FEDERAL RELATIONS

President Trump's Budget for Education

The Administration released its proposed fiscal 2018 budget on May 23, 2017, without the usual meetings with stakeholders to discuss specific budget priorities that was par for the course the past 16 years. Through our membership with the Association of Public and Land-Grant Universities (APLU) and the House Appropriations Committee staff, I was able to get a few preliminary numbers and policy statements. Ultimately, however, the determination of spending amounts will come from Congress, not the White House. Presidents propose, Congress disposes.

According to early reports, funding for college work-study programs would be cut in half, public-service loan forgiveness would end and hundreds of millions of dollars that public schools could use for mental health, advanced coursework and other services would vanish under a Trump administration plan to cut $10.6 billion from federal education initiatives. The Administration would channel part of the savings into its top priority: school choice. It seeks to spend about $400 million to expand charter schools and vouchers for private and religious schools, and another $1 billion to push public schools to adopt choice-friendly policies.

The proposed budget would also reshape financial aid programs that help 12 million students pay for college. The budget proposal calls for a net $9.2 billion cut to the department, or 13.6 percent of the spending level Congress approved last month.

Under the Administration's budget, two of the department's largest expenditures in K-12 education, special education and Title I funds to help poor children, would remain unchanged compared to federal funding levels in the first half of fiscal 2017. High-poverty schools, however, are likely to receive fewer dollars than in the past because of a new law that allows states to use up to 7 percent of Title I money for school improvement before distributing it to districts.

The cuts would come from eliminating at least 22 programs, some of which the Administration outlined in March. Gone, for example, would be $1.2 billion for after-school programs that serve 1.6 million children, most of whom are poor, and $2.1 billion for teacher training and class-size reduction. Some of these programs include the elimination of a $15 million program that provides child care for low-income parents in college; a $27 million arts education program; two programs targeting Alaska Native and Native Hawaiian students, totaling $65 million; two international education and foreign language programs, $72 million; a $12 million program for gifted students; and $12 million for Special Olympics education programs.

Other programs would not be eliminated entirely, but would be cut significantly. Those include grants to states for career and technical education, which would lose $168 million, down 15 percent compared to current funding; adult basic literacy instruction, which would lose $96 million (down 16 percent); and Promise Neighborhoods, an Obama-era initiative meant to build networks of support for children in needy communities, which would lose $13 million (down 18 percent).

The Trump Administration would dedicate no money to a fund for student support and academic enrichment that is meant to help schools pay for, among other things, mental-health services, anti-bullying initiatives, physical education, Advanced Placement courses and science and engineering instruction. Congress created the fund, which totals $400 million this fiscal year, by rolling together several smaller programs. Lawmakers authorized as much as $1.65 billion, but the administration’s budget for it in the next fiscal year is zero.

The Administration would devote $1 billion in Title I dollars meant for poor children to a new grant program (called Furthering Options for Children to Unlock Success, or FOCUS) for school districts that agree to allow students to choose which public school they attend — and take their federal, state and local dollars with them. The goal is to do away with neighborhood attendance zones that the administration says trap needy kids in struggling schools.

The Administration is also seeking to overhaul key elements of federal financial aid. The spending proposal would maintain funding for Pell Grants for students in financial need, but it would eliminate more than $700 million in Perkins loans for disadvantaged students; nearly halve the work-study program that helps students work their way through school, cutting $490 million; take a first step toward ending subsidized loans, for which the government pays interest while the borrower is in school; and end loan forgiveness for public servants.

The loan forgiveness program, enacted in 2007, was designed to encourage college graduates to pursue careers as social workers, teachers, public defenders or doctors in rural areas. There are at least 552,000 people on track to receive the benefit, with the first wave of forgiveness set for October. It’s unclear how the proposed elimination would affect those borrowers.

The administration also wants to replace five income-driven student loan repayment plans with a single plan.

