

# Guide to the Fiscal Note Form

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## Guide to the Fiscal Note Form

The Governor's Legislative Office (GLO) and the Office of Management and Budget (OMB) updated these instructions for the 2020 legislative session. Please disseminate the instructions to all agency staff involved in the preparation of fiscal notes. If you have questions, please contact Juliana Melin, the Governor's Deputy Legislative Director at 465-4021.

### General Information

- **Use the updated 2020 legislative session fiscal note forms.** Legislative Finance's fiscal note system will not accept 2019 fiscal note forms. We recommend purging last year's form so as not to confuse it with this year's updated form.
- **Do not alter the fiscal note forms.** Legislative Finance's fiscal note system does not accept forms with altered box sizes, formatting, etc.
- **Do not fill in the Fiscal Note Number or Publish Date.** The Clerks/Secretaries will do that.
- **Convert fiscal note documents to Adobe PDF by printing to PDF, not saving to PDF.** To do this, click File, Print, set the printer to Adobe PDF, and press Print.
- **Do not lock the Adobe PDF fiscal note documents.** The Clerks/Secretaries need to add Fiscal Note Number and Publish Date to the forms when they receive them.
- **The *Operating Expenditures* and *Fund Source* section totals must balance.** A "cost ≠ codes" error message occurs under the offending Fund Source column if they do not. Notes will not be accepted with this error.

### Fiscal Note Details

The following section provides line-by-line guidance for filling out the fiscal note form. The numbers for each detail refer to the numbered entries on the sample fiscal note at the end of these instructions.

1. **Bill Version** – Only the bill number or the CS needs to be entered here. Do not enter the version letter as referenced on the bill. For example, you can enter SB 27 or CSSB 27.
2. **Identifier** - Enter the file name for the fiscal note PDF file. See [Naming Conventions](#).
3. **Title** - Provide the short title for the legislation.
4. **Sponsor** - Committee or legislator sponsoring the legislation. **The sponsor for the Governor's bills is "Rules by Request of the Governor."** This is the most common error on fiscal notes for the Governor's bills. Please do not include co-sponsors – they will be removed when the fiscal note is uploaded.
5. **Requester** - The requester is usually the committee scheduled to hear the bill. **For the first fiscal note of a Governor's bill, submitted before the start of Legislative session, the requester is "Governor."** Please write (H) or (S) before the committee name.
6. **Department/Appropriation/Allocation** – Fill in these spaces appropriately.  
Example: Department – Office of the Governor  
Appropriation (RDU) – Commissions/Special Offices  
Allocation (Component) – Human Rights Commission

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7. **OMB Component Number** - Agencies are required to fill in the OMB Component Number for all fiscal notes. If a bill affects more than one component, typically a separate fiscal note needs to be prepared for each component. For department-wide fiscal notes, use the Commissioner's Office component number. Only one fiscal note can be uploaded per component number.

To lookup OMB Component Numbers, click on the OMB Component Lookup tab in the electronic version of the Fiscal Note, then click on the hyperlink called: [OMB Component Lookup](#). This hyperlink will take you to the Legislative Finance site to look up a component number.

**Incorrect component numbers are a common mistake. Please double check the component number before submission.**

8. **Operating Expenditures** - The fiscal note form includes two columns for FY2021: “FY21 Appropriation Requested” and “Included in Governor’s FY21 Request.” The Appropriation Requested is the appropriation required for FY21 should the bill become law, in addition to GOA submitted budget. The “Included in Governor’s FY21 Request” should show zero funding unless funding specifically for this legislation, or comparable legislation, has been included in the Governor’s FY21 budget. **If the bill becomes law, the amounts in these columns become operating increments or appropriations.**

The section marked “Out-Year Cost Estimates” is your agency’s estimated cost for this legislation in future years. Do not adjust the out years for inflation.

**Operating Expenditures means the added/deleted cost of the proposed addition or change and should not include the current level of program expenditures.** Express all expenditures in thousands of dollars rounded to the nearest hundred (e.g., \$7,757 = \$7.8). If there are no expenditures for the indicated years, enter a zero. Remember that your expenditures need to be carried through FY2026. The amounts shown for a given fiscal year should reflect the actual cost or savings of that particular year, relative to the status quo.

