011-2012



We examined the 59 most over-utilized public school buildings in New York City, (see Appendix II for a list of the schools) and found that over-utilization ranged from 133 to 238 percent. Student enrollment at these 59 schools totaled 48,099, whereas building capacities totaled 30,012 seats, reflecting a shortage of 18,087 seats. We were not provided with any evidence or documentation to substantiate that the Offices of Portfolio Management and Space Planning had recommended measures to alleviate this overcrowding, including through conversion of classrooms and/or reassignment of grades. In fact, when we requested documentation which

the DOE contended substantiates processes followed by the Offices of Space Planning and Portfolio Management for all sampled schools, DOE's response was "[w]e don't have documentation that meets the auditors' request."

According to DOE's own statistics, overcrowding in primary and middle school buildings appears to be worsening, despite the fact that more than 16,359 seats were created in Fiscal Years 2011 and 2012. A review of overcrowded school buildings listed in the Blue Book for 2010-2011 and 2011-2012 indicate that over-utilization rates for 58 percent of already overcrowded school buildings either increased or showed no improvement, while those for 42 percent decreased.

DOE's statistics also indicate that overcrowding is a problem in temporary facilities, such as TCUs which were originally installed to alleviate overcrowding in school buildings. Our review of 65 overcrowded primary and middle school TCUs listed in the Blue Book for 2010-2011 and 2011-2012 indicates that over-utilization rates averaged 143 percent and 156 percent, respectively. For 33 of 65 TCUs (51 percent), over-utilization either increased or showed no improvement, while only 32 TCUs (49 percent) experienced decreased utilization rates over those years.

Reducing over-utilization rates at existing school buildings is an important measure that could help to reduce the need to construct entirely new classroom space. Construction of new school facilities to add the approximately 85,000 additional seats needed at 520 over-utilized schools in 2011-2012 would require approximately 2.3 million square feet of new classroom space at an estimated cost of \$1,286,886,860.⁵ The City could potentially reduce funding for new facilities if it were able to accommodate additional students in existing facilities. However, as previously noted, no evidence exists that DOE's Offices of Portfolio Management and Space Planning were effectively addressing over-crowding at schools examined in this audit through the methods at their disposal.

Internal Control Problems

DOE's Offices of Space Planning and Portfolio Management lacked any statistical or documentary evidence showing the substantive steps they took to alleviate school overcrowding. This failure constitutes a significant internal control deficiency. The lack of documentation may be partly attributed to the absence of written policies and procedures for either office. Through interviews and discussions with DOE personnel we were able to ascertain that Portfolio Management and Space Planning had some procedures in place and that they had attempted to follow these procedures to alleviate overcrowding. However, no documentation or evidence existed within these two offices to indicate what these steps were or whether they had been taken.⁶

According to interviews with DOE personnel, the efforts by Portfolio Management and Space Planning to address overcrowding included, among other things that they review existing

⁵ To calculate the amount of required instructional and administrative space, we used a figure of 20 square feet based on DOE information. To calculate the construction cost, we used a figure of \$542 per square foot based on information obtained from the SCA.

⁶ Portfolio Management, prior to its dissolution, did not have an organizational chart for its approximately 50 person staff, nor did it maintain a list of school buildings where the office attempted to address problems.

information and data such as the Blue Book, the SCA's Annual Facilities Survey⁷ and building plans; identify over-utilized schools; update building surveys and conduct site visits to ascertain existing conditions; compile updated information and building surveys; coordinate plans and recommendations for alleviating overcrowding; and obtain approval for and implement recommendations.

Based on our review it appears that neither Portfolio Management nor Space Planning carried out any or many of these steps. Moreover, they do not have documentation to indicate what steps, if any, were carried out, whether recommendations were made or implemented, and whether recommendations that were implemented were effective. Portfolio Management staff explained that the process for alleviating overcrowding is "organic," consisting of "borough teams" that monitor schools monthly and annually, conduct monthly meetings, and hold telephone conversations with principals. According to Portfolio Management and Space Planning staff, written documentation, meeting minutes, and telephone logs of this process were not maintained. Therefore, there is no way to assess whether DOE was, in fact, taking steps to alleviate overcrowding and whether those steps were effective.

