STATE AFFAIRS

State Budget

FY 2004-05 Budget and FY 2005-06 Budget


Upon receiving both of the Governor’s plans, the Legislature was not receptive to her spending reductions and in mid-March, rejected E.O. 2005-3. Of particular concern for the legislature was the Governor’s proposed reduction of $30 million in state aid to the fifteen public universities and the twenty-eight community colleges. The Governor offset the reductions by providing $100 million each year for major and special maintenance projects; however, the Legislature was not please with the E.O. and rejected it in the Senate Appropriations Committee.

The Governor’s FY 2005-06 Executive Budget also contained additional cuts to Higher Education with a $30 million reduction in state aid to public universities and community colleges. She also called for a revised Merit Scholarship program, which would replace the current $2,500 scholarship that goes to high school graduates who perform well on the Michigan Education Assessment Program test. The revised program would grant students a $4,000 award to those who have completed two years of university, community college, or technical off-campus programs.

The FY 2005-06 Executive Budget Bill for Higher Education also proposes a dramatic change to the KCP (King-Chávez-Parks Programs) Initiative. The proposed legislative change merges five of the KCP Initiative programs into a KCP Educational Opportunity Grant Program. This change may have unintended consequences on the students, families and communities most vulnerable to changing political and economic trends. For example:

- KCP Future Faculty Fellowship awards for students who have not yet completed the terms of their KCP Agreement will be in jeopardy, thereby jeopardizing the retention and graduation potential of these students.
- The reciprocity agreement between Illinois’ Diversifying Higher Education Faculty in Illinois (DFI) Program and Michigan’s KCP Future Faculty Fellowship (FFF) Program will end. These activities have helped support the 55% postsecondary employment success of Michigan’s KCP Fellows over the last five-year period.

Governor Granholm and legislative leaders met throughout March to reach a compromise. The results of these meetings produced the following:

- Executive Order 2005-07. This E.O. contains the cuts to higher education. Although the state will book these cuts immediately, this action would not reduce payments to higher education until August 2006, and only if revenues fall below projections.
- SB 235 (needs further House action). SB 235 contains, among other funding, $200 million capital outlay support for universities and community colleges. Of that amount, universities will receive $146.3 million for non-special maintenance projects. The state will make two exceptions for special maintenance in SB 235, Lake State University and Gogebic Community College because those institutions have low bond rates. Currently, Wayne State University is in the SB 235 at $15 million for the Engineering Development Center.
HB 4308 (ordered enrolled) is the negative supplemental. HB 4308 states that operational funds for community colleges and universities cut by Executive Order will be restored if the May consensus revenue estimate is higher than the January estimate or, if not from the year-end General Fund balance; that the restoration shall not exceed $30 million. In addition, HB 4308 transfers the $5.6 million earmark to the Joseph F. Young, Sr. psychiatric research and training program from Wayne State’s general fund appropriation to the Community Health budget, using Disproportionate Share Hospital payments.

University Presidents Testimony Before the House Appropriations Subcommittee on Higher Education
Throughout March and April, university presidents will make weekly appearances before the House Appropriations Subcommittee on Higher Education to comment on the impact of the Governor’s proposed FY 2006 budget and to respond to committee questions about their respective institutions. President Reid testified before the subcommittee on March 23. His testimony focused on the University’s Economic Impact Study and the return on investment to the state of Michigan.