The Administration's policy is to develop fiscal notes without adjusting for inflation because most state programs do not receive automatic increases in funding for inflation. If you are preparing a fiscal note for a program that is dependent upon inflation rate (e.g., formula programs) please use the information in the table below. In addition, **state in the beginning of the Analysis section that amounts include inflation.**

	<u>* Statewide Population</u>	<u>% Change</u>	<u>**Inflation %</u>
FY 2020	771,529	0.86	2.25
FY 2021	777,985	0.83	2.25
FY 2022	784,301	0.81	2.25
FY 2023	790,461	0.78	2.25
FY 2024	796,481	0.76	2.25
FY 2025	802,352	0.73	2.25

\* Source: Dept. of Labor, Alaska Population Projections 2012 - 2042 (Baseline)

\*\* Source: Alaska Permanent Fund as reported by Callan Associates

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**For indeterminate fiscal notes**, place three asterisks (\*\*\*) in each year of the “Personal Services” line only, and this will automatically populate the “Total Operating” and the fund source “Total” lines with \*\*\*. In the analysis section, include a brief statement similar to: “The fiscal impact of this legislation cannot be determined because of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.”

**Keep in mind that by stating the impact is indeterminate, the legislation will result in no additional increment/ appropriation if passed.** Indeterminate fiscal notes should be the exception.

- 9. Fund Source** - Use this section to show the funding source for any increase or decrease in expenditures. The first 3 fund sources are locked and cannot be changed (Federal Receipts, GF Match, and GF). The next 3 fund sources require the preparer to enter only the Fund Source Code – the Fund Source Title will automatically populate. The sheet titled “Fund Code by Name” or “Fund Code by Number” lists the fund sources and fund codes.

If a new fund source is needed that is not included in the fund source list, you will need to notify Juliana Melin at the GLO. The office will need to ensure that OMB can track the legislation and create the new fund source if the legislation is enacted. GLO will work with Legislative Finance to create the new fund code in the system so that the fiscal note can be uploaded.

If a fund source change results from the legislation, enter a negative amount in the current fund source space and a positive amount in the proposed fund source space.

- 10. Positions (PCN’s)** - List the number of new or reduced full-time, part-time, or temporary positions that are related to implementation of the legislation. Show positions in the out years as well if applicable. **Show positions as whole numbers regardless if they are FT, PT, or Temporary.** Do not combine two PT positions and list as one FT. This number represents the number of PCN’s that will be added to your department should the bill pass.
- 11. Changes in Revenues** – Show the increase or decrease in revenues as a result of the legislation. Select the Revenue Fund Source by following the steps in #9.
- 12. Estimated Supplemental (FY20) operating costs** - Use this space when the proposed legislation will impact current year (FY2020) spending.
- 13. Capital Expenditures** – This section is for legislation that requires a capital appropriation. Show the full amount needed for the capital appropriation here. If the capital will be phased over several years, state it in the Analysis Section.
- Fiscal notes with capital expenditures should be monitored closely in the legislative process to be sure the necessary capital is included in the capital budget if the legislation becomes law.
- 14. Associated Regulations** – Answer Yes or No as to whether or not a change to existing regulations will be needed as a result of the legislation. If yes, include the date by which new or revised regulations will be in place (example: 1/31/2022). Ensure you give adequate time – missing the projected date creates more work (AS 24.08.035(f)).

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**15. Why This Fiscal Note Differs from Previous Version** – Do not leave this box blank. If it is the first version of the fiscal note, then input “**Not applicable, initial version**”. If this is a revised fiscal note, then “Updated for the new CS” is an **inappropriate** response to this item without further explanation. Instead, briefly summarize what changes were made to the fiscal note from the previous version and why.

**16. Prepared By** - Enter the name, division, and phone number of the person who prepared the fiscal note. The preparer should be able to answer questions regarding the fiscal note. Remember to include full names and titles and avoid the use of acronyms ex: “OMB” should be spelled out “Office of Management and Budget”.

Date and time for revised notes is important. If a revised fiscal note is prepared, the date of the revision should be used as the “prepared by” date. [Note: The preparer's name and date prepared will appear in BASIS with the fiscal information.]

