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BILL ANALYSIS

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Senate Bill 163 (Substitute S-1, as passed by the Senate)
Sponsor: Senator Sean McCann
Committee: Appropriations

Date Completed: 5-14-25

CONTENT

The bill would appropriate \$2,400 for 24 \$100 capital outlay project planning and construction authorizations. Of these projects, 11 (five university projects and six community college projects) are new planning authorizations, and 13 (seven university projects, five community college projects, and one State project) are construction authorizations. A list of the planning authorizations contained in the bill is provided in Table 1 and a list of the construction authorizations is provided in Table 2. Tables 3 and 4 provide a description of each project in the bill.

The total cost for all 24 projects would be approximately \$1.2 billion (\$725.7 million for new planning authorizations; \$491.7 million for construction authorizations). Of this amount, the State's share would be \$474.6 million, with the remaining costs borne by the institutions that receive a project. The State's cost share for the projects contained in the bill would be funded through bonds issued by the State Building Authority (SBA). Debt service for those bonds is annually appropriated in the Department of Technology, Management, and Budget (DTMB) budget.

Finally, the bill contains a cost adjustment for the HSTEM Building project at Michigan Technological University (MTU). This project is completed, and the final cost came in approximately \$1.5 million lower than was anticipated. This cost adjustment would allow MTU to realize those savings and utilize the full amount of State funds committed to the project.

BACKGROUND

Capital outlay is a two-step legislative process that is delineated in Section 242 of the Management and Budget Act (Public Act 431 of 1984). Planning and construction authorizations are implemented through \$100 line items in appropriation bills. A \$100 line-item planning authorization effectively gives permission for an institution or State agency to develop program statements and schematic planning documents. These documents are then submitted to the DTMB for review and approval. Projects that are approved for construction by the DTMB are then submitted to the Joint Capital Outlay Subcommittee (JCOS) for its approval. After DTMB and JCOS approval, the Legislature may authorize a project for final design and construction with a line-item appropriation in an appropriation bill (construction authorization). Community college projects are based on a 50/50 State/college match. University projects are based on a 75/25 State/university match; however, the State contribution is capped at \$30.0 million per project. Institution match rates also can vary based on the institution's request and project cost increases that occur after planning authorization. Cost increases after planning authorizations are traditionally funded entirely by the institutions.

FISCAL IMPACT

The bill contains 11 \$100 planning authorization line items so, strictly speaking, the fiscal impact of these items is limited to \$1,100 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 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 \$215.2 million of the total \$725.7 million cost of the projects through bonding. These additional bonds would increase SBA rent payments (debt service) in the DTMB by an estimated \$17.0 million to \$22.0 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.

The bill also contains 13 \$100 placeholders for construction authorizations for capital outlay projects that received planning authorizations under a previous Public Act. These projects, assuming they use the full amount of the State share stated in the bill, would increase SBA rent payments by an estimated \$21.0 million to \$26.0 million annually. Similar to the planning authorizations, actual SBA rent costs could vary significantly depending on bond market conditions when the projects ultimately receive final SBA financing following completion of the projects.

In total, if all 24 projects contained in the bill were completed at the costs listed in the bill, the State would see increased ongoing debt service costs of approximately \$38.0 million to \$48.0 million per year.

Table 1

SB 163 (S-1) Capital Outlay Planning Authorizations					
<u>University</u>	<u>Project</u>	<u>Total Cost</u>	<u>State Share¹</u>	<u>Institution Share</u>	<u>Rank²</u>
Ferris	Allied Health Sciences Building	\$29,500,000	\$22,125,000	\$7,375,000	5
Michigan State	Engineering and Digital Innovation Building	340,000,000	30,000,000	310,000,000	3
Michigan Tech.	Center for Convergence and Innovation	56,000,000	30,000,000	26,000,000	1
U of M – Dearborn	Computer and Information Science Building Renovation	40,000,000	30,000,000	10,000,000	2
Western	IF1 Knauss Hall Renovation and Addition	39,000,000	29,250,000	9,750,000	8
Subtotal Universities:		\$504,500,000	\$141,375,000	\$363,125,000	
<u>Community College</u>	<u>Project</u>	<u>Total Cost</u>	<u>State Share¹</u>	<u>Institution Share</u>	<u>Rank²</u>
Jackson	STEM Remodel of James McDivitt Hall	\$45,000,000	\$22,500,000	\$22,500,000	13
Kellogg	Roll Health and Administration Building Renovation	14,000,000	7,000,000	7,000,000	4
Lansing	Energy and Utility Training Center	8,500,000	4,250,000	4,250,000	5
North Central	Skilled Trades Education Pathways (STEP) Center	7,500,000	3,500,000	4,000,000	1

