



Fiscal Risk Assessment (FRA) Guidance

Louisiana Department of Education

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This document provides answers to questions regarding the Fiscal Risk Assessment (FRA) process. This document may be viewed under FISCAL RISK ASSESSMENT in the [Business Manager Support Library](#)

For further information on this guidance, send inquiries to ldoeschoolfinancehelpdesk@la.gov or call the Office of School System Financial Services at 225.342.3617.

What is the Fiscal Risk Assessment?

By law, each city, parish or other local public school board shall be notified on a regular basis by the State Department of Education of its financial status per the annual Fiscal Risk Assessment.

What statutes govern the administration of the Fiscal Risk Assessment?

Pursuant to LR.S. 17:10.1.D, the State Board of Elementary and Secondary Education (SBESE) is required to define "financially at risk" as a status of any city, parish, or other public school system the unresolved finding of which subjects the school system and its board to provisions of the law regarding the judicial appointment of a fiscal administrator.

Additionally, Louisiana Revised Statute 39:1351 defines, "financial stability" as a condition in which the political subdivision is capable of meeting its financial obligations in a timely manner as they become due without substantial disposition of assets outside the ordinary course of business, substantial layoffs of personnel, or interruption of statutorily or other legally required services of the political subdivision, restructuring of debt, revision of operations, or similar actions.

What is the purpose of the Fiscal Risk Assessment?

The Fiscal Risk Assessment (FRA) exists in order to fulfill BESE's responsibility to monitor the fiscal health of school systems and to identify factors that may contribute to instability. The evaluation takes into consideration a variety of factors to determine if any guidance or technical assistance from the department is necessary to support a stable school system fiscal position.

What school systems are included in the Fiscal Risk Assessment process?

School systems evaluated within the FRA process include city or parish school systems, Type 2 charter schools authorized by BESE, charter schools financially independent for federal funds within the Orleans school system, and Type 5 charter schools within the RSD.

What are the classifications categories provided to the school systems as a result of the assessment?

The school systems are grouped into three categories at completion of the assessment:

- **In Corrective Action** – School systems with one or more fiscal health factors that are unacceptable.
- **Monitor** – School systems with one or more fiscal health factors that need improvement.
- **No Action** – School systems for which there were no issues out of the ordinary that required additional follow-up.

What are the next steps for a school system that is placed in the In Corrective Action category?

The Department works with the school systems categorized in the In Corrective Action category to identify and document a corrective action plan for resolution of identified weaknesses.

Is BESE provided a follow-up report on school systems categorized as In Corrective Action?

Yes, the department prepares a summary of the corrective action plans for the school systems with detailed notations on improvements or further concerns impacting the current fiscal health of the school systems.

What are the next steps for a school system that is placed in the Monitor category?

The school systems in the Monitor category are contacted by the department to discuss issues identified in the assessment that need improvement. Technical assistance is provided to support improvements in fiscal health factors.

What are the consequences of a school system designated as high risk for financial insolvency?

If a school system is at high risk for financial insolvency, the Department will recommend to BESE that the situation be referred to a committee comprised of the legislative auditor, the attorney general, and the state treasurer for review of the financial stability of the school system and possible appointment of a fiscal administrator. BESE makes the final decision on this referral.

What information resources are available on the Fiscal Risk Assessment factors considered in the assessment?

The Description of Factors document provides details regarding each factor included in the financial risk assessment and is located in the FISCAL RISK ASSESSMENT section of the [Business Manager Support Library](#)