

WHAT DO STATE LEGISLATIVE FISCAL OFFICES DO?

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Abstract:

A survey was mailed to all 58 legislative fiscal offices in the United States to determine the scope of legislative fiscal office activities. Results indicate that the vast majority of these offices are responsible for writing fiscal notes for all legislation, with the remainder at least evaluating the fiscal notes of the executive agencies. All fiscal offices analyze executive budgets and produce legislative substitute budgets. Relatively little attention is devoted to research projects during the session, with much more time spent on that task between sessions. Results presented in this article represent the most comprehensive effort to date toward determining what legislative fiscal offices do and when.

Over the past decade, changing economic and social conditions have demanded greater levers of information, knowledge, and expertise of state offices (Worthley and Apfel, 1978). With increases in services and functions of these offices, legislative staff have grown rapidly, making them an important political force. Staff members perform assorted tasks, including bill drafting, fiscal analysis, revenue forecasting, policy research, and program evaluation. According to Alan Rosenthal (1990), "because of the assistance staff members render, the legislative process works better than before ..." The importance of staff to legislators is clearly documented (Entin, 1973; Kovenock, 1973; Porter, 1974; Rosenthal and Forth, 1978; Sabatier and Whiteman, 1985; Huber, 1989; Mooney, 1991).

Research on state legislative staffing had been slow to develop (Baluatis, 1975a; Oppenheimer, 1983) but is growing. While studying one legislature or subunits in a legislature continues to be the modus operandi of most researchers, few integrative comparative studies across state legislative levers exist (Mszy, 1979; Hammond, 1985). With the growth in functions of staff offices, surveys concerning how legislative staff offices, surveys concerning how legislative staff spends its time promise to be useful (Bevier, 1979). The need for in-depth comparative studies continues to grow.

The legislative fiscal office (LFO) is one of the agencies that operates in support of state legislative fiscal office and that there is substantial anecdotal evidence that some are influential, relatively little information exists on the workloads they carry, or the timing of their activities. What is known of LFOs is that they typically provide financial data enabling legislators to make more informed decisions concerning the allocation of state resources than would be possible without staff assistance. The LFO's responsibilities may include the development of legislative fiscal notes (LFNs), short assessments of the probable revenue and expenditure consequences of enacting a proposed piece of

legislation or the executive agency's estimate is correct. Some LFOs assist legislators in budget development or alternatives to the executive budget, while others have responsibility for research reports, program evaluations, and management evaluations.

Numerous works do exist on several aspects of congressional offices. Much work has been done on staffing (Clapp, 1963; Kofmehl, 1962; Fennno, 1966; Ripley, 1969; Fox and Hammond, 1975, 1977; Malbin, 1980; Rosenthal, 1981), committees and staff (Huitt, 1954; Sharkansky, 1965; Cooper, 1971), the direct and indirect influence staff has on the behavior of legislators (Huitt, 1966; Jewell and Patterson, 1966; Matthews, 1960), comparative legislatures (Loewenberg, 1979; Mezey, 1979; Blondel, 1994). Studies on state offices have also been done. They focus on budgetary processes (Bell, 1972; Yongdarf, 1983; Gold, 1985; Duncombe, 1986; NCSL, 1987; Hutchison, 1988; Snell, 1990; NCSL, 1990; Thurmaier, 1992; Godling, 1994), staff roles (Huwa and Rosenthal, 1977; Balutis, 1975a; Feller et. al, 1975), compare legislative levels (Meller, 1967; Francis, 1967), and include case studies of legislative fiscal staffs in New Mexico (Budtke, 1975), Florida (Kyle, 1975), Michigan (Farnum, 1975), Wisconsin (Hartmark, 1975), and New York (Ballutis, 1975b).

Despite the importance of LFOs, there has been very little which can genuinely be recognized as an in-depth descriptive survey on the duties and functions of LFOs. While descriptive studies on legislative staffing exist, they are dated and tend to focus on demographic characteristics and tenure (Rogers, 1941; Kammerer, 1949, 1951), recruitment and turnover (Kampelman, 1954; Elder, 1957), U.S. congressional staff positions (Galloway, 1946, 1953; Graves, 1961), and state legislative staff (Lentz, 1957; Siffin, 1959; Meller, 1952; Crane and Watts, 1968; Lacy, 1967). Comparative research across state offices in general is also sparse (Mezey, 1979; Hammond, 1985).