Legislative Watch
- **House Bills**
  - **HB 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.
  - **HB 4293** creates appropriations for the Department of Community Health for FY 2005-2006.
    - Referred to the Appropriations Committee on February 15, 2005.
  - **HB 4308** provides for supplemental appropriations and restores executive order reduction.
    - Language would provide that the impact of the $30 million reductions in Executive Order 2005-3 to state university and community college would not take place prior to August 1, 2005. In addition, up to $30 million will be available to restore those reductions contingent on either (1) an increase in the May revenue estimate from the January consensus conference estimate or (2) an unreserved fund balance at the close of FY 2004-05. If less than $30 million is available from those sources, the available funds would be paid to each university/college in direct proportion to the Executive Order reduction amounts.
    - Passed the House on March 17, 2005
- **Senate Bills**
  - **SB 235** provides $200 million Capital Outlay support for universities and community colleges.
    - Passed the Senate on March 24, 2005
  - **SB 327** would amend the Revised School Code to establish additional teacher certification requirements pertaining to the teaching of reading, field work at a school having an above-average proportion of pupils with a learning disability, and early intervention training, beginning July 1, 2006.
    - SB 327 was heard in the Senate Committee on Education on March 24, 2005. The committee did not report the bill.
  - **SB 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.
- **SB 146** amends the Michigan Public Health Code to eliminate the prohibition against mail-order pharmacies.
  - The bill amends the Public Health Code to delete a provision authorizing a disciplinary subcommittee to impose sanctions on a pharmacist for employing the mail to sell, distribute, or deliver a drug that requires a mailed prescription.
  - Passed the Senate and referred to the House Committee on Health Policy on February 16, 2005.

**Legislative Outreach**

- **Wayne State University Student Health Day at the Capitol**
  The Office of Government Affairs in collaboration with the School of Medicine, College of Nursing and College of Pharmacy and Health Sciences, identified March 1, 2005 as Wayne State Student Health Day at the Capitol. Inclement weather forced us to cancel this event. When we reschedule the event, students will testify before the Health Policy Committee, participate in a legislative lunch and hold individual meetings with legislators.

- **Administration/Legislator Campus Visits**
  Spanish Ambassador Carlos Westendorp visited campus on March 15, 2005, to tour Tech Town and meet with students and faculty to discuss the current state of affairs between the United States and Spain. More than 30 students and staff participated in the discussion.

- **Wayne State University Student Day at the Capitol – April 12, 2005**
  The Office of Government Affairs, the Dean of Students Office and the Student Council, continue to plan the fifth annual 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.

- **Visibility in Lansing and Support for the University**
  Vice President Harvey Hollins met with members from the House Appropriations and Higher Education Subcommittee, newly elected legislators, Detroit delegation, and the Tri-County delegation during the month of March. Discussions focused 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.
COMMUNITY RELATIONS
Regional Transportation/Campus Transportation Survey
The Office remains involved in the transportation issues relevant to the University and the southeast Michigan area. As previously reported, 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.

In response to a recent request from SEMCOG, we provided a list of ZIP codes for our currently enrolled Michigan students. The Council is undertaking a study, the Ann Arbor to Detroit Rapid Transit Study Alternatives Analysis and DEIS. The study reflects the integrating of two major transit planning studies: Downtown Detroit to Metropolitan Airport Rapid Transit Alternatives Analysis and the Ann Arbor to Detroit Commuter Rail Study. Wayne State data, added to that of two other universities, will enhance the forecasting capability of the SEMCOG Regional Model and will separate the university trips as a distinguishing element in the mode choice model that will treat university students differently than other trip makers. Their studies have shown that the university students traditionally are more sensitive to transit. This data will help SEMCOG to predict more accurately transit ridership.

Our internal survey to assess the work- and school-related transportation needs of its students, faculty and staff is nearly complete. A full report should be available by early April. Select preliminary findings include the following:

