


**Oregon Legislative Fiscal Office
Fiscal Impact Statement
Process and Best Practices**



**“Everybody is entitled
to his own opinion, but
not his own facts.”**

Senator Daniel Patrick Moynihan

What is a Fiscal Impact Statement?

An independent, objective analysis of the financial effects of a measure on state and local government:

- Expenditures
- Revenues
- Staffing (FTE)
- Organizational Structure

IMPARTIAL

NONPARTISAN



Purpose of a Fiscal Impact Statement

- Identify the impact of a measure on the budgets of state and local government.
- Inform Legislators and the public about potential fiscal consequences of proposed legislation.
- Ensure the fiscal impacts of enacted legislation are appropriately included in the balanced state budget.
- Important Fact: A completed fiscal impact statement does not mean funds are included in the budget.



Responsibility for Fiscal Impact Statements

ORS Chapter 173 and House and Senate Rules direct the Legislative Fiscal Office to prepare fiscal impact statements on each measure, with assistance from:

- Department of Administrative Services (to coordinate and prepare fiscal impact information on issues that affect all state agencies)
- State agencies
- Local governmental units

Process Partners Must be Trained and Prepared

- Communicate effectively and work collaboratively with LFO staff.
- Track measures that will impact the agency.
- Ensure good communication between agency fiscal, program, and legislative staff.
- Develop internal processes to ensure timeliness and accuracy.
- Develop and fully document agency fiscal impact assumptions and conclusions.



LFO Fiscal Impact Process Responsibilities

- Identify and gather data from all affected agencies.
- Communicate effectively and work collaboratively with all entities that have relevant information and knowledge.
- Challenge information and assumptions as appropriate.
- Review historical information.
- Analyze and synthesize information collected and explain the fiscal impact conclusion.
- Information should educate legislative committees about the fiscal effects of policy legislation.
- Keep fiscal information submitted by agencies confidential.
- Meet legislative deadlines.



LFO Fiscal Impact Internal Process

- LFO staff read all bills and amendments and communicate with all affected agencies and local governments.
- After appropriate review and research, LFO Fiscal Analysts prepare a draft fiscal impact statement.
- LFO Budget Analysts review and approve for release all fiscal impact statements for their assigned agencies.
- Fiscal impact statements are prepared for all measures prior to action being taken by a legislative committee.
- For purposes of estimating costs, LFO prices all new legal requirements, as well as when the law makes new or different allowances.



Types of Fiscal Impact Statements Issued

- No Fiscal Impact (793)
- Minimal Fiscal Impact (1,007)
 - Determined that the fiscal impact can be managed within existing agency resources
- Fiscal Impact (1,475)
 - Quantified Fiscal
 - Explanatory Fiscal
 - Indeterminate Fiscal
 - Fiscal Lite (to move from one committee to another)

A Compelling Fiscal Impact Statement

- Clearly and credibly documents facts.
- Describes, in detail, assumptions used in estimating the fiscal impact.
- Provides any other information that helps explain the fiscal impact estimate.
- Identifies opportunities to leverage existing resources.
- Includes stakeholder involvement and information.
- Is prepared in a timely manner.
- Guides subsequent work.

Only Impacts on Original or Engrossed Versions are Considered Official

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 Date: 5/4/2015

Measure Description:

Requires all employers to implement paid sick time for employees.

Government Unit(s) Affected:

Bureau of Labor and Industries (BOLI), Department of Human Services (DHS), Department of Administrative Services (DAS), Oregon Health Authority (OHA), Cities, Counties, Special Districts

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
General Fund	\$1,655,847	\$1,961,243
Lottery Funds	\$24,663	\$32,884
Other Funds	\$337,088	\$449,450
Federal Funds	\$2,407,268	\$3,209,490
Total Funds	\$4,424,865	\$5,653,067
Positions	3	2
FTE	2.25	2.00

Summary of Revenue Impact

	2015-17 Biennium	2017-19 Biennium
Federal Funds	2,407,268	3,209,490
Total Funds	\$2,407,268	\$3,209,490

Local Government Mandate:

This bill may affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

Beginning January 1, 2016 the bill would require most employers having six or more employees to implement a sick time policy allowing an employee to earn, accrue, donate or use up to 40 hours of paid sick time per year. Most employers who employ fewer than six employees are required to implement a sick time policy. Paid sick time is given the definition of time off from work while being compensated at the regular rate of pay without reductions in benefits; and sick time, that is not paid, is given the definition of time off from work.

The Commissioner of the Bureau of Labor and Industries (BOLI) is directed to adopt rules for determining the number of employees employed by an employer, as well as adopt rules and create a template pertaining to employers providing written notice of certain requirements of this Act to their employees. The Commissioner of BOLI is also directed to enforce this legislation; including but not limited to investigating violations and assessing civil penalties.

Due to the state-wide expansion of sick leave policies, BOLI anticipates the need for a permanent Civil Rights Field Representative 2 position to process additional complaints of sick leave violations. This

For the full text, click on the link below. Other fiscal impact statements are also available on the Oregon Legislative Information System (OLIS).

[SB 454 link to OLIS](#)

Fiscal Impact Statement Process

