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Senate Bill 78 (Substitute S-5 as reported)
Sponsor: Senator Ken Horn
Committee: Appropriations

CONTENT

The bill would appropriate \$3,500 for 35 \$100 capital outlay project planning authorizations. Twelve of these planning authorizations would be for projects at universities, 18 would be for community colleges, and five would be for State agency projects. A list of these projects is provided in Table 1. If each of these projects were provided with a construction authorization as written, the total cost of the projects would be \$1.2 billion, of which \$671.9 million would be funded by the State through the State Building Authority (SBA), and \$548.9 million would come either from matching funds from universities and community colleges, or in the case of the three veterans homes projects, Federal funds from the United States Department of Veterans Affairs.

The Governor did not recommend planning authorizations for any capital outlay project funded through the SBA in her fiscal year (FY) 2022-23 budget recommendation; however, for all but one of the university and community college projects, the projects were reviewed, scored, and ranked by the State Budget Office (SBO). The university project request that was not part of the SBO ranking process was the one for University of Michigan – Flint, which is a new request included in the bill. Three project requests (University of Michigan – Ann Arbor, Kellogg Community College, and Muskegon Community College) were not ranked as they were deemed ineligible for SBA financing as submitted. These three projects are not included in the bill.

Similarly, the Governor also did not make any recommendations for SBA-funded State agency projects in her FY 2022-23 budget recommendation. Each year, State agencies are required by statute to update a five-year capital outlay plan. The plan identifies current and anticipated capital outlay and maintenance needs. Each State agency project in the bill is identified as a current or future need in these plans.

FISCAL IMPACT

The bill contains 35 \$100 planning authorization line items so, strictly speaking, the fiscal impact of the bill would be limited to \$3,500, plus any planning costs incurred by universities and community colleges and the three State agencies that would receive a planning authorization under the bill. Section 242(9) of the Management and Budget Act specifies that an appropriation for a planning authorization does not represent a commitment by the Legislature to provide funds for the construction of a project, but for projects that eventually receive a construction authorization, the State will cover a portion of those planning costs. If all of the projects in the bill were given construction authorizations at their requested State share levels, the SBA would finance about \$671.9 million of the total \$1.2 billion cost of the projects through bonding. These additional bonds would increase SBA rent payments (debt

service) in the Department of Treasury by an estimated \$45.0 million to \$65.0 million annually. The actual SBA rent costs could vary significantly depending on bond market conditions if and when the projects ultimately receive final SBA financing following completion of the projects.

Table 1

| SB 78 (S-5) Capital Outlay Planning Authorizations | | | | | |
|-----------------------------------------------------------|------------------------------------------------------------------|----------------------|--------------------------------|--------------------------|-------------------------|
| University | Project | Total Cost | State Share¹ | Institution Share | Rank² |
| Central | Brooks Hall Renovation | \$29,800,000 | \$22,350,000 | \$7,450,000 | 10 |
| Eastern | Engineering and Technology Complex - Phase II - Roosevelt Hall | 42,500,000 | 30,000,000 | 12,500,000 | 1 |
| Ferris | Center for Interprofessional Health Sciences Education | 29,500,000 | 22,125,000 | 7,375,000 | 4 |
| Grand Valley | Blue Dot Lab | 75,000,000 | 29,900,000 | 45,100,000 | 9 |
| Lake Superior | Experiential Learning Center | 25,000,000 | 18,750,000 | 6,250,000 | 8 |
| Michigan State | Greenhouses - Renovation of Existing and Addition | 23,000,000 | 17,250,000 | 5,750,000 | 7 |
| Michigan Tech | Center for Convergence and Innovation - Phase I | 70,000,000 | 29,900,000 | 40,100,000 | 2 |
| Northern | Northern Enterprise Center (College of Business) | 19,100,000 | 13,370,000 | 5,730,000 | 5 |
| Oakland | Science Complex Renovation Project | 40,000,000 | 30,000,000 | 10,000,000 | 3 |
| Saginaw Valley | Brown Hall Renovation | 28,845,000 | 21,633,700 | 7,211,300 | 6 |
| University of Michigan - Flint | College of Innovation and Technology | 40,000,000 | 30,000,000 | 10,000,000 | Unranked |
| Western | IF-1 Knauss Hall Renovation and Addition | 30,000,000 | 22,500,000 | 7,500,000 | 11 |
| Subtotal Universities..... | | \$452,745,000 | \$287,778,700 | \$164,966,300 | |
| Community College | Project | Total Cost | State Share¹ | Institution Share | Rank² |
| Alpena | Charles R. Donnelly Natural Resources and STEM Innovation Center | \$8,500,000 | \$4,250,000 | \$4,250,000 | 8 |
| Bay de Noc | Manufacturing Hub and Safety Training Center | 1,675,000 | 837,500 | 837,500 | 11 |
| Glen Oaks | South Campus Renovation | 7,000,000 | 3,500,000 | 3,500,000 | 5 |
| Grand Rapids | Learning Resource Center Renovation & Expansion | 32,000,000 | 16,000,000 | 16,000,000 | 15 |
| Henry Ford | Energy Learning Center | 11,600,000 | 5,220,000 | 6,380,000 | 13 |
| Jackson | STEM Remodel of James McDivitt Hall | 45,000,000 | 22,400,000 | 22,600,000 | 14 |
| Kalamazoo Valley | Automotive Technology/Advanced Manufacturing Wing | 39,000,000 | 19,500,000 | 19,500,000 | 16 |
| Kirtland | Improved Programming for the Trades at Kirtland - Gaylord | 7,186,100 | 3,593,000 | 3,593,100 | 17 |
| Lake Michigan | Niles Campus Renovation & Upgrade | 8,600,000 | 4,300,000 | 4,300,000 | 3 |
| Monroe | Renovation and Addition to Welch Health Education Building | 13,100,000 | 6,550,000 | 6,550,000 | 4 |
| Mott | Prahl College Center Renovation | 25,000,000 | 12,500,000 | 12,500,000 | 9 |

