



## **Background Briefing**

# **Licensing and Regulatory Affairs**

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**December 2015**

# LARA Overview

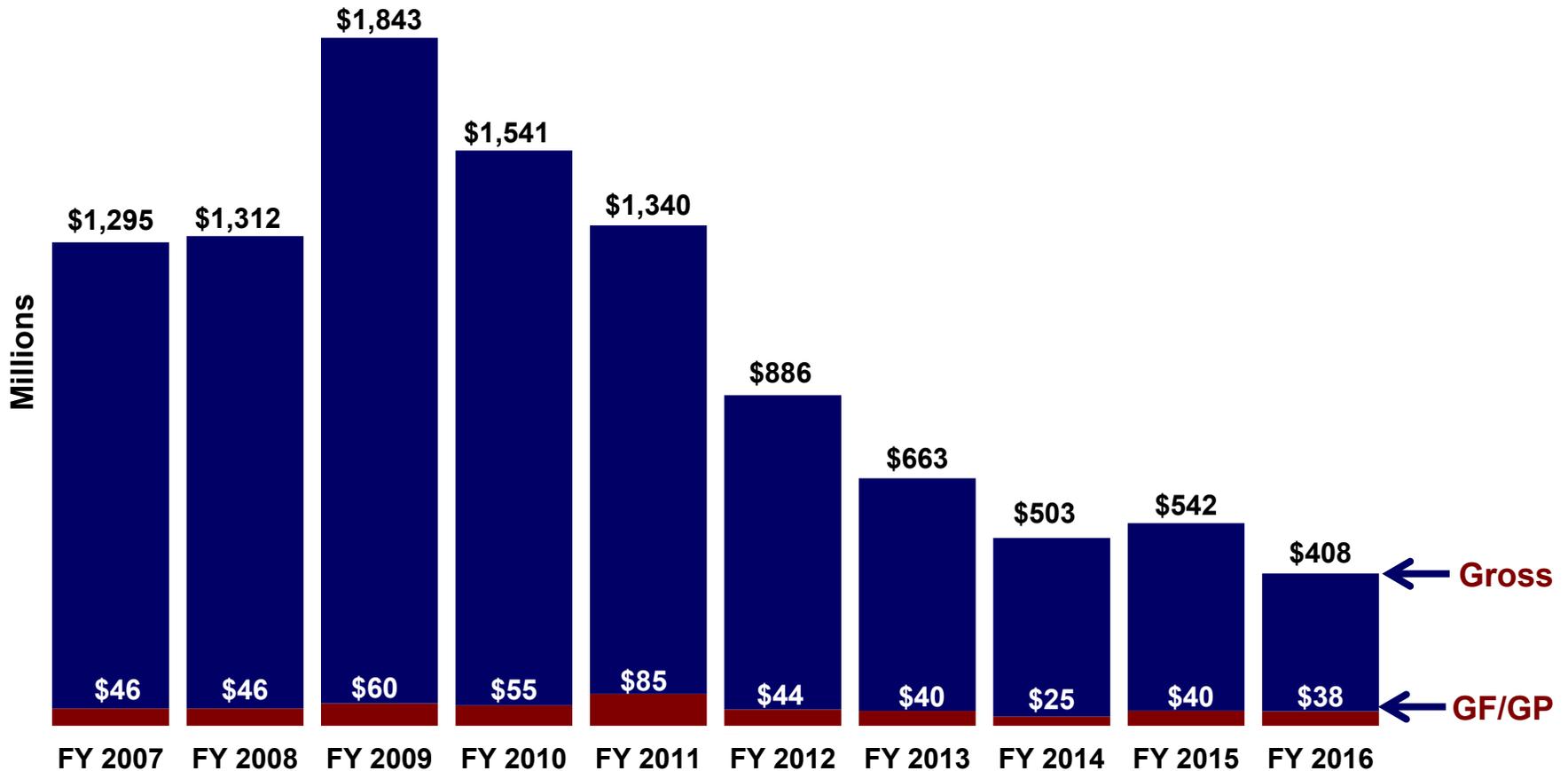
The Department of Licensing and Regulatory Affairs (LARA) is primarily responsible for overseeing various agencies and programs that implement, administer, and enforce numerous statutes and rules regulating commercial and occupational, construction and fire safety, health care and human service, energy and public utility, and alcoholic beverage activities, entities, and facilities.

Agencies within LARA are also responsible for implementing, administering, and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws, as well as providing vocational rehabilitation services for the blind and coordinating employment services for immigrants.

Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

# LARA Historical Appropriations

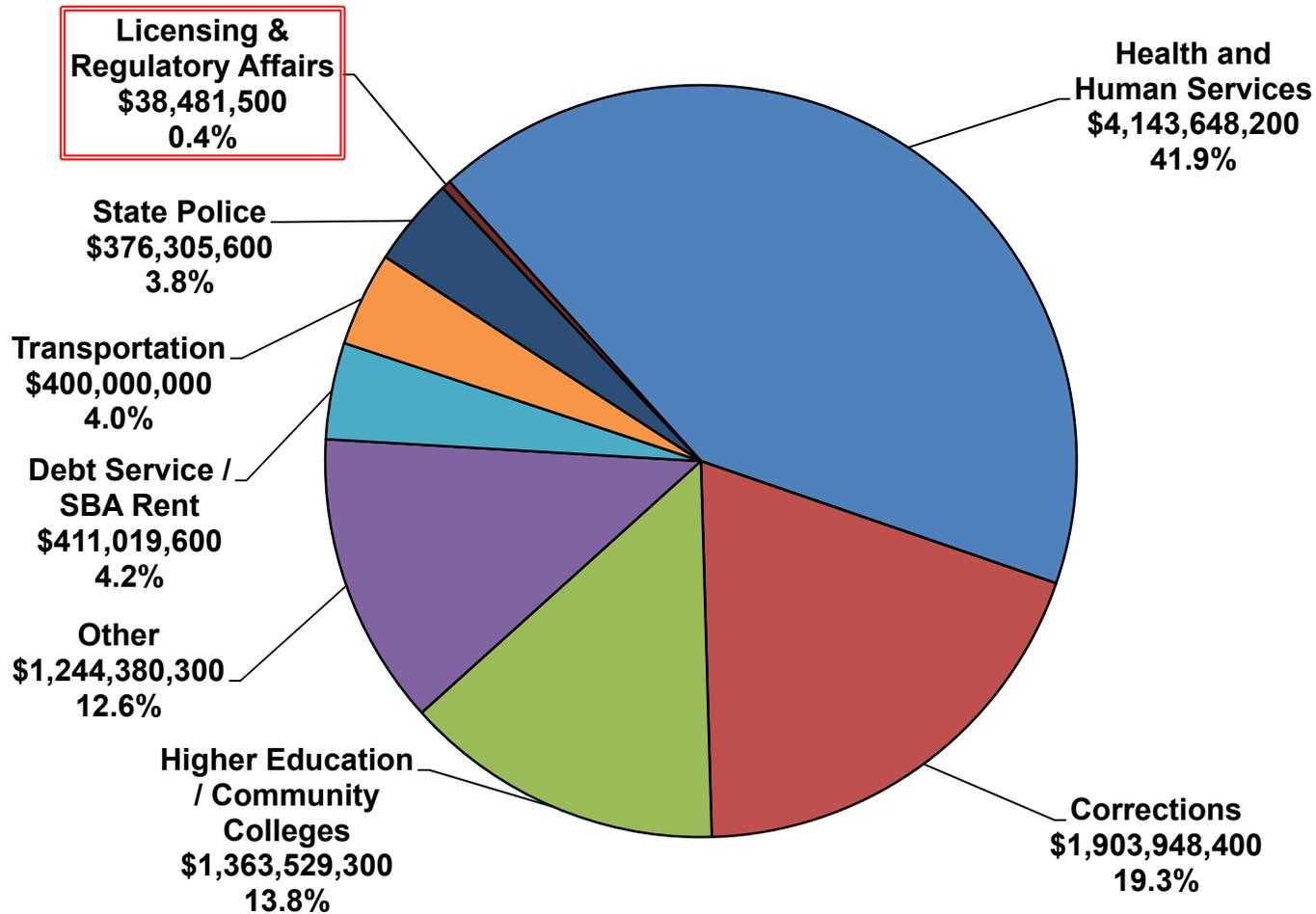
- FY 09 and FY 10 Gross increases primarily due to federal ARRA grants
- FY 11 increase of GF/GP primarily due to interest payments on federal UI advances
- FY 12 decrease primarily due to reorganization of DELEG into LARA
- FY 13 decrease primarily due to transfer of MRS to DCH and elimination of the LIEEF program
- FY 14 decrease primarily due to transfer of OFIR and ACRP into DIFS and reductions in fed UI grants
- FY 15 GF/GP increase primarily due to one-time funding for Delphi Corp. Workers' Comp claims
- FY 16 ongoing GF/GP increase and Gross decrease primarily due to transfers of UIA to TED and BCAL from DHS



# LARA Share of State GF/GP

LARA constitutes 0.4% of the total state GF/GP budget

FY 2015-16 Statewide GF/GP Total = \$9,881,312,900

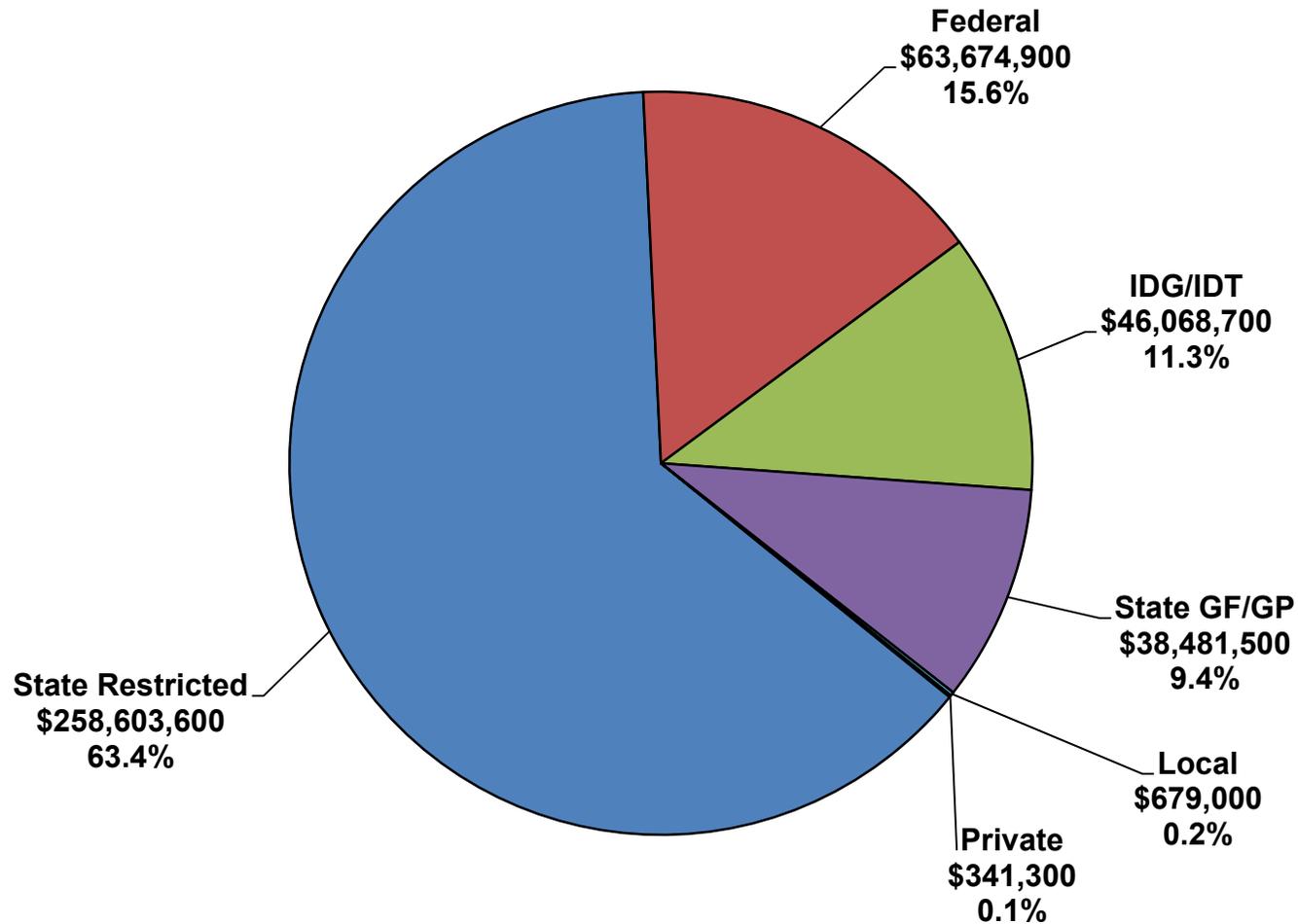


# **SOURCES OF FUNDING**

# LARA Funding Sources

LARA's FY 2015-16 appropriation is primarily supported (63.4%) with state restricted revenue (e.g., regulatory fees and fines)

