

# Governments in Peril: Dealing with Financial Distress

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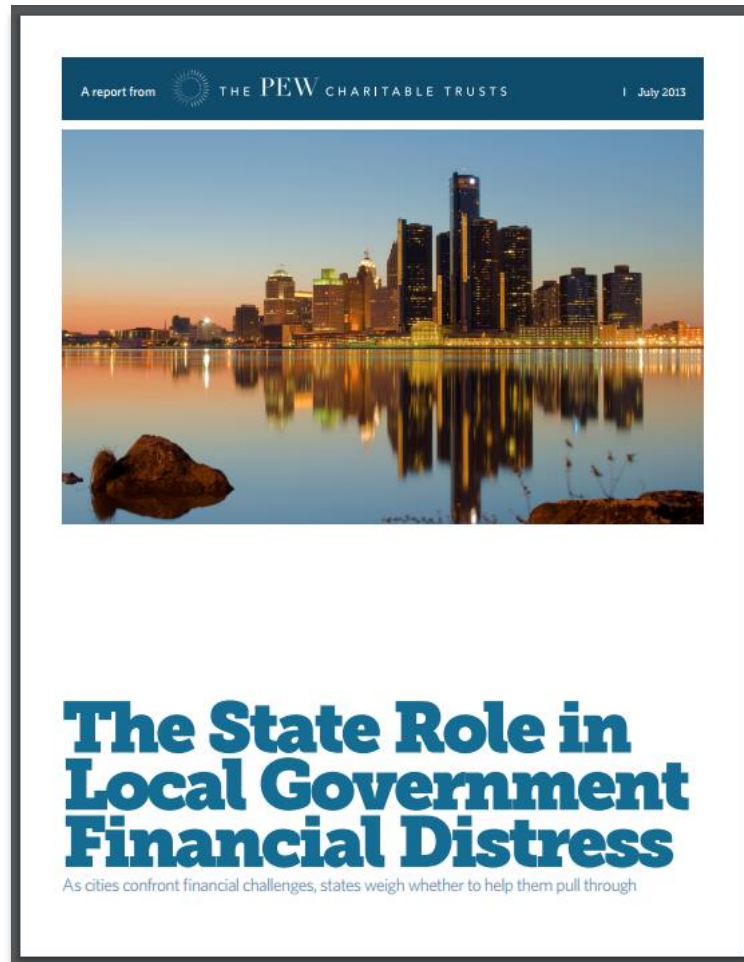
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NCSL Midwest States Fiscal Leaders

# Opportunities for state/local partnership

- Local governments are critical to state growth
- Local officials have limited flexibility to address both long-term structural challenges and short-term shocks
- Early detection creates opportunities to resolve challenges in advance of a fiscal crisis

# 2013 report on state interventions



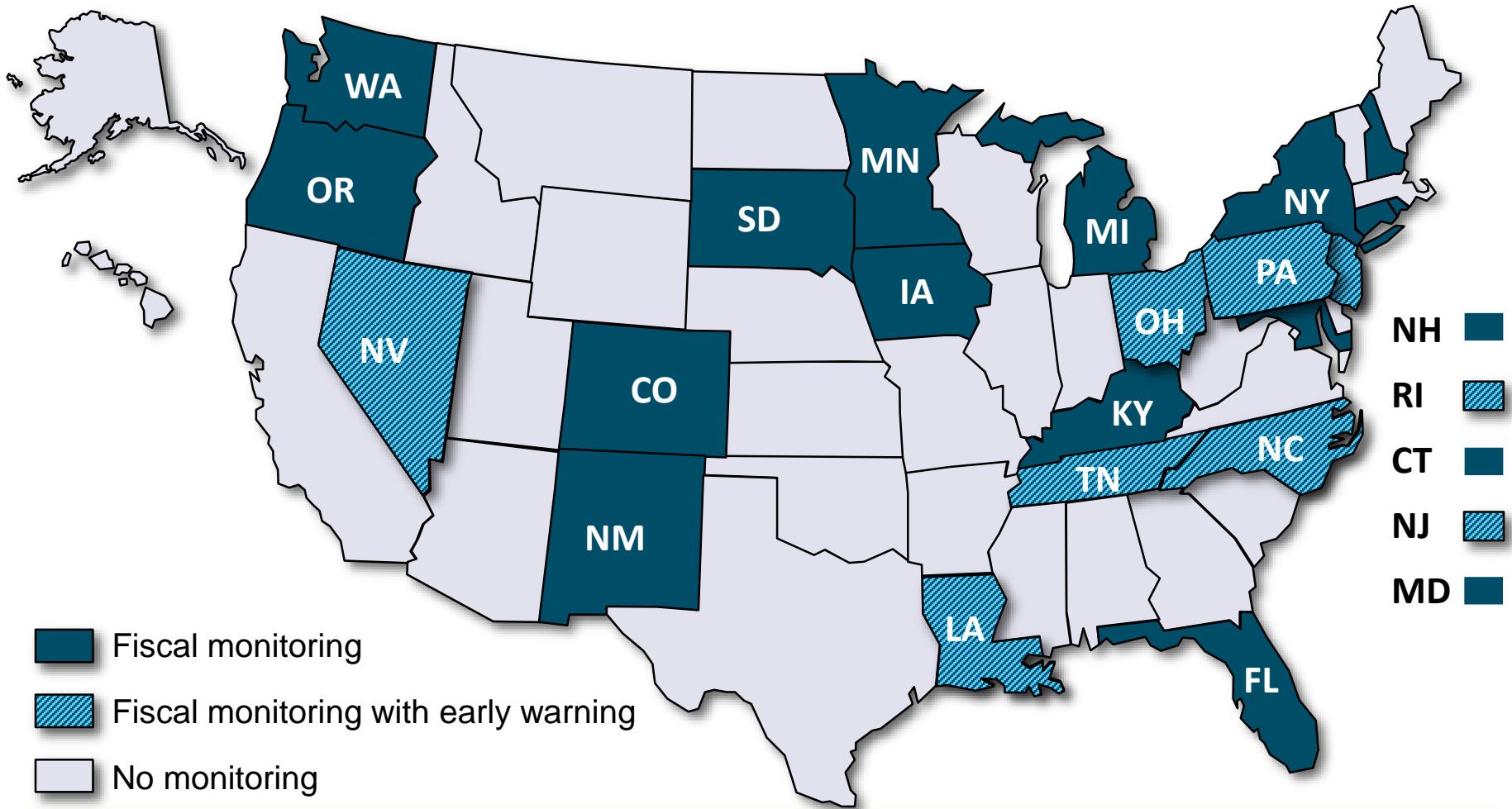
# 2016 report on fiscal monitoring



# Fiscal monitoring defined

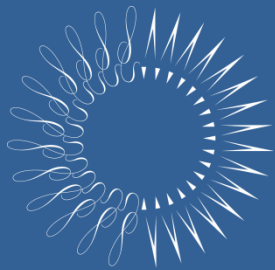
- States that actively and regularly review financial information from local governments
- Assess the fiscal condition of local governments and/or identify signs of distress

# Fiscal monitoring policies



# No single solution, but some key considerations

- Establish a clear definition of “distress”
- Identify the department(s) or agency(ies) responsible
- Identify data sources that will meet the stated purpose
- Determine which indicators to monitor and with what frequency
- Ensure monitoring is consistent



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