

Review of the Oregon Fiscal Impact Statement Process



**Legislative Fiscal Office
December 2006**

**STATE OF OREGON
LEGISLATIVE FISCAL OFFICE**

900 COURT STREET NE
STATE CAPITOL, ROOM H-178
SALEM OR 97301-4048
PHONE 503-986-1828
FAX 503-373-7807



KEN ROCCO
LEGISLATIVE FISCAL OFFICER

THERESA MCHUGH
DEPUTY LEGISLATIVE FISCAL OFFICER

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To the Members of the Seventy-Fourth Oregon Legislative Assembly:

Enclosed is a Legislative Fiscal Office (LFO) report submitted to the Joint Legislative Audit Committee for consideration at its November 16, 2006 meeting. The report is the result of a review and analysis of Oregon's fiscal impact statement process conducted by LFO on its own initiative during the 2005-06 interim.

The Committee took action on a motion to recommend to leadership of both houses that they approve the recommendations contained in the report. It also directed LFO staff to have legislation drafted to bring Recommendation 3 to the Legislative Assembly. The Joint Legislative Audit Committee co-chairs will serve as sponsors at the request of the Committee.

We trust you will find this report useful. Please feel free to call the Legislative Fiscal Office at 503-986-1828 should you have questions.

A handwritten signature in black ink, appearing to read "Ken Rocco", written in a cursive style.

Ken Rocco
Legislative Fiscal Officer

Executive Summary

Need for review of fiscal impact process

Statutes delegate to the Legislative Fiscal Office (LFO) the responsibility to prepare fiscal impact statements on proposed legislation. Senate and House rules and LFO procedures also manage the process. The statutes and Senate and House rules have been modified from time to time since the 1977 Act established the fiscal impact statement requirement.

Technology enhancements have been implemented that affect how LFO acquires and distributes fiscal impact information, however, there has been no review of the underlying business need for the fiscal impact statement. That is, what purpose is the statement intended to serve, and is that goal being accomplished? If the goal is not accomplished, what changes could improve the process and outcomes? In addition, the 2005 Legislative Assembly adopted six performance measures, three of which are directly related to the fiscal impact process.

Legislators are generally satisfied with fiscal impact statements

All 90 members of the 73rd Legislative Assembly were surveyed in February 2006. Members were asked when fiscal impact statements are most useful in the legislative process, whether the statements are reasoned and fair, and whether the information is complete and accurate. Other questions covered members' use of statements and understanding of the fiscal impact process.

Forty-eight members responded; 94% believed that statements are always or usually reasoned and fair. Six percent found them only occasionally reasoned and fair. The principal concern expressed by respondents was that executive branch information provided to LFO for analysis is intrinsically biased, resulting in a biased fiscal statement.

While most members found fiscal impact statement information to be complete and accurate, one member was concerned with agency-supplied information, another believed there were errors in the statements, and one response appeared to reflect a misunderstanding of the scope of fiscal impact statements.

Legislators would prefer impact statements be available for public hearing

When asked their preference on when in the legislative process a fiscal impact statement on an original measure would be beneficial, 54% responded "before public hearing." Responses to the question regarding amendments had a similar result.

LFO currently prioritizes work on fiscal impact statements according to where each measure is in the process: 1) reported out of committee; 2) scheduled for committee work session; 3) scheduled for possible work session in committee; and

4) scheduled for committee public hearing only. One factor for this priority schedule is because measures are scheduled for only public hearing for a number of reasons, such as a courtesy to the sponsor or constituent so their issue can be aired, or to keep the measure “alive” for further work, especially in the days just before leadership-imposed deadlines.

Current deadlines create performance expectations that are difficult to meet

Two types of deadlines have a cumulative effect on LFO workload and fiscal impact statement timeliness: 1) deadlines established by Senate and House leadership for committee action on bills originating in each chamber; and 2) Senate and House rules that require that a measure be delivered to the Secretary of the Senate or Chief Clerk within three session days after the committee action reporting the measure out. This second deadline is intended as a target to encourage timely completion of the committee’s work to move legislation forward.

While a stated deadline is a reasonable strategy to ensure that committee action is reported promptly to the chamber, the volume of measures acted on by committees, per LFO analyst, multiplied by the minimum process requirements, magnified by complexity of measures, results in inevitable delay.

Several factors affect timeliness of meeting procedural deadlines

In each of the past four sessions, Senate and House leadership established between 25 and 28 standing committees with general policy-area jurisdiction to which measures were referred. Most committees meet two or three times a week. The number of items that can be scheduled on each committee agenda is not limited by either statute or chamber rule.

LFO’s ability to meet deadlines is affected by several factors, including:

- the number of measures scheduled on any single day;
- how many measures are reported out each day by committees;
- how many committee meetings per week are staffed by individual committee administrators and assistants;
- how many amendment requests need to be made to Legislative Counsel after committees report measures out;
- the level of measures’ complexity;
- whether LFO receives timely and complete fiscal information from state agencies and local governments; and
- the extent of LFO analysis and internal review.

Some internal processes may not add value to fiscal statements

To identify every measure’s potential for fiscal impact, LFO screens each measure as it is introduced. Currently, one LFO fiscal analyst first reviews bills to identify affected agencies and jurisdictions. During the first two weeks of session, there may be as many as 200 measure introductions per day and initial

review can take as long as six hours. Secondary review is conducted by agency-specific LFO analysts who determine whether a bill clearly has no fiscal impact, or may have fiscal impact. This may involve multiple staff if a bill affects more than one agency. Staff may also use this review to identify issues and questions for further examination should a measure be scheduled for committee work.

In 2005, approximately 27% of measures introduced in the Senate did not have a committee hearing; 35% of House measures had the same history. Of the 30% of all enacted measures, 70% were amended at least once. Thus, the value of screening every measure on first reading to determine whether there may be a state or local government fiscal impact may not be the most effective use of staff resources.

Fiscal impact statements are untested

Members expressed concern about the use of or reliance on agency-provided information in the production of fiscal impact statements. One member asked what type of evaluation system is used to monitor the accuracy of fiscal statements.

Systematic evaluation of LFO's fiscal process and product could serve two purposes in support of the legislative process: 1) LFO fiscal analyses would be tested, which will increase the potential for improving the logic, reasoning, and objectivity applied to the development of fiscal statements; and 2) potential information gaps will be identified, particularly for measures that have moderate to significant fiscal impact that was not anticipated when the measure was enacted, which could improve forecasting of future legislation.

LFO can better aid legislators' understanding of fiscal impact statements

Forty-five percent of legislators responding to LFO's survey rated their understanding of the process to develop the fiscal impact statement as "fair" or "poor." Neither longevity in the Legislature nor service on the Joint Committee on Ways and Means affected members' self-perceived understanding of the fiscal impact statement processes. Members' comments suggest a need for more orientation to the fiscal impact process, including assumptions, methodology, and analysis of the information provided by agencies.

Current training for members who are not assigned to the Joint Committee on Ways and Means on the role and responsibilities of LFO, its processes, and its products, is largely sporadic through ad hoc sessions on request. Presentations, typically early in session, may result in members receiving incomplete information, or information that is not in the context of their legislative experience.

