



PROTECT PEOPLE &
PROMOTE BUSINESS

Presentation of the Fiscal Year 2021
Governor's Executive Budget Recommendation
for LARA
to the House Appropriations
Subcommittee on LARA

March 10, 2020

Orlene Hawks, Director

LARA Mission and Vision

Established in FY 2020

LARA Mission:

We protect people and promote business in Michigan through transparent and accessible regulatory solutions.

LARA Vision:

To be national leaders that partner with people and businesses to improve the lives of Michigan residents through an engaged and inclusive workforce.



LARA Core Values

LARA's core values create the foundation for everything we do and represent our steadfast principles. These principles represent being open, explicit, and intentional in the work we do internally and externally:

- **Public Service** – modeling global leadership by being present and providing guidance for all members of our community
- **Transparency** – being open, explicit and intentional
- **Accessibility** – allowing open contact and equal opportunity
- **Workforce** – individuals engaged and involved within the department
- **Responsibility** – obligation to uphold accountability for actions of the department

Our mission and our vision flow directly from our core values.

When all put together, it really comes down to two main concepts – protecting people and promoting business.



Fiscal Year 2021
State of Michigan
Budget Invests In:

- Education and Skills

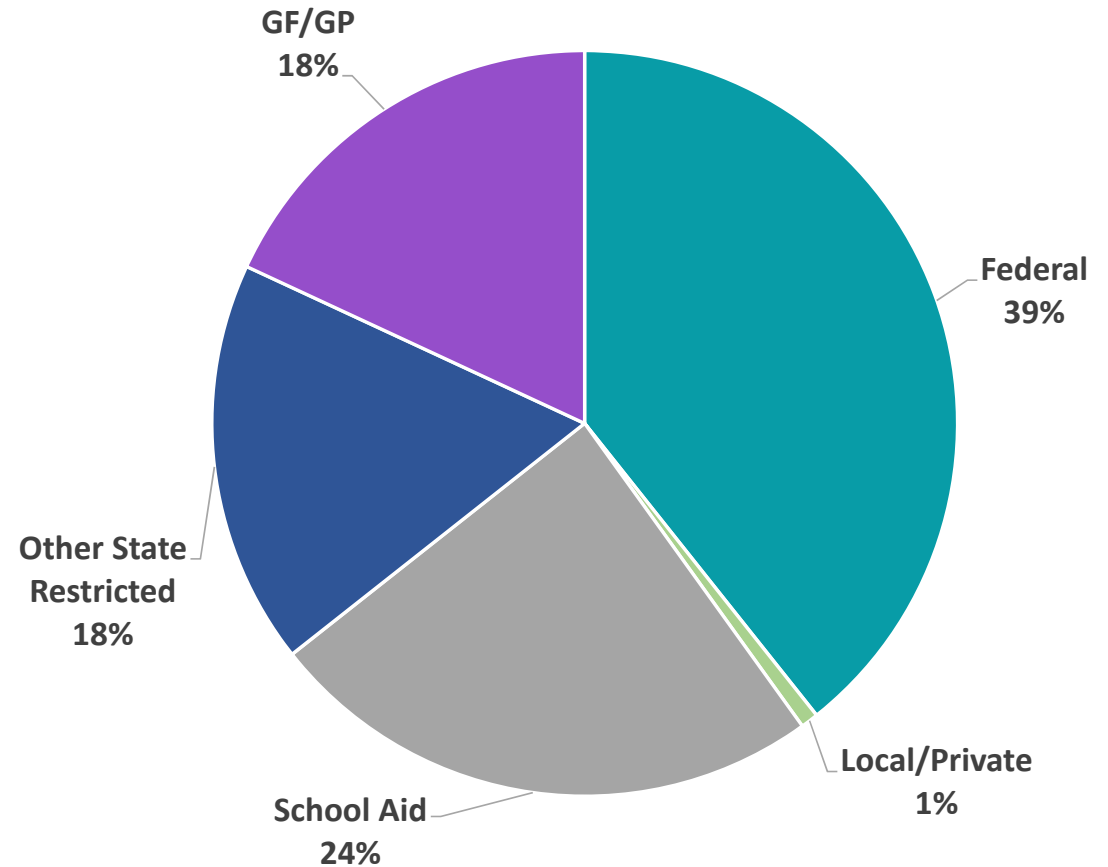
- Health and Families

- Climate and Water

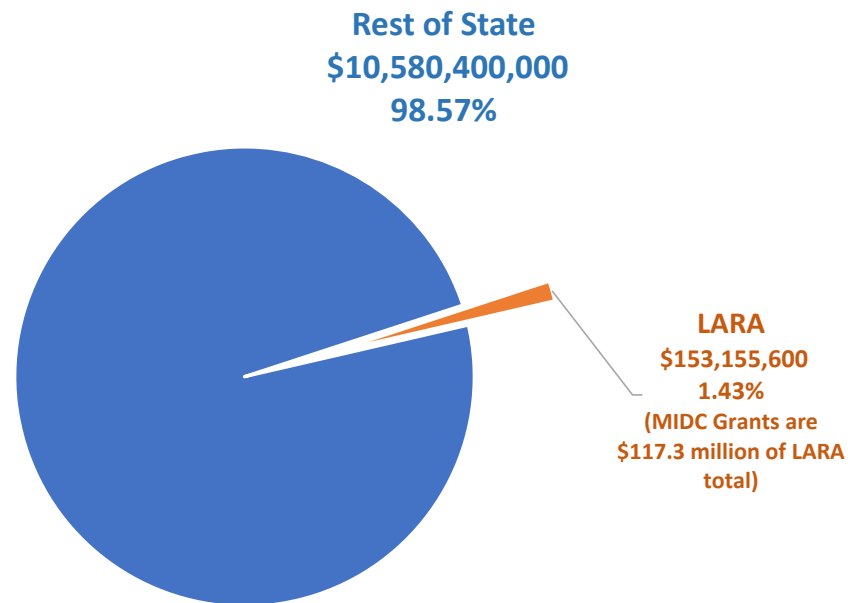
FY 2021 Budget

- General Fund has been flat for more than 20 years
- There are significant pressures on the General Fund
- We worked with State Budget Office to make reductions where it made sense

Total Statewide Budget by Source



FY 2021 LARA GF/GP as share of Total Statewide



Source: Fiscal Years 2021 and 2022 Executive Budget Recommendation



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GETTING THINGS DONE THAT WILL MAKE A DIFFERENCE IN FAMILIES' LIVES RIGHT NOW

The Governor's FY 2021 budget is focused on keeping families safe and healthy, improving public education and skills, and protecting Michigan from the harmful effects of climate change.

LARA's accomplishments in 2019 and priorities for 2020 and 2021 align with the Governor's priorities set forth in this budget.



LARA Support for the Budget

LARA Accomplishments

- Launched several IT programs for licensing and renewals creating efficiencies for the applicants, licensees, and consumers and allows for a more transparent process
- Established a partnership with MDOC to assist with licensing for returning citizens.
- Created and implemented an online resource of licensing information specifically for our military veterans and spouses.

LARA Priorities

- Bridging the gap between civilian and military employment and helping veterans gain and retain employment.
- Reducing barriers to licensure.
- Modernizing IT systems



LARA Support for the Budget

The Governor's recommended budget for our department includes:

Climate and Water

Michigan Saves Green Bank - \$5.0 million One-time GF

Health and Families

Michigan Indigent Defense Commission Compliance Plan Funding - \$36.5 million additional GF

Health and Families/Education and Skills

Ongoing funding of \$483.1 million for LARA

Jobs and Economy

Liquor Control Commission IT Request - \$5.8 million (DTMB ITIF)



MiSAVES One-time Investment - \$5.0 million GF/GP

Michigan Saves green bank funding to leverage private investment in clean energy improvements for Michigan's residents and businesses.

- The loan loss reserve fund provides a credit enhancement to lenders and incentivizes lenders to provide more favorable rates and terms for renewable energy improvements benefitting property owners and the environment.
- The investment will support Michigan's clean energy economy and fuel an energy future where residents can enjoy increased safety and health protections, a cleaner environment, and more resilient energy generation.



FY 2021 Indigent Defense Compliance Grants

MIDC Compliance Plan Grants - \$36.5 million GF/GP – FY 2021

	FY 2019	FY 2020	FY 2021
MIDC Appropriation	\$86,850,000.00	\$80,999,600.00	\$80,999,600.00
Prior Year Unexpended Grant Funds	\$0.00	\$42,900,000.00	\$0.00
MIDC Approved Grant Total	<u>\$86,722,179.85</u>	<u>\$117,447,317.62</u>	<u>\$117,447,317.62</u>
Annual Over/Under Appropriation	\$127,820.15	\$6,452,282.38	\$(36,447,717.62)

FY 2019 - \$86.9 million appropriated for local systems to comply with standards 1-4.

FY 2020 - \$81.0 million appropriated with projected unexpended funds of \$42.9 million from 2019 to fully fund compliance costs. Total estimate for FY 2020 compliance plans is \$117.5 million.

FY 2021 – Compliance plan funding level is projected at \$117.5 million, resulting in \$36.5 million increase over FY 2020 appropriation.



FY 2021 New Requests

Liquor Control Commission IT Project - \$6.9 million (ITIF)

The Michigan Liquor Control Commission (MLCC) makes alcoholic beverages available for consumption while protecting the consumer and the general public through regulation of those involved in the sale and distribution of these alcohol beverage products. The Sales, Inventory, and Purchasing application is the State's primary method of control over the distribution and sale of distilled spirits.

- Request for ITIF dollars to replace LCC's 40 year-old COBOL system for sales, inventory and purchasing of spirits. The project will be completed over two years; \$5.8 million in FY 2021 and \$1.1 million in FY 2022.
- The implementation of a modern system would reduce the risk of losing an average of \$6.4 million in spirit sales and taxes for each business day that the current application does not function.
- The new system will provide tighter control over inventory owned by the State including more accurate information on quantities, values and inventory turnover, resulting in more efficiency.



Marihuana Regulatory Agency- \$1.1 million and 8 FTE's

The Marihuana Regulatory Agency (MRA) continues to right-size its FTE's for implementation of the medical and recreational marihuana programs. As the number of licensed commercial marihuana facilities increases, the number of inspections and investigations are needed to ensure compliance and the health, safety, and welfare of the public.

- Currently, inspectors are able to conduct 40 inspections per week. It is anticipated that 54 inspections per week will be performed to ensure new facilities are inspected timely and existing facilities are inspected twice annually.
- Currently, investigators maintain a caseload of 42 investigations on an annual basis. It is anticipated the caseload will grow to 47 investigations annually. This is a result of a 60% increase in the number of investigations performed in FY 2019.



FY 2021 General Fund Reduction Plan

\$1.5 million general fund reduction

The reduction plan included in the FY 2021 Executive Budget does not impact any LARA program or staff, but does provide for savings as follows:

Liquor Purchase Revolving Fund appropriations reduced

- \$400,000 is replaced with other restricted funds
- \$410,300 reduction

GF/GP reduction

- \$100,000 replaced with restricted funds
- \$600,100 reduction in one-time FY 2020 appropriation



Boilerplate Changes

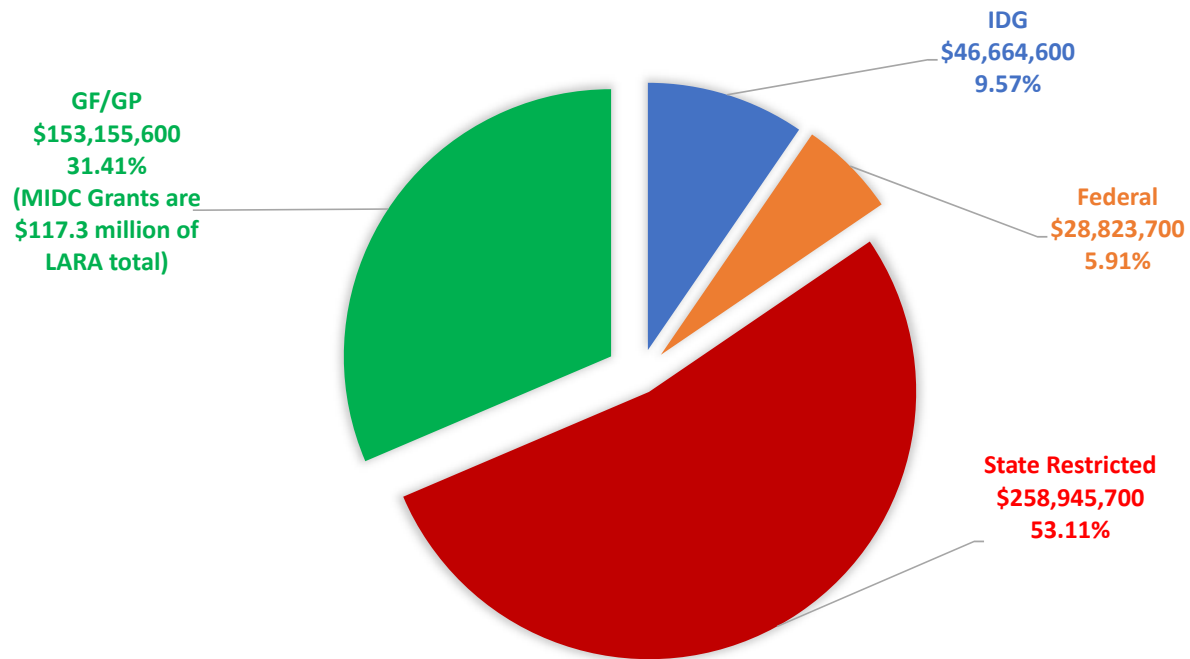
LARA's goal is to include boilerplate language that provides for consolidated reporting of program data and eliminates redundancy.

- LARA statutes require annual reports, which may overlap with boilerplate reports
- Statutory requirements mandate actions set forth in boilerplate

Removal of boilerplate associated with the transfer of programs from LARA to the Department of Labor and Economic Opportunity

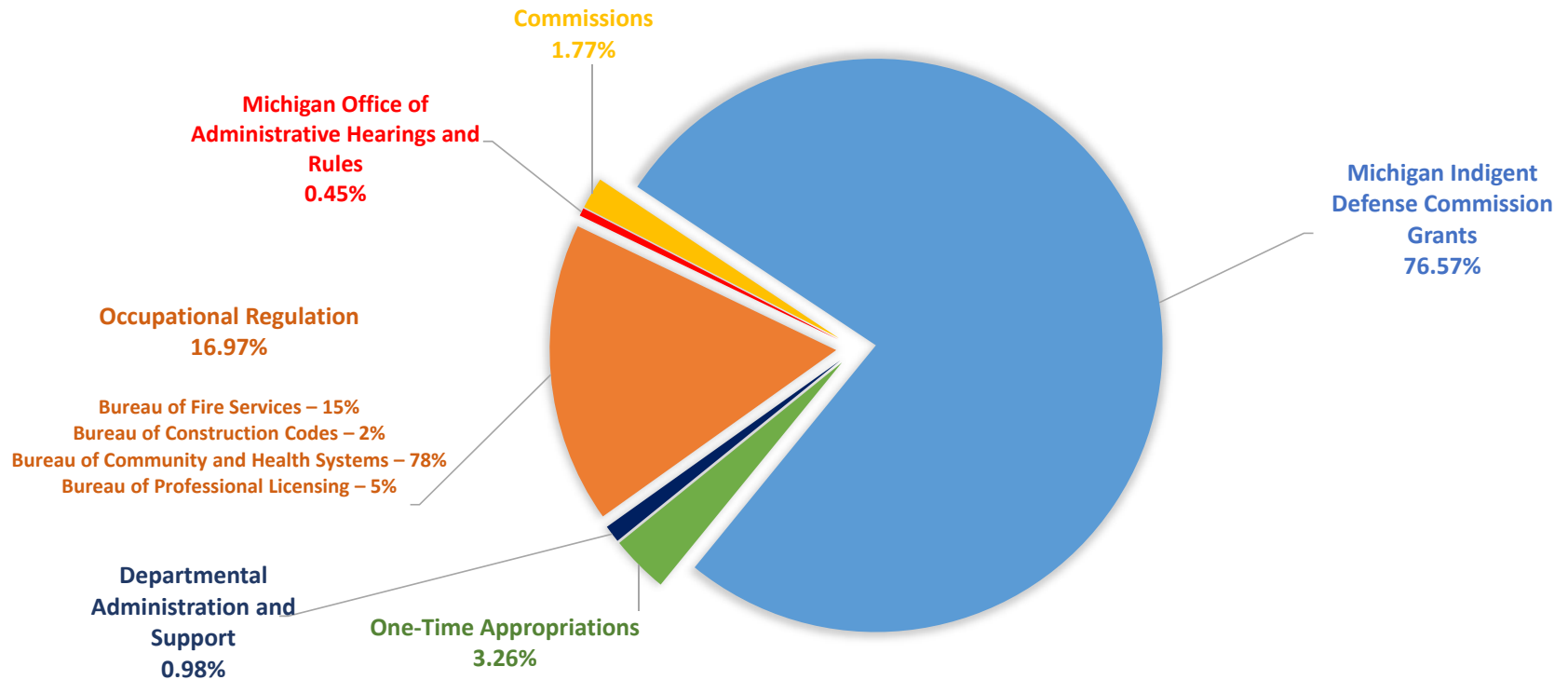


FY 2021 LARA Recommended Budget: \$487,589,600 Gross



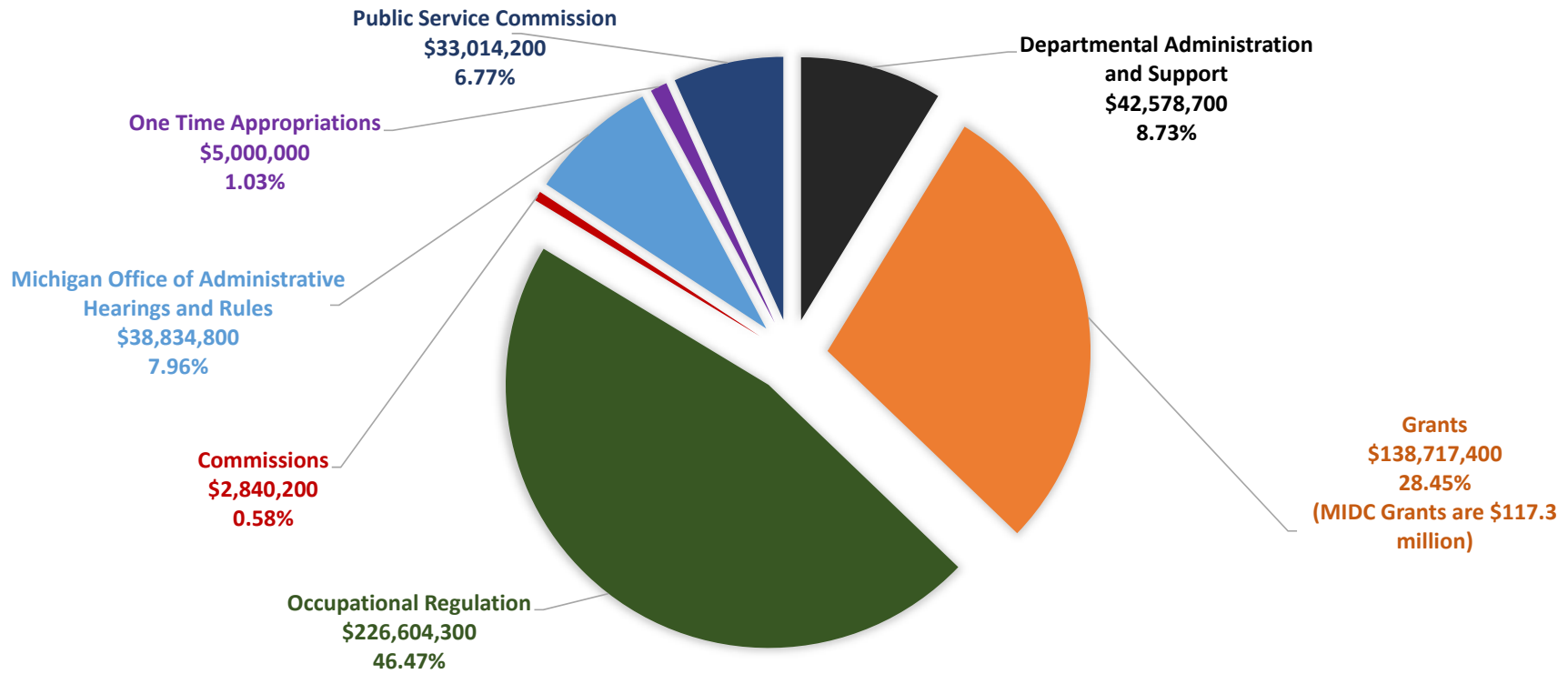
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FY 2021 Governor's Recommendation GF/GP \$153,155,600



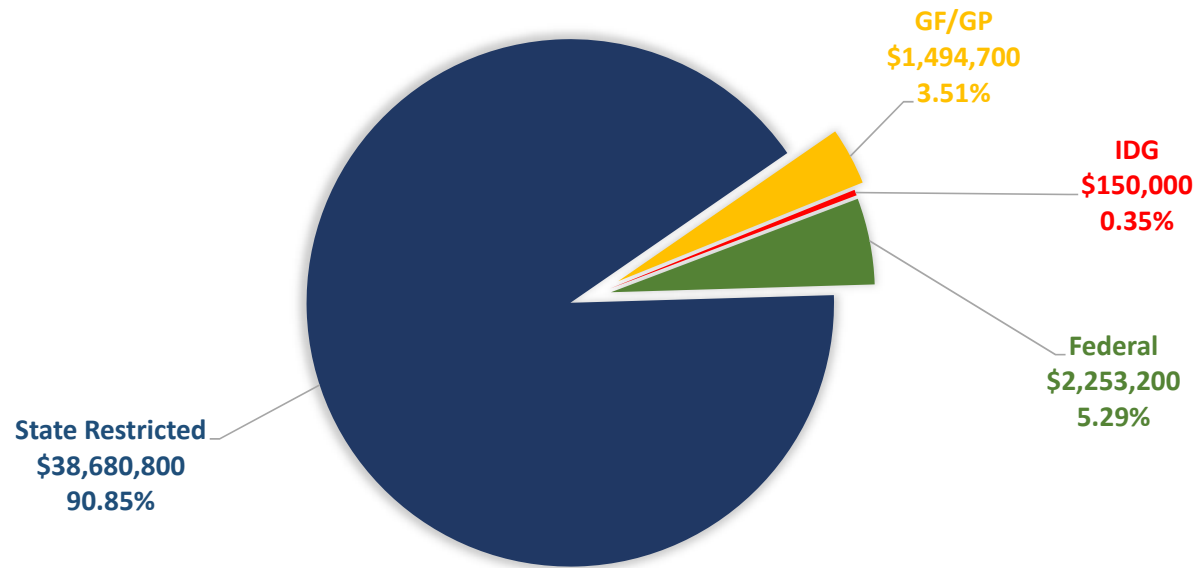
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FY 2021 Recommendation by Group



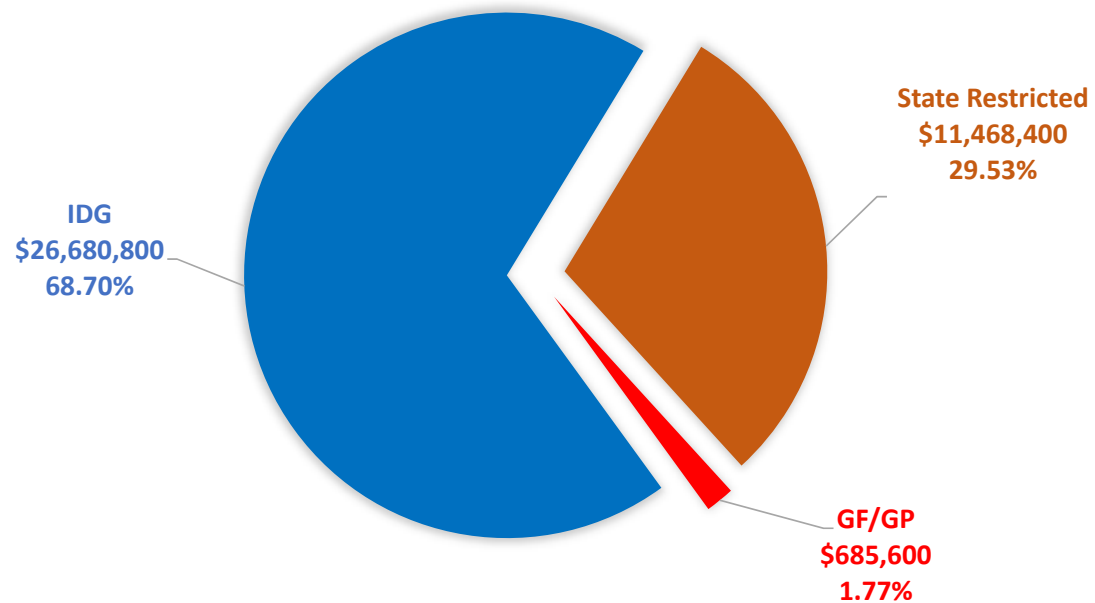
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FY 2021 Governor's Recommendation Departmental Administration \$42,578,700



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FY 2021 Governor's Recommendation
Michigan Office of Administrative Hearings and Rules
\$38,834,800

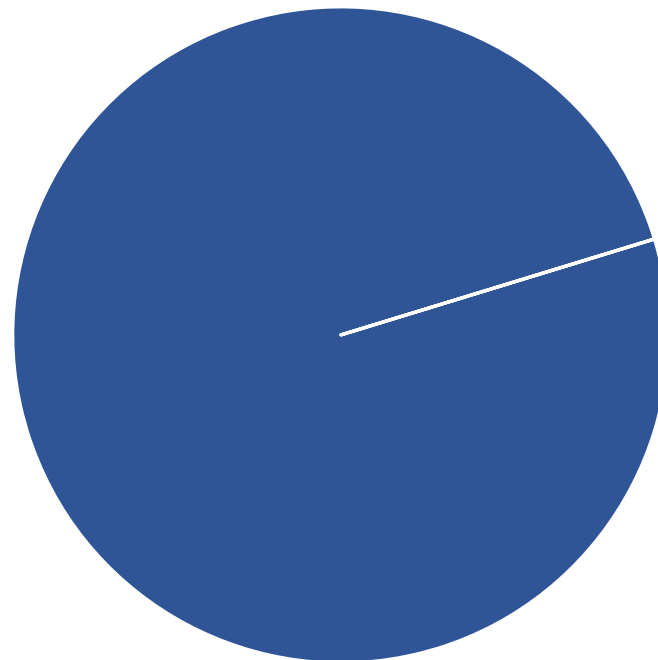


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**FY 2021 Governor's Recommendation
Public Service Commission
\$33,014,200**



FY 2021 Governor's Recommendation
Liquor Control Commission
\$21,289,800



State Restricted
\$21,289,800
100.00%



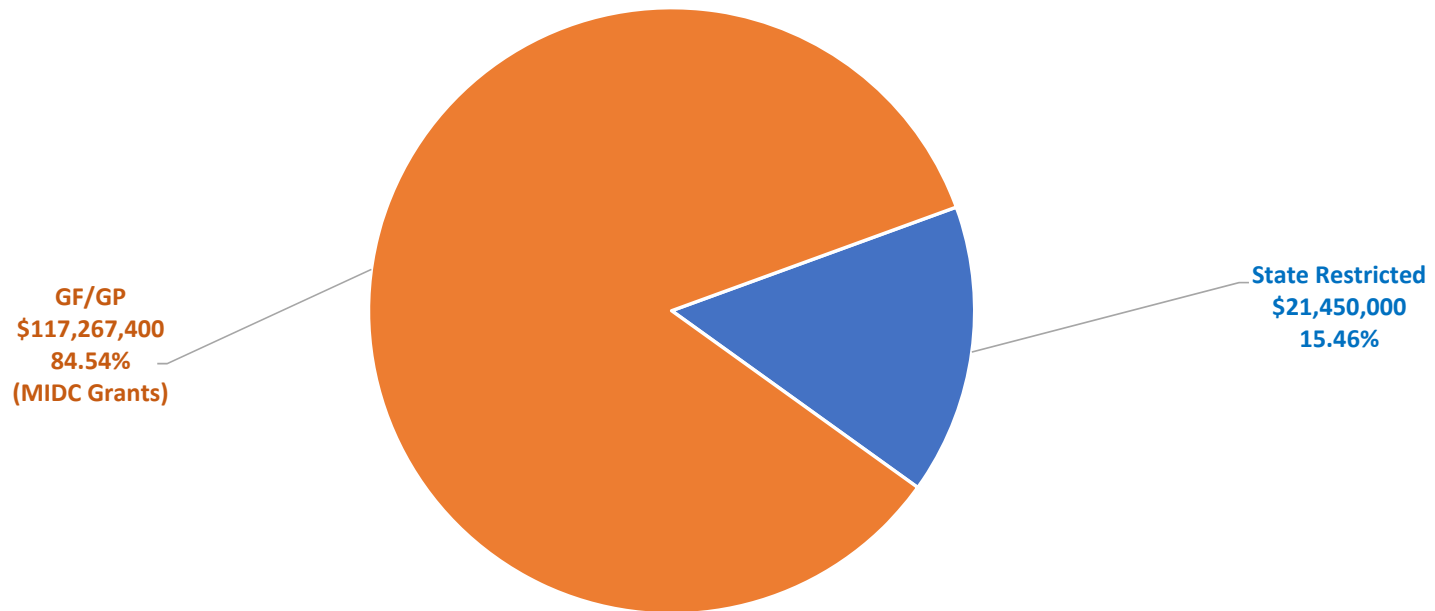
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FY 2021 Governor's Recommendation Occupational Regulation \$205,314,500

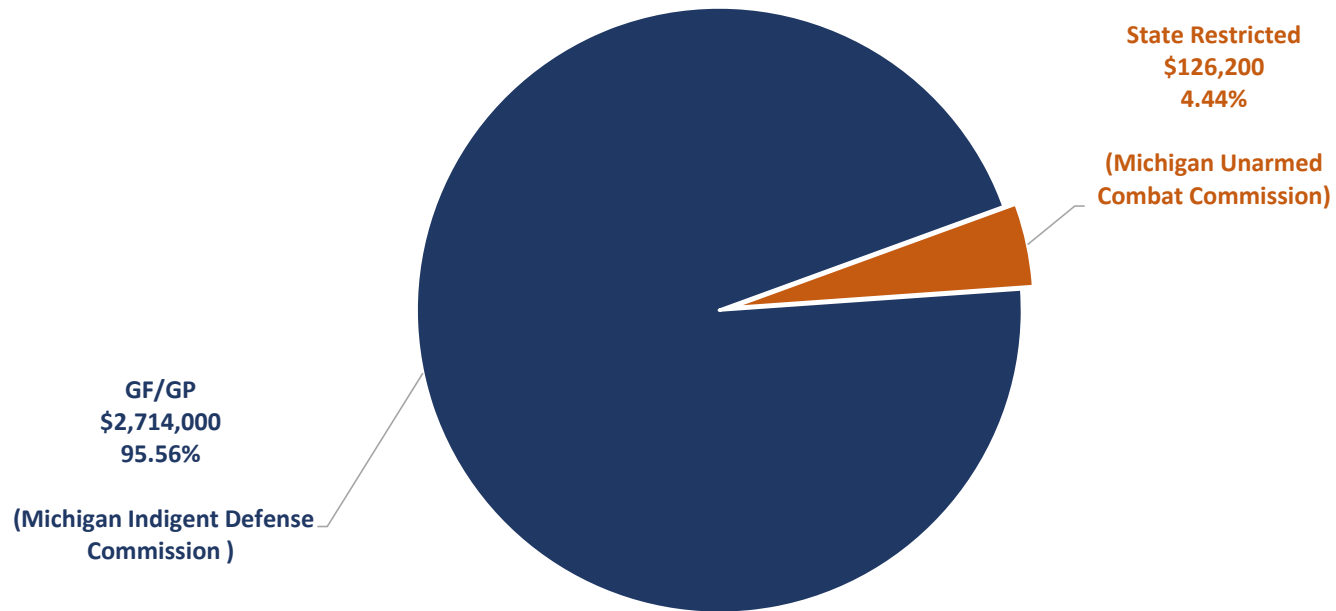


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FY 2021 Governor's Recommendation Grants \$138,717,400

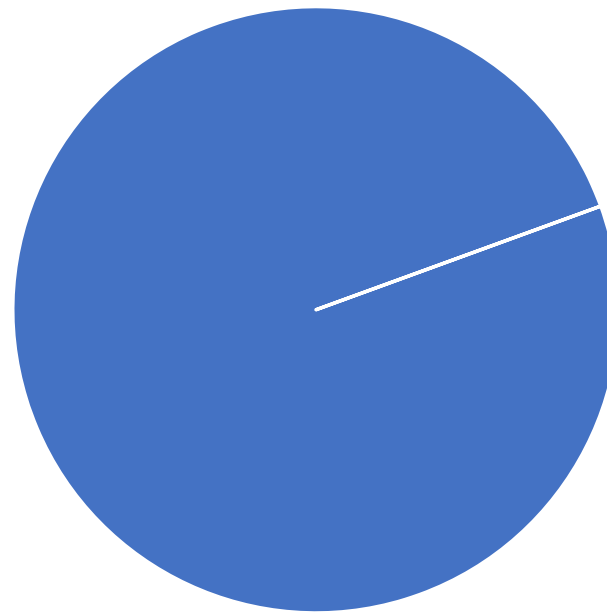


FY 2021 Governor's Recommendation Commissions \$2,840,200



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FY 2021 Governor's Recommendation
One-Time Appropriations
\$5,000,000 – GF/GP



Michigan Saves
\$5,000,000
100.00%



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Questions?

LeAnn Droste, FAS Director	241-0031
Kim O'Berry, Budget Director	241-0283
Marlon Brown, Policy and Legislative Affairs Director	241-4580