The research presented in this paper is largely descriptive and represents an attempt to better understand the Legislative Fiscal Office and its operations. It seeks to answer several questions including: What are the duties assigned to the LFO by state law or legislative roles? When are these tasks performed? For whom? Which tasks receive priority? What is the LFO workload? What are their staffing levels? Are there functions that LFOs have assumed on their own?

Methodology

In September 1997, a mail questionnaire was sent to the heads of the LFO or comparable state legislative offices in each of the 50 states. The names of the heads of each LFO were obtained from the National Association of Legislative Fiscal Officers Directory for 1996-1997 compile by the National Conference of State Legislatures (NCSL). The NCSL identified eight states that operated with two completely separated offices. In these states LFO functions were split between the House and Senate. The initial mail-out, therefore, consisted of 58 surveys.

The questionnaire contained open-ended and close-ended questions designed to explore the duties, functions, and workloads of the LFO during regular legislative sessions, between sessions, and during special sessions. Information on the amount of time spent on each function and support staff in these offices was also collected. Other questions focused on those duties and functions

performed during the previous two years, i.e., 1995 and 1996. The last page was customized for each state with information about the state legislature.

A self-addressed stamped, return envelope was included in the initial mailing. For respondents convenience, a return fax number and telephone number were given. In several cases LFO directors called the contact number for verification of information or to ask for question clarification. Three weeks after the initial mailing, a follow up fax was sent to 34 officers which had not yet responded. A telephone follow up was also used. Altogether, thirteen of the 16 dual offices replied, a response rate of 81 percent. Thirty-four of the 41 joint offices replied for a response rate of 83 percent.

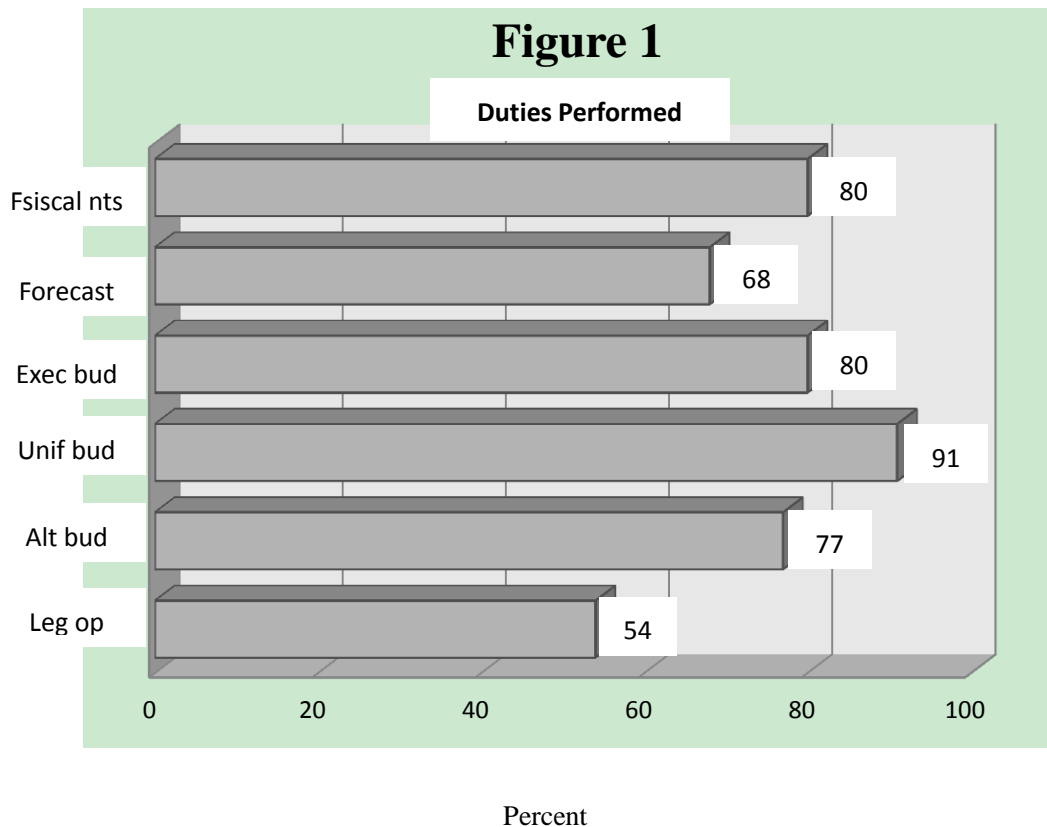
Findings

State law and/or legislative rules can assign LFOs the authority to perform a wide variety of budgeting related tasks, including writing fiscal notes for bills, forecasting revenues, evaluating the executive budget(s), developing alternative budgets, and assisting in the development of legislative budgets.

