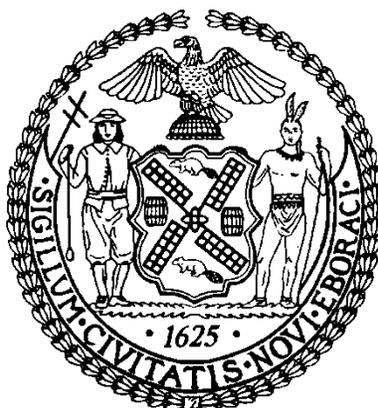


**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

**John C. Liu
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MANAGEMENT AUDIT

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**Audit Report on the Collection and
Reporting of School Capacity and Utilization
Data by the Department of Education and the
School Construction Authority**

ME11-064A

September 14, 2011

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

John C. Liu
COMPTROLLER

September 14, 2011

To the Residents of the City of New York:

My office has audited the collection and reporting of school capacity and utilization data by the Department of Education and the School Construction Authority. Audits such as this provide a means of ensuring that City agencies fulfill their responsibilities and furnish accurate and reliable information to the public.

The audit identified deficiencies in the data collection process leading up to the reporting of capacity figures and utilization rates in the Blue Book. DOE and SCA has not adequately informed principals about the significance of their roles in the collection of school capacity data. In addition, controls over the collection and reporting of school capacity data in the Blue Book need to be improved. As a result, the reliability of the school capacity and utilization information reported in the Blue Book is diminished.

This audit recommends, among other things, that DOE and SCA enhance principals' awareness of the significance of the school capacity data they provide. The audit also recommends that SCA ensure that school capacity data is updated to correct any inaccuracies identified during its data verification visits to the schools and that all school room functions and sizes are checked during these visits.

The results of the audit have been discussed with DOE and SCA 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,

A handwritten signature in black ink, appearing to read "John C. Liu".

John C. Liu

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*The City of New York
Office of the Comptroller
Management Audit*

**Audit Report on the Collection and
Reporting of School Capacity and Utilization
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School Construction Authority**

ME11-064A

AUDIT REPORT IN BRIEF

This audit determined the adequacy of Department of Education (DOE) and School Construction Authority (SCA) controls over the collection, analysis, and reporting of school capacity information to ensure the accuracy and reliability of the utilization data reported in the *Enrollment–Capacity–Utilization Report*, also referred to as the Blue Book. There are two major components in the calculation of the school building utilization rates reported in the Blue Book: the enrollment of students and the capacity of the schools they occupy. The enrollment data is obtained from DOE’s Automate the Schools (ATS) system. The information on the school buildings’ capacity is generated through Annual Facilities Surveys (AFSs) that have been conducted by SCA since 2003. Every year, school principals are asked to confirm or revise the room usage and size information indicated on the AFSs. SCA calculates the utilization rate for each school by dividing the enrollment figure by the adjusted capacity figure.

The Blue Book is issued annually and is intended to identify “the maximum physical capacity of all [DOE] buildings to serve students, compared to actual enrollments, which together allow for a standard framework with which to assess the utilization” of DOE’s schools. The information provided in the report is intended to allow DOE and SCA “to understand the conditions under which multiple schools share a single building; make informed decisions about enrollment growth or placement of new schools or programs in under-utilized buildings; and plan for major capital projects . . . and other upgrades that expand a building’s capacity.”

The primary scope of the audit was Fiscal Year 2010 (July 1, 2009, through June 30, 2010).

Audit Findings and Conclusions

Controls over the collection and reporting of school capacity data in the Blue Book need to be improved. The audit identified some deficiencies in the data collection process leading up to the reporting of capacity figures and utilization rates in the Blue Book.

The audit concluded that principals have not been adequately informed by DOE and SCA about the importance of their roles in the collection of school capacity data and that SCA could

improve its monitoring of the principals' reporting of this data. Our comparison of actual school room functions to the ones the principals noted on the surveys for 23 sampled schools disclosed that the functions of almost one quarter of the sampled rooms were reported incorrectly by the principals, and that more than two-fifths of these had implications for the capacity data presented in the Blue Book. Our comparison of room sizes as indicated on school building blueprints to the sizes the principals noted on the surveys for the 23 schools disclosed that the sizes of more than one-third of the sampled rooms were reported incorrectly by the principals, and that about one-sixth of these had implications for the capacity data presented in the Blue Book. As a result of these weaknesses, the reliability of the school capacity and utilization information reported in the Blue Book is diminished.

Audit Recommendations

To address these issues, the audit recommends that DOE and SCA:

- Enhance, through training or supplemental communication, principals' awareness of the significance of the information they provide on the AFSs.
- Consider collecting, analyzing, and reporting information about the availability of excess space in each school.
- More effectively use Blue Book data to identify over-utilized schools.

To address these issues, the audit also recommends that SCA:

- Ensure that AFSs are updated to correct any inaccuracies identified during AFS verification visits to the schools.
- Ensure that all school room functions and sizes are checked during AFS verification visits.
- Ensure that it consistently calculates accurately the utilization rates reported in the Blue Book based on the given enrollment and capacity figures.

Agency Response

In their response, DOE and SCA officials generally agreed with four recommendations, but disputed the need to implement the other two recommendations concerning collecting and reporting on the availability of excess space in each school and more effectively utilizing the Blue Book data to identify over-utilized schools. Additionally, the agencies disagreed with the significance of the findings.

In their response, DOE and SCA misrepresent the audit results by netting out the school capacity overstatements and understatements we identify. For example, concerning the inaccuracies relating to room functions identified by the audit, the agencies state that "the net impact on capacity for the 23 schools [we sampled] would be six seats." The agencies do not

provide an explanation as to how they arrived at this number. Furthermore, netting the overstatements and understatements over a number of schools is of no value in relation to a significant purpose of the Blue Book, which is to identify the capacity of each individual DOE school building. For example, if the agencies overstated the capacity of one school with a capacity of 100 by 30 students and understated the capacity of another school with a capacity of 100 by 30 students, using DOE's and SCA's methodology there is no error as the net impact on system capacity is zero. However, this methodology ignores the fact that each of these schools has a 30 percent error in its capacity. DOE's and SCA's methodology only makes sense if the goal is to match total seats with total enrollment within the system. As the data is used to make decisions regarding individual schools and groups of schools, the best reflection of the accuracy of the Blue Book is the error rate of each individual school.

DOE and SCA compounded this error by apparently applying our test results, which are based on a sample of rooms at the 23 schools, to the total capacity of these schools. DOE and SCA state that their net result of six students "represents 0.04% of the total capacity of these 23 schools." It appears that they derived this percentage by dividing the net discrepancy in capacity for the 23 schools (which they calculated to be six students) by the total reported school capacity of 15,009 students for the 1,226 rooms at these schools. However, this is a fundamentally flawed analysis. The capacity discrepancy at issue here does not relate to all of the rooms at the 23 schools but rather to a sample of 145 rooms at these schools. The more accurate approach would be to divide the *total* discrepancy in capacity for the 23 schools¹ (which we calculated to be 173 students) by the reported capacity of 2,395 students² *for the sampled 145 rooms* at those schools. This leads to an error rate of 7.22 percent, not the 0.04 percent presented by DOE and SCA.

We must note, however, that the purpose of our testing was not to verify the reported capacity and utilization rates but rather to assess the controls employed by DOE and SCA to ensure the accuracy of those figures. Had it been our intent to verify those figures, the number of rooms tested would have been much greater to enable us to statistically project our results with reasonable precision. Similarly, the number of errors found, and the impact of those errors, would likely have been greater also.

¹ To arrive at the total discrepancy in capacity for the 23 schools, we added the discrepancies in capacity for the individual schools. In determining a school's capacity discrepancy, we calculated the net impact on capacity for that school.

² This figure cannot be determined from the Blue Book, but can be inferred by reviewing the AFS responses of the principals at these schools.

INTRODUCTION

Background

Both DOE and SCA monitor the use of space in the City's public schools. DOE's *Enrollment–Capacity–Utilization Report*, also referred to as the Blue Book, is issued annually and is intended to identify “the maximum physical capacity of all [DOE] buildings to serve students, compared to actual enrollments, which together allow for a standard framework with which to assess the utilization” of DOE's schools. The information provided in the report is intended to allow DOE and SCA “to understand the conditions under which multiple schools share a single building; make informed decisions about enrollment growth or placement of new schools or programs in under-utilized buildings; and plan for major capital projects . . . and other upgrades that expand a building's capacity.”