That change would likely benefit many undergraduate borrowers, who currently can have the balance of their loan forgiven after paying 10 percent of their income for 20 years. Trump’s proposal — which makes good on a campaign promise — would raise the maximum payment to 12.5 percent of income, but shorten the payment period to 15 years.

The proposal is less sweet for borrowers who take out loans to earn advanced degrees. They currently pay monthly bills capped at 10 percent of income for 25 years. Under the new plan, they’d pay more (12.5 percent of income) for longer (30 years). There were no estimates on how much the government would save by eliminating public-service loan forgiveness, overhauling the income-based repayment plans and ending subsidized loans.

The spending plan supports year-round Pell Grants, which allow low-income students to use the money for three semesters of college, instead of two. That way, students can take a full load of courses year-round and earn a degree faster. The Administration also would increase available funds for year-round Pell by $16.3 billion over 10 years.
Still, the maximum annual award would remain flat at $5,920. And without any directive to index the award to inflation, that ceiling might remain in place for the foreseeable future.

STATE RELATIONS

Revenue Estimating Conference/Budget Update

On June 17, the State Treasurer, along with the heads of the House and Senate Fiscal Agencies, met for the May Consensus Revenue Estimating Conference (CREC).

The CREC determined that the state will have $292.2 million less in general fund money for the current and coming fiscal year. It also ascertained that the state will have $340.3 million more in the School Aid Fund (SAF) than expected.

Broken down by fiscal year, the general fund revenues are down $178.8 million for the current fiscal year and $114.1 million for the coming year's budget, on which state officials are currently working. The SAF revenue will increase by $152.9 million in fiscal year 2017 and $187.4 million in the coming fiscal year.

Now that the Governor and legislative leaders have these figures, they have begun the target setting process where they determine how much money to dedicate to each individual budget.

At this point, Republican legislative leaders appear to be willing to use the additional SAF revenue to help in the general fund, if possible. For example, they could use more SAF money for community colleges and higher education if they wanted. Democrats have opposed such moves in the past.

The Speaker of the House and Senate Majority Leader would like to reform the teacher pension system at the same time they determine the budget. They would like to do this because the reforms they are discussing would cost the state budget a significant amount of revenue. At this point Democrats and the Governor oppose this idea.

President's Testimony on Capital Outlay

On June 17, President Wilson testified before the Joint Capital Outlay Subcommittee to advocate for the University's top project request, the STEM Innovation Learning Center.

The President discussed the project and made sure the subcommittee members knew that the University was truly committed to the project, evidenced by the fact we have only asked the state for fifty percent of the project cost - an unusual move, as the traditional ask from universities is seventy-five percent of the project cost. The President also emphasized that this project would refurbish an existing building and not be a new build. Also discussed were the K-12 STEM opportunities that would be expanded upon with this project, and the economic impact on the city and state this project would bring.

State Budget Update

On the afternoon of June 8th, it was announced that the Governor, Senate Majority Leader and Speaker of the House had reached the framework of a deal on changes to the teacher pension system.

Because of this tentative agreement, the Governor is now participating in the negotiations that will finalize the coming fiscal year's budget.

We are told that the legislation that would change the pension system will start to move through the legislature the week of June 12th. It is the desire of the Majority Leader (and we believe the Speaker) that the pension changes move with or before the budget is finalized.

However, at this point, we are told that it is not clear if the House has the votes to move the pension changes being discussed.

After talking with the Chair of the Senate Higher Education Appropriations Subcommittee, she does not believe that this agreement will alter the overall numbers of the Higher Education budget.

Higher Education Budget Conference Committee

The Higher Education Conference Committee met on June 6th and approved the budget for the coming fiscal year. From a funding perspective, the budget closely mirrors the Senate's Higher Education budget.

This budget would provide Wayne State with a 1.6% increase ($3.1 million) for the coming year if tuition is kept below 3.8 % or $475. As you may recall, the House version of the budget would have provided us with a 1.5 % increase ($2.95 million). The Governor's recommendation was 2 % ($3.88 million).