FY 2015-16 Gross Appropriation = \$407,849,000



# **APPROPRIATION AREAS**

# LARA Appropriation Units

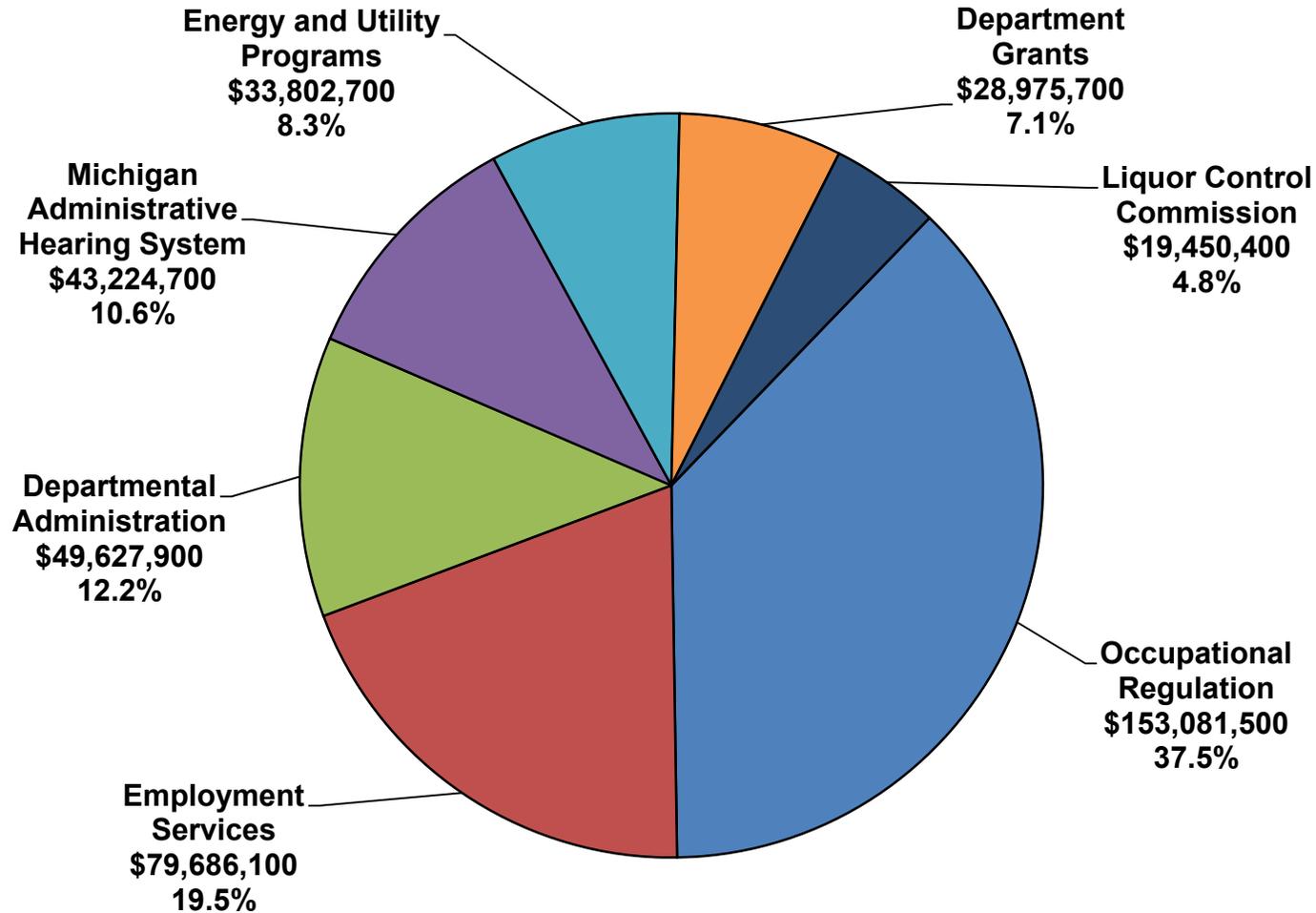
**The LARA budget is allocated into these appropriation units:**

- Departmental Administration
- Energy and Utility Programs
- Liquor Control Commission
- Occupational Regulation
- Employment Services
- Michigan Administrative Hearing System
- Department Grants

# LARA Gross Appropriation

Occupational Regulation (37.5%) and Employment Services (19.5%) together constitute a majority of LARA appropriations

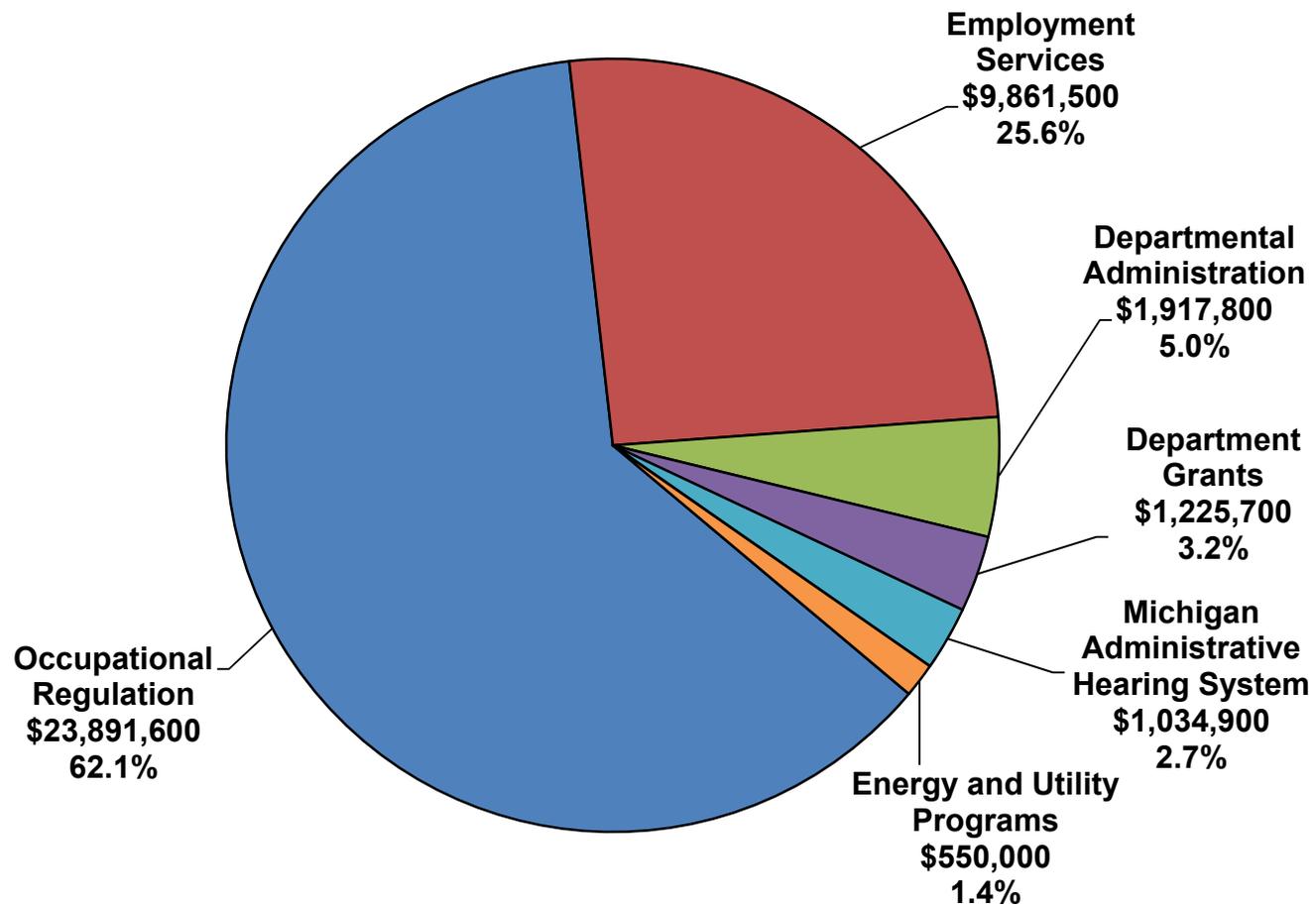
FY 2015-16 Gross Appropriation = \$407,849,000