Community College	Project	Total Cost	State Share¹	Institution Share	Rank²
Oakland	Skilled Trades and Industrial Technology Building	127,000,000	27,000,000	100,000,000	7
Washtenaw	Center for Success and Innovation	19,180,000	9,590,000	9,590,000	8
Subtotal Community Colleges:		\$221,180,000	\$73,840,000	\$147,340,000	
TOTAL:		\$725,680,000	\$215,215,000	\$510,465,000	
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 DTMB rank for capital outlay projects financed through the State Building Authority.					

Table 2

SB 163 (S-1) Capital Outlay Construction Authorizations				
University	Project	Total Cost	State Share¹	Institution Share
Eastern	Engineering and Technology Complex – phase II – Roosevelt Hall	\$42,500,000	\$30,000,000	\$12,500,000
Grand Valley	Blue Dot Lab	140,000,000	30,000,000	110,000,000
Northern	Northern Enterprise Center (college of business)	19,900,000	13,370,000	6,530,000
Oakland University	Science Complex Renovation Project	40,000,000	30,000,000	10,000,000
Saginaw Valley	Lake Huron Environmental Sciences Research Station	10,000,000	7,500,000	2,500,000
U of M – Flint	Innovation and Technology Complex	40,000,000	30,000,000	10,000,000
Wayne State	Wayne Law Classroom	40,000,000	30,000,000	10,000,000
Subtotal Universities:		\$332,400,000	\$170,870,000	\$161,530,000
Community College	Project	Total Cost	State Share¹	Institution Share
Bay de Noc	Manufacturing Hub and Safety Training Center	\$1,875,000	\$937,500	\$937,500
Kalamazoo Valley	Advanced Technical Wing Renovation and Expansion	39,000,000	19,500,000	19,500,000
Macomb	Mobility and Sustainability Education Center	59,980,000	26,349,300	33,630,700
Monroe	Renovation and Addition to Welch Health Education Building (HEB)	21,864,400	10,932,200	10,932,200
Wayne CCCD	Center for Virtual Learning and Digital Careers	11,564,200	5,782,100	5,782,100
Subtotal Community Colleges:		\$134,283,600	\$63,501,100	\$70,782,500
State Agency	Project	Total Cost	State Share¹	Institution Share
Michigan Capitol Commission	Park Michigan	\$25,000,000	\$25,000,000	\$0
Subtotal State Agencies:		\$25,000,000	\$25,000,000	\$0
TOTAL:		\$491,683,600	\$259,371,100	\$232,312,500
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%. State agency projects do not have a match requirement.				

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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.

Table 3

SB 163 (S-1) Planning Authorization Project Descriptions			
Project	Total Cost	State Share	Institution Share
Universities:			
Ferris State University: Allied Health Services Building. This project will expand the size of the existing Allied Health Sciences Building from 67,400 square feet to 87,400 square feet, and renovate the existing building. The building was originally constructed in 1979 and has been minimally updated since. The project will include upgrades to mechanical systems and address health and safety concerns with the building as well. The project also will renovate the nursing simulation lab, create lecture and collaborative learning spaces, and provide a physical home for the university's Office of Rural Health Studies and Practice.	\$29,500,000	\$22,125,000	\$7,375,000
Michigan State University: Engineering and Digital Innovation Building. The 270,000-square-foot new construction project will provide teaching and learning space for students in computer science, computational data science, machine learning, quantitative methods, gaming, user experience design, cyber security, digital storytelling, advanced manufacturing material science, ultrafast science and quantum computing. The project also would facilitate the demolition of infrastructure such as the obsolete Urban Planning and Landscape Architecture Building, the abandoned Water Reservoir, and adaptive reuse of vacated space. The priority request from MSU was for \$70.0M in State support- SB 163 (S-1) would provide \$30.0M in State support.	340,000,000	30,000,000	310,000,000
Michigan Tech: Center for Convergence and Innovation. The 70,000-square-foot new construction project will serve as a co-location for the MTU College of Business as well as the recently-created College of Computing. The facility will consist of advanced technology classrooms to allow for mixed-modality teaching, shared digital lab facilities, and open physical spaces that will intentionally promote more interactions between faculty and students from across both the College of Business and the College of Computing.	56,000,000	30,000,000	26,000,000
University of Michigan – Dearborn: Computer and Information Science Building Renovation. The 40,000-square-foot renovation and expansion project will expand the current Computer Information Science building, built in 1959, from its current size of 24,314 square feet. The project includes upgrades to mechanical systems, compliance with ADA requirements, classroom technology upgrades, and student gathering and	40,000,000	30,000,000	10,000,000

