

ACT FAST
Avoid Crisis Tomorrow with Fiscal Awareness Strategies for Today

The Fiscal Stress Monitoring System

Comptroller DiNapoli's Fiscal Stress Initiative



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Presenters

- ▶ **Greg Isaacs**, Senior Examiner
- ▶ **Barbara Corrigan**, CPA, Senior Examiner

Division of Local Government and School Accountability

Agenda

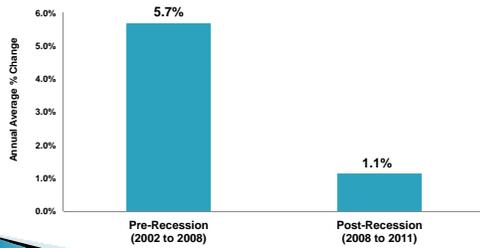
- ▶ Why This? Why Now?
- ▶ Development & Overview of FSMS
 - Indicators
 - Scoring
- ▶ Process
- ▶ Summary Findings – Calendar Year Entities
- ▶ Management Tools & Resources
- ▶ Demonstration
- ▶ Q & A

Why Focus on Fiscal Stress?

- ▶ Impact of the Recession
 - Personal Income, Property Values
- ▶ Pace of Economic Recovery
- ▶ Heightened Public Awareness
- ▶ Story in the Data
 - Revenues, Spending, Balance Sheets
- ▶ Tax Cap

Why Focus on Fiscal Stress?

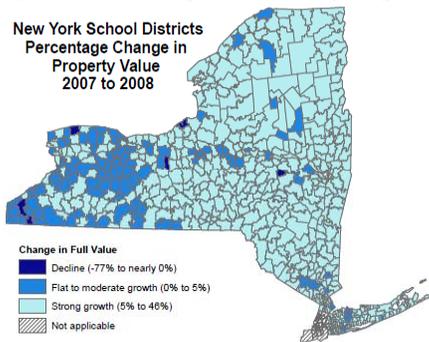
Impact of the Recession: New York State Per Capita Personal Income Growth



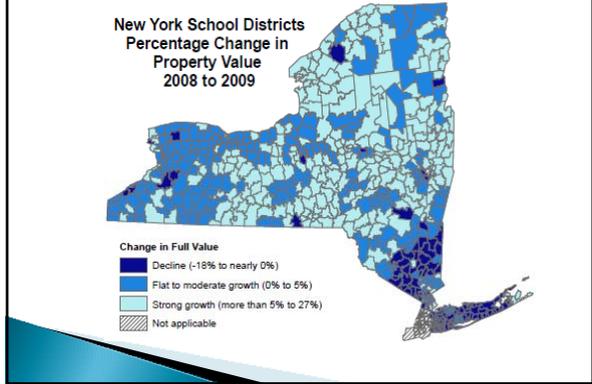
Source: Bureau of Economic Analysis

Housing Market – Impact on Property Values

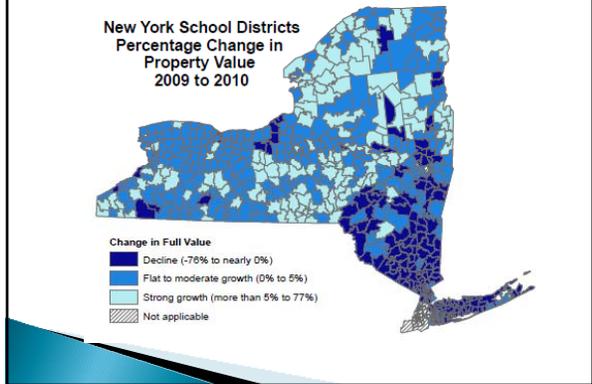
New York School Districts Percentage Change in Property Value 2007 to 2008



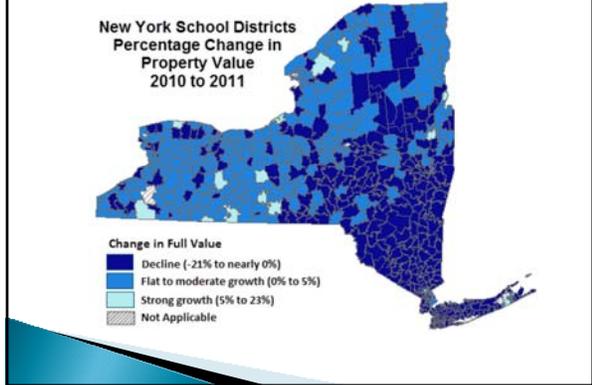
Housing Market – Impact on Property Values



Housing Market – Impact on Property Values

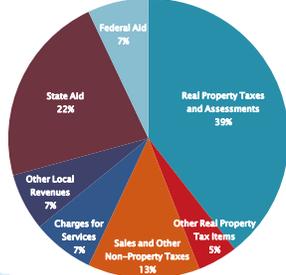


Housing Market – Impact on Property Values



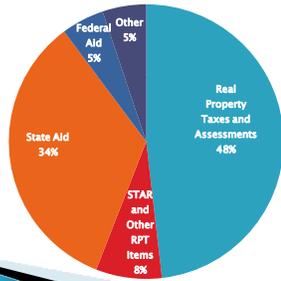
Local Government Revenue Mix

Local Government Revenues 2012
(\$73 B, excl. New York City)