- A total of 5,581 people responded to the survey for a response rate of 12.7%.
- The largest proportion of respondents were undergraduate students (35.1%), followed by employees (25.1%), graduate students (23.1%), employees who are also graduate students (5.8%) and employees who are also undergraduate students (5.7%).
- More than 90 percent (91.0%) of the respondents spend some time at Main Campus.
- The most frequently reported modes of travel to the University were ‘car – alone’ (81.5%) followed by ‘car- with others’ (14.5%) and ‘walk’ (11.3%). 5.2% selected a DDOT bus option, followed by the SMART bus option by 3.6% of respondents.
- When asked, for the mode of transportation they use most often, how long the ride to campus takes under normal conditions, the mean minutes spent traveling to campus were 29 minutes (median = 25 minutes). When asked to estimate how many additional minutes were added to the commute when they encounter heavy traffic congestion on the way to campus, the response was the addition of a mean of 20 additional minutes to the commute (median = 15 minutes).
- Less than one-fourth (23.6%) of respondents are able to take a bus to campus, 44.1% said that it is not available, and 32.2% were not sure.
- **When asked if they would be willing to use a WSU shuttle bus to come to campus, if it were available near their starting point, more than two-thirds (65.3%) of respondents would be willing to take a WSU shuttle bus, 18.3% would not use a shuttle bus and 16.5% were not sure if they would use a shuttle bus.**
- The average number of miles a person would be willing to travel to catch a commuter bus to campus is 5.6 miles.
- The majority of survey respondents (60.4%) would be willing to pay between $1 and $2.99 for a one-way ride to campus.
• The most frequently chosen type of bus was a ‘shuttle bus’ (77.1%) followed closely by ‘the kind of bus SMART or DDOT use’ (71.9%). More than half (59.2%) would like the type of coach bus/charter bus used for inter-city travel by a company like Greyhound, 53.4% would ride in an Econo Van, and only 27.4% chose the school bus option.

• Nearly half (48.1%) of respondents think that the shuttle bus should be funded through fares paid by the people every time they ride. 30.4% would like to have a fee paid each semester by the people who use the shuttle; and 13.1% said that the shuttle be paid for by all students and staff in the form of a fee paid every semester regardless or whether or not they use the shuttle.

• The vast majority of respondents (91.5%) currently own or have access to a car. According to respondents, the average weekly travel cost to commute to campus is $31.71; this includes gas, tolls and maintenance. The average weekly cost to park on campus is $15.12.

• Nearly one-third (31.0%) of respondents said that the cost of transportation has been a factor in either where they have attended college or the number of credit hours they take. For respondents who are current students it was 32.7%.
FEDERAL AFFAIRS

Legislative Update

• With the President Bush calling for cuts in mandatory spending, holding discretionary spending to below inflation and permanently extending tax cuts — as well as enacting a Social Security overhaul with major budgetary implications — Congress will have to make some difficult choices.

• House Appropriations Committee Chairman Jerry Lewis (R-CA) reorganized the Appropriations Committee cutting the subcommittees from 13 to 10. The chairman's 10 reconstituted subcommittees follow:
  – Agriculture---Henry Bonilla (R-TX)
  – Defense---C.W. Bill Young (R-FL)
  – Energy and Water---David Hobson (R-OH)
  – Foreign Operations---Jim Kolbe (R-AZ)
  – Interior and Environment---Charles Taylor (R-NC)
  – Homeland Security---Harold Rogers (R-KY)
  – Labor-HHS-Education---Ralph Regula (R-OH)
  – Military Quality of Life and Veterans Affairs---James Walsh (R-NY)
  – Science, State, Justice and Commerce---Frank Wolf (R-VA)
  – Transportation, Treasury and Housing---Joe Knollenberg (R-MI)

• Michigan Democratic Senators Carl Levin and Debbie Stabenow joined their Republican colleagues from Ohio, Senators Mike DeWine and George Voinovich, in introducing bipartisan legislation to improve the monitoring of Great Lakes water quality by establishing science-based assessments to measure the health of the Great Lakes. The legislation directs the Environmental Protection Agency’s (EPA) Great Lakes National Program Office to work with other federal agencies and Canada to develop indicators of water quality and related environmental factors in the Great Lakes. The legislation also directs EPA to establish a comprehensive network to monitor those indicators regularly throughout the Great Lakes basin; to collect initial benchmark data within four years; and to report to Congress on the changes in water quality. The legislation authorizes $28 million over four years to establish the indicators and monitoring system. The legislation directs the Environmental Protection Agency’s (EPA) Great Lakes National Program Office to work with other federal agencies and Canada to develop indicators of water quality and related environmental factors in the Great Lakes.

