

# Fiscal Stress Monitoring System

## A Briefing for School District Officials

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NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

# 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



# 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”



# 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



# 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.



# 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



# Environmental Indicators

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



# 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





# 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 2017-18



# 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 (ELL)



# 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



# A small percentage of school districts were in fiscal stress.

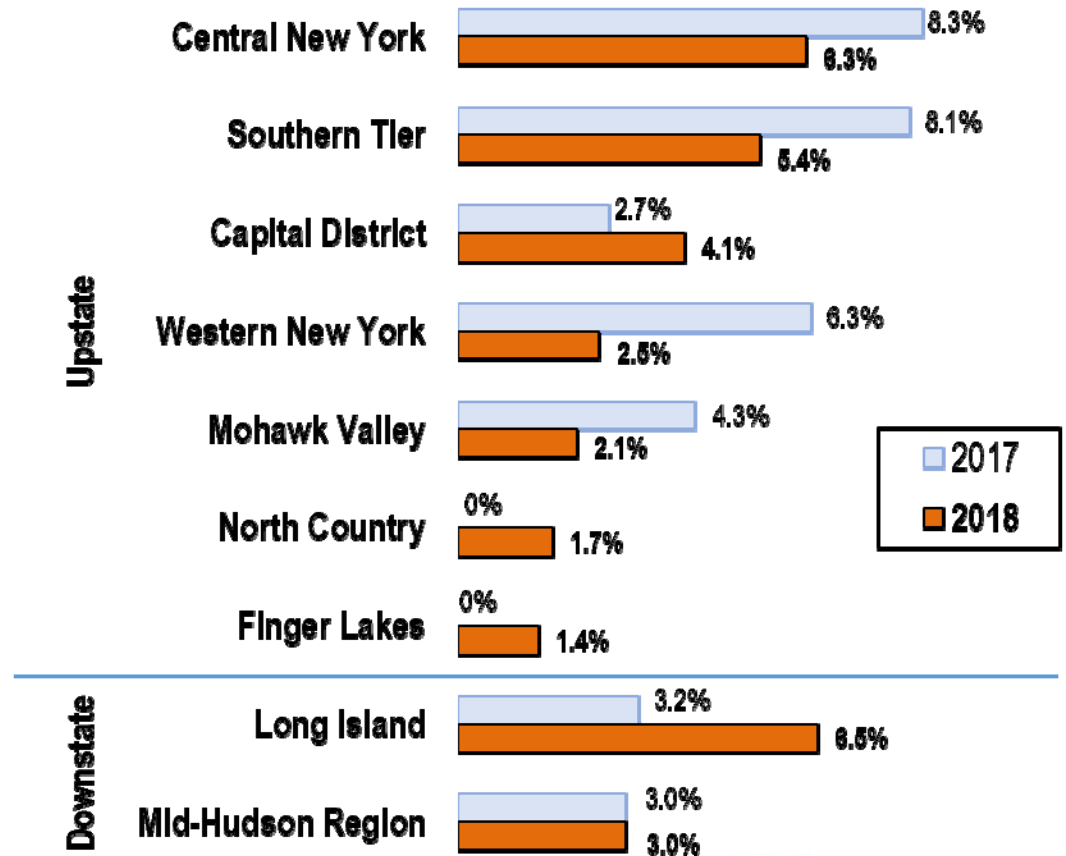
<b>By Fiscal Stress Designation (Preliminary for SY 2017-18)</b>		
	<b>SY 2016-2017</b>	<b>SY 2017-2018</b>
<b>Districts in Fiscal Stress</b>		
Significant	0.3%	0.7%
Moderate	1.0%	0.0%
Susceptible	2.5%	3.1%
<b>Subtotal</b>	<b>3.9%</b>	<b>3.9%</b>
<b>Other Districts</b>		
No Designation	96.1%	95.8%
Not Filed	0.0%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Office of the State Comptroller (OSC).

