

Office of the State Comptroller (OSC) Fiscal Stress Monitoring System



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What is the fiscal stress monitoring system?

It is a system put in place by the NYS Office of the State Comptroller to measure the financial and environmental stress factors of a school District.

System Basics

How We Measure

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



Fiscal Stress Monitoring System 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”



NYS uses 2 Standard measures to determine stress levels

1. **Financial Indicators:** Do revenues = expenses and are the annual expected revenues sufficient to support the expenditures? Is the District relying on reserves to meet its needs? How often and how much?

What was your year-end fund balance?

Has the District been operating at a deficit for 4 years or more?

What is our cash position?-are we able to invest during a fiscal cycle or are we issuing notes to carry us from one fiscal period to another?

Cont.....

2. Environmental Indicators: These can be unique issues, "other local challenges", that can be outside of our control and would not necessarily be standard to all Districts. When there are environmental indicators changing, the cost for services can increase. This is an example of something out of our control but that all school district residents are expected to support within the budget and within reason.

What is the % of economic disadvantaged students?

What are our class sizes?

What is our teacher turnover rate?

What is the % change in property values?

Historically speaking, what is the Budget approval %?

What is our % of ELL students?

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

Putnam Valley Scores

Financial

2016 0 “NO DESIGNATION”

0

2017

0

- Environmental indicator score (separate)

- 60 – 100 = Significant
- 45 – 59.9 = Moderate
- 30 – 44.9 = Susceptible
- 0 – 29.9 = No Designation

Putnam Valley Scores

Environmental

“NO DESIGNATION”

2016 20

2017 20

2018 15



Environmental/Fiscal Factor links 2017***

http://wwe1.osc.state.ny.us/localgov/fiscalmonitoring/satfiles/2017/School/Environmental/PutnamValley_Env_17.pdf

<http://wwe1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>

***2018 data factors will be posted soon

A Small percentage of school districts were in fiscal stress

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

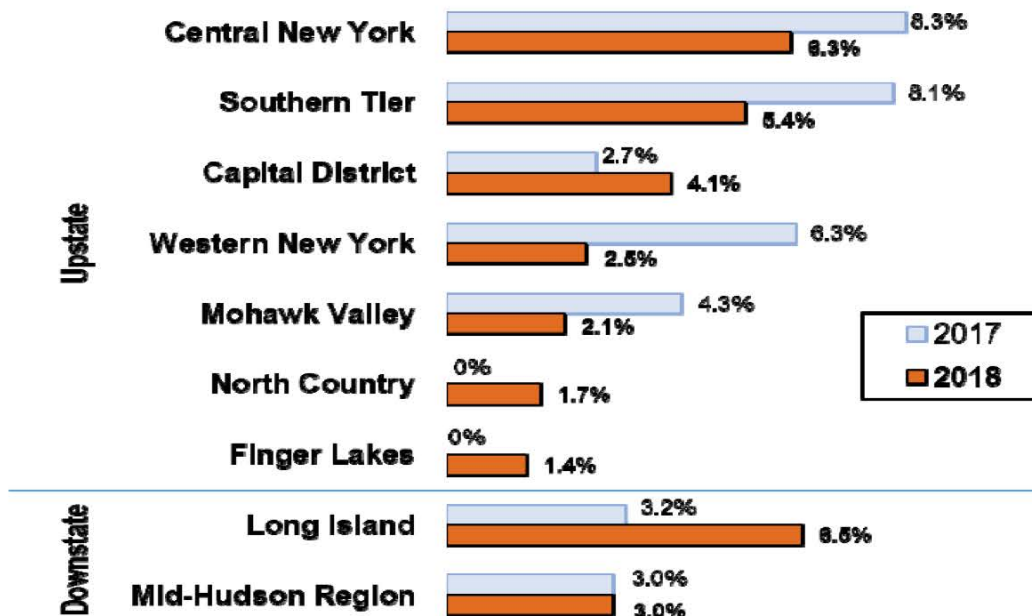
Source: Office of the State Comptroller (OSC).