A structured, comprehensive, and well-timed training program for all legislators can make the budget process less of a mystery and increase legislator confidence through greater knowledge.

LFO's fiscal impact statement performance measures need to be modified

Generally, an agency's key performance measures (KPMs) should measure outcomes that are within the control of the agency, and should focus on the key indicators of agency success.

LFO's current goals and KPMs do not consistently reflect either outcomes that LFO can achieve under its control or reasonable measures to report on appropriate goals. For example, reviewing all legislative measures and amendments and accurately assessing fiscal impact mixes an output outside LFO's control (number of measures introduced and amendments presented and adopted) and an outcome goal that LFO can achieve (accurate fiscal statements).

Process improvement requires interagency cooperation

Review of other states' fiscal impact statement (fiscal note) models did not provide clear comparative data to examine them in relation to Oregon's structures and processes. That is, given the range of options and state differences, there is no easy basis on which to determine whether one system is better than another. The review did show that some states have stricter controls on some processes that are issues affecting LFO workload and timeliness.

Improvements to Oregon's fiscal impact process and outcomes will come, in part, from collaboration among the parties directly responsible for the essential function of the legislative institution and those who provide information to it. Included are the Senate President and Speaker of the House, Secretary of the Senate and Chief Clerk of the House, committee chairs and staff, executive branch agencies, and representatives of local government. It is important that no change to current processes adversely affects other participants' roles and responsibilities. Additional enhancements will be the result of LFO's initiatives to improve legislators' understanding of and confidence in fiscal impact statements.

Introduction

Background

Oregon statute¹ delegates to the Legislative Fiscal Office the responsibility to prepare fiscal impact statements² on proposed legislation. The statute is implemented through Senate and House rules and LFO procedures. Since its enactment in 1977, statutes have been modified to require statements for legislation creating a new crime or increasing the period of incarceration (1987), add school districts as a local government for which a statement is required (1989), and specify statement requirements when legislation increases employer contributions under the Public Employees Retirement System (2003).

House rules were adopted in 1979 to provide internal procedures, which have been amended several times.³ The Senate first adopted rules in 1991 to require the fiscal impact statement be part of the materials filed with the Secretary when a measure is reported out of committee.⁴ A few non-substantive amendments have been adopted and the rule renumbered.⁵ Relevant Senate and House rules from the 2005 session and Oregon Revised Statutes are attached as Appendix A.

Senate and House rules also require that a measure be delivered to the Secretary of the Senate or Chief Clerk within three session days after the committee action reporting the measure out. The fiscal impact statement is included with the filed materials.^{6, 7}

In 1991, LFO dedicated three permanent positions to the preparation of fiscal impact statements during the legislative session. By 2005, there were two filled permanent positions which are also involved in agency oversight and program evaluation, and work of the Emergency Board, Joint Legislative Audit Committee, and Joint Legislative Committee on Information Management and Technology during the legislative interim. For the past three sessions, this staff was supplemented with one or two staff from executive branch agencies through a job rotation development opportunity. LFO's 2005-07 budget

¹ ORS 173.025 to 173.055

² A fiscal impact statement is an objective, independent document that reflects an increase or decrease in program expenditures, revenues (non-tax), positions, or FTE compared to the amounts in the current biennium's approved budget. Programs include those administered by state agencies and local governments, including cities, counties, schools, and special districts. Fiscal impact does not mean the economic effects (primary or secondary) on the state or a segment of the state.

³ House Rule 8.20 Committee Action Required (1979).

⁴ Senate Rule 9.05 Committee Reports (1981).

⁵ Senate Rule 8.50 Committee Reports (1991).

⁶ Senate Rule 8.50(1) Committee Reports.

⁷ House Rule 8.20(5) Committee Action Required.

eliminated the rotation analyst program, and redirected funds to support the restoration of a permanent fiscal impact analyst and provided funds for an additional permanent analyst to coordinate the office's efforts to implement and improve Oregon's performance measurement system.

Objectives of the review

While technology enhancements have been implemented that affect how LFO acquires and disseminates fiscal impact statement information, there has been no examination of the underlying business need for the statement. That is, what purpose is the statement intended to serve, and is that goal being accomplished? If the goal is not accomplished, what changes could improve the process and its outcomes?

Further, the 2005 Legislative Assembly adopted six performance measures for LFO for 2005-07. Of the six, three are directly related to the fiscal impact process. Results of the study also could determine whether the measures are appropriate, and what data collection is needed.

Methodology

To determine whether Oregon's fiscal impact statement process meets the information requirements of the Legislative Assembly in timing, content, accuracy, and objectivity, the following methodology was utilized:

- Conduct survey and interviews with legislators, legislative staff including Committee Services, Secretary of the Senate and Chief Clerk, and caucus and leadership offices.
- Review Oregon statutes, Senate and House rules, and policies and procedures of LFO, legislative committees, and executive branch agencies relating to fiscal impact statements.
- Examine other states' fiscal note models.
- Identify and review Oregon fiscal impact statement workload statistics.
- Analyze data.

Findings

Legislators are generally satisfied with fiscal impact statements

The 90 members of the 73rd Legislative Assembly were surveyed in February with a confidential mail-in questionnaire; 48 were returned, with a few members identifying themselves. Key questions involved the timing of when fiscal impact statements are most useful, whether the statements are reasoned and fair, and whether the information is complete and accurate. Other questions covered members' use of statements and understanding of the fiscal impact process.

Ninety-four percent responded that the statements are always or usually reasoned and fair. Six percent found them only occasionally reasoned and fair. The principal concern expressed was that the executive branch information provided to LFO for analysis is intrinsically biased, presumably resulting in a biased fiscal statement.

While 92% of members found information contained in fiscal impact statements to be complete and accurate, 8% responded "occasionally." Of the negative responses, one member would like to see the impact statement cover more than two biennia, another believed there were errors in the statements, and one member was concerned with agency-supplied information. One response appeared to reflect a misunderstanding of the scope of fiscal impact statements; that is, the member felt statements should include analysis of the impact on the private sector. Statutes limit the scope of fiscal impact statements to state and local government expenditures and revenue.

A summary of the results of the legislator survey is attached as Appendix B, and member comments on specific questions are attached as Appendix C.

Implementing legislators' preference for timing of impact statements would significantly affect current practice

To assess legislators' preferences on when a fiscal impact statement would be beneficial, the question was posed in two parts. First, members were asked when a statement on an original measure should be presented to a committee or members (three members did not respond to this question):

Before Public Hearing	54.2%
Before Work Session	37.5%
Before Floor Vote	2.1%

The second question addressed proposed amendments (four members did not respond to this question):

Before Public Hearing	45.8%
Before Work Session	43.8%
Before Floor Vote	2.1%

Legislators' preferences for when fiscal statements should be developed and distributed are the opposite of LFO's current practice. The only legislative directives that LFO must follow regarding distribution of fiscal impact statements are Senate and House rules, which require that a measure be delivered to the Secretary of the Senate or Chief Clerk within three session days after the committee action reporting the measure out. The fiscal impact statement is included with the filed materials.

