



New York State Comptroller
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Fiscal Stress Monitoring System

School Districts: Fiscal Year 2023-24 Results

January 2025

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Overview

The Office of the New York State Comptroller’s (OSC) **Fiscal Stress Monitoring System (FSMS)** calculates and publishes a fiscal stress score annually for each county, city, town, village and school district in New York State that filed its annual financial report in time to be scored. School districts file their reports with the New York State Education Department, which provides them to OSC. OSC scores each district’s ability to maintain budgetary solvency based on a set of metrics that are combined to calculate a fiscal stress score that can range from 0 to 100 points. School districts scoring at or above 25 points fall into one of three stress categories: susceptible to fiscal stress (25-44.9 points), moderate fiscal stress (45-64.9 points) or significant fiscal stress (65-100 points). Scores below 25 result in a status of “no designation.” This report highlights the results for all school districts that filed reports for school year (SY) 2023-24.¹

For SY 2023-24, of the 670 school districts that filed their financial reports in time to be scored, 22 (3.3 percent) have been designated as being in a level of fiscal stress. (See Figure 1.) This is six more districts than in SY 2022-23, when 16 had a fiscal stress designation. Two school districts fell into the significant fiscal stress designation, down one from last year. Four districts are in moderate fiscal stress and 16 received the susceptible to fiscal stress designation, both numbers up from the prior year.

FIGURE 1
School District Fiscal Stress Designations, SY 2022-23 to SY 2023-24

Level of Fiscal Stress	SY 2022-23		SY 2023-24		2023-24	
	Number	Percentage	Number	Percentage	Number Change	Percentage Change
Significant Fiscal Stress	3	0.4%	2	0.3%	-1	-33.3%
Moderate Fiscal Stress	1	0.1%	4	0.6%	3	300.0%
Susceptible Fiscal Stress	12	1.8%	16	2.4%	4	33.3%
Total in Stress	16	2.4%	22	3.3%	6	37.5%
No Designation	653	97.6%	648	96.7%	-5	-0.8%
Total Filed and Scored	669	100.0%	670	100.0%	1	0.1%
Not Filed or Inconclusive	3		2		-1	-33.3%
Grand Total	672		672			

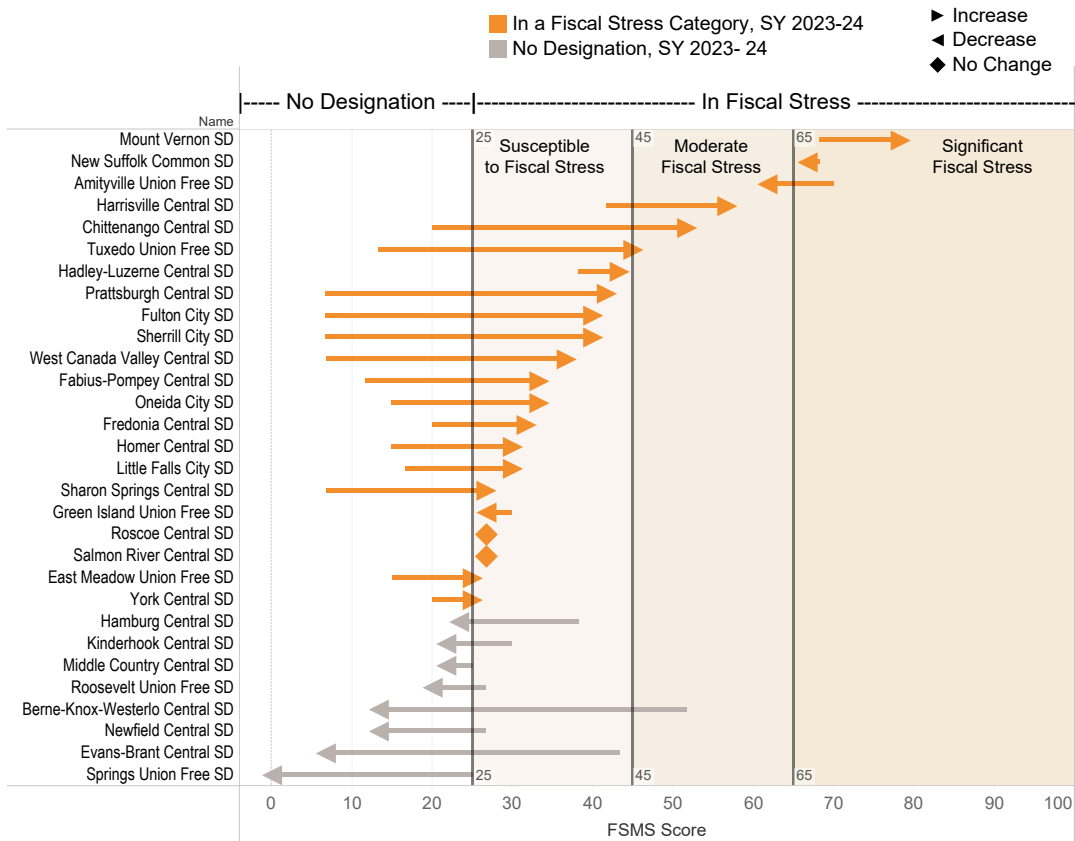
Notes: FSMS excludes the fiscally dependent city districts: New York City, Buffalo, Rochester, Syracuse and Yonkers as well as a small number of other districts. For details, see endnote 1.

Source: Office of the New York State Comptroller and New York State Education Department.

Figure 2 shows the change in fiscal stress scores for the 30 districts that were designated in a level of fiscal stress in either SY 2022-23, SY 2023-24 or both. Fourteen districts that were not in a category of fiscal stress in SY 2022-23 moved into one of the three fiscal stress designations in SY 2023-24. Eight districts that were in a level of fiscal stress in SY 2022-23 saw their scores decrease, placing them into the no designation category in SY 2023-24. Another eight were in fiscal stress in both years. Mount Vernon School District and New Suffolk Common School District remained in the significant fiscal stress category for SY 2023-24.

Some districts saw large score increases between SY 2022-2023 and SY 2023-24. Chittenango Central School District and Tuxedo Union Free School District experienced large fiscal stress score increases, moving them from no designation in SY 2022-23 to moderate fiscal stress in SY 2023-24. Chittenango was flagged for low unassigned fund balance, operating deficits and low liquidity, while Tuxedo had low unassigned fund balance and operating deficits. Prattsburgh Central School District, Fulton City School District and Sherrill City School District experienced large score increases that resulted in them moving from no designation in SY 2022-23 to susceptible to fiscal stress in SY 2023-24. All three districts were flagged for low unassigned fund balance and operating deficits. Prattsburgh and Fulton also received points for low liquidity, while Sherrill received points for increasing reliance on short-term debt.

FIGURE 2
FSMS Change in Score for School Districts with a FSMS Designation in SY 2022-23 or SY 2023-24



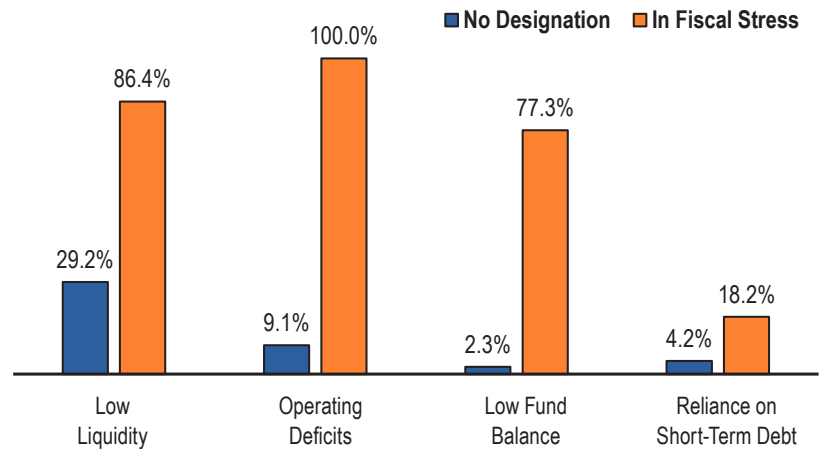
Source: Office of the New York State Comptroller.

How OSC Monitors Fiscal Stress

The Fiscal Stress Indicators

School district fiscal stress scores consist of six indicators that measure four aspects of fiscal stress: low liquidity, operating deficits, low fund balance and reliance on short-term cash flow debt. Points are assigned if a district exceeds a specified threshold for each metric. The points for each indicator are summed to determine the total fiscal stress score. As shown in Figure 3, for districts that were found to be in a fiscal stress category, the percentage receiving points is substantially higher when compared to their no designation counterparts, and this pattern holds across all four fiscal stress areas. The low liquidity indicators measure a school district's available cash at year end, which indicates whether it has enough cash on hand to pay its bills. In SY 2023-24, 86.4 percent of school districts designated in a level of fiscal stress had low liquidity, whereas only 29.2 percent of the districts with no designation had low liquidity.

FIGURE 3
Prevalence of Fiscal Stress Indicators by Designation, SY 2023-24



Source: Office of the New York State Comptroller.

An operating deficit exists when expenditures exceed revenues for a given fiscal year. The operating deficits indicator measures the difference between gross revenues and gross expenditures and assigns points when an operating deficit exceeds 1 percent of gross expenditures in one or more of the last three years. Operating deficits point to structural imbalances in the budget. In SY 2023-24, 100 percent of the school districts designated in a level of stress reported ending the year with an operating deficit in one or more of the last three years. In contrast, only 9.1 percent of districts with no stress designation had operating deficits.

The low fund balance indicators measure the adequacy of the accumulated surplus or deficit since operations began. This can indicate the entity's ability to cover revenue shortfalls and expenditure overruns, and is therefore one of the most critical aspects of budgetary solvency. As a result, the low fund balance indicators are more heavily weighted – accounting for 50 percent of the total possible points for school districts. The point threshold is less than or equal to 3 percent for the unassigned fund balance indicator and less than or equal to 10 percent for the total fund balance indicator.² In SY 2023-24, 77.3 percent of school districts designated in a level of fiscal stress had low fund balance compared to 2.3 percent of districts with no designation.

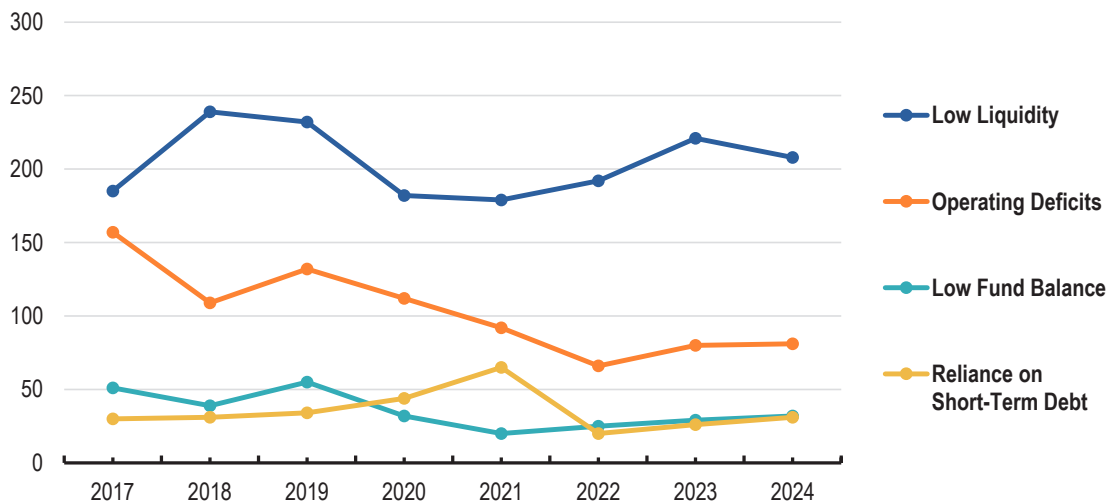
The short-term cash flow debt indicator measures the issuance of cash flow debt in the current year compared with the prior year. Borrowing to pay operating costs is generally not a fiscally prudent practice, and an increasing dependence on it can be a sign of fiscal stress. In SY 2023-24, 18.2 percent of districts in fiscal stress scored points for increasing reliance on short-term debt.

Indicator Trends

FSMS scores for all school districts show that the number of districts scoring on the low liquidity indicator category decreased slightly compared to SY 2022-23. (See Figure 4.) Meanwhile, the number of districts scoring in the low fund balance and reliance on short-term debt indicator categories increased slightly since SY 2021-22.

Low liquidity is the most frequently triggered indicator category. In SY 2023-24, 208 districts received FSMS points for low liquidity. Operating deficits have become much less common since SY 2016-17, with only 81 districts receiving points in this category in SY 2023-24 compared to 157 in SY 2016-17 – a 48.4 percent decrease. Relatively few districts received points for low fund balance or reliance on short-term debt over the past three years, although the number has been rising since SY 2021-22.

FIGURE 4
Number of Districts Flagged by Indicator Category, SY 2016-17 to SY 2023-24



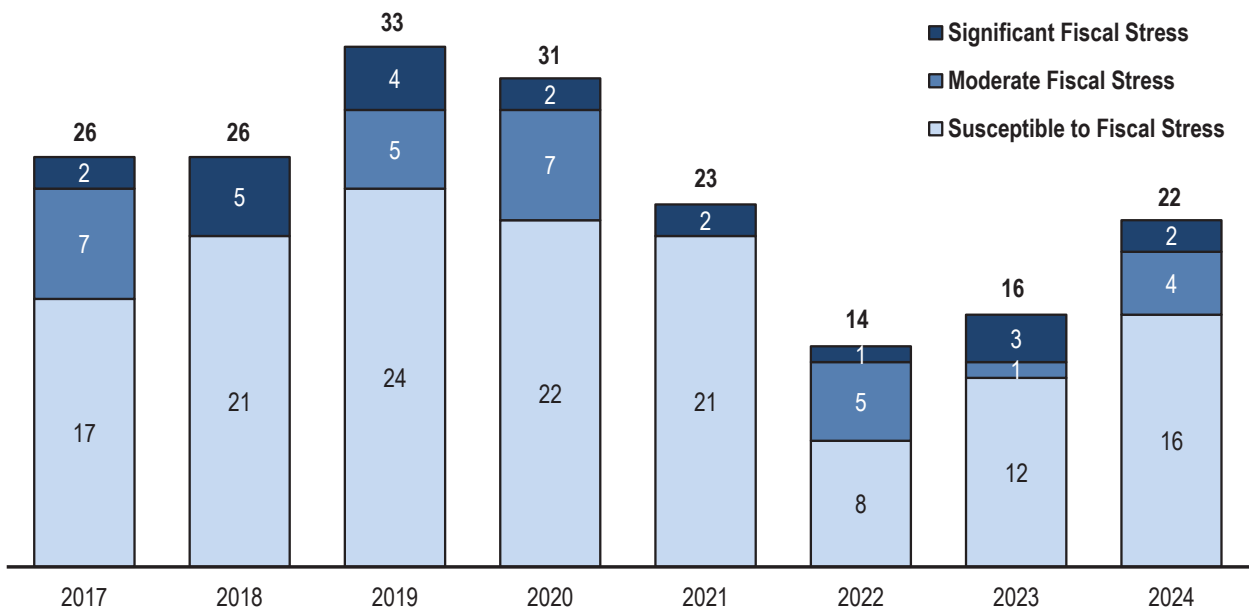
Source: Office of the New York State Comptroller.

Fiscal Stress Over Time

Out of the roughly 670 school districts that have been scored through FSMS each year since SY 2016-17, a very small percentage have been in fiscal stress in any given year. After rising from 26 to 33 from SY 2016-17 to SY 2018-19, the number experiencing fiscal stress fell to 14 in 2021-22. Since then, the number has been on the rise, although it remains below pre-pandemic levels. For SY 2023-24, 22 districts, or 3.3 percent of the 670 school districts scored, received a fiscal stress designation. (See Figure 5.)

Increases in State and federal aid have helped school districts avoid fiscal stress in recent years. State and federal aid increased 41.7 percent from SY 2019-20 to 2023-24, increasing \$6.5 billion from \$15.6 billion to \$22.1 billion (and accounting for 44.6 percent of total revenues).

FIGURE 5
School Districts Designated in Fiscal Stress by Year

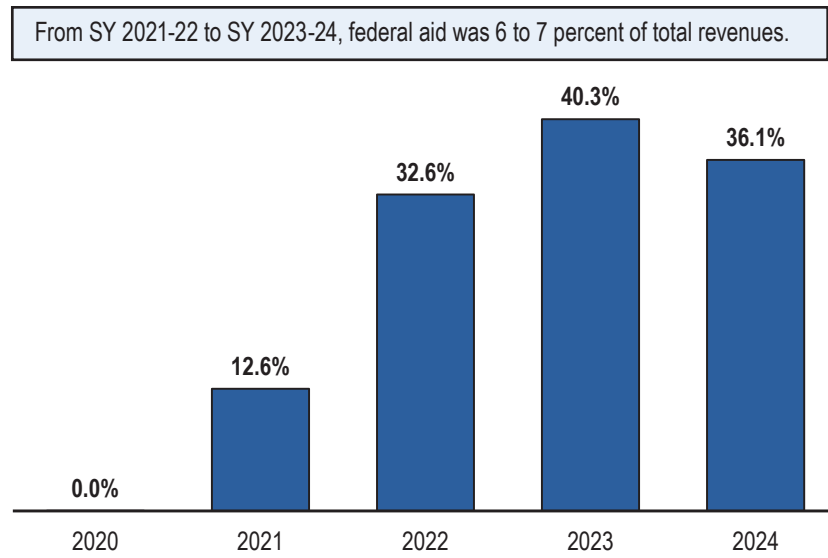


Source: Office of the New York State Comptroller.

A significant portion of the federal aid school districts received in these years consisted of pandemic-related funding through three acts passed by the federal government. School districts received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) of 2021 and the American Rescue Plan Act (ARPA) of 2021. Pandemic funding comprised 30 to 40 percent of federal aid from SY 2021-22 to 2023-24. (See Figure 6.) However, school districts do not rely heavily on federal aid, which accounted for only 6.2 percent of revenues in SY 2023-24.

School districts record expenditures from CARES, CRRSA, and ARPA funding separately when completing their annual financial filing with the New York State Education Department (NYSED).³ Between SY 2019-20 and SY 2023-24, school districts (excluding New York City and the fiscally dependent Big Four districts of Buffalo, Rochester, Syracuse and Yonkers) reported over \$3.6 billion in expenditures from pandemic-related funding. ARPA accounted for most of this spending (\$2.1 billion), while CRRSA and CARES accounted for \$1.3 billion and \$282 million, respectively.

FIGURE 6
COVID Funding as a Percentage of Federal Aid for School Districts, SY 2019-20 to 2023-24



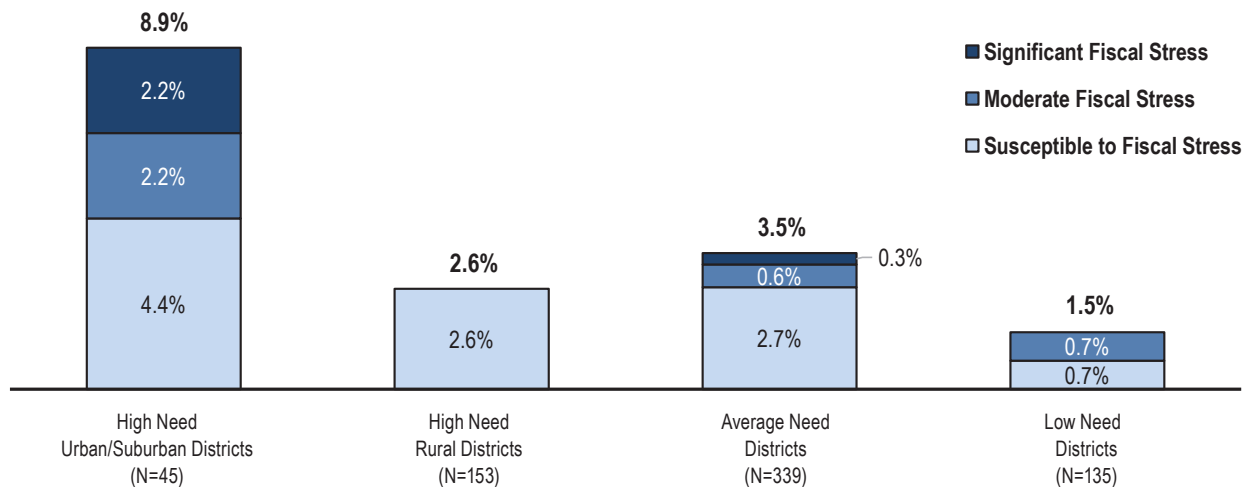
Source: Office of the New York State Comptroller (OSC) and the New York State Education Department with calculations by OSC.

Fiscal Stress and District Need

When looking at the relationship between district need and fiscal stress, high need urban/suburban school districts were more than twice as likely to be in fiscal stress compared to districts in the other need categories. (See Figure 7.)

Nearly 9 percent of these high-need urban/suburban districts were in fiscal stress in 2023-24 (or 4 of 45 districts), while just 2.6 percent of high need rural districts and 3.5 percent of average need districts were in a fiscal stress category. Low need districts were least likely to have a fiscal stress designation, at just 1.5 percent.

FIGURE 7
Percentage of Schools Designated in Fiscal Stress by Need Resource Category, SY 2023-24



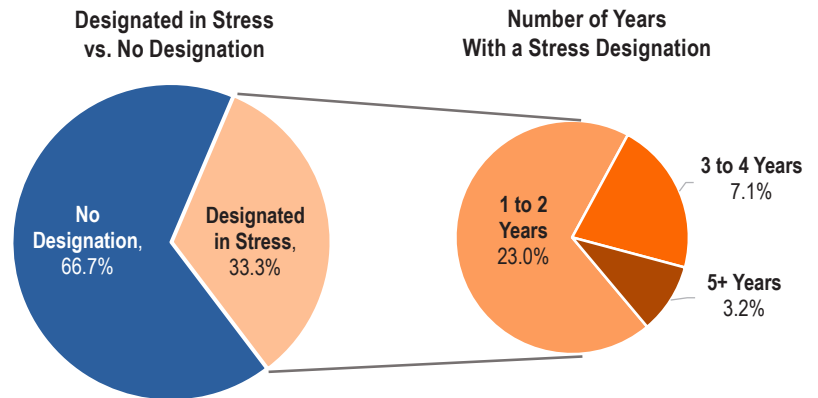
Note: Total percentages may not equal the sum of the parts due to rounding.

Source: Office of the New York State Comptroller (OSC), New York State Education Department, and calculations by OSC.

School Districts Showing Signs of Chronic Fiscal Stress

Since the system's inception in SY 2012-13, only a third of the 679 school districts that have been scored have ever received a fiscal stress designation. (See Figure 8.) Most of these districts were in a fiscal stress designation for only one or two years (156 districts, or 23 percent of all districts). Only 48 districts (7.1 percent) have had a fiscal stress designation three or four times, while just 22 school districts (3.2 percent) have been in fiscal stress five or more times.

FIGURE 8
Percentage and Frequency of Schools in Fiscal Stress, SY 2012-13 to SY 2023-24



Note: Includes districts that received a FSMS score for any year from SY 2012-13 to SY 2023-24.
Source: Office of the New York State Comptroller.

FIGURE 9
School Districts Designated in Fiscal Stress in Five or More Years

Significant Fiscal Stress
 Moderate Fiscal Stress
 Susceptible to Fiscal Stress
 Not Filed or Inconclusive
 No Designation

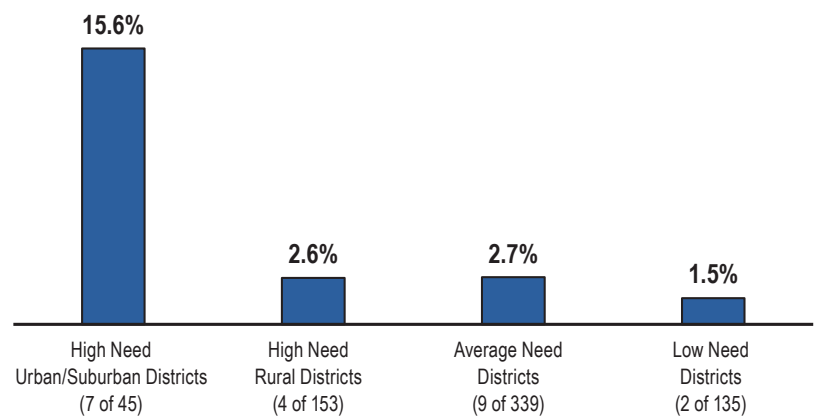
Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Years in Stress
East Ramapo Central School District													8
New Suffolk Common School District													8
Rensselaer City School District													8
Wyandanch Union Free School District													8
Cortland City School District													7
Eldred Central School District													7
Hempstead Union Free School District													7
Eastport-South Manor Central School District													6
Evans-Brant Central School District													6
Harrisville Central School District													6
Hudson Falls Central School District													6
Marathon Central School District													6
Mount Vernon School District													6
Sauquoit Valley Central School District													6
Copiapue Union Free School District													5
De Ruyter Central School District													5
East Aurora Union Free School District													5
Lafayette Central School District													5
Long Beach City School District													5
Niagara-Wheatfield Central School District													5
Northern Adirondack Central School District													5
West Seneca Central School District													5

Source: Office of the New York State Comptroller.

Figure 9 shows the 22 school districts that have been designated in stress for five or more years from SY 2012-13 to SY 2023-24. Four districts (East Ramapo Central School District, New Suffolk Common School District, Rensselaer City School District and Wyandanch Union Free School District) have been in fiscal stress for eight of the twelve years that districts have been scored. Of these four districts, only New Suffolk Common School District is in stress for SY 2023-24.

Figure 10 shows that high need urban/suburban districts are nearly six times more likely to be chronically stressed compared to districts in the other need/resource categories – 15.6 percent compared to between 1.5 percent and 2.7 percent for districts in other need/resource capacity categories. The higher prevalence of both fiscal stress and chronic fiscal stress among these districts is an area of concern.

FIGURE 10
Percentage of School Districts that Are Chronically Stressed by Need/Resource Capacity Category, SY 2023-24



Source: Office of the New York State Comptroller (OSC) and the New York State Education Department with calculations by OSC.



Environmental Stress

FSMS includes an analysis of environmental indicators in addition to the fiscal stress indicators. The environmental indicators provide context for understanding why a school district may be designated in fiscal stress, but do not contribute to the fiscal score for a district. FSMS tracks several environmental risk factors, including poverty (a high percentage of economically disadvantaged students), a high teacher turnover rate, a recent decrease in property values, low margins for budget approvals, a high percentage of English language learners and large class sizes.

Similarly to the fiscal stress scoring, districts may be designated in one of three levels of environmental stress – susceptible, moderate and significant. If they do not meet the criteria for one of the three levels, their environmental stress category is “no designation.”

Figure 11 shows the number and percentage of districts in environmental stress. In 2023-24, 104 school districts (15.5 percent of those scored) were in one of the three environmental stress categories, three fewer than in SY 2022-23. From SY 2016-17 to SY 2023-24, the number of districts experiencing environmental stress was between 74 (in SY 2018-19) and 107 (in SY 2022-23). As is the case for fiscal stress, few districts experience significant environmental stress. (See Figure 12.)

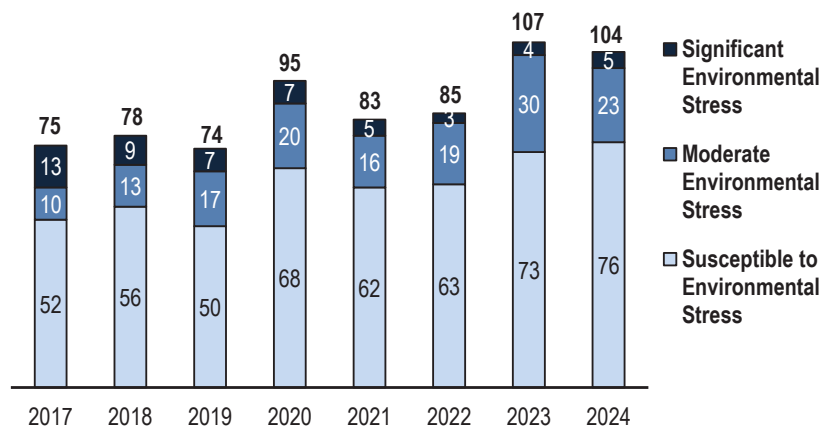
FIGURE 11
School District Environmental Stress Designations, SY 2023-24

Level of Fiscal Stress	Number	Percentage
Significant	5	0.7%
Moderate	23	3.4%
Susceptible	76	11.3%
Total in Stress	104	15.5%
No Designation	566	84.5%
Total Filed and Scored	670	100.0%
Not Filed or Inconclusive	2	
Grand Total	672	

Notes: Excludes New York City and the large dependent city school districts of Buffalo, Syracuse, Rochester and Yonkers. "Not Filed or Inconclusive" includes districts that failed to file data in time to receive a fiscal stress score, as well as districts that filed inconclusive data for fiscal stress purposes.

Source: Office of the New York State Comptroller.

FIGURE 12
Number of School Districts Designated in Environmental Stress by Year

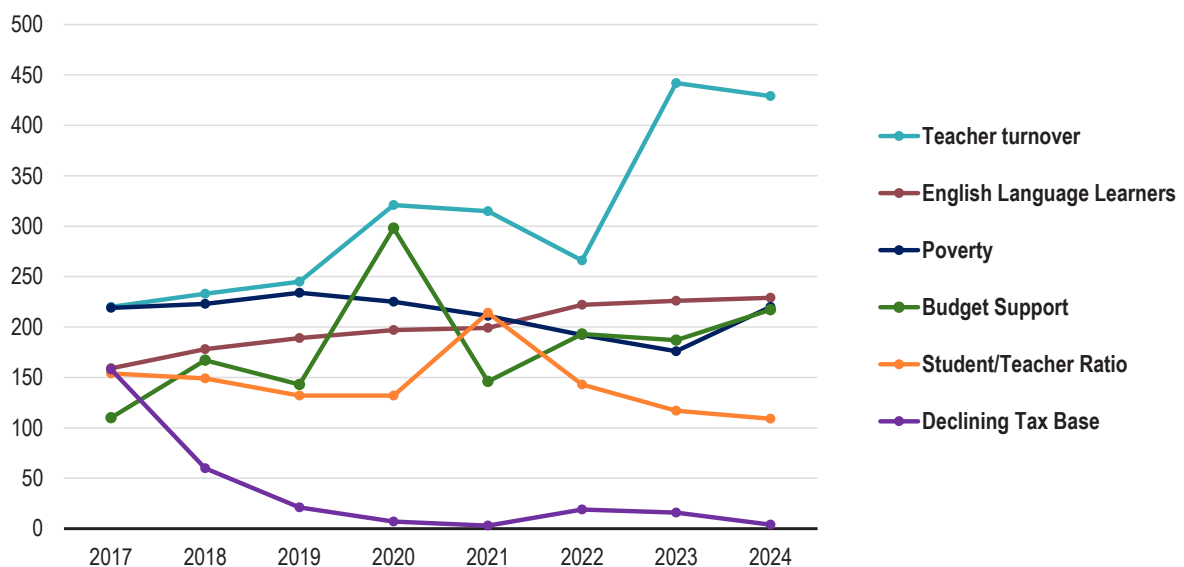


Source: Office of the New York State Comptroller.

Figure 13 shows the number of school districts that received points for each environmental indicator category by year. Two of the indicators have shown notable increases since SY 2016-17. Over the past two years, the number of districts experiencing high teacher turnover has been much higher than in earlier years. In SY 2022-23, nearly two-thirds of districts had high teacher turnover and the following year it was almost as high (64 percent of districts). High turnover can be a problem for districts for several reasons. Administrative and training costs increase, of course, and sustained high turnover can be a sign of a difficult work environment and low morale. The other indicator showing a notable increase is districts with a large share of English Language Learners. The share of districts flagged for a high percentage of English Language Learners has increased from 23.6 percent in SY 2016-17 to 34.2 percent in SY 2023-24. A recent **OSC audit** found that enrollment of English Language Learners is rising and that some districts are not offering required bilingual education programs. Districts cited difficulty attracting staff with the appropriate bilingual education certification for languages commonly spoken by their students as a contributing factor in not accommodating these students.⁴

One environmental indicator that not many districts have experienced in the past few years is a shrinking property tax base. In SY 2023-24, only four districts were flagged on this indicator. This suggests that most districts have a stable property tax base. This is important because property taxes provide a large share of funding for most districts.

FIGURE 13
Number of School Districts Flagged by Environmental Indicator Category



Source: Office of the New York State Comptroller.

Conclusion

While over the past eight years, few school districts have been designated in fiscal stress in any given year, for SY 2023-24, 22 school districts received a fiscal stress designation. This is substantially more than the 16 in SY 2022-23, but in line with pre-pandemic results. Now that most pandemic relief aid has been obligated, districts should plan for less federal aid in the future. As federal aid returns to pre-pandemic levels, school officials may also have to prepare for changes to State school aid. State budget gaps could put pressure on school funding in the coming years. With that in mind, district officials should take advantage of the resources available to them, if they aren't already doing so. OSC's **self-assessment tool**, which allows officials to calculate fiscal stress scores based on current and future financial assumptions, and OSC's **financial toolkit**, which contains guidance, resources, training and reports, can help officials manage through complex circumstances.⁵

Notes

- ¹ The New York City School District, due to its unique financial structure, is excluded from the Fiscal Stress Monitoring System (FSMS), as are the school districts created by a special act of the New York State Legislature to provide students placed in certain residential facilities access to a public education. This report also excludes the “Big Four” City School Districts of Buffalo, Rochester, Syracuse and Yonkers. Unlike other school districts, the Big Four cities do not have separate authority to levy taxes and are instead fiscally dependent on their cities to levy taxes for school district purposes. School district information for these fiscally dependent districts will be incorporated into the scoring for their respective cities. School year (SY) refers to school fiscal years, which run from July 1 to June 30. For more information on the FSMS indicators and scores, see Office of the New York State Comptroller (OSC), *Fiscal Stress Monitoring System Manual*, January 2022, at www.osc.ny.gov/files/local-government/fiscal-monitoring/pdf/system-manual.pdf.
- ² For more information on the different classifications of fund balance see The Governmental Accounting Standards Board (GASB), Summary of Statement No. 54, at www.gasb.org/page/pronouncement?pagelid=/standards-and-guidance/pronouncements/summary-statement-no-54.html&isStaticPage=true. For more information on the calculations for the fund balance indicators see OSC, *Fiscal Stress Monitoring System Manual*, January 2022, Appendix B, at www.osc.ny.gov/files/local-government/fiscal-monitoring/pdf/system-manual.pdf.
- ³ For more information on pandemic-related federal funding, see OSC’s *Annual Report on Local Governments for Fiscal Years Ending in 2022*, pp. 7-12, at www.osc.ny.gov/files/local-government/publications/pdf/fye2022-annualreport.pdf. See also OSC’s *Annual Report on Local Governments for Fiscal Years Ending in 2023*, in publication.
- ⁴ OSC, Division of State Government Accountability, *State Education Department: English Language Learners Programs*, Report 2022-S-30 (September 2024), p. 11. Available at www.osc.ny.gov/files/state-agencies/audits/pdf/sga-2024-22s30.pdf.
- ⁵ See OSC, *Financial Toolkit for Local Officials*, at <https://www.osc.ny.gov/local-government/financial-toolkit>.



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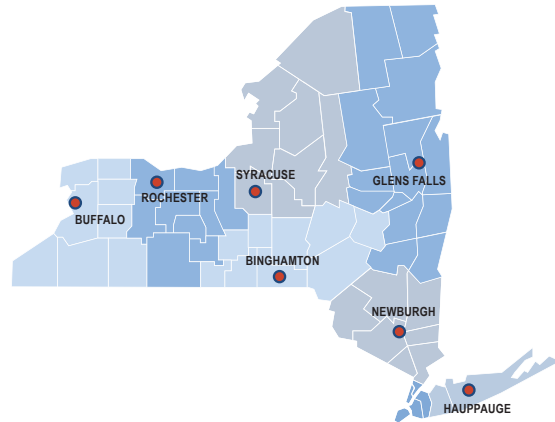
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