• House Education and the Workforce Committee Republicans introduced legislation to reauthorize the Higher Education Act (HEA). Republicans introduced the College Access and Opportunity Act (H.R. 507), originally introduced in the 108th Congress, as well as a series of additional measures to prioritize access and improve the nation’s higher education system. Chairman John Boehner (R-OH) reaffirmed that the committee intends to pass "revenue-neutral" legislation to reauthorize the HEA that pays for itself by making common-sense reforms, rather than by adding to the federal budget deficit. The bills seek to restore the HEA’s original focus on helping low and middle-income students who are in danger of being denied access to college, a goal the Act has drifted away from in recent years. The higher education reform proposals would expand college access by:
  ✔ Strengthening Pell Grants. The legislation seeking to provide expanded Pell Grants for high-achieving, low-income first and second-year students ("Pell Grants
Plus”) will: allow appropriations for the maximum Pell Grant award to be increased to as much as $5800 per award; provide year-round Pell Grant aid for students attending school throughout the year; and remove an incentive for colleges to raise tuition by repealing Pell Grant “tuition sensitivity,” a current federal rule that needlessly limits the amount of Pell Grant aid a student attending a very low-cost institution can receive.

- **Implementing GAO’s recommended changes on loan consolidation.** The independent Government Accountability Office (GAO) has recommended that Congress make reforms to the consolidation loan program – which provides billions annually to individuals who have already received a college education and are no longer students – to ensure that the HEA’s main focus remains access for students in danger of receiving no college education. Specifically, the GAO has recommended that Congress switch the consolidation loan program from a fixed interest rate structure to a variable interest rate structure, because the ballooning cost of the consolidation program threatens to consume billions in future years that could and should be used to help provide college access for needy students. The independent Congressional Research Service (CRS) issued an analysis in 2004 that showed borrowers would have been better off under variable rates than fixed rates over the last two decades. Republicans would also keep that same successful variable rate structure in place for all student loans. The current variable rate structure has produced the lowest interest rates in the history of the federal student loan programs.

- **Permanently shutting down excess lender subsidies.**
- **Simplifying the college aid application process.**
- **Fairness for non-traditional students.**
- **Reducing the fees students pay on student loans and updating loan limits.**
- **Phasing out unfair advantages in campus-based student aid.**
- **Streamlining the financial aid process to make it easier for students and schools.**
- **Strengthening Minority Serving Institutions.**
- **Expanding student loan relief for teachers.**
- **Empowering consumers with access to better information.**
- **Creating opportunities for graduate study that will improve K-12 education.**
- **Strengthening international and foreign language studies programs for the post-9/11 era.**

- In a recent speech, Sen. Lamar Alexander (R-TN), former U.S. Secretary of Education and university president, spoke out against price controls and political correctness on college campuses. "The idea of price controls from Washington for colleges and universities is a bad idea," Senator Alexander said at the annual meeting of the National Association of Independent Colleges and Universities. "It's a bad idea because what has made our system of higher education superior is autonomy and choice."

- Republican leaders in the U.S. Senate and House of Representatives unveiled separate budget plans for the 2006 fiscal year that would reduce government subsidies for lenders participating in federal student-loan programs. Nevertheless, leaders in the two chambers presented very different ideas for spending the savings from the subsidy cuts.
  - The House Budget Committee, in a resolution approved on a party-line vote, called for devoting an unspecified portion of the savings to reducing the $400-billion federal budget deficit. The panel rejected President Bush’s proposal to use
The Republicans in charge of the Senate Budget Committee also strayed from the president’s proposal. In their resolution, they called for using most of the savings from the loan programs to pay off the Pell Grant shortfall and to create a $5.5-billion reserve fund that lawmakers could use to increase spending on student aid if they renew the Higher Education Act this year.

Wayne State and other universities clearly favor the Senate plan, which also calls for a $100 increase in the maximum Pell Grant next year.

The House approved a concurrent resolution criticizing a federal appeals court decision to issue a temporary injunction against enforcing a federal funding ban for universities that fail to provide equal access to military recruiters on campus. The measure (H.Con.Res. 36), approved by a vote of 327-84, also urges the Bush Administration to vigorously pursue a review of the decision by the Supreme Court. It is not clear if the Senate will approve a similar measure. However, even if the Senate were to act, the measure, as a concurrent resolution, would carry no force of law.

