



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Concurrent Resolution 8 (Substitute S-1 as reported)
Sponsor: Senator Tonya Schuitmaker
Committee: Appropriations

CONTENT

Pursuant to Section 246 of the Management and Budget Act, Senate Concurrent Resolution 8 (S-1) would increase the State share of the Western Michigan University (WMU) Sangren Hall replacement project by \$18.3 million, from \$11.7 million to \$30.0 million.

The WMU Sangren Hall project received planning authorization in Public Act 278 of 2008. The project was originally proposed as a renovation project with an estimated total authorized cost of \$56.0 million: State share \$11.7 million; university share \$44.3 million. While other planning authorizations for universities contained in Public Act 278 of 2008 were based on a State cost share of 75%, with a maximum State share of \$40.0 million, the State match for the Sangren Hall project was 20.9% of the total project cost. The most recent capital outlay appropriation bill, Public Act 329 of 2010, included a maximum State share of \$30.0 million for university projects.

Through the planning process, it was determined that a new building was a more viable option to meet WMU's needs. Public Act 111 of 2010 increased the total authorized cost of the Sangren Hall project to \$60.0 million. The university funded the entire \$4.0 million increase with funds that were originally allocated to temporary relocation costs. The new building will consist of 214,800 gross square feet (141,585 square feet of net assignable area) and include classrooms, clinics, conference rooms, dining services, file rooms, laboratories, library, offices, and storage rooms. The State share remained \$11.7 million, and the WMU share increased to \$48.3 million. The project title was revised to "Sangren Hall Replacement" project.

FISCAL IMPACT

The concurrent resolution would increase the State cost by \$18.3 million and reduce the WMU cost by the same amount. The total project cost would remain at \$60.0 million. The increase in the State share would represent new State Building Authority (SBA) bond debt obligations of \$18.3 million. Annual rental payments to the SBA are estimated at \$1.3 million to \$1.6 million until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2010-11 General Government appropriation bill total \$241.9 million. Costs to the State for the Sangren Hall replacement project will not begin until WMU spends its match requirements and incurs costs that are reimbursed by the State. A concurrent resolution will be necessary at that time to authorize financing by the State Building Authority.

Date Completed: 2-16-11

Fiscal Analyst: Bill Bowerman