Additionally, Portfolio Management and Space Planning lacked a system to track over-utilized buildings where overcrowding might have been addressed. Portfolio Management and Space Planning staff were also unable to provide the auditors with a list of any over-utilized school buildings whose overcrowding issues they had attempted to address during the audit period. A tracking system would have been an important internal control to ensure that measures for alleviating overcrowding in specific buildings had been considered and recommendations implemented in a timely manner.

Misleading Statistics Reported in the Blue Book

The Blue Book presents enrollment and utilization figures for students assigned to school buildings and their affiliated TCUs as independent of one another. As a result, information reported in the Blue Book presents an inaccurate picture of the extent of overcrowding in any given school because the number of students attending classes outside of the main buildings in "temporary" structures is not included in the utilization rates for the buildings with which they are affiliated.

In every situation examined in this audit, utilization rates would have been higher had the Blue Book counted students physically sitting in TCUs as part of the count of all enrolled students in primary and middle school buildings. For example, the 2011-2012 Blue Book reflects that the utilization rate for P.S. 11 in Queens was 127 percent (837 students were enrolled in a building whose capacity was 657 seats). In addition, the utilization rate for a TCU affiliated with the school was 131 percent (enrollment of 200 students with a capacity of 153 seats). However, combining the 200 students assigned to the TCU with the 837 students assigned to its affiliated school building would bring total student enrollment to 1,037. With building capacity still at just 657 seats, the true utilization rate for P.S. 11 would be 158 percent.

Similarly, the 2011-2012 Blue Book reflects that the utilization rate for P.S. 163 in the Bronx was 160 percent (453 students were enrolled in a building whose capacity was 283 seats). In addition, the utilization rate for a TCU affiliated with the school was 119 percent (enrollment of 214 students with a capacity of 180 seats). However, combining the 214 students assigned to

⁷ The Annual Facilities Survey is a survey conducted by the SCA based on information provided by school principals. According to the Blue Book, "[t]he survey verifies the usage and size of rooms within each building."

the TCU with the 453 students assigned to its affiliated building would bring total student enrollment to 667. With building capacity still at just 283 seats, the true utilization rate for P.S. 163 would be 236 percent.

Furthermore, our review identified 17 primary and middle school buildings that were not overcrowded (i.e., less than 100 percent utilization) but that would have, in fact, been designated as overcrowded if their utilization statistics were combined with those of students assigned to the schools' affiliated TCUs.⁸ Conversely, our review identified six school buildings that were not overcrowded that would still be considered under-capacity, even with the inclusion of student enrollment in transportable classroom units.⁹

DOE officials contend that presenting separate statistics of utilization rates for buildings and affiliated TCUs provides a more precise view of schools' utilization rates. Nevertheless, this practice obscures actual building capacity rates, which may hinder DOE from identifying the full extent of seats that are short in an already over-utilized school building. DOE notes that it incorporates enrollment figures from affiliated transportable classroom units when assessing school building capacity. However reporting the combined statistics in the Blue Book would shed light on overcrowding at schools with affiliated TCUs. Accordingly, DOE should consider reporting an additional set of combined utilization rates for primary and middle school buildings and associated transportable classroom units in the Blue Book.

Recommendations

Based on the foregoing findings, we make the following recommendations:

1. DOE should compile written policies and procedures detailing steps that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning are required to take to address overcrowding, prior to those measures required under Chancellor Regulations A-185 and A-190.

Agency Response: "In recognition that school-based conditions often present unique challenges and needs, the DOE cannot agree to compile a document that *requires* a particular set of steps that must be taken by OSP and OPM. However, we are prepared to draft a set of procedures that will guide management's efforts and still allow for the employment of different approaches and/or sequences of steps to best address each situation as encountered."

2. DOE should ensure that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning carry out the required steps set forth in accordance with Recommendation 1 to alleviate overcrowding in school buildings and Transportable Classroom Units.

Agency Response: See response to recommendation 1.

⁸ The 17 schools are P.S.48 and P.S.163 in Manhattan; P.S.16, P.S.87, and P.S. 96 in the Bronx; P.S.38, P.S.70, P.S.116, P.S.121, P.S.125, P.S.151, P.S.155, and P.S.160 in Queens; and P.S.179, P.S. 209, P.S. 276, and P.S. 290 in Brooklyn.