There are two major components in the calculation of the school building utilization rates reported in the Blue Book: the enrollment of students and the capacity of the schools they occupy. The enrollment data is obtained from the ATS system. The data represents the official student enrollment as of October 31 of each year for each public school in the City. According to DOE, to help ensure that the official enrollment is accurate, DOE requires that schools conduct self-audits to remove from the official student register all discharged students and long-term absentees as of October 31. DOE also stated that the enrollment figures produced by the schools are validated by its Auditor General's Office by conducting audits of discharged students and those with low-attendance rates for a sample of schools. Once the student enrollment data as of October 31 is validated by the DOE Auditor General's Office, it is forwarded to SCA.

The information on the school buildings' capacity is generated through AFSs that have been conducted by SCA since 2003. An initial AFS is completed by the school principal. In subsequent years, school principals are asked to confirm or revise the room usage and size information indicated on the AFSs. In early November of each year, SCA informs the principals by e-mail that the survey is available online for completion by the end of January. After the surveys are completed, SCA visits a sample of the schools to validate the AFS data. After validating the data, SCA calculates each school's capacity.

SCA uses an Oracle-based computer program to calculate the capacity of each school building based on the data contained in the AFS. The potential capacity of a room depends on its function and size and on the grade of the students assigned to the room. According to the Blue Book, the City's Building Code requires at least 35 square feet per pupil for pre-kindergarten and kindergarten classrooms and 20 square feet per pupil for grade 1 through grade 12 classrooms. The target capacity of a room represents SCA's desired goal for the number of students to be assigned to the classroom. Table I shows the target capacities for special education classrooms and for general education classrooms for grades pre-kindergarten through 12.

Table I
Target Capacities for Various Classroom types

Classroom Type	Target Capacity
District 75 Special Education*	6 - 12
Non-District 75 Special Education*	12-15
Pre-K	18
Grades K-3	20
Grades 4-8	28
Grades 9-12	30

* District 75 provides educational and other services to special education students in a variety of supportive environments. Non-District 75 special education services are provided in a general education environment.

The formula for calculating capacity generally excludes spaces used for administrative or other non-instructional purposes. Certain rooms, such as libraries, auditoriums, lunchrooms, and rooms less than 240 square feet, are excluded from all calculations. SCA calculates the utilization rate for each school by dividing the enrollment figure by the capacity figure. Table II shows the major factors used in calculating the capacity figures and utilization rates.

Table II
Attributes Used in Calculating the
Capacity Figures and Utilization Rates
Reported in the Blue Book

Attribute	Description
Unadjusted maximum capacity	Sum of maximum capacities for each instructional room in school (or building). Capacity is based on the grade (pre-k through 12) or program (e.g., special education)
Unadjusted potential capacity	Sum of potential capacities for each instructional room in school (or building). Determined by dividing a room's total square footage by 35 for grades pre-k and kindergarten and by 20 for grades 1-12
Total unadjusted capacity	Sum of the lower of maximum or potential capacity for each instructional room in school (or building)
Total adjusted capacity	Derived by (1) subtracting a specific number of rooms (e.g., support rooms,* parent-teacher room) and/or (2) applying certain program efficiency ratios.**
Current enrollment	Student enrollment of school (or building) as of October 31
Utilization percentage	Current enrollment divided by total adjusted capacity

* These include rooms supporting the teaching of art, music, computers, etc. and rooms serving students who require additional instruction.

** These relate to the percentage of a school day that a room is expected to be used.

Overall enrollment, capacity, and utilization data for each school is presented in the Blue Book. Two distinct measurements of capacity and utilization are presented in the Blue Book.

The first, the Target Capacity and Utilization Rate, shows performance relative to capacity and utilization goals. The second, the Historical Capacity and Utilization Rate, shows trends over time. This audit focuses on the Target Capacity and Utilization Rate. The Blue Book report for school year 2009-2010 was issued in September 2010.

Objective

The objective of the audit was to determine the adequacy of controls over the collection, analysis, and reporting of school capacity information to ensure the accuracy and reliability of the utilization data reported 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 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.

The primary scope of the audit was Fiscal Year 2010 (July 1, 2009, through June 30, 2010). Please refer to the Detailed Scope and Methodology section at the end of this report for a discussion of the specific procedures followed and the tests conducted on this audit.

Discussion of Audit Results

The matters covered in this report were discussed with DOE and SCA officials during and at the conclusion of this audit. A preliminary draft report was sent to DOE and SCA officials on July 19, 2011, and was discussed at an exit conference held on August 8, 2011. A draft report was sent to DOE and SCA officials on August 19, 2011, with a request for comments. We received a written response from DOE and SCA officials on September 6, 2011. In their response, DOE and SCA officials generally agreed with four recommendations, but disputed the need to implement the other two recommendations concerning collecting and reporting on the availability of excess space in each school and more effectively utilizing the Blue Book data to identify over-utilized schools.

Additionally, the agencies disagreed with the significance of the findings, and stated the following:

The DOE and SCA will be evaluating how best to address the areas highlighted for potential improvement by the auditors, but we continue to stress the fact that the immediate impact on the capacity calculations for the Blue Book is far less significant than the Audit Report, with its emphasis on technical reporting errors that have no impact whatsoever on capacity and utilization calculations, seems to suggest.

In their response, DOE and SCA misrepresent the audit results by netting out the school capacity overstatements and understatements we identify. For example, concerning the inaccuracies relating to room functions identified by the audit, the agencies state that “the net impact on capacity for the 23 schools [we sampled] would be six seats.” The agencies do not provide an explanation as to how they arrived at this number. Furthermore, netting the overstatements and understatements over a number of schools is of no value in relation to a significant purpose of the Blue Book, which is to identify the capacity of each individual DOE school building. For example, if the agencies overstated the capacity of one school with a capacity of 100 by 30 students and understated the capacity of another school with a capacity of 100 by 30 students, using DOE’s and SCA’s methodology there is no error as the net impact on system capacity is zero. However, this methodology ignores the fact that each of these schools has a 30 percent error in its capacity. DOE’s and SCA’s methodology only makes sense if the goal is to match total seats with total enrollment within the system. As the data is used to make decisions regarding individual schools and groups of schools, the best reflection of the accuracy of the Blue Book is the error rate of each individual school.

DOE and SCA compounded this error by apparently applying our test results, which are based on a sample of rooms at the 23 schools, to the total capacity of these schools. DOE and SCA state that their net result of six students “represents 0.04% of the total capacity of these 23 schools.” It appears that they derived this percentage by dividing the net discrepancy in capacity for the 23 schools (which they calculated to be six students) by the total reported school capacity of 15,009 students for the 1,226 rooms at these schools. However, this is a fundamentally flawed analysis. The capacity discrepancy at issue here does not relate to all of the rooms at the 23 schools but rather to a sample of 145 rooms at these schools. The more accurate approach would be to divide the *total* discrepancy in capacity for the 23 schools (which we calculated to be 173 students) by the reported capacity of 2,395 students *for the sampled 145 rooms* at those schools. This leads to an error rate of 7.22 percent, not the 0.04 percent presented by DOE and SCA.

We must note, however, that the purpose of our testing was not to verify the reported capacity and utilization rates but rather to assess the controls employed by DOE and SCA to ensure the accuracy of those figures. Had it been our intent to verify those figures, the number of rooms tested would have been much greater to enable us to statistically project our results with reasonable precision. Similarly, the number of errors found, and the impact of those errors, would likely have been greater also.

The full text of DOE’s and SCA’s written response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

Controls over the collection and reporting of school capacity data in the Blue Book need to be improved. We identified some deficiencies in the data collection process leading up to the reporting of capacity figures and utilization rates in the Blue Book.

The audit concluded that principals have not been adequately informed by DOE and SCA about the importance of their roles in the collection of school capacity data and that SCA needs to improve its monitoring of the principals' reporting of this data. Our comparison of actual school room functions to the ones the principals noted on the AFSs for 23 sampled schools disclosed that the functions of almost one quarter of the sampled rooms were reported incorrectly by the principals, and that more than two-fifths of these had implications for the capacity data presented in the Blue Book. Our comparison of room sizes as indicated on school building blueprints to the sizes the principals noted on the AFSs for the 23 schools disclosed that the sizes of more than one-third of the sampled rooms were reported incorrectly by the principals, and that about one-sixth of these had implications for the capacity data presented in the Blue Book. As a result of these weaknesses, the reliability of the school capacity and utilization information reported in the Blue Book is diminished.

Controls over the Collection of School Capacity Data Need to Be Improved

Our review of the AFSs submitted by the 23 schools in our sample³ revealed that the information relating to room usage and size reported by the school principals is often inaccurate. Consequently, the reliability of the school capacity and utilization data reported by SCA in the Blue Book that is based on this information is diminished.