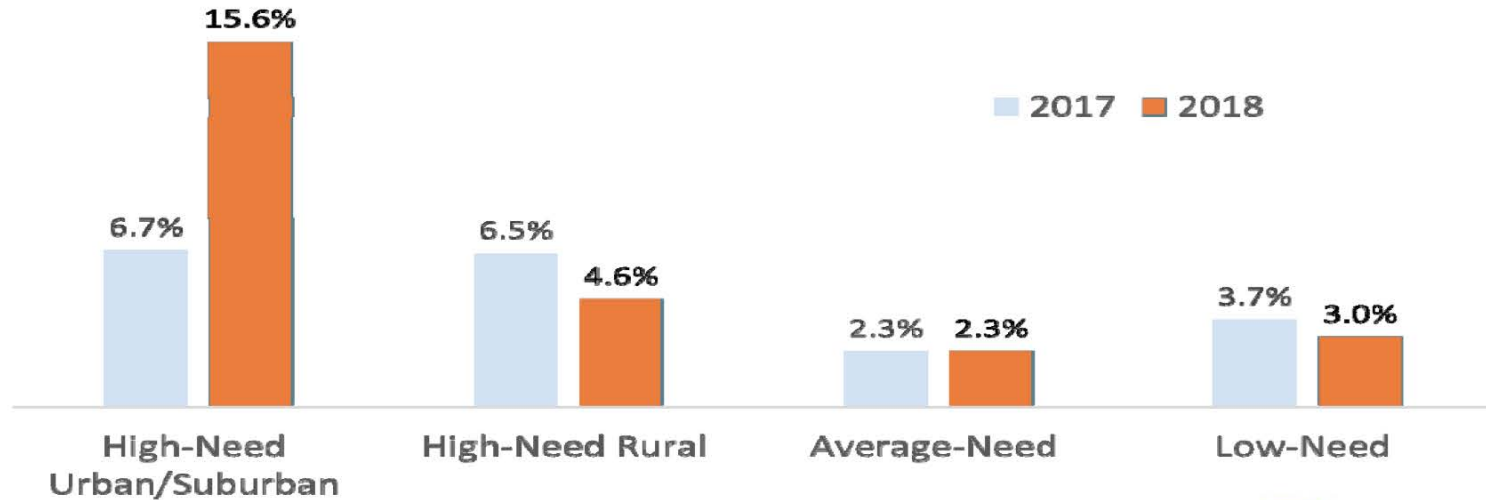
NYS COMPTROLLER
THOMAS P. DiNAPOLI

Regional Breakdown of Fiscal Stress

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



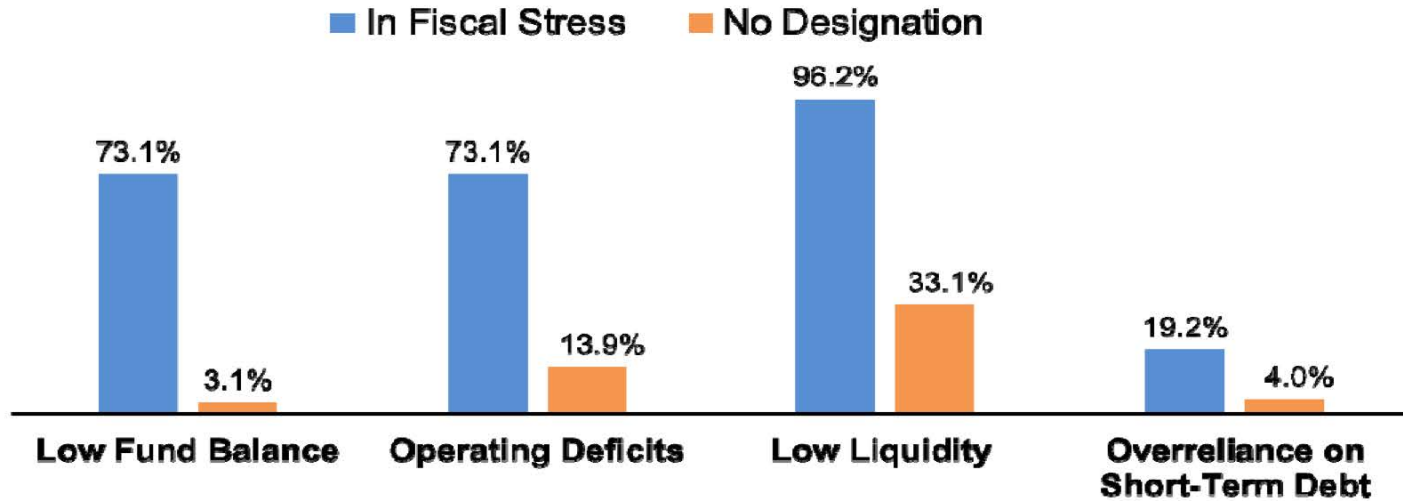
Districts in the High-Need Urban/Suburban category were more likely to be in fiscal stress.