⁹ The six schools are P.S.14 and P.S.175 in the Bronx; P.S.194, P.S.268, and P.S.272 in Brooklyn; and P.S.52 in Queens.

3. DOE should maintain documentation on proposed recommendations and solutions to address overcrowded school buildings.

Agency Response: “The DOE agrees to maintain documentation that summarizes, on a yearly basis, proposed solutions and recommendations for dealing with specific overcrowded school buildings. This will allow the DOE to maintain comprehensive records, while not overburdening management with compliance-related work that might undermine the pace of addressing issues.”

4. DOE should implement a system to track over-utilized buildings and buildings for which overcrowding solution were recommended and addressed.

Agency Response: “OSP will manage the tracking of over-utilized buildings and create a yearly summary as referenced in the response to Recommendation 3. OSP already maintains documentation of where construction and facilities upgrades have created more capacity.”

5. DOE should assess and monitor the effectiveness of recommendations that have been implemented to alleviate overcrowding and use that information to guide future action.

Agency Response: “The DOE agrees with this recommendation.”

6. DOE should request that the School Construction Authority report an additional set of combined utilization rates in the Blue Book for school buildings with associated Transportable Classroom Units.

Agency Response: “As stated in the attached letter, the DOE has been working with a citywide group of stakeholders to review the Blue Book. One of the recommendations from that group that has been implemented is the Blue Book’s report of figures relative to transportable classroom units.”

7. DOE should examine the feasibility of discontinuing the use of Transportable Classroom Units, particularly at the six schools identified in this report as under-utilized.

Agency Response: “The DOE has defined as one of its new priorities the removal of Transportable Classroom Units (‘TCU’) and has begun to act in accordance with the recommendation, both in its capital planning and day-to-day as it makes plans for schools and zones throughout the city. These plans include the TCUs on the sites of the six schools cited by the Comptroller. In general, to date, the DOE has removed 31 TCUs from nine school sites. An additional 47 TCUs will be removed from 17 school sites in the next two years.”

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the audit evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter. This audit was conducted by staff that included auditors with engineering backgrounds.

The scope of the audit covers school years 2010-2011 and 2011-2012 and primarily addressed the efforts of DOE's Offices of Space Planning and Portfolio Management.

To understand DOE policies, procedures and internal controls governing the alleviation of overcrowding in school buildings, we interviewed DOE personnel, including the Executive Director of Space Planning and the Executive Director of Portfolio Management.

We obtained and reviewed the following Information:

- DOE's Blue Books for school years 2010-2011 and 2011-2012.
- Lists extracted from the Blue Books of over-utilized school buildings for school years 2010-2011 and 2011-2012.
- Lists extracted from the Blue Books of over-utilized transportable classroom units for school years 2010-2011 and 2011-2012.
- The Office of Space Planning organization chart.
- The Mayor's Management Reports for DOE and SCA for Fiscal Year 2012.
- Chancellors' Regulations A-185 and A-190 dated January 14, 2005 and October 7, 2010.

We also asked Space Planning and Portfolio Management to provide process flow charts to depict the steps that each office follow to resolve overcrowding. However, neither office had a process flow chart. Accordingly, we generated these charts on the basis of information provided by respective office staff. We then submitted the flow charts that we created to Space Planning and Portfolio Management and both offices validated and approved the depicted processes insofar as they reflected the operations of their respective offices.

We analyzed the Blue Book data to ascertain the overall population of over-utilized (i.e., crowded) school buildings. A Comptroller's Office's audit of the Blue Book (No. ME11-064A dated September 14, 2011) identified deficiencies with the data and the data collection process used to compile the Blue Book. Nevertheless, we relied on this data because DOE relies on it and considers the Blue Book as the starting point for data on school capacity and utilization. After consulting the Blue Book, DOE may request assistance from Space Planning staff who perform physical walk-throughs to assess and report existing conditions. Our analysis of Blue Book data is not an affirmation of the accuracy of the data itself or of the manner in which it was collected, both of which were outside the scope of this audit.

