

What Makes a Good Estimate of Local Fiscal Impact?

Overview

Each legislative session, the Commission on Local Government (CLG) is responsible for filing an estimate of expected net increases in expenditures and net revenue reductions that selected bills would impose on localities (Code of Virginia §§30-19.03 - 19.03:1.1). The purpose is to give legislators information about the costs of proposed mandates on Virginia localities before they take action on the bills. To fulfill its responsibility, the CLG calls on a network of local fiscal volunteers from a representative cross-section of communities throughout the state to identify the potential impact that the bills would have on their respective communities.

Once the CLG receives the list of local fiscal impact bills, CLG staff notify network participants by e-mail and post the list of bills on the CLG website (www.clg.state.va.us). Network participants are asked to begin their analyses immediately. **The CLG is asking network participants to submit estimates of all “A” bills within 3 days of receipt of notification and estimates of all “B” bills within 5 days.** As estimates are received, the CLG synthesizes the results, prepares a fiscal impact statement for each bill, and files it in the manner prescribed by statute. The CLG’s performance goal is to file each fiscal impact statement before any action is taken on the legislation in committee.

1. Overall Objectives

- Thorough research
- Relevant information
- Accurate information
- Comprehensive analysis
- Reasonable conclusion
- Clear, succinct writing
- Timely filing

2. Preliminary Considerations

● Receive the Initial Notification from the CLG by e-mail that specific bills have been assigned by the Division of Legislative Services for fiscal impact analysis. The list generally includes 25 to 50 bills. The message from the CLG will include a link to the CLG’s website (www.clg.state.va.us), where a comprehensive list of the bills will be posted with links to the Legislative Information Services (LIS) electronic versions of the bills and bill summaries. The bills will be listed on the CLG’s web page in priority order, which is determined jointly by the CLG, the Virginia Municipal League and the Virginia Association of Counties.

● Note Which Bills You Should Analyze and in What Order. All bills in the Comprehensive List are assigned an “A,” “B,” or “C” priority. The CLG asks network participants to analyze only “A” and “B” priority bills. (“C” bills are those that CLG staff can analyze without local input, although comments from network participants are welcome.) One to three “A” bills are identified as those with the highest priority and local fiscal analysts are asked to begin with those. Next, you are asked to analyze the remaining “A” priority bills and finally to analyze all “B” bills.

- Determine Who Should Conduct Any Necessary Research. Depending on the substance of the bill, you may decide that the best person to conduct the analysis is a subject matter expert in a different department. If so, it is advisable to enlist that person's help in completing your estimate. Note, however, that all communications from the CLG will continue to go through you.

- Select the Appropriate Response Forms. For more information about this step in the process, see the document called "How to Receive, Complete, and Return Fiscal Impact Estimate Forms."

3. Conducting the Analysis/Writing the Estimate

- Consider All Relevant Factors. Check the statutes cited above for specific guidelines. Consider applicable operating expenses, capital costs, program implications, and policy implications. Include any supporting materials that help you make the case, but omit any information that is not germane to the analysis such as "This bill is in our legislative package" or "We oppose this bill." Information about "costs" other than expenditures, such as opportunity costs or increased exposure to liability, is valuable and should be included in the final section of your estimate form.

- Be Specific; Be Clear; Be Concise. Use specific dollar amounts if possible and explain how they were derived. Use standard abbreviations. While it is generally preferable for your estimate to be brief, some bills require more in-depth analysis than others. Feel free to use as much space as you need, but identify any extra pages with your name, locality, and the bill number.

- Make Sure Your Estimate Is Reasonable. We understand that there can be a wide disparity in the way a bill affects different localities. However, if your estimate is far out of the range of those submitted by other local governments, CLG staff will not be able to use it without a follow-up call for additional information.

5. Submitting a Timely Response

To the extent possible, please submit your estimates of all "A" bills within three days of receipt of notification of this year's list of fiscal impact bills; submit estimates of all "B" bills within five days. The more local responses are included in the CLG's fiscal impact statement, the more valuable it should be for state decision-makers.