#### Welcome! The Presentation Will Begin Shortly.



- 1. To change your speaker, microphone, or camera settings, select **More (...) > Device settings** in the control bar.
  - Test your audio to ensure that it is working correctly.
- 2. Use **Chat** to open the Meeting chat panel.
  - You can use Meeting chat to ask questions or respond.
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#### January 2025

# Introduction to Fiscal Notes System (FNS) Virtual Training

#### Hosted by OFM ITSD

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#### Agenda

- Welcome Information
- What is Introduction to FNS Training?
- Fiscal Notes Overview and Best Practices
- I-960: The Ten-Year Analysis
- Creating a Fiscal Note Demonstration
- Q&A
- Information and Resources



#### We are Happy You're Here!

- Break at the midpoint of the class
- Chat feature and raising hands in Teams
- In case we get disconnected...
- Handout contains usable hyperlinks
- Training evaluations by email



# Attendance Check If the name that you registered under in the Learning Center isn't displayed in the Participants list, please type your full name in Chat.



#### **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

Important topics include a paired demonstration in a real FNS environment.



## What is Introduction to FNS Training?

- Covering topics that are common when first working with FNS
- Addressing topics that result in frequent calls to the Help Desk
- Addressing your questions

Poll: Who has previous experience working in FNS?



#### Where Should I Begin?

OFM FNS Product Page

https://www.ofm.wa.gov/it-systems/fiscal-note-system-fns

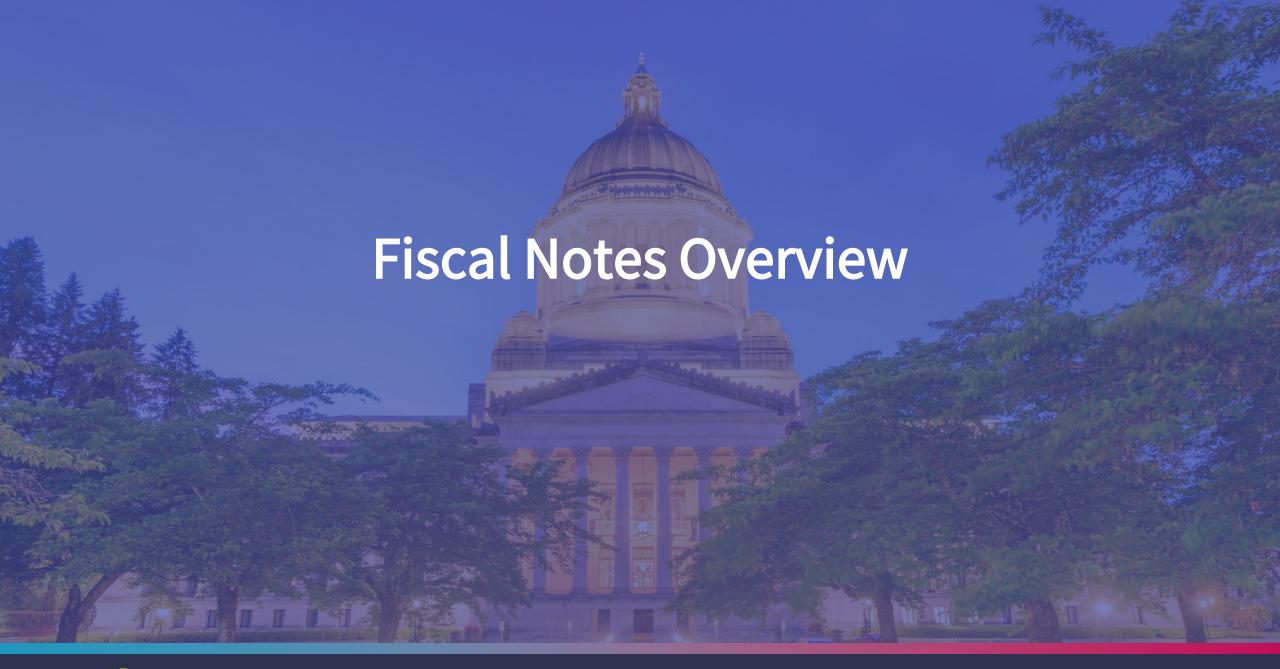
OFM Budget Forms Page

https://www.ofm.wa.gov/budget/budget-instructions/budget-forms

Bill Text Comparison Spreadsheet

https://ofm.wa.gov/budget/bill-comparison-tool







#### 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



#### 2025 Session Cutoff Calendar

January 13

First Day of Session

#### Mid-April

Deadline to pass Opposite House









Mid-March

Deadline to pass House of Origin



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!