To determine whether DOE adhered to procedures and took effective measures to alleviate school building overcrowding, we selected a judgmental sample of the 59 most over-utilized

school buildings, citywide, in 2011-2012. The sample was stratified by borough and consisted of 4 buildings in Staten Island, 20 in Queens, 13 in Brooklyn, 8 in Manhattan and 14 in the Bronx. We requested file documentation for the sampled school buildings to substantiate whether DOE's Offices of Space Planning and Portfolio Management complied with procedures for alleviating overcrowding, undertook and carried out remedial measures, and whether the measures were effective.

Over-Utilization Summary by Borough

School Year 2010-2011 Statistics

| | #s of Buildings | | | | | | | | | | | |
|---------------|-----------------|--------------|------------|-----------------------|--------------|------------|-------------------------|--------------|------------|--------------------------|--------------|------------|
| | Overall | | | PreK-8 (Dist 1-32) | | | Special Ed (Dist 75) | | | High School (Dist 78) | | |
| | Total | Overutilized | | Total | Overutilized | | Total | Overutilized | | Total | Overutilized | |
| Manhattan | 226 | 69 | 31% | 161 | 50 | 31% | 8 | 1 | 13% | 57 | 18 | 32% |
| Bronx | 321 | 115 | 36% | 263 | 98 | 37% | 9 | 4 | 44% | 49 | 13 | 27% |
| Queens | 383 | 175 | 46% | 310 | 146 | 47% | 13 | 2 | 15% | 60 | 27 | 45% |
| Brooklyn | 422 | 126 | 30% | 338 | 101 | 30% | 15 | 4 | 27% | 69 | 21 | 30% |
| Staten Island | 111 | 40 | 36% | 89 | 34 | 38% | 11 | 2 | 18% | 11 | 4 | 36% |
| Total | 1463 | 525 | 36% | 1161 | 429 | 37% | 56 | 13 | 23% | 246 | 83 | 34% |

School Year 2011-2012 Statistics

| | #s of Buildings | | | | | | | | | | | |
|---------------|-----------------|--------------|------------|-----------------------|--------------|------------|-------------------------|--------------|------------|--------------------------|--------------|------------|
| | Overall | | | PreK-8 (Dist 1-32) | | | Special Ed (Dist 75) | | | High School (Dist 78) | | |
| | Total | Overutilized | | Total | Overutilized | | Total | Overutilized | | Total | Overutilized | |
| Manhattan | 219 | 64 | 29% | 157 | 47 | 30% | 8 | 1 | 13% | 54 | 16 | 30% |
| Bronx | 321 | 117 | 36% | 263 | 106 | 40% | 8 | 1 | 13% | 50 | 10 | 20% |
| Queens | 385 | 181 | 47% | 312 | 149 | 48% | 13 | 2 | 15% | 60 | 30 | 50% |
| Brooklyn | 441 | 119 | 27% | 355 | 99 | 28% | 15 | 2 | 13% | 71 | 18 | 25% |
| Staten Island | 88 | 39 | 44% | 66 | 33 | 50% | 11 | 2 | 18% | 11 | 4 | 36% |
| Total | 1454 | 520 | 36% | 1153 | 434 | 38% | 55 | 8 | 15% | 246 | 78 | 32% |