# LARA GF/GP Appropriation

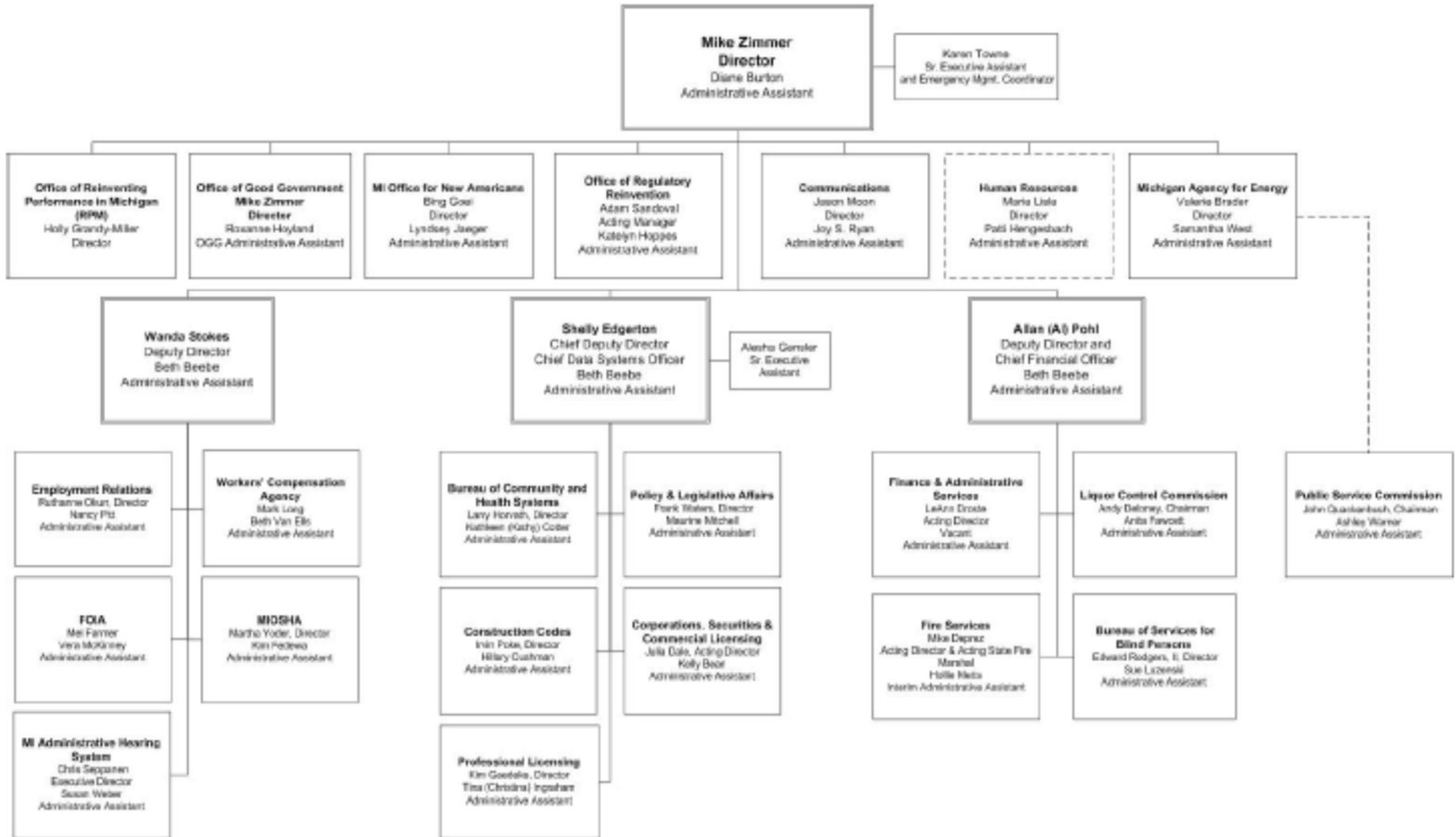
Occupational Regulation (62.1%) and Employment Services (25.6%) together constitute a substantial majority of LARA GF/GP appropriations

