

**FY 2016-17: DEPARTMENT OF LICENSING
AND REGULATORY AFFAIRS**
Summary: Conference Report
Senate Bill 793 (S-2) CR-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 Conference	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$46,068,700	\$46,923,800	\$46,923,800	\$46,923,800	\$46,923,800	\$855,100	1.9
Federal	63,674,900	63,818,100	63,818,100	63,818,100	63,818,100	143,200	0.2
Local	679,000	251,600	251,600	251,600	251,600	(427,400)	(62.9)
Private	341,300	314,100	111,800	314,100	111,800	(229,500)	(67.2)
Restricted	258,603,600	262,446,700	268,232,700	262,462,400	266,236,000	7,632,400	3.0
GF/GP	40,481,500	42,791,100	42,313,200	45,813,200	43,721,100	3,239,600	8.0
Gross	\$409,849,000	\$416,545,400	\$421,651,200	\$419,583,200	\$421,062,400	\$11,213,400	2.7
FTEs	2,221.8	2,230.8	2,226.8	2,229.8	2,227.8	6.0	0.3

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." (3) "Executive" includes the revisions recommended by the Executive Budget Revision #2017-3.

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

1. Michigan Automated Prescription System (Partial One-Time)
Increases spending and staff authorization by \$4.5 million, of which \$2.5 million 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. Executive includes; House and Senate concur; Conference concurs in part, but removes the one-time authorization and includes it as a supplemental for FY 2015-16.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
FTE	NA	9.0
Gross	NA	\$2,020,000
GF/GP	NA	\$2,020,000

2. Electric Reliability and Resiliency Programs
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. Executive includes; House rejects in part, but includes one new position for the PSC; Senate rejects; Conference concurs with the Executive in part, including four and rejecting one of the positions as well as expenses for modeling software.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
FTE	183.0	4.0
Gross	\$33,802,700	\$601,300
Federal	5,155,100	0
Private	30,000	0
Restricted	28,067,600	601,300
GF/GP	\$550,000	\$0

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
3. Liquor Control Commission IT Systems (One-Time)	Gross	NA	\$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> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	NA	1,560,000
4. FY 2015-16 Flint Water Emergency Supplemental Appropriations	FTE	1.0	(1.0)
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> removes; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	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	Gross	\$800,000	(\$800,000)
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> removes; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	800,000	(800,000)
6. Distance Education Reciprocal Agreements	Gross	\$0	\$300,000
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> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	0	300,000
7. Technical Authorization Adjustments and Fund Shifts	FTE	631.9	0.0
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 particulars, resulting in further reductions to private and restricted authorization; <u>Senate</u> concurs with <u>Executive</u> ; <u>Conference</u> concurs in part with <u>Executive</u> , including some <u>House</u> revisions resulting in reductions to private authorization.	Gross	\$110,954,700	(\$3,260,800)
	IDG/IDT	20,995,000	(100,000)
	Federal	22,424,400	(595,200)
	Local	429,000	(429,000)
	Private	434,600	(232,300)
	Restricted	45,997,000	(1,195,300)
	GF/GP	\$20,674,700	(\$709,000)
8. Early Out Five-Year Payouts	Gross	\$934,700	(\$934,700)
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> , <u>Senate</u> , and <u>Conference</u> concur.	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	Gross	NA	\$6,549,700
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> , <u>Senate</u> , and <u>Conference</u> concur.	IDG/IDT	NA	992,900
	Federal	NA	1,001,700
	Local	NA	1,600
	Private	NA	2,800
	Restricted	NA	3,982,500
	GF/GP	NA	\$568,200

