STATE AFFAIRS

Budget

• FY 2004-05 Budget and FY 2005-06 Budget
At the annual January Revenue Estimating Conference, which officially signals the beginning of the budget process, officials agreed that the State of Michigan is facing a $350 million deficit for FY 2004-05 and a $750 million deficit for FY 2005-06. These estimates for both the current year and the upcoming year are not much different from the numbers set in a special revenue session called in December 2004.

Governor Jennifer Granholm’s budget, scheduled for release on February 10 at a joint House and Senate Appropriations Committee meeting, will most likely contain a plan of spending reductions.

• Results Budgeting
Budgets developed for FY 2005-06 will now include review by “results committees.” Fundamental principles from the book, The Price of Government by David Osborne and Peter Hutchinson, are guiding the work process of the results committees. Mr. Osborne and Mr. Hutchinson are from the Public Strategies Group in St. Paul, Minnesota. Several officials from the Public Strategies Group will spend the next several months in Lansing working with House and Senate members on how to implement the new budgeting process. Governor Granholm has also directed her administration to prepare their budgets by using the principles identified in the book.

Although the Governor and Legislature are creating budgets based on result committees, state statute requires that final budgets take the form of a line-item appropriation. The statute requires subcommittees to reconstruct action taken by the results committees, which is why the House Appropriations Subcommittee on Higher Education will not hear testimony from university presidents until the second week of April. In the past, the first chamber to take action on the Higher Education bill began with testimony in February.

93rd Legislature
Speaker of the House Craig DeRoche (R-Nov) recently released committee assignments for the 93rd Legislature. The impacts of term limits are visible as 34 of the House’s 41 committees have new chairs. In addition, Speaker DeRoche reduced the size of the Appropriations Committee to 29 members with an 18-11 split.

The newly appointed Chair of the House Appropriations Committee is Representative Scott Hummel (R-DeWitt) who is in his third and final term in the House. Previously he served on the Civil Law, Judiciary, Redistricting and Elections, Local Government and Urban Policy, Transportation, Insurance and Financial Services Committees.
93rd Legislature (continued)
The House Appropriations Subcommittee on Higher Education’s newly appointed Chair, Representative John Stewart (R-Plymouth), is a graduate of Wayne State University and a two-term member of the Committee. The Vice Chair, Representative Bill Caul (R-Mount Pleasant), is married to the former Chair of the Committee, Sandy Caul, who did not return because of term limits. The members returning to the appropriations subcommittee on higher education subcommittee, except for Representative Kooiman, are Representatives Jerry Kooiman (R-Grand Rapids), Glenn Steil (R-Grand Rapids), Rich Brown (D-Bessemer) and Gretchen Whitmer (D-Lansing).

Additional appointments to important committee chairs include:
- Representative Mike Nofs (R-Battle Creek) to the Committee on Energy and Technology
- Representative Leon Drolet (R-Clinton Township) to the Committee on Government Operations
- Representative Ed Gaffney (R-Grosse Pointe Farms) to the Committee on Health Policy
- Representative William Van Regenmorter (R-Jenison) to the Committee on Judiciary
- Representative David Palsrok (R-Manistee) to the Committee on Natural Resources, Great Lakes, Land Use and Environment
- Representative Phil LaJoy (R-Clinton Township) to the Committee on Transportation
- Rep. Bruce Caswell (R-Hillsdale) to Appropriations Subcommittee on the Department of Community Health.

Detroit House Members Form Caucus
Members of the Detroit delegation in the House have created a formal legislative group entitled the Detroit Caucus. The twelve members of the House formed the Caucus, as they believe the city of Detroit is facing many challenging issues, which require a strong, unified coalition.

Caucus members elected Representative Bill McConico as the chair, Representative Morris Hood III as vice chair, Representative Marsha Cheeks as secretary and Representative Steve Tobocman as policy adviser. Other Detroit legislators include House Minority Floor Leader Mary Waters and Representatives George Cushingberry, Tupac Hunter, Gabe Leland, LaMar Lemmons III, LaMar Lemmons Jr., Virgil Smith III and Ed Gaffney.