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.



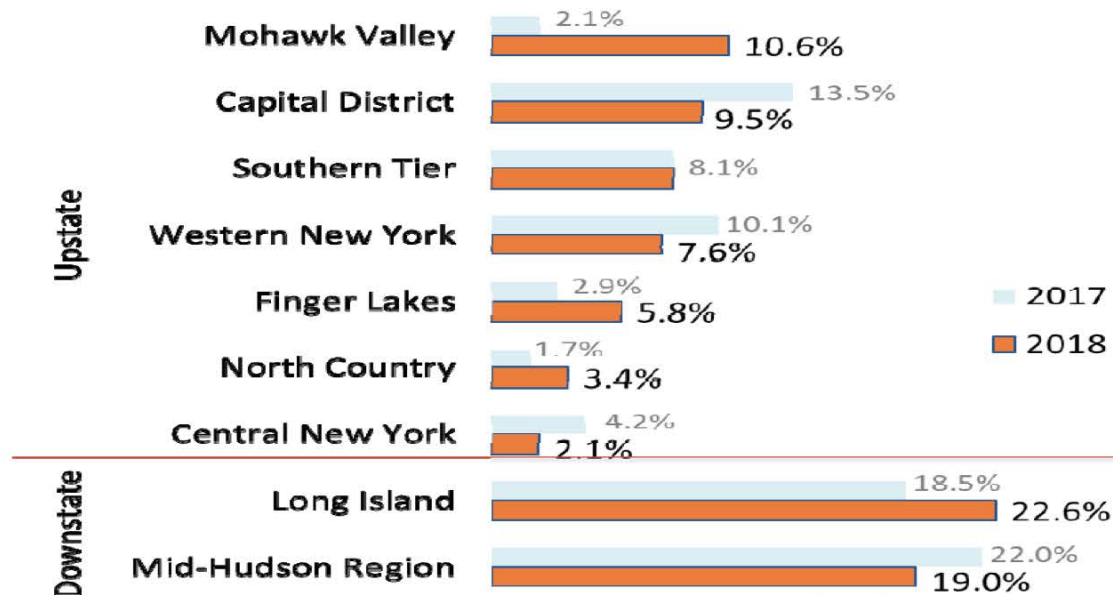
Environmental stress was recognized in 11.6 percent of districts.