As noted above, there are two sources of data for the Blue Book: the official student enrollment information produced by ATS and the school building capacity information reported by the principals on the AFS. The school building data is updated each year by principals to reflect the current function and size of each room. This information is then used by SCA to calculate school capacity figures and utilization rates. Consistent with our audit objective, we focused our testing on the school capacity information collected and reported by principals on the AFS.

Inaccurate Room Function and Measurement Data Reported by Principals

Between January 25 and February 17, 2011, we visited a sample of 23 schools and observed a sample of 145 rooms. Our comparison of the actual room functions to the ones listed on the AFSs that were completed in November and December 2010 disclosed that the functions of 34 (23 percent) of the 145 rooms were reported incorrectly by the principals. For 15 (44 percent) of these 34 rooms, the misreporting of the functions affected the school capacity data to be reported in the Blue Book. Therefore, the functions of 10 percent of the rooms (15 of the 145) both were reported incorrectly and negatively affected the quality of the school capacity data to be reported in the Blue Book. For example, one sampled room was listed on the AFS as being a "coach's office" (which is excluded from the capacity calculation), but during our visit, school officials explained

³ In addition to 17 schools that we randomly selected from DOE's list of all schools, we randomly selected six schools from SCA's list of the 296 schools it visited during school year 2009-2010.

that they use the space as a “resource room.” The target capacity for a resource room in elementary school is 28 students (which is included in the capacity calculation).

The formula for calculating capacity allows certain types of rooms (e.g., guidance counselor rooms, audiovisual rooms, and administrative rooms) not to be counted towards the school’s capacity. Therefore, in addition to changing, intentionally or otherwise, the capacity of a school by providing incorrect room size information, a principal could change the capacity by indicating on the AFS that some instructional rooms are being used for administrative purposes or vice versa. Of the 15 rooms in our sample for which the misreporting of their functions on the AFSs affected the school capacity data to be reported in the Blue Book, four rooms listed on AFS as being non-instructional were actually used for instructional purposes, and three rooms listed as being instructional were actually used for non-instructional purposes.

As noted previously, maximum target capacities are dependent upon the classroom type (e.g., kindergarten, middle school, special education). As a result, incorrectly identifying the room type on the AFS has implications for the capacity figures to be presented in the Blue Book. Four of the 15 rooms were identified on the AFSs as being special education classrooms when they were actually general education classrooms (or vice versa), and four of the rooms were indicated to be classrooms of a certain grade that have different maximum target capacities than those for the actual grades of the classrooms.

Furthermore, our comparison of room sizes as indicated on the school building blueprints provided by the schools and the SCA to the sizes noted on the AFSs disclosed that, at the 20 of the 23 schools for which blueprints were available, the sizes of 43 (35 percent) of the 124 sampled rooms were reported incorrectly by the principals.⁴ (Blueprints were unavailable or illegible for 21 rooms.) For seven (16 percent) of these 43 rooms, the incorrect measurements affected the school capacity data to be reported in the Blue Book. Therefore, the sizes of 6 percent of the rooms (seven of the 124) both were reported incorrectly and negatively affected the quality of the school capacity data to be reported in the Blue Book.

Of the remaining 36 rooms (43 – 7), 19 were non-instructional rooms. Although not currently included in the capacity calculations, the incorrect room size information on these 19 rooms is still a potential concern should the rooms be used for instructional purposes in the future. For the other 17 rooms, while the room measurements reported on the AFSs were incorrect by more than 20 percent, the square footage for both the AFS-reported and the blueprint-indicated sizes equaled or exceeded the size required to service the target capacities for the rooms and, as such, did not affect the reported school capacity figures (as stated earlier, capacity is determined by taking the lower of target capacity and potential capacity). The incorrect room size information on these 17 rooms is still a potential concern in light of an observation that we make later in this report regarding the need to accurately identify the total excess room space that a school building might have.

In some instances, principals also recorded other incorrect information on the AFSs. Although we only systematically reviewed AFSs to determine whether there were room usage or

⁴ We allowed a 20 percent error rate between the blueprint measurements and the room sizes reported on the AFSs before concluding that the sizes of the rooms had been incorrectly reported.

size errors, we also noticed that the AFSs for two school buildings housing more than one school misidentified the school or organization to which a total of three rooms were assigned. Two of these three rooms could be counted toward school capacity. In addition, we noted that an instructional room at one school and four non-instructional rooms at two other schools were not reported at all on the AFSs. Although only the instructional room counted toward school capacity, the AFSs submitted to SCA by all three of these schools did not provide complete and accurate descriptions of the available facilities.

Our interviews with principals disclosed that many of them completed the surveys without having a clear understanding of how the survey data would be used. Although SCA does discuss the purposes of the survey in the AFS instructions sent to the principals, it appears that this information has not been fully grasped by many of them. As a result, principals might not be performing this function as carefully as necessary. There appears to be a need for SCA or DOE to augment the instruction's explanation of the survey's purposes by including this topic in training programs or by re-emphasizing the importance of the survey in supplemental communication.

In addition, there is a potential risk that some principals might intentionally provide inaccurate information on the surveys. For example, officials at two schools told us that they believe that the purpose of the AFS is to identify extra space in public school buildings to be occupied by charter schools or other schools. Officials at one of these two schools told us that they try as much as possible to deter DOE from placing a charter school in their school building. It is important to note that we found no evidence that these or any of the other principals for the sampled schools intentionally provided misleading information on their surveys. However, by completing the surveys so that their schools are not considered to be under-utilized, some principals might avoid having a charter school being placed in their schools.

To mitigate the risk of principals' reporting inaccurate information on the surveys, DOE and SCA need to more effectively communicate to the principals the importance of the school capacity information being collected. To further address this risk and the potential risk of principals' reporting intentionally misleading information on the surveys, SCA needs to strengthen its controls over the collection of this information, as discussed in the next section.

DOE/SCA Response: "The intent of the Blue Book is not to capture the specific functions and specific sizes of every room in every school building. Rather, it is to calculate the capacity of our buildings and our building-level utilization rates in a systematic and uniform way. Therefore, the highlighting of errors made by principals in room-function reporting or room-size reporting in the Annual Facilities Surveys ('AFSs') that *do not impact capacity and utilization calculations* misses the point."

Auditor Comment: We do not understand DOE's and SCA's rationale. Unless the specific functions and sizes of every room in a school building are captured, the capacity and building-level utilization rates upon which they are based will be deficient. Our report's highlighting of errors is intended to call attention to general control weaknesses in the gathering of this data which, as we point out, can-- but does not always have-- an impact on the capacity and utilization calculations.

DOE/SCA Response: “Even if one accepts the Comptroller’s Office’s error count, only ten (10%) percent of the errors cited, or 15 out of 145 rooms, had any relevance for the calculation of the schools’ capacity in the Blue Book. Moreover, the net impact on capacity for these 23 schools would be six seats. That represents 0.04% of the total capacity of these 23 schools.”

Auditor Comment: As stated in the *Discussion of Audit Results*, the basis upon which DOE and SCA support their position is fundamentally flawed. The “net” impact over the 23 schools is misleading because it does not inform the reader of the true impact on individual schools. Further, the purpose of our testing was to evaluate the controls DOE and SCA had in place to ensure the accuracy of the reported capacity and utilization rates, not to verify those figures. Had it been our intent to verify them, the number of rooms tested would have been much greater. Likewise, the number of errors found, and the impact of those errors, would likely have been much greater also.

DOE/SCA Response: “Even if one were to accept the Comptroller’s Office’s error count, only six (6%) percent of the errors cited, or seven out of 124 rooms, had any relevance for the calculation of the schools’ capacity in the Blue Book. Moreover, the net impact of the cited errors in room size reporting would be 24 seats or 0.16% of the total capacity of the 23 schools tested.”

Auditor Comment: As stated previously, DOE’s and SCA’s methodology is flawed. Had the purpose of our testing been to verify the capacity and utilization rates, a much larger sample would have been selected, and it is likely that the errors found, and the impact of those errors, would be much greater.

SCA Monitoring of School Capacity Data Collection Needs to Be Improved

SCA’s monitoring system for ensuring the accuracy of the school capacity data reported by principals is not consistently implemented, reducing the accuracy of the school capacity figures and utilization rates reported in the Blue Book.