Table 3

SB 163 (S-1) Planning Authorization Project Descriptions			
Project	Total Cost	State Share	Institution Share
collaboration spaces. The project will also result in new lab space for Edge Computing, Digital Forensics, Software Engineering, and Operating System and Networking.			
Western Michigan University – IF-1 Knauss Hall Renovation and Addition. The project will consist of the renovation of 26,000 square feet and an addition of 22,000 square feet at Knauss Hall. Knauss Hall is 50 years old and consistently ranks as 'poor' in WMU's own facilities assessments. The current facility houses four large lecture halls which do not comply with modern accessibility standards, as well as classrooms that lack technology and other features that are standard in modern instructional spaces. In addition to architectural updates, the project also includes the replacement of electrical, fire alarm, mechanical, fire suppression, and chilled water systems.	39,000,000	29,250,000	9,750,000
Subtotal - Universities:	\$504,500,000	\$141,375,000	\$363,125,000
Community Colleges:			
Jackson: STEM Remodel of James McDivitt Hall. This 117,000-square-foot renovation and addition project will consist of mechanical, electrical, HVAC, and other building system improvements to the building, which was constructed in 1967. Once complete, the building will house additional STEM faculty and staff, and contain learning spaces that are appropriate for modern STEM education.	\$45,000,000	\$22,500,000	\$22,500,000
Kellogg: Roll Health and Administration Building Renovation. This 64,724-square-foot renovation and addition project will consist of the renovation of approximately 61,589 square feet, and an addition of approximately 3,135 square feet. The building houses the Nursing, Dental Hygiene, Certified Nurse Assistant, Radiography, Physical Therapy Assistant, and Medical Assisting programs. Improvements include infrastructure such as HVAC, electrical, and water systems, as well as other improvements such as ADA compliance, building finishes, natural lighting, improving classroom acoustics, adding electrical outlets, additional lab space, and updated equipment. The project will create additional usable space within the building with a small addition as well as by capturing currently-unutilized space in the existing building envelope.	14,000,000	7,000,000	7,000,000

Table 3

SB 163 (S-1) Planning Authorization Project Descriptions			
Project	Total Cost	State Share	Institution Share
Lansing: Energy and Utility Training Center. The 11,000-square-foot new construction project will provide expanded facilities for the Utility and Energy Systems Department to expand programs in the fields of power generation, automation, manufacturing, solar panel technology, electric vehicles, avionics, and line work. The project would include four new classrooms, faculty office space, meeting spaces, and facilities and technology infrastructure necessary to adequately support programs in these fields.	8,500,000	4,250,000	4,250,000
North Central: Skilled Trades Education Pathways (STEP) Center. This 10,000-square-foot addition at the college's Technology Center will consist of flexible space that could be reconfigured as-needed into 5-6 training laboratories. The facility will support programs in the areas of HVAC, plumbing, motion control, carpentry, and an expansion of programs in the welding/metal working areas.	7,500,000	3,500,000	4,000,000
Oakland: Skilled Trades and Industrial Technology Building. This 200,000-square-foot renovation and addition project will consist of 105,000 square feet of renovated space and 95,000 square feet of new space to support programs including automotive, computer-aided design, electrical trades, CNC machining, and robotics programs. The existing building was built in 1970, and many building, classroom, and lab systems in it are outdated.	127,000,000	27,000,000	100,000,000
Washtenaw Community College: Center for Success and Innovation. This 80,000-square-foot project will include the renovation of interior space to accommodate interdisciplinary instruction space for several academic programs including software development, AI, logistics, event/program marketing, and others. The space also will house a student wellness center to consolidate counseling services, the Student Resource Center, and student success coaching services into a single location. The project also includes a reconfiguration and relocation of other student, academic, and administrative services, including an expansion of both the Veteran's Center and Center for Career Success.	19,180,000	9,590,000	9,590,000
Subtotal Community Colleges	\$221,180,000	\$73,840,000	\$147,340,000
Total University and Community College Planning Projects:	\$725,680,000	\$215,215,000	\$510,465,000

