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BILL ANALYSIS

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Senate Bills 1116 and 1117 (as introduced 11-14-24)  
Sponsor: Senator Mallory McMorrow (S.B. 1116)  
Senator John N. Damoose (S.B. 1117)  
Committee: Economic and Community Development

Date Completed: 12-3-24

### **CONTENT**

**Senate Bill 1117 would amend the Michigan Strategic Fund Act to create the Strategic and Operational Advisory Board (Board) within the Michigan Strategic Fund (MSF) and prescribe its members and responsibilities.**

**Senate Bill 1116 would amend the Michigan Strategic Fund Act to do the following:**

- **Require the Board to develop a strategic plan and operational plan within a year of the bill's effective date and update them annually thereafter.**
- **Prescribe the components of the strategic and operational plans, including the identification of goals for economic development anchored in population growth and prosperity of residents and strategies to achieve those goals, among other things.**
- **By May 1, 2026, and annually after, require the Board to compile a report on the plans, submit the report to the Governor and certain House and Senate committees, and publish the report on the MSF or Michigan Economic Development Corporation's (MEDC) website.**

The bills are tie-barred.

### **Senate Bill 1117**

The bill would create the Board in the MSF. The Governor would have to appoint the members of the Board. The Board would have to consist of the following voting members:

- The Director of the Department of Environment, Great Lakes, and Energy (EGLE) or the Director's designee.
- The Director of the Department of Natural Resources or the Director's designee.
- The Director of the Department of Transportation (MDOT) or the Director's designee.
- The Director of the Department of Health and Human Services (DHHS) or the Director's designee.
- The Director of the Department of Labor and Economic Opportunity (LEO) or the Director's designee.
- The Director of the Department of Agriculture and Rural Development (MDARD) or the Director's designee from within the economic and community development program of the MDARD.
- The Director of the Department of Education or the Director's designee.
- The Director of the Department of Lifelong Education, Advancement, and Potential (MiLEAP) or the Director's designee.
- The Executive Director of the Michigan State Housing Development Authority (MSHDA) or the Executive Director's designee.

- The Chief Executive Officer of the MEDC or the Chief Executive Officer's designee.
- The Executive Director of the Office of Global Michigan or the Executive Director's designee.
- One individual who represented the Michigan Chamber of Commerce.
- One individual who represented the Detroit Economic Growth Corporation.
- One individual who represented the Economic Development Leaders for Michigan.
- One individual who represented the Michigan Manufacturers Association.
- One individual who represented the Northern Lakes Economic Alliance.
- One individual who represented Business Leaders For Michigan.
- One individual who was an expert in Michigan economics and represented the University of Michigan.
- One individual who was an expert in Michigan economics and represented Michigan State University.
- One individual who represented the Upjohn Institute.
- One individual who represented Michigan Future Inc.
- One individual who represented the Michigan Community College Association.
- The Executive Director of Invest UP or the Executive Director's designee.
- The Chief Executive Officer of Networks Northwest or the Chief Executive officer's designee.
- The Executive Director of the Northeast Michigan Council of Governments or the Executive Director's designee.
- The President of Lakeshore Advantage or the President's designee.
- The Chief Executive Officer of the Right Place, Inc. or the Chief Executive Officer's designee.
- The President of the Middle Michigan Development Corporation or the President's designee.
- The President of Saginaw Future Inc. or the President's designee
- The Executive Director of the Flint and Genesee Economic Alliance or the Executive Director's designee.
- The President and Chief Executive Officer of the Lansing Economic Area Partnership or the President and Chief Executive Officer's designee.
- The Chair of the Board of Directors of Cornerstone Alliance or the Chair's designee.
- The Chief Executive Officer of Southwest Michigan First or the Chief Executive Officer's designee.
- The President and Chief Executive Officer of Ann Arbor SPARK or the President and Chief Executive Officer's designee.
- The President and Chief Executive Officer of the Detroit Regional Partnership or the President and Chief Executive Officer's designee.
- The Deputy County Executive of Macomb County or the Deputy County Executive's designee from within the Macomb County Department of Planning and Economic Development.
- The Deputy County Executive of Oakland County or the Deputy County Executive's designee from within the Oakland County Office of Economic Development.
- The Director of the Wayne County Economic Development Department or the Director's designee.
- The Executive Director of the Michigan Economic Developers Association or the Executive Director's designee.
- The Director of Economic Development for Consumers Energy or the Director's designee.
- The Director of Economic Development for DTE Energy or the Director's designee.