Legislative Watch
- Senate Bills 1331-1336 of 2004, the electric restructuring bills that would have resulted in the University paying more for electricity, failed to pass before sine die. However, we expect the industry will reintroduce this legislation in 2005. In 2005, expect this legislation to:
  - Require Alternative Electric Suppliers to pay an electric utility charge equal to the amount they can save customers. If the state passes such an initiative, transmission costs, now about 87 cents/kWh, might more than double.
  - Prevent universities, among others, from aggregating their electric load.
- Senate Bill 169 amends the Michigan Public Health Code to require hospitals to submit a staffing plan that provides sufficient nursing staff in each unit within a hospital.
  - Referred to the Committee on Health Policy on February 3, 2005.
Legislative Watch (continued)

- House Bill 4129 establishes a student loan forgiveness program for new teachers in at-risk schools.
  - Referred to the Committee on Higher Education on February 1, 2005.
- Senate Bill 146 amends the Michigan Public Health Code to eliminate the prohibition against mail-order pharmacies.
  - Referred to the Committee on Health Policy on February 1, 2005.

Legislative Outreach

- Administration/Legislator Campus Visits
  David Hollister, Director, Michigan Department of Labor and Economic Growth visited campus on January 12, 2005, to meet with President Irvin D. Reid and Vice President Harvey Hollins. Discussions centered on partnership opportunities between Wayne State and the Department of Labor and Economic Growth, and the Wayne State University day at the World Expo in Aichi Japan.

- 2005 Winter Legislative Brunch
  The Office of Government Affairs, in partnership with the Alumni Association, hosted a January 22, 2005, brunch for newly elected officials, the Detroit delegation, and their families. We provided complimentary tickets to the North American International Auto Show and the Motown Winter Blast as well as transportation to and from Cobo Hall/Campus Martius. Attendance at the event was limited, due to a winter storm. The Office of Government Affairs plans to make this an annual event.

- Wayne State University Student Day at the Capitol - April 12, 2005
  The Office of Government Affairs, partnering with the Dean of Students Office and the Student Council, identified April 12, 2005, as Wayne State Student Day at the Capitol. As in the past, this popular event will include individual meetings with House and Senate members, lunch with legislators and an introduction on the House floor.

- Board of Governors Retreat/Legislative Reception in Lansing - May 3, 2005
  The Office of Government Affairs will arrange for the Board of Governors to hold a retreat on May 3, 2005, in Lansing. Key public policy officials will join the Board for a breakfast or lunch to discuss the Lansing budget situation and issues relevant to higher education in the state of Michigan. Board members will also have the opportunity to meet individually with legislators and attend the annual legislative reception in the Capitol.

  In partnership with Alumni Affairs, the annual reception to honor Michigan legislators will take place in the Rotunda and West Wing of the State Capitol. This event provides legislators and key policy makers an opportunity to mingle informally with University administrators, faculty, students and alumni from around the state.
Legislative Outreach (continued)

- **Visibility in Lansing and Support for the University**
  President Irvin D. Reid and Vice President Harvey Hollins met with Senator Tony Stamas (R-Midland), Chair of the Senate Appropriations Subcommittee on the Department of Community Health and Representative Michael Murphy (D-Lansing), Chair, Legislative Black Caucus, in January. Additional meetings with House and Senate Appropriations Subcommittee members, newly elected legislators, Detroit delegation and legislative alumni will occur in the months of February, March and April. Discussions will focus on the University's economic impact in Michigan, and the importance of continuation of strong state support for the University's research and urban mission.