| SB 78 (S-5) Capital Outlay Planning Authorizations | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------|--------------------------------|--------------------------|-------------------------|
| Community College | Project | Total Cost | State Share¹ | Institution Share | Rank² |
| North Central | Career and Technical Education Enhancement (CATEE) Complex | 9,141,000 | 4,570,500 | 4,570,500 | 2 |
| Northwestern | Student Learning Support Services Renovation Project | 5,000,000 | 2,500,000 | 2,500,000 | 6 |
| Oakland | Skilled Trades and Industrial Tech. Building Renovation/Expansion | 60,000,000 | 15,000,000 | 45,000,000 | 1 |
| Schoolcraft | Forum Building Renovation and Expansion for Sciences and Fine Art | 33,450,000 | 16,725,000 | 16,725,000 | 18 |
| Southwestern | Dale A. Lyons Classroom Building Renovation | 12,000,000 | 6,000,000 | 6,000,000 | 12 |
| Washtenaw | Center for Success | 23,000,000 | 11,500,000 | 11,500,000 | 7 |
| Wayne | Center for Virtual Learning and Digital Careers | 11,564,200 | 5,782,100 | 5,782,100 | 10 |
| Subtotal Community Colleges | | \$352,816,300 | \$160,728,100 | \$192,088,200 | |
| State Agency Projects | Project | Total Cost | State Share | Federal Share | |
| Military and Veterans Affairs | New Marquette veterans home | \$88,645,100 | \$31,025,800 | \$57,619,300 | |
| Military and Veterans Affairs | New Detroit veterans home | 117,811,600 | 41,234,100 | 76,577,500 | |
| Military and Veterans Affairs | New northern lower Michigan veterans home | 88,645,100 | 31,025,800 | 57,619,300 | |
| State | Secondary complex renovations | 68,700,000 | 68,700,000 | N/A | |
| State Police | Training academy improvements | 51,367,100 | 51,367,100 | N/A | |
| Subtotal State Agencies | | \$415,168,900 | \$223,352,800 | \$191,816,100 | |
| Grand Total | | \$1,220,730,200 | \$671,859,600 | \$548,870,600 | |
| ¹ For universities, the State share reflects a 75% State match, limited to \$30.0 million by DTMB policy. The State share for community college projects is 50%. | | | | | |
| ² Total State funding rank for capital outlay projects financed through the State Building Authority. U of M - Flint's project is marked as "unranked" as it was not submitted during the normal priority project process. State agency projects were not ranked. | | | | | |

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

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