



## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**DATE:** March 15, 2023

**TO:** The Honorable Sarah Anthony, Chair  
Senate Appropriations Committee

The Honorable Jon Bumstead  
Minority Vice Chair  
Senate Appropriations Committee

The Honorable Mary Cavanagh, Chair  
Senate Appropriations Subcommittee on  
Labor and Economic Opportunity/MEDC

The Honorable Mark Huizenga  
Minority Vice Chair  
Senate Appropriations Subcommittee on  
Labor and Economic Opportunity/MEDC

The Honorable Angela Witwer, Chair  
House Appropriations Committee

The Honorable Sarah Lightner  
Minority Vice Chair  
House Appropriations Committee

The Honorable Will Snyder, Chair  
House Appropriations Subcommittee on  
Labor and Economic Opportunity

The Honorable Greg VanWoerkom  
Minority Vice Chair  
House Appropriations Subcommittee on  
Labor and Economic Opportunity

**FROM:** Quentin L. Messer, Jr., President  
Michigan Strategic Fund

**SUBJECT:** Section 1050 – Business Attraction and Community Revitalization Outcomes and  
Performance Measures

Section 1050 of Public Act 166 of 2022 requires the identification of specific outcomes and performance measures for business attraction and community revitalization funds, including total verified jobs, total private investment and amount of private and public square footage created and reactivated during the fiscal year ending September 30, 2023. Also required are the results and data related to these outcomes and measures for the prior fiscal year, if available.

Because this report is required at an early point in the fiscal year, there is no data to report for FY 2023. Data for the prior fiscal years, where available, is attached.

Please contact our Office of Government Relations at [medcgovrelations@michigan.org](mailto:medcgovrelations@michigan.org) if you have any questions. In addition, please do not hesitate to contact me at [messerq@michigan.org](mailto:messerq@michigan.org) or 517.881.5861.

#### Attachment

cc: Members, Senate and House Appropriations Committees  
Members, Senate Appropriations Subcommittee on Labor and Economic Opportunity/MEDC  
Members, House Appropriations Subcommittee on Labor and Economic Opportunity  
Chris Harkins, State Budget Director  
Kathryn Summers, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency

**Section 1050 Report**  
**Business Attraction and Community Revitalization Funds**  
**Public Act 166 of 2022**  
**Outcomes and Performance Measures**

Section 1050(1) of the Omnibus Budget, PA 166 of 2022,, requires identification of specific outcomes and performance measures for funds appropriated in part 1 for business attraction and community revitalization. These funds encompass the Michigan Business Development Program (MBDP) and the Michigan Community Revitalization Program (MCRP), authorized under the Michigan Strategic Fund Act. The outcomes and performance measures include:

- Total verified jobs for business attraction during FY 2023
- Total private investment for business attraction and community revitalization programs during FY 2023
- Amount of private and public square footage created and reactivated through the community revitalization program during FY 2023

Section 1050(2) requires the report to include specific outcomes and measures under subsection (1) and provide results and data related to these outcomes and measures for the prior fiscal year if available.

The MBDP is an incentive program available from the MSF, in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans and other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment. All awards are performance-based.

Verified jobs (Actual jobs created) reflect the number of jobs a company has created to reach a milestone and receive a disbursement. All project milestones and disbursement requests are reviewed and verified through a consistent compliance process.

MBDP milestones may be amended or dismissed, thus causing values to shift to subsequent years reports and amended for prior years.

The MCRP's purpose is to accelerate private investment in Michigan's communities through the redevelopment of functionally obsolete properties, reduction of blight and the reuse of brownfield and historic properties. Job creation is not a focus of this program. FY 2023 represents the twelfth year of the transition from Brownfield tax credits to MCRP, a grant, loan and equity investment program. MCRP functions as a deal closing mechanism to address cost gaps and market deficiencies. The program provides incentives for projects that offset the excess costs of the redevelopment opportunity. Loans and other investment vehicles also are provided in conjunction with senior lenders and are required for any incentive over \$1.5 million.

At the time of this report, FY 2023 is in its very early stages. Therefore, there is no data to report for FY 2023. Charts demonstrating the outcomes of these performance measures for previous fiscal years follow.

