
FEDERAL RELATIONS

Tax Cut and Jobs Act

House and Senate Republicans passed a comprehensive tax reform bill last year that makes sweeping changes throughout the Internal Revenue Code affecting many educational institutions, as well as most individuals and businesses. A broad range of provisions in the legislation affects higher education, including private university endowments, the treatment of both undergraduate and graduate students, and more. All of the Democrats in the House and Senate voted against this bill; 12 Republicans (none from Michigan) joined the Democrats in their opposition. All other Republicans supported the bill on final passage. This legislation was subject to intense lobbying by Wayne State University's team in Washington, D.C. We also coordinated much of our effort with Michigan State University, the University of Michigan and the Association of Public and Land-Grant Universities (APLU).

The following are the key changes the bill brings about for higher education:

Excise Tax on Endowments. The bill imposes a 1.4 percent excise tax on the net investment income of colleges and universities with at least 500 students, with more than 50 percent of their student body in the United States, and whose assets not used to carry out the educational mission are at least \$500,000 per student. The tax does not apply to state colleges and universities. Based on current estimates, the provision impacts approximately 25 universities.

Advance Refunding and Tax Credit Bonds. While the benefits for many tax-exempt bonds survive, the interest exclusion for advance refunding bonds is repealed. The bill also repeals the authority to issue tax-credit and direct pay bonds after 2017.

Institution Tax on Compensation over \$1 Million. Public and private institutions will pay a 21 percent excise tax on any amount above \$1 million in compensation paid to the five highest-paid employees ("Covered Employees"). Once an employee becomes a Covered Employee, their compensation will continue to be subject to the excise tax in future years even if they are no longer one of the five highest-paid employees. In an update to the Senate-passed provision, the final bill excludes compensation paid to medical professionals related to providing medical (but not to other) services. Medical professionals include doctors, nurses, and veterinarians. The provision also contains related organization and anti-abuse rules.

Severance. Severance payments to Covered Employees that exceed three times base compensation (using Code §280G principles) are subject to a 21 percent excise tax paid by the institution. Similar to the compensation provisions that will affect the five highest-paid employees, severance to medical professionals related to medical services will not be considered in the computation.

Tax Paid on Certain Employee Fringe Benefits. Institutions will pay taxes (as UBIT at the new 21 percent corporate tax rate) on the value of providing specified nontaxable fringe benefits to employees for certain transportation fringe benefits and on-premises gyms and other athletic facilities.

Moving Expenses. Employer paid or reimbursed moving expenses are taxable to the employee and employees may no longer deduct moving expenses. Neither provision applies to military personnel or their families. This provision sunsets after 2025.

Work Related Education. Employees may not deduct work related education expenses. This provision is part of the larger removal of deductions subject to the two percent floor. There is no protection for currently enrolled education programs. This provision sunsets after 2025.

Charitable Contribution Limit. The charitable contribution limit increases to 60 percent of adjusted gross income for the amount of cash that can be deducted annually as charitable contributions to public charities, including colleges and universities. This provision sunsets after 2025.

Charitable Deduction for Seating Rights. Donors may no longer deduct 80 percent of the amount paid for the right to purchase tickets for college athletic events. Despite the number of provisions in the legislation that will impact higher education, the final version eliminates several items that appeared in the previous House- and Senate passed versions. Wayne State University directly lobbied members of the Michigan delegation in opposition to these provisions being included in the final version of the bill:

Interest Exclusion for 501(c)(3) Bonds. The bill does not include the House provision to generally repeal the interest exclusion for 501(c)(3) bond provisions after 2017. Intermediate Sanctions. The Senate-passed provision to expand the rules on excess benefit transactions and change the rebuttable presumption for unreasonable compensation was removed due to Senate procedural rules.

Deferred Compensation. Despite early proposed fundamental changes in the House and Senate bills, there are no fundamental changes to repeal the rules on deferred compensation.

Employer Provided Housing. The final bill follows the Senate's lead and drops the House-passed provision to place additional rules on the exclusion from income of the value of employer provided housing.

Tax on Name and Logo Royalties. An amendment to the final Senate bill dropped a proposal to subject royalty income from the sale of names and logos to UBIT.

Tuition Remission. There is no provision in the final bill to repeal the deduction for education benefits supplied under tuition remission programs to employees or graduate students.

