

University of Washington



Fiscal Notes: 2008 Legislative Session

Legislative Information Session

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Jessica Thompson

Policy Analyst

What is a Fiscal Note?

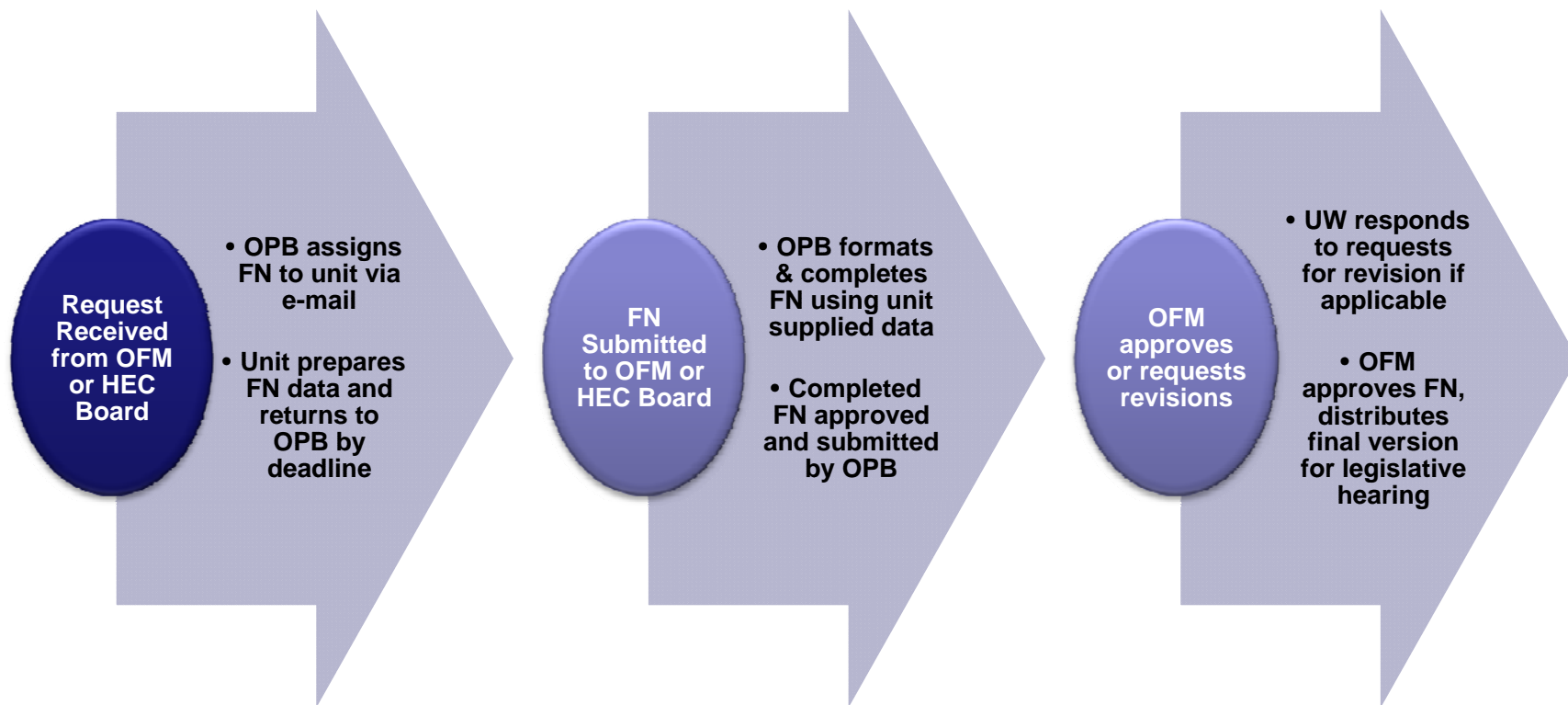


- ❖ Statement of fiscal impact of legislation or a legislative proposal. A fiscal note is always tied to a specific version of a bill or proposal. Each time a bill or proposal is revised, a new fiscal note is requested.
- ❖ Used by legislators as they evaluate the merits and costs of a particular bill
- ❖ Used by other agency and legislative staff, journalists, lobbyists or other stakeholders

Fiscal Note Request Timeline



OFM generally assigns a 72-hour, three-day deadline:



The Elements of a Fiscal Note



- ❖ **Summary:** describe how the legislation impacts the UW
- ❖ **Cash Receipts (taxes and fees):** describe and quantify estimated impact on cash receipts for the UW
- ❖ **Expenditures:** describe and quantify expenditures necessary to implement the legislation as written; include assumptions made for all calculations
- ❖ **FTEs:** list the job title, annual salary and number of FTEs required to implement the legislation
- ❖ **Capital:** identify acquisition and construction costs not reflected elsewhere and describe potential financing

Responding to a Fiscal Note Request



- 1) Review existing budget and law
- 2) Read and analyze the bill
- 3) Coordinate response with all relevant parties
- 4) Resolve any questions or ambiguities regarding bill intent or language with OPB
- 5) Calculate and describe fiscal impacts via the estimates and narrative template provided by OPB
- 6) Return completed templates to OPB by deadline
- 7) Communicate policy and legislative intent concerns separately from the fiscal note

Fiscal Note Narrative Template



UW: FISCAL NOTE NARRATIVE

SUMMARY

(Briefly describe what the legislation does, with an emphasis on the significant provisions of the bill that have fiscal impact on the UW. Describe how the provisions will affect agency operations. Include the section numbers for reference and focus on the sections of the bill that have fiscal impact on the UW.)

CASH RECEIPTS

(Briefly describe the assumptions and methods used in estimating the cash receipts impact of the legislation, including section numbers and revenue sources as a reference. Explain how the assumptions translate into cash receipts estimates.)