Note that while state law or legislative rules may assign LFOs the authority to produce these varied tasks, not all states perform these duties. As we will show later in a few states where no authority or legislative rule exists, the right to perform a task may have developed over time.

Duties performed

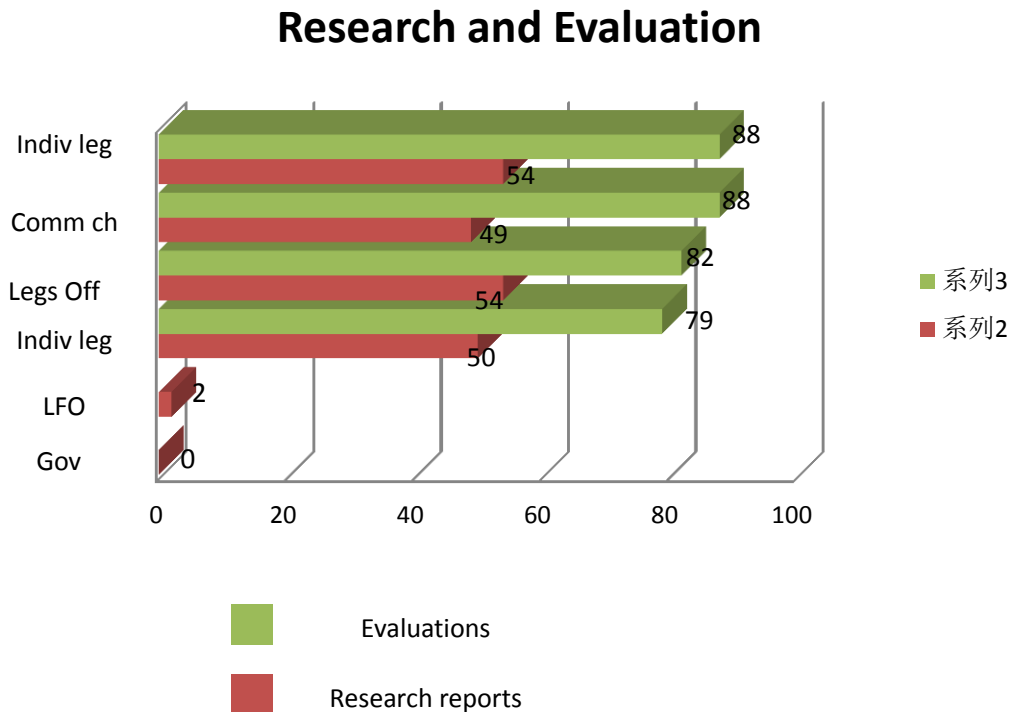
Eighty percent of the responding LFOs indicated that state law and/or legislative rules assign them the authority to produce legislative fiscal notes (LFNs). Revenue forecasting is an authorized function for 68 percent of the LFOs. Another 80 percent are assigned the task of evaluating the executive budget, with over 91 percent of these LFOs examining a unified budget. Seventy-seven percent assist in the development of an alternative to the executive budget, and 54 percent are tasked with assisting in the development of the budget for legislative operations. Budget development is the most important duty performed by LFOs.



Research reports and evaluations are produced for a variety of individuals. Among the responding LFOs, 88 percent produce such reports for individual legislators and committee chairs while 82 percent may produce research reports for legislative offices. Seventy-nine percent of the LFOs report they have the authority to initiate their own research reports. Only Georgia and West Virginia indicate the authority to produce reports for the governor.

Figures 2

Additional Duties Performed



Program evaluations are less likely to be produced and are never done for the governor. The authority by 54 percent of the LFOs . For legislative offices and committee chairs the numbers are 49 percent and 54 percent respectively. Furthermore, 54 percent of the responding LFOs may initiate program evaluations on their own. Almost one-half of the LFO have the authority to conduct management audits.

Examining the Different Workloads

In order to assess priorities in terms of tasks, we asked the respondents to estimate the amount of time their LFO devoted to each task. Table 1 reports this information for work done during the regular session.

