# Community Colleges and the FCMAT Fiscal Health Risk Analysis

## What is FCMAT?

The Fiscal Crisis and Management Assistance Team (FCMAT) is an independent state entity that was created in 1991 with the passage of Assembly Bill (AB) 1200. In January 2006, Senate Bill (SB) 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services. FCMAT's primary mission is to help California's local K-14 educational agencies identify, prevent and resolve financial, operational and data management issues by providing management assistance and professional learning opportunities. FCMAT's services are not used just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of finance professionals, and help create efficient organizational operations.

When a request or assignment is received, FCMAT works closely with the local educational agency (LEA) to define the scope of work, assemble a team, conduct on-site fieldwork and provide a written report with findings and recommendations to help identify and resolve issues, and plan for the future. If the client can provide all documentation at the start of the assignment, it should take about eight weeks to receive a final report.

## What is a FHRA?

FCMAT has developed the Fiscal Health Risk Analysis (FHRA) to help evaluate a community college district's fiscal health and risk of insolvency in the current and two subsequent fiscal years. The FHRA includes 18 sections, each containing specific questions. Each section and specific question are based on FCMAT's work and have been found to be the common indicators of risk or potential insolvency for districts that have experienced significant financial issues and received assistance from outside agencies. Each section of this analysis is critical to an organization, and lack of attention to these areas could eventually lead to a district's financial insolvency and loss of local control. The analysis will result in a determination of high, moderate or low risk.