APPENDIX II

59 Sampled School Buildings

| Sample # | Bldg ID | District | Building Name | Enrollment | Capacity | Utilization |
|----------|---------|----------|------------------------------------|------------|----------|-------------|
| 1 | M475 | 2 | HEALTH PROFESSIONS HS (OL STY) - M | 2322 | 1597 | 145% |
| 2 | M837 | 3 | BEACON HS - MANHATTAN | 1162 | 809 | 144% |
| 3 | M267 | 2 | P.S. 59 (MEETH) - MANHATTAN | 520 | 363 | 143% |
| 4 | M451 | 2 | LIBERTY HS - MANHATTAN | 397 | 280 | 142% |
| 5 | M234 | 2 | P.S. 234 - MANHATTAN | 687 | 485 | 142% |
| 6 | M918 | 6 | P.S./IS 278 - MANHATTAN | 527 | 380 | 139% |
| 7 | M183 | 2 | P.S. 183 - MANHATTAN | 609 | 458 | 133% |
| 8 | M486 | 2 | J. K. ONASSIS HS FOR INT CAREERS-M | 724 | 545 | 133% |
| 9 | X855 | 7 | P.S. 30 ANNEX - BRONX | 179 | 81 | 221% |
| 10 | X842 | 10 | P.S. 95 ANNEX - BRONX | 64 | 29 | 221% |
| 11 | X886 | 10 | P.S. 86 ANNEX - BRONX | 349 | 167 | 209% |
| 12 | X868 | 10 | P.S. 86 MINISCHOOL - BRONX | 283 | 143 | 198% |
| 13 | X846 | 10 | P.S. 46 MINISCHOOL - BRONX | 219 | 118 | 186% |
| 14 | X808 | 10 | P.S. 8 MINISCHOOL - BRONX | 174 | 95 | 183% |
| 15 | X982 | 12 | P.S. 197 TEMP. C.R. BLDG S - X | 244 | 134 | 182% |
| 16 | X926 | 11 | P.S. 76 TEMP. C.R. BLDG. - X | 230 | 129 | 178% |
| 17 | X865 | 10 | P.S. 56 MINISCHOOL - BRONX | 234 | 133 | 176% |
| 18 | X209 | 10 | P.S. 209 - BRONX | 268 | 154 | 174% |
| 19 | X361 | 10 | P.S. 94 ANNEX - BRONX | 601 | 361 | 166% |
| 20 | X937 | 11 | BX CHARTER SCH FOR BETTER LRNG - X | 332 | 200 | 166% |
| 21 | X138 | 8 | P.S. 138 - BRONX | 923 | 559 | 165% |
| 22 | X170 | 9 | P.S. 170 (ECC) - BRONX | 259 | 157 | 165% |
| 23 | Q003 | 28 | P.S. 303 - QUEENS | 210 | 112 | 188% |
| 24 | Q440 | 28 | FOREST HILLS HS - Q | 3834 | 2064 | 186% |
| 25 | Q051 | 27 | P.S. 51 (ECC) - QUEENS | 285 | 155 | 184% |
| 26 | Q228 | 30 | P.S. 228 (ECC) - QUEENS | 379 | 214 | 177% |
| 27 | Q430 | 26 | FRANCIS LEWIS HS - Q | 4161 | 2360 | 176% |
| 28 | Q530 | 24 | INTERNATIONAL HS (BLDG M @LAGUA)-Q | 493 | 289 | 171% |
| 29 | Q242 | 25 | P.S. 242 - (ECC) - QUEENS | 393 | 240 | 164% |
| 30 | Q864 | 28 | P.S. 54 MINISCHOOL - QUEENS | 199 | 124 | 160% |
| 31 | Q882 | 28 | P.S. 182 - QUEENS | 399 | 250 | 160% |
| 32 | Q860 | 27 | P.S. 60 MINISCHOOL - QUEENS | 236 | 148 | 159% |
| 33 | Q452 | 30 | LONG ISLAND CITY HS (NEW) - Q | 3430 | 2156 | 159% |
| 34 | Q028 | 24 | P.S. 28 (ECC) - QUEENS | 524 | 333 | 157% |
| 35 | Q814 | 28 | P.S. 82 ANNEX - QUEENS | 138 | 88 | 157% |
| 36 | Q245 | 24 | P.S. 245 ECC (@ SENECA AVE) - Q | 392 | 254 | 154% |
| 37 | Q850 | 28 | P.S. 50 MINISCHOOL - QUEENS | 220 | 143 | 154% |
| 38 | Q064 | 27 | P.S. 64 - QUEENS | 661 | 430 | 154% |
| 39 | Q460 | 25 | FLUSHING HS - Q | 3113 | 2031 | 153% |
| 40 | Q809 | 75 | P.S. 224 ANNEX - QUEENS (D75) | 64 | 42 | 152% |
| 41 | Q066 | 27 | P.S. 66 - QUEENS | 487 | 320 | 152% |
| 42 | Q131 | 29 | P.S. 131 - QUEENS | 640 | 421 | 152% |
| 43 | K319 | 14 | P.S. 319 - BROOKLYN | 186 | 78 | 238% |
| 44 | K555 | 22 | BKLYN COLL ACAD (AT BKLYN COLL)-K | 272 | 133 | 205% |
| 45 | K399 | 17 | P.S. 399 - BROOKLYN | 527 | 282 | 187% |
| 46 | K127 | 20 | P.S. 127 - BROOKLYN | 523 | 296 | 177% |
| 47 | K842 | 32 | P.S. 45 AX (OLD BS RDGWD ECC1)-K | 112 | 68 | 165% |
| 48 | K105 | 20 | P.S. 105 - BROOKLYN | 1778 | 1112 | 160% |
| 49 | K405 | 22 | MIDWOOD HS - K | 3842 | 2428 | 158% |
| 50 | K107 | 15 | P.S. 107 - BROOKLYN | 555 | 352 | 158% |
| 51 | K160 | 20 | P.S. 160 - BROOKLYN | 886 | 563 | 157% |
| 52 | K490 | 20 | FORT HAMILTON HS - K | 4275 | 2752 | 155% |
| 53 | K590 | 17 | MIDDLE COLLEGE HS - BROOKLYN | 1104 | 727 | 152% |
| 54 | K989 | 20 | P.S. 104/P.S. 185 ANNEX-K | 276 | 182 | 152% |
| 55 | K843 | 75 | P.S. 4 (ECC) - BROOKLYN | 36 | 24 | 150% |
| 56 | R048 | 31 | P.S. 48 - STATEN ISLAND | 551 | 285 | 193% |
| 57 | R020 | 31 | P.S. 20 - STATEN ISLAND | 510 | 492 | 163% |
| 58 | R826 | 31 | P.S. 3 ANNEX - STATEN ISLAND | 327 | 201 | 163% |
| 59 | R029 | 31 | P.S. 29 - STATEN ISLAND | 774 | 486 | 159% |

