

2025 Legislative Session

Fiscal Impact Statements – Frequently Asked Questions

General Fiscal Impact Statement Questions

Who is the audience for an agency fiscal impact narrative?

The Legislative Fiscal Office (LFO) fiscal analyst is your primary audience as they review the information submitted by the agency and draft the official LFO fiscal impact statement. LFO might not have detailed knowledge about agency statutory requirements, operations, or acronyms, 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.

What if our agency contact information changes?

If you would like to add or remove anyone from the LFO Fiscal Impact Statement Request contact list, please email MaryMichelle Sosne at MaryMichelle.Sosne@oregonlegislature.gov.

Where can I find more information about how to formulate a fiscal impact statement?

Please visit the LFO fiscal impact statement webpage at <https://www.oregonlegislature.gov/lfo/Pages/fis.aspx>

What do we do if we find an error in our fiscal impact statement?

Remember that the fiscal impact process is an information gathering process. If you find that the information you submitted is incorrect or that additional information would improve the fiscal impact statement, even after it has been published, please submit a revised fiscal impact statement. We may be able to recall our original fiscal impact statement and re-issue a new one.

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

LFO is responsible for making an independent assessment of the accuracy of the fiscal analysis used to develop a measure's estimated fiscal impact. Although most fiscal impact statements published by LFO are consistent with state agencies' estimates, differences arise if LFO is unable to independently justify the assumptions or calculations used by an agency. Common reasons for such differences include the following: a lack of clear nexus between what a measure requires an agency to do and what an agency reports in its fiscal analysis; the assumed start date for new positions; insufficient justification for the need for new positions; or the narrative does not match totals included in the table. The LFO fiscal analyst or budget analyst will try and communicate any substantial differences from the agency's fiscal analysis. In some cases, this communication might not be possible to provide until after the fiscal impact statement is published due to deadlines for reporting measures from committees. Please reach out to your LFO budget analyst if you are unsure why there were differences between agency and LFO fiscal impact statement conclusions.

When to Prepare a Fiscal Impact Statement

What impact do amendments have on agencies' work in the fiscal impact process? Do we have to estimate the fiscal impact of every proposed amendment?

In general, LFO only requests fiscal impacts for amendments that are likely to advance in a committee. So, you do not have to write a fiscal impact for every amendment. We do our best to share information about possible amendments as quickly as possible. If you know about a likely

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amendment but have not received a request for a fiscal impact statement, please share this information with us as well.

If an amendment makes minimal changes to a bill, and results in no change to your previous fiscal impact statement, we still need you to submit a fiscal impact statement. On occasion, an LFO fiscal analyst may send a request noting that no new fiscal impact statement needs to be submitted, and that agencies may just respond to confirm that there is no change from a previously submitted fiscal impact statement as the result of an amendment. This is the only exception to this requirement.

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

Agencies are certainly allowed to respond to fiscal information requests that come directly from legislators. When honoring such a request, please share the same information with LFO to ensure we have consistent information regarding your agency's estimates and to help us remain informed in case questions are asked of our office on this information.

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 that a bill is scheduled in committee for a work session and has a fiscal impact, it is helpful to get started on the fiscal impact statement before being notified by LFO. Please ensure that the fiscal impact statement you submit to LFO is for the correct version of the bill, should there be any amendments.

If you are unsure if a fiscal impact statement is needed, please reach out to your LFO fiscal analyst to ask. There are several circumstances where a fiscal impact statement will not be needed from agencies, such as if a bill is scheduled but we already have prepared a fiscal impact statement for the version of the bill being voted on; if a bill is scheduled with a proposed amendment, but the amendment makes no policy changes and will solely appropriate funds or make other budget modifications; or if a bill has been amended to no longer include your agency.

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

If you are concerned that you cannot meet a deadline, or that the quality of your estimated fiscal impact will suffer, please contact 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.

Handling Different Types of Fiscal Impact Statement Responses

If the measure has no fiscal impact on the agency, can we just check the no fiscal box?