Because of the volume of introduced bills, LFO prioritizes work on fiscal impact statements according to where each measure is in the process: 1) reported out of committee; 2) scheduled for committee work session; 3) scheduled for possible work session in committee; and 4) scheduled for committee public hearing only.

The rationale is multi-faceted. First, the version of a measure reported to the floor for debate, especially in the second chamber, is closer to enactment. For this reason, budget implications need to be known in time for the Assembly to adopt a balanced budget.

Second, when feasible, fiscal impact statements on active, proposed amendments assist committees in considering policy and program alternatives or technical concerns that may be raised.

Third, measures are scheduled for only public hearing for a number of reasons. A bill may be complex or controversial, and the committee wants to gain an understanding of the issues, concerns, or need for amendments. The committee chair may schedule a public hearing as a courtesy to the sponsor or constituent so their issue can be aired. Committees also use this means to keep the measure "alive" for further work, especially in the days just before leadership-imposed deadlines.

Of the 3,136 measures introduced in the 2005 regular session, 966 were introduced in the House between February 14 and the close of session. The Senate introduced 561 bills in this same

period. The following tables show the number of these bills that were scheduled for public hearings compared to the number of measures reported out of committee and subsequently enacted.

	House	Senate
Number of Bills Introduced Between Feb. 14 and Close of Session	966	561
Number of Bills Having At Least One Public Hearing	249	245
Percent of Bills Having At Least One Public Hearing	26%	44%
Number of Bills Having Only A Public Hearing	226	87
Percent of Bills Having Only A Public Hearing	23%	16%
Number of Bills That Were Enacted	179	135
Percent of Measures That Were Enacted	19%	24%
Number of Bills In Committee at Sine Die	784	419
Percent of Bills In Committee at Sine Die	81%	75%

With the exception of measures which are clearly non-fiscal or minimally fiscal, LFO rarely provides a fiscal impact statement before public hearing. However, all measures that have not had a non-fiscal or minimal statement issued on first reading are identified with the notation that they “may have fiscal impact.”

It should be noted that committee scheduling of “public hearing and possible work session,” multiple amendments for one measure, amendments received by committees during a work session rather than in advance, and “conceptual amendments” offered during a work session, also make it problematic for LFO to provide fiscal impact statements on amendments for work session. Occasionally, a committee will adopt an amendment, provide it to LFO for a fiscal statement, and reschedule the measure with the amendment for a final work session before sending it to the desk. This process clearly complies with ORS 173.035, which directs that a committee “review the statement...prior to reporting the measure out.”

Notwithstanding this provision, committees commonly take action to report measures out without having reviewed a fiscal statement for the version on which the action is taken. The result is reliance on committee staff and chairs to bring to the attention of the committee any unexpected fiscal impact statement before a measure is dropped at the desk.

If the Legislative Assembly were to require a fiscal impact statement on every measure scheduled for public hearing, policy committee deadlines and scheduling practices would need to be changed. LFO would need to evaluate further the detail level and type of information to be included in a fiscal statement issued on a measure before public hearing, compared to a fiscal statement issued for a measure reported from committee. Committee scheduling issues are discussed below in more detail.

Policy committee deadlines create performance expectations that are difficult to meet

In addition to the deadline for drafting of legislative concepts and bill introduction, there are two types of deadlines which have a cumulative effect on LFO workload⁸ and, hence, fiscal impact statement timeliness. First are the deadlines established by Senate and House leadership for committee work on bills originating in each chamber. In 2005, April 8 was the last day that Senate committees were allowed to hold public hearings on Senate measures, and May 6 was the deadline in the House for public hearings on House measures.

Second, Senate and House rules require that a measure be delivered to the Secretary of the Senate or Chief Clerk (“desks”) within three session days after the committee action reporting the measure out. This deadline is intended as a target so that committees have an impetus for timely completion of the work to move legislation forward.

Establishing a time limit is a reasonable strategy to ensure that committee action is reported promptly to the chamber. However, 70% of 2005 enrolled measures were amended at least once, evidence of the potential for process delays. The discussion that follows about factors that affect timeliness in meeting procedural deadlines is relevant to this point, also. The sheer volume of measures per LFO analyst, multiplied by the minimum process requirements, magnified by complexity, results in inevitable delay.

On occasion, a delay may exceed a week from the time LFO receives the committee action materials, usually because agency information is delayed or incomplete or is subject to more extensive LFO analysis. LFO’s goal is to provide a complete, accurate, and well-reasoned fiscal statement; frequently, this cannot be accomplished within the three-day window following committee action.

To reduce concerns when a bill has not made its way to the desk as expected, LFO notifies committee staff of any delay in issuing a fiscal statement and the projected completion, which the committee staff relays to the desk. Nonetheless, there is a perception from time to time that a delay is intentional, either on the part of the agency or agencies providing information to LFO, or on the part of LFO.

⁸ LFO notes that the initial impact of these deadlines is on policy committee and Legislative Counsel staff, whose processes precede those of LFO. Thus, overall timeliness is, to some degree, affected by the performance of these two offices.

Several factors affect timeliness of meeting procedural deadlines

Each legislative session, Senate and House leadership establish standing committees with general policy-area jurisdiction, to which introduced measures are referred. In each of the past four sessions the number of committees ranged between 25 and 28, not including named subcommittees. Committees are assigned specific meeting days and start time; most committees meet two or three times a week. Statute and chamber rules do not impose any limit on the number of items that can be scheduled on each committee agenda. These factors combine to create an increased workload volume during certain periods of session. Some 2005 data are informative:

- During April, with 21 regular Monday through Friday work days, one LFO analyst's portfolio included 390 scheduled measures, or an average of 20 per day.
- For the 4-day period May 2 through May 5, committees scheduled a total of 146 measures for Public Hearing and Possible Work Session, Public Hearing and Work Session, or Work Session. Measure history reflects that nearly half were still in committee on adjournment, 44 in the chamber of origin and 26 in the second chamber.
- A House committee posted a May 4 agenda listing 9 measures for Public Hearing and Work Session and 18 measures for Work Session, with the notation that any measure not heard that day would be carried over to May 5. This seems to reflect the committee chair's level of confidence that the ambitious agenda would be completed in one day. In fact, 14 of the 27 measures did not have a work session on May 4 and were carried over to May 5. Measure history also indicates that 9 of the measures on this agenda did not have a public hearing prior to a work session.
- A Senate committee agenda for April 7 listed two measures for Public Hearing and Possible Work Session, 4 for Public Hearing and Work Session, and 19 for Work Session, with the notation that "significant amendments will be considered for some of these measures. The amendments will change the original intent of the bills." Of these measures, 15 were reported out of committee, 12 with amendments. Only 2 measures were delivered to the desk within three days of the committee's final action.
- Senate and House committees delivered 171 measures to the desks in the week of May 16-20. In the prior two weeks, 154 and 152 measures were dropped at the desks.

- Four Senate committees were staffed with two committee administrators and two assistants. Each team covered four committee meetings per week, for a total of 52 for one team and 63 for the other. In the House, five committee administrators and assistants staffed ten separate committees; session meeting totals per team were 73, 89, 77, 76 and 107. Measure history shows that one result of this workload was bills being dropped at the desk on Fridays and Mondays, creating an inevitable delay for actions taken earlier in the week.

