

Fiscal Stress Monitoring System Overview and Year Two Scores

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Fiscal Stress Monitoring System

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Fiscal Stress Monitoring System

- Roadmap
 - Overview of the System
 - What? Why? How?
 - Concept, impetus, design
 - Score Release Process
 - What to expect
 - Being prepared
 - Findings
 - Common Themes
 - Q & A

Fiscal Stress Monitoring System

- Early warning
- Objective
- Utilize existing data
- Industry standards
- Public-facing
- Long-term
 - comparable over time
 - consistently applied

Fiscal Stress Monitoring System

- Troubling trends
 - ▣ Revenues, expenditures, balance sheets
- Growing public demand/interest/concern
- Need for long-term planning
- Transparency
- Critical conversations

System Design

- Internal and external resources
 - ▣ In-house expertise
 - ▣ International City/County Management Association (ICMA)
 - ▣ Research of existing programs in other states
- Manageable number of indicators
 - ▣ Weighted
 - ▣ Individually scored
- Multi-disciplinary team approach
- Public comment period

System Design

- System is specific in purpose
- Fiscal stress continuum
 - ▣ Stress ————— Health
- Full disclosure – all data released
- Value, over time
- Considers fiscal AND environmental factors – separate and distinct

System Design

- **Fiscal Indicators**
 - ▣ Evaluate budgetary solvency—the ability to generate enough revenue to meet expenses
- **Environmental Indicators**
 - ▣ Capture trends that influence revenue-raising capability and demands for service but that are largely outside local officials' control.

Fiscal Indicators

- Year-end fund balances (50%)
 - unassigned and total fund balance
- Operating deficit/surplus (10%)
 - history
- Cash position (20%)
 - Relative to monthly expenditures, last completed fiscal year
- Fixed Costs (10%)
 - Personal Services, Employee Benefits, Debt Svc – as % of Revenues
- Use of short-term debt for cash flow (10%)
 - Amount, frequency

Environmental Indicators

- Change in population (15%)
- Change in median age of population (10%)
- Child poverty rate (15%)
- Change in property value, per capita (30%)
- Change in unemployment rate, change in total jobs (in county) (10%)
- Reliance on state/federal aid (10%)
- Constitutional tax limit exhausted (10%)

System Scoring

1 Fiscal Score

1 Environmental Score

Significant

Moderate

Susceptible

No Designation

Not Filed

Data Inconclusive for FSMS

SUMMARY

- Fiscal handled separately from environmental
- Multiple calculations per indicator
- 29 & 27 point scale
- Weighted scoring
- Accumulation of total points drives classifications
- Thorough screening process



Score Release: Villages

Process

External Communication

- Next release will be in the coming weeks
 - ▣ Non-calendar year villages
- All units – whether in a stress category or not, are notified of their final score (via email) prior to publication of the lists
- No surprises approach – communication throughout process is key
 - ▣ Coordination with Agency’s Intergovernmental Affairs team

External Communication

- Notifications
 - ▣ Timing, manner, recipients
 - ▣ Letter process (Letter 1 & Letter 2)
- Providing access to detailed information
 - ▣ Secure link provided just prior to release
 - ▣ No surprises

Key Takeaways

Key Takeaways

- Two years...not yet a trend
- Focus likely to be on major score changes (20 pts or more)
- Focus will also be on places that moved into different classifications
- ...and places that did not file
- Know your details and be prepared to speak to them

Key Takeaways

- Don't forget about the environmental factors
- System is not intended to be punitive
- OSC is NOT assessing management
- Timing - situation may have changed
- Communicate within your own organization
- Utilize our website resources and encourage others to do so

Preliminary Findings

Common Themes

2013 Findings

- FYE 2013 local governments: 14 in significant, 12 in moderate and 24 susceptible
- FYE 2013 schools : 87 districts in some category of fiscal stress: 12 districts in significant, 23 in moderate and 52 susceptible

Common Themes

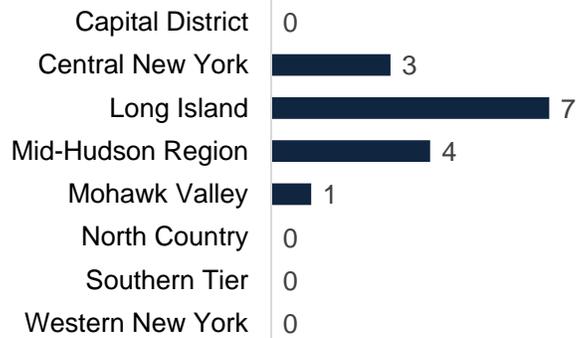
Villages by Fiscal Stress Designation

	2013	
	Number	Percentage
Villages in Fiscal Stress		
Significant Fiscal Stress	4	0.7%
Moderate Fiscal Stress	4	0.7%
Susceptible to Fiscal Stress	7	1.3%
Subtotal	15	2.8%
Other Villages		
No Designation	471	87.4%
Inconclusive	3	0.6%
Not Filed	50	9.3%
Subtotal	524	97.2%
Total	539	100.0%

Source: OSC.