EXPENDITURES

(Briefly describe UW expenditures necessary to implement the legislation, including section numbers as a reference. Describe the significant assumptions and methods used to arrive at the FTE and/or dollar estimates for each object of expenditure. Explain how workload assumptions translate into cost estimates.)

FTEs

(Include explanations of and assumptions made in calculating FTEs and associated costs-- salary and benefits-- in the 'Expenditures' narrative above.)

CAPITAL

(If the legislation will impact the capital budget, describe the project the expenditures will support, identify the anticipated funding source, identify associated FTE costs, identify the state agency expected to administer the capital budget appropriation, identify the final user or recipient of the capital appropriation, and identify whether the capital budget costs are included in the most recent version of the Governor's Ten-Year Capital Plan.)

Fiscal Note Data Template



UW: FISCAL NOTE ESTIMATES

CASH RECEIPTS						
Fund Title/Number	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
<i>(ex: 149, Operating Fees Account)</i>						
TOTAL	0	0	0	0	0	0
EXPENDITURES						
Fund Title/Number	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
<i>(ex: 001, General Fund-State)</i>						
TOTAL	0	0	0	0	0	0
Object	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Salaries & Wages						
Employee Benefits						
Personal Serv Contracts						
Goods and Services						
Travel						
Capital Outlays						
Inter Agency Fund Transfers						
Grants, Benefits Services						
Debt Service						
Interagency Reimbursement						
Intra-Agency Reimbursement						
Other: Specify						
TOTAL	0	0	0	0	0	0
FTEs						
Job Title, Annual Salary	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
<i>(ex: Administrative Asst., \$42,000)</i>						
TOTAL	0	0	0	0	0	0
CAPITAL						
Construction Estimate	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Acquisition						
Construction						
Other						
TOTAL	0	0	0	0	0	0

General Tips for Fiscal Note Request Response



- ❖ Focus only on the bill's impact on the UW
- ❖ Exclude indirect costs in your fiscal estimates
- ❖ Report current dollars only, do not build in inflation
- ❖ Identify estimated costs/receipts as one-time or on-going
- ❖ Identify implementation dates and take them into account when calculating costs, receipts and FTEs
- ❖ Provide explanation if there is no fiscal impact
- ❖ Write for a general audience, avoid jargon, spell out acronyms

Common Mistakes in Fiscal Note Responses



- ❖ Total expenditures by FY do not match total expenditures by object and FY
- ❖ Narrative is too technical, argumentative, or brief
- ❖ Numbers reported and narrative do not match
- ❖ Bill sections are improperly identified
- ❖ Estimates do not take implementation date into account
- ❖ Assumptions not explicitly identified and explained
- ❖ Figures reported for out-years include inflation
- ❖ Analysis is not objective and factual and addresses merits of the bill

When a Bill Involves More Than One Agency



- ❖ Coordinate assumptions with involved agencies
- ❖ Make sure there are no double-counts, omissions or contradictions between agency fiscal notes
- ❖ If funds will be received via an inter-agency agreement or contract, report an off-setting interagency reimbursement figure in the expenditures section

ex: According to a bill, UW will contract with DOH for \$X to complete a study. Report all related expenditures by object, including an off-setting negative amount representing \$X from DOH. The total \$ expended should equal \$0, and DOH must reflect the same figures in their own fiscal note

When the Cost is Indeterminate



- ❖ There are instances when there are too many unknowns to make a reasonable estimate of fiscal impact
- ❖ In such cases we can cite the fiscal impact of the bill as ‘indeterminate’, but must provide some information and/or a range of scenarios that provide a sense of scale

ex: “Cash receipt impacts under this bill cannot be determined prior to the setting of annual tuition increases by the University of Washington Board of Regents. To provide a general idea of the yield of tuition increases, the UW has calculated the following:

Each one percent increase in tuition (operating fee only) across all students except resident undergraduates generates a net increase of about \$1.66 million. This figure is an approximation and based upon the following assumptions...”

When the Cost is Small and Absorbable



- ❖ There are instances when the cost associated with a bill is very small and can be absorbed by existing resources
- ❖ In such cases we can cite the fiscal impact of the bill as ‘no fiscal impact’, but must provide some information about the scale of the costs and what existing activities or efforts might be displaced in order to accommodate the legislation

ex: “Service on a board such as the one this bill creates is often an expenditure that the UW is willing to absorb with existing resources, particularly if the board member is reimbursed for direct participation expenditures by the State. However, should the Dean be unable to serve himself and need to appoint a designee, there be something close to \$10,000 in yearly expense to cover the time of this designee.”

When You Have Concerns About the Bill



- ❖ A fiscal note must only be used to provide an objective estimate of the fiscal impact proposed legislation will have on the UW
- ❖ If you have opinions about the merits of a bill, please communicate such opinions separately from the fiscal note response
- ❖ Such issues will be addressed through State Relations in ways that may include your written or oral testimony, suggested language changes or clarifications, etc.

Additional Fiscal Note Resources



OFM's Fiscal Note Instructions:

http://www.ofm.wa.gov/budget/instructions/other/2008_AgencyFiscalNoteInstructions.pdf

OFM's Fund Look-up:

<http://www.ofm.wa.gov/fund/appendix/appendixc.asp>

OFM's Fiscal Note Look-up:

<https://fortress.wa.gov/ofm/fnspublic/>

WA Legislature Home (for bill search, law search, etc):

<http://www.leg.wa.gov/legislature>

For Fiscal Note Assistance...



Please direct fiscal note inquiries to:

Jessica Thompson
Policy Development Analyst
Office of Planning and Budgeting
Phone: (206)685-9955
E-mail: jlthomp@u.washington.edu