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



Regional Breakdown of Environmental Stress

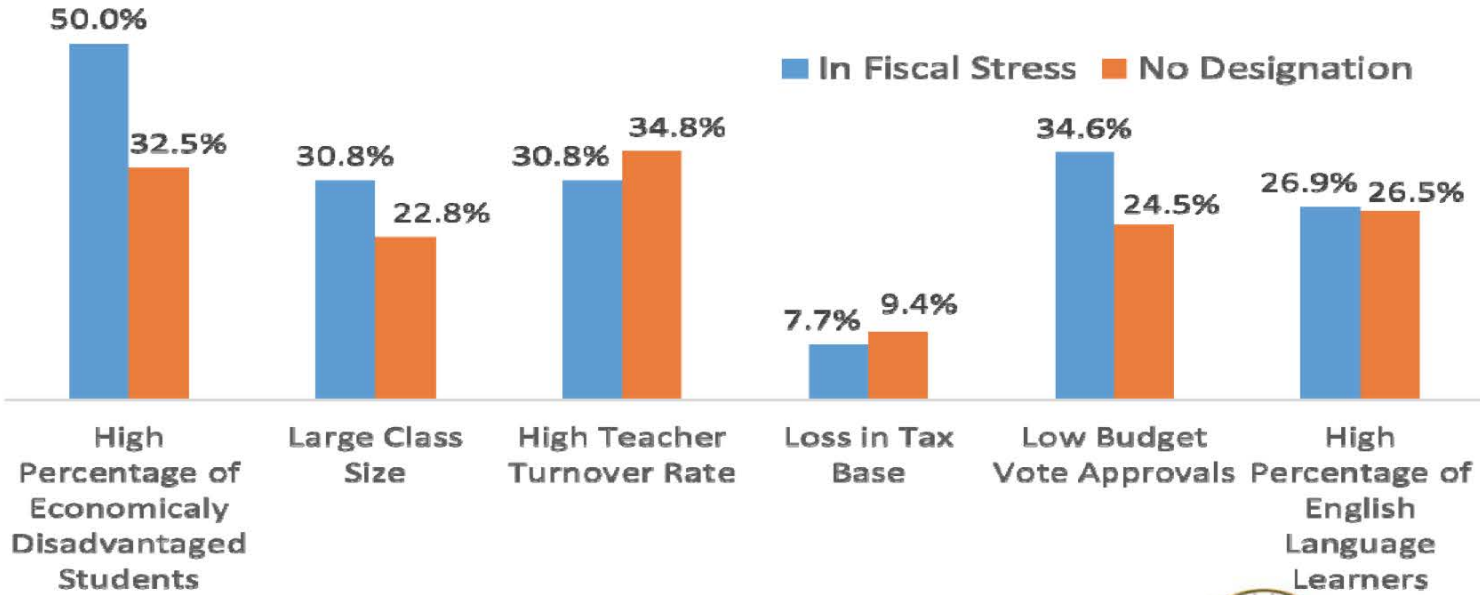
- Downstate districts were more likely to exhibit environmental stress.



Source: OSC, preliminary data.



Fiscally stressed districts were more likely to exhibit environmental stress.



Source: OSC, preliminary data.



Things to Consider:

Are we generating enough revenue to cover our expenditures?

After heeding the recommendation of the NYS Comptroller's audit report by using fund balance to supplement revenues over the last couple of years. Are we being careful about how much we continue to appropriate fund balance?

Environmental factors can be explanatory and at the same time act as an early warning.

Considerations: Examining the long-term

The long-term ability to present a budget below the allowable cap is becoming difficult. As general contractual costs increase for school districts, the aid that the state provides is not increasing at the same rate. Are we being given MANDATES?

As hard as administration works to help reduce or negotiate lower contracts, the realization of increased costs exists.

Slowly see districts across the state utilize their reserves and may have to ask their resident school taxpayers to pass budgets that require a supermajority approval rate at the annual budget votes if state aid, such as foundation aid, is not restored to a higher level.

Since the NYS tax cap requirement came into existence Putnam Valley has been adopting budgets that are under the cap and maintaining the programs without asking for a supermajority approval of the school budget.

Responsible Budgeting

The District implements programs that are necessary for student success because they understand the mission and vision of both the Board and the community while being mindful from a fiscal standpoint.

Balanced Approach