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
10. Bureau of Fire Services Plan Review Division	FTE	7.0	(2.0)
Reduces estimated spending and staff authorization (\$500,000 GF/GP, 4.0 FTE) for the Plan Review Division of the Bureau of Fire Services (BFS) and transfers remaining related authorization (\$350,000 restricted, 3.0 FTE) 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. <u>House</u> includes; <u>Senate</u> does not concur; <u>Conference</u> concurs in part, but retains spending authorization within the BFS and reduces staff reduction.	Gross	\$850,000	\$0
	Restricted	350,000	0
	GF/GP	\$500,000	\$0
11. Fire Protection Grants (One-Time)	Gross	\$9,273,900	\$3,400,000
Increases spending authorization (\$3.4 million) 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. <u>House</u> includes; <u>Senate</u> does not concur; <u>Conference</u> concurs in part, but finances with revenue from the General Fund and includes as a one-time appropriation.	Restricted	9,273,900	0
	GF/GP	\$0	\$3,400,000
12. Firefighter Training Grants	Gross	\$1,000,000	\$1,000,000
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. <u>House</u> includes at \$500,000; <u>Senate</u> concurs in part, but doubles the increase; <u>Conference</u> concurs with <u>Senate</u> .	Restricted	1,000,000	1,000,000
13. First Responder Presumed Coverage Fund	Gross	\$0	\$3,000,000
Increases spending authorization to support the First Responder Presumed Coverage Fund created by 2014 PA 515 and which, upon appropriation, provides workers' compensation benefits to eligible firefighters diagnosed with statutorily specified cancers who are ineligible for or denied other disability pension benefits; supported with revenue from the Forest Development Fund into which proceeds from the sale of contracts to harvest timber on state lands are deposited. <u>House</u> includes; <u>Senate</u> concurs in part, but finances with revenue from the General Fund; <u>Conference</u> concurs in part, but leaves unresolved which restricted fund source will be expended to finance claims against the Fund.	Restricted	0	3,000,000
	GF/GP	\$0	\$0
14. Offices of Regulatory Reinvention & Reinventing Performance in MI	FTE	10.0	(7.0)
Removes spending and staff authorization (\$495,500 GF/GP, 4.0 FTE) for the Office of Regulatory Reinvention (ORR), which supervises the promulgation of administrative rules by departments and agencies throughout state government, and staff authorization (6.0 FTE) for the Office of Reinventing Performance in MI (RPM), which researches administrative processes and procedures to increase efficiency and effectiveness through modern managerial techniques, both of which were transferred from LARA to the Department of Technology, Management, and Budget via Executive Order 2016-4; while retaining the spending authorization for the RPM (\$715,900 from Corporations Fees) and adding staff authorization (3.0 FTE) within the LARA administrative office to continue departmental process improvement activities. <u>Executive</u> includes in revision; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$1,182,600	(\$495,500)
	Restricted	700,000	0
	GF/GP	\$482,600	(\$495,500)
15. Hispanic, Asian Pacific, and Middle Eastern Commissions	FTE	NA	3.0
Includes spending and staff authorization (\$473,400 GF/GP, 3.0 FTE) for the Hispanic/Latino Commission of MI, Asian Pacific American Affairs Commission, and the Commission on Middle Eastern American Affairs which were transferred to LARA from the Department of Civil Rights via Executive Order 2016-3 and are charged with promoting the interests of and advising the state government on their respective ethnic populations. <u>Executive</u> includes in revision; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	NA	\$473,400
	GF/GP	NA	\$473,400

Major Boilerplate Changes From FY 2015-16

Note: Executive, House, and Senate variously renumbered several sections; section numbers below are referenced as they appear in SB 793 (S-2) CR-1 with the section numbers as they appear under current law in parenthesis, if different.

Sec. 207 (218). Out-of-State Travel Requirements and Report – REVISED

Requires LARA to submit a report pertaining to out-of-state travel for state employees, including the dates of each travel occurrence and the related expenses and fund sourcing of each travel occurrence. Senate revises to stipulate various limitations regarding under which conditions LARA may send employees on out-of-state travel, further limit the expenditure of state funds on out-of-state professional development conferences, and require a detailed annual report on out-of-state travel; Conference concurs.

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 amounts; Senate does not concur; Conference concurs with House.

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, Senate, and Conference retain.

Sec. 217 (212). Record Retention – RETAINED

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

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, Senate, and Conference retain.

Sec. XXX (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; Senate retains; Conference concurs with House.

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

Prohibits LARA from developing or producing television or radio productions. Executive eliminates; House and Senate retain.

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

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; Senate revises to require report only if accounting structures are changed; Conference concurs with Senate.

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

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 eliminates reporting requirement; House retains; Senate concurs with Executive; Conference concurs with Senate.

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; Senate retains current language; Conference concurs with House.

Sec. XXX (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, Senate, and Conference concur.

Sec. 227 (252). Departmental Employee Performance Monitoring Process – RETAINED

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; Senate retains; Conference concurs with Senate.

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; Senate does not concur; Conference concurs in part with House, but adds reporting requirement.

Major Boilerplate Changes From FY 2015-16

Sec. 401. IT Upgrades to Mitigate Licensure Delays – NEW

Directs the Liquor Control Commission (LCC) to utilize its existing appropriation from the Liquor Purchase Revolving Fund to invest in information technology upgrades to expedite the measuring of distance between applicants and churches or schools. Senate includes; Conference concurs.

Sec. 402. Investigation of Direct Shipments of Wine – NEW

Directs the Liquor Control Commission (LCC) to expend its existing appropriation from the Direct Shipper Enforcement Revolving Fund to investigate unlawful direct shipments of wine by unlicensed wineries and retailers