The overall increase in operations funding (total budget) was 2.5 % or $35 million. The increase is spread 50 % through the base and 50 % through the metrics.

It should be noted that the conference committee adopted the budget but did not send it to the floor for a final vote. This was due to the fact that legislative leadership and the Governor had not reached an overall budget agreement at that point. So, there is a possibility this could change. Although, in speaking with Sen. Schuitmaker, she did not believe the overall funding levels or tuition restraint would change - regardless of the overall budget agreement.

Capital Outlay Meetings

Along with the previous meetings with members and staff on the University's top Capital Outlay project request (STEM Innovation Learning Center), Kelley Cawthorne and the Division of Government and Community Affairs continue to meet with top lawmakers and members of the administration to advocate for the project.

In recent weeks, we have met with Sens. Dave Hildenbrand (R-Lowell), Chair of the Senate Appropriations Committee, and Darwin Booher (R-Evart), chair of the subcommittee. We also met with Rep. Larry Inman (R-Traverse City) who is the vice chair of the subcommittee. We also met with staff of Rep. Laura Cox (R-Livonia), who chairs the House Appropriations Committee. We will be meeting with the State Budget Director next week.

Now that a teacher pension deal has been tentatively reached, discussions should begin to take place between the legislature and administration on the projects. We will continue to talk with pertinent staff and lawmakers leading up to the budget being finalized.

Campus Free Speech Legislation

Legislation to require universities and community colleges to punish students impairing another person's free speech rights on campus came up for discussion on May 16 in the Senate Judiciary Committee.

The sponsor of Senate Bills 349 and 350 (Sen. Patrick Colbeck, R-Canton Twp.) says that the bills would make Michigan colleges and universities more open to free speech.

Dan Hurley, CEO of the Michigan Association of State Universities, testified that the bills infringe upon the autonomy given to public universities under the state's constitution.

"We believe that together these bills place overly broad and deeply intrusive mandates on Michigan's colleges and universities," Mr. Hurley said. "We believe they're unnecessary and ... ultimately pose a threat to the educational missions of these institutions."

Hurley testified alongside the head of the Michigan Community College Association. While not present, the head of the private colleges in the state is also opposed to the legislation.

The chair of the Judiciary Committee, Sen. Rick Jones (R-Grand Ledge), also opposes the bills as they are currently written and urged the sponsor to work will all parties to make the bills better.

AHEC Legislative Breakfast

The state's Area Health Education Centers (AHEC) held a legislative breakfast in Lansing on May 24th. As you will recall, Michigan's AHEC is a partnership between several universities with Wayne State being the principal.

The breakfast program included a presentation about AHEC and its role in health care in the state (and how each of the institutions contribute). The main speaker was former State Representative Matt Lori, who now works for the State Department of Health and Human Services. He provided the attendees with an update on what is going on in the Department.

There were several lawmakers in attendance, including Sen. Darwin Booher.

COMMUNITY RELATIONS

Community Partnerships

Earlier this month The Division of Government and Community Affairs partnered with InsideOut Literary Arts Project presented Louder Than a Bomb: The Michigan Youth Poetry Festival on Wayne State's campus. This event brought together over 200 young poets representing high schools and community organizations from eight counties across the state to participate in artistic competitions and collaborative programming.

The four-day festival also held a variety of free public events including a middle school showcase, an MC Olympic competition, a high school open mic, and several head-to-head poetry slam bouts. The Grand Slam was held at the Community Arts Auditorium and featured teams from Detroit, Ann Arbor, Fraser, Grand Rapids, and Kalamazoo.

Wayne Cares Events

Wayne Cares is a university outreach initiative that brings together the university community for the purpose of charitable giving and outreach. Its primary goal is to help university units work together and collaborate with each other for the good of the community.

