

FY 2016-17: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Summary: As Reported by House Subcommittee
House Bill 5305 (H-1) Draft 1



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	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$46,068,700	\$46,923,800	\$46,923,800			\$855,100	1.9
Federal	63,674,900	63,818,100	63,818,100			143,200	0.2
Local	679,000	251,600	251,600			(427,400)	(62.9)
Private	341,300	314,100	111,800			(229,500)	(67.2)
Restricted	258,603,600	262,446,700	265,232,700			6,629,100	2.6
GF/GP	40,481,500	42,813,200	42,313,200			1,831,700	4.5
Gross	\$409,849,000	\$416,567,500	\$418,651,200			\$8,802,200	2.1
FTEs	2,221.8	2,234.8	2,225.8			4.0	0.2

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Michigan Automated Prescription System (Partial One-Time)	FTE	N/A	9.0
Increases spending and staff authorization (\$2.5 million of which is one-time) to support the upgrade of IT components and enhance the staffing for the Michigan Automated Prescription System (MAPS), which is accessed to identify and prevent drug diversion by tracking controlled substances prescriptions, in accordance with the recommendations of the Michigan Prescription Drug and Opioid Abuse Task Force. <u>Executive</u> includes; <u>House</u> concurs.	Gross	N/A	\$4,490,000
	GF/GP	N/A	\$4,490,000
2. Electric Reliability and Resiliency Programs	FTE	183.0	0.0
Increases spending and staff authorization (\$984,300 and 5.0 FTEs) to support interagency cooperation and programs implemented by the Michigan Agency for Energy (MAE) and the Public Service Commission (PSC) related to energy mandates, emergency coordination, electric resiliency, demand response, waste reduction, and reliability expenditures and funded with annual assessments levied on investor-owned and cooperative electric, natural gas, and telecommunication utilities. <u>Executive</u> includes; <u>House</u> rejects.	Gross	\$33,802,700	\$0
	Federal	5,155,100	0
	Private	30,000	0
	Restricted	28,067,600	0
	GF/GP	\$550,000	\$0
3. Liquor Control Commission IT Systems (One-Time)	Gross	N/A	\$1,560,000
Includes one-time spending authorization to support the upgrade of three IT systems utilized by the Liquor Control Commission (LCC) to improve business processes related to the state's liquor wholesale operations. <u>Executive</u> includes; <u>House</u> concurs.	Restricted	N/A	1,560,000

