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BILL



ANALYSIS

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House Bill 4095 (Substitute H-3 as reported)

Sponsor: Representative Pscholka

House Committee: Appropriations

Senate Committee: Appropriations

CONTENT

The bill would appropriate \$400 for four \$100 planning authorizations. The Governor's FY 2014-15 capital outlay budget recommendation for State Building Authority-financed projects included three new capital outlay planning authorizations: the Number 1 ranked university priority request, Ferris State University; and the Number 1 and Number 2 ranked community college requests, West Shore Community College and Lake Michigan College. When the Legislature passed the FY 2014-15 budget in June 2014, no new capital outlay planning authorizations were included.

In September 2014, the Joint Capital Outlay Subcommittee (JCOS) held four public hearings giving community colleges and universities the opportunity to present their requests to the Legislature. As a result of those hearings, the Senate passed an FY 2014-15 capital outlay budget (Senate Bill 761); however, the House did not pass the bill and no capital outlay budget was enacted before the end of the 2014 legislative session.

The Governor continued to support his FY 2014-15 capital outlay recommendations in a proposed FY 2014-15 supplemental (State Budget Office Letter 2015-4, dated 2-11-15). That supplemental request also included a newly recommended State agency planning authorization for the consolidation of the Michigan State Police Grand Rapids Forensic Laboratory, the Rockford State Police Post, and the 6th District Headquarters. No cost estimate was provided for the State Police project. The Department of Technology, Management, and Budget (DTMB), in consultation with the Michigan State Police, plans to explore commercial real estate opportunities in the Grand Rapids area that would potentially facilitate the relocation of these three functions, which could include the purchase or lease of an existing facility. Recommended boilerplate language (Sec. 301) would authorize the DTMB to fund up to \$150,000 in planning costs with existing State Police and DTMB appropriations.

On March 11, 2015, the JCOS approved FY 2014-15 planning authorizations as recommended by the Governor. On December 3, 2015, the House passed HB 4095 (H-3) as recommended by the Governor, but changed to a supplemental appropriation for FY 2015-16.

FISCAL IMPACT

The bill contains four \$100 planning authorization line items. Planning costs for university and community college projects are initially borne entirely by the institution. Planning authorizations are not a commitment on the part of the Legislature to appropriate funds for the completion of any project. The State eventually pays a share of these planning costs only if the project is subsequently approved for construction. After planning documents are reviewed and approved by the DTMB, the JCOS and the Legislature may authorize the project for final design and construction with a line-item appropriation in an appropriation bill.

If all of the planning authorizations contained in House Bill 4095 (H-3) eventually received construction authorizations, the total cost of the projects would be \$51.3 million, with a State share

of \$33.1 million (Table 1). Annual State Building Authority (SBA) rent payments (debt service) would total between \$2.3 million and \$3.0 million until the bonds are retired (approximately 17 years). This cost estimate does not include an estimate for the State Police project.

Table 1
FY 2015-16 CAPITAL OUTLAY
FOR UNIVERSITIES, COMMUNITY COLLEGES, AND STATE POLICE

Project	Total Cost	State Share	Institution Share
Ferris State University - Swan Building Annex Renovations. The project includes the renovation of 47,086 square feet and a 34,462-square-foot addition. The renovation includes mechanical systems and life/safety issues, and would result in LEED certification. The project would facilitate doubling the size of the Welding Engineering program and create the Center for Advanced Manufacturing.	\$30,000,000	\$22,500,000	\$7,500,000
Lake Michigan College - Napier Academic Building Renovation & Upgrade. The 307,997-sq.-ft. project includes renovation of 50 classrooms and two lecture halls; a new service center to assist faculty with redesigning curricula, and identifying and learning new technologies; new collaborative learning spaces; replacement of heating and cooling plant and air handling units; bringing building facilities to current ADA standards; and providing a Student Success Center to support student success in the classroom and successful transition into the workforce.	16,954,600	8,477,300	8,477,300
West Shore Community College - Technical Center Renovation & Addition. The project includes the renovation of 66,000 square feet and a 2,700-square-foot addition. Renovations include remodeling space for larger class size capacity, expanding high-bay welding lab capacities, and general remodeling of classrooms, corridors, offices, and restrooms.	4,302,600	2,151,300	2,151,300
University/College Total:	\$51,257,200	\$33,128,600	\$18,128,600
Michigan State Police - Grand Rapids Forensic Lab, Rockford Post, and 6th District Consolidation	\$150,000 study funded by existing State Police and DTMB appropriations. No cost estimate for the project is available at this time.		

For a detailed summary of the FY 2014-15 and FY 2015-16 capital outlay process, including a summary of requests from colleges and universities, see the Senate Fiscal Agency Issue Paper: [FY 2014-15 and FY 2015-16 Capital Outlay Budget Overview of Process and Governor's Recommendation](#). A copy of the paper is available on the Senate Fiscal Agency website at the following address:

<http://www.senate.michigan.gov/sfa/publications/issues/capitaloutlayprocess/capitaloutlayprocess2015.pdf>

Date Completed: 12-9-15

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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.