2015 Legislative Session
Fiscal Impact Statements – Frequently Asked Questions

Who is the audience for an agency fiscal impact narrative?
The Legislative Fiscal Office (LFO) fiscal analyst is your primary audience as they are the author of the official LFO fiscal impact statement. Like many external stakeholders, LFO does not have detailed knowledge about agency statutory requirements and operational practices, so it is helpful when narratives provide sufficient detail to help a less informed reader understand assumptions and conclusions that are made in the narrative. If an agency wants specific feedback on the quality of their fiscal products they can ask for it from their primary LFO Fiscal Analyst.

If there is no fiscal impact to the agency can we just check the no fiscal box?
No, a No Fiscal Impact must be accompanied by a short narrative description of why the agency has determined that the impact on the agency is "no fiscal."

When is a fiscal "minimal" and what is the Legislature's or LFO's process for handling a "minimal" fiscal?
Determining a fiscal impact as "minimal" means that the agency is stating that the activities required by the bill can be executed within the agency's current service level budget. Enacting this bill will not require an additional limitation or appropriation. A minimal fiscal conclusion must be supported by a description of what the bill requires of the agency and why these actions can be supported with existing resources. *Please also include expenditure and revenue estimates for minimal fiscals.*

When is it appropriate to call a fiscal "indeterminate"?
Rarely. It is appropriate to use an "indeterminate fiscal" when the bill clearly results in additional revenues or expenditures, but the degree and timing of the revenues/expenditures are not known. This is why documenting your assumptions is an important element of the process. There are also times when the complexity associated with defining assumptions makes the resulting projections subject to a wide range of variability. This is when you begin to enter the terrain of the indeterminate fiscal. LFO would prefer that agencies not make indeterminate fiscal conclusions; LFO would rather you provide your best estimates of fiscal impacts, which might include ranges instead of hard numbers, and allow LFO to make this final call on indeterminate fiscals.

What role does the Governor's Recommended Budget have in the fiscal process?
The role of the fiscal impact process is to act as an early warning system for the budget process and to support a balanced state budget. Fiscal impacts identify revenue and expenditure implications associated with proposed substantive legislation and the budget process establishes funding priorities. These processes need to intersect at some point, so identifying funding provided within the Governor's Recommended Budget helps LFO track these bills in relation to an agency's budget bill.

2015 Legislative Session
Fiscal Impact Statements – Frequently Asked Questions

What impact do amendments have on agency fiscals; do we have to write a fiscal on every amendment?

It is very common for legislation to be amended during the process. In general, however, LFO only requires fiscal impacts on amendments that are likely to advance in a committee. Since LFO doesn't always know when an amendment is being considered or whether it will be adopted by the committee, it is very important that LFO and agencies share knowledge about potential amendments and their possible changes to previous fiscal assessments. For example, when you hear about an amendment, contact LFO and give a heads-up about the potential amendment. LFO will try to extend the same courtesy to agencies. Better yet, send us a copy of the amendment and a revised fiscal impact form that is based on the amendment. This doesn't mean that you have to write a fiscal for every amendment, but you need to be prepared to respond quickly to LFO's requests for fiscals on amended bills as this is our highest priority, and often requires less than a 24-hour turnaround.

What should I do when I don't have enough time to provide a good fiscal?

LFO appreciates that you are concerned about quality; we are too. If you are concerned that you can't meet a deadline, or that the quality of your work won't be up to your standards, please call your LFO Fiscal Analyst to discuss this issue. We may be able to help narrow the scope of your work to allow you to meet the timeline and quality standards.

Why do LFO Fiscal Analysts ask so many questions?

A good fiscal impact anticipates the questions that Legislators may have. We all know that two individuals looking as the same problem often take different approaches or see the situation differently. The same is true with fiscal impact analysis. This provides a partial explanation for why LFO asks so many questions. A second reason is that LFO's fiscal impact statement is the official document of public record, so the LFO fiscal preparer is the individual who can be called at any time to testify about the fiscal impact statement to a legislative committee.

What happens if LFO does not agree with an agency's fiscal analysis?

LFO adds value to the fiscal impact process by ensuring accuracy, integrating information from multiple agencies, challenging agency assumptions and offering different points of view on fiscal analysis. We typically have information on the bigger picture that agencies may not have. While LFO prefers to agree with agencies on fiscal analysis, LFO and agencies have on occasion disagreed. Ultimately, it is LFO's fiscal that gets presented to legislative committees. As part of the LFO fiscal impact, however, our office generally tries to note when an agency and LFO fiscal impact are not in agreement.

Should I prepare a fiscal impact for a legislator if asked?

Agencies are certainly allowed to respond to fiscal information requests from legislators. When honoring such a request please be sure to immediately provide the same information to LFO. There are two things we both want to avoid: 1) legislators having different information from what you provide to LFO; and, 2) legislators calling LFO with questions about agency fiscals that we don't have a copy of on file.

What if the bill affects more than one agency?
When a bill affects more than one agency, LFO will request each agency to prepare a FIS that details the fiscal impact on its own operations (unless otherwise instructed). Agencies may communicate with each other to avoid conflicting assumptions, double counting, or omissions. If an agency knows of other agencies affected by the legislation that have been asked to prepare a FIS, please notify LFO as soon as possible.

May agencies prepare a fiscal impact statement prior to or without a request from LFO?
Due to short turnaround times, early analysis is very helpful. If an agency is aware (before being notified by LFO) that an introduced bill has a fiscal impact, please notify LFO.