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Major Budget Changes From FY 2015-16 YTD Appropriations			
4. FY 2015-16 Flint Water Emergency Supplemental Appropriations			
Removes spending and staff authorization supporting the inspection and replacement (if lead levels exceed 15 ppb) of plumbing fixtures installed in educational, human service, and healthcare facilities located within the City of Flint and performed under the direction of the Bureau of Construction Codes (BCC). <u>Executive</u> includes; <u>House</u> concurs.	FTE	1.0	(1.0)
	Gross	\$2,200,000	(\$2,200,000)
	Restricted	200,000	(200,000)
	GF/GP	\$2,000,000	(\$2,000,000)
5. Detroit Demolition Permit Assistance			
Eliminates spending authorization which supported permitting activities administered by the Bureau of Construction Codes (BCC) and related to demolition and blight elimination projects undertaken within the City of Detroit; the City resumed these permitting duties during October 2015. <u>Executive</u> includes; <u>House</u> concurs.	Gross	\$800,000	(\$800,000)
	Restricted	800,000	(800,000)
6. Distance Education Reciprocal Agreements			
Includes spending authorization to support administrative expenses incurred under the Higher Education Authorization and Distance Education Reciprocal Exchange Act and financed with revenue generated by statutory fees levied on accredited colleges and universities located within and without the state and authorized to participate in reciprocal agreements between the state and other states or higher education compacts entered into by LARA pursuant to the Act. <u>Executive</u> includes; <u>House</u> concurs.	Gross	\$0	\$300,000
	Restricted	0	300,000
7. Technical Authorization Adjustments and Fund Shifts			
Reflects net impact of multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>Executive</u> includes; <u>House</u> concurs in part, but differs in some respects, resulting in further reductions to private and restricted authorization.	FTE	654.9	0.0
	Gross	\$116,496,900	(\$3,562,800)
	IDG/IDT	20,995,000	(100,000)
	Federal	22,424,400	(595,200)
	Local	429,000	(429,000)
	Private	434,600	(232,300)
	Restricted	51,539,200	(1,497,300)
	GF/GP	\$20,674,700	(\$709,000)
8. Early Out Five-Year Payouts			
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>Executive</u> includes; <u>House</u> concurs.	Gross	\$934,700	(\$934,700)
	IDG/IDT	37,800	(37,800)
	Federal	263,300	(263,300)
	Restricted	616,100	(616,100)
	GF/GP	\$17,500	(\$17,500)
9. Economic Adjustments			
Reflects increased costs for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>Executive</u> includes; <u>House</u> concurs.	Gross	N/A	\$6,549,700
	IDG/IDT	N/A	992,900
	Federal	N/A	1,001,700
	Local	N/A	1,600
	Private	N/A	2,800
	Restricted	N/A	3,982,500
	GF/GP	N/A	\$568,200
10. Bureau of Fire Services Plan Review Division			
Reduces estimated spending and staff authorization for the Plan Review Division of the Bureau of Fire Services (BFS) and transfers a portion of this authorization to the Bureau of Construction Codes (BCC) to perform plan review duties pursuant to the Fire Protection Code of 1941 in addition to its current plan review duties, pursuant to the Stille-Derossett-Hale Single State Construction Code Act of 1972, in effort to realize administrative efficiencies.	FTE	7.0	(4.0)
	Gross	\$850,000	(\$500,000)
	Restricted	350,000	0
	GF/GP	\$500,000	(\$500,000)
11. Fire Protection Grants			
Increases spending authorization for grants awarded to municipalities within which state-owned facilities (e.g., offices, prisons, hospitals, universities, warehouses) are located in lieu of taxes for fire protection services rendered; supported with revenue from the Liquor Purchase Revolving Fund, the balance of which lapses to the General Fund at the close of the fiscal year.	Gross	\$9,273,900	\$3,400,000
	Restricted	9,273,900	3,400,000

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>		<u>FY 2015-16 Year-to-Date (as of 2/10/16)</u>	<u>FY 2016-17 House Change</u>
12. Firefighter Training Grants	Gross	\$1,000,000	\$500,000
Increases spending authorization for grants awarded to counties to reimburse organized fire departments for firefighter training and other activities required under the Firefighter Training Council Act of 1966; support with revenue from the Fireworks Safety Fund, which has historically exceeded expenditures and is earmarked for these grants.	Restricted	1,000,000	500,000

Major Boilerplate Changes From FY 2015-16

Note: Executive and House variously renumbered several sections; section numbers below are referenced as they appear in HB 5305 (H-1) Draft 1 with the section numbers as they appear under current law in parenthesis. Sections for which the only change was renumbering (and/or other technical changes) are not included below.

Sec. 210 (223). Contingency Funds – REVISED

Permits appropriation of federal, state restricted, local, and private contingency funds up to specified amounts, subject to the legislative transfer process. House modifies specified amounts.

Sec. 216 (205). Metrics for New Programs or Program Enhancements – RETAINED

Requires LARA to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success. Executive eliminates; House retains.

Sec. 217 (212). Record Retention – RETAINED

Requires LARA to retain all records in accordance with state and federal guidelines. Executive eliminates; House retains.

Sec. 218 (215). Communications with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against an employee for communicating with the Legislature. Executive eliminates; House retains.

Sec. 219. Office Space Consolidation Plan – DELETED

Requires LARA to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years. Executive eliminates; House concurs.

Sec. 219 (232). Television and Radio Productions – RETAINED

Prohibits LARA from developing or producing television or radio productions. Executive eliminates; House retains.

Sec. 220 (245). Healthy Michigan Plan Accounting Structure – RETAINED

Requires LARA in conjunction with the Department of Health and Human Services (DHHS) to maintain accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires LARA to annually provide the Legislature with relevant accounting scripts and reports. Executive eliminates requirement to provide accounting scripts and reports to the Legislature; House retains.