#### **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 advisor 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 advisor.







#### **Initiative Measure I-960**

- What is an I-960/10-year analysis?
  - Ten-year projections for proposed legislation that impose or raise 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 <u>and</u> a fee ARE NOT netted, and vice versa.
- If an analysis has no cash receipts, is indeterminate, or partially indeterminate, provide an explanation.

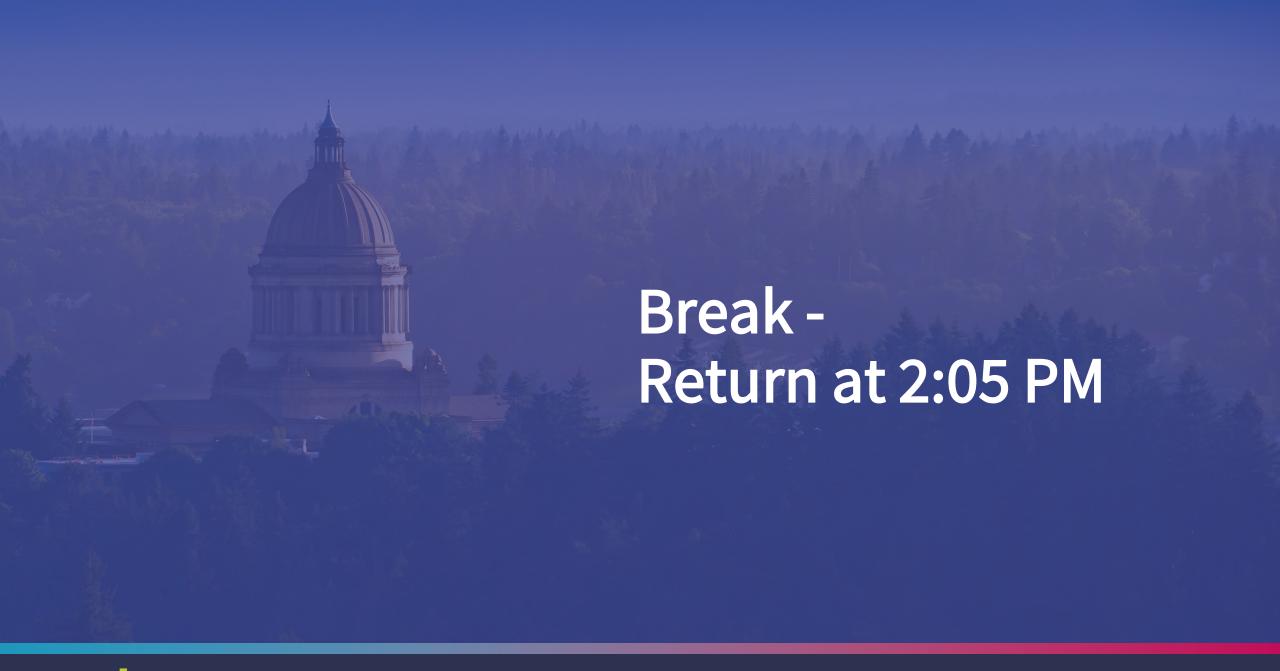


#### **Notifications**

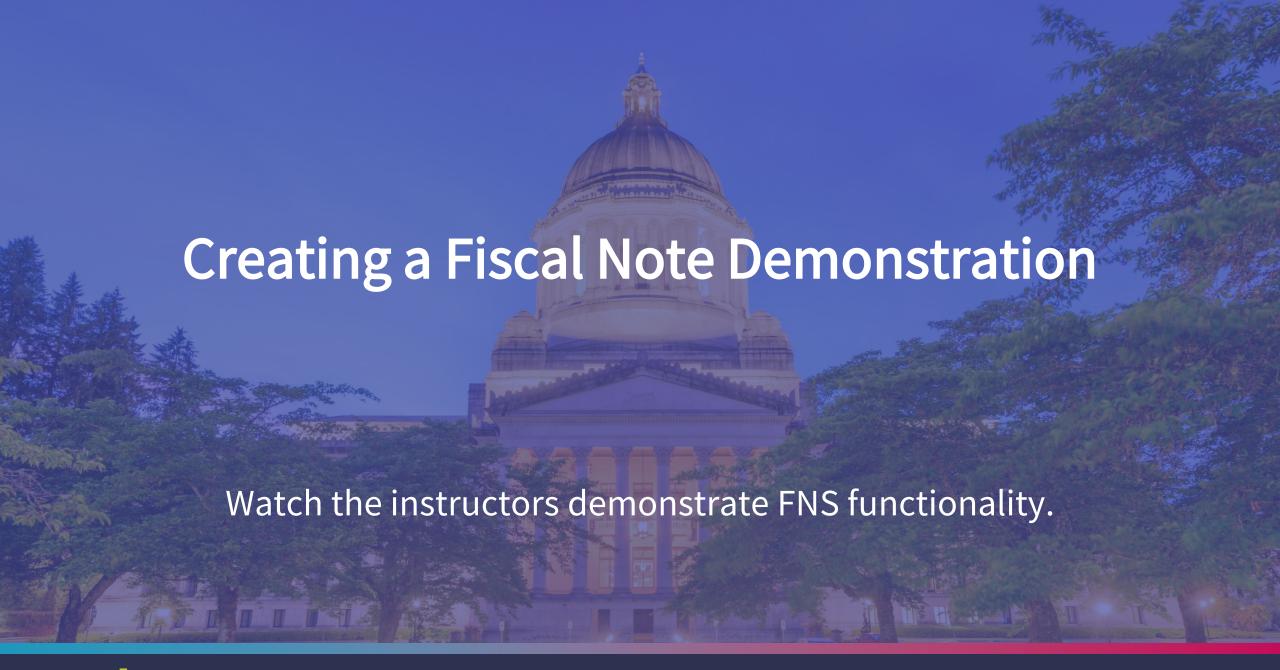
- OFM is required to send notices that include a ten-year projection whenever a bill that has taxes or fees:
  - Is introduced
  - Has a public hearing scheduled
  - Passes out of committee
  - Passes on the floor
  - Passes the legislature
- Any person may subscribe to the notices at:

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











# **Agency Account Administration**

Agency Security Officers Job Aid:

<a href="https://www.ofm.wa.gov/sites/default/files/public/budget/instructions/o">https://www.ofm.wa.gov/sites/default/files/public/budget/instructions/o</a> ther/AgencySecurityOfficersJobAid.pdf

**Poll:** Who here is an Agency Security Officer for FNS?







#### **Staying Informed**

OFM FNS Product page:

https://ofm.wa.gov/it-systems/budget-and-legislative-systems/fiscal-note-system-fns

OFM Budget Other 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/subscriber/new



#### Who to contact with questions?

- OFM Help Desk
  - Phone: 360-407-9100
  - Email: <u>HereToHelp@ofm.wa.gov</u>
- Fiscal Notes Policies and Procedures
  - OFM Budget Operations:
    - <u>Budget.Operations@ofm.wa.gov</u>
  - OFM Fiscal Note Coordinator:
    - Steven Puvogel: 360-701-6459 or via Microsoft Teams
  - OFM Ten-Year Analysis Coordinator:
    - Gaius Horton: 360-819-3112 or via Microsoft Teams



# Online Training Available

• There is a self-paced, pre-recorded version of this course available on the Learning Center:

OFM Introduction to Fiscal Notes System (FNS) Online Training



#### Please Complete Our Survey

#### **Contact:**

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