The varying level of simplicity or complexity of measures, the volume of work at the committee level, and workload in other legislative offices affect compliance with the procedural guidelines. For instance, if a committee adopts more than one amendment to a measure, the measure cannot be delivered to the desk until a single, combined amendment is received from Legislative Counsel (LC) and provided to LFO for final fiscal review. In this circumstance, it may be difficult for committee staff to submit timely amendment requests to LC, for LC to complete the work, and for LFO to receive the final amendment with committee documents and request agency information – all with the goal of delivering the committee report to the desk within three days. It is particularly difficult when a committee has acted on several bills on a single agenda or on complex bills affecting several agencies.

LFO notes, for the record, that during this deadline period, committee staff are concurrently working on developing agendas and materials for multiple future meetings, with the attendant research, telephone calls, meetings, and document preparation, and processing the output of prior meetings. This reality, framed by two or three agendas in a week, each with 10 to 20 measures scheduled for possible work sessions and work sessions, leads to a reduced capacity for the committee staff to meet procedural expectations, as well. It is, then, remarkable that most measures reach the desks in what LFO would call a reasonable period of time; that is, five to seven days from committee action.

Reviewing all introduced measures does not enhance timeliness or quality of fiscal statements

In order to identify every measure’s potential for fiscal impact and the affected state agency or unit of local government, LFO screens each measure as it is introduced. Under current practice, one LFO fiscal analyst first reviews bills to identify affected agencies. During the first two weeks of session, there may be as many as 200 measure introductions per day; during this time, the initial review can take as long as six hours per day. The second review is conducted by agency-specific LFO analysts who determine whether a bill clearly has no fiscal impact, or may have fiscal impact. This may involve multiple staff if a bill

affects more than one agency, but LFO's goal is to complete the examination of each day's introductions within 24 hours.

Staff may also use this cycle to identify issues and questions to further examine if a measure is scheduled for committee work. However, in 2005, approximately 27% of measures introduced in the Senate did not have a committee hearing, while 35% of House measures had the same history. Of the 30% of measures that were eventually enacted, 70% were amended at least once.⁹ Thus, the value of screening every measure on first reading to determine whether there may be a state or local government fiscal impact may not be the most effective use of staff resources.

Fiscal impact statements are untested

Members expressed concern about the use of or reliance on agency-provided information in the production of fiscal impact statements. One member asked what type of evaluation system is used to monitor the accuracy of fiscal statements.

LFO does not have an independent repository of agency-by-agency program implementation data and costs outside of high-level budget documents that reflect current law. Therefore, LFO does request fiscal information from any agency or local government that might be affected by proposed legislation in relation to current law and budget. However, the information provided undergoes as much scrutiny as LFO believes is needed in order to reach a rational conclusion. Questions are asked to critically review and understand the information provided, assumptions are questioned, and interpretation of a measure's language is clarified. On occasion, LFO does not concur with an agency's statement; in these circumstances, and after notice to the agency, LFO describes the basis of disagreement in the fiscal statement.

Because they represent projected expenditure and revenue effects, fiscal impact statements are based on a series of assumptions stemming from the language of a measure. A bill can create a new program or modify or repeal an existing one. Proposed legislation is analyzed in the context of current law and the associated expenditures and revenues, if any. When the fiscal impact statement states that the impact cannot be determined with precision, or could fall within a range, the Legislature can choose to enact the policy without an allocation of resources, acknowledging through language in the fiscal impact statement that the agency should monitor actual costs

⁹ Appendix D is a compilation of statistics regarding the number of measures introduced, fiscal impact statements issued, and measures enrolled.

and, if necessary, seek additional resources through Emergency Board action.

LFO does not currently track measures enacted with this type of fiscal impact statement for subsequent review of actual implementation costs. Emergency Board requests or policy option packages included in an agency's requested budget in a future biennium may reflect the agency's experience, but there is not a unified collection of that information for LFO's self-assessment of the reasonableness of fiscal impact statements. Further, LFO does not consistently conduct reviews in subsequent biennia on enacted measures to examine whether agency assumptions and LFO analysis were valid.

Systematic evaluation of LFO's fiscal process and product could serve two purposes in support of the legislative process: 1) LFO fiscal analyses would be tested, which will increase the potential for improving the logic, reasoning, and objectivity applied to the development of fiscal statements; and 2) potential information gaps will be identified, particularly for measures that have moderate to significant fiscal impact that was not anticipated when the measure was enacted, which could improve forecasting of future legislation.

Fiscal impact statements on certain resolutions and memorials are unnecessary

Over the past few biennia, approximately five to six percent of all measures introduced fall into the several categories of resolutions and memorials. A memorial adopted by either the House or the Senate makes a request of or expresses an opinion to Congress or the President of the United States, or both. When adopted by both houses, a joint memorial is used to make a request of or to express an opinion to Congress, the President of the United States, or both.

A resolution is used by the House or the Senate to take an action that would affect only its own members, such as appointing a committee of its members or expressing an opinion or sentiment on a matter of public interest. A concurrent resolution affects actions or procedures of both houses of the Legislature, and is used to express sympathy, commendation, or to commemorate the dead.

A joint resolution is a measure used for proposing constitutional amendments, creating interim committees, giving direction to a state agency, expressing legislative approval of action taken by someone else, or authorizing a kind of temporary action to be taken. A joint resolution may also authorize expenditures out of the legislative expense appropriations. Joint resolutions often have a fiscal effect.

However, by their nature, resolutions, memorials, concurrent resolutions, and joint and concurrent memorials have no fiscal impact. The measures in these categories do not make up a significant portion of LFO's workload. Nonetheless, the additional process requirements and paperwork do not add value to legislators' understanding of the measures.

LFO can better aid legislators' understanding of fiscal impact statements

Although a majority of legislators responding to LFO's survey rated their understanding of the process to develop the fiscal impact statement as "very good" or "good", 45% rated their understanding as "fair" or "poor." Neither longevity in the Legislature nor service on the Joint Committee on Ways and Means improved members' understanding of the fiscal impact statement processes. Members' comments suggest a need for more orientation to the fiscal impact process, including assumptions, methodology, and analysis of the information provided by agencies.

Training and orientation of members who are not assigned to the Joint Committee on Ways and Means on the role and responsibilities of LFO, its processes, and its products, is largely sporadic, ad hoc sessions at the request of leadership or caucus offices. The limited amount of time available to make the presentations, typically early in session, may result in members receiving incomplete information, or information that is not in the context of members' legislative experience. All members do not receive identical information in a consistent forum, likely leaving some members less prepared for the debate on budget implications of policy bills.

A structured, comprehensive, and well-timed training program for all legislators can make the budget process less of a mystery by: 1) providing for greater efficiency of the process in committee and on the floor due to a broader knowledge base; 2) allowing legislators to speak with authority on budget issues and terms with constituents; and 3) allowing legislators to better understand fiscal impacts of their own and other bills and how they relate to the overall state budget. A secondary benefit of training is reducing the learning curve for new and future members of the Joint Committee on Ways and Means.