FY 2015-16 GF/GP Appropriation = \$38,481,500

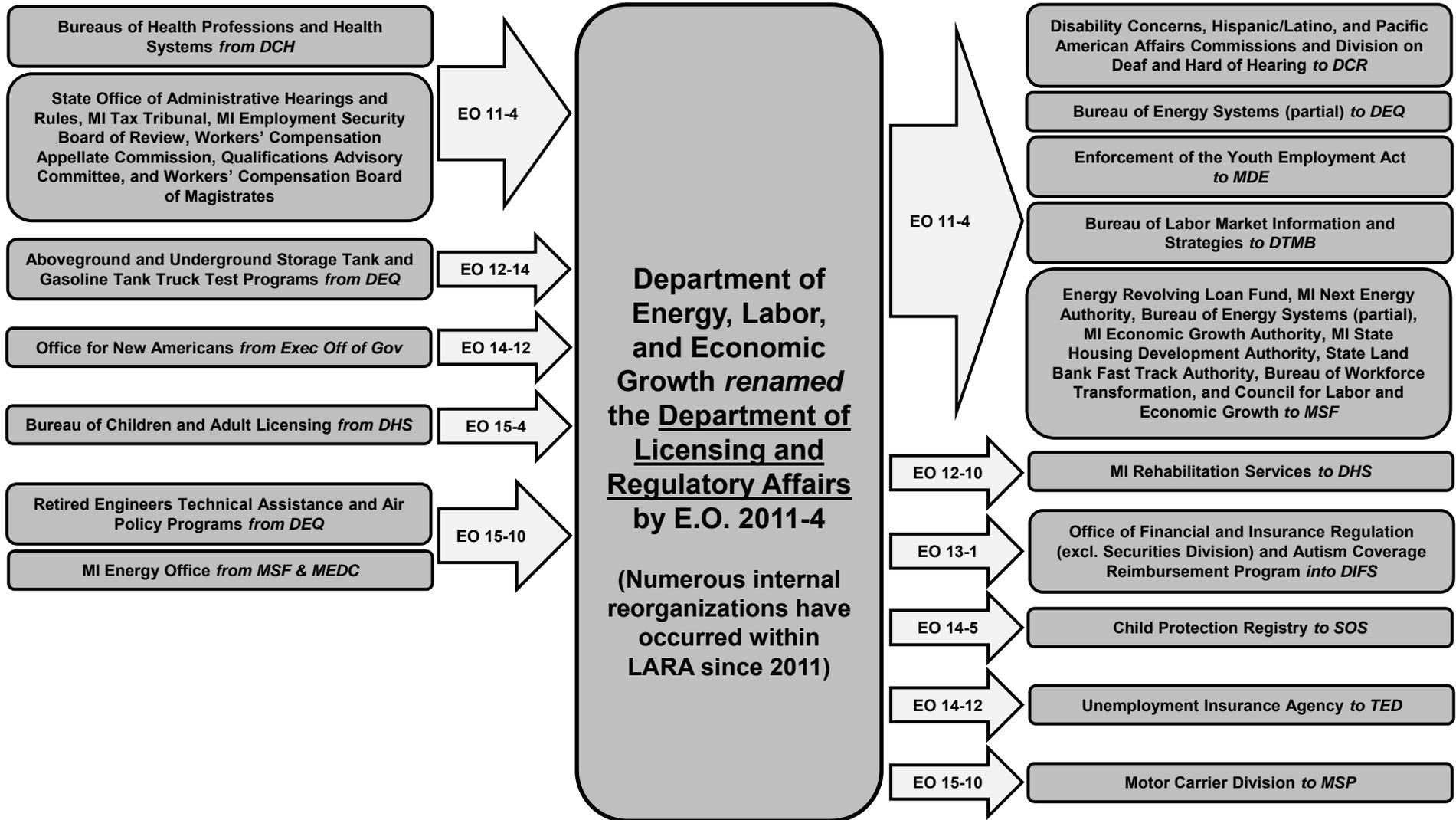


# **MAJOR BUDGET TOPICS**

# LARA Organizational Chart



# LARA Organizational Transfers



# LARA Agencies

- **Licensing and Regulation**
  - Michigan Agency for Energy (incl. Public Service Commission)
  - Liquor Control Commission
  - Bureau of Fire Services
  - Bureau of Construction Codes
  - Corporations, Securities, and Commercial Licensing Bureau
  - Bureau of Professional Licensing
  - Bureau of Community and Health Systems
  
- **Employment Services and Workplace Safety**
  - Michigan Occupational Safety & Health Administration
  - Workers' Compensation Agency
  - Bureau of Employment Relations
  - Bureau of Services for Blind Persons
  - Office for New Americans
  
- **Administrative Hearings, Rulemaking, & Processes**
  - Michigan Administrative Hearing System
  - Office of Regulatory Reinvention
  - Office of Reinventing Performance in Michigan
  - Office of Good Government

# **LARA Sources of Funding**

## **State Restricted Revenues**

Primarily comprised of licensing and regulatory fees and fines levied on individuals, activities, entities, and facilities regulated under various agencies within LARA

## **Federal Revenues**

Comprised of various grants and other payments from the U.S. Departments of Labor, Health & Human Services, Education, Energy, Transportation, and Homeland Security

## **Interdepartmental Grant Revenues**

Funds appropriated within other state departmental budgets and granted to LARA for services provided to or for other departments

## **State General Fund Revenue**

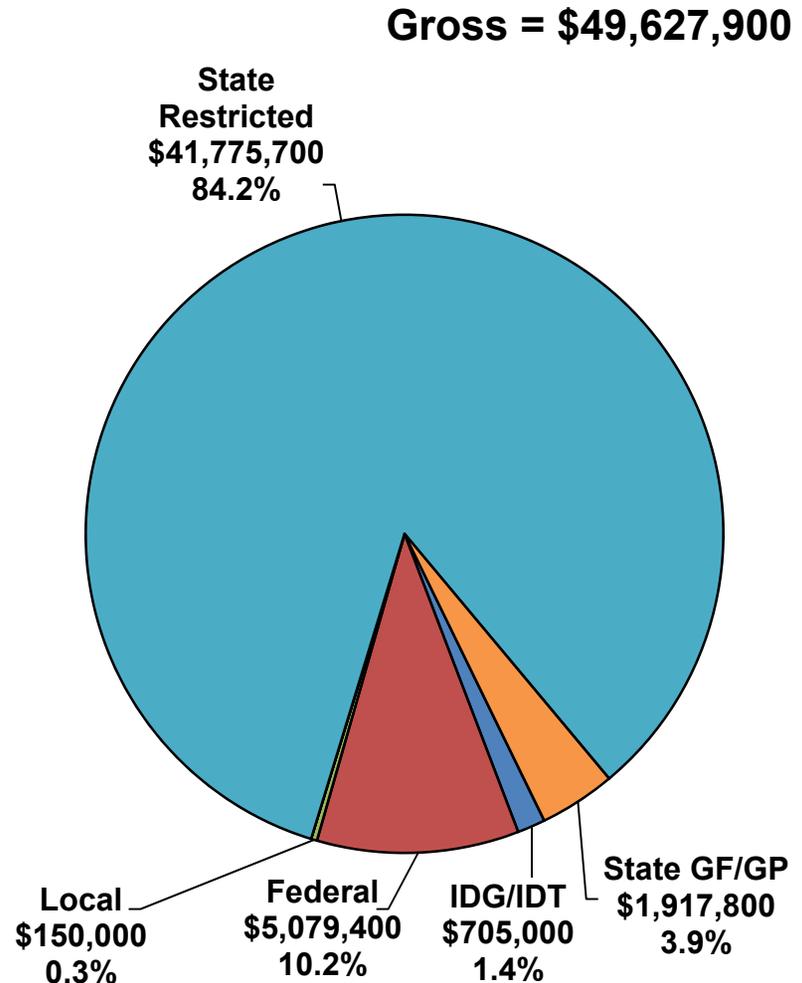
The state's primary operating fund which does not include restricted revenue

