

Fiscal Estimate Narratives

UWS 12/21/2011

LRB Number	11-2127/1	Introduction Number	AB-0400	Estimate Type	Original
Description State agency fiscal and operations reports and quarterly hearings of the Joint Legislative Audit Committee					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 400 (AB-400) requires that all executive and judicial branch state agencies submit reports on their fiscal condition and operations to the Joint Legislative Audit Committee (JLAC). The fiscal impact of AB-400 on the UW-System will depend on how the bill is implemented.

If AB-400 would allow state agencies to use their most recent annual balance sheet, as audited by the Legislative Audit Bureau (LAB), the cost is estimated to be 2-3 weeks of an accountant's or analyst's time and it could be executed within the UW's current budget.

If AB-400 would require that that financial information would need to be updated to reflect the most recent quarter, the UW-System could develop a balance sheet using the existing ACTUALS ledger within the UW-System Shared Financial System (SFS). In addition to the costs reflected in the first option, this option would require approximately 3-4 weeks of another accountant's time and it could be executed within the UW's current budget.

If AB-400 would require that the financial information reflect the most recent quarter and reflect generally accepted accounting principles (GAAP), costs would increase significantly and could not be executed within the UW's current budget. The SFS and UW supplemental accounting systems would need technological changes, involving UW-System Administration (UWSA), UW institutional, and UW-Madison Division of Information Technology (DoIT) resources. WiSMART, the State accounting system, would need significant changes as well. Business processes within the Department of Administration (DOA) and UW-System would need to be changed. For example, WiSMART is a cash-based system and does not record most assets or liabilities. While the UW-System's SFS could be revised at a significant cost to fully reflect this information, WiSMART changes would be more extensive and would be necessary to accept UW transactions. There would also likely be a need for additional UW financial reporting staff and/or higher level accountants to prepare the accrual entries. These changes would require a multi-year project and cost an estimated \$3-5 million over 2-3 years.

Long-Range Fiscal Implications