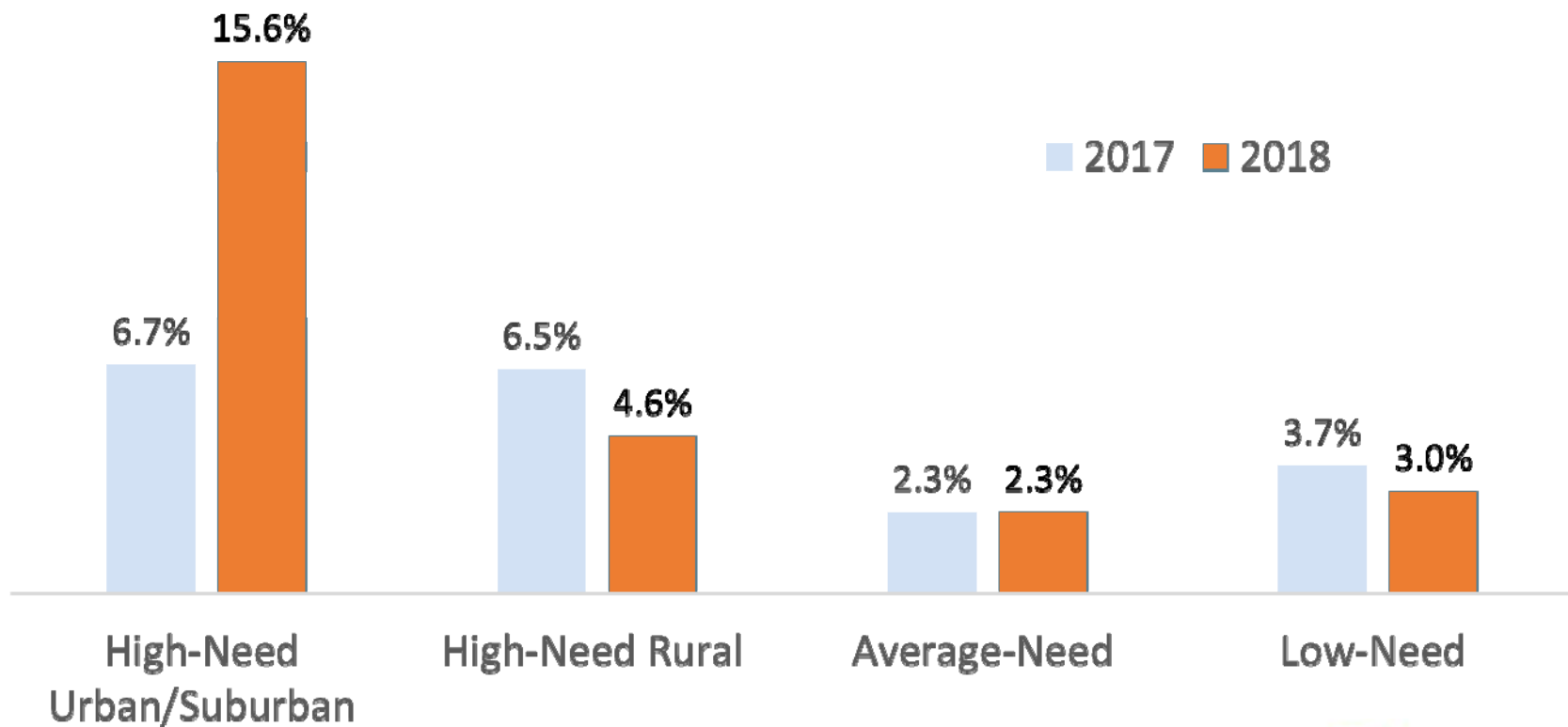


# Regional Breakdown of Fiscal Stress

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



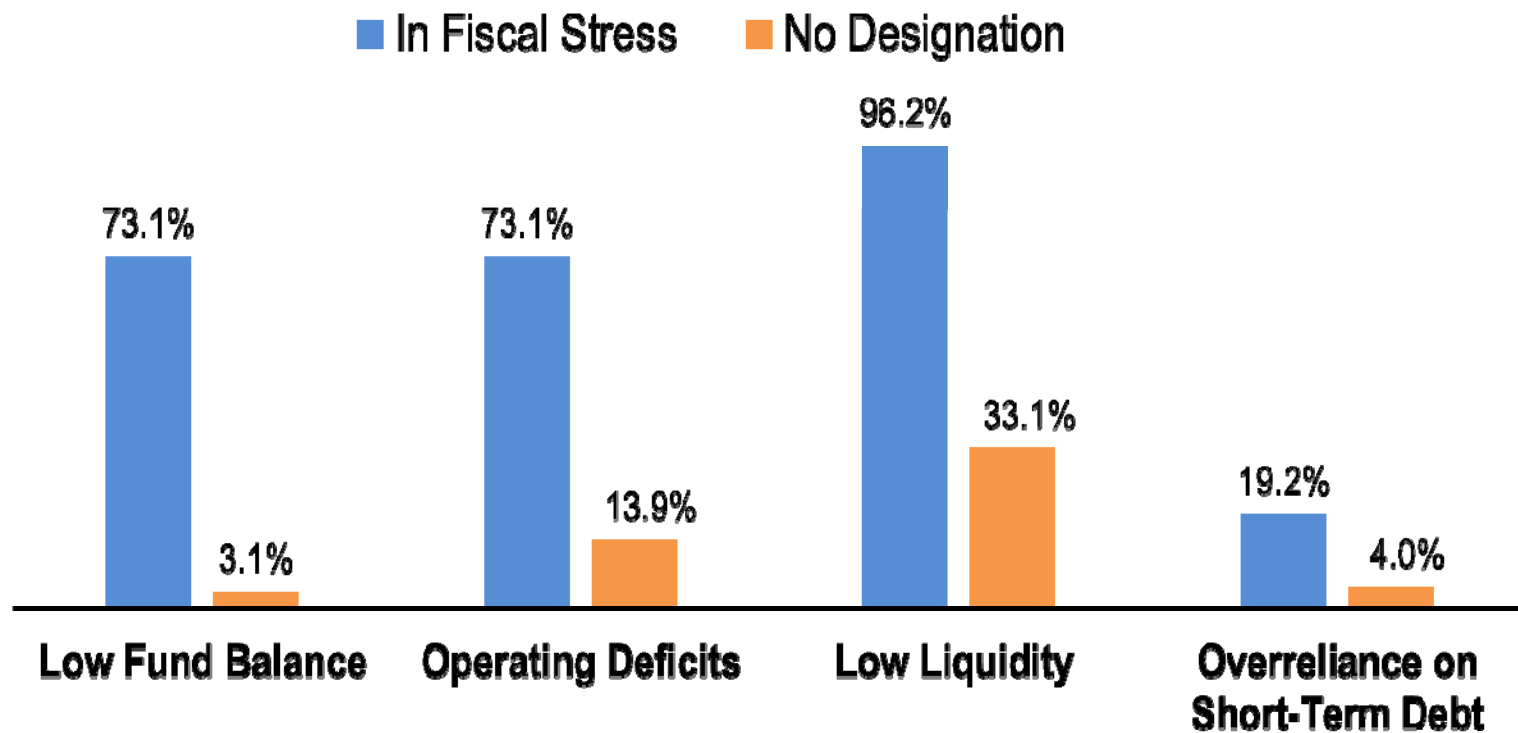
# Districts in the High-Need Urban/Suburban category were more likely to be in fiscal stress.



Source: NYS Education Department Need/Resource Capacity Categories (NRC) and OSC preliminary data.



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



Source: OSC, preliminary data.



