

WHEN POLICY MET ECONOMICS

Building a Better Policy Analysis

*Susan Steward/ Office of the
State Treasurer*

All thoughts are my own

DEVELOP

ANALYZE

DELIVER

SUMMARY



SUMMARY

- *Why fiscal notes matter*
- *What are Best Practices?*
- *Developing an analysis and why they matter*

**Fiscal
Notes**



What is a Fiscal Note?

- *Generally, a fiscal note is a quantitative 1-4 page document attached to a piece of legislation that may change the spending or receipt of revenues to a government*
- *Depending on the criteria developed by the government, fiscal notes can be incredibly comprehensive or only focus on direct expenditures/revenues*



Pros/Cons

- *Fiscal notes help policymakers determine the return on the investment, or the potential impact a policy may have with respect to the goals of government*
- *However, a fiscal note can also have unintended consequences when not all information for consideration is presented*



The Good, Bad, and Well..

Bill Progress

Current Status: Signed 7/1/09

What happens next? The General Assembly has ended, the current status is the final status.

Bill Details

View Parent Bill: [HR 264](#)

Introduced on: 6/29/09

Primary Sponsor: [Longhurst](#)

Additional Sponsor(s): Sen. [DeLuca](#), [Cook](#), [Blevins](#)
Reps. [Schwartzkopf](#), [Gilligan](#)

Co-Sponsor(s):

Long Title: AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO TAXES ON PERSONAL INCOME.

Original Synopsis: This Act will increase by one percentage point the personal income tax rate for taxable income in excess of \$60,000.

Volume Chapter: 77.77

Fiscal Note/Fee Impact: Not Required

Effective Date: Takes effect upon being signed into law

[Bill Text](#)

Delaware State Workers Face Pay Cut

Reported by **Jeremy Tucker**

Posted: Jul 01, 2009 3:44 PM EDT

Updated: Jul 17, 2009 3:53 PM EDT



(Photo: MGN)

DOVER, Del. - State workers in Delaware will face pay cuts. Lawmakers passed a two-and-a-half percent pay cut for state employees Tuesday night.

Under the plan, state workers will be able to take five extra days off this fiscal year.

State officials said state departments and unions will have to submit plans to the budget office on how to handle the extra days off.

Earlier this year, Gov. Jack Markell had proposed cutting state workers pay by eight percent in an effort to trim an \$800 million deficit.

However after months of protests from state employees, lawmakers agreed on a plan to make the pay cuts less severe.

State workers are also now paying more for health benefits. Many state workers are unhappy.

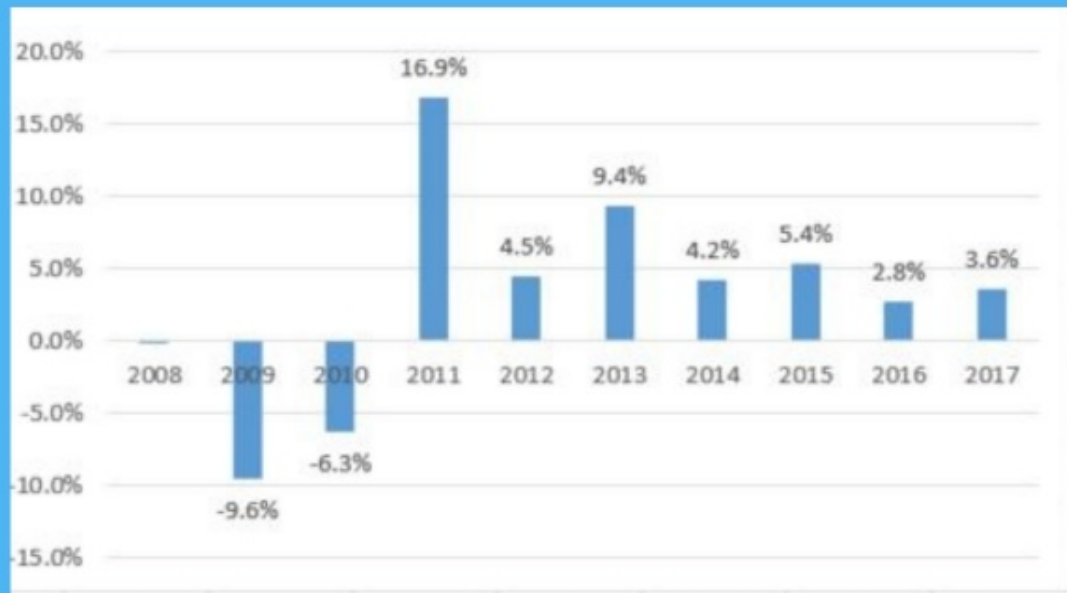
"It's going to affect me. I've got a house full of people and I'm the only income," said DelDOT employee William Gallant.

The pay cuts went into effect July 1.