**FEDERAL AFFAIRS**

Legislative Update

- Expect budget freezes or tiny increases in programs critical to research universities.
- NASA and the National Science Foundation would find new berths on existing House Appropriations subcommittees according to a proposal circulating in Washington (said to be House Appropriations Chair Jerry Lewis’ (R-CA) reorganization plan). Discussions on Chairman Lewis’ plan for restructuring the House Appropriations Committee will continue. Despite predictions from some corners that his chamber would never agree to a sweeping reorganization of the Appropriations Committee, Chairman Thad Cochran (R-Miss.) is working to bring his fellow Senators on board with a redesign similar to one rapidly moving forward in the House. A lack of symmetry between House and Senate panels would greatly complicate passage of individual bills. A House GOP leadership aide cautioned that the leadership has not decided what to do if the Senate does not act. The changes would consolidate leadership in the House and bring the structure more in line with the way the Majority looks at government and federal spending.
- College employees would be required to pay federal taxes on the tuition benefits they receive. A congressional panel recommended the combination of two popular Clinton-era federal tuition-tax credits as a way to generate revenues.
- Representatives George Miller (D-CA), the panel's senior Democrat, and Dale Kildee (D-MI), the senior Democrat on the Subcommittee on 21st Century Competitiveness, requested hearings into recruitment practices by for-profit higher education companies after a segment of CBS’s *60 Minutes* on Sunday reported that certain colleges are being investigated for aggressive and misleading recruitment tactics.
- The House Education and Workforce Committee Chairman John Boehner (R-OH) warned that the information being used by the federal government to decide which students qualify for Pell Grant college aid is absurdly outdated - dating back to 1988 - and that the nation’s neediest students may be shortchanged if the Education Department is not permitted to use more accurate and recent data. Boehner said that if the Department continues to use the 1988 tables, it is conceivable hundreds of millions of dollars will deepen the current Pell Grant budget shortfall - and as a result, it may be many more years before Congress can again increase the maximum Pell Grant award that goes to our nation’s neediest students. The Education Department uses IRS tax tables as part of its methodology for determining students’ Pell Grant eligibility.
Legislative Update (continued)
- In anticipation of a forthcoming report from an advisory committee to Congress on the student financial aid application process, Representatives Tim Ryan (D-OH), Rahm Emanuel (D-IL), and George Miller (D-CA) are calling on Congress to pass immediate reforms to further simplify paperwork for students and families applying for aid. Congress may rewrite the laws that govern student aid and the application process over the next two years, but without immediate action, it is unlikely that students will get much relief next year when applying for college aid. The Congressmen pointed out that families need to fill out a complicated, 100-plus question form to apply for college assistance, while large corporations use a 13-question form to apply for million dollar Export-Import bank loans.

Executive Branch Update
President Bush swore in Margaret Spellings, a self-described "hawk" on education accountability, as the new U.S. Secretary of Education. Sally L. Stroup, the department's top higher-education official, affirmed that she would be staying on. Margaret Spellings' replacement as White House Domestic Policy advisor will be Claude A. Allen, a North Carolinian who most recently served as a Deputy Secretary at HHS where he served as the department's chief operating officer.

109th Congress
The Members of the 109th Congress took the oath of office on January 4, 2005, and have set an optimistic adjournment target of September 30, according to the 2005 schedule. The House calendar is largely consistent with the 2005 Senate schedule, including a February, 21-25 Presidents' Day break, a two-week Easter recess March 21-April 1, a May 30-June 3 Memorial Day recess, a July 4-July 8 Independence Day break, and an August 1-September 5 summer break. The House will be in session for eight consecutive weeks in April and May -- the longest scheduled stretch of the year -- while the Senate will take a break the week of May 2, 2005.

Congressional Committee Assignments
Committee assignments are set for the 109th Congress. The following are the assignments for the Michigan delegation:
- Senator Carl Levin - Ranking Democrat on the Armed Services Committee. Also serves on Homeland Security & Government Affairs, Small Business and Select Intelligence.
- Senator Debbie Stabenow - Agriculture, Nutrition & Forestry; Budget; and Banking, Housing & Urban Affairs Committees. She has been elected by her Democratic Senate colleagues to serve as caucus secretary, the third-highest ranking leadership position in the Senate Democratic Caucus.
- Rep. Dave Camp - Ways and Means Committee, chair of the Select Revenue Subcommittee.
- Rep. Vern Ehlers - Science; Education and the Workforce; House Administration; Transportation and Infrastructure; Library of Congress (Joint) Committees. He chairs the Subcommittee on Environment, Technology and Standards of the Science Committee.
- Rep. Pete Hoekstra -- Chairman of the House Permanent Select Committee on Intelligence; and Transportation and Infrastructure.
Congressional Committee Assignments (continued)

