

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





JANUARY 2023

INTRODUCTION TO FISCAL NOTES SYSTEM (FNS) VIRTUAL TRAINING

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OFM

OFFICE OF FINANCIAL MANAGEMENT

AGENDA

Welcome Information

Attendance Check

What is Introduction to FNS Training?

Learning Objectives

What's New for 2023?

Lecture and Demonstration

Q&A

Help and Resources



WE ARE HAPPY YOU'RE HERE!

This session is being recorded

Break at the midpoint of the class

Chat feature and raising hands

Online training is available

In case we get disconnected...

Handout contains usable hyperlinks

Training material available at ofm.wa.gov

Training evaluations by email



NEEDED FOR LMS COURSE COMPLETION CREDITS

ATTENDANCE CHECK

If your full name isn't shown in the Teams Participants list, please let us know who you are.

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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

WHAT'S NEW FOR 2023?

Bill text comparison spreadsheet is available

- <https://ofm.wa.gov/sites/default/files/public/budget/forms/BillCompareToolVersion1.xlsm>

Back-end performance improvements



WHERE SHOULD I BEGIN?

OFM's FNS Product Page

- <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>



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

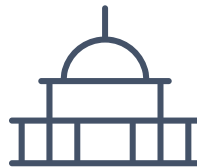


WHO ARE THE PLAYERS?

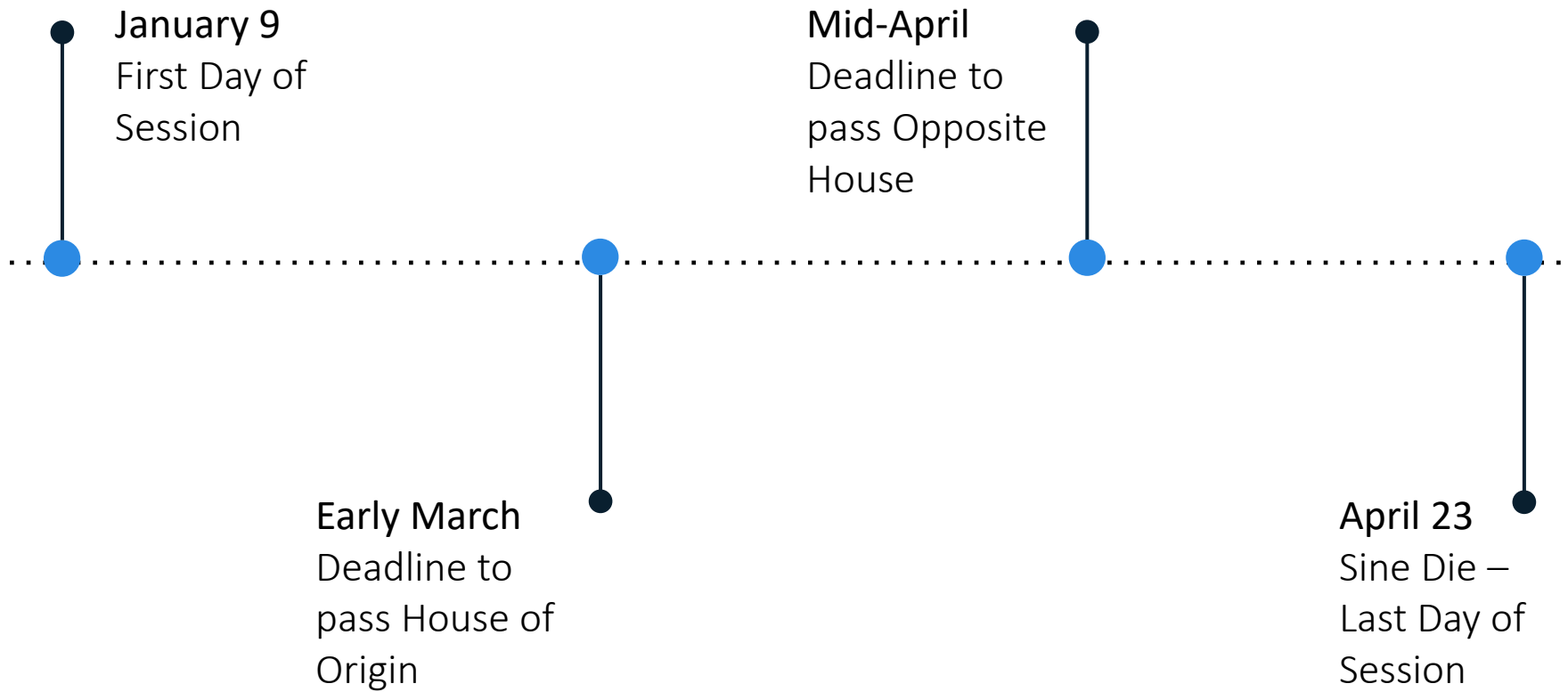
Legislative members and staff

OFM Budget Division staff

State Agencies—budget and program staff



2022 SESSION CUTOFF CALENDAR



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



ABSORBING COST

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

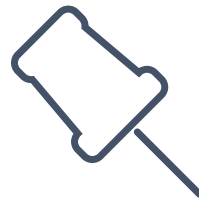
Vague Language: Get clarification from staff

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



INITIATIVE MEASURE I-960

What is an I-960/10-year analysis?

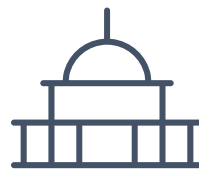
- Ten-year projections for proposed legislation that imposes or raises taxes and/or fees. RCW 43.135

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:

- <https://ofm.wa.gov/budget/fiscal-impact-ballot-measures-and-proposed-legislation/tax-fee-proposals-i-960>



**BREAK – RETURN
AT 10:05 AM**



DEMONSTRATION

CREATING A FISCAL NOTE

Watch the instructors demonstrate this
functionality

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AGENCY ACCOUNT ADMINISTRATION

Agency Security Officers Job Aid:

- <https://www.ofm.wa.gov/sites/default/files/public/budget/instructions/other/AgencySecurityOfficersJobAid.pdf>

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:
 - Budget.Operations@ofm.wa.gov
- OFM Fiscal Note Coordinator:
 - Steven Puvogel: (360) 701-6459
- OFM Ten-Year Analysis Coordinator:
 - Gaius Horton: (360) 819-3112





PLEASE COMPLETE OUR SURVEY!

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

Any questions?

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