WELCOME! THE PRESENTATION WILL BEGIN SHORTLY...

1. To change your speaker, microphone, or camera settings, select **More actions (...) > Device settings** in the control bar
   - Test your audio to ensure that it is working correctly

2. Use **Show conversation** to open the Meeting chat panel
   - You can use Meeting chat to ask questions or respond

3. Please mute your microphone (toggle the microphone button) when not speaking
INTRODUCTION TO FISCAL NOTES SYSTEM (FNS) VIRTUAL TRAINING

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JANUARY 2022

OFFICE OF FINANCIAL MANAGEMENT
AGENDA

Welcome Information
Attendance Check
What is Introduction to FNS Training?
Learning Objectives
What’s New for 2022?
Lessons and Demonstrations
Q&A
Help and Resources
WE ARE HAPPY YOU’RE HERE!

This session is being recorded

Break

Chat feature and raising hands

Online training available

In case we get disconnected...

Handout

Training material available at ofm.wa.gov

Evaluations
NEEDED FOR COURSE COMPLETION CREDITS

ATTENDANCE CHECK

If your full name isn’t shown in the Teams Participants list, please let us know that you are here.
WHAT IS INTRODUCTION TO FNS TRAINING?

Addressing topics that result in frequent calls to the Help Desk

Covering topics that are common when first working with FNS

Addressing your questions

Poll: Who has previous experience working in FNS?
LEARNING OBJECTIVES

Fiscal Notes Overview

Creating a Fiscal Note in FNS
  • Operating expenditures
  • Capital expenditures
  • FTEs
  • Cash receipts

Importing from Excel

I-960/10-Year Analysis

Some topics include a paired demonstration in a sandbox environment
OTHER TOPICS OF INTEREST?
WHAT’S NEW FOR 2022?

Improved browser compatibility - now works with Google Chrome, Firefox, and Microsoft Edge

Bill text comparison spreadsheet is now available

WHERE SHOULD I BEGIN?

OFM’s FNS Product Page

- [https://www.ofm.wa.gov/it-systems/fiscal-note-system-fns](https://www.ofm.wa.gov/it-systems/fiscal-note-system-fns)

OFM’s Budget Forms Page

- [https://www.ofm.wa.gov/budget/budget-instructions/budget-forms](https://www.ofm.wa.gov/budget/budget-instructions/budget-forms)
FISCAL NOTES
OVERVIEW
WHY DO FISCAL NOTES?

RCW 43.88A directs OFM to establish fiscal note procedures that:

• Evaluate the expected impacts of bills
• Include fiscal impact for the first biennium impacted plus the succeeding four fiscal years
• Coordinate fiscal impact development for all state agencies affected
• Provide fiscal notes for any legislative proposal
• Approve the form, accuracy and completeness of the note
WHO ARE THE PLAYERS?

Legislative members and staff
OFM Budget Division staff
State Agencies—budget and program staff
2022 SESSION CUTOFF CALENDAR

- **January 10**
  - First Day of Session

- **Mid-February**
  - Deadline to pass House of Origin

- **Early March**
  - Deadline to pass Opposite House

- **March 10**
  - Sine Die – Last Day of Session
TIPS FOR SUCCESS

Prepare early
Know your process
Anticipate topics
Gather data now
Be ready on the first day
If text is good and applies, use it!
CREATING A FISCAL NOTE IN FNS
PREPARING FISCAL NOTES

Agencies usually have 3 days* to:
• Read and understand the bill
• Decide how the bill might be implemented
• Collect data
• Convert concepts to costs
• Draft narrative
• Send through a review process
• Incorporate comments
• Final review and signoff

*There may be less time due to hearing dates
KEY FEATURES OF A GOOD FISCAL NOTE

Clearly written to show how the bill will change current practices and costs—anyone can understand it

Cost estimates are based on data

Assumptions are clear, reasonable and include an implementation date; and are coordinated with other agencies

Calculations are clear and can be easily duplicated

Objective – Avoids discussing merits of the bill, pro or con

Avoid “Indeterminate” – Ranges to communicate uncertainty

Timely – Submitted on-time
ANATOMY OF A FISCAL NOTE

Part I: Estimates

Part II: Narratives
  • Description
  • Cash Receipts
  • Expenditures

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making
PART I: ESTIMATES

Most important page!

How much does it cost?

- No Fiscal Impact
- Less than $50,000
- Greater than $50,000

Starting point is the last enacted budget

Non-Zero but Indeterminate
INDETERMINATE: WHAT DOES THIS MEAN?