## **Local and Private Revenues**

Grants and gifts from private entities and local units of government

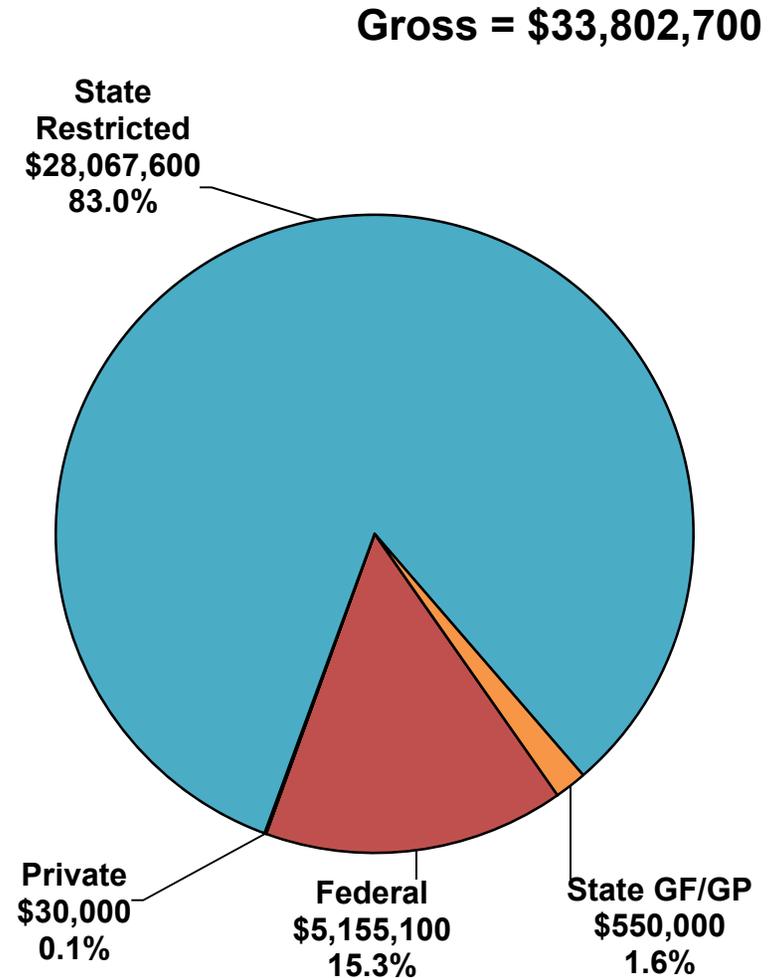
# Departmental Administration

Appropriation unit supports the executive functions and overhead costs of the various agencies organized within LARA, including the Offices of Finance and Administrative Services , Policy and Legislative Affairs, Communications, Human Resources, Regulatory Reinvention (ORR), Reinventing Performance in Michigan (RPM), New Americans (ONA), and Good Government (OGG), in addition to department-wide expenses associated with property management, information technology, FIOA coordination, and workers' compensation.



# Energy and Utility Programs

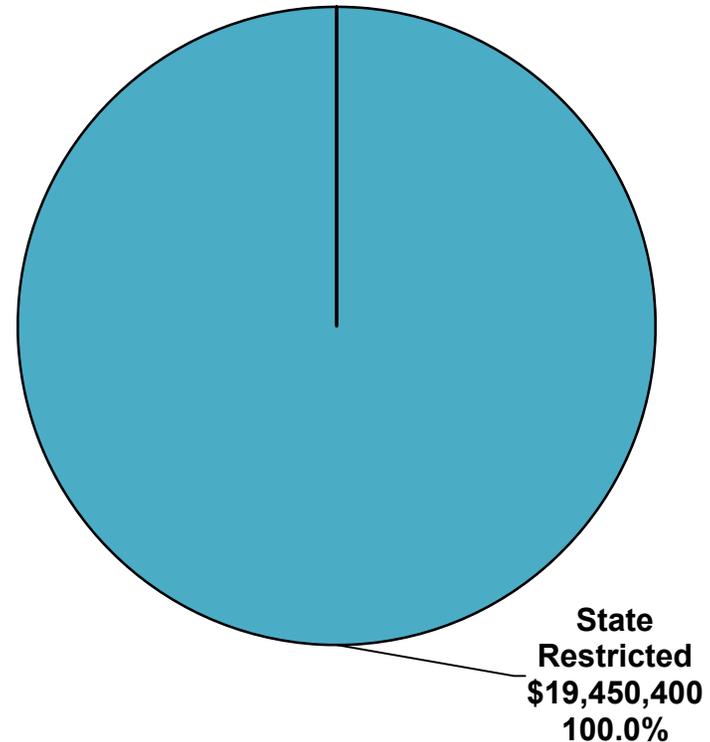
Appropriation unit supports the Michigan Agency for Energy (MAE) which consolidates and coordinates the state's energy-related programs and compiles and circulates energy-related information and includes the Public Service Commission (PSC) which regulates and adjudicates hearings involving investor- and cooperatively-owned utilities and implements energy efficiency, renewable energy, customer choice, and energy assistance standards and programs.