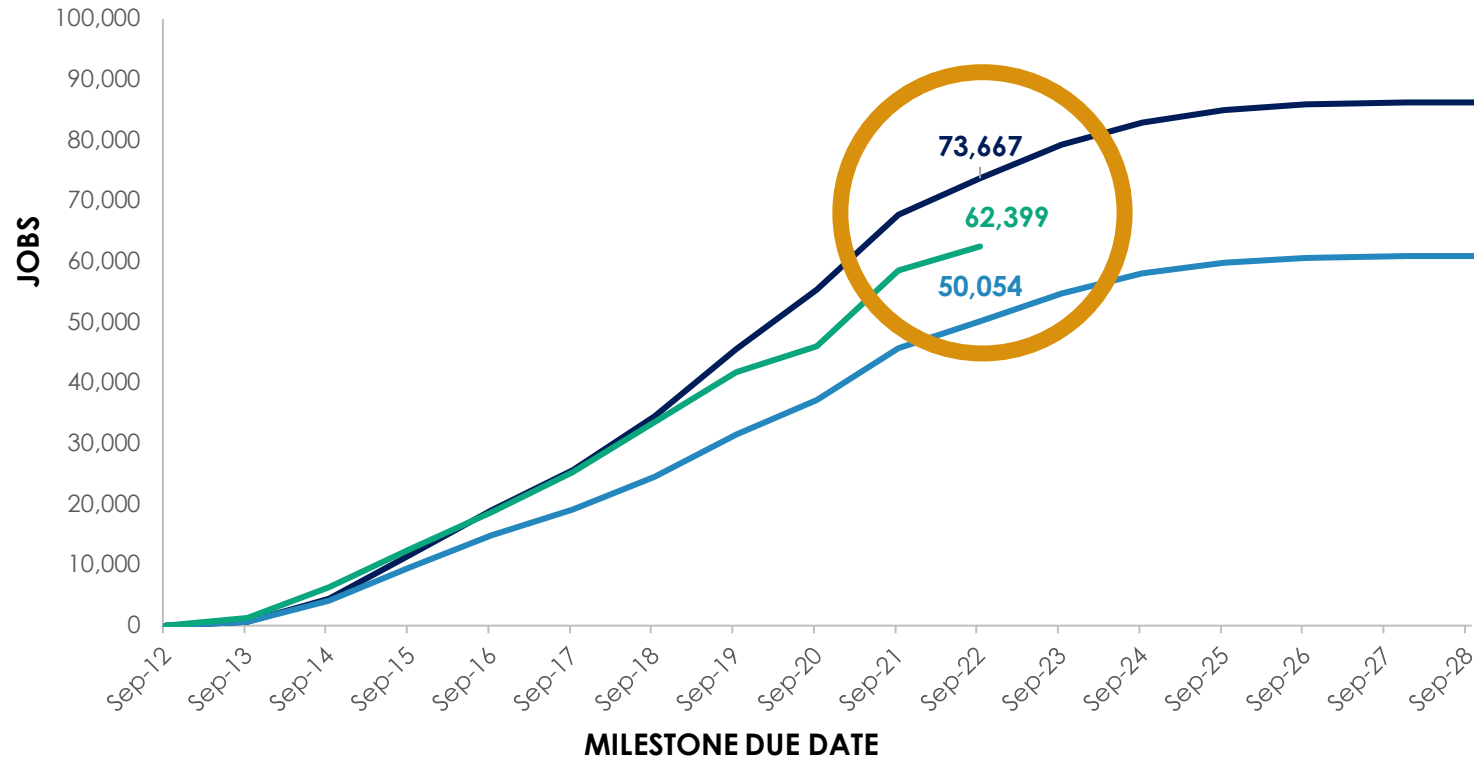
Please note the MCRP only revitalizes private square footage, not public square footage. Therefore, there is no data to report for public square footage created and reactivated.

# MICHIGAN BUSINESS DEVELOPMENT PROGRAM EFFECTIVENESS UPDATE

Fiscal Years 2012 - 2022

85%  
Effectiveness

85% of jobs originally committed to be created are verified as created<sup>1</sup>



**Description:** The Michigan Business Development Program (MBDP) Effectiveness Update measures the performance of the program by comparing the actual jobs companies who received a MBDP incentive created against the jobs they initially committed in contracted agreements.

**Why it Matters:** Since 2012, MBDP has provided grants to businesses for competitive projects that create new jobs and spur investment. This biannual effectiveness update provides an at-a-glance measurement of how effective the program is in creating incented jobs.

