

## Overview of Fiscal Requirements and Information

### Draft Economic and Fiscal Impact Statement (STD 399)

The Economic Impact Statement (EIS): As specified by the Office of Administrative Law (OAL), this statement is not required for Administrative Procedure Act (APA) purposes, but must be completed because it is used for other purposes extraneous to OAL.

The EIS is completed in accordance with Government Code (GC) Sections 11346.3(a), (a)(2) and (b); 11346.5(a)(7), (a)(7)(C), (8) and (10); and 11347.3(b)(4) and should support the declarations in the Statements of Determination (SOD).

See SAM Section 6603 for a description of the historical relevance of the EIS. A copy of *Economic Impact Statement Guidelines* can be obtained at <http://www.labor.ca.gov/regsreview.htm>. Questions on the Economic Impact portion of the STD 399 can be directed to:

California Labor and Workforce Development Agency  
801 K Street, Suite 2101  
Sacramento, CA 95814  
Telephone number: (916) 327-9064

Program is responsible for completing the EIS portion of the STD. 399, and the Budget Section is responsible for finalizing the EIS.

The Fiscal Impact Statement (FIS): Required by statute, GC Section 11346.5(a)(6), for APA purposes. Program is responsible for drafting the FIS, and the Budget Section is responsible for finalizing the FIS.

### Fiscal Impact Estimate

The Fiscal Impact Estimate, as developed by the Program, provides the basis for the cost/savings estimates in the draft STD 399 and covers the following:

- Fiscal Effect on Local Government (Cost to local agencies/school districts)  
*Also, see the Statements of Determinations (SOD) which includes the related "Local Mandate Determination."*
- Fiscal Effect on State Government: *Answer these questions:*
  - *Increase or decrease fee revenues?*
  - *Increase or decrease program's baseline workload?*
  - *Can workload increase be absorbed, or is BCP needed?*
  - *Increased or decreased funding needed for program beneficiaries?*
  - Costs or savings for other Dept programs created?
  - Costs or savings for other state or local government (agencies) created?
- Impact on Federal funding of State Programs: loss or gain of matching funds, additional funds available or required.
- Cost Impact on Representative Private Persons and Businesses to comply with the regulation.
- Other Nondiscretionary Costs or Savings.

## EXAMPLE FISCAL IMPACT ESTIMATE

The Department of Finance Instructions for preparing these estimates are published in Sections 6601 through 6616 of the State Administrative Manual (SAM). <http://sam.dgs.ca.gov/TOC/6000/default.htm>

- (a) Fiscal Effect on Local Government: (See Gov. Code Section 11346.5(a)(5) & (6) and SAM Sections 6604, 6605, 6606 & 6610.) The direct total cost to local agencies or school districts that must be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code: (For Example: None - include relevant rationale)
- (b) Fiscal Effect on State Government: (See Gov. Code Section 11346.5(a)(6); and SAM Sections 6604, 6611 & 6612.) The direct cost or savings to any state agency: (For Example: \$,XXX,XXX. The funding for this new Medi-Cal covered service is a minor absorbable cost to the Department. - include relevant rationale)
- (c) Fiscal Effect on Federal Funding of State Programs: (See Gov. Code Section 11346.5(a)(6); and SAM Sections 6604 & 6613.) The direct cost to the federal government via matching funds: (For Example: \$X,XXX - include relevant rationale.)
- (d) All cost impacts, known to the Department at the time the notice of proposed action was submitted to the Office of Administrative Law, that a representative private person or business would necessarily incur in reasonable compliance with the proposed action: (See Gov. Code Section 11346.5(a)(9).) (For Example: Standard Language required by the Gov. Code if “no” costs: “The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.”)
- (e) Other nondiscretionary costs or savings including revenue changes imposed on State or Local Governments: (See Gov. Code Section 11346.5(a)(6) and SAM Sections 6608 & 6609.) (For Example: None - include relevant rationale)

### NOTE

*Information provided on the fiscal impact estimate must be consistent with information provided in the SOD.*

## The Fiscal Analysis and STD. 399

The Program is responsible for the development of any Cost Estimating Methodology (see section 6607 of SAM) and completion of the draft STD. 399.

- (a) Cost Estimating Methodology: A separate document that is developed by the Program along with the completed STD. 399. The Budget Section will assist in finalizing the Fiscal Impact Estimate and the draft STD. 399 provided by Program and will request from Program any further backup information and/or documentation necessary to develop and support the Cost Estimating Methodology.
- (b) STD. 399 (Rev. 12/2008): Finalized by the Budget Section and signed by the Chief of the Budget Section. The Budget Section will use the draft STD. 399 and Cost Estimating Methodology provided by Program and will request from Program any further backup information and/or documentation necessary to finalize and support the STD. 399.

The use of the STD. 399 meets:

- (1) the emergency regulation provisions established in GC Section 11346.1(b)(2), which reference GC Section 11346.5(a)(6) that contains the requirement for “an estimate prepared in accordance with instructions adopted by the DOF”; and
- (2) the non-emergency regulation requirements of GC Section 11346.5(a)(6) that contain the requirement for “an estimate prepared in accordance with instructions adopted by the DOF”.

## References

### 1) State Administrative Manual (SAM)

The [State Administrative Manual \(SAM\)](#) is a reference source for statewide policies, procedures, regulations and information developed and issued by authoring agencies such as the Governor's Office, Department of General Services (DGS), Department of Finance (DOF), and Department of Personnel Administration. In order to provide a uniform approach to statewide management policy, the contents have the approval of and are published by the authority of the DOF Director and the DGS Director.

The SAM Sections (<http://sam.dgs.ca.gov/TOC/6000/default.htm>) that pertain to Rulemaking Fiscal Requirements: 6601, 6603, 6604, 6605, 6606, 6608, 6609, 6610, 6611, 6612, 6613 and 6614.