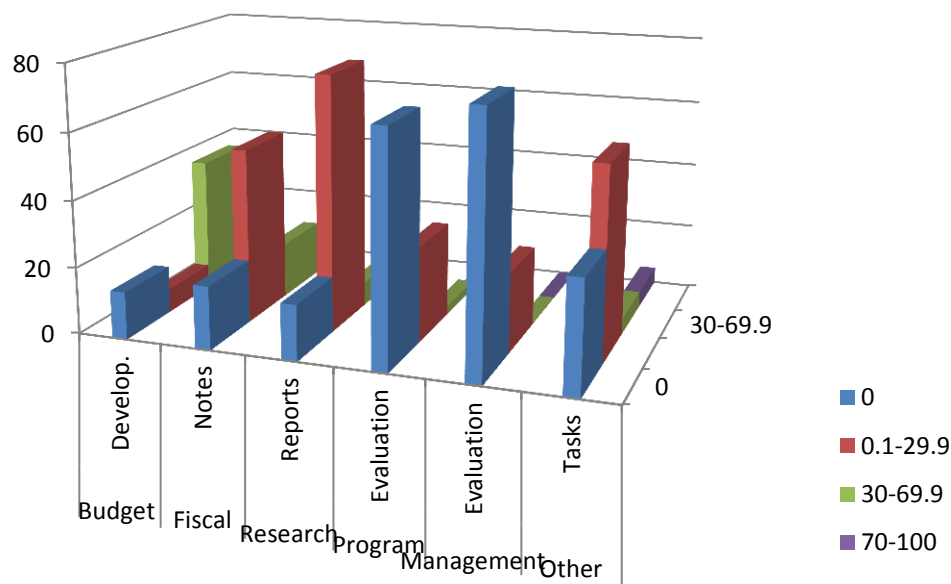
Table
Percentage of Time Devoted to Each Task During Regular Sessions

| Percent | Budget Develop. | Fiscal Notes | Research Reports | Program Evaluation | Management Evaluation | Other Tasks |
|----------|-----------------|--------------|------------------|--------------------|-----------------------|-------------|
| 0.0 | 14.3 | 19.0 | 16.7 | 69.0 | 76.2 | 33.3 |
| 0.1-29.9 | 7.1 | 52.4 | 76.3 | 28.5 | 23.8 | 57.2 |
| 30-69.9 | 40.5 | 16.6 | 7.2 | 2.5 | 0.0 | 4.8 |
| 70-100 | 38.0 | 12.0 | 0.0 | 0.0 | 0.0 | 4.8 |

As one would expect, budget development received the most attention among the duties

performed during regular sessions. More than 74 percent of the LFOs report that a majority of their time is devoted to budget development. Fiscal notes received more attention than research reports or program evaluations. Most LFOs (76 percent) report no work at all on management evaluations during the sessions, and 69 percent report no work at all on program evaluations.

Figure 3
Percent of time devoted to each task regular session



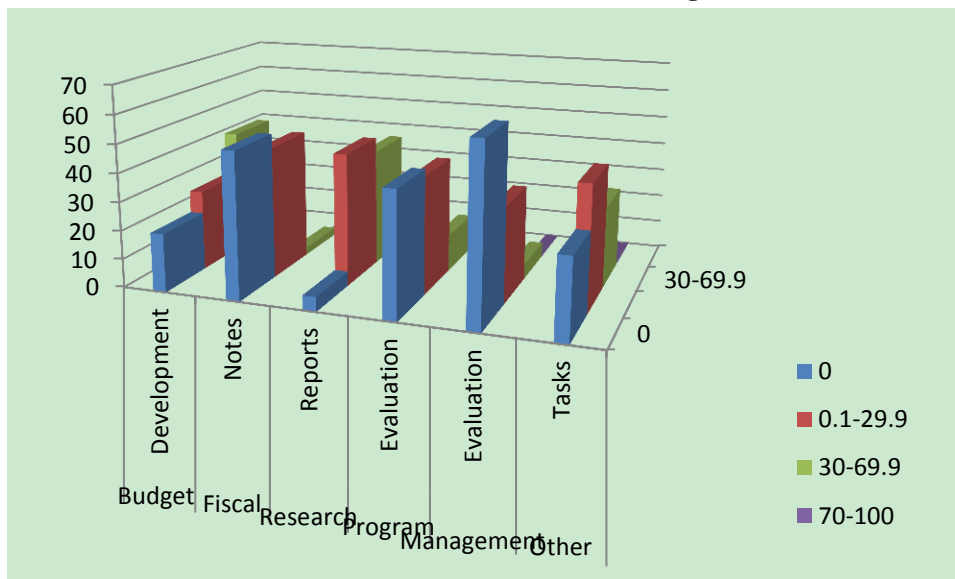
The work patterns change between legislative sessions (see Table 2). A majority of the reporting LFOs indicate that fewer fiscal notes or management evaluations are done during this period. Budget development, research reports, and program evaluations all receive some attention; however, the amount of attention varies considerably from one state to another.