No, a "no fiscal" impact statement must be accompanied by a short narrative description of why the agency has determined that the impact on the agency is "no fiscal." LFO sends requests to agencies when our reading of a measure indicates that there could be an impact for an agency. In some cases, a bill may be relevant to an agency but have no impact. In other cases, a bill may not touch on the work of the agency at all.

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If the bill does relate to your agency, your “no fiscal” conclusion must be supported by information about which portions of the bill relate to the agency, and why this measure will not have an impact. For example, you might state that the agency already performs the work directed by the measure; or that the measure makes technical changes that do not impact agency operations.

If no part of the bill is relevant to your agency, you should identify which parts of the measure could be relevant to your agency and why they are not applicable. We may be able to remove your agency from future requests if we understand why a bill is not relevant to your agency. If you are unsure why you have been added as a potentially impacted agency, please reach out to the LFO fiscal analyst making the request to ask for further information.

When is a fiscal impact “minimal” and what is the Legislature’s or LFO’s process for handling a “minimal” fiscal?

A “minimal fiscal” impact statement means that the activities required by the bill can be executed within an agency’s current budget and adoption of the bill will not necessitate adjustments to appropriations or expenditure limitations. A minimal fiscal impact 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 include expenditure and revenue estimates for minimal fiscal impacts where possible. If multiple bills with a minimal fiscal impact pass during the legislative session, and the cumulative impact of these bills would result in costs your agency is unable to absorb, please notify your LFO budget analyst.

When is it appropriate to call a fiscal “indeterminate”?

Fiscal impact statements should not be defined as indeterminate, even if some portions of the costs are unknown. Please mark forms as no, minimal, or fiscal impact, and describe in the narrative section of the fiscal impact form what sort of information is needed to fully calculate the estimated impact. You should provide your best estimates of fiscal impacts, which might include ranges instead of a single number, and document your assumptions. Providing an educated assumption will give the LFO fiscal impact statement reviewer a better frame of reference to understand the potential impacts of the measure.

Filling Out the Fiscal Impact Statement Form

What sort of documentation do we need to submit when asked for a fiscal impact statement?

All agencies must submit the agency fiscal impact statement response document provided by LFO for every fiscal impact statement request. While we prefer that agencies use the Excel template, a Word document with embedded Excel spreadsheet is also available this session. If the Word version is used and your agency anticipates any impact to revenues, expenditures, or positions/FTE, then the embedded Excel spreadsheet must be populated to include these numbers.

Due to the sheer volume of bills, short timelines, and limited number of LFO staff working to produce fiscal impact statements, it is important to have a consistent presentation of information so that our office can easily find information and track responses. There are five LFO staff working

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on fiscal impact statements, and over 120 government entities submitting fiscal information. Providing consistent information helps us handle this workload more effectively.

Can we modify the fiscal impact statement template?

You are welcome to include additional tabs or backup information in the LFO template, but all information ultimately needs to flow into the LFO template as provided. LFO will permit fiscal impact statement forms to be modified on a case-by-case basis to add additional data fields, but any changes should be discussed with LFO prior to session. If you have any questions about what can or should be included in your agency's fiscal impact statement templates, please email Haylee Morse-Miller at haylee.morsemiller@oregonlegislature.gov and copy your LFO budget analyst.

What do you mean by “provide a section-by-section summary” of the bill?

For the “Bill Description” portion of the written narrative, you should provide a summary of the of the *engrossed version of the bill* (meaning the bill with the amendments included). The summary should discuss each section of the bill that *relates to your agency*.

For example, if the first section of HB 1000 requires all buildings in Oregon to meet certain earthquake standards, then your fiscal impact statement for HB 1000 would say:

Section 1: Requires all buildings in Oregon to meet certain earthquake standards.

If there is a -10 amendment that changes the bill so that only *state-owned buildings* must meet certain earthquake standards, then your fiscal impact statement for HB 1000 - 10 would say:

Section 1: Requires all *state-owned buildings* in Oregon to meet certain earthquake standards.

