

Office of the NEW YORK STATE

COMPTROLLER

Fiscal Stress Monitoring System Results for School Districts: Four-Year Review

New York State Comptroller
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Four Years of Fiscal Stress Results for School Districts: School Years 2012-13 to 2015-16

The Fiscal Stress Monitoring System (FSMS), created by the Office of the State Comptroller (OSC), annually assesses fiscal stress in local governments and school districts. This is the fourth annual FSMS scoring of school districts, showing results for the four school years (SY) through 2015-16.¹

Overall Findings

Although the number of school districts experiencing fiscal stress had been stable over the first three years of monitoring, the percentage of districts has decreased recently.

Out of the 671 districts reviewed:

- Approximately 13 percent were designated as fiscally stressed in each of the first two years of FSMS;
- 12 percent were in some level of stress in SY 2014-15; and
- Just under 9 percent were in fiscal stress in SY 2015-16.

For SY 2015-16, OSC identified 59 school districts as experiencing some degree of fiscal stress. Specifically:

- 2** were in significant fiscal stress;
- 9** were in moderate fiscal stress; and
- 48** were susceptible to fiscal stress.

The percentage of school districts in the highest two categories of stress (significant and moderate) dropped the most, while all three categories saw declines. Among those placed in a fiscal stress category, the majority were scored as susceptible, the least severe category of stress. (See Figure 1.) Only a small number of districts (15) were found to have experienced stress in all four years.

Figure 1

Fewer school districts were designated in a Fiscal Stress category in 2016.

	SY 2012-13		SY 2013-14		SY 2014-15		SY 2015-16	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Districts in Fiscal Stress								
Significant Fiscal Stress	12	1.8%	10	1.5%	8	1.2%	2	0.3%
Moderate Fiscal Stress	23	3.4%	27	4.0%	24	3.6%	9	1.3%
Susceptible to Fiscal Stress	52	7.8%	53	7.9%	50	7.4%	48	7.2%
Subtotal	87	13.0%	90	13.4%	82	12.2%	59	8.8%
Other Districts								
No Designation	583	87.0%	582	86.6%	590	87.8%	612	91.2%
Total	670	100.0%	672	100.0%	672	100.0%	671	100.0%

Source: Office of the State Comptroller (OSC). The figures for SY 2012-13 exclude four districts that have since consolidated and two districts that did not have data at the time the FSMS scores were initially released. The figures for SY 2013-14 and 2014-15 exclude the two new districts resulting from consolidation. The SY 2015-16 includes those two consolidated districts: FSMS requires three years of financial reporting in order to generate a fiscal score, therefore these are included for the first time. However, SY 2015-16 excludes one district whose data was inconclusive and two districts that did not file in time for publication.

Quick Facts

FSMS measures fiscal stress through a set of seven financial indicators. Districts showing signs of stress in these indicators receive points: a **high number reflects a high level of fiscal stress**. In the scoring process:

- Points are given on the individual indicators;
- Weights are assigned to each indicator category; and
- Individual weighted points are converted to an overall fiscal stress percentage score.²

FSMS does not attempt to quantify levels of fiscal wellness, but the trends in FSMS scores generally indicate that school districts are managing their fiscal challenges in ways that avoid adding to fiscal stress. For example:

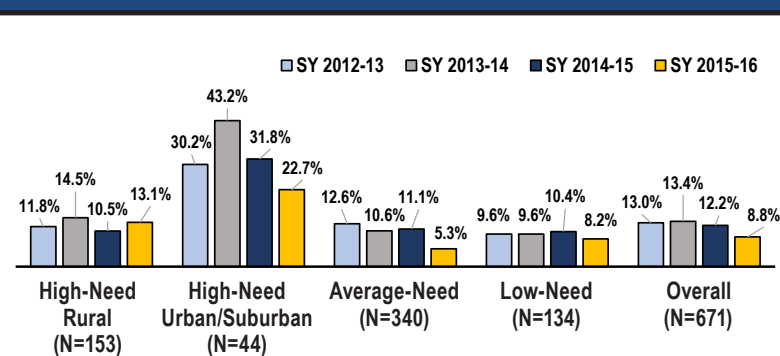
- 91 percent of districts were not in any of the fiscal stress categories.
- 23 fewer districts were designated in stress in 2015-16 than in 2014-15.
- 30 percent of districts scored in 2015-16 received no points on any of the fiscal stress indicators.