LFO's performance measures relating to fiscal impact statements need to be modified

In keeping with directions the Legislature made to executive and judicial branch agencies during the 2005 session, legislative agencies developed key performance measures (KPMs) to accompany their budgets. LFO submitted the following KPMs relating to the fiscal impact statement process, which were approved by the Legislative Assembly:

Agency Goal	Key Performance Measure
Independently review all legislative measures introduced, amendments received, and amendments adopted to assess and accurately describe the impacts on expenditures, revenue, staffing, and organizational effects on state and local governments. Accurately assess the fiscal impact.	The number of reviews completed; fiscal impact statements issued; and corrected fiscal impact statements issued.
Provide fiscal impact statements to the Clerk of the House and Secretary of the Senate desks within required deadlines.	Percentage of times the Legislative Fiscal Office is required to request a deadline extension, even though all necessary documentation was received at least three days prior to the deadline.
Provide comprehensive fiscal impact process training to state and local government representatives and legislative committee services staff prior to each legislative session so that timely and quality fiscal impact information will consistently be provided to the office.	Percentage of respondents to training evaluation survey who rank the Legislative Fiscal Office training performance very good to excellent

Generally, KPMs should measure outcomes that are within the control of the agency, and should focus on the key indicators of agency success. These externally-reported measures should reflect the highest and most results-oriented measures possible, capturing the essence of the agency’s scope of work and providing an overview of agency performance.

The current goals and KPMs do not consistently reflect either outcomes that LFO can achieve under its control or reasonable measures to report on appropriate goals. For instance, reviewing all legislative measures and amendments and accurately assessing fiscal impact mixes an output outside the control of LFO (number of measures introduced and amendments presented and adopted) and an outcome goal (accurate fiscal statements). The KPM contains two measures: a legislatively-driven output (number of measures reviewed and statements issued) and outcome (number of corrected statements issued out of all statements issued) that is in the realm of LFO control.

This report provides advice for revising certain legislative procedures that directly relate to LFO’s performance measures, and supports proposing new KPMs for legislative adoption in the 2007 session.

**Process improvement
requires interagency
cooperation**

A review of other states' fiscal impact statement (fiscal note) models did not provide clear comparative data to examine them in relation to Oregon's structures and processes. That is, given the range of options and state differences, there is no easy basis on which to determine whether one system is better than another.

One state does not require fiscal notes, while others provide for a fiscal note at the request of someone, usually legislative leadership, a bill's sponsor, or a committee chair. Fiscal notes may be prepared by executive branch agencies; bill sponsors; legislative fiscal, research, or committee staff; or a combination of these. At least nine states require a fiscal note at the time a bill is introduced. One of those states, Wyoming, does not require updated fiscal notes when bills are amended. The number of bills introduced in eleven states in 2005 was approximately the same as or more than the number introduced in Oregon. Of the five other states that have biennial legislative sessions, only Texas had significantly more introduced measures than Oregon (more than 9,300). Texas requires fiscal notes before a hearing and final committee vote and the Legislative Budget Board has a staff of more than 65 involved in budget and fiscal note activity.

The review does show that some states have stricter controls on the number of bill introductions, advance notice of committee hearings and how many measures can be scheduled, and longer timeframes for preparation of the fiscal impact statement. All of these are issues that affect LFO workload, timeliness, and, ultimately, fiscal impact statement quality.

Thus, improvements to Oregon's fiscal impact process and product will come, in part, from collaboration among the parties directly responsible for the essential function of the legislative institution and those who provide information to it. The step-by-step sequence of legislative processes, from the introduction and first reading of measures, to measure referral by the Senate President and Speaker of the House, to agenda development and scheduling of measures by committee chairs, and the reporting of legislation to the Senate and House for deliberation, involves many people. It is important that no change to current processes – intended to be an improvement – adversely affects other participants' roles and responsibilities.

Additional enhancements will be the result of LFO's initiatives to improve legislators' understanding of and confidence in fiscal impact statements.

Recommendations

To set realistic performance expectations

1. Senate and House rules should establish a timeline for reporting amended measures to the desks to allow LFO three business days from LFO's receipt of final committee materials to deliver the fiscal impact statement to the committee.

Pro: Timeline is more realistic than current requirement, based on review of 2005 data. Additional time would provide greater opportunity for all legislative offices to complete and review committee report materials for accuracy before delivery to the desks.

Con: Legislators could have concerns that the close of session process and schedule could be delayed if the allowed timeline is fully utilized; however, close of session committee activity principally takes place within the budget process and is closely monitored by LFO.

To focus resources on measures with potential or actual fiscal impacts

2. Specify in Senate and House rules that fiscal impact statements are not required on certain resolutions, concurrent resolutions, memorials, and joint memorials.

Pro: A small portion of Legislative Fiscal Office resources could be redirected to handling measures with potential or actual fiscal impact.

Con: People who are familiar with legislative materials may be confused by the absence of a statement of "No Fiscal Impact."

To clarify requirement for fiscal impact statement

3. Amend ORS 173.025(1), 173.029(1), and 173.051 to direct that the Legislative Fiscal Office will prepare a fiscal impact statement on each measure *to be reported out of committee* that could have an effect on expenditures, rather than on each measure "introduced in the Legislative Assembly."

Allow the Legislative Fiscal Officer to establish Legislative Fiscal Office policy and practice regarding preparation of fiscal impact statements for bills on introduction, amendments that may be under consideration, those presented in advance of work session, and other timing considerations.

Pro: Establishes the minimum requirement, and provides the Fiscal Officer the flexibility to make the decision that in the Fiscal Officer's best judgment meets legislative needs within LFO resources.

Con: This would not be consistent with the Legislative Revenue Office statute in 173.025(2) requiring a revenue impact

statement be prepared on each measure introduced that could have a revenue impact.

To prioritize fiscal statements for measures that are near the final stage of legislative deliberation

4. The Legislature should not require a fiscal impact statement be prepared when a measure is scheduled for public hearing only.

Pro: Uses Legislative Fiscal Office resources on measures that have undergone policy debate and are near the final stage of legislative deliberation.

Con: This recommendation does not reflect the results of the legislator survey.

To increase legislators' understanding of fiscal impact statements and process

5. The Legislative Fiscal Office should determine when and by what means more fiscal impact statement training will be provided to legislators and legislative staff.

Pro: Increase legislators' understanding of fiscal impact process and confidence in the product.

Con: Could be more time consuming, with marginal improvement in outcome.

To increase legislative agency efficiencies

6. The Legislative Fiscal Office, Legislative Revenue Office, and Legislative Administration Committee Services should collaborate to identify and revise internal processes for increased efficiencies during legislative session. For example, Committee Services' requests for impact statements could be transmitted to the Legislative Fiscal Office and Legislative Revenue Office via e-mail rather than delivered in person; completed impact statements then could be submitted to Committee Services electronically.

Pro: There could be some reduction in workload in each office, with an increased ability to track results.

Con: Some changes could result in confusion or unintended consequences.

To improve performance measure reporting

7. The Legislative Fiscal Office should revise its performance measures relating to fiscal impact statements to reflect the goal of supporting informed stakeholders/legislation and objective, information-based decisions.

