

# **Committee Chair and Leads Orientation**

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Office of Fiscal and Program Review  
OFPR

What/Who is the Office of  
Fiscal and Program Review?

The Office of Fiscal and Program Review (OFPR) is one of the non-partisan offices of the Legislature.

**Committee Staffing**

- Staff the Joint Committee on Appropriations and Financial Affairs and the Joint Committee on Taxation;
- Staff the Transportation and Health and Human Services committees during budget deliberations and provides fiscal and budget assistance as needed to all other policy committees;

**Fiscal Tracking of Legislation**

- Analyze bills and amendments for fiscal impact to produce a fiscal note that summarizes the fiscal impact on state and local government finances; and
- Track and provide reports on bills that are pending placement or are on the Special Appropriations Table and the Special Highway Table

**OFPR**

- Located in State House, Room 226 next to the Appropriations Committee
- Staffed by eight professional staff, two administrative staff and led by a director who is appointed by the Legislative Council.
- <http://legislature.maine.gov/ofpr/>

## Budget Bill Process and Participation of Policy Committees

## Joint Rule 314 establishes the role of policy committees in budget matters

- Advise the Appropriations Committee on those portions of the State budget bills that affect subject matter within the jurisdiction of the policy committee
  - To hold joint hearings with the Appropriations Committee and the various “policy” committees (required by joint rule).
  - In lieu of the full committee, a subcommittee of the policy committee may be appointed and tasked with participating in the public hearings on budgets.
  - After public hearings, policy committees typically hold their own work sessions.
  - Policy committees then report recommendations to Appropriations Committee
- Advise the Appropriations Committee on the policy committee’s budgetary priorities relating to certain bills having a fiscal impact
  - Bills with a fiscal impact that have been reported out of committee and received initial approval in both houses are tabled before final enactment on the Senate Appropriations table.
- See OFPR’s [The Budget Process](#) for more information.

## Fiscal Notes

A fiscal note is a brief description of the effect of a bill or an amendment on the finances of Maine state government (costs, savings, or a revenue impact)

- OFPR reviews all bills and amendments for their fiscal impact (the Fiscal Note process).
- OFPR receives input from multiple sources but is responsible for production of the fiscal note.
- Preliminary statements on original bills are completed when possible (roughly half the bills).
- Bills reported favorably out of committee require a Fiscal Note by joint rule.
- Committee controls the content of the bill and/or committee amendment.

- Fiscal Note reacts to the content of the committee report.
- Floor amendments also reviewed for fiscal impact.
- Local government impact and state mandates identified in Fiscal Notes.

- Special Funding Tables in Senate:
  - Bills that impact the General Fund, Highway Fund and Fund for a Healthy Maine are tabled just before final enactment in the Senate.
  - Decisions on final enactment are decided at the end of session after budget bills enacted and resources available are determined.
  - Policy committees may submit priority lists of their bills on the Appropriations Table to the Appropriations Committee.
  - Transportation Committee decides on Highway Table.
- See OFPR [Fiscal Note Process: An Overview](#) for more information.

- State Mandates
  - The Maine Constitution, Article IX, Section 21 prohibits the State from requiring a local unit of government to expand or modify its activities so as to require additional expenditures unless:
    - The State annually provides 90% of funding; or
    - The Legislature votes to exempt by 2/3 vote in each house.
  - A bill or amendment provision that may appear to be a mandate will be identified by OFPR in the fiscal note.
  - Committee may determine provision is not a mandate and insert language to that effect.
  - Options for Legislature if a mandate:
    - Amend bill to eliminate or modify provisions;
    - Funding 90% of additional local expenditures; or
    - Vote to exempt by 2/3 and add mandate preamble.

# Office of Fiscal and Program Review

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**Physical Location** State House Room 226

The Office of Fiscal and Program Review (OFPR) is a nonpartisan office established to provide independent, accurate and objective information and analyses to members of the Maine State Legislature with respect to historical, current, projected and proposed appropriations, expenditures, taxes and revenue, as well as other fiscal information requested.

## Function and services

### Committee Staffing

- Staffs the Joint Committee on Appropriations and Financial Affairs and the Joint Committee on Taxation;
- Staffs the Transportation and Health and Human Services committees during budget deliberations and provides fiscal and budget assistance to other committees upon request;
- Staffs the Revenue Forecasting Committee (two OFPR staff serve on the committee as members); and
- Staffs study groups and task forces as assigned by the Legislative Council.

### Fiscal Tracking of Legislation

- Analyzes bills and amendments for fiscal impact to produce a fiscal note that summarizes the fiscal impact on state and local government finances; and
- Tracks and provides reports on bills that are pending placement or are on the Special Appropriations Table and the Special Highway Table.

### Fiscal Monitoring, Analysis and Reporting

- Assists the Appropriations Committee in fulfilling their statutory obligation to review the Financial Orders generated by the executive branch and approved by the Governor;
- Provides regular reporting on budgeted and actual fund balances, revenue performance, cash balances and spending of major state programs;
- Responds to inquiries from legislators, legislative staff and the general public regarding the financial position of the state and state programs; and
- Tracks and reviews the many reports required to be provided to the Appropriations and Taxation Committees by various departments and agencies.