The Board also would have to consist of the following nonvoting members:

- Two individuals who were experts on national economics.
- Two individuals who were top site-selection consultants.

- Two individuals who were each a leader of a national economic development organization focused on policy and practice.

The Governor would have to appoint the first members of the Board within 30 days after the bill's effective date. Of the first members appointed, the Governor would have to appoint 10 of the first members to one-year terms, 10 of the first members to two-year terms, 10 of the first members to three-year terms, and 11 of the first members to four-year terms. The first members appointed would have to be appointed to four-year terms. After the first appointments, the term of a member of the Board would be four years or until a successor was appointed, whichever was later.

If a vacancy occurred on the Board, the Governor would have to appoint an individual to fill the vacancy for the balance of the term. The Governor could remove a member of the Board for incompetence, dereliction of duty, malfeasance, misfeasance, or nonfeasance in office, or any other good cause.

Once appointed, the Chief Executive Officer of the MEDC or the Chief Executive Officer's designee would have to call the first meeting of the Board. At the first meeting, the Board would have to elect a member as a chairperson and could elect other officers that it considered necessary or appropriate. The Board would have to meet quarterly, or more frequently at the call of the chairperson or at the request of 10 or more members.

A majority of the members of the Board would constitute a quorum for transacting business. A vote in favor by a majority of the members of the Board serving would be required for any action of the Board. The Board would be subject to the Open Meetings Act and the Freedom of Information Act.

A member of the Board would not be entitled to compensation for service on the Board, but the Board could reimburse a member for actual and necessary expenses incurred in serving.

The bill would require the Board to develop a strategic plan and an operational plan (see **Senate Bill 1116**). In addition, it could do either of the following:

- Take any other action necessary to achieve the goals and strategies identified by Senate Bill 1116.
- Perform any other duties or exercise any other powers assigned to the Board by law.

### **Senate Bill 1116**

Within one year after the appointment of the members of the Board, the Board would have to develop the following:

- A strategic plan for specific economic development activities for the State as a whole.
- An operational plan for the State as a whole.

By September 30 of the year after the year in which the strategic plan and operational plan were completed and September 30 of each year thereafter, the Board would have to update the strategic plan and operational plan.

The strategic plan would have to include all the following:

- The identification of specific goals and objectives for economic development and the development of quantifiable metrics and performance measures, anchored in population growth and the success and prosperity of residents.<sup>1</sup>
- The identification of specific strategies, taking a whole-of-government approach, to achieve the goals and objectives identified above.<sup>2</sup>
- The identification and definition of not more than five key regions within this state for the purposes of regional economic development strategies and collaboration.
- The identification and proposed structure of a State-led economic development entity best suited to serve these regions in progress toward the defined goals and strategies to ensure statewide success.
- The identification and analysis of the State's strategic assets.
- The identification and analysis of the State's competitive landscape.
- An analysis of the historical performance of the State's economic development strategies, which would have to consider whether these economic development strategies resulted in outcomes that increased the success and prosperity of the residents of the State.

