



COMMONWEALTH of VIRGINIA

Joint Legislative Audit and Review Commission
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MEMORANDUM

TO: Members of the Joint Legislative Audit and Review Commission
FROM: Kimberly Sarte; Associate Director for Ongoing Oversight and Fiscal Analysis
SUBJECT: JLARC Fiscal Impact Reviews

This memorandum provides background and history on JLARC's fiscal impact reviews. The 2017 session marks the third highest number of fiscal impact reviews JLARC has conducted since it began providing the service in 2000.

JLARC fiscal impact review process

A JLARC fiscal impact review (FIR) is a "second opinion" on an executive branch fiscal impact statement for a bill in the General Assembly. The fiscal impact review process is initiated when the chair of a standing committee contacts JLARC staff with a FIR request. (Note: Under language in the Appropriation Act, only committee chairs can request FIRs.) JLARC staff review the executive branch fiscal impact statement and provide one of the following three responses: concurrence, non-concurrence, or an alternate estimate of fiscal impact. JLARC staff do not comment on the merits of the bill under review.

The FIR process was approved by JLARC and the Joint Committee on Rules: On receipt of a FIR request during the legislative session, JLARC staff complete a review within five days or prior to the last committee meeting when the bill can be heard, if it is sooner. In extenuating circumstances, JLARC staff may require more than five days to complete a FIR. (When a FIR is requested after the end of the legislative session, the five-day timeline does not apply.) Copies of each FIR are sent to the requesting chair, chief patron, money committee chairs, and money committee staff.

History of JLARC fiscal impact reviews

JLARC staff have conducted 122 FIRs since beginning the service in 2000. In 2017, JLARC staff conducted 13 FIRs—higher than the average of six per year since 2000.

JLARC has received FIR requests for bills in many subject areas. The most common areas have been public safety, revenue, and general government. Other areas include social services and education. The top requesters of FIRs in recent years have been the chairs of the Senate Finance and House Courts of Justice committees.

TABLE: JLARC fiscal impact reviews completed since 2000

Session years	Number of FIRs	FIR outcomes			Top review area(s)
		% Concurrence	% Non-concurrence	% Alternate estimate	
2017	13	31	46	23	Public safety General government Social services
2016	3	33	67	0	General government
2015	3	33	0	67	Public safety
2010–2014	6 ^a	29	39	32	Revenue Public safety
2005–2009	4 ^a	50	32	18	Revenue Public safety Education
2000–2004	11 ^a	40	58	2	Revenue Public safety

NOTE: In prior years, some FIRs did not explicitly indicate concurrence or non-concurrence. For this table, JLARC staff used their best judgment to determine whether the difference in fiscal estimates between the FIR and the fiscal impact statement would constitute non-concurrence.

^a Average over the five-year period.

Outcomes of JLARC fiscal impact reviews

The outcomes of JLARC FIRs have varied since 2000. The rates of concurrence have dropped from 40-50 percent during the first 10 years to around 30 percent in recent years. Part of the drop in concurrence is due to the increase in alternate estimates. JLARC staff occasionally receive requests to review bills for which no fiscal impact statement is available, or where the original executive branch fiscal impact statement indicates that an estimate is not possible. In these cases, JLARC staff provide an estimate or an estimated range of fiscal impact, without explicit concurrence or non-concurrence. In other cases, JLARC staff concur with some, but not all, aspects of a fiscal impact statement.

The rate of concurrence for FIRs conducted in 2017 was 31 percent, which is similar to those in recent years. JLARC staff concurred with fiscal impact statements for bills in the areas of public safety, revenue, and general government.

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The rate of non-concurrence in 2017 was 46 percent. JLARC staff non-concurred with fiscal impact statements for bills in the areas of general government and revenue; JLARC staff non-concurred with all of the social services bills referred for review. The largest discrepancy in cost estimates was for a bill requiring photos on electronic benefit transfer cards. JLARC staff estimated the cost would be several million dollars higher than estimated in the fiscal impact statement. The difference was due to costs that had been omitted from the impact statement and based on the experience of other states.

JLARC staff provided an alternate estimate for 23 percent of FIRs in 2017. In these cases, JLARC staff concurred with aspects of the fiscal impact statement but provided additional analysis and context to inform the discussion of the bill. For example, JLARC staff provided additional context and an alternate impact estimate for a bill that would protect trade secrets submitted to the Department of Mines, Minerals, and Energy.

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