- **Rep. Joe Knollenberg** -- Appropriations Committee. He will chair the Military Construction Subcommittee, and serves on the VA-HUD & Independent Agencies Subcommittee. (Subject to change if Appropriations Committee is reorganized)
- **Rep. Thaddeus McCotter** - International Relations; Budget; Small Business
- **Rep. Candace Miller** -- Armed Services; Governmental Reform; House Administration
- **Rep. Mike Rogers** - Energy & Commerce; Intelligence
- **Rep. Joe Schwarz** - Agriculture, Armed Services and Science Committees

Congressional Guest Reception at Pistons/Wizards Game in DC - February 1, 2005

Government Affairs, through its Washington, DC, office, hosted a private reception at the MCI Center for several Michigan members of Congress and Congressional staff. Vice President Harvey Hollins, Federal Affairs Assistant Vice President Marda Robillard and Federal Affairs Director Kim Trinca welcomed Michigan Congressional Delegation members and others to the February 1 event. Attending were:

- Congresswoman Candice Miller
- Congressman Joe Knollenberg and his wife
- Congressman Joe Schwarz
- Jackie Parker, Deputy Legislative Director for Senator Carl Levin and her daughter, Eunice, a student at Howard University
- Jennifer Beeler and Julliette Murdock from Congressman Sander Levin’s office (Julliette is a **Wayne State University alum** who the Federal Affairs office helped place in the Congressman’s office)
- Matt Thome and Erif Haque from Congressman John Conyers’ staff
- Meghan Kolassa and Louis Meizlish from Congressman Joe Schwarz’s office
- Patty Readinger and Sally Cluthe from Senator Debby Stabenow’s office
- Cindy Banks from the University of Michigan Government Relations Office and her husband and son.

This well-attended reception provided an excellent opportunity to meet informally with Michigan’s federal representatives.
COMMUNITY RELATIONS

Martin Luther King, Jr. Remembrance
In honor and remembrance of Dr. Martin Luther King, Jr., Wayne State University’s Office of Government and Community Affairs hosted a panel discussion on race relations. Held on Friday, January 14, 2005, at the University’s Spencer Partrich Auditorium in the Law School, the event attracted more than 60 attendees from the campus and community, including two Michigan state representatives and a member of the University’s own Board of Governors.

Panelists were Dr. Frank H. Wu, Dean of the Law School; Daniel H. Krichbaum, executive director of the National Conference on Community and Justice; Linda Parker, Director of the Michigan Department of Civil Rights; and Andrew McLemore, executive vice president of A-Mac Construction Services. Darci McConnell, founder and president of McConnell Communications, moderated the discussions. Comcast Cable videotaped the panel discussion.

This event was a departure from the strategy of past years, when the Community Affairs Office coordinated a campus and community luncheon on the day of the Martin Luther King, Jr. holiday, when the University is traditionally closed. Overall feedback for this year’s date (the Friday before the holiday) and format (race relations panel discussion) has been very positive, and comments encourage a continuance of this type of celebration. We will consider a larger, but similar, event in 2006.

Regional Transportation/Campus Transportation Survey
Approximately a year ago, Vice President Harvey Hollins met with Board of Governors member Richard Bernstein, President Reid and others from the University and community/transportation interest groups to discuss Wayne State University’s possible involvement in the regional transportation issue. The Vice President and staff consequently met with a number of community groups that have an interest in regional mass transportation, including SEMCOG, MOSES and the Detroit Regional Chamber.

While continuing to stay attentive to discussions involving the larger, regional mass transit issues, the Office of Government and Community Affairs decided to take a closer look at its own commuter population. As a microcosm of the larger metropolitan community, we are undertaking an internal survey to assess the work- and school-related transportation needs of its students, faculty and staff. The goal of the survey is to determine whether there is an interest in and/or need for a dedicated bus service that would provide transportation to Wayne State’s main campus from select points in the suburbs and parts of Detroit. All students, faculty and staff received the survey by e-mail, with approximately a 10 percent response as February 1, 2005. The College of Urban, Labor and Metropolitan Affairs is coordinating the survey and will compile and correlate the response data. We expect to have results by mid-March.