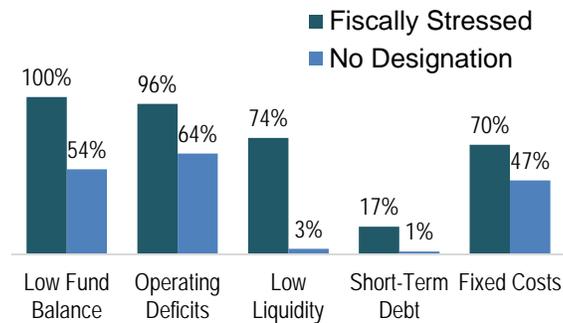
Common Themes

Villages in a Fiscal Stress Category, 2013



Common Themes

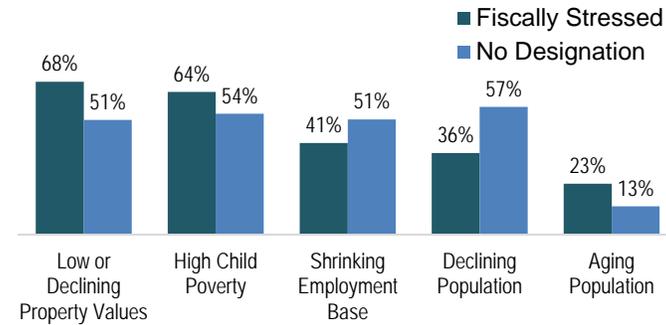
Villages with Signs of Fiscal Stress in 2014 by Indicator Category



Source: OSC.

Common Themes

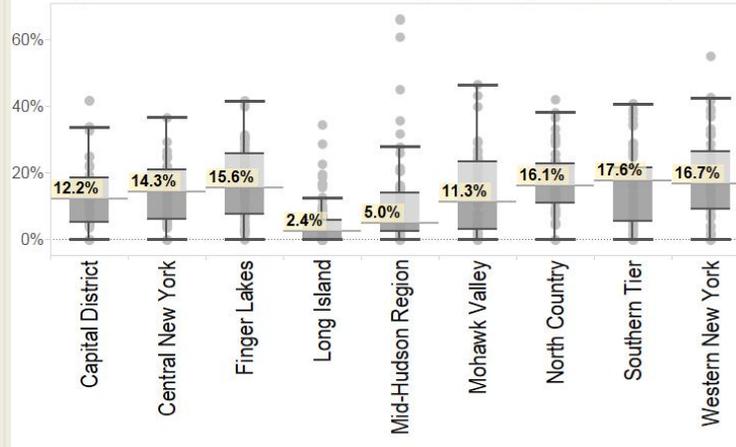
Villages with Signs of Environmental Stress in 2014 by Indicator Category



Source: OSC.

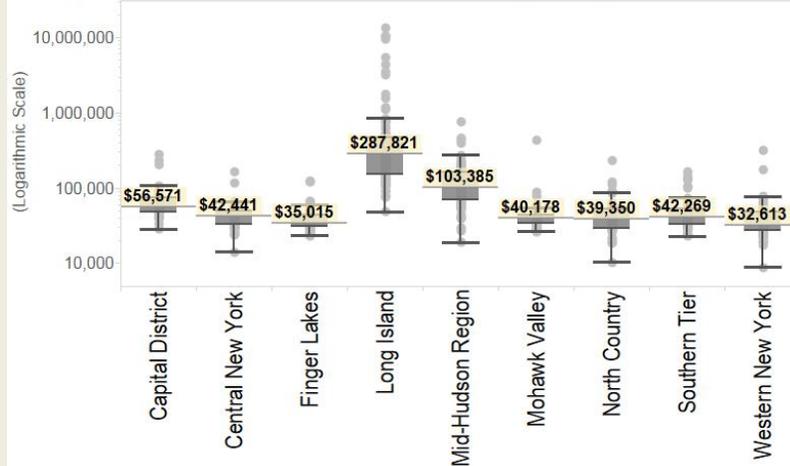
Selected Environmental Results

Villages: Median Child Poverty by Region (2010)



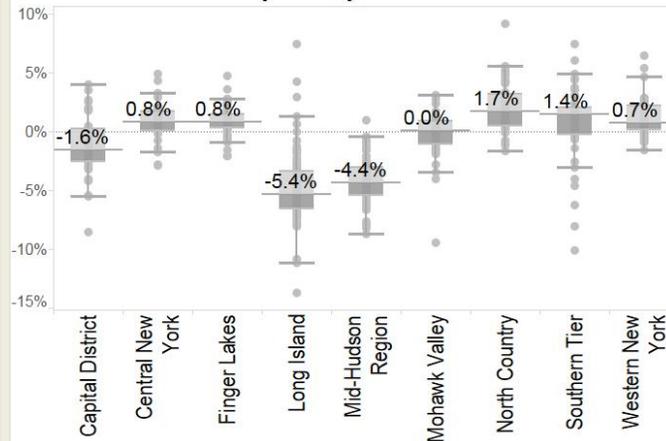
Selected Environmental Results

Villages: Median Taxable Full Value per Capita, 2014



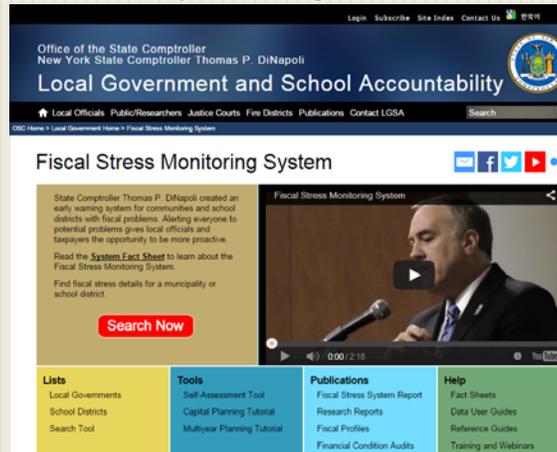
Selected Environmental Results

Villages: Median Four-Year Average Change in Taxable Full Value per Capita



Resources

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



Contact Information

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Please send us your questions

2 minute break

Question & Answer Session