We prefer that you not discuss the impact of the amendments separately from the bill. For example, you *would not* state that “HB 1000 requires all buildings in Oregon to meet certain earthquake standards; the - 1 amendment changes this requirement to only state-owned buildings.”

Adjacent sections of the measure that create the same fiscal impact on the agency may be described together. For example, if the first five sections create a new program for the agency to administer and the next four sections of the bill make separate policy changes, the bill description may be written in the following format:

Sections 1 - 5: Requires the [agency] to provide financing to local governments or housing developers for moderate income housing predevelopment costs. Appropriates \$3 million to the [agency] for this purpose.

Sections 6 - 9: Makes change to notice requirements that must be made available to tenants for termination of residential tenancy for nonpayment.

For large bills, there may only be certain portions of the bill that are applicable for your agency. If there are sections of a bill that do not pertain to your agency, a best practice is to include the section number(s) but simply note that the section(s) includes technical changes, or is not

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relevant. If there is no impact to your agency, you can just briefly highlight the sections that pertain to your agency without providing a full section-by-section analysis.

How do we write a narrative in Excel?

There are two tips for submitting your written analysis in Excel.

First, text boxes in Excel can be changed so that they expand when text is input. The response form provided by LFO includes text boxes that expand with the text, but if you have a different version of the Excel template that you need to edit, then:

- Right-click the border of the shape or text box.
- On the shortcut menu, click Format Shape.
- In the Format Shape pane, click Size & Properties, click Text Box, and then select Resize shape to fit text.

The second tip is to write your narrative in Word first, then copy and paste to Excel. When pasting, select “Keep Source Formatting” as your paste option to retain the formatting used in Word (such as bullet points, bold or italicized text, etc.). To find this option, either go to your Excel toolbar at the top, and in the “Home” tab, click on the arrow under “Paste” to find the “Keep Source Formatting” option. Or, right click in the text box and then select the “Keep Source Formatting” option for Paste.

What should be included in the Program Background section of the fiscal impact statement?

This section is meant to provide any history or context that is important for the LFO fiscal impact statement reviewer to know. This includes things such as measures from the current session or prior sessions on the same topic, or related policy option packages, as well as information on existing agency programs that will be impacted by this measure. This section is only required if your agency has existing programs impacted by the measure, or if providing additional information about your agency would help to support your fiscal impact statement conclusions.

How to calculate and communicate the fiscal impact

Should we include revenue changes in fiscal impact statements?

Yes, please discuss any changes to revenue in your fiscal impact statement. The fiscal impact statements produced by LFO include discussion of any changes to agency-generated revenues (such as revenue from fees, civil penalties, ticket sales, etc.) as well as any changes to Federal Funds and Lottery Funds revenues. Information about these revenue types should be detailed in your fiscal impact statement submission, especially if this will impact your agency’s programs or operating reserves.

The Legislative Revenue Office (LRO) produces Revenue Impact Statements (RIS) which include changes to General Fund revenues, taxes, the Common School Fund, and Court Fees and Fines. While these are not part of the LFO fiscal impact statement, it is still helpful to flag these revenue changes in your fiscal impact statement submission so that LFO can coordinate with LRO if needed.

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Why are new positions priced at step 3?

During the budget development process, all vacant positions are budgeted at step 3. The fiscal impact statement mirrors this statewide process.

What sort of information needs to be provided to support services and supplies costs?

If a measure will require your agency to hire new staff, then there will be services and supplies costs related to bringing any new staff members onboard. These expenses might include things such as a computer, office supplies or furniture, training costs, etc. These types of costs should be included in the *Standard Services & Supplies Costs for New Positions* section of the fiscal impact statement form.

Certain types of positions could have additional position-related training requirements or equipment needs. For example, staff that work outside of an office may need a vehicle to perform work in the field. In these cases, you should include information in your fiscal impact statement narrative to support this expense. If position-related services and supplies vary substantially from the amounts we see in other agency fiscal impact statements and no explanation is provided, or if you calculate services and supplies based on formulas instead of actual likely costs, we will need to follow up with you about what is included.