### Key Takeaways:

- **85%** of jobs originally committed to be created are verified as created<sup>1</sup> as of September 2022.
  - This percentage is based off the original contracted jobs which are all the jobs that companies originally committed to create regardless of the current status of the project (e.g., Dismissed, Terminated, Repayment, in default, etc.).
- As of September 2022, companies who have received an MBDP and completed at least one milestone have created 62,399 verified jobs, sometimes exceeding original commitments.
- As of September 2022, the original contractual jobs committed have been reduced by roughly 23,600 jobs, taking into account projects that have been dismissed, terminated, are in repayment, or are otherwise inactive.

1. Analysis period covers milestone due dates from September 2012 through September 2022.

2. "Original Contractual Jobs" are the milestone jobs that companies are contractually committed to create by a certain date from all approved MBDP deals, including those that have been dismissed.

3. "Revised Contractual Jobs" are the milestone jobs contractually committed to be created for active deals as opposed to all deals (i.e., Revised Contractual Jobs excludes dismissed, terminated, and otherwise inactive projects).

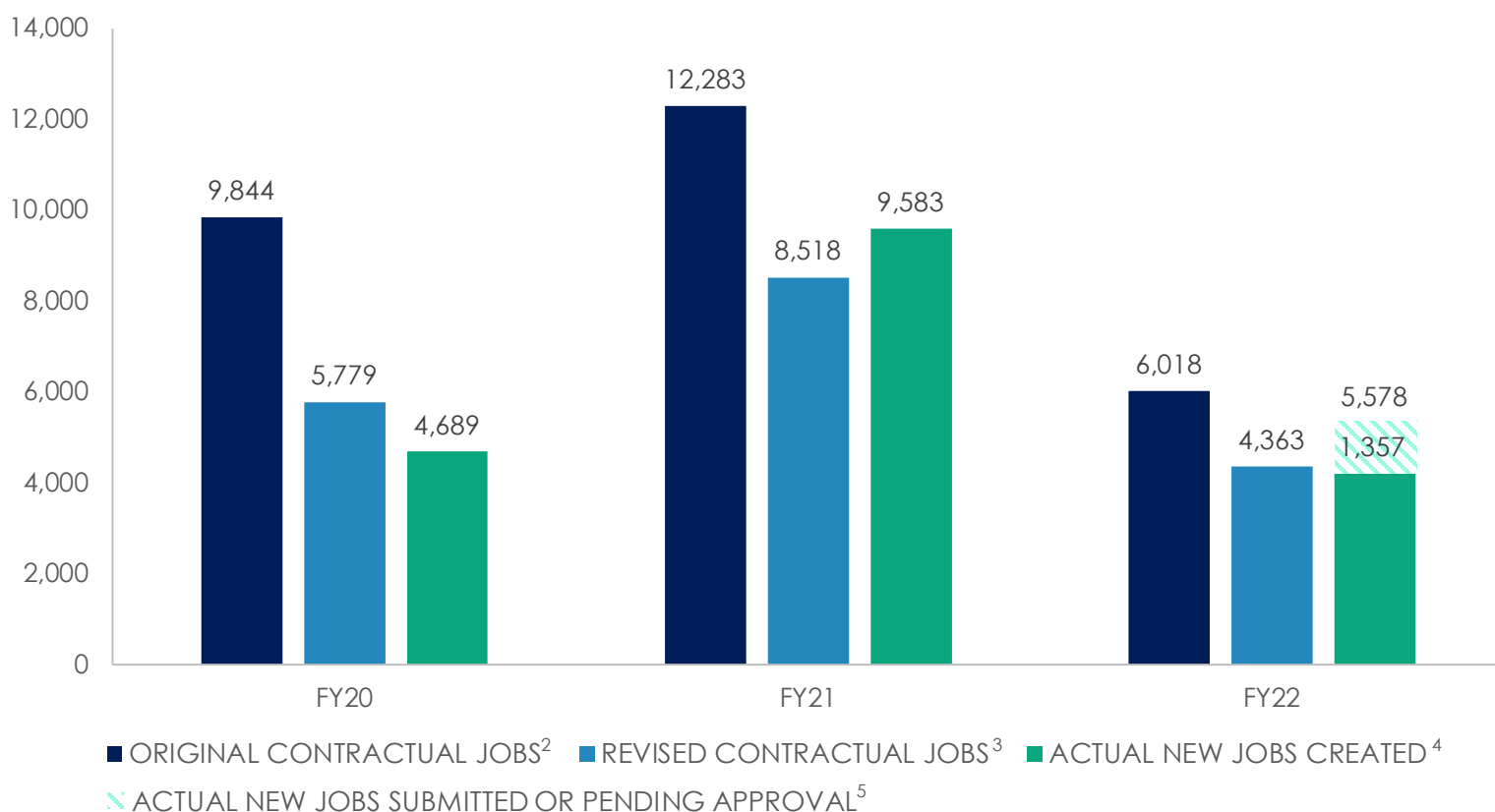
4. "Actual Jobs Created" are new jobs verified via a sampling method. Fifteen percent of a random sample of new hires, usually a minimum of 5 and a maximum of 100 new hires are evaluated against payroll data. This does not include verified jobs from terminated agreements due to data complexity.