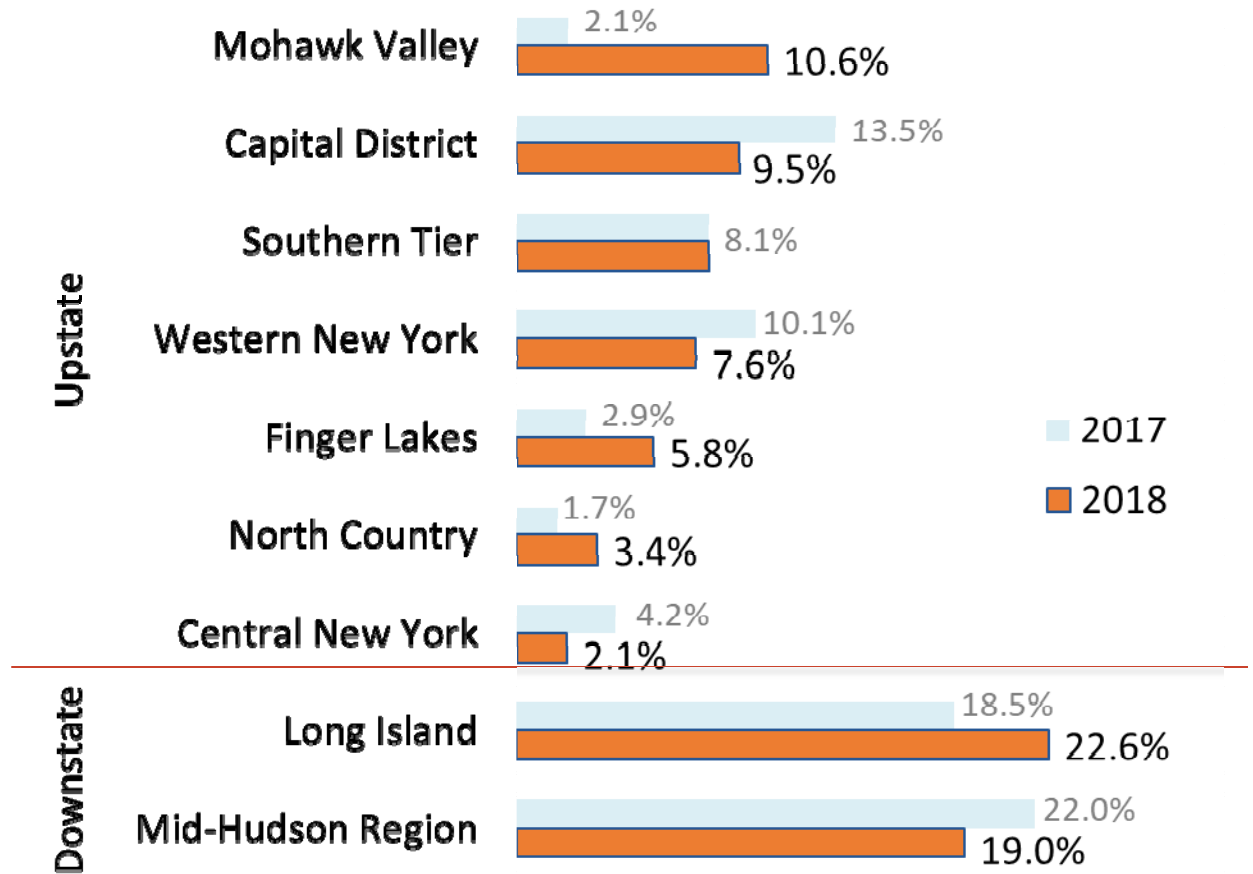
# Environmental stress was recognized in 11.6 percent of districts.

<b>By Environmental Stress Designation (preliminary SY 2017-18)</b>		
	SY 2016-2017	SY 2017-2018
<b>Districts in Environmental Stress</b>		
Significant	1.9%	1.3%
Moderate	1.5%	1.9%
Susceptible	7.7%	8.3%
Subtotal	11.1%	11.6%
<b>Other Districts</b>		
No Designation	88.9%	88.1%
Not Filed	0.0%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>