In developing the strategic plan, the Board would have to do all the following:

- Consult with key economic development partners, including State, regional, and local economic development agencies and organizations, as well as urban, suburban, and rural stakeholders.
- Consider and incorporate any Growing Michigan Together Council reports, MSHDA's Statewide Housing Plan, the State's Sixty by 30 plan, the Michigan's Statewide Workforce Plan, the MI Healthy Climate Plan, the DHHS's strategic priorities to improve health outcomes, the Michigan Mobility 2045 Plan, Michigan's Statewide Comprehensive Literacy Plan (MiLit), and any initiatives, goals, or action plans released or recommended by MiLEAP (for more information, see **BACKGROUND**).

The operational plan would have to include all the following:

- A process to evaluate the State's effectiveness in exercising the powers and duties conferred by the bill, including the MEDC's ability to work with other State, regional, and local economic development organizations.
- A process to evaluate the State's effectiveness in achieving progress toward the quantifiable metrics and performance measures as defined in the plan, with clearly defined policies and actions if the MEDC fell short of the defined performance measures.
- A strategy for coordinating with State agencies that administered housing, educational, workforce, transportation, and environmental programs as they interacted with the State's economic development strategy.

By May 1, 2026, and each May 1 thereafter, the Board would have to compile a report on the following:

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<sup>1</sup> These goals would include, among others, providing incentives that promoted and encouraged natural resource-based industries, such as fishing and recreational tourism; providing appropriate incentives for economic development in rural, suburban, and urban areas; and protecting the environment and the State's other resources.

<sup>2</sup> These would include, among others, strategies consistent with the goals and other plan elements for the economic development of the State that included an inventory and assessment of the State's infrastructure, economic base, labor force characteristics, educational opportunities necessary to train the labor force, affordable housing characteristics, and economic development opportunities and resources, including the development of economically disadvantaged areas and redevelopment of urban areas, and a determination of what could be done to support retention and expansion of existing businesses and attract new businesses and industries.

- The strategic plan, any modifications to the strategic plan, and the State's progress towards meeting the goals and objectives in the strategic plan.
- The operational plan, any modifications to the operational plan, and the State's progress toward meeting the goals and objectives in the operational plan, which would have to include a copy of the comprehensive annual financial report required by the Management and Budget Act.<sup>3</sup>

The Board would have to submit this report to all the following and publish the report on the website of the MSF or the MEDC:

- The Governor.
- The House Economic Development and Small Business Committee.
- The Senate Economic and Community Development Committee.
- The House Appropriations Subcommittee on Labor, Economic Development, and Lifelong Learning.
- The Senate Appropriations Subcommittee on LEO/MEDC.

Proposed MCL 125.2009c (S.B. 1116)  
Proposed MCL 125.2009a & 125.2009b (S.B. 1117)

## **BACKGROUND**

### Growing Michigan Together Council

In 2023, Governor Gretchen Whitmer created the Growing Michigan Together Council to identify strategies to grow Michigan's population. The Council released its final report in December 2023. Among other things, it set the goal that, by 2050, Michigan would be a top 10 State for population growth. The report identified three strategies to achieve that goal: 1) establish Michigan as the Midwest's innovation hub by developing an economic growth plan and investing in efforts to attract and retain young talent; 2) building an equitably and efficiently funded lifelong learning system, including up to two years free postsecondary education and innovation to help educators improve student outcomes; and 3) developing attractive communities by investing in regional public transit systems and housing stock.

### Statewide Housing Plan

In 2022, MSHDA released its Statewide Housing Plan. Among other things, the plan established five targets: 1) the building of over 75,000 new or rehabilitated housing units; 2) the stabilization of over 100,000 households' housing; 3) providing weatherization and home energy improvements to over 15,000 households; 4) making homelessness rare, brief, and one time; and 5) reducing equity gaps in homeownership, accessible housing, and homelessness. To this end, the plan proposed over one hundred strategies.