Pro: Focus on measures that are more within the agency's control and establish guidelines for realistic data tracking.

Con: None.

Appendix A

Senate and House Rules and Oregon Revised Statute

SENATE RULES

8.50 Committee Reports.

(1) All committee reports on measures shall be signed by the committee chair. Committee reports must be submitted to the Secretary of the Senate on or before the third session day following final committee action on the measure. When a committee requests a subsequent referral or requests a referral be rescinded, the request shall be in writing and accompany the committee report.

(2) If a minority report is to be filed, notice must be given to the committee on the day the report was adopted. The minority report, together with the committee report, shall be filed jointly no later than three session days following final committee action.

(3) All committee reports shall be filed in a manner prescribed by the Secretary of the Senate. Reports which are not in the proper form and style may be returned to the committee or corrected by the Secretary of the Senate and the President or their designees. Any substantive changes must be approved by the committee.

(4) In reporting a measure out, a committee shall include in its report:

- (a) The measure in the form reported out
- (b) The recommendation of the committee
- (c) A staff measure summary for all measures except appropriation bills and joint memorials
- (d) A fiscal impact statement, if applicable, prepared by the Legislative Fiscal Officer
- (e) A revenue impact statement, if applicable, prepared by the Legislative Revenue Officer
- (f) Budget notes, if applicable, as adopted by a majority of the Committee on Ways and Means.

(5) If the committee is of the opinion that a fiscal impact statement or a revenue statement is not applicable, the report shall state that decision and be filed without such statements.

HOUSE RULES

8.20 Committee Action Required.

(1) A chair shall schedule a hearing or work session on a measure in possession of the committee upon receipt of a written request signed by a majority of committee members. The request must be filed with the chair, the Speaker and the Chief Clerk. The hearing or work session shall be held only after notice as required by Rule 8.15(5), but shall be held within three session days after the date of the request.

(2) A committee may act on each measure in its possession: (a) by tabling the measure in committee; or (b) by reporting the measure out of the committee (A) with the recommendation that it be referred to another committee, (B) favorably as to passage, or (C) without recommendation.

(3) In reporting a measure out, a committee shall include in its report: (a) the measure in the form reported out; (b) the recommendation of the committee; (c) an identification of all substantive changes made by the committee in the measure; (d) an analysis of the measure; (e) fiscal impact statement, if any, prepared by the Legislative Fiscal Officer; (f) revenue impact statement, if any, prepared by the Legislative Revenue Officer; and (g) budget notes, if any, as adopted by a majority of the Joint Committee on Ways and Means.

(4) When the Speaker determines that sine die adjournment may impinge on the operations of standing committees, the Speaker shall announce an estimated date for sine die adjournment. Commencing 14 calendar days before the estimated date, a committee shall schedule a hearing or work session only with the consent of the Speaker.

(5) Measures reported out by a committee shall be delivered to the Chief Clerk of the House within three session days after the committee action reporting the measure out.

LEGISLATIVE FISCAL OFFICER

173.420 Duties of Legislative Fiscal Officer.

(1) Pursuant to the policies and directions of the appointing authority, the Legislative Fiscal Officer shall:

(a) Ascertain facts and make recommendations to the Legislative Assembly concerning the governor's budget report.

(b) Ascertain facts concerning state expenditures and make estimates concerning state expenditures.

(c) Ascertain facts and make recommendations concerning the fiscal implications of the organization and functions of the state and its agencies.

(d) Ascertain facts and make recommendations on such other matters as may be provided for by joint or concurrent resolution.

(e) Furnish such assistance in the performance of their duties as is requested by the House Revenue Committee, the Senate Revenue Committee, the Legislative Revenue Officer and other legislative standing and interim committees and members of the Legislative Assembly.

(2) Pursuant to the policies and directions of the appointing authority, the Legislative Fiscal Officer may enter into contracts to carry out the functions of the Legislative Fiscal Officer. [1959 c.70 §2; 1971 c.679 §2; 1975 c.789 §7; 1999 c.207 §2; 2001 c.158 §1]

LEGISLATIVE IMPACT STATEMENTS

173.025 Preparation of fiscal impact and revenue impact statements for legislation affecting local governments.

(1) The Legislative Fiscal Officer, with the aid of the Oregon Department of Administrative Services, Legislative Revenue Officer, state agencies and affected local governmental units, including school districts, shall prepare a fiscal impact statement on each measure introduced in the Legislative Assembly that could have an effect on expenditures of local governmental units, including school districts.

(2) The Legislative Revenue Officer, with aid of the Legislative Fiscal Officer, the Department of Revenue, state agencies and affected local governmental units, including school districts, shall prepare a revenue impact statement on each measure introduced in

the Legislative Assembly that could have any effect on revenues of local governmental units, including school districts. [1977 c.414 §1; 1989 c.970 §2]

173.029 Preparation of statements for legislation creating new crime or increasing period of incarceration.

(1) For any measure introduced in the Legislative Assembly the effect of which is to create a new crime or increase the period of incarceration allowed or required for an existing crime, the Legislative Fiscal Officer, with the aid of the Oregon Department of Administrative Services, Legislative Revenue Officer, state agencies and affected local governmental units, shall prepare a fiscal impact statement describing the fiscal impact that the measure would, if enacted, have on the state as well as on local governmental units.

(2) In particular and to the extent practicable, the Legislative Fiscal Officer shall determine and describe in the statement the following:

- (a) The fiscal impact on state and local law enforcement agencies, including an estimate of the increase in anticipated number of arrests annually;
- (b) The fiscal impact on state and local courts, including an estimate of the increase in the anticipated number of trials annually;
- (c) The fiscal impact on district attorney offices, including an estimate of the increase in the anticipated number of prosecutions annually;
- (d) The fiscal impact on public defense resources, including an estimate of the increase in the anticipated number of cases annually; and
- (e) The fiscal impact on state and local corrections resources, including resources supporting parole and probation supervision, and also including an estimate of the increase in the anticipated number of bed-days to be used annually at both the state and local level as a result of the passage of the measure. [1987 c.854 §2; 2001 c.962 §103]

173.035 Submission of statements to Legislative Assembly; committee referral and review.

The Legislative Fiscal Officer and Legislative Revenue Officer shall submit the statement prepared under ORS 173.025 or 173.029 to the Legislative Assembly at a time set by the rules of the house where the measure was introduced. The Speaker of the House of Representatives and the President of the Senate shall refer the statement to the committee to which the measure was referred. The committee shall review the statement prepared under ORS 173.025 or 173.029 prior to reporting the measure out. [1977 c.414 §2; 1987 c.854 §3]

173.045 Revision of statements.

The Legislative Fiscal Officer and Legislative Revenue Officer shall review and revise the statement as measures are amended. [1977 c.414 §3]

173.051 Preparation of fiscal impact statements for legislation increasing employer contributions under Public Employees Retirement System.