Certain groups of school districts are more likely than others to be fiscally stressed:

- Districts in the high-need urban/suburban category are nearly three times as likely as districts overall to be in fiscal stress.³ (See Figure 2.)
- Although the Mohawk Valley, Long Island and Central New York regions had the largest proportion of districts in a fiscal stress category, the percentage of schools in fiscal stress in all regions dropped in 2015-16, except for districts in the Finger Lakes. (See Figure 3.)

Figure 2

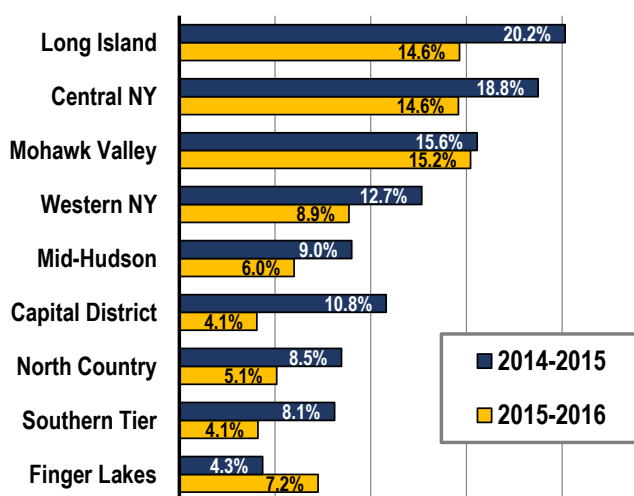
School districts categorized as high-need urban/suburban are more likely to be in Fiscal Stress than others.



Source: OSC. District counts are for 2015-16

Figure 3

The percentage of school districts in Fiscal Stress varies by region.



Source: OSC. District counts are for 2015-16.

A Small Number of Districts Appear to Be Experiencing Chronic Fiscal Stress

Over the four years that OSC has reported on fiscal stress, nearly three-quarters of all school districts have never been designated in a stress category. (See Figure 4.)

However, 15 districts have been in some category of stress continuously since 2012-13. (See Figure 5.) Of these, two districts, West Seneca (Erie County) and Wyandanch (Suffolk County), have been in significant fiscal stress for three of the four reporting periods.

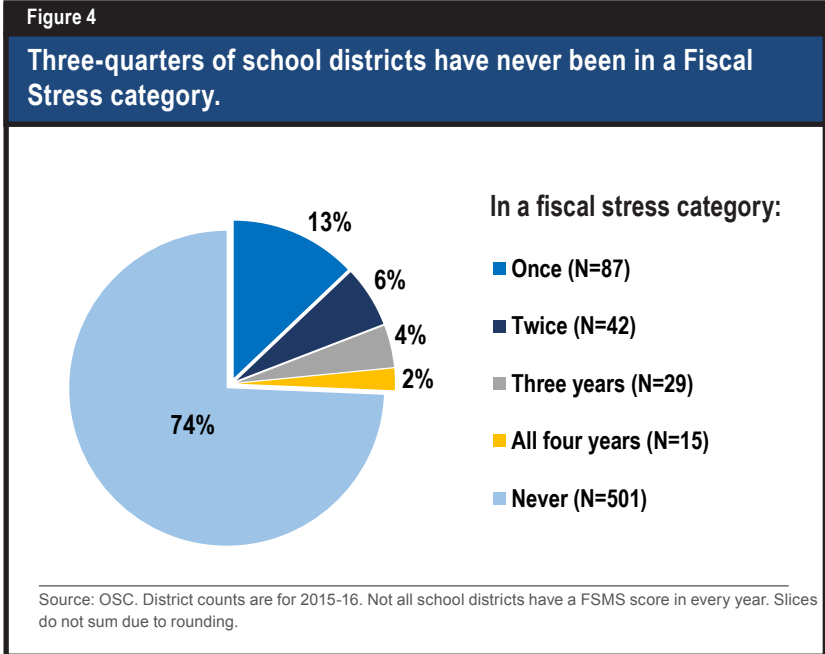


Figure 5
Chronic Fiscal Stress is a problem in some school districts.