- *Midtown Detroit Makeover*

On Saturday, April 22, 2017 Wayne State University and Midtown Detroit, Inc. partnered for the annual Midtown area beautification project. More than 75 volunteers joined together to revitalize and clean up the Midtown area of Detroit, including streets on and near the WSU campus. Volunteers met at the Welcome Center, and teams were disbursed to different parts of the Midtown area and then return back to the Welcome Center for lunch.

- *Basic Needs Drive*

This is the sixth year Wayne Cares has partnered with WSU Athletics, and Covenant House for the annual Basic Needs Drive to collect toiletry items for area homeless youth and adults. Last year, WSU student athletes, WSU students and volunteers distributed more than 1,800 basic needs bags to the homeless in Cass Park, Neighborhood Services Organization (NSO), Mariners Inn, and Covenant House. Wayne Cares is grateful to collaborate with WSU Athletics W Week Community Service Initiative again this year. More than 2,000 bags were distributed.

- *American Heart Association Heart Walk*

Wayne Cares, in partnership with the Michigan Chapter of the American Heart Association, participated in the Detroit Heart Walk on May 20, 2017.

More than 800,000 people in the U.S. die from heart disease, stroke and other cardiovascular diseases each year. But 80 percent of cardiovascular disease may be prevented through healthy habits such as eating right, controlling cholesterol, getting physical activity and not smoking.

The American Heart Association is the largest voluntary health organization working to prevent heart disease, stroke and other cardiovascular diseases. With heart disease and stroke being the number one and number four killers of all Americans, the American Heart Association's *mission is to build healthier lives free of cardiovascular diseases and stroke*. The Heart Walk is the American Heart Association's premiere event for raising funds to save lives. Designed to educate and promote physical activity and heart-healthy living, the Heart Walk creates an environment that's fun and rewarding for the entire family.

This year Wayne State University hosted the Heart Walk on campus and joined more than 1 million people in 300 cities nationwide to take a stand against heart disease. More than 12,000 people came to Wayne State's main campus to participate in this year's event. Nearly 500 Wayne State participates and 46 Wayne Care teams walked and raised more than $25,000 this year.

Events like the Heart Walk help raise the necessary funds to continue life-saving research and education. The Heart Walk featured a timed 5K run, and a one mile and three mile walk. Visitor's enjoyed a kid's zone, various fitness activities, healthy donated food, and family-friendly entertainment.

"Our goal is to improve cardiovascular health by 20 percent and reduce the number of deaths from cardiovascular diseases and stroke by 20 percent by the year 2020," said Beth Collins, Detroit Heart Walk vice president. "Getting people active is one way that we are able to get closer to achieving our goal."

"As an urban serving university and as part of our overall mission, I believe that this engagement is a reflection of our commitment to the broad communities we serve and the mission of the American Heart Association," said Stephen Lanier, co-chair of the 2017 Detroit Heart Walk and vice president for research at Wayne State University. "The Heart Walk promotes fun ways to be physically active and make healthier choices every day. And it allows us all to embrace the cause to create healthier, longer lives."

The Detroit Heart Walk was nationally sponsored by Subway. Local sponsors include: Wayne State University; Harley Ellis Deveraux; Meijer; Barton Malow Company; Advantage Living Center; Heartfulness Institute; Rise Above Heart Failure; Total Health Care; Walgreens; Kroger; Beaumont; Borg Warner; Detroit Demand Performance; PVS Chemicals, Inc.; St. Joseph Mercy Oakland; Blue Cross Blue Shield; Bright Side Dental; Chemical Bank; Community Network Service; Cooper Standard; Medical Weight Loss Clinic; and Testing Engineers & Consultants Inc.

Wayne State University will host the Detroit Heart Walk for the next two years. We look forward to growing this event each year.

