

Minutes, Budget Committee of Academic Senate

Meeting of May 1, 2000 (Draft 5/9/00)

Present: Charles Parrish (chair), Charles Elder, Domenico Gatti, Nancy Greger, Marlyne Kilbey*, Michael McIntyre*, Vanessa Rose*(late), William Slater, Shirley Walkowski*, James Woodyard.

Absent with Notice: Alex Agius,* Richard Beltramini, Hiroshi Mizukami, Linea Rydstedt,

Absent w/o Notice: Marc Cogan, John Ofenstein,

*Liaison

1. The meeting convened at 3:42 p.m. The minutes of the meeting of March 31, 2000, as amended, were approved.

2. The focus of the meeting was the materials to be presented at the BOG's Budget and Finance Committee meeting. One of the items on that agenda was a report on the WSU public school. The chair indicated that the public school did not appear to be doing well relative to other charter schools in the state or area. Comparative materials, however, were not included in the summary report submitted to the BOG. After some discussion, the following motions was made and seconded:

That future reports on the WSU public school to the Board of Governors include a comparison of its MEAP scores for each grade with the average state scores for those grades and the scores achieved at other charter schools operating in Detroit and the surrounding area. In addition, the future reports should include information on faculty attrition at the WSU public school, with appropriate comparisons to other schools, and information on studies that may have been done on the effectiveness of the school.

The motion passed without opposition. Ms. Rose indicated that the report prepared by the school principal did include additional information that was not included in the abbreviated report submitted to the BOG. The chair indicated that he would raise issues about the WSU public school at the BOG's Budget and Finance Committee meeting.

3. Mr. Elder initiated a discussion of the proposal made at the last meeting of the BOG that the president be authorized to permit borrowing from the cash pool of up to 50 percent of the accumulated funds in the Indirect Cost Recovery Accounts. That proposal was not acted upon, although borrowing against the cash pool for an expensive piece of medical equipment was approved on a one-time basis. It is anticipated that this matter will come before the BOG at some future meeting.

In the ensuing discussion, it was noted that it is not possible to actually borrow against the ICR accounts. The money in those accounts is part of the cash pool, so any borrowing is against the cash pool. The IRC account is simply an accounting entry that indicates a future claim against the cash pool. Obviously it is not possible to borrow against a liability.

It was also noted that the gradual increase in the size of the reserves in the ICR account is not evidence that the holders of those accounts are hoarding funds. The Budget Committee did a detailed report on IRC accounts a few years ago. That report is posted on the web page of the Budget Committee. <www.law.wayne.edu/provost/budget>. At that time, the amount in the account was around \$9 million. It has grown to around \$15 million. Although no updated study has been done, the prior study indicated that a high percentage of the funds in the IRC accounts was spent within the first year and that virtually all of it was spend within three years. Several members of the committee suggested that the increase in the balance in the IRC accounts is due to an increase in research budgets, not to an increase in the holding period for amounts in these accounts. To illustrate the point, assume that money comes into IRC accounts uniformly over the year and is spend uniformly over the year. As a result, at any point in the year, there should be a balance equal to half of the amount coming into the accounts. For example, if a primary investigator receives a payment of \$40,000 on July 1 and spends that amount uniformly over the next 12 months, there should be a year-end balance on December 31 of \$20,000. If the grant is doubled to \$80,000, then the amount on hand at the end of the calendar year also would double.

4. A discussion followed about BANNER. Concern was expressed about its poor performance in handling research accounts. Ms. Rose suggested that the committee might want to invite Vice President Jim Johnson to a future meeting to discuss BANNER. The chair indicated a willingness to issue such an invitation at an appropriate time.

7. The meeting adjourned at 4:50 p.m.

By Michael J. McIntyre