

Fiscal Stress Monitoring System A Briefing for School District Officials

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FSMS Basics

What We Measure

- Evaluate fiscal stress from a budgetary solvency perspective
 - Does the local government or school district generate enough revenues to meet expenditures?
- Narrow in scope



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FSMS Basics

What We (Don't) Measure

- The System does not:
 - Assess how a school district is being managed
 - Adjust for late-breaking local developments
 - Consider the impact of the local political climate
 - Assess overall fiscal “health”



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System Basics

How We Measure

- Objective
- Utilize a set of standard calculations that are:
 - Uniformly applied
 - Relevant (ICMA)
- Based on financial data already being filed with OSC



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FSMS Basics

How We Measure

- **Financial Indicators**

Evaluate budgetary solvency—the ability to generate enough revenue to meet expenses.

- **Environmental Indicators**

Capture trends that are generally outside the control of school district officials but influence revenue-raising capability and demands for service. Provides context.



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Financial Indicators

How We Measure

Category	# Indicator Calculations	Point Value
Year-End Fund Balance	2	50
Operating Deficits	1	20
Cash Position	2	20
Use of Short-Term Cash-Flow Debt	1	10
	Max Points	100



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Environmental Indicators

- % economically disadvantaged students
- Class size
- Teacher turnover rate
- % change in property value
- Budget vote approval percent
- Percent of English-language learners



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System Scoring

How We Measure

- 100 points
- 2 separate scores issued – fiscal stress score and environmental stress score
- Same naming conventions now used both fiscal and environmental:
 - Significant, Moderate, Susceptible and No Designation



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System Scoring

How We Measure

- Financial indicator score drives classification:
 - 65 – 100 = Significant
 - 45 – 64.9 = Moderate
 - 25 – 44.9 = Susceptible
 - 0 – 24.9 = No Designation
- Environmental indicator score (separate)
 - 60 – 100 = Significant
 - 45 – 59.9 = Moderate
 - 30 – 44.9 = Susceptible
 - 0 – 29.9 = No Designation



Release Schedule

School Districts

- Fiscal year end: 6/30
- Release: First Quarter of the following year



Fiscal Stress Monitoring System:

Common Themes for School Districts SY 2018-19



FSMS Scoring: the Indicators

Fiscal Indicators

- Year-end fund balances
- Operating deficits/surpluses
- Cash position
- Use of short-term debt, often for cash-flow purposes

Environmental Indicators

- Poverty
- Class size
- Teacher Turnover
- Tax Base
- Budget support
- English Language Learners



Overview: Scoring

1 Fiscal Score

1 Environmental Score

- Significant
- Moderate
- Susceptible
- No Designation
- Not Filed
- Data Inconclusive for FSMS

- Fiscal handled separately from environmental
- Multiple calculations per indicator
- Point scale
- Weighted scoring
- Accumulation of total points drives classifications



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A small percentage of school districts were in fiscal stress.

School Districts by Fiscal Stress Designation			
	SY 2016-2017	SY 2017-2018	SY 2018-2019
	Percentage	Percentage	Percentage
Districts in Fiscal Stress			
Significant	0.3%	0.7%	0.6%
Moderate	1.0%	0.0%	0.7%
Susceptible	2.5%	3.1%	3.6%
Subtotal	3.9%	3.9%	4.9%
Other Districts			
No Designation	96.1%	95.8%	94.5%
Not Filed	0.0%	0.3%	0.6%
Total	100.0%	100.0%	100.0%

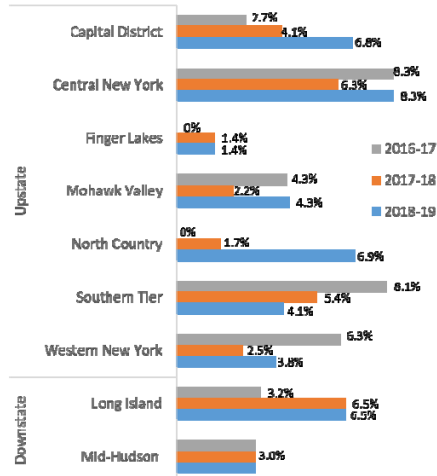
Source: Office of the State Comptroller.



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Regional Breakdown of Fiscal Stress



- Central New York led upstate and Long Island led downstate in percentage of districts in stress.
- Districts in stress shifted geographically.

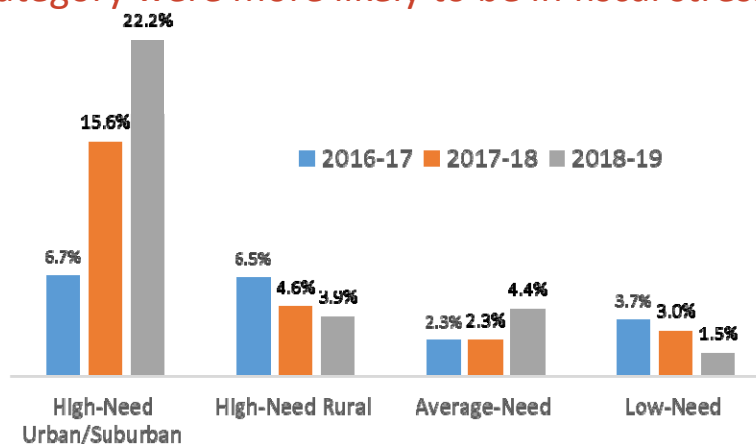
Source: OSC. Does not include two schools that did not file in 2017-18 and four that did not file in 2018-19.



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Districts in the High-Need Urban/Suburban category were more likely to be in fiscal stress.