If there are other services and supplies costs that are not related to a new position, these should be included in the *Other Non-Standard Services & Supplies Costs* section of the fiscal impact statement form. This might include general program expenses such as legal costs, contracting for services, new software to support a program, etc. In your fiscal impact statement narrative, you should also explain what these expenditures are, and how you arrived at these numbers.

Why do fiscal impact statements not include inflation, or step/merit increases?

There are two primary reasons that inflation is not included in fiscal calculations. The first is that we do not yet know the inflation rates for future biennia when we develop a fiscal impact statement.

The second reason is that a fiscal impact statement is used to communicate information to legislators about the possible costs of the policies they are trying to enact, and including the costs for only one biennium will not provide a full picture of possible expenditures since new policies are usually only in effect for a portion of the biennium after they pass. A bill passed during the 2025 session, for example, might not take effect until January 1, 2026. In this case, the costs are calculated for only 18 of the 24 months of the 2025-27 biennium, but would be shown for a full two years, or 24 months, for the 2027-29 biennium. Projections for future biennia will not exactly reflect the actual costs but are provided to make sure that legislators and the public have a baseline understanding of what the cost will generally be for a policy to be in effect for a full 24 months. The actual cost of inflation and non-PICS driven position costs should be addressed as part of the current service level budget process for the subsequent biennium.

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Why do fiscal impact statements exclude rent and state government service charges?

In the 2023-25 and 2025-27 biennium, rent and state government service charges are already included in the Governor's Budget, Legislatively Adopted Budget, or Legislatively Approved Budget for your agency.

For the 2027-29 biennium, while there could be some changes to state government service charges for your agency based on the addition of new positions, those changes are indeterminate. State government service charges include different categories that are sometimes calculated based on usage, or sometimes calculated based on number of FTE. Similar to how we ask agencies not to include inflation, we also ask state government service charges not be included as we cannot estimate how much state government service charges will change overall, and cannot estimate how much these will change on a per position basis. These will instead be addressed as part of the budget process for the 2027-29 biennium.

The exceptions to the above are:

- If additional office space is needed due to a large number of new positions, and therefore rent costs will increase, then rent estimates should be included in your fiscal impact statement for the 2025-27 and 2027-29 biennium.
- If rent or other charges will be shifting from one fund type to another (for example, if rent is currently paid with Lottery Funds and will now be paid with Other Funds), and a budget adjustment is needed to make sure you have sufficient funding or expenditure limitation for the changed cost allocation, then that would be something to address with your LFO budget analyst. If the allocation of costs changes significantly, that can be addressed in the end of session omnibus bill or a future budget bill.

Why do fiscal impact statements exclude indirect costs?

Similar to state government services charges, while there could be some changes to indirect costs based on the addition of new positions, those changes are indeterminate. If you believe the number of new positions resulting from a measure, or the cumulative impact of several measures, will impact your agency's indirect costs, please discuss your justification with your LFO budget analyst. Similarly, if the addition of new positions will significantly change the allocation of costs (for example, if indirect costs are currently paid with Lottery Funds and will now be paid with Other Funds) that can be addressed in the end of session omnibus bill or a future budget bill.

How do we deal with General Fund that is deposited into a continuously appropriated fund?

When General Fund is deposited into a continuously appropriated fund, your fiscal impact statement should include both the General Fund deposit (in the 2025-27 biennium) and the expenditure of the General Fund as Other Funds (in the 2025-27 and/or 2027-29 biennium). This signals that your agency budget will need to be modified to include both a General Fund appropriation AND Other Funds expenditure limitation in order to expend these funds. It is always helpful to note in your fiscal impact statement narrative, or via a comment in Excel, that the Other Funds in your fiscal impact statement are derived from the General Fund that has been appropriated under the measure.