# Regional Breakdown of Environmental Stress

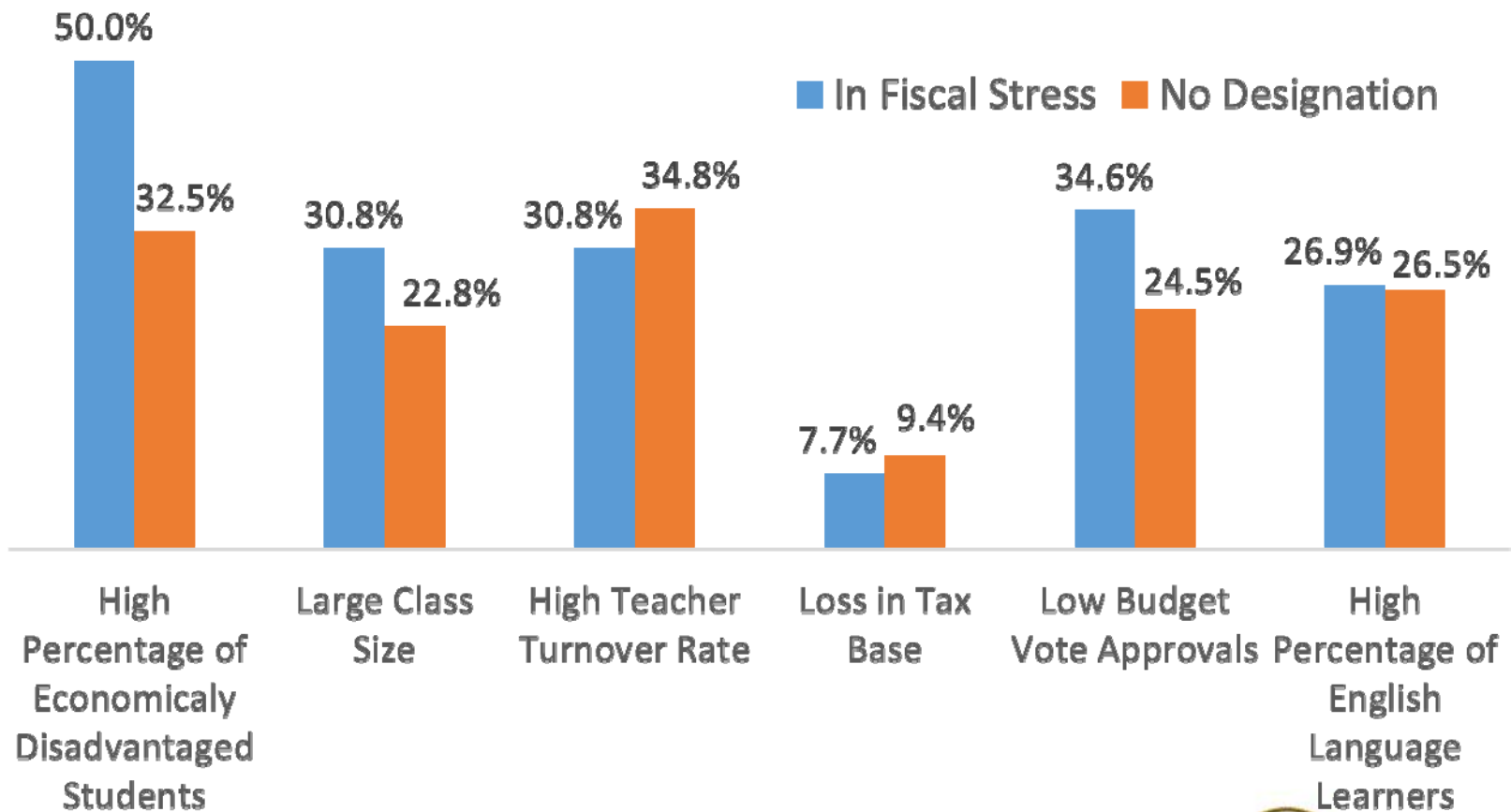
- Downstate districts were more likely to exhibit environmental stress.



Source: OSC, preliminary data.



# Fiscally stressed districts were more likely to exhibit environmental stress.



Source: OSC, preliminary data.



# Key Takeaways

- Although the percentage remained the same, the districts in stress changed.
  - And those districts in stress were also in different regions than last year.
- 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(6/30/2018 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



# Fiscal Stress Monitoring System

Key Takeaways – being prepared





# 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



# Resources

NYS Comptroller  
THOMAS P. DiNAPOLI

Home > Local Government > Fiscal Stress Monitoring System

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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.

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



# Thank You



## Division of Local Government and School Accountability



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