GOVERNMENT HEALTH AFFAIRS

Michigan Department of Corrections

The State Department of Corrections has experienced an increased problem with their mental and physical health services. To that end, they have reached out to Wayne State University for help. We have been meeting with them over the past several weeks to develop a relationship and identify ways to partner. We recently toured a few of their facilities and are now discussing details on a possible arrangement of services.

Opioid Task Force

We held a meeting with the State's chief psychiatrist, who is organizing an effort to modernize medical school curriculum on proper prescribing of opioids. Wayne State University and the University of Michigan are the two medical school leads on the effort. We stressed the need to approach the issues from a multi-disciplinary perspective and not be too physician centric. Nurses, social workers, pharmacists, and physician assistants also play a vital role in reducing opioid addiction.

Psychiatry Residency Training Grant

WSU has partnered with DMC on a psychiatry residency training program for decades. A large portion of funding for the program comes through a state grant, whereas DMC pays us for teaching services. Nearly ten years ago, DMC received a million dollar plus increase in funding from the State due to a change in the Medicaid match formula. Unfortunately, DMC never passed on those increases to WSU. In fact, we have not received an increase in funding for the program for more than a decade. As a result, we have experienced annual shortfalls in funding for the program. To that end, we have informed the DMC this past month that we are formally requesting an adjustment to our contract specific to this program. The Detroit Wayne Mental Health Authority is also a partner in the program and has also expressed concerns as to DMC's payment methodology. The DWMHA has agreed to our proposed change. Unfortunately, DMC denied our request.

We continue to work with the DMC on the 2017 agreement. WSU leadership, including the VP of Health Affairs and General Counsel, have recently laid the ground work for a compromise agreement. It is our hope to have this agreement signed within the next two weeks. Wayne State has been providing services since October 1, without compensation. This agreement will pay for the entire 2017 fiscal year.

Graduate Medical Education (GME) Reform – MiDoc's

You will recall that the state medical schools, sans Oakland U., met with the State Medicaid director on December 20, 2016, to discuss next steps on MiDoc's. The meeting also included a few FQHC's from around the state and Michigan AHEC. We were told that our $500K in planning funds would be released in early 2017, which will allow us to create a fiduciary organization of the medical schools and hire a planning director. Unfortunately, the state Medicaid office had failed to process the already approved appropriation request.

We worked hard to correct the failure by the State to process our appropriations request, and the State has finally executed our request for the $500,000 allocation. We received $50,000 on May 1, and expect the other $450,000 to arrive over the next few months. The medical schools had a meeting last week to agree to the details on how to spend the $500,000. We will be having a summit in August to reach a consensus on the final proposal, which will then be presented to the Governor's office in October.

Lycaki-Young Fund

Governor Snyder recommended a $1.4 million cut to the Lycaki Young Fund, which is a direct appropriation to Wayne State University for the Department of Psychiatry. The program started more than 20 years ago by Gov. John Engler to transition patient care from the Lafayette Psychiatry Hospital and treat the most at-risk mental health patients in SE Michigan. Funding has been static at $5.6 million. Wayne State has never asked for an increase, even for inflationary adjustments. The fund has increasingly focused on clinical translational projects to increase health outcomes for high Medicaid utilizers, helping to significantly increase health

outcomes and cut Medicaid expenditures. The majority of the funding is spent on direct patient services and teaching programs. The psychiatry residency training program is one of the largest in the Midwest and 80% of the graduates stay in Michigan to practice.
The WSU government affairs team and its Lansing consultants, Kelley Cawthorne, have worked hard these past few months to shore up support for the Lycaki Young Fund. Dr. Rosenberg has agreed to provide increased services at the Hawthorne Children's Hospital, and we have also agreed to establish a public health psychiatry fellowship, which would be only the third such fellowship in the country outside of NYU and Columbia University. It was this type of innovation and proactive leadership that has gained us support in the legislature and the Governor's office. The budget is not yet finalized, but we are increasingly confident we will see the $1.4 million cut restored.