



Senate Bill 78 (Substitute S-7)  
Sponsor: Senator Ken Horn  
Committee: Appropriations

## **CONTENT**

The bill would appropriate \$2,900 for 29 \$100 capital outlay project planning authorizations. Eleven of these planning authorizations would be for projects at universities and 18 would be for community colleges. 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 \$803.7 million, of which \$447.1 million would be funded by the State through the issue of State Building Authority (SBA) bonds, and \$356.6 million would come from matching funds from the universities and community colleges receiving the projects.

The bill also would appropriate \$250.0 million General Fund/General Purpose for a new Student and Talent Attraction and Retention Grant Program that would be administered by the Department of Technology, Management and Budget (DTMB). The Program would provide grants of up to \$4.0 million for each community college and university that received a capital outlay planning authorization in the bill, and \$6.0 million for those that did not. These grants would be allowed to be used for capital and student housing improvements and/or the purchase of technology or other equipment that would accomplish any of the following:

- Improve education outcomes for low-income students.
- Improve the health or safety of students, faculty, or others on campus.
- Improve student retention or increase enrollment.

Six months after receipt of the first grant application under the program, the DTMB would be required to issue a second round of grants with any remaining unspent or unobligated funds. No single institution would be allowed to receive a grant for more than 15.0% of any remaining funds under the second round of grants. Finally, the bill would establish the grant program as a work project, allowing funds to be spend through September 30, 2027.

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, all but one of the projects were reviewed, scored, and ranked by the State Budget Office (SBO). The 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 initially scored and ranked as they were deemed ineligible for SBA financing as submitted. The University of Michigan – Ann Arbor project has since been amended to make it eligible for SBA financing and is included in the bill. The other two unranked projects are not included in the bill.

**FISCAL IMPACT**

The bill contains 29 \$100 planning authorization line items so, strictly speaking, the fiscal impact of those projects would be limited to \$2,900, plus any planning costs incurred by universities and community colleges 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 would 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 \$447.1 million of the total \$803.7 million cost of the projects through bonding. These additional bonds would increase SBA rent payments (debt service) in the Department of Treasury by an estimated \$30.0 million to \$50.0 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.

Because of recent increases in construction costs, it is likely that the total actual cost of the projects in the bill could eventually exceed the total authorized project costs listed in the bill. If this were to happen, each institution that had those excess costs would have to seek a cost adjustment approval in a supplemental appropriations bill. If approved, the institution would be responsible for 100% of those increased costs. An institution that did not wish to increase its financial obligation for its project could alternately elect to seek a reduction in the scope of its project using the same process as a cost adjustment.

Finally, the bill would appropriate \$250.0 million for grants to universities and community colleges for technology, equipment, and capital improvements as a one-time appropriation.

**Table 1**

<b>SB 78 (S-7) Capital Outlay Planning Authorizations</b>					
<b>University</b>	<b>Project</b>	<b>Total Cost</b>	<b>State Share<sup>1</sup></b>	<b>Institution Share</b>	<b>Rank<sup>2</sup></b>
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 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
University of Michigan - Ann Arbor	428 Church Street Building Renovation	50,000,000	37,500,000	12,500,000	Unranked
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
<b>Subtotal Universities.....</b>		<b>\$450,900,000</b>	<b>\$286,395,000</b>	<b>\$164,505,000</b>	

**SB 78 (S-7) Capital Outlay Planning Authorizations**

<b>Community College</b>	<b>Project</b>	<b>Total Cost</b>	<b>State Share<sup>1</sup></b>	<b>Institution Share</b>	<b>Rank<sup>2</sup></b>
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
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
<b>Subtotal Community Colleges .....</b>		<b>\$352,816,300</b>	<b>\$160,728,100</b>	<b>\$192,088,200</b>	
<b>Grand Total.....</b>		<b>\$803,716,300</b>	<b>\$447,123,100</b>	<b>\$356,593,200</b>	

<sup>1</sup>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%.

<sup>2</sup>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.  
 U of M - Ann Arbor's project is marked "unranked" as the project as submitted would not have been eligible for bond financing through the SBA. The University has since amended the project request to make it eligible for SBA financing.

Date Completed: 9-28-22

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