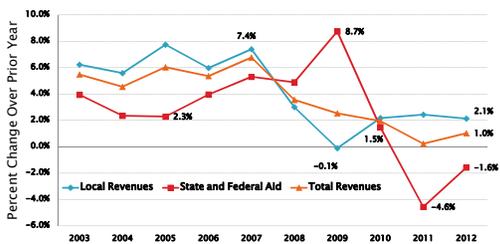
School District Revenue Mix

School District Revenues 2012
(\$36 B, excl. New York City)



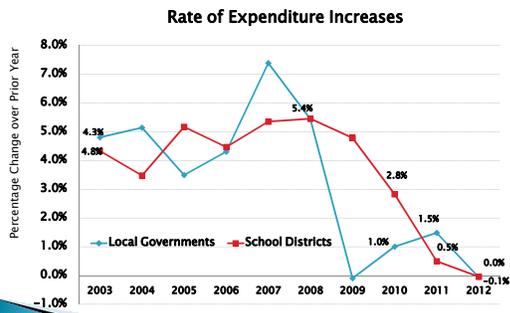
Local Government Revenues

Change in Local Government Revenues

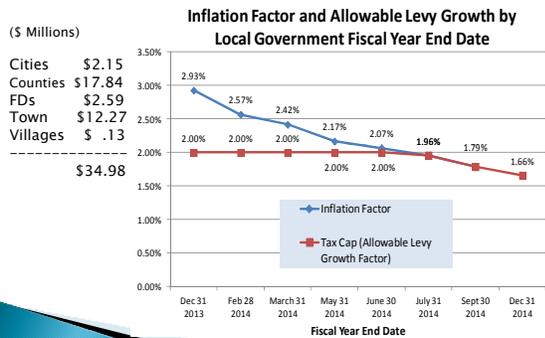


Includes counties, cities, towns, villages, school districts and fire districts; excludes NYC

On the Spending Side....

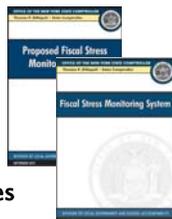


Impact of a Lower Tax Cap



Development of the System

- ▶ OSC Resources
- ▶ Research Reports
- ▶ ICMA Guidance
- ▶ Systems Used In Other States
- ▶ Proposed System with Public Comment Period



Fiscal Stress Is...

- ▶ The inability to generate enough revenues to meet expenditures. (Budgetary Solvency)
- ▶ Judgment about financial condition. One side of a continuum.



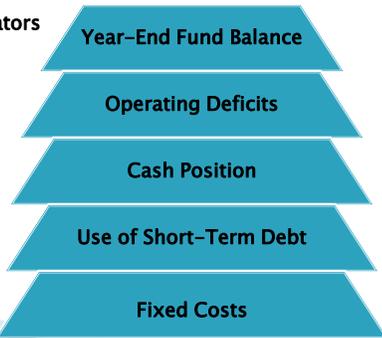
Fiscal Stress Monitoring System

Guiding Principles:



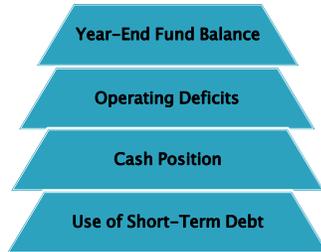
Fiscal Stress Monitoring System

- ▶ 9 Fiscal Indicators
- ▶ 5 Categories



Fiscal Stress Monitoring System

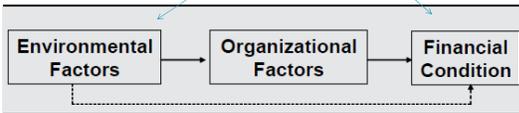
- ▶ School Districts
 - 7 Indicators
 - 4 Categories



Financial Condition is...

An Outcome

Things we can measure



Financial condition is a function of BOTH environmental factors AND the local government's response to these factors.

Fiscal Stress Monitoring System

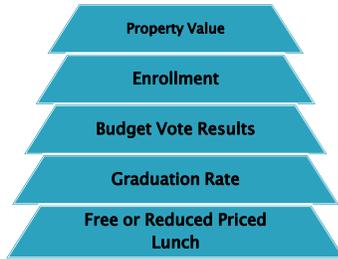
- ▶ 14 Environmental Indicators

- ▶ 8 Categories



Fiscal Stress Monitoring System

- ▶ School Districts
 - 6 Environmental Indicators
 - 5 Categories



Scoring Basics – Local Gov

- ▶ Fiscal Stress Categories:
 - Significant Fiscal Stress (>=65% of Points)
 - Moderate Fiscal Stress (>=55% of Points)
 - Susceptible to Fiscal Stress (>=45% of Points)
 - No Designation (<45% of Points)
 - Under Review
 - Have Not Filed
- ▶ Environmental Stress Categories:
 - ### (>=50% of Points)
 - ## (>=40% of Points)
 - # (>=30% of Points)
 - No Designation (<30% of Points)

Scoring Basics – Schools

- ▶ Fiscal Stress Categories:
 - Significant Fiscal Stress (>=65% of Points)
 - Moderate Fiscal Stress (>=45% of Points)
 - Susceptible to Fiscal Stress (>=25% of Points)
 - No Designation (<25% of Points)
 - Under Review
 - Have Not Filed
- ▶ Environmental Stress Categories:
 - ### (>=60% of Points)
 - ## (>=45% of Points)
 - # (>=30% of Points)
 - No Designation (<30% of Points)

FSMS Process

- ▶ Data is Self-Reported
- ▶ Objective Score Based Upon Certified AUD/ST-3
 - No new reporting
- ▶ Data Screened for Reliability and Fiscal Condition
- ▶ Examiner Review
 - False positives
 - False negatives
 - Communication plan

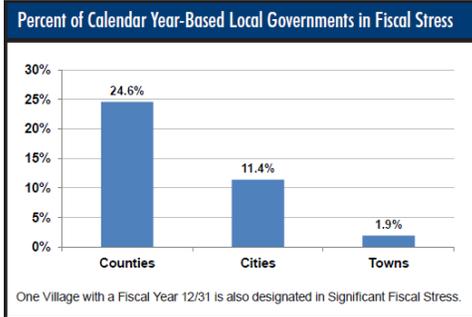
FSMS: Releases to Date

- ▶ **First Scores – Released June 18, 2013**
 - Local Governments with FYE Dec 31, 2012
 - Counties – 57
 - Cities – 44
 - Towns – 932
 - Villages – 10
 - **Total: 1,043**
 - Data as of May 31, 2013
- ▶ **Update Released September 25, 2013**
 - Data as of August 31, 2013

Recent Findings: FSMS Scores (as of 8/31/13)

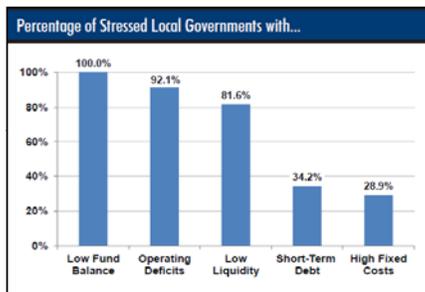
12/31 FY Local Governments		
	Number of Entities	Percentage
Significant Fiscal Stress	12	1.2%
Moderate Fiscal Stress	9	0.9%
Susceptible to Fiscal Stress	17	1.6%
No Designation	948	90.9%
Did Not File	54	5.2%
Under Review	3	0.3%
Total	1043	100%

Fiscal Stress by Class



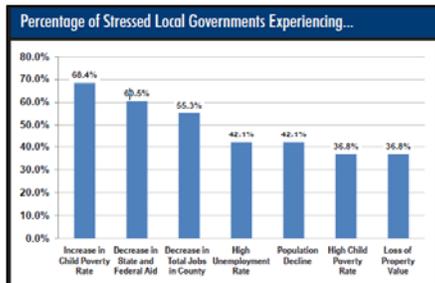
Common Stress Indicators

► Municipalities in some Level of Fiscal Stress: 38



Common Environmental Themes

► Municipalities in some Level of Fiscal Stress: 38



FSMS Tentative Schedule

▶ Publication of Lists

- Only after all information is fully vetted
 - FYE 12/31/2012 – Counties/Towns/Cities/Villages
 - FYE 5/31/2013 – Villages
 - FYE 6/30/2013 – School Districts
 - Non-Calendar Year Cities

▶ Future List Updates – under consideration

Fiscal Stress Management Tools & Resources

▶ Website Enhancements

- Fiscal Stress Website
 - Data, Lists, Quick Reference Guide, FAQs etc.

▶ Interactive Self-Help Suite

- Self-Assessment Tool
- Capital Planning Template
- Multiyear Planning Template



Fiscal Stress Management Tools & Resources (cont'd)

Policy Research

- ▶ Briefs
 - Fiscal Stress Drivers and Coping Strategies
- ▶ Summary Findings Report
 - Common Themes
- ▶ Fiscal profiles



Fiscal Stress Management Tools & Resources (cont'd)

Training and Outreach

- ▶ Local Government Leadership Institutes
 - Watertown, New Paltz
- ▶ Webinar series, 2013
- ▶ Partnering opportunities
 - Local government association conferences, training schools
- ▶ Tailored workshops
 - Self-assessment tool
 - Capital planning template
 - Multiyear planning template

Demonstration

Website and Contact Information

- ▶ Website: www.osc.state.ny.us/localgov/fiscalmonitoring
- ▶ Email: localgov@osc.state.ny.us
- ▶ Phone Number: (866) 321-8503

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Questions?



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