SCA officials told us that they review the accuracy of a sample of the AFSs every year. SCA said that it tries to visit about 20 percent of the school buildings each year. During these visits, which began in 2006, SCA staff is required to check the accuracy of the room functions and sizes reported by the principals and to update the AFSs to correct any inaccuracies. SCA conducted AFS verification visits to 296 school buildings during the 2009-2010 school year.

However, the SCA did not consistently update the AFSs to correct the survey inaccuracies it identified during its visits. Between January 2010 and May 2010, SCA visited eight of the 23 schools in our sample to verify the information reported on the 2009-2010 AFSs. SCA staff identified inaccuracies relating to 126 rooms at these eight schools; however, SCA did not update the AFS for 30 (24 percent) of the 126 rooms. All 30 inaccuracies related to one of the eight schools. For 14 of the 30 rooms, the uncorrected inaccuracies could have affected the capacity figure reported in the Blue Book. By not updating AFSs as necessary, the reliability of the information in the Blue Book, which is based on AFS data, is diminished. Furthermore, the

inaccuracies would likely continue indefinitely because the uncorrected AFSs would then be sent to the schools in subsequent years for review and confirmation by the principals.

In addition, AFS inaccuracies at another one of the eight schools visited by SCA were not identified by SCA staff. All 10 rooms we measured differed in size by more than 55 percent from the sizes reported on the AFS. One of these rooms was reported on the AFS as being 325 square feet in size (and included in the capacity calculations), but this room was actually only 170 square feet in size (and therefore should have been excluded from the capacity calculations). Although SCA informed us that its procedure is to check all room functions and sizes during its visits, it appears that SCA staff did not do this consistently.

DOE/SCA Response: “It is worth noting that the rooms cited as being reported incorrectly in this test overlapped with the previous one, therefore, the estimated impact to capacity is duplicated to some extent. The net difference in the capacity for the rooms cited by the auditors as not being updated after SCA review would be six seats or 0.12% of the capacity of the eight schools tested on this measure, or 0.04% of the capacity of the 23 schools included in the audit.”

Auditor Comment: The overlap cited by DOE and SCA is immaterial; only one of the rooms cited in this test was also cited in a previous test. Regarding the net capacity difference, as stated previously, DOE’s and SCA’s methodology is flawed. Had we intended to expand our test of controls to also verify the accuracy of the room sizes and functions reported, a much larger sample would have been selected (and the errors found would likely have been greater also). Further, DOE and SCA compound their error by attempting to expand our tests results to all 23 schools, although they acknowledge that we did not conduct this test at 15 of those schools.

To improve the reliability of the Blue Book, the SCA needs to ensure that all room functions and sizes are checked during its AFS verification visits and that the AFSs are updated to correct any identified inaccuracies.

On a related matter, when we reviewed the utilization rate calculations for the 1,981 schools⁵ listed in the Blue Book for the 2009-2010 school year, we found calculation errors for 13 of these schools based on the capacity and enrollment figures presented in the report. These errors ranged from 2 to 33 percent and averaged 4 percent. Although the vast majority of the calculations were done properly, SCA needs to ensure that it consistently calculates in an accurate manner the utilization rates it reports in the Blue Book based on the given enrollment and capacity figures.

⁵ This figure exceeds the 1,619 schools that DOE identified on its list of schools that were in operation during the 2009-2010 school year. The additional 362 schools include charter schools located in DOE buildings and certain special education schools.

Recommendations

DOE and SCA should:

1. Enhance, through training or supplemental communication, principals' awareness of the significance of the information they provide on the AFSs.

DOE/SCA Response: "Prior to the release of the surveys, the SCA alerts the principals as to the purpose and importance of the survey process.... After the release of the survey, SCA-assigned analysts follow-up with principals through e-mails and telephone calls, regularly reinforcing the original message, the survey's importance, and its potential impact. The SCA and DOE recognize the need to continue to expand the ways in which we can heighten principals' awareness as to the importance of the survey and the Blue Book, and therefore we agree with this recommendation."

SCA should:

2. Ensure that AFSs are updated to correct any inaccuracies identified during AFS verification visits to the schools.

DOE/SCA Response: "The SCA does agree that a more formal procedure should be established to provide consistent documentation for the disposition of recommended changes...."

3. Ensure that all school room functions and sizes are checked during AFS verification visits.

DOE/SCA Response: "The SCA agrees that a more formal procedure for verifying room size and function during the AFS site visits should be established to provide a consistent approach for all analysts."

4. Ensure that it consistently calculates accurately the utilization rates reported in the Blue Book based on the given enrollment and capacity figures.

DOE/SCA Response: "The manual calculations that resulted in the discrepancies identified in the audit have been eliminated. The process has been automated to prevent future errors."

Limitations of the Blue Book

DOE and SCA told us that the Blue Book informs but is never the sole input for assessments of the need for new school construction, school expansions, room conversions, grade reconfigurations (such as changing a K-6 school to a K-5 school), or rezonings to address overcrowding or to take advantage of opportunities to place new district schools, charter schools, or educational programs in under-utilized schools. According to SCA, while the agency uses the Blue Book's capacity data in its evaluations of the need to build additional school capacity, it does

not use the book's enrollment data. Rather, SCA uses enrollment projection data for the upcoming five-year period that is based on neighborhood housing, economic development, and population trends. In addition, SCA's analyses are focused on districts or sub-districts and not on the needs of an individual school. DOE states that it considers information from several sources, the Blue Book being just one, when it attempts to identify existing school buildings that could benefit from room conversions to address overcrowding or those that could accommodate additional schools or programs. Once such a school building is identified, no decisions on the future use of the building are made until detailed on-site reviews are completed.

Even if the Blue Book data is entirely accurate, due to the limited nature of the data, it is appropriate that DOE and SCA only use it in conjunction with other sources of information. Although the Blue Book can help identify schools that might be over- or under-utilized, the data does not provide definitive utilization information. For example, the formula for calculating utilization rates does not consider the number of teachers assigned to each school. If a school has a shortage of teachers, some classrooms might not be in use but might still be counted towards the school's capacity while other classrooms might be overcrowded.

For a theoretical example, consider two high schools, each of which has 20 instructional rooms. Each room is 600 square feet in size and can (at 20 square feet per student) accommodate 30 students, which is the target capacity for 9th through 12th grade classrooms. In addition, each school has 600 enrolled students. The target capacity of each school would be up to a maximum of 600 students, which is arrived at by multiplying the capacity (30) of each instructional room by the number of rooms (20) at that capacity. However, one of the two high schools has a sufficient number of teachers to provide instruction in all 20 classrooms throughout the day, while the other high school has a shortage of teachers relative to the first school. By dividing the enrollment figure by the capacity figure, we arrive at a utilization rate of 100 percent for each school. However, while the students are reasonably accommodated in the first school, the second school would likely have some vacant instructional rooms and some other instructional rooms that are overcrowded due to the teacher shortage.⁶

We are not advocating that teacher data be added to the Blue Book. We recognize that Blue Book data must be reviewed in conjunction with other data, such as average class size and student/teacher ratio information, to better determine a school building's actual utilization. However, there is certain capacity information that could be added to the Blue Book to improve its usefulness. For example, the Blue Book could include information on each school indicating how many of its rooms exceed the room size needed to meet the target capacities for the rooms and the total excess space at each school. One of our sampled schools had three 6th through 8th grade classrooms with 28 students each that were between 1,026 to 1,107 square feet in size. However, the formula used to calculate capacity figures for the Blue Book does not consider the excess space beyond the required 560 square feet in these rooms. The formula thereby ignored the 466 to 547 square feet of additional space in each of these three rooms.

As a result, the capacity figures reported in the Blue Book do not present the full picture of the space situations in the schools. Schools with large instructional rooms can be reported as

⁶ The actual calculation formula is considerably more complex than the formula used in this example. Nevertheless, we believe that the use of the actual calculation formula would likely lead to a similar result.

having the same capacity as schools with the same number of instructional rooms that are smaller in size due to the target capacity limits imposed in calculating space utilization. Therefore, to better assess the capacity of our schools and to make more informed decisions about the under- or over-utilization of school buildings, SCA should consider collecting, analyzing, and reporting information about the availability of excess room space in each school. Identifying schools with considerable excess room space could then lead to assessments of the feasibility of expanding their capacities by creating additional rooms in the excess space.

DOE/SCA Response: “By using the sub-heading ‘Limitations of the Blue Book,’ we believe that the Comptroller’s Office, perhaps inadvertently, is slighting where it should be praising the DOE’s and SCA’s robust system of internal controls, checks, and balances around the use of capacity and utilization data, in combination with other data and inputs, to inform our capital construction planning, our placement of new schools or programs in under-utilized buildings, and other measure to expand a building’s capacity or to relieve overcrowding in a building.”