Educational Assistance Programs. The proposed repeal of the \$5,250 exclusion for annual education assistance provided by employers does not appear in the final bill.

UBIT Research Exception. The House-passed provision to change the research exemption was not carried over into the final bill.

Student Loan Interest Deduction. Students will continue to enjoy a deduction for their student loan interest, as repeal of this provision was not included in the final bill.

The Higher Education Act

The House Committee on Education and the Workforce on Tuesday, December 12, 2017, voted 23 to 17 along party lines to approve its bill to reauthorize the Higher Education Act (HEA), less than two weeks after the measure was introduced and with no subcommittee or full committee hearings. It now goes to the full House for consideration. The Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act (H.R. 4508) updates the primary federal law governing colleges and universities, last renewed in 2008. The most significant proposals have the potential to upend the system of federal financial aid by cutting programs, restructuring policies, and imposing new regulations that are harmful to students and families. There has also been some frustration with the fast pace of this bill, that's over 400 pages, from being analyzed in time. Programs slated for elimination or reduction under the bill include:

- The in-school interest subsidy for undergraduate students;
- The Supplemental Educational Opportunity Grant program;
- Loan forgiveness and other benefits currently available in the student loan programs, including the Public Service Loan Forgiveness Program;
- Title III, Part A - Strengthening Institutions Program (primarily affecting HBCUs); and
- The Teacher Quality Partnership Grants.

In addition, graduate students would lose Federal Work-Study eligibility and have their federal graduate loans limited, forcing them to borrow at higher costs and with fewer protections in the private market. Among the 60 amendments offered during Tuesday's markup were 40 proposed by Democrats, including one to make Pell Grant funding mandatory, increase the maximum grant by \$500, and index the value of the grant to inflation. Other amendments offered by the Democrats sought to expand eligibility for federal student aid to students covered by the Deferred Action for Childhood Arrival policy; attach the DREAM Act to the legislation; repeal the federal student unit record ban; restore Obama-era regulations on for-profit colleges; and make recipients of the new single federal student loan included in the bill eligible for Public Service Loan Forgiveness. All failed along party lines.

HEA reauthorization efforts also are underway in the Senate; however, no legislation has been introduced. House Education and the Workforce Committee Chairwoman Virginia

Foxx (R-NC) intends for this legislation to come to the floor of the House in 2018; this seems very unlikely during an election year.

STATE RELATIONS

URC Legislative Lunch

Last month, the University Research Corridor institutions (WSU, UM, MSU) held the latest legislative luncheon at the State Capitol. Even with a couple of other issues going on in Lansing that day, it was still a decent turnout.

Attendees of the luncheon heard from university research experts about the water issues facing the Great Lakes, with a particular focus on Michigan.

Speakers discussed research regarding:

- Challenges to drinking water and storm-water removal systems;
- water-saving green infrastructure strategies that can address those challenges while improving the health of the Great Lakes ecosystem; and
- the implications of significant water withdrawals from aquifers in Michigan and relevant legal and policy issues.

Nick Schroeck, assistant clinical professor and director of the Transnational Environmental Law Clinic at Wayne State, was our University's participant.

We will continue to discuss ways to improve participation, particularly by elected officials, and discussing format changes to the event.

Meetings Regarding Lobby Day 2018

The Division of Government & Community Affairs recently met with Political Science Professor Kevin Deegan-Krause regarding the 2018 WSU Lobby Day and how we might increase student participation. We also discussed getting state and federal elected officials and policy makers to speak to his classes in the future. We will continue to work with Kevin on both fronts.

Autism Funding

Government and Community Affairs staff have been meeting with colleagues from Central Michigan University, Western Michigan University and Michigan State University to discuss the Governor's recommended funding level for autism efforts on our campuses. Our colleague from CMU has heard a credible rumor that the Governor will recommend funding for the coming fiscal year at the current level of \$500,000. We are exploring ways to ensure that funding is kept at the current level or even increased.

We group will be meeting with representatives of the State Budget Office and Lt. Governor Brian Calley's office to urge the Governor to propose a higher level of funding.

Assisting the Student Senate

The Division of Government & Community Affairs staff recently worked with the director of Government Affairs for the WSU Student Senate to put together information they can use in their advocacy efforts with the other university student governments. They hope to jointly draft a letter to the Governor requesting positive changes to the state's higher education performance funding metrics. Apparently, the student governments met recently to draft a letter.

