



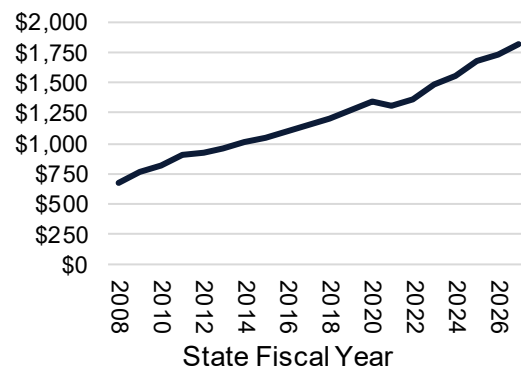
Building Aid

School Building Aid is the second-largest State aid allocation that New York City receives. The aid amount is determined by the Building Aid formula, which was enacted in its current form in 2006 as part of the court settlement with the Campaign for Fiscal Equity, which sued New York State for not adequately funding a sound basic education for all children as required by the State Constitution. The Building Aid formula multiplies a school district's "Aidable Building Expenditures" (an adjustment to the actual costs of the building project(s) based on the number of classrooms built and the differences in local construction costs) by a "Building Aid Ratio" (a calculation based on the annual per-pupil property wealth of a school district).

The State's Building Aid allocation to the City has more than doubled in the past 20 years (see Figure 1), rising from \$674 million in fiscal year (FY) 2008 to \$1.7 billion in FY 2026. Year-over-year Building Aid increases have ranged between 2 percent and 13 percent, with the exception of FY 2021, when the statewide Building Aid allocation — including the City's — fell slightly during the height of the pandemic. The FY 2027 State Budget allocated over \$1.8 billion in Building Aid to New York City.

FIGURE 1

NYC Building Aid Allocations (in millions)



Sources: NYS Division of the Budget; OSC analysis

Impact

Capital projects are typically financed over a period of decades, therefore Building Aid allocations themselves neither adequately reflect the total amount the school district spends on capital projects, nor the total benefit the City receives from State aid. Instead, the City (through the Transitional Finance Authority) issues bonds, a portion of which are backed by future Building Aid revenues, to finance construction projects, which are overseen by the School Construction Authority, or SCA. Since 2008, annual Building Aid allocations amounted to between 45 percent and 55 percent of the Department of Education's annual debt service costs — though the general trend has been that the share is decreasing; in FY 2027 it is expected to be 44.6 percent. Since its 2010-2014 capital plan, the SCA has leveraged Building Aid and other City funds to:

- Create 77,610 new capacity seats across all boroughs;
- Eliminate the need for 297 of the original 352 Transportable Classroom Units (TCUs);
- Add air conditioning to 13,500 classrooms in 750 different buildings;
- Improve internet accessibility, ensuring that all schools have a minimum of 240 Gbps;
- Eliminate the use of No. 6 and No. 4 oil in the 350 school buildings which used them.

The 2025-2029 capital plan funds the construction of 26,288 new capacity seats and continues efforts to remove the remaining TCUs.