Auditor Comment: This audit was targeted specifically to those controls related to the collection, analysis, and reporting of data used in the Blue Book. We did not evaluate, and therefore offer no opinion on, the adequacy of DOE’s and SCA’s controls related to their overall capital planning.

Recommendation

DOE and SCA should:

5. Consider collecting, analyzing, and reporting information about the availability of excess space in each school.

DOE/SCA Response: “Surveys for individual school buildings published on the DOE website contain size information for each room. The SCA works closely with the DOE to coordinate the realignment of these spaces where feasible, in order to create additional capacity. Each year as part of the Blue Book publication process, the SCA reports the number of ‘new seats’ that are scheduled to become available for that school year. This section includes seats created through Capital Task Force (‘CTF’) projects.”

Auditor Comment: DOE does not identify where these surveys may be located on the DOE website, so we are unable to verify this statement or the extent to which these surveys can be used in identifying excess space in schools.

Other Matter

Limited Use of the Blue Book

Notwithstanding the limitations of the Blue Book, DOE stated that the information reported in the book is still used to some extent for planning purposes. According to DOE, its Division of Portfolio Planning uses the Blue Book as a starting point in discussions about how to better use

space to create new school options and relieve overcrowding. DOE provided us with various documents, including a report listing schools that DOE identified as under-utilized based on the utilization data reported in the Blue Book.

DOE did not, however, provide evidence that a comparable report relating to over-utilized schools is produced. DOE officials did provide some examples of actions they have taken to address over-utilized schools. In our sample of 23 schools, we found one school that was very overcrowded and had adjacent land on which to expand but, according to the principal, no action has been taken. The school, which according to the Blue Book for the 2009-2010 school year had a utilization rate of 153 percent, was so overcrowded that hallways were used for instruction, and the auditorium was so small that students shared seats during events. The school utilization rates for school years 2006-2007, 2007-2008, and 2008-2009 were 110 percent, 149 percent, and 178 percent, respectively. In addition, for 15 years, a trailer has been used for a kindergarten classroom, which can present hazardous conditions (a slippery walkway and set of stairs) when there is a snowstorm. According to the principal, there are about 30,000 square feet of adjacent City land, but DOE and SCA have not taken any action to address the overcrowding. The principal stated that DOE and SCA have been informed several times about the situation. DOE officials told us that they are beginning to discuss a possible action to address the overcrowding situation at this school.

DOE/SCA Response: “The Audit Report misrepresents the efforts by SCA and DOE to identify and address ‘over-utilized’ schools. In slighting those efforts, the Comptroller appears to rely entirely on one red herring and one anecdote. The red herring is that the DOE posts an Under-utilized Space Memorandum, but no comparable report relating to over-utilized schools. The DOE separately posts the Under-utilized Space Memorandum on its website because it is required to do so under New York State Education law, Section 2853(a-3)(1). It in no way indicates a greater policy interest in identifying under-utilized schools. The Blue Book itself is a report of both under-utilized and over-utilized schools.”

Auditor Comment: Apparently, DOE and SCA misunderstand the point we are making. We are not assessing DOE’s and SCA’s overall planning in addressing over- and under-utilized space. Rather, we asked those agencies for *evidence of the Blue Book’s role* in that planning. However, DOE and SCA provided little evidence that they used the Blue Book in identifying and targeting over-utilized space.

DOE/SCA Response: “The Audit Report cites one school, of the 23 visited, where the principal bemoaned lack of action to remedy significant and persistent overcrowding.”

Auditor Comment: Of the 23 schools visited, only three (including the aforementioned school) had utilization rates of greater than 125 percent. (The utilization rate was not a determining factor in our selection of the sampled schools.) Had we visited a larger number of schools with similar utilization rates, it is possible that other principals would have voiced similar complaints.

Recommendation

DOE and SCA should:

6. More effectively use Blue Book data to identify over-utilized schools.

DOE/SCA Response: “The DOE provided the Comptroller with numerous concrete examples of recent actions taken to address over-utilized schools. Accordingly, we do not believe the findings in the Audit Report remotely support the Comptroller’s implication that the SCA and DOE do not effectively use the Blue Book as a starting point to identify over-utilized schools.”

Auditor Comment: The examples provided by DOE and SCA may illustrate various actions taken to address over-utilized schools, but they do not demonstrate the Blue Book’s role in those actions. Considering the time and effort expended by DOE and SCA in preparing and publishing this document, DOE and SCA should identify and develop more tangible and formal means by which the Blue Book is used in helping to identify over-utilized schools.

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 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.

The primary scope of the audit was Fiscal Year 2010 (July 1, 2009, through June 30, 2010).

To gain an understanding of the process followed to compile the Blue Book, we conducted walk-throughs of several DOE and SCA units and interviewed DOE and SCA officials involved in the collection, analysis, and reporting of school capacity and utilization data. We also reviewed the instructions that SCA sends to the principals on how to complete the AFS.

To obtain background information about the schools' involvement with the collection and reporting of school capacity data, we judgmentally selected four schools and interviewed the schools' officials concerning the AFS process. We also reviewed the most recent AFSs and other relevant documentation relating to the Blue Book at these schools.

To assess controls over the collection of AFS data and to evaluate the data's reliability, we obtained from DOE a list of 1,619 schools that were in operation during the 2009-2010 school year and randomly selected 17 schools. We selected six elementary schools, three middle schools, four high schools, three hybrid schools,⁷ and one from the category of "other schools."⁸ We interviewed the principals of the 17 schools to determine their understanding of their roles in collecting data for the Blue Book. We assessed the accuracy of the data reported by the principals by verifying at each school the functions of five rooms that were randomly selected from the AFSs submitted by the schools during the 2010-2011 school year. We later determined the sizes of these rooms based on the schools' or SCA's blueprints of the buildings and compared the sizes of the rooms to what was reported by the principals on the AFSs.

To evaluate SCA oversight of the collection of capacity data from the schools, we randomly selected six of the 296 school buildings SCA visited during the 2009-2010 school year to review the accuracy of SCA reports on these visits. At each school, we observed 10 rooms randomly selected from the most recent AFS. We measured the sizes and determined the functions of these rooms. We compared the information collected during our visits to the SCA site-visit reports (as well as to the data reported by the principals on the AFSs and the information on the five blueprints that were available for the six schools). Because two of the 17 schools randomly selected from the list of all schools had also been visited by SCA during the 2009-2010 school year, we also compared the information collected during our visits to these two schools to the SCA site-visit reports. Finally, for the total of eight schools, we reviewed the SCA site-visit reports to

⁷ The hybrid schools category includes such schools as elementary/middle schools and middle/high schools.

⁸ The "other schools" category includes such schools as special education schools that do not have regular pre-k through 12th grade classes.

determine whether the agency updated these schools' AFSs to correct all the inaccuracies it identified during its site visits.

To verify the reliability of the formula used in the calculation of capacity figures and utilization rates, we reviewed a detailed calculation of the capacity figure and utilization rate for one school selected by SCA. We also recalculated the capacity figures and utilization rates of four schools (three from our random sample of 23 schools and one from our background sample of four schools) and assessed the validity of the assumptions, inclusions, and exclusions in the formula. We also checked the accuracy of the Blue Book's utilization rate calculations for all the schools based on the capacity and enrollment figures presented in the Blue Book.

The results of the above tests, while not statistically projected to their respective populations, provide a reasonable basis for us to assess the adequacy of controls over the collection, analysis, and reporting of school capacity and utilization data to ensure the accuracy and reliability of the Blue Book.



**Department of
Education**

Dennis M. Walcott
Chancellor

Kathleen Grimm
Deputy Chancellor

September 6, 2011

Ms. Tina Kim
Deputy Comptroller for Audits
City of New York
Office of the Comptroller
1 Center Street
New York, NY 10007-2341

Re: Audit Report on the Collection and
Reporting of School Capacity and Utilization
Data by the Department of Education and the
School Construction Authority
ME11-064A

Dear Ms. Kim:

Please accept the following as the official response from the New York City Department of Education ("DOE") and the New York City School Construction Authority ("SCA") to the Draft Audit Report ("Audit Report") received from The Office of The New York City Comptroller ("Comptroller's Office" or "Comptroller"), regarding the collection and reporting of school capacity and utilization data, dated August 19, 2011. This response includes both our general comments regarding the audit and our responses to individual recommendations made by Comptroller's Office.