# Liquor Control Commission

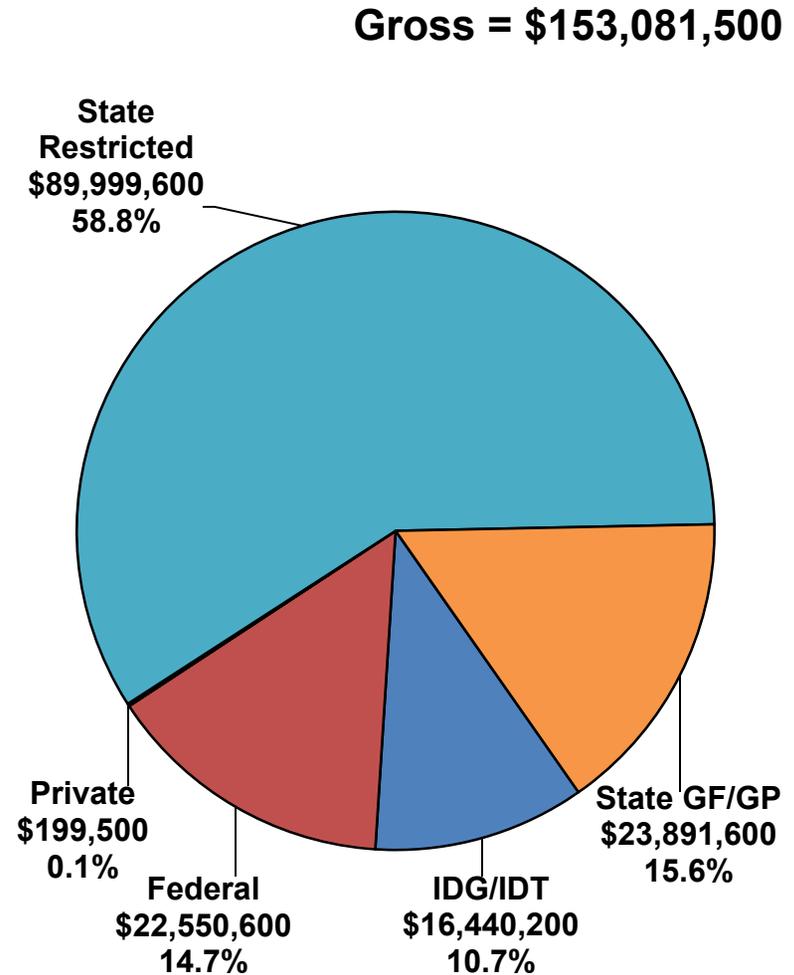
Appropriation unit supports the Michigan Liquor Control Commission (LCC) which enforces the Liquor Control Code of 1998 by regulating the manufacture, distribution, sale, and consumption of all alcoholic beverages (beer, wine, and liquor) via licensure requirements and administrative rules; additionally, the LCC is the sole wholesaler of all liquor products legally sold within the state.

**Gross = \$19,450,400**



# Occupational Regulation

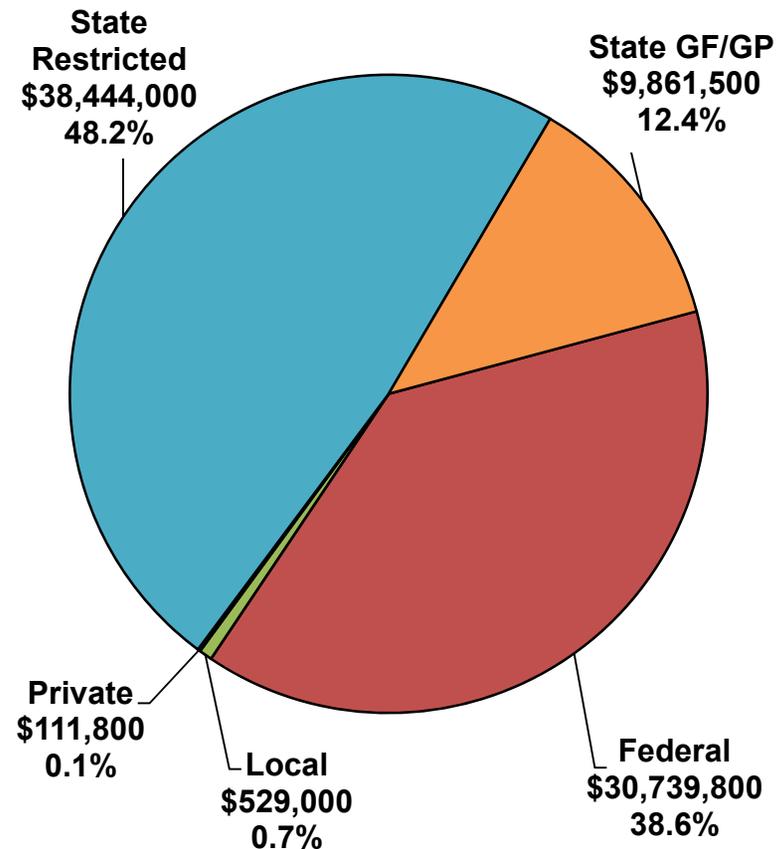
Appropriation unit supports several agencies which license and otherwise regulate various occupational, commercial, structural, mechanical, health care, and human service activities, entities, and facilities throughout the state, including: the Bureaus of Fire Services (BFS), Construction Codes (BCC), Corporations, Securities, and Commercial Licensing (CSCLB), Professional Licensing (BPL), and Community and Health Systems (BCHS).



# Employment Services

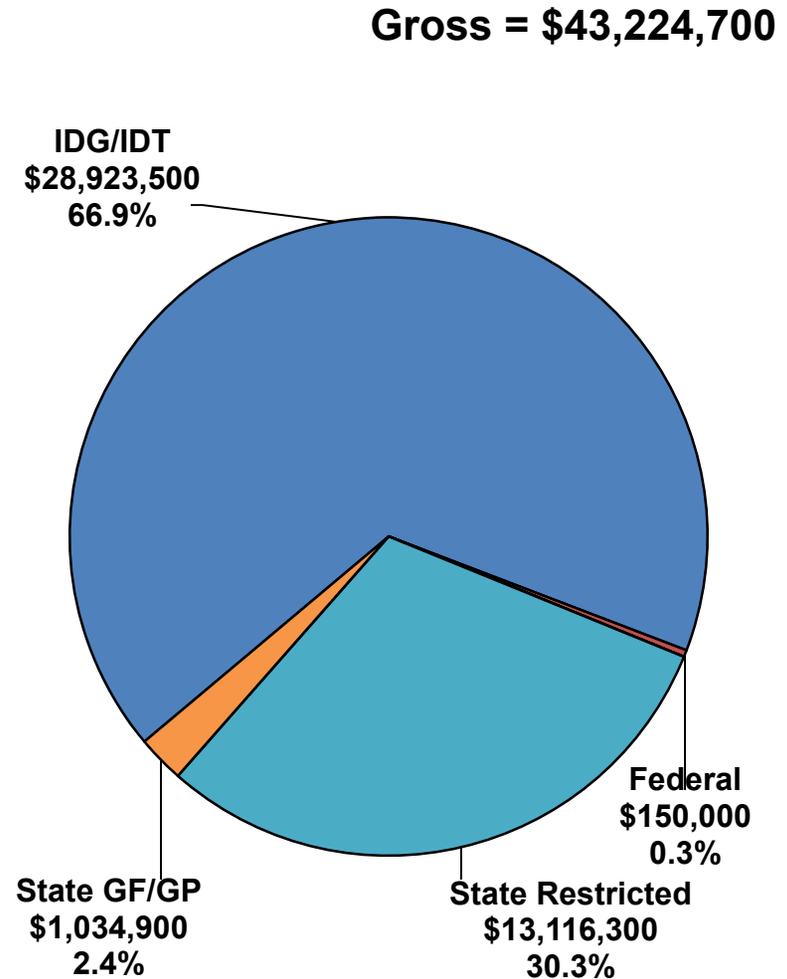
Appropriation unit supports the Michigan Occupational Safety and Health Administration (MIOSHA) which enforces workplace safety standards and wage and benefit statutes, Workers' Compensation Agency (WCA) which oversees workers' compensation insurance compliance and claims, Bureau of Employment Relations (BER) which conducts union elections and resolves labor disputes, and the Bureau of Services for Blind People (BSBP) which provides services to improve opportunities and quality of life for blind individuals.