Total **48099** **30012**
Total Seat Deficiency → **18087**
Average Over-utilization Rate → **167%**



Kathleen Grimm
Deputy Chancellor

June 25, 2014

Ms. Marjorie Landa
Deputy Comptroller for Audit
The City of New York
Office of the Comptroller
One Centre Street
New York, NY 10007-2341

Re: Audit Report on the Department of Education Efforts to Alleviate Overcrowding in School Buildings (7E13-123A)

Dear Ms. Landa:

This letter, with the attached response to recommendations ("Response"), constitutes the formal response of the New York City Department of Education ("DOE") to the City of New York Office of the Comptroller's ("Comptroller") draft audit report titled *Audit Report on the Department of Education Efforts To Alleviate Overcrowding in School Buildings* ("Report").

While we are in agreement with most of the recommendations from the audit, we find the text of the audit deliberately misleading and demonstrating a clearly biased approach to the issue, particularly in describing the roles and responsibilities of the units interviewed.

The report inaccurately describes the goals and responsibilities of the Office of Portfolio Management¹ (OPM) as solely focused on and owning responsibility for resolving overcrowded conditions. As shared with the audit team in the earliest interview, and then in communications thereafter, OPM's mission was to ensure that all students had

¹ During the audit period, the Office of Portfolio Management ("OPM") was one of the offices whose responsibilities included those related to building utilization. As of March 2014, with the change in administration, the OPM is no longer operating as such. The Office of District Planning has been created with its own set of responsibilities, some of which overlap with those of the former Office of Portfolio Management.

access to a high quality education and to provide options for students on which school to attend.

To further that mission, during the audit period, OPM coordinated the DOE's efforts to site high quality schools and programs in response to both community need and the goal of creating equitable access across the City and served as project manager for the execution of required space-related statutes for Community Education Council² and Panel on Educational Policy³ approval. Among the ways the office did that were to open sites for new district and charter schools in under-utilized space; propose the phase-out and replacement of the city's lowest performing schools; add sites for programs such as pre-kindergarten, Gifted and Talented, District 75, District 79, and Autism Spectrum Disorder Nest Program sites; identify where new capacity or increased capacity is needed; create capping and overflow plans to find seats for students whose zoned schools cannot accommodate them; propose rezoning and unzoning to accommodate new buildings and uneven utilization of buildings; and, support for all 183 charter schools in New York City. Within the scope of OPM's efforts were those that furthered more effective use of under-utilized space, the addition of capacity, and rezoning, all of which contributed to solving the problem of overcrowded conditions in over-utilized school buildings.