District	Region	County	Fiscal Stress Designation			
			SY 2012-13	SY 2013-14	SY 2014-15	SY 2015-16
Brookfield	Central NY	Madison	Moderate	Moderate	Susceptible	Susceptible
Copiague Union Free	Long Island	Suffolk	Moderate	Significant	Significant	Susceptible
De Ruyter	Central NY	Madison	Moderate	Susceptible	Moderate	Susceptible
East Islip	Long Island	Suffolk	Moderate	Moderate	Moderate	Susceptible
Eastport-South Manor	Long Island	Suffolk	Susceptible	Susceptible	Moderate	Susceptible
Eldred	Mid-Hudson	Sullivan	Susceptible	Susceptible	Moderate	Moderate
Evans-Brant	Western NY	Erie	Moderate	Moderate	Moderate	Susceptible
New Rochelle	Mid-Hudson	Westchester	Moderate	Susceptible	Susceptible	Susceptible
Niagara-Wheatfield	Western NY	Niagara	Significant	Significant	Susceptible	Susceptible
Rensselaer	Capital District	Rensselaer	Susceptible	Susceptible	Moderate	Susceptible
Sachem	Long Island	Suffolk	Significant	Moderate	Significant	Susceptible
Scio	Western NY	Allegany	Susceptible	Moderate	Moderate	Susceptible
Utica	Mohawk Valley	Oneida	Significant	Moderate	Moderate	Moderate
West Seneca	Western NY	Erie	Significant	Significant	Significant	Susceptible
Wyandanch	Long Island	Suffolk	Susceptible	Significant	Significant	Significant

Source: OSC. The FSMS has monitored school districts for the four school years between 2012 and 2016.

Shifts in Fiscal Stress Indicator Scores

A number of districts experienced substantial shifts in their fiscal stress scores. Figure 6 shows districts that experienced either an increase or a decrease of more than 25 percentage points in their total fiscal stress score.

The Fiscal Stress designation changed for 81 districts in 2015-16: 60 moved to a lower stress category and 21 moved to a category of higher stress.

Figure 6

Some districts had large changes in Fiscal Stress scores from SY 2014-15 to 2015-16.

(Change of More than 25 Percentage Points; Increases Indicate Increasing Fiscal Stress)

School District	County	SY 2014-15 Financial Designation	SY 2015-16 Financial Designation	Percentage Point Change in Fiscal Stress Score, SY 2014-15 to 2015-16
Major Increases in Fiscal Stress Score				
Amityville	Suffolk	No Designation	Moderate	43.3
Clyde-Savannah	Wayne	No Designation	Susceptible	41.7
Ripley	Chautauqua	No Designation	Susceptible	40.0
Clifton-Fine	St. Lawrence	No Designation	Moderate	38.3
Bedford	Westchester	Susceptible	Moderate	31.7
Major Decreases in Fiscal Stress Score				
Adirondack	Oneida	Moderate	Susceptible	-26.7
Lafayette	Onondaga	Susceptible	No Designation	-26.7
Herkimer	Herkimer	Significant	Susceptible	-26.7
Holley	Orleans	Moderate	No Designation	-28.3
Copiague	Suffolk	Significant	Susceptible	-30.0
Fulton	Oswego	Moderate	Susceptible	-30.0
East Quogue	Suffolk	Susceptible	No Designation	-31.7
Tuxedo	Orange	Susceptible	No Designation	-31.7
Glens Falls	Warren	Susceptible	No Designation	-31.7
Rensselaer	Rensselaer	Moderate	Susceptible	-35.0
Sachem	Suffolk	Significant	Susceptible	-35.0
New Paltz	Ulster	Moderate	No Designation	-36.7
Cazenovia	Madison	Moderate	No Designation	-38.3
West Seneca	Erie	Significant	Susceptible	-38.3
Watervliet	Albany	Moderate	No Designation	-40.0
Poughkeepsie	Dutchess	Moderate	No Designation	-40.0
Jamestown	Chautauqua	Moderate	No Designation	-45.0
Corinth	Saratoga	Significant	No Designation	-53.3

Source: OSC.

Score Increases

Three school districts had an increase of 40 percentage points or more in their fiscal stress scores: Amityville (Suffolk County), Clyde-Savannah (Wayne County) and Ripley (Chautauqua County). These districts had no sign—or virtually no sign—of fiscal stress in 2014-15. All three districts saw a large increase in their fiscal stress scores in 2015-16 because of operating deficits. The other two districts with large increases, Bedford (Westchester County) and Clifton-Fine (St. Lawrence County), both had low fund balances in 2015-16, providing less of a cushion for unforeseen events.