The Date/Time is formatted and cannot be changed. Be sure to enter the date as mm/dd/yyyy [If you use any other format the note will be rejected]. The time defaults to 12:00 AM. Be sure to enter correct time.

**17. Approved By** - With the electronic distribution procedure, the commissioner or designee does not need to sign the fiscal note. However, the commissioner or a designee must still approve the fiscal note. The commissioner's or designee's name should be left blank until the fiscal note is approved; when approved, the commissioner's or designee's name and the date should be entered here (typed into the Excel fiscal note document) to indicate when and by whom the note was approved.

**18. Analysis** - Include only information needed to explain or justify the expenditure or revenue change. **This is not a position paper. Fiscal notes are not used to convey the Administration’s support or opposition on a bill.** The analysis should be concise and generally limited to one additional page. Fiscal notes become part of the permanent record and are a reflection on your department. Please write professionally, accurately, and factually. Fiscal notes with errors will be returned to the department for corrections.

Do not modify the Fiscal Note Template. Modifying the fiscal note format can result in problems while loading into the Fiscal Note System. Do not change the size of the Analysis text box. If the analysis requires more space, choose one of the Fiscal Note Template’s tabs for three or four page fiscal notes. Contact the GLO in the rare instance you need a fiscal note with more than four pages.

Your analysis should cover the following areas, as required:

**a. Assumptions** - State the assumptions upon which the expenditures detail is based.

**b. Program Summary** - Present a concise narrative summary of the change to the program. Minimum informational requirements are:

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- i. Positions (PCN's)** - List new positions required and include their titles, brief job descriptions, salaries, benefits, etc. Use the personal services data from the most recent Statewide Scenario in ABS.
  - ii. Other Expenditures** - Identify and justify major expenditure items. Explain what the funds for personal services, commodities, etc are for.
  - iii. Funding** - Furnish the basis of any estimate for federal or other funds or a change in revenue.
  - iv. Section Cost Analysis** - The fiscal detail for a lengthy bill may be the sum of costs for various sections of the bill. \*\*\*seen with omnibus bills
- c. Performance Measures** - If the legislation will have an impact on the department's mission, core services, or performance measures, explain what the impact will be.
- d. Computations** - If a formula method is used in determining the data shown in the expenditures section, show your computations in sequence. Clearly identify the elements and mathematical processes that are used in each step. Legislators expect to see these calculations (within reason) in the fiscal note analysis.
- e. Economic Impact** - Some program changes may have little impact on the State budget, but may significantly impact the State's economy. Department comments on projected economic impact should be included as part of the analysis.
- f. Attachments** - Additional information that should be considered during discussion of the proposed legislation may be attached to the fiscal note as PDF files and transmitted to the Governor's Legislative Office. Some examples are:
- i. Department technical comments regarding the legislation itself - suggested revisions, affect upon existing or proposed programs, and alternative legislation, etc. **Comments should be limited to technical information and not be used to express the Administration's position.**
  - ii. Pertinent department memoranda relating to the legislation.
  - iii. Charts or graphs.
  - iv. Relevant articles from newspapers, magazines, and professional publications.

Keep page numbering consistent. First page of the fiscal note is always page 1 and continues from there.

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## Naming Fiscal Notes

**Convert fiscal note documents to Adobe PDF by printing to PDF - not by saving to PDF.** After the fiscal note is approved, the Excel fiscal note document needs to be converted into Adobe Acrobat PDF format. To do this, while in the Excel fiscal note document, click File, Print, set the printer to Adobe PDF, and press Print. Saving to PDF can result in formatting problems when loading into the Fiscal Note System.

**Fiscal Note Naming Conventions** Use the following formats for naming your PDF FN files:

1. Before a bill number has been assigned:  
Law Log Number-Department-Component-Date  
Example: 0009-EED-ESS-1-20-19
2. After a bill number has been assigned:  
Bill Number-Department-Component-Date  
Example: HB125-EED-SSS-1-20-19 for HB 125  
Example: HB021-EED-SSA-1-20-19 for HB 21  
  
(The bill number must be three digits)
3. Committee Substitutes:  
Bill Number(Committee)-Department-Component-Date  
Example: HB125CS(HSS)-EED-ASCA-1-20-19  
Example: SB219HCSCS(HSS)-DOA-PD-1-20-19