Many of these strategies contribute to reducing overcrowding over time, by creating attractive alternatives to overcrowded schools that could draw students toward previously under-utilized buildings, while others address overcrowding directly, such as by reducing the size of a school's zone. Most of these strategies require time to impact a school, as all students already enrolled in a school are allowed to continue until the school's terminal grade; as a result, rezoning an elementary school can take six years until the full impact of that rezoning is achieved.

The auditors also chose not to include the work of the School Construction Authority in the audit, despite the importance of the Capital Plan in addressing overcrowding in areas where other strategies have already been maximized or are not viable. In fact, several of the 59 schools identified by the auditors as among the most overcrowded are schools that are already scheduled to receive new capacity as part of the 2010-2014 or

² There are 32 Community Education Councils ("CEC") in New York City, each of which represents a Community School District that includes public elementary, intermediate, and junior high schools. Among their other responsibilities, CECs approve zoning lines as submitted by the superintendent.

³ The Panel for Educational Policy, which is part of the DOE's governance structure, consists of 13 appointed members and the Chancellor. Among its duties and responsibilities is to advise the Chancellor on matters affecting the welfare of the DOE and its pupils and to undertake a public review process before approving the educational facilities capital plan and budget.

2015-2019 Capital Plans, or where new schools have already been opened in the area in order to help address neighborhood overcrowding. Examples include:

- Beacon High School (audit sample #2), currently sited in M837, will move to new construction being built for the school in 2015 (M912, capacity 1487). To most efficiently use existing capacity, the DOE plans to backfill Beacon's old building with a new, smaller 6-12 school
- P.S. 59 (audit sample #3) was re-sited from M267 to new construction with larger capacity (M488) in 2012. The M267 building was back-filled with a new school to alleviate overcrowding at nearby P.S. 183 (audit sample #7), which was rezoned.
- P.S. 56 minischool (audit sample #17) was demolished in 2013-14 and is being replaced by a new addition opening in 2016 (X056), which will add 428 seats to the main building. Additionally, new construction is opening nearby this fall (X177, capacity 640) and the entire area was rezoned (including P.S. 56) to create a new school in the building and alleviate overcrowding in nearby schools. P.S. 46 (audit sample #13) was also included in this rezoning
- International High School (audit sample #28) was re-sited to new construction (Q520) in 2012-2013

While it is true, as the Report indicates, that the percentage of over-utilized buildings did not change between the 2010-2011 and 2011-2012 school years, that statement is a good example of how numbers without context can be used to mislead. An accurate picture of building over-utilization would also have to take into account that citywide enrollment experienced growth between those same years. More specifically, elementary ("PS") and middle school ("MS") buildings experienced enrollment growth of 8,839 students between the 2010-2011 and 2011-2012 school years (an additional 5,394 students enrolled in PS buildings; an additional 3,445 students enrolled in MS buildings). In fact, schools have experienced overall enrollment growth year-over-year since 2008. To that point, preschool to 8th grade enrollment, excluding enrollment in D75 programs, has increased by over 62,000 students from the 2008-2009 school year to the current 2013-2014 school year. A growth in enrollment that does not result in an increase of overcrowding suggests that the strategies used to address overcrowding are having impact.

The DOE has continuously made efforts to plan for increasing enrollment and to alleviate overcrowding as evidenced by the following:

- Since 2011, the DOE has built or leased 39 new buildings, adding 21,951 new seats across the City. In addition, another eight new buildings with the capacity to serve 3,885 students will open for the 2014-2015 school year.
- Since 2010, the DOE has implemented approximately 35 rezoning proposals approved by district CECs. These proposals impacted over 175 schools across the city and actively shrunk 59 PS and MS school zones in order to

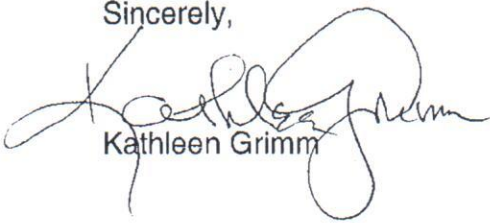
reduce overcrowding. Additional proposed rezonings would have addressed overcrowding at an additional 15 schools; however, these proposals were not approved by their CECs.