Background:

Data in the Enrollment, Capacity and Utilization Report are used to develop, amend and execute the Five Year Capital Plan. As a result of the historical capital funding investment, the DOE and the SCA have added over 80,000 new seats to the New York City public school system since 2003. This number is expected to reach 102,000 by 2013.

General Comments:

Controls Over the Collection of School Capacity Data

The Audit Report focused primarily on three areas of the data collection process required to develop the Enrollment – Capacity – Utilization Report ("Blue Book"). Each was tested by the auditors through their review of supporting documentation and field verification. The Audit Report, particularly in the executive summary, jumps to highlight big numbers: "the functions of almost one quarter of the sampled rooms were reported incorrectly by the principals"; "the sizes

of more than one-third of the sampled rooms were reported incorrectly by the principals". One has to read the Audit Report more carefully to see that *the significant majority of the errors cited had no impact on the capacity data* reported in the Blue Book for the sampled schools. This is not an insignificant distinction. The intent of the Blue Book is not to capture the specific functions and specific sizes of every room in every school building. Rather, it is to calculate the capacity of our buildings and our building-level utilization rates in a systematic and uniform way. Therefore, the highlighting of errors made by principals in room-function reporting or room-size reporting in the Annual Facilities Surveys ("AFSs") that *do not impact capacity and utilization calculations* misses the point.

We would like to emphasize that we continue to disagree with some of the inconsistencies identified by the auditors in their draft report. Notwithstanding our concerns regarding the accuracy of some of the issues raised by the audit, the following details outline the impact of capacity on each of the areas.

1. Accuracy of Annual Facility Survey submissions by principals

The auditors identified the functions of 34 rooms out of 145 rooms tested in the 23 schools that they visited as having been reported incorrectly by principals. Although we do not agree with all of the errors cited by the auditors, we believe it is important to clarify the impact alluded to by the auditors. Even if one accepts the Comptroller's Office's error count, only ten (10%) percent of the errors cited, or 15 out of 145 rooms, had any relevance for the calculation of the schools' capacity in the Blue Book. Moreover, the net impact on capacity for these 23 schools would be six seats. That represents 0.04% of the total capacity of these 23 schools.

2. Accuracy of room sizes reported on surveys

The auditors identified the room sizes of 43 out of 124 rooms tested as having been reported incorrectly by principals. Again, we do not agree with all of the errors cited by the auditors, for example, we dispute three out of four instances in one building identified with misreporting sizes affecting capacity. Even if one were to accept the Comptroller's Office's error count, only six (6%) percent of the errors cited, or seven out of 124 rooms, had any relevance for the calculation of the schools' capacity in the Blue Book. Moreover, the net impact of the cited errors in room size reporting would be 24 seats or 0.16% of the total capacity of the 23 schools tested.

3. SCA's consistency in updating information based on its field verification of principal submissions

It is worth noting that the rooms cited as being reported incorrectly in this test overlapped with the previous one, therefore, the estimated impact to capacity is duplicated to some extent. The net difference in the capacity for the rooms cited by the auditors as not being updated after SCA review would be six seats or 0.12% of the capacity of the eight schools tested on this measure, or 0.04% of the capacity of the 23 schools included in the audit.

Furthermore, even if one combines the non-redundant errors cited in the Audit Report from the three audit tests described above, the total impact on capacity would be zero or immaterial in 16 out of the 23 schools tested.

Use of the School Capacity and Utilization Data

Although outside the stated audit objective of "determin[ing] the adequacy of controls over the collection, analysis, and reporting of school capacity information to ensure the accuracy and reliability of the utilization data reported in the Blue Book", we also have some general comments about the sections of the Audit Report under the sub-headings "Limitations of the Blue Book" and "Limited Use of the Blue Book". By using the sub-heading "Limitations of the Blue Book," we believe that the Comptroller's Office, perhaps inadvertently, is slighting where it should be praising the DOE's and SCA's robust system of internal controls, checks, and balances around the use of capacity and utilization data, in combination with other data and inputs, to inform our capital construction planning, our placement of new schools or programs in under-utilized buildings, and other measures to expand a building's capacity or to relieve overcrowding in a building. Between the time when room function and room size data is provided by principals in an AFS and the time when any decision is made that materially impacts the enrollment, capacity or utilization of our school buildings, numerous intervening checks and balances occur, including but not limited to, monitoring, detailed on-site reviews/building utilization plans, the development and public posting of Educational Impact Statements, review and approval of certain actions by Community Education Councils or the Panel on Education Policy at open meetings, class-size caps agreed to in the teachers' contract, and other direct principal, Network, and constituent advocacy for schools around overcrowding concerns.

The Audit Report notes that the Blue Book informs but is never the sole input for key decisions about school construction or expansion, room conversions, grade reconfigurations, or re-zonings to address overcrowding, or for decisions about placing new schools or programs in existing buildings. And it acknowledges that it is appropriate that the DOE and SCA only use the Blue Book data in conjunction with other sources of information. We are therefore puzzled that the Comptroller's Office reports these checks and balances as a "limitation," rather than commending them clearly and unambiguously as a strength and a best practice.

Finally, as detailed below in our response to Recommendation 6 of the Audit Report, we believe the section of the Audit Report titled "Limited Use of the Blue Book" misrepresents the efforts by SCA and DOE to identify and address "over-utilized" schools. In neglecting those efforts, the Comptroller appears to rely entirely on one red herring and one anecdote. Even more disappointingly, the Audit Report completely fails to acknowledge the approximately 80,000 new seats created through capital construction projects since 2003, and gives short shrift to the numerous concrete examples documented by the DOE of recent actions separate and apart from capital construction that have been taken to address over-utilized schools.

Response to Recommendations:

Below, please see the DOE/SCA responses to each of the six recommendations made by the Comptroller's Office.

Comptroller's Recommendation No. 1

Enhance, through training or supplemental communication, principals' awareness of the significance of the information they provide on the AFS.

DOE/SCA Response

Prior to the release of the surveys, the SCA alerts the principals as to the purpose and importance of the survey process in several ways. Since 2003, when the survey was changed from a hard-copy hand written survey to electronic form, we have expanded notifications to principals to include pre-release announcements in *The Principal's Weekly* (see Attachment No. 1), and, for the first time in 2010/2011, the DSSI newsletter. In addition, last year, we collaborated with the DOE's Department of Accountability, Performance, and Support (DAPS – formerly known as DSSI) to obtain the Cluster Team's support. A communication is now included at the time of the survey's release which provides a detailed explanation of major changes to the survey, as well as an explanation as to the purpose for the survey (see Attachment No. 1). This communication effort is implemented to promote awareness and educate principals about the potential impact of the survey information. The SCA also invites a number of principals from each borough and school level to participate in a demonstration during which the survey is reviewed in detail. This affords the principals an opportunity to gain a greater understanding of the uses and importance of the information they submit and provide feedback on enhancements they would like incorporated in future surveys.

After the release of the survey, SCA-assigned analysts follow-up with principals through e-mails and telephone calls, regularly reinforcing the original release message, the survey's importance, and its potential impact. The SCA and DOE recognize the need to continue to expand the ways in which we can heighten principals' awareness as to the importance of the survey and the Blue Book, and therefore we agree with this recommendation. We do wish to highlight, however, that the Comptroller's Office found no evidence of deliberate misreporting of information by DOE principals.

Comptroller's Recommendation No. 2

Ensure that AFSs are updated to correct any inaccuracies identified during AFS verification visits to the schools.

DOE/SCA Response

As part of the annual facilities survey used in developing the 2009/2010 Enrollment, Capacity, and Utilization Report, *more than 8,300 database records were updated based on site visits; desk verification; and communications with school staff.* For the first time last year, a list of these changes was communicated to principals by email. This was done to ensure that principals were aware of changes being made to information that had been submitted and to determine if there were any further discussions required. (see Attachment No. 2)

The documentation provided by the Comptroller's Office that supports this recommendation was based solely on a single school. The SCA does not agree with the majority of the inconsistencies identified for this school. That said, it is the only school out of the eight that were visited by SCA staff for which any inconsistencies were identified. This represents twelve (12%) percent of the eight schools visited.

The SCA does agree that a more formal procedure should be established to provide consistent documentation for the disposition of recommended changes by each Analyst.

Comptroller's Recommendation No. 3

Ensure that all school room functions and sizes are checked during AFS verification visits.

DOE/SCA Response

The SCA agrees that a more formal procedure for verifying room size and function during the AFS site visits should be established to provide a consistent approach for all analysts. Given budgetary constraints and the purposes and uses of the Blue Book, our primary focus must continue to be rooms that either currently have student capacity or could potentially carry capacity if the function were changed in the future.