### Statewide Workforce Plan

Michigan's Statewide Workforce Plan, released in March 2024, identified three pillars to support Michigan's workforce. The first pillar correlates with Michigan's Sixty by 30 initiative, which seeks to increase, from 51.1% to 60%, the number of working-age adults with a skill certificate or college degree by 2030. The plan identified three strategies to achieve this goal: 1) investing in efforts to increase degree and certification attainment; 2) investing in reskill programs to help workers move from industry to industry; and 3) expanding opportunities for lifelong learning and career success, such as apprenticeships and work-based learning

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<sup>3</sup> For more information, see MCL 18.1494.

programs. The second pillar focuses on increasing access to opportunities that grow the middle class. These strategies include 1) expanding opportunities to help individuals find their right career path, 2) addressing barrier to employment for underrepresented groups, 3) expanding access to child and elder care, and 4) addressing transportation barriers. The third pillar focuses on supporting businesses and entrepreneurs through talent solutions. To this end, the Plan's strategies include 1) investing in economic development, 2) investing in tailored business services and solutions, and 3) supporting the State's small businesses and entrepreneurs.

### MI Healthy Climate Plan

In 2020, Governor Whitmer charged EGLE's Office of Climate and Energy with developing the MI Healthy Climate Plan, an action plan to reduce greenhouse gas emissions and transition toward economy-wide carbon neutrality. The Office released the Plan in 2022. The Plan identified six priorities: 1) committing to environmental justice, including a just transition for workers whose industries may be negatively affected by the plan; 2) cleaning the electric grid by transitioning from coal-fired power to renewable energy sources; 3) electrifying vehicles and increasing access to public transportation; 4) repairing and decarbonizing homes and businesses; 5) encouraging the development of cleaner industries; and 6) protecting Michigan's land and water resources.

### DHHS Strategic Priorities

The DHHS's 2023-2027 Strategic Priorities focus on 1) investing in public health, 2) working towards racial equity, 3) addressing food, nutrition, housing, and other social determinants of health, 4) improving the behavioral health service system for children and families, 5) improving maternal-infant health and reducing outcome disparities, 5) reducing lead exposure for children, 6) reducing child maltreatment in the foster care system and improving rates of permanent placement within a year, 7) fully implementing the Families First Preservation Services Act, a Federal law which provides States and Tribes opportunities to use Federal funding to increase support to children and families, 8) expanding and simplifying safety net access, 9) reducing opioid and drug-related deaths, and 10) ensuring all administrations are managing outcomes, investing in evidence-based solutions, and ensuring program accuracy.

### Michigan Mobility 2045 Plan

The Michigan Mobility 2045 Plan is a collection of MDOT's plans and goals for the next 20 years. The Plan identified six priorities for MDOT to focus on during this time: 1) enhancing quality of life for all communities and transportation users; 2) enhancing mobility choices for users; 3) enhancing the safety and security of the State's transportation network; 4) preserving and improving the condition of Michigan's transportation network; 5) improving the movement of people and goods to attract and sustain diverse economic opportunities while investing resources responsibly; and 6) strengthening, expanding, and promoting collaboration with all users through effective public and private partnerships.

### MiLit

Michigan's Statewide Comprehensive Literacy Plan seeks to increase the State's literacy achievement. The Plan identifies three action steps to support these efforts: 1) promoting high standards for literacy instruction and assessment for all learners; 2) building teacher and literacy leader expertise; and 3) supporting MiLit regional teams in improving and sustaining literacy achievement by establishing a network of Literacy Shareholders.

Legislative Analyst: Abby Schneider

## **FISCAL IMPACT**

The bills would have an indeterminate negative fiscal impact on the MSF and no impact on local units of government. The Department of Labor and Economic Opportunity would incur the costs for staff or support provided to the Board. Members of the Council would serve without compensation; however, they could be reimbursed for actual and necessary expenses incurred while serving. The typical annual costs to support an advisory council can range from \$10,000 to \$200,000, depending on the travel expenses and staff demands. It is likely that these costs could be absorbed within existing appropriations.

Fiscal Analyst: Cory Savino, PhD

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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.