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

# MICHIGAN BUSINESS DEVELOPMENT PROGRAM JOBS BREAKDOWN<sup>1</sup>

*Fiscal Years 2020 - 2022*



1. Data as of September 30, 2022.

2. "Original Contractual Jobs" are the milestone jobs that companies are contractually committed to create by a certain date from all approved MBDP deals, including those that have been dismissed.

3. "Revised Contractual Jobs" are the milestone jobs contractually committed to be created for active deals as opposed to all deals (i.e., Revised Contractual Jobs excludes dismissed, terminated, and otherwise inactive projects).

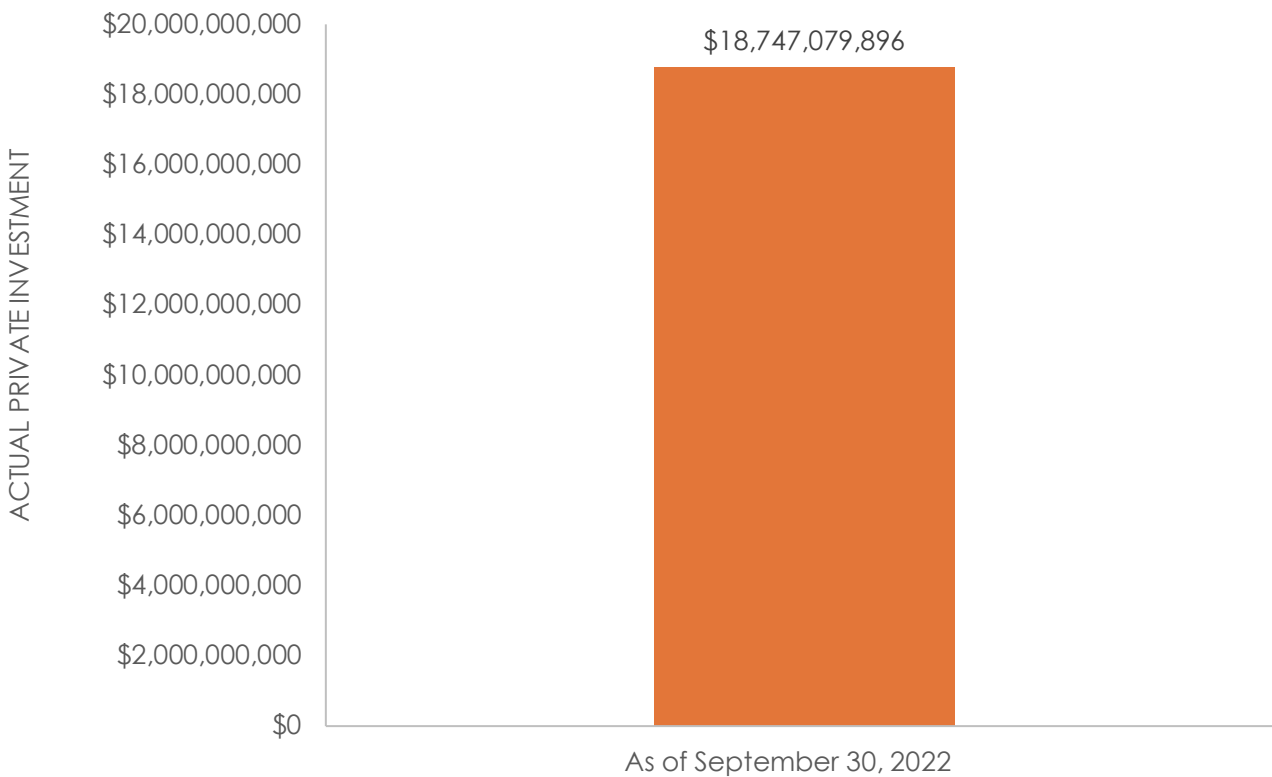
4. "Actual Jobs Created" are new jobs verified via a sampling method. Fifteen percent of a random sample of new hires, usually a minimum of 5 and a maximum of 100 new hires are evaluated against payroll data. This does not include verified jobs from terminated agreements due to data complexity.