King Chavez Parks Grant

We have been continuing our work on the reduction in the University's King Chavez Parks (KCP) grant by the state of Michigan. We have identified the individual in charge of the KCP grant at the Michigan Talent Investment Agency and have a meeting scheduled with them in early January.

Senate Bill 634

The Division of Government and Community Affairs, along with our colleagues from other institutions, have been monitoring Senate Bill 634. The legislation would allow a temporary limited license (TLLP) in psychology to be valid for 24 months and could be renewed either for one additional 24-month term, if the licensee were obtaining postdoctoral experience, or for three additional 24-month terms if the TLLP were granted to an individual who was enrolled in a doctoral degree program.

The eight universities in the state that have American Psychological Association (APA)-accredited doctoral clinical psychology programs in Michigan are supporting this legislation.

S. 634 passed the Senate on a unanimous vote, and the House Health Policy Committee was scheduled to take up the bill prior to the end of the calendar year but unfortunately, they did not. We will keep monitoring the legislation.

Senate Bill 651

The Division of Government & Community Affairs has been working with Mark Evely, program director for the WSU Mortuary Science Program, on support for Senate Bill 651. The legislation would require a bachelor's degree for licensure as a funeral director as well as mandatory continuing education.

The Senate Regulatory Reform Committee took testimony and reported Senate Bill 651 to the floor on December 7, 2017.

Mark drafted a letter of support for the legislation, and it was presented to the committee prior to the hearing. We will keep monitoring the legislation as it makes its way through the legislature.

Governor's State of the State

Governor Snyder will give his annual State of the State Address on the evening of January 23, 2018.

Legislative Schedule

The legislature will resume committee and session on Wednesday January 10, 2018.

GOVERNMENT HEALTH AFFAIRS

New Staff Hire

We have a new addition in the Division's government health affairs unit. Taylor Trott has been hired into a new associate position. She spent the last two years working on Capitol Hill for the Ways & Means Committee. She is a graduate of the University of Michigan, with a concentration in health policy. Taylor will be taking the lead on projects of her own, as well as providing support on key government health affairs initiatives.

Michigan Department of Corrections (MDOC)

I am pleased to report that we have officially signed a one-year contract with the Michigan Department of Corrections to provide health administration services including a Chief Medical Officer, Chief Psychiatrist, and Assistant Chief Medical Officer. MDOC and WSU will be making a public announcement on this partnership soon. We hope that this relationship will last for many years to come.

Opioid Task Force

The task force recently met and discussed a few new opportunities for us to implement with the community and our student population. We will be partnering with the Youth Connection on a program to bring health science students together to learn better prescribing practices. We will also be hosting a training session with medical students in January on proper prescribing and stigma related to addiction.

Psychiatry Residency Training Grant

We are now working on a FY18 contract and have been in contact with Tenet to begin the process. Unlike last year's late process, we anticipate having this contract executed by the end of the fiscal year.

Graduate Medical Education (GME) Reform – MiDoc’s

The government affairs team has been working with our colleagues from MSU, Western Michigan University, and CMU, to advocate for MiDoc’s to leaders in the executive and legislative branches. It is our intention to have MiDoc’s funded in the 2019 budget cycle.
Lycaki-Young Fund

We are proud to report that the Lycaki-Young Fund has been fully funded at \$5.6 million for FY18. It took a great deal of effort by the WSU Department of Psychiatry and the government affairs office to get this done. We are now looking to FY19 to shore up this funding. We had a critically important meeting in November that confirmed MDHHS’s intention to fully fund Lycaki Young in the FY19 budget. We will be meeting with members of the legislature to ensure this is the case.

Medical School Advocacy Day – November 29th

Nearly 70 medical students went to Lansing on November 29, 2017, to experience advocacy first hand. The students had an opportunity to visit with their representatives and spoke to them about the importance of the MiDoc’s initiative. Student feedback was very strong. We sent out personal thank you’s to all the legislators, thanking them for meeting with our students.

Poison Control Center

WSU is partnered with DMC to run the state’s poison control center for SE Michigan. Unfortunately, the DMC has failed to pay WSU for these services and has refused to execute a new contract. This has deeply concerned the state of Michigan. We are looking into alternative arrangements with the state to resolve this issue.