The new chairman of the House Committee, Jerry Lewis, a California Republican, said at a hearing on the Bush administration's budget request for the National Institutes of Health in 2006, that he wants Congress to maintain federal financing for scientific research "on a healthy growth path." Rep. Lewis was not more specific about what level of spending the NIH and other research programs deserved. Those details will be the subject of months of negotiations with other lawmakers before they complete appropriations later this year, but he did say, "In the full committee, we feel very strongly about R&D." Funding for research at the highest possible level is critical to Wayne State and other research universities. We find the administration's budget proposal for the 2006 fiscal year. That plan would raise spending for the NIH by 0.7 percent, to $28.85-billion, far below its growth of recent years, and a level that would lead the agency to cut the number of new research-project grants. The administration's proposed spending level for the National Science Foundation is $5.61-billion, barely above the 2004 level.

House Science Committee Chairman Sherwood Boehlert (R-NY) announced the chairs of the panel's four subcommittees for the 109th Congress. Committee Democrats have not yet appointed their full membership on the committee. Vernon J. Ehlers (R-MI) will serve again as chair of the Subcommittee on Environment, Technology, and Standards, while Judy Biggert (R-IL) will serve again as chair of the Subcommittee on Energy. Ken Calvert (R-CA) will chair the Subcommittee on Space and Aeronautics, replacing Dana Rohrabacher (R-CA), who had been term-limited in the post, and freshman Bob Inglis (R-SC) will chair the Research Subcommittee, replacing Nick Smith (R-MI) who retired last year. (Rep. Inglis has seniority accrued from his previous House service, 1993-1998.)

The Senate approved by voice vote an intellectual property measure (S. 167) introduced earlier this year by Senators Orrin Hatch (R-UT) and Patrick Leahy (D-VT). Although the measure is similar to a package of legislation that failed to win approval in Congress last year (S. 3021), the problematic provisions for higher education in earlier versions of the bill were negotiated satisfactorily or removed.
Federal Earmark Funding Requests

Work is complete on Wayne State University’s FY ’06 earmark requests. The Michigan delegation received a bound booklet containing white papers regarding each request. Based on a careful matrix of political and practical considerations, federal affairs office staff met with Congressional staff to request support for certain projects from various members and senators. The earmarks and those asked to champion or support them follow:

- Advanced Transit Research Center
  - Kilpatrick/Knollenberg
- Alternate Energy Technology Program
  - C. Levin/Dingell/Rogers
- Alternative Pathways to Teacher Certification
  - S. Levin/Stabenow
- CS/IT Building
  - No Current Sponsor
- Children’s Research & Clinical Services Building
  - No Current Sponsor
- Circle for Recovery Program
  - S. Levin/Conyers
- Consortium for Language Information
  - Dingell
- Highway Safety/Driver Distraction Initiative
  - Knollenberg/Dingell/Kilpatrick
- Nursing Education Expansion Initiative
  - C. Levin/S. Levin/Stabenow
- Smart Sensors Laboratory & Clean Room
  - Knollenberg
- University Police Department Communications System
  - Conyers/S. Levin

The Federal Affairs staff met with each of these offices and received commitments for our appropriations requests. In addition, we will receive support from the office of Congressman Joe Schwarz.

National Children’s Study

Federal affairs office staff met with Mary Maraspina of Michigan State Office of Federal Affairs and Mark Burnham of the University of Michigan’s office of Federal Affairs about the NIH (NICHD)-funded National Children’s Study. The three universities, plus Henry Ford Health Systems and the Michigan Department of Community Health, have collaborated to compete in this study. Unfortunately, there is not adequate funding in the FY 06 NICHD budget to do the full study. The projected cost for FY 06 is $70 million; the President’s budget includes only $13.5 million. The respective faculty involved plan to come to D.C. in mid-April to lobby the delegation to increase funding. We will arrange these meetings and accompany the faculty.