Comptroller's Recommendation No. 4

Ensure that it consistently calculates accurately the utilization rates reported in the Blue Book based on the given enrollment and capacity figures.

DOE/SCA Response

The manual calculations that resulted in the discrepancies identified in the audit have been eliminated. The process has been automated to prevent future errors.

Comptroller's Recommendation No. 5

Consider collecting, analyzing, and reporting information about the availability of the excess space in each school.

DOE/SCA Response

The term "excess space" used in this context refers specifically to oversized classrooms. This additional square footage does not translate directly into additional seats due to several factors, including DOE aspirational goals for maximum classroom capacity and class size maximums under the DOE's contract with the United Federation of Teachers. However, oversized classrooms are candidates for subdivision through the Capital Task Force program. Surveys for individual school buildings published on the DOE website contain size information for each room. The SCA works closely with the DOE to coordinate the realignment of these spaces where feasible, in order to create additional capacity. Each year as part of the Blue Book publication process, the SCA reports the number of "new seats" that are scheduled to become available for that school year. This section includes seats created through Capital Task Force ("CTF") projects. These projects realign existing space through the partitioning of large rooms or the restructuring of multiple spaces to create additional capacity. As part of the Blue Book report for the 2009/2010 School Year, 869 new seats were created as a result of CTF projects.

Comptroller's Recommendation No. 6

More effectively use Blue Book data to identify over-utilized schools.

DOE/SCA Response

The Audit Report misrepresents the efforts by SCA and DOE to identify and address "over-utilized" schools. In slighting those efforts, the Comptroller appears to rely entirely on one red herring and one anecdote. The red herring is that the DOE posts an Under-utilized Space Memorandum, but no comparable report relating to over-utilized schools. The DOE separately posts the Under-utilized Space Memorandum on its website because it is required to do so under New York State Education Law, Section 2853(a-3) (1). It in no way indicates a greater policy interest in identifying under-utilized schools. The Blue Book itself is a report of both under-utilized and over-utilized schools. Other than that, the Audit Report cites one school, of the 23 schools visited, where the principal bemoaned lack of action to remedy significant and persistent overcrowding. And at that one school, as the Audit Report notes, the DOE has already begun discussion around possible action to address the overcrowding. As also noted in the Audit Report, the DOE provided the Comptroller with numerous concrete examples of recent actions taken to address over-utilized schools. Accordingly, we do not believe the findings in the Audit Report remotely support the Comptroller's implication that the SCA and DOE do not effectively use the Blue Book as a starting point to identify over-utilized schools.

The primary vehicle for addressing actual and anticipated overcrowding is capital construction by the SCA, and yet it is barely mentioned in the Audit Report. Long term capital planning is undertaken on a sub-district basis for elementary and middle schools and by borough for high schools. Capacity for individual schools is aggregated by sub-district for elementary and middle school analysis and by borough for high school analysis. The minor inconsistencies cited in the report certainly do not detract from the Blue Book's ability to assess fairly overcrowding on a citywide basis.

In addition to long-term capital planning and capital construction, however, the DOE employs various other strategies to identify and address overcrowding in schools.

More immediate portfolio planning efforts analyze the conditions existing in individual schools within a sub-district and develop realignment strategies to address the specific conditions. These strategies may include grade truncations or reconfigurations, realignment of catchment areas, creation of incubation programs, etc. This work is coordinated through the DOE's Division of Portfolio Planning ("DPP").

The predominant way in which the DPP uses the Blue Book is as a starting point in discussions about how better to use space to create new school options and relieve overcrowding. The information contained in the Blue Book represents the conditions reported as of the last school year. Changes may have occurred in the current school year which may impact the data provided from last year. As a result, and as acknowledged by the Comptroller, it is not practical to rely solely on the Blue Book when undertaking such important work. Several other steps are undertaken by DPP to confirm the use and availability of space in a building. Conducting desk surveys and on-site building visits are both essential steps when major changes to a building's utilization are contemplated. All of the information is captured in a formal Educational Impact Statement ("EIS") that is publicly posted and must be approved by the City's Panel for Education Policy.

The Blue Book is also used to inform zoning proposals by comparing utilizations of various buildings in particular district. If there is an imbalance between schools (e.g. one building is significantly under-utilized while others are over-utilized according to Blue Book data), the DOE may want to "re-zone" to create better suited catchment areas that drive schools' enrollments. Working with Community Education Councils ("CEC"), we propose new zone lines that help

establish better proportioned zones to correspond to each building's capacity. Each CEC then votes on those proposals.

The DOE has done extensive work in both grade reconfigurations and rezonings to establish a better distribution of students and relieve targeted areas of overcrowding. The following tables provide examples of recent work:

Grade Truncations passed by PEP for September 2011 Implementation:

District	Borough	School	School Name
27	Q	27Q104	PS 104 The Bays Water School
27	Q	27Q197	PS 197 The Ocean School
28	Q	28Q139	PS 139 Rego Park
28	Q	28Q140	PS 140 Edward K. Ellington
28	Q	28Q144	PS 144 Col Jeromus Remson
28	Q	28Q040	PS 40 Samuel Huntington
28	Q	28Q050	PS 50 Talfourd Lawn
28	Q	28Q055	PS 55 Maure

Rezoning Passes by CECs for September 2011 Implementation:

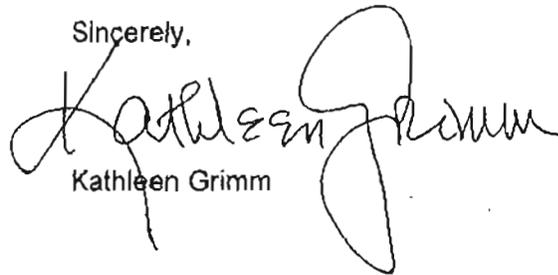
Borough	District	Area	Goal(s)	Schools Involved
Q	24	Southern Portion	provide an elementary zone for IS 119 as it expands to a K-8 school; alleviate overcrowding in SE area	24Q119; 24Q091; 24Q068; 24Q239; 24Q088; 24Q081; 24Q071
Q	30	Jackson Heights	provide an elementary zone for PS 280; alleviate nearby overcrowded schools; pair ECCs with K-5s	30Q069; 30Q212; 30Q222; 30Q280; 30Q149; 30Q148; 30Q228; 30Q092
Q	31	North Shore	provide a middle school zone for PS/IS 861	31R861; 31R051; 31R072
M	2	Upper East Side	create a zone for PS 267 (currently unzoned); alleviate overcrowding at PS 183 and 290	02M183; 02M267; 02M158; 02M151; 02M006; 02M290
M	3	Upper West Side	create a zone for PS 452 (currently unzoned); alleviate overcrowding at PS 87 and PS 199	03M191; 03M199; 03M087; 03M452
B	10	Small Section Near D9 Border	alleviate overcrowding (and prevent capping) at PS 85; enable expansion of PS 23 and stabilize enrollment at PS 59	10X023; 10X059; 10X085
B	10		add capacity to accommodate space needs of two schools	10X095; 10X344
K	22	Midwood/Ditmas /Flatbush (Northwestern District)	Group 1: PS 139 (alleviated), PS 217, PS 134 (created new zone), PS 245 (created new zone), PS 152/315, we removed a "frozen zone" created in the 60s or 70s where students were not zoned to any schools which created yearly enrollment and transportation challenges.	Group 1: 22K139, 22K217, 22K134, 22K152, 22K315
K	22	Midwood/Flatbush (central district)	Group 2: PS/IS 109 (created new zone), PS 198, PS 269/361; the "frozen zone" area was also dissolved here	Group 2: 22K109, 22K198, 22K269, 22K361
K	21	Coney Island area	Group 2: Decrease zone size for PS 100; Increase zone size for PS/IS 225, PS 253, PS/IS 288,	21K100, 21K225; 21K253, 21K288
K	21	Northern District	Group 3: Decrease zone size for PS/IS 226; Increase zone size for PS/IS 221	21K226, 21K221
K	20	southern District	Group 1: Creating Zones for PS/IS 163, and PS/IS 229 from within the JHS 201 MS zone, using the elementary zone lines as a guide	21K163, 21K229
K	20	northern District	Group 2: Rezoning the fragmented sections of MS zones K201 and K259 (north west area) to JHS 220, and alleviating JHS 220 by rezoning JHS 223	21K201, 21K259, 21K220, 21K223

DOE/SCA Closing Comments

We would like to thank the Comptroller's Office for its responsiveness in taking action to modify its preliminary draft audit in response to the additional documentation we provided.