The Legislative Fiscal Officer, with the aid of the Public Employees Retirement Board and public employers providing benefits under ORS chapter 238A, shall prepare a fiscal impact statement on each measure introduced in the Legislative Assembly that would increase employer contributions under ORS chapter 238A. If the Legislative Fiscal Officer determines that a proposed measure would result in an increase in the total

liability for benefits under ORS chapter 238A that is in excess of one-tenth of one percent, the Legislative Fiscal Officer shall promptly notify the Public Employees Retirement Board. The board shall thereafter promptly give notice of the proposed measure, and the fiscal impact of the proposed measure as determined by the Legislative Fiscal Officer, to all public employers providing benefits under ORS chapter 238A. [2003 c.733 §45b]

173.055 Contracts to provide fiscal data.

The Legislative Fiscal Officer and Legislative Revenue Officer are authorized to contract with other agencies or persons to provide fiscal data necessary to carry out the provisions of ORS 173.025 to 173.055. [1977 c.414 §4]

Appendix B

Results of Legislator Survey

How often do you refer to a fiscal impact statement?

Every Bill	22	45.8%
Most Bills	18	37.5%
Occasionally	7	14.6%
Never	0	0.0%
No response	1	2.1%

When should the fiscal impact statement on an original bill be presented to a committee or members?

Before Public Hearing	26	54.2%
Before Work Session	18	37.5%
Before Floor Vote	1	2.1%
No or another response	3	6.2%

When should the fiscal impact statement on proposed amendments be presented to a committee or members?

Before Public Hearing	22	45.8%
Before Work Session	21	43.8%
Before Floor Vote	1	2.1%
No or another response	4	8.3%

Do you find fiscal impact statements issued by LFO to be reasoned and fair?

Always	7	14.6%
Usually	38	79.2%
Occasionally	3	6.2%
Never	0	0.0%

Do you find fiscal impact statements to be clearly written and in an easily understood format?

Always	5	10.4%
Usually	43	89.6%
Occasionally	0	0.0%
Never	0	0.0%

Do you find that the information contained within a fiscal impact statement is complete and accurate?

Always	2	4.2%
Usually	42	87.5%
Occasionally	4	8.3%
Never	0	0.0%

How would you rate your understanding of the process to develop the fiscal impact statement?

Very Good	8	16.7%
Good	18	37.5%
Fair	21	43.7%
Poor	1	2.1%

Appendix C

Legislator Survey Comments

<p>Q 5a: Do you find fiscal impact statement issued by LFO to be reasoned and fair? If you answered Occasionally or Never, please explain why.</p>
<p>Too often incomplete or “indeterminant” especially on amendments and late in session. LFO should take the necessary time to produce a complete and accurate FIS regardless of artificial time restraints.</p>
<p>Information comes from the agencies.</p>
<p>Sometimes I don’t believe all issues were included. Such as one side’s like or dislike of a particular bill might be given more weight than the other side & their point of view.</p>
<p>The agencies that give you info to put into statements is biased as to there support or opposition to bill.</p>
<p>Fiscal impact statements are usually produced from a “cost only” perspective. In other words they don’t take into account any potential for cost savings or offsets. Admittedly, an offset is always conceptual and usually never achieved. Although sometimes, depending on the creativity or persuasion of the process (I know this never happens, wink, wink) offsets are within statements. This being said I don’t believe the fiscal impact statement should include an offset within the cost of the legislation. However there should discussion regarding the potential any offset, if there is one, within the statement, or a policy statement regarding the parameters of the fiscal impact statement. Essentially consistency is what I’m asking for.</p>
<p>The agencies game us.</p>
<p>Q 6a: Do you find fiscal impact statements to be clearly written and in an easily understood format? If you answered Occasionally or Never, please explain why.</p>
<p>Too often “indeterminant”. Is this an avoidance issue?</p>
<p>Some are written with greater clarity than others.</p>
<p>The assumptions are not always clear.</p>
<p>Q7b: Do you find that the information contained within a fiscal impact statement is complete and accurate? If you answered Occasionally or Never, what information source(s) do you use instead of the fiscal impact statement?</p>
<p>Would like to see impacts expanded for future biennia.</p>
<p>Private sector analysis too often shallow. Perhaps a few private sector economists/accountants could improve LFO understanding of impacts.</p>
<p>Speaker office staff.</p>
<p>On a very few occasions there were errors.</p>
<p>See 5a.</p>
<p>(LFO Note: Respondent selected Usually, with this note) but, there are variables not considered.</p>
<p>(LFO note: Arrow drawn between Always and Usually)</p>

Q9: What suggestions do you have for improving the effectiveness of the fiscal impact process?
Training for members about what assumptions are made in developing fiscal impact statements and how to analyze & understand it.
More complete - need better understanding of potential private sector impacts-need clearer analysis of PERS expenditures & impacts.
Keep them more current. Quite often fiscal statements on a bill occur when there are none.
Simplify, simplify, simplify. Most legislators haven't the time and aren't familiar enough with the vocabulary of economics & finances to fully comprehend any arcane material-sad but true.
Don't rely solely on agency input. Get fiscals out sooner on bills & amendments (tough, I know!)
If it ain't broke don't fix it!!
LFO needs to be very careful not to allow an agency to promote or kill legislation by supplying unreasonably low or high fiscal impact data to LFO.
Less reliance on state agencies for information; LFO may need additional staff to accomplish this.
More instruction on the process for new members.
If serious impact will occur later, that cost needs to be address. Example is prison sentences.
Leg fiscal responds promptly. At times I wonder how you can get it all done in a timely manner. It is important to talk or communicate with chairs on necessity of fiscal impacts if the chair does not plan to move the bill.
Put the bottom line at the top more often.
Getting info from your own people instead of relying on agency info. The agencies will change their info depending on support or not of bills. You need a larger staff to be more independent. I have seen fiscal statements for the same issue be quite different from one session to another. LFO needs to have enough staff to look at the issue independently and not rely on agency. Also the House and Senate leadership should not be able to influence the fiscal statements. At times it appears they do.
I am not aware of a process to see if the forecasted impacts held true. What sort of evaluation system is in place to monitor percent of accuracy rate?
I believe in clear and concise reports. I would recommend all fiscal impact statements have a summary followed by details necessary to make an informed vote.
In the hands of decision makers before public hearings.
Working closer with substantive committee chairs on their work plan as that pertains to fiscal impact statements in order to minimize workload and maximize quality of the product.
Clearer listing of cost components so total cost is broken out. Better process to communicate to policy committees about when to request a FIS & what the statement shows & how to get more info, if needed.
Discussion needs to be part of legislator orientation (new and returning members) with examples of assumptions used to develop a given fiscal impact.
Include section on methods used to determine fiscal impact and sources consulted. Include the likely reliability of the statement and what considerations could lead to it being substantially inaccurate.

Make them meaningful by having a true joint W&M committee that lets the subs do their work.
LFO provides exceptionally high quality and timely analysis of proposed legislation. While understanding the serious time crunch under which LFO operates, I believe it is imperative that legislative leadership (presiding officers and committee chairs) respect the seriousness of fiscal impacts of measures and allow/demand adequate time for well-reasoned, thorough and fully proofed analyses to be made available to the public and legislators with sufficient time to absorb.
Brief legislators on the methodology of preparing fiscal analysis so they'll have greater confidence in output. Maintain a "show your work" file for each fiscal analysis.
Comments
I read the FIS usually just before a floor vote. I wish I had time to study them earlier. Committee members need them ASAP before committee votes.
LFO should be more involved with pre-session training. LFO staff would be well served to educate members on what's involved in drafting an F.I.S.
Earlier the better!
I am in my second term but with only one session.
Good job!
I appreciate your hard work for us. Keep up the good work.
Keep up the good work!
Fiscal impacts prevent (usually) substantive committees from breaking the bank!
I applaud the individual and collective professionalism of LFO staff. They are skilled, diligent, approachable and even-tempered. Bravo!
Legislative session should be managed to avoid the impossible work load imposed near sine die.

Appendix D

Session Statistics on Legislative Measures

SESSION	1999	2001	2003	2005
Measures Introduced	3,308	3,297	2,922	3,136
Amendments Adopted*	2,297	1,988	1,540	1,033
Total Documents Read	5,605	5,285	4,462	4,169
Statements Issued**				
Fiscal Impact	1,503	1,233	716	524
Minimal Fiscal Impact	344	400	387	478
No Fiscal Impact	<i>Data unavailable</i>	1,431	1,003	1,252
Total	N/A	3,064	2,106	2,254
Measures Enrolled***	1,252	1,075	869	914

* This number reflects how many separately engrossed versions of Senate and House measures were acted on by one or both chambers. The actual number of amendments received/reviewed by LFO is higher, but this data is not tracked currently.

** Source: OLIS LFO Docket

*** Source: Legislative Counsel Statistical Summary, 2005 edition

Appendix E

Glossary

Bill: A measure that creates new law, amends or repeals existing law, appropriates money, prescribes fees, transfers functions from one agency to another, provides penalties, or takes other action.

Committee Report: A one-page report made to the Speaker of the House or the President of the Senate by a standing, special, or conference committee, which recommends further action on a measure, or reports the measure without recommendation.

Conceptual Amendment: Any proposed amendment that has not been prepared by Legislative Counsel.

Concurrent Resolution: A measure affecting actions or procedures of both houses of the Legislature. A concurrent resolution is used to express sympathy, commendation, or to commemorate the dead.

Desk: The station of the Chief Clerk of the House or the Secretary of the Senate and assistants at the front of the Senate or House chamber. This term also refers to the offices of the Chief Clerk of the House and the Secretary of the Senate.

Drop: Refers to submitting a committee report to the appropriate desk, as in “I *dropped* the bill at the desk at 4:20 p.m.”

Emergency Board: Legislative entity established in the Oregon Constitution with authority to allocate amounts from funds appropriated to it, increase expenditure limitations set for continuously appropriated funds, establish or revise budgets for new activities, and authorize transfers within agency budgets during the period between legislative sessions.

Engrossed Bill: A measure that is printed with its amendments included. Such a bill will have “A (or B or C, etc.) Engrossed” printed at the top, which is a signal to legislators before a vote that the bill before them has changed from its original version.

Enrolled Bill: A final copy of a bill which has passed both houses of the Legislature and has been specially reprinted in preparation for the signatures of the President of the Senate and the Speaker of the House. After these signatures are in place, the enrolled bill goes to the Governor.

First Reading: The recitation on the chamber floor of the measure number, title, and sponsor by the reading clerk upon introduction of a measure in either house (sponsor name is read only in the Senate; the House reads just measure number and title). After the first reading, the measure is referred to committee by the Speaker or President.

Fiscal Impact Statement: A statement that estimates future costs resulting from the passage of a bill. Fiscal impact statements are prepared by the Legislative Fiscal Office. House and Senate rules require committees to have a Legislative Fiscal Office fiscal impact statement before they take final action on a measure, unless the bill is going to the Joint Committee on Ways and Means.

Hearing: A public meeting of a legislative committee held for the purpose of taking testimony concerning proposed legislation.

Joint Memorial: A measure adopted by both houses and used to make a request of or to express an opinion to Congress, the President of the United States, or both. It is not used to commemorate the dead.

Joint Resolution: A measure used for proposing constitutional amendments, creating interim committees, giving direction to a state agency, expressing legislative approval of action taken by someone else, or authorizing a kind of temporary action to be taken. A joint resolution may also authorize expenditures out of the legislative expense appropriations.

Measure: A written document used by the Legislative Assembly to propose a law or to express itself as a body. A measure may be a bill, a memorial, or a resolution.

Memorial: A measure adopted by either the House or the Senate (a measure adopted by both is a *joint memorial*) to make a request of or express an opinion to Congress or the President of the United States, or both. It is not used to commemorate the dead. (*See Concurrent Resolution*)

Minimal Fiscal Impact Statement: A statement that estimates the future biennial expenditure impact of a proposed measure to be less than \$50,000.

Report Out: To return a measure from a committee to the Senate or House desk with or without recommendation as to further action.

Resolution: A measure used by the House or the Senate (a measure used by both would be a *joint resolution*) to take an action that would affect only its own members, such as appointing a committee of its members, or expressing an opinion or sentiment on a matter of public interest.

Revenue Impact Statement: An analysis of a bill done by the Legislative Revenue Office which identifies potential state or local revenue changes that might result from the bill's passage.

Third Reading: As in First and Second Readings, a recitation of a measure's number, title, and sponsor (in the House, just the measure number and title are read) by the reading clerk on the floor before consideration by either house, usually done before a final vote.

Work Session: A committee meeting held for the purpose of determining the contents of a measure to be reported to the desk. A work session is different from a public hearing; in a work session, no testimony is taken from the public, although the public may attend the hearing.

Sources: Oregon Legislative Assembly Web Site; Legislative Fiscal Office

Appendix F Fiscal Impact Statement Example

2005 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2717 **STATUS:** A-Engrossed
SUBJECT: Limit on postponement period of workers' compensation hearings
GOVERNMENT UNIT AFFECTED: Department of Consumer and Business Services
– Workers' Compensation Board
PREPARED BY: Adrienne Sexton
REVIEWED BY: Robin LaMonte
DATE: April 1, 2005

	<u>2005-2007</u>	<u>2007-2009</u>
EXPENDITURES – OTHER FUNDS:		
Personal Services	\$ 194,160	\$ 0
Services and Supplies	\$ 53,402	\$ 0
	\$ 247,562	\$ 0

POSITIONS / FTE – LIMITED DURATION:

2 Administrative Law Judges, 1 Legal Secretary,		
1 Office Specialist	4/1.6	0

EFFECTIVE DATE: January 1, 2006

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The measure would require that a postponed workers' compensation hearing must be reset to a date no later than 120 days after the date of the postponed hearing. The statute also requires that new requests for hearing must be scheduled within 90 days. Based on 2004 hearing statistics, the Department of Consumer and Business Services estimates approximately 900 additional Workers' Compensation Board (Board) hearings per month would need to be rescheduled during the first 10 months following the measure's effective date. The agency anticipates that adding two administrative law judges and two support staff would accommodate this temporary workload increase. All positions would be Limited Duration. The principal source of funding for Board activity is the Workers' Compensation Insurance Premium Assessment.

If this measure is enacted, the Legislative Fiscal Office will consider the effect on the Board's 2005-07 budget expenditure limitation during budget deliberations in the Joint Committee on Ways and Means.