- Since 2010, 137 new schools have opened in under-utilized space, new construction, and private space, which shifts enrollment away from over-utilized buildings, as the Report recommends the DOE do.

There is much work to be done to address overcrowding, and we will continue our efforts to work with schools and communities to do so. The DOE has formed a working group comprised of CEC members, teachers, principals and other shareholders to develop recommendations to improve the reporting of capacity and utilization in the Blue Book, which forms the basis for discussions of overcrowding. The 2013-2014 Blue Book will reflect several changes, including the calculation building utilization excluding any capacity in TCUs, which was a recommendation from the working group made independently of this audit recommendation.

In sum, concerns relative to school building utilization have been and are being addressed conscientiously. That this Report implies otherwise is unfortunate and likely a function of the narrow scope of audit and a bias in favor of negative findings.

Sincerely,



Kathleen Grimm

Cc: Danya Labban, Auditor General
George Davis III, Deputy Director, Mayor's Office of Operations

June 25, 2014

NEW YORK CITY DEPARTMENT OF EDUCATION RESPONSE TO RECOMMENDATIONS

The following, with the attached cover letter from New York City Department of Education ("DOE") Deputy Chancellor Kathleen Grimm, comprises the response to the recommendations made in the City of New York Office of the Comptroller's ("Comptroller") draft audit report titled *Audit Report on the Department of Education's Efforts to Alleviate overcrowding in School Buildings* ("Report").

Recommendation 1. *DOE should compile written policies and procedures detailing steps that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning are required to take to relieve overcrowding, prior to those required under Chancellor Regulations A-185 and A-190.*

Recommendation 2. *DOE should ensure that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning carry out the required steps set forth in accordance with Recommendation 1 to alleviate overcrowding in school buildings and transportable classroom units.*

Response to Recommendations 1 and 2. In recognition that school-based conditions often present unique challenges and needs, the DOE cannot agree to compile a document that *requires* a particular set of steps that must be taken by OSP and OPM. However, we are prepared to draft a set of procedures that will guide management's efforts and still allow for the employment of different approaches and/or sequencing of steps to best address each situation as encountered.

Recommendation 3. *DOE should maintain documentation on proposed recommendations and solutions to address overcrowded school buildings.*

Response to Recommendation 3. The DOE agrees to maintain documentation that summarizes, on a yearly basis, proposed solutions and recommendations for dealing with specific overcrowded school buildings. This will allow the DOE to maintain comprehensive records, while not overburdening management with compliance-related work that might undermine the pace of addressing issues.

Recommendation 4. *DOE should implement a system to track over-utilized buildings and buildings for which overcrowding solution were recommended and addressed.*

Response to Recommendation 4. OSP will manage the tracking of over-utilized buildings and create a yearly summary as referenced in the response to Recommendation 3. OSP already maintains documentation of where construction and facilities upgrades have created more capacity.

Recommendation 5. *DOE should assess and monitor the effectiveness of recommendations that have been implemented to alleviate overcrowding and use the information to guide future action.*

Response to Recommendation 5. The DOE agrees with this recommendation.

Recommendation 6. *DOE should request that the SCA report an additional set of combined utilization rates in the Blue Book for school buildings with associated transportable classroom units.*

Response to Recommendation 6. As stated in the attached letter, the DOE has been working with a citywide group of stakeholders to review the Blue Book. One of the recommendations from that group that has been implemented is the Blue Book's report of figures relative to transportable classroom units.

Recommendation 7. *DOE should examine the feasibility of discontinuing the use of transportable classroom units, particularly at the six schools identified in this report as under-utilized.*

Response to Recommendation 7. The DOE has defined as one of its new priorities the removal of Transportable Classroom Units ("TCU") and has begun to act in accordance with the recommendation, both in its capital planning and day-to-day as it makes plans for schools and zones throughout the city. These plans include the TCUs on the sites of the six schools cited by the Comptroller. In general, to date, the DOE has removed 31 TCUs from nine school sites. An additional 47 TCUs will be removed from 17 school sites in the next two years.