The DOE and SCA will be evaluating how best to address the areas highlighted for potential improvement by the auditors, but we continue to stress the fact that the immediate impact on the capacity calculations for the Blue Book is far less significant than the Audit Report, with its emphasis on technical reporting errors that have no impact whatsoever on capacity and utilization calculations, seems to suggest. Over the last six years, the DOE and SCA have undertaken efforts to enhance the reliability of the information included in the Blue Book. This is an evolving process and we continue to introduce improvements each year. Improvements have included: converting the survey from hard copy to a web based electronic format, standardizing responses, incorporating the identification of shared spaces, principal forums, and validation procedures. We appreciate the identification by the Comptroller's Office of additional areas of potential process improvements.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathleen Grimm', written in a cursive style. The signature is positioned to the right of the word 'Sincerely,' and above the printed name 'Kathleen Grimm'.

Kathleen Grimm

Attachments

cc: Brian Fleischer
Lorraine Grillo
Jeffrey Shear

SCA Attachment #1

Survey release date is communicated in the Principal's Weekly newsletter where the information provided states:

Complete Annual Facilities Survey All schools / Deadline: February 27

The Annual Facilities Survey will be available on-line this Monday October 26th. In order to access this survey from your DOB computer, you can click on the following link:

<http://afs.nycsca.org/afs/default.aspx>

The information from this survey is used to develop data necessary for the 2009-2010 Enrollment, Capacity and Utilization Report. Each principal will receive an e-mail outlining their role in the survey. One person in each building has been designated as "lead principal" to complete this survey. In their e-mail, the "lead principal" will receive instructions on how to complete the survey. The "lead principal" will be asked to coordinate and obtain information from other principal(s) in their building. All principals will have access to view and print the current survey data via the site, and all will. Any changes to the current information should be given to the "lead principal" for incorporation.

It is essential that all principals work together in order to ensure the accuracy of this survey. **Surveys must be submitted to the NYC School Construction Authority by January 30th, 2010.** If you have any questions regarding the Annual Facilities Survey, please e-mail #OCPUGROUP@NYCSCA.ORG.

SCA Attachment #1

On the date of the survey's release, the following electronic communication is e-mailed to principals:



MEMORANDUM

To: All Principals

From: Elizabeth Bergin, Senior Director
School Construction Authority

Cc: Sharon Greenberger, President, School Construction Authority
John Shea, Executive Director, Division of School Facilities
Jeffrey Shear, Chief of Staff to the Deputy Chancellor
Executive Directors, Integrated Service Centers
Directors of Facilities and Space Planning, Integrated Service Centers

Date: October 19, 2009

Re: Annual Facilities Survey

The 2009-2010 Annual Facilities Survey is now available online for completion. You have been designated as the "lead principal" to update the Annual Facilities Survey for your building. Other principals in the building will have read-only access to the same survey, and have been advised to provide any updated information to you. **This year, all Principals will need to access the survey in order to provide their official student register at each location.**

You can access the survey by clicking on the link below. To log in, please use your Department of Education e-mail address and the temporary "AFS password" provided for you below:

<http://afs.nycsca.org/afs/default.aspx>

DOE e-mail address:
AFS password:

After you log in using the temporary password listed above, you will be asked to create a new password of your choice. You will use this new password to log into the Annual Facilities Survey (AFS) in the future. **Note: This will not affect or change your existing DOE password or log in process in any way.**

If you have problems logging into the survey, please refer to the FAQ document which can be accessed by clicking on the link below before contacting your borough Analyst.

<http://10.211.32.75/AFS/Unprotected/AFS%20FREQU%20ASKED%20QUEST%202007-08%20FINAL.doc>

SCA Attachment #1

For your convenience, we have provided instructions on "HOW TO COMPLETE THE SURVEY" which may be accessed by clicking on the link below.¹

[http://10.211.32.75/AFS/Unprotected/HOW%20TO%20COMPLETE%20THE%20AFS 2007-08 FINAL.doc](http://10.211.32.75/AFS/Unprotected/HOW%20TO%20COMPLETE%20THE%20AFS%202007-08_FINAL.doc)

A summary of major changes to this year's survey is available on both FAQ and "How to Complete the Survey" documents.

As you may already know, the purpose of this survey is to gather information on how space is used in your school building. The base information contained in the survey consists of an inventory of all rooms in your building as previously reported. Please enter/update all pertinent information. *It is essential that you work collaboratively with the other principals in your building to ensure the accuracy of the survey.*

The Department of Education will use this information to determine the capacity and current utilization of each school organization and school building. This information will be published in the Annual Enrollment, Capacity and Utilization Report.

In addition, the data collected for the Enrollment, Capacity and Utilization Report has become increasingly important in determining where the Department needs to invest in additional capacity to eliminate overcrowding and achieve other educational goals such as reducing class-size. Your participation in this process will help us to accurately determine the capacity needs of our schools, using the most current information available.

Please note that if you need to close the survey prior to completion, you may use the "Save and Exit" button located at the bottom of Page 5 to save your changes and exit the survey. This will allow you to log back in at a later time to continue updating survey information. Upon completion of the survey, please click on the "Submit" button at the bottom of Page 5 to send the survey back to the School Construction Authority. **If you do not click on the Submit button at the end of the survey, your survey will not be received by the School Construction Authority.**²

Surveys must be submitted to the NYC School Construction Authority by January 30th, 2010

Any questions regarding the survey should be directed by phone or e-mail to the borough analyst listed below:

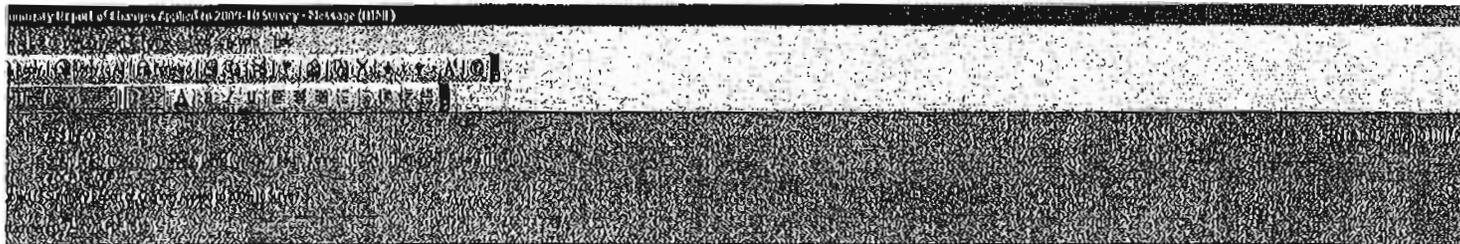
Manhattan	Theresa Guthrie	(718) 472-8363	tguthrie@nycsca.org
Bronx	Syed Naveed	(718) 752-5673	snaveed@nycsca.org
Brooklyn	John Castagnozzi	(718) 472-8358	jcastagnozzi@nycsca.org
Queens	Muhammad Islam	(718) 472-8381	mislam2@nycsca.org
Staten Island	Muhammad Islam	(718) 472-8381	mislam2@nycsca.org

Thank you, in advance, for your cooperation.

¹ Both the Frequently Asked Questions and How to Complete the Survey documents may also be obtained by clicking on the links at the bottom of the log-in page on the survey's website.

² Please note that if you are the "lead principal" for more than one building, after you submit your first survey you will be redirected to the home page so that you can complete any open building survey(s) for which you have been provided editing rights.

Attachment #2



Dear Principal,

Thank you for participating in the 2009-2010 Annual Facilities Survey process. As part of our annual review of the data submitted, we undertake several steps to ensure the accuracy of the information that is submitted during the survey process including:

- . Site visits by SCA Bero Analysts which were coordinated with survey principals.
- . Telephone or email communications with you or with another school staff member(s) when questions arise during our review.

As a result of this auditing process, the revisions contained in the attached document have been made to the survey data submitted for your building. This communication is meant to provide you with a comprehensive summary of these revisions. We appreciate your cooperation throughout this process and look forward to working with you on the upcoming 2010-11 Annual Facilities Survey.

If you have any questions regarding this information, please feel free to contact me at (718)-752-5237 or afs@nycsca.org

Respectfully,

FS Team



SUMMARY REPORT OF CHANGES APPLIED TO 2009-10 SURVEY

ROOMS WHERE ORGS WERE UPDATED

Buildg ID	Room #	Reported Room Function in Submitted Survey	Org Reported in Submitted Survey	Updated Org
X970	110	TEACHER'S CAFETERIA	X252	X241
X970	118	TEACHER'S ROOM	X252	X241
X970	119	REGULAR CLASSROOM	X263	X241