## Major publications

- Compendium of State Fiscal Information (updated annually)
- Summary of Major State Funding Disbursed to Municipalities and Counties (updated annually)
- The Budget Process (updated biennially)
- The Fiscal Note Process: An Overview (updated biennially)
- FiscalNews (newsletter)

For more information please visit <http://legislature.maine.gov/ofpr/publications/9191>

# The Policy Committee Role in Budget Matters: Joint Rule 314

Joint Rule 314 establishes the role of policy committees (any joint standing or joint select committee other than the Appropriations Committee) in budget matters. Policy committees:

1. Advise the Appropriations Committee on those portions of State budget bills that affect subject matter within the jurisdiction of the policy committee; and
2. Advise the Appropriations Committee on the policy committee's budgetary priorities relating to certain bills having a fiscal impact.

## **Advising on the budget bill**

According to the subject matter jurisdiction of each policy committee, the Appropriations Committee schedules a series of joint public hearings with policy committees on the Governor's budget bill. In lieu of the full committee, a subcommittee of the policy committee may be appointed and tasked to attend the public hearing and serve as a liaison to the Appropriations Committee.

After the joint public hearing, policy committees typically hold their own work sessions on the relevant portions of the budget bill. The policy committee then reports its recommendations on the budget bill to the Appropriations Committee. The Appropriations Committee may direct that policy committees' recommendations stay within budgetary constraints established by the Appropriations Committee. Policy committee recommendations are not binding on the Appropriations Committee.

## **Prioritizing bills with fiscal impact**

Bills with fiscal impact that have been reported out of committee and received initial approval in both houses are tabled before final enactment on the Senate's Special Appropriations Table. Near the end of session, the Appropriations Committee, with input from the policy committees, makes final recommendations to the Senate on which, if any, such legislation should be enacted, not enacted or amended given budgetary considerations.

**For more information** visit [www.legislature.maine.gov/ofpr](http://www.legislature.maine.gov/ofpr) and click on **Publications**.

# Fiscal Notes in the Committee Process

## What is a fiscal note?

A fiscal note is a brief description of the effect of a bill or amendment on the finances of Maine State Government (costs, savings and/or revenue increases or decreases) and any costs incurred by local units of government if the bill constitutes a potential state mandate. All fiscal notes are prepared by the nonpartisan Office of Fiscal and Program Review (OFPR) and are intended to describe accurately and objectively the fiscal impact of bills and amendments.

## Committee process

Although not required, OFPR will produce preliminary fiscal impact statements, which are distributed to the bill's sponsor and the committee of reference. Given time constraints, these are generally produced only for bills with readily available information and requiring less complex reviews. These are not final fiscal notes but provide a preliminary assessment of the bill's fiscal impact, if any. The preliminary fiscal impact statement will indicate whether the bill, if it proceeds unchanged, will require a fiscal note.

All bills and amendments receiving a favorable vote from a committee, or from a majority or minority of a committee, and determined by OFPR to have an impact that would necessitate a fiscal note, must include the fiscal note before being reported out of committee. OFPR will produce the fiscal note and that fiscal note must be included as an amendment to the bill or amendment.

The analyst for the committee will process all bills and amendments through the OFPR fiscal review procedure, ensure that preliminary impact statements and fiscal notes are brought to the attention of the committee and ensure that any required fiscal note is included with a committee report. The committee may ask that the fiscal analyst in OFPR who did the analysis for a fiscal note come to the committee to discuss the fiscal note. After reviewing a fiscal note, or notes in the case of multiple reports, a committee may report the bill out with the fiscal note or notes or it may reconsider its action and change or eliminate the fiscal impact by making changes to the bill or amendment. Any change will require a new review and fiscal note from OFPR.

## Floor process

Legislation with an impact on the General Fund, as identified in the fiscal note, that has been reported out of committee and received initial approval in both houses will be tabled before final enactment on the Senate's Special Appropriations Table. The Appropriations Committee, with input from the committees of jurisdiction, makes final recommendations to the Senate on which, if any, such legislation should be enacted, not enacted or amended given budgetary considerations.

**For more information** visit <http://legislature.maine.gov/ofpr/> and click on **Publications**.



# State Mandates

## The law

The Maine Constitution, Article IX, Section 21 (adopted in 1992), prohibits the State from requiring a local unit of government to expand or modify its activities so as to necessitate additional expenditures from local revenues unless:

1. The State annually provides 90% of the funding; or
2. The Legislature votes to establish an exemption by a 2/3 vote of the elected membership of each House.

In accordance with the Constitution, the Legislature enacted implementing legislation (30-A MRSA §5685), which, among other things, clarifies that

## Interpretation

Whether a proposal falls within the terms of Article IX, Section 21 is sometimes the subject of debate. A proposal that may fall within the provision will be identified as a potential State mandate in the fiscal note prepared by the Office of Fiscal and Program Review, thus flagging the matter for further legislative consideration. If a committee makes a determination that a provision identified by the Office of Fiscal and Program Review as a potential mandate is not in fact a mandate, the committee may direct its analyst to draft language to insert in the summary of the committee amendment that states the committee's determination.

## Options

If a proposal does constitute a mandate, the Legislature has various options it may pursue, including:

1. Amending the proposal to eliminate the requirement (for instance, making the expanded or modified activity optional);
2. Funding 90% of the necessitated additional local expenditures; or
3. Exempting the legislation from the funding requirement by a two-thirds vote of the elected members in each chamber of the Legislature. To accomplish this third option, a Mandate Preamble is added to the legislation stating that the legislation is being enacted as an exception to Article IX, Section 21.

As mentioned above, if the Legislature chooses none of these options and instead passes legislation that constitutes a State mandate without providing the funding or exempting the legislation from the funding requirement, affected local units of government are not bound by the mandate.