COMMUNITY RELATIONS

2017 “Canstruction®” Competition

This is the sixth year Wayne State University partnered with Gleaners Food Bank of Southeastern Michigan, Kroger and the American Institute of Architects for “Canstruction®.” Canstruction® is a competition where teams design and build giant sculptures made completely of canned food. WSU hosted the Canstruction® Design and Build exhibit on campus at the Welcome Center during NOEL night on Friday, December 1, 2017. Teams included Metro Detroit architects, engineers, contractors, designers and students with backgrounds in engineering, design or architecture.

The 2017 Canstruction® Detroit competition raised \$34,752.61 through the dedication and fundraising efforts of each of the 13 teams and their supporters. In addition to the donations received from the public during the Noel Night viewing and voting, Gleaners received 32,453 pounds of food. Combined, this donation will provide the equivalent of 26,936 meals.

2018 Rev. Dr. Martin Luther King, Jr. Tribute

Wayne State University will host its annual *Rev. Dr. Martin Luther King, Jr. Tribute* at the Max M. and Marjorie S. Fisher Music Center on Friday, January 12, 2018. This year's keynote speaker is Loretta Lynch, former Attorney General of the United States.

Event information:

- Friday January 12, 2018
- Max M. and Marjorie S. Fisher Music Center, 3711 Woodward Ave., Detroit, MI
- Doors open at 9:00 a.m.
- VIP reception, 9:00 a.m. – 9:45 a.m.
- Main program, 10:00 a.m. – 11:30 a.m.
- Strolling lunch, 11:30 p.m. – 1:00 p.m. (pizza for the students)

Net proceeds from the Tribute support *Adopt-A-Classroom*. *Adopt-A-Classroom* is a nationally recognized organization that invites the community into classrooms to increase opportunity for student success by empowering teachers with community partnerships and funds to purchase resources for their classrooms. Since 2008, more than 35 classrooms in the Detroit area have been sponsored thanks to the support of our event sponsors.

Combined Charitable Contributions Campaign

Every year, Community Affairs hosts the United Way for Southeastern Michigan (UWSEM) and the Black United Fund (BUF) combined charitable contributions fundraiser. United Way provides our community with an independent safety net of health and human services by supporting a number of community service agencies. The Black United Fund is a community-based resource center that assists community efforts through referrals, funding, consultation and/or technical assistance. Both organizations provide numerous community service programs through a large network of volunteers and donors. The 2018 campaign started on November 1, and ended on December 7, 2017. This year's campaign raised \$43,994 (BUF \$13,715.68 and UWSEM \$30,278.32).

OUTREACH AND ADVOCACY

Cision

On November 21, we officially launched [Advocacy@Wayne](#), the central hub for all grassroots legislative advocacy work on behalf of Wayne State University. [Advocacy@Wayne](#) will leverage the collective voices of students, staff, faculty and alumni to educate and encourage legislative decisions that positively impact the university and higher education. This first email was sent to nearly 200,000 email addresses with an open rate of nearly 13%

Throughout the year, the more than 300,000 constituents in our system will receive periodic communication from the Division of Government Affairs about legislation that affects our university. We will make calls to action for members of the WSU community to use this tool to send emails, make phone calls or use social media to support our advocacy efforts by contacting their own legislators.

We sent out our first advocacy email on December 15, asking our faculty to take action on a federal issue, H.R. 1, the Tax Cuts and Jobs Act, to protect college affordability and research. This email was sent to 3,575 faculty members, the open rate was 1,346 or 37.65% and faculty members sent 48 emails to our Michigan legislators.

Thanksgiving Preview Party

On Wednesday, November 22, in partnership with the Parade Company, the Division of Government and Community Affairs hosted its 3rd annual Thanksgiving Parade Preview Party. This year's event was the most well attended yet, with more 200 RSVPs and an estimated 150 attendees. A welcome addition to this year's event was a jazz quartet of students who played festive holiday music.

Spirit of Community Awards

On Thursday, March 29, from 3-5 p.m. in the Community Arts Auditorium on campus, the university will present the 2nd Annual Spirit of Community Awards. The award ceremony will be followed by a reception. The awards recognize the student, staff member, faculty member, and project that best exemplify WSU's deep commitment to community engagement. Nominations for this year's awards closed in November and judges are currently evaluating all submissions to select the three finalists in each category. Winners will be announced by video at the event.