Impossible to quantify
Indeterminate costs DO NOT get funded

Enter all known costs and receipts in the applicable tables
Explain what the unknown costs or receipts are in the narrative with an estimated range

Discuss with OFM budget analyst before releasing
PART II: NARRATIVE

Heart of the fiscal note: explains how the bill changes business practices and costs of the agency

Credible: clear methodology, clear assumptions, cited data, avoids jargon, is consistent

Objective: nothing is stated or computed in a way that indicates support or opposition
PART IIA: BRIEF DESCRIPTION

Section–by–section analysis
State implementation methodology that will drive cost
If no fiscal impact, state why
If a substitute bill, note the differences between the bills
PART IIB: CASH RECEIPTS

In a fiscal note, Revenue and Cash Receipts are the same thing
Reported by the agency that will collect the money
If federal or private/local, then the amount is expected to match the federal or local expenditures. For other revenue sources, a difference is acceptable
New fund created—use “NEW”
PART IIC: EXPENDITURES

What are your assumptions?
What will it cost?
What is that based on?
How did you compute the cost?
What were your sources?
Compute independent of cash receipts
If the effort is very small, absorb it
If the agency is either willing or required to absorb, clearly state what will not get done
If the activity is something the agency already does, be prepared to show why the requirements of the bill can’t be absorbed
PART IV: CAPITAL IMPACT

Include description in Part IIA, Brief Narrative, but not in Parts I, IIC or III Expenditures

State methods and assumptions, show calculations, identify FTE costs, compute expenditures independent of cash receipts, cite data and sources
PART V: NEW RULE MAKING

State the part of the bill that will require new rules or changing existing rules
State in general what the new rules or changes will be
If no rulemaking is required, leave this field blank
SPECIAL CIRCUMSTANCES

Vague Language: Get clarification from staff
Repealers: Look up sections, state impact
Contains an Appropriation Clause: Disregard
Errors in Fiscal Notes: Contact OFM, prepare a revised note ASAP
No Request: Contact OFM for a formal request
OFM REVIEWS FOR:

Intent of Legislation
Objectivity
Average Citizen Comprehension
Acronyms and Grammar
All Sections Completed
Costs Begin on/after Effective Date

Calculations
Data Sources
Interagency Coordination
FTEs and Salaries
Who Collects the Cash Receipts?
Part I Expenditures & Part III Expenditure Details Balance
REMEMBER!

Fiscal notes are intended to give an objective analysis of the impact of proposed legislation.

The best fiscal notes have clear analysis of intent, clear assumptions, use data, and are generally funded if the bill passes.

For more information or consultation, contact your agency’s fiscal note coordinator or your assigned OFM analyst.
I-960: THE TEN-YEAR ANALYSIS
What is an I-960/10-year analysis?
• Ten-year projections for proposed legislation that imposes or raises taxes and/or fees. RCW 43.135

Why is this a requirement?
• Voters passed the measure in November 2007.

How quickly do the analyses have to be done?
• Ten-year analyses and notifications are to be prepared and communicated expeditiously, promptly and without delay.
GENERAL GUIDELINES

Show each source of revenue separately
Use the descriptive title, not the account code
Tax increases and decreases ARE netted against each other
Fee increases and decreases ARE NOT netted against each other
Increases and decreases in a tax and a fee ARE NOT netted, and vice versa
If an analysis has no cash receipts, is indeterminate, or partially indeterminate, provide an explanation
NOTIFICATIONS

OFM is required to send notices that include a ten-year projection whenever a bill that has taxes or fees:

- Is introduced
- Has a public hearing scheduled
- Passes out of committee
- Passes on the floor
- Passes the legislature

Any person may subscribe to the notices at:

BREAK – RETURN AT 2:00 PM
DEMONSTRATION

CREATING A FISCAL NOTE

Watch the instructors demonstrate this functionality
AGENCY ACCOUNT ADMINISTRATION

Agency Security Officers Job Aid:


Poll: Who here is an Agency Security Officer for FNS?
Q&A
STAYING INFORMED

OFM FNS Product page:
  • https://ofm.wa.gov/it-systems/budget-and-legislative-systems/fiscal-note-system-fns

OFM’s Budget Operations Budget Instructions:
  • https://www.ofm.wa.gov/budget/budget-instructions/other-instructions

OFM Budget Forms page:
  • https://www.ofm.wa.gov/budget/budget-instructions/budget-forms

Sign up for FNS bulletins on GovDelivery:
  • https://public.govdelivery.com/accounts/WAGOV/subscribe/new
WHO TO CONTACT WITH QUESTIONS?

OFM Help Desk
• Phone: 360.407.9100
• Email: HereToHelp@ofm.wa.gov

Fiscal Notes Policies and Procedures:
• OFM Budget Operations:
  o Budget.Operations@ofm.wa.gov
• OFM Fiscal Note Coordinator:
  o Steven Puvogel: (360) 701-6459
• OFM Ten-Year Analysis Coordinator:
  o Gaius Horton: (360) 819-3112
PLEASE COMPLETE OUR SURVEY!

OFM Enterprise Applications Training: Chris.Soots@ofm.wa.gov

Any questions?