Table 4

SB 163 (S-1) Construction Authorization Project Descriptions			
Project	Total Cost	State Share	Institution Share
Universities:			
Eastern Michigan University: Engineering & Technology Complex – Phase II – Roosevelt Hall. The 85,639-square-foot renovation and expansion project at Roosevelt Hall is a continuation of work to support the GameAbove College of Engineering & Technology. The building currently supports the College in the following program areas: Information Assurance/Cyber Security, Construction Management, Interior Design, Simulation/Animation/Gaming, and Aviation. The project will include an interior reconfiguration of the building, rewiring, replacement of the roof, new fire suppression systems, energy efficiency upgrades, and will address ADA accessibility concerns.	42,500,000	30,000,000	12,500,000
Grand Valley State University: Blue Dot Lab. The 175,000-square-foot renovation and construction project will house GVSU's focus on multi-disciplinary digital literacy. The building will have a series of classrooms, labs, studios, production and fabrication spaces open to students of all majors. These facilities will include active learning classrooms, A/V production labs, 3D fabrication labs, research and design studios, huddle rooms, a technology help desk, an emerging technologies hub, global classrooms, simulation and visualization spaces, faculty research and collaboration space, and a start-up and community partner space. The project would renovate and add to an existing building that was constructed in 1988.	140,000,000	30,000,000	110,000,000
Northern Michigan University: Northern Enterprise Center (College of Business). The 34,000-square-foot renovation and addition project will provide a new home to the NMU College of Business in the center of campus, as well as provide space for the Department of Military Science. The facility will include high-tech collaborative classrooms, state-of-the-art maker and idea spaces, study areas, cyber security laboratories, space for the new Rural Economies Teaching Institute and Rural Economies Academic Delivery Institute, and new administrative and faculty office spaces.	19,900,000	13,370,000	6,530,000
Oakland University: Science Complex Renovation Project. The 175,000-square-foot renovation project will provide needed renovation to one of the oldest buildings on the OU campus. Many building systems are past their designed service life and are being used for research purposes for which they were never designed. Aside from replacing outdated systems, the building will be redesigned with a more modern open floorplan with classroom, laboratory, and other spaces that are appropriate for modern STEM instruction needs. Specifically, updates will include: HVAC, data networking, plumbing, electrical systems, as well as ensure ADA	40,000,000	30,000,000	10,000,000

Table 4

SB 163 (S-1) Construction Authorization Project Descriptions

Project	Total Cost	State Share	Institution Share
compliance. Safety systems, such as fume hoods and proper asbestos removal will also be part of the project.			
Saginaw Valley State University: Lake Huron Environmental Sciences Research Station. The 10,000-square-foot new construction project will create the only university-operated research station on Lake Huron. The project will facilitate research on the ecosystem dynamics of the Lake, involve multiple agencies to study nutrient and sediment transport from tributaries to open water, and provide key information for the EPA in an anticipated delisting of the Saginaw River and Saginaw Bay as an Area of Concern. The facility will serve as an educational setting for SVSU students in the areas of Environmental Science and Environmental Sustainability, and will provide experiential programs for high school students.	10,000,000	7,500,000	2,500,000
University of Michigan – Flint: Innovation and Technology Complex (ITCx). The 50,000-square-foot new construction project will be located adjacent to the existing Information Technology Center and will feature new instructional laboratories and research spaces as well as student, support, and administrative spaces. These new laboratory spaces include: bioprinting, AI and machine learning, 3D printing, emerging mobility, clean energy, immersive experiences, data visualization, biotechnology, and smart learning. Other new facilities included in the project are a controlled environment room and various classroom, administrative, and support spaces.	40,000,000	30,000,000	10,000,000
Wayne State University – Wayne Law Classroom Building. The 80,000-square-foot new construction project will replace the existing Law Classroom Building, which was built in 1966 and is 17,689 square feet. The project consists of the demolition of the current building, and replacement on the site of the existing building. The project will support growing Wayne Law cohorts as well as students in new undergraduate and graduate programs in law-related fields.	40,000,000	30,000,000	10,000,000
Subtotal - Universities:	\$332,400,000	\$170,870,000	\$161,530,000
Community Colleges:			
Bay de Noc Community College: Manufacturing Hub and Safety Training Center. The 13,000-square-foot renovation and addition project will transform the current Shipping and Receiving Building into a Manufacturing Hub and Safety Training Center. This transformation will support classes in several technical fields including mechatronics, robotics, welding, machining, and computer-aided design. The project includes improvements to electrical service, HVAC, lighting, mobile partitions, fire suppression, additional class space, and interior finishes.	1,875,000	937,500	937,500