5. "Actual New Jobs Submitted or Pending Approval" are new jobs that companies have created and are pending verification by MEDC's Compliance team.

# MICHIGAN BUSINESS DEVELOPMENT PROGRAM ACTUAL PRIVATE INVESTMENT<sup>1</sup>

\$18.7B  
Actual Private  
Investment

*As of September 30, 2022, companies have reported \$18.7B Actual Private Investment per the most recent progress report.*



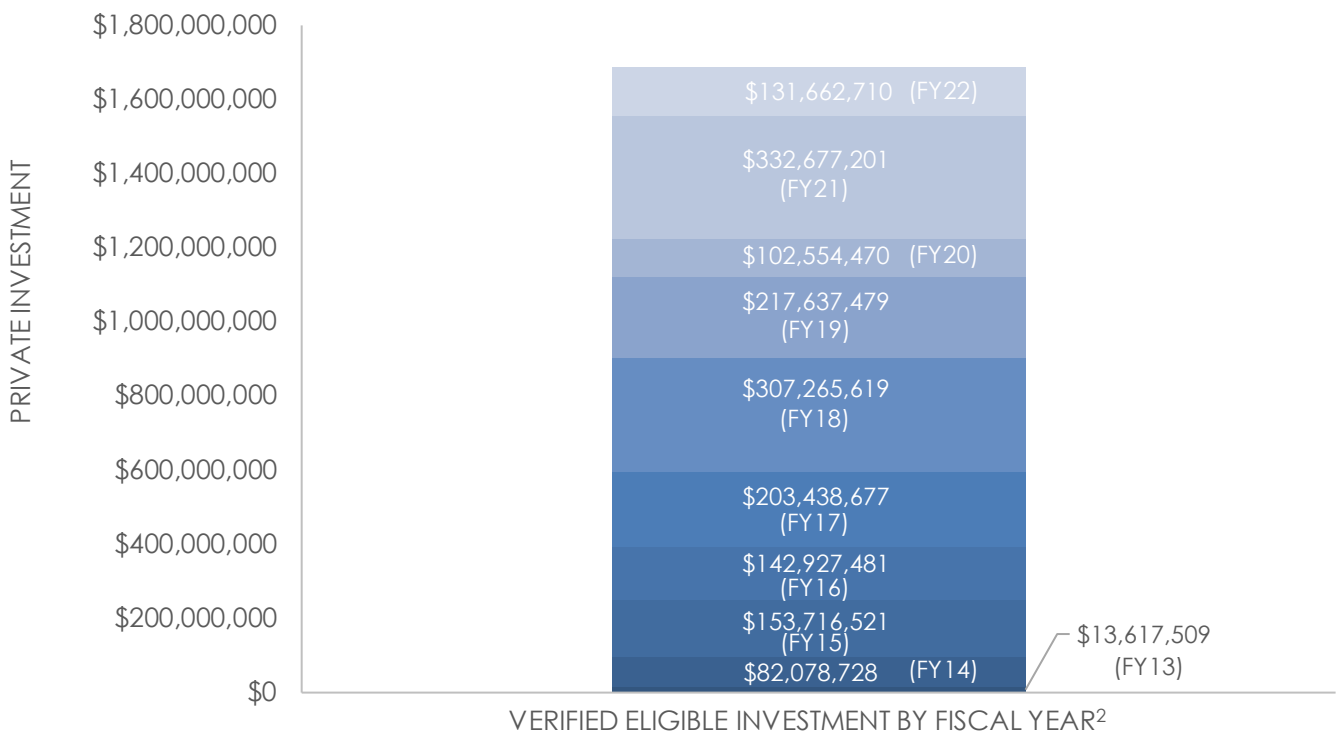
1. The MBDP Actual Private Investment is the actual investment that has been made at the project site as reported by the Company per the most progress report. It captures the investment made to-date for the life of the MBDP program.