Unintended Results



WHEN POLICY MET ECONOMICS

Building a Better Policy Analysis

*Susan Steward/ Office of the
State Treasurer*

All thoughts are my own

DEVELOP

ANALYZE

DELIVER

SUMMARY



Developing a Strong Fiscal Note

**THE
POLICY**

**THE
PLAN**

**THE
METHOD**

THE POLICY

- *What are the goals?*
- *Who is impacted?*
- *Residual impacts?*



THE PLAN

- Analysis only as good as data
- Assumptions require documentation
- What is historical precedence?



THE METHOD

- *Input/Output Models*
- *Communicating the results*



WHEN POLICY MET ECONOMICS

Building a Better Policy Analysis

*Susan Steward/ Office of the
State Treasurer*

All thoughts are my own

DEVELOP

ANALYZE

DELIVER

SUMMARY



ANALYZE

**THE
DIRECT**

**THE
IMPACT**

**THE
RESPONSE**

THE DIRECT

- These are often the easiest to calculate

- Most often are borne by government, in either increase or decrease in revenues/expenditures

- Understand the data gatekeepers

The screenshot shows a web page titled "SOI Tax Stats - Individual Income Tax Return (Form 1040) Statistics". The breadcrumb trail is "Home > Our Agency > Tax Statistics > Individual Tax > SOI Tax Stats Individual Income Tax Return Form 1040 Statistics". The page includes a navigation menu on the left with categories like "Volunteer", "Tax Statistics", "Business Tax", and "Procurement". The "Individual Tax" category is selected. The main content area features a "Form 1040 Data" section with two columns of links: "Publications" and "Other Form 1040 Tables & Reports".

Home > Our Agency > Tax Statistics > Individual Tax > SOI Tax Stats Individual Income Tax Return Form 1040 Statistics

SOI Tax Stats - Individual Income Tax Return (Form 1040) Statistics

English

Return to the [Tax Stats](#) home page

[What's new in the Individual area](#)

Form 1040 Data

Publications

- [Individual Income Tax Returns Publication \(Complete Report\)](#)
- [Individual Income Tax Returns Line Item Estimates](#)
- [Conference Papers](#)
- [Individual Tax Statistics SOI Bulletin Articles](#)

Other Form 1040 Tables & Reports

- [High Income Tax Returns](#)
- [Individual Income Tax Returns \(Annual SOI Bulletin article & tables\)](#)
- [Individual Income Tax Rates and Tax Shares](#)
- [Sales of Capital Assets \(Schedule D\)](#)
- [Sole Proprietorships \(Schedule C\)](#)
- [Taxpayers with the Top 400 Adjusted Gross Income](#)
- [Individual Noncash Charitable Contributions \(Form](#)

THE INDIRECT

- *Most overlooked*
- *May have additional impacts that amplify initial plan*
- *Often require more assumptions*



THE RESPONSE

- Well documented assumptions should turn to economic basis

- Explain, demonstrate, repeat

- Communicating the results is key

- Often the policy good is lost in part due to bad communication

Delaware Available Income Calculator


Annual Household Income, Pre-Tax
\$48,000.00

Paycheck Pre-Tax Deductions
\$0.00

Federal Marital Status
Single

DE Marital Status
Single

Allowances
0



Hover Over For Tips and Descriptions ->

+ a b l e a u

Bi-Weekly Paycheck Calculator

Income Bi-Weekly	\$1,730.77
State Taxes Withheld	\$74.25
Federal Taxes Withheld	\$193.29
Fed MED/EE	\$26.65
Fed GASDI/EE	\$113.73
Net Bi-Weekly Paycheck	\$1,322.84

Bi-Weekly Estimated Household Expenses

Net Bi-Weekly Paycheck	\$1,322.84
Housing & Utilities	\$467.05
Food	\$155.05
Transport	\$189.43
Healthcare	\$99.24
Clothing	\$12.46
Other	\$213.77
Available Bi-Weekly Income	\$185.85
Available Monthly Income	\$371.69
Available Annual Income	\$4,832.03

WHEN POLICY MET ECONOMICS

Building a Better Policy Analysis

*Susan Steward/ Office of the
State Treasurer*

All thoughts are my own

DEVELOP

ANALYZE

DELIVER

SUMMARY



FOCUS AREA 3

**THE
START**

**THE
PLAN**

**THE
TIMELINE**

THE START

Not all policies on their first design are the best

Fiscal Note: *Direct Government Reduced Spending: \$560,900 annually*

Not Included: *Increased Household Income of \$560,900 across brackets*

Question: *Where does that extra money go?*

THE PLAN

- Using a tool such as REMI, run those returns back into the economy along with reduced government spending

- Who has a higher impact?
What are the unforeseen fiscal changes?



THE RESULTS

WHEN POLICY MET ECONOMICS

Building a Better Policy Analysis

*Susan Steward/ Office of the
State Treasurer*

All thoughts are my own

DEVELOP

ANALYZE

DELIVER

SUMMARY