**Gross = \$79,686,100**



# Michigan Administrative Hearing System

Appropriation unit supports the Michigan Administrative Hearing System (MAHS) which centralizes, coordinates, and conducts most administrative hearing functions throughout state government and includes the Workers' Compensation Board of Magistrates, Michigan Tax Tribunal, and Michigan Compensation Appellate Commission.

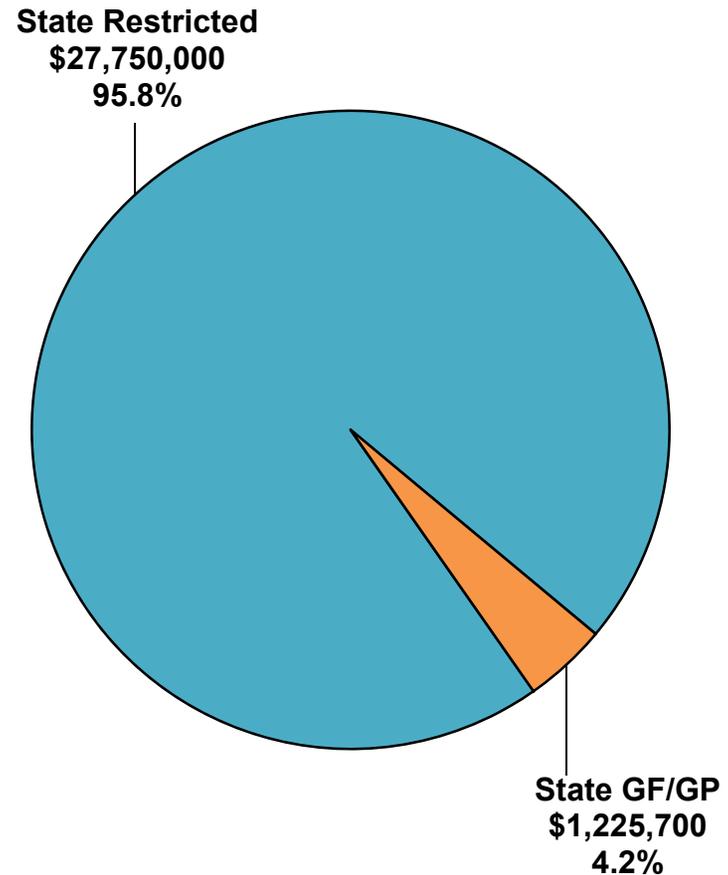


# Department Grants

Appropriation unit supports various state grant programs, largely financing specified functions of local units of government, administered and awarded by agencies within LARA:

- Fire Protection Grants
- Firefighter Training Grants
- Liquor Law Enforcement Grants
- Medical Marijuana Operations & Oversight Grants
- Remonumentation Grants
- Subregional Libraries State Aid
- Utility Consumer Representation

**Gross = \$28,975,700**



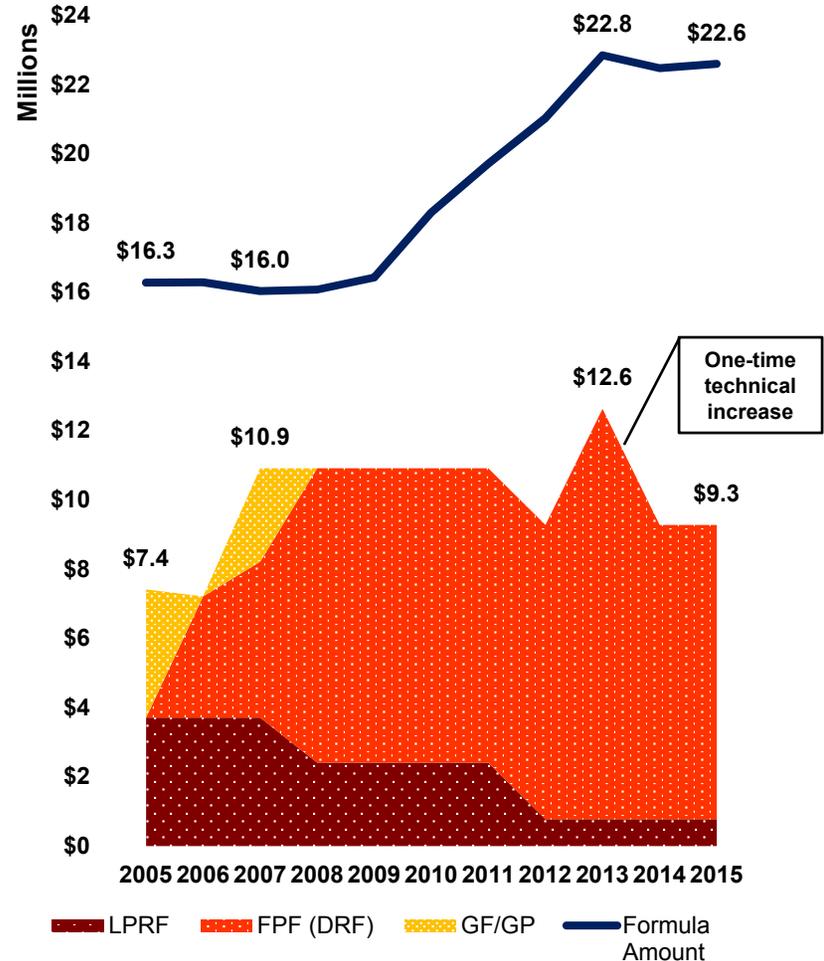
# Fire Protection Grants

1977 PA 289 provides a method by which the state makes annual payments, calculated via statutory formula and subject to appropriation, to municipalities for fire protection services received by state-owned facilities located within their jurisdictions

Sufficient funds have not been appropriated to support payments as calculated pursuant to the formula; fund sources utilized include:

- Liquor Purchase Revolving Fund
- Fire Protection Fund (Driver Responsibility Fee)
- General Fund/General Purpose

Currently, the payments are primarily supported by Driver Responsibility Fees which are being phased out and will no longer be assessed beginning in FY 2017-18



**For more information about the  
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