# MICHIGAN COMMUNITY REVITALIZATION PROGRAM VERIFIED ELIGIBLE INVESTMENT<sup>1</sup>

*Fiscal Years 2013 - 2022*

**\$1.7B**  
Verified Eligible  
Investment

*As of September 30, 2022, completed projects have created \$1.7B in verified investment.*



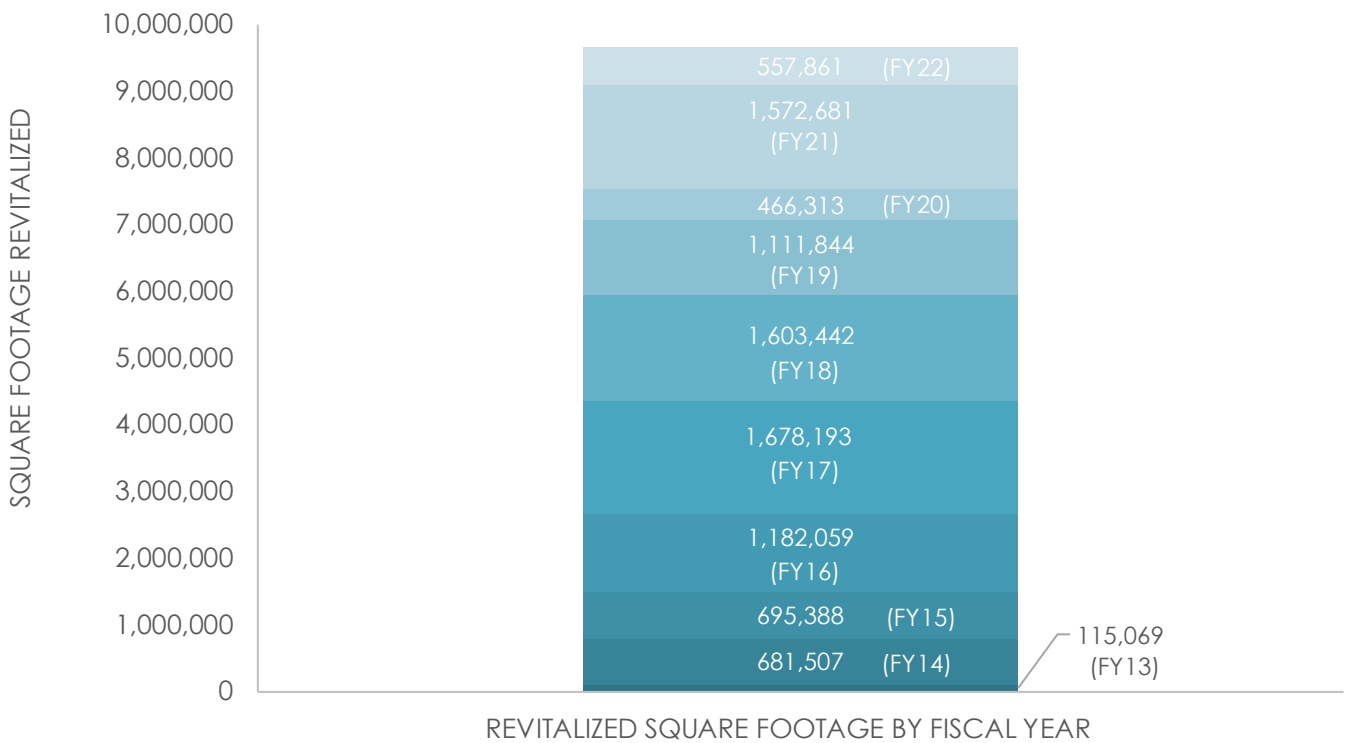
1. Verified Eligible Investment means the actual Hard Costs incurred and paid by the Company on the Project. Hard Costs include demolition, construction, alteration, rehabilitation or improvement of buildings, site improvements, the addition of machinery, equipment or fixtures to the property, or Professional fees or costs for the Project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, Baseline Environmental Assessment or surveying services.
2. Verified Eligible Investment reflects the year the investment occurred.

# MICHIGAN COMMUNITY REVITALIZATION PROGRAM REVITALIZED SQUARE FOOTAGE<sup>1</sup>

*Fiscal Years 2013 - 2022*

**9.7M**  
Revitalized  
Square Footage

*As of September 30, 2022, completed projects have revitalized 9.7M in square footage.*



1. Revitalized Square Footage is self-reported for each project and has not been verified. Some projects may have benefited from additional incentives (e.g., Brownfield TIF).