Table 4

SB 163 (S-1) Construction Authorization Project Descriptions

Project	Total Cost	State Share	Institution Share
Kalamazoo Valley: Advanced Manufacturing Wing Renovation and Expansion. This 113,500-square-foot renovation and addition project will consist of 75,500 square feet of renovated space for the existing skilled trades lab, and an addition to the facility to house the College's Automotive Technology Program. The addition will be Phase I of the project, and will provide space for new programs such as electric vehicle and battery technology, connected and automated vehicles, and alternative fuels. Completion of Phase I allows for renovation of the existing building, which houses programs including: automotive technology, engineering technology, welding, electrical technology, and HVAC.	39,000,000	19,500,000	19,500,000
Macomb: Mobility and Sustainability Education Center. The 131,000-square-foot renovation and expansion project consists of the renovation of 74,900 square feet of the existing Mobility and Sustainability Education Center, demolition of 14,900 square feet of the high bay automotive center, and a new addition of 70,000 square feet. Current lab spaces are undersized for the current number of students as well as the equipment and materials required to provide adequate hands-on learning in the technical programs housed in the facility. Renovation will consist of exterior improvements to the roof, replacement of mechanical systems, logistical improvements to receiving areas, and substantial electrical upgrades to support electric vehicle education.	59,980,000	26,349,300	33,630,700
Monroe: Renovation and Addition to Welch Health Education Building (HEB). This 40,172-square-foot renovation and addition project will consist of 16,822 square-feet of renovations to existing classrooms and labs and a 23,350 square-foot addition. The addition will house two nursing classrooms, three health technologies skills labs, a computer lab, a simulation lab, 2 technology labs, general classrooms, restrooms, and faculty office space. Both the renovation and addition portions of the project support students in programs such as nursing, respiratory therapy, personal training, and other health-related programs.	21,864,400	10,932,200	10,932,200
Wayne County Community College: Center for Virtual Learning and Digital Careers. This 27,438-square-foot renovation and addition project will consist of 18,903 square feet of new space and the renovation of 8,535 square feet of existing space to create a district-wide hub for students to pursue digital/media production, digital communication, web design, digital/media production, and other careers in the technology and design space. The Center will serve to house these programs in a centralized facility rather than being spread throughout the district as is the current situation.	11,564,200	5,782,100	5,782,100
Subtotal Community Colleges	\$134,283,600	\$63,501,100	\$70,782,500

Table 4

SB 163 (S-1) Construction Authorization Project Descriptions

Project	Total Cost	State Share	Institution Share
State Agencies:			
Michigan Capitol Commission: Park Michigan. This project would repurpose a portion of the parking space located between the Hall of Justice and the Ottawa and Hanna Buildings in downtown Lansing. The repurposed and reconfigured space, approximately 12 acres, would contain green spaces, an events plaza and pavilion with a stage, interpretive signage, and native landscaping. The project also would include reconfiguration and resurfacing of existing parking lots adjacent to the space the project would occupy.	\$25,000,000	\$25,000,000	\$0
Subtotal State Agencies	\$25,000,000	\$25,000,000	\$0
Total Construction Authorizations:	\$491,683,600	\$259,371,100	\$232,312,500