Sec. 223 (241). Informational, Training, and Special Events Revenues and Expenditures – RETAINED

Stipulates that LARA may charge registration fees for events sponsored by LARA, that fees shall reflect costs of sponsoring events, that revenue generated by fees is appropriated for sponsorship costs, that excess revenue shall carry-forward, requires annual report pertaining to revenues and expenditures related to events, and limits authorization to \$500,000. Executive eliminate reporting requirement; House retains.

Sec. 226 (248). Regulatory Statistical Report – REVISED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, applications, determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for activities, entities, facilities, and industries regulated by agencies within LARA. Executive eliminates; House revises to recognize current regulatory agencies, remove agency-level summary reporting requirement, and redefine key terms.

Sec. 243. Reinventing Performance in Michigan MOUs – DELETED

Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative and submit an annual report on the RPM and associated MOUs. Executive eliminates; House concurs.

Sec. 252. Departmental Employee Performance Monitoring Process – DELETED

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process. Executive eliminates; House concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 301. Exploration of Carbon Dioxide Capture – NEW

Directs the Michigan Agency for Energy (MAE) and Public Service Commission (PSC) to explore policies relating to carbon dioxide capture and sequestration that improve the state's regulatory structure. House includes.

Sec. 504. BFS Plan Review Duties to the BCC – NEW

Stipulates that new FTEs allocated to the Bureau of Construction Codes (BCC) shall be utilized for the duties previously performed by the Plan Review Division of the Bureau of Fire Services (BFS). House includes.

Sec. 507. Medical Marihuana Program Report and Fees – REVISED

Requires LARA to submit a report pertaining to the revenue, expenditures, application determinations, and timeliness of the Medical Marihuana Program and other specified information. Executive eliminates delineated reporting requirements; House retains and includes requirement to report number of registry cards within each county.

Sec. 512. Public Availability of BHCS Disciplinary Actions – DELETED

Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website. Executive eliminates; House concurs.

Sec. 514. Number of Child Care Licensing Consultants and Staff – DELETED

Requires the Bureau of Children and Adult Licensing (BCAL) to expend the interdepartmental grant from the Department of Education to increase the number of child care licensing consultants and staff who perform monitoring visits to licensees and applicants for licensure and submit a report to the Legislature detailing improvements achieved due to increased consultants and staff. Executive eliminates; House concurs.

Sec. 515. Authorization to Assess Regulatory Fees on Child and Adult Care Facilities – NEW

Authorizes LARA to assess and collect fees associated with the licensing and regulation of child care organizations and adult foster care facilities as defined pursuant to statute. Executive includes; House revises to require LARA to provide information necessary to shift spending authorization for revenue generated by the fees to a restricted fund for FY 2017-18.

Sec. 705. Vocational Rehabilitation Matching Funds – RETAINED

Requires the Bureau of Services for Blind People (BSBP) to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds. Executive eliminates; House retains.

Sec. 706. Youth Low-Vision Program Report – DELETED

Requires LARA to submit an annual report to the Legislature pertaining to the operations and expenditures of the Youth Low-Vision Program administered by the Bureau of Services for Blind People (BSBP). Executive eliminates; House concurs.

Sec. 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – REVISED

Requires LARA to submit a report pertaining to the number of medical marihuana registry identification cards issued or renewed in each county; stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county sheriffs' offices; requires reports submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Executive modifies reporting date and directs LARA to collaborate with law enforcement entities regarding the availability of grant funds; House transfers requirement to report number of registry cards within each county to Sec. 507 and concurs on the collaboration language.

Sec. 903. Firefighter Training Grants – REVISED

Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, and stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year. Executive revises to remove the declaration that the stipulations pertaining to disbursement of grants are legislative intent and eliminate intent language directing the Legislature to appropriate grant funds unexpended during the preceding year; House rejects the former and concurs with the latter revision.

Sec. 1001. Performance Metrics for LCC IT Upgrades – NEW

Requires LARA to maintain customer service standards of the Liquor Control Commission (LCC) and identify specific outcomes and performance metrics for the upgrades of LCC information technology systems. Executive includes; House concurs.

Sec. 1002. Performance Metrics for MAPS IT Upgrades and Staffing Enhancement – NEW

Requires LARA to provide improved efficiencies, functionality, and reporting capabilities of the Michigan Automated Prescription System (MAPS) and identify specific outcomes and performance metrics for the upgrade and enhancement of the MAPS. Executive includes; House concurs.