Score Decreases

Scores for four districts dropped by 40 percentage points or more, all moving to a status of no designation: Watervliet (Albany County), Poughkeepsie (Dutchess County), Jamestown (Chautauqua County) and Corinth (Saratoga County). Corinth's score fell over 50 percentage points. In past years, it had experienced operating deficits, had low liquidity and low fund balance; in 2015-16 the District reported a surplus and healthier fund balance.⁴

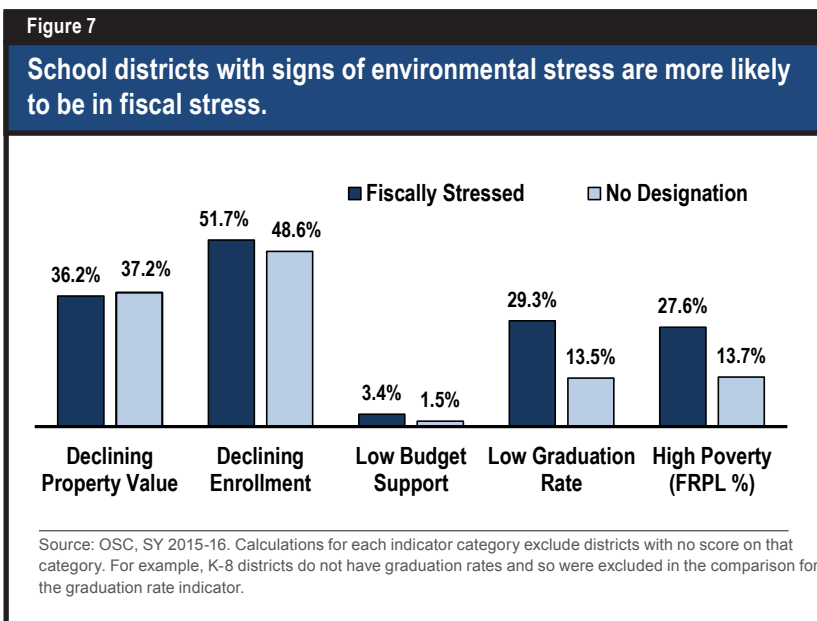
Environmental Stress

FSMS includes a set of environmental indicators that do not factor into the fiscal stress score but offer some context for evaluating the challenges that school districts face. The environmental indicators for school districts include measures of:

- Changes in the size of the property tax base;
- Enrollment trends;
- School budget vote results;
- Graduation rate; and
- Poverty (the percentage of students in kindergarten through sixth grade who are eligible for free or reduced-price lunch).

Fiscally stressed and undesignated school districts were just as likely to have experienced a decline in property values. (See Figure 7.) Also, declining enrollment is seen fairly commonly among both fiscally stressed districts and those with no designation. Among the other indicators, districts in a fiscal stress category in 2015-16 are more likely than those with no designation to have:

- Low budget support (although this is rare overall);
- Low graduation rates; and
- High poverty.



Notes

- ¹ The “Big Four” city school districts (Buffalo, Rochester, Syracuse and Yonkers) are “fiscally dependent” on the cities in which they are located; consequently, their financial results are incorporated into their cities’ fiscal stress scores, and the school districts do not receive separate scores. Neither New York City nor its dependent school district receives FSMS scores. For detailed explanations of the FSMS indicators and detailed results for individual school districts, see the OSC FSMS website: www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm.
- ² For details on the FSMS indicators and scoring, see OSC, *Fiscal Stress Monitoring System* (September 2014), available at: www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring.pdf.
- ³ The need/resource capacity categories used in this report were developed by the New York State Education Department and represent a district’s ability to meet student needs using local capacity. For information on the definitions of these categories, see: www.p12.nysed.gov/irs/accountability/2011-12/NeedResourceCapacityIndex.pdf.
- ⁴ The Corinth School District was the subject of a 2015 OSC audit on the District’s financial condition. The audit identified numerous deficiencies with respect to budgeting, including use of fund balance. See OSC, “Corinth Central School District Financial Condition, July 1, 2012 - February 28, 2015” (2015M-68), available at: <http://www.osc.state.ny.us/localgov/audits/schools/2015/corinth.htm>.

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