Table 2
Percentage of Time Devoted to Each Task Between Regular Session

| Percent | Budget Development | Fiscal Notes | Research Reports | Program Evaluation | Management Evaluation | Other Tasks |
|----------|--------------------|--------------|------------------|--------------------|-----------------------|-------------|
| 0.0 | 20.5 | 51.3 | 5.1 | 43.6 | 61.5 | 28.2 |
| 0.1-29.9 | 28.2 | 46.2 | 46.2 | 41 | 33.4 | 43.5 |
| 30-69.9 | 43.5 | 2.6 | 41.1 | 12.9 | 5.2 | 28.2 |
| 70-100 | 7.7 | 0.0 | 7.7 | 2.6 | 0.0 | 0.0 |

Not surprisingly, budget development and fiscal notes received more attention during regular sessions than between sessions. However, between sessions, budget development and research reports were more important than any other duties performed. Research reports and program evaluations received more attention between sessions than during regular sessions.

Figure 3
Percent of time devoted to each task regular session



Budget development :

Budget development has always been an important part of the duties of LFOs. Over 91 percent of LFOs examine some budgetary function. There are differences in time spent on budget development, when budgets were done (whether during regular, special, or between sessions), and the different kinds of budgets considered. There are many reasons for this variation. For instance, differing constitutional, statutory, and judicial constraints govern the number of the number of budgets passed for each state. Also, state legislatures differ in the number of budget bills that are introduced and considered. States may have separate committees in each chamber with some exercising the responsibility for both revenue and spending matters and others having the sole responsibility for one or the other.

While twenty state legislatures entertained only a single budget bill, the other thirty considered from 2 to 350 separate budget bills. The Oregon LFO assisted in developing 126 different versions of unified budgets, while the Oklahoma Upper House LFO assisted in developing 156 general fund budgets. Its LFO assisted with 10 versions of that budget. The Alabama LFO is also one of 8 LFOs that assist in add-on or special budget development. On the other hand, LFOs such as Colorado, Georgia, Maine, and Virginia, do not require their fiscal offices to assist in developing unified, general, special, or add-on budgets. Table 3 shows the least to most amount and kind of budget development done by these offices.

Table 3
Workload Figures (Budgets)

| | Unified Budget | General Fund Budget | Spec. Education Budget | Add-ons/Special Budget |
|--------------|----------------|---------------------|------------------------|------------------------|
| Low | 0 | 0 | 0 | 0 |
| High | 126 | 156 | 10 | 150 |
| Median | 2 | 0 | 0 | 0 |
| Mean | 6 | 10 | 1 | 8 |
| No. of Cases | 39 | 42 | 42 | 42 |

Medians and means have been rounded to the nearest whole number.

While the important question related to the budget is what is the total dollar amount passed, many separate budgets can be introduced. The number of bills not only can affect legislative work load but can also influence legislative decision making.

Fiscal notes:

Another important duty of fiscal offices is to write fiscal notes. The fiscal office generally prepares a written estimate, or fiscal note, for each general bill that will have an impact on state or local government finances. The fiscal note is designed to provide information as to the fund or agency budget that will be affected, in what manner, and by how much it will be affected. The intended effect of the fiscal note is to transmit the best estimate of the fiscal impact of a bill to legislative committees and the full legislature prior to the consideration of that bill.

We found that the number of fiscal notes written differs greatly from LFO to LFO (See Table 4). The number not only differs because of whether a state is required to produce fiscal notes, but also because of distinct conditions in each state legislature. The number of fiscal notes written by an LFO (ranging from 0 to 7,361) can be due to the number of bills introduced in a legislature. And, even if a legislative body requires fiscal notes, these are different requirements in regard to how fiscal notes are treated and counted. For example, a bill can have more than one fiscal notes, depending upon the number of times the bill is amended. In some states, as a bill moves from chamber to chamber, new fiscal notes are written every time. In still other states, no fiscal notes are required if it is a House bill and does not affect state revenues or expenditures; however, Senate bills are always required to have fiscal notes.

Some LFOs, such as Alaska, Arkansas, Georgia, Kansas, Minnesota Virginia, Washington, and West Virginia do not write fiscal notes at all. Still others indicate that their LFO has written LFNs for all or some bills but that the right to do so just developed over time. These LFOs are Idaho, Louisiana, Arkansas, Illinois, Vermont, and the Pennsylvania Upper House.

Research reports:

The number of research reports done by LFOs also varies considerably. Some LFOs perform research while others do none at all. Table 4 lists the least to most number of research reports done and by which entity it was requested. We found that the Oklahoma lower house produced more research reports than any other LFO in all categories: at the request of legislators, legislative officers, committee chairs, and initiated by the LFO themselves. Only two LFOs, Georgia and West Virginia, produced research reports when requested by the governor.

Table 4
Workload Figures (Legislative Fiscal Notes, Research Reports, Program Evaluations)

| | LFN No. | Number of Research Reports Done For: | | | | | Number of Program Evaluations Done For: | | | | |
|-----------------|------------|--------------------------------------|-----------------|----------------|-----|------|---|-----------------|----------------|-----|------|
| | | Indiv. Legis | Legis Off.'s | Comm Chairs | LFO | Gov. | Indiv. Legis | Legis Off.'s | Comm Chairs | LFO | Gov. |
| Low | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| High | 7361 | 2500 | 2500 | 400 | 100 | 5 | 26 | 12 | 450 | 70 | 0 |
| Median | 400 | 10 | 0 | 4 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | 1299 | 136 | 79 | 34 | 13 | 0 | 2 | 1 | 13 | 4 | 0 |
| No. of Cases | 44 | 37 | 36 | 35 | 38 | 40 | 40 | 40 | 40 | 40 | 41 |

Medians and means have been rounded to the nearest whole number.

Evaluation:

Monitoring the progress of programs, i.e., whether the program is in compliance with statutory authority and efficiently and effectively programs are accomplishing their goals and objectives may also be a duty fulfilled by LFOs. Evaluations can be program or management based. Approximately 10 state LFOs performed program evaluations whether requested by legislators, legislative officers, committee chairs, or by the LFO themselves. The Nevada LFO did the most program evaluations reaching 450 requested by committee chairs. None did program evaluations that were requested by the governor. Table 4 also reports the comparisons in workload figures on program and management evaluations.

Professional, Secretarial and Clerical Staff:

Differences in secretarial and clerical staff support exist among LFOs. The ability of the LFO to have or secure adequate staff support is an important factor in measuring workload. At 90, Texas had the largest number of full-time professional staff, followed by the New York lower House at 40, Colorado at 39, and Virginia at 35. The smallest number of personnel was in Vermont and West Virginia both at 4. The Texas LFO also had the largest full-time secretarial staff at 8 individuals while LFOs in Alaska, Vermont, Washington, West Virginia, and Wisconsin had none. In terms of full-time clerical staff, the Texas LFO again led at 8, while several LFOs had none.

Table 5
Workload Figures(Professional, Secretaries, Clerical Staff)

| | Full Time Professional Staff | Part Time Professional Staff | Full Time Secretaries | Part Time Secretaries | Full Time Clerical | Part Time Clerical |
|--------------|------------------------------|------------------------------|-----------------------|-----------------------|--------------------|--------------------|
| Low | 4 | 0 | 0 | 0 | 0 | 0 |
| High | 90 | 4 | 8 | 4 | 8 | 4 |
| Median | 14 | 0 | 2 | 0 | 0 | 0 |
| Mean | 18 | 1 | 3 | 1 | 1 | 1 |
| No. of Cases | 43 | 43 | 43 | 42 | 42 | 42 |

Medians and means have been rounded to the nearest whole number.

Conclusions

Descriptive studies on the workload of LFOs continue to be important as it advances our knowledge of specific institutions or legislative subunits. It also serves as a basis for cross state comparison. This paper has sought to answer several questions including the following: What are the duties assigned to the LFO by state law or legislative rules? When are these tasks performed? For whom? Which tasks receive priority? What is the LFO workload? What are their staffing levels? Are there functions that LFOs have assumed on their own?

Currently we have data on 58 cases and 158 variables. These data provide us with an excellent opportunity to systematically examine the variations and diversity that exists between

these LFOs and how they differ in relation to specific legislative characteristics. Many interesting and significant questions may be addressed in future analyses.