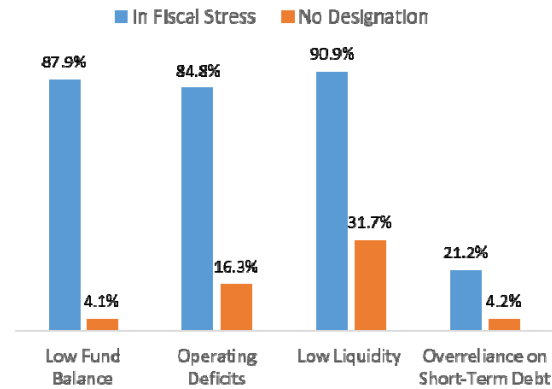
Source: New York State Education Department Need/Resource Capacity (NRC) categories and OSC preliminary data.



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School districts in fiscal stress were commonly operating with a combination of issues.



Source: OSC. Does not include four districts that did not file.

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Environmental stress was recognized in 11.0 percent of districts.

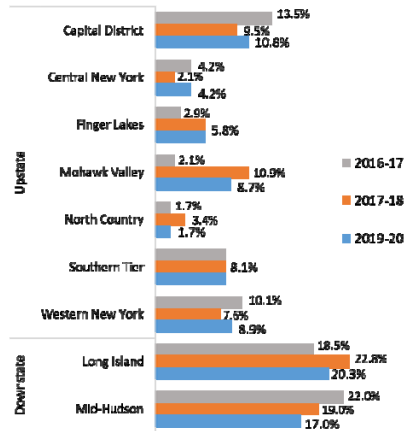
School Districts by Environmental Stress Designation			
	SY 2016-2017	SY 2017-2018	SY 2018-2019
	Percentage	Percentage	Percentage
Districts in Environmental Stress			
Significant	1.9%	1.3%	1.0%
Moderate	1.5%	1.9%	2.5%
Susceptible	7.7%	8.3%	0.0%
Subtotal	11.1%	11.6%	11.0%
Other Districts			
No Designation	88.9%	88.1%	88.4%
Not Filed	0.0%	0.3%	0.6%
Total	100.0%	100.0%	100.0%

Source: Office of the State Comptroller.

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Regional Breakdown of Environmental Stress



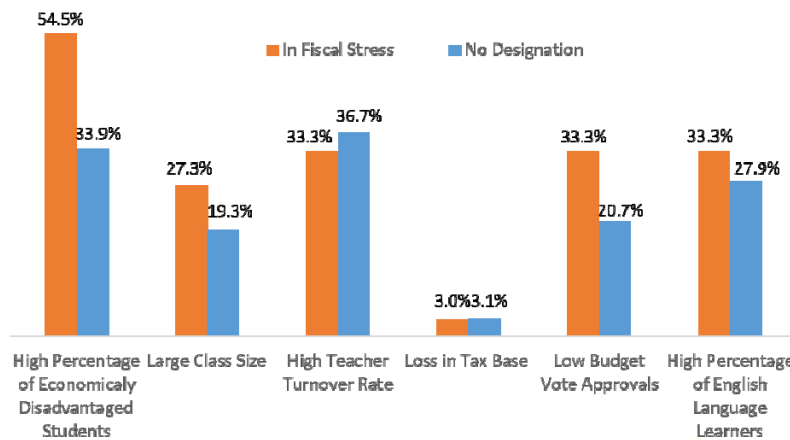
- Downstate districts were more likely to exhibit environmental stress.

Source: OSC. Does not include two schools that did not file in 2017-18 and four that did not file in 2018-19.
Source: OSC, preliminary data.



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Fiscally stressed districts were more likely to exhibit environmental stress.



Source: OSC. Does not include four districts that did not file.



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Key Takeaways

- The results that the number of school districts increased.
 - The actual districts in stress changed from the previous release.
- The municipalities that have been in stress for multiple years should watch their situation with special care.
- School officials can view all of the data that makes up the FSMS score.
- Comparisons to peer groups can be good benchmarks, and trends can be future indicators.
- Environmental factors can be explanatory and at the same time act as an early warning.



Fiscal Stress Monitoring System

The Upcoming Release



Score Release Process

- Upcoming release
 - Based on ST3(6/30/2019 FYE)
- No surprises approach – communication is key
 - School Districts in stress – emails to CEO and CFO
 - All School Districts – emails to CEO and CFO
 - A few days before public release



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Key Takeaways

- Communicate within your school district
- Be prepared - Know your details and be ready to speak to them
- Environmental indicator score is important too
 - Detail sheet
- Focus will likely be on.....
 - Places in Stress
 - Major score changes
- Utilize our website resources



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Resources



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Fiscal Stress Monitoring System

State Comptroller Thomas P. DiNapoli created an early warning system for communities and school districts with fiscal problems. Alerting everyone to potential problems gives local officials and taxpayers the opportunity to be more proactive. Read the **System Basics** document to learn more.

Search for a local government or school district.

Search Now

Lists
Local Governments
School Districts
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Tools
Self-Assessment Tool
Capital Planning Tutorial
Multiyear Planning Tutorial

Publications
System Manual
Research Reports
Financial Condition Audits
Archived System Publications

Help
System Enhancements
Indicator Reference Guides
Training and Webinars
Archived System Data

<http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>

FSMS Modifications

System Resources

- **FSMS Manual:**
 - <http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/system-manual.pdf>
- **FSMS System Basics**
 - <http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/system-basics.pdf>

Contact Us

- Email: localgov@osc.ny.gov
- Phone Number: (866) 321-8503
Option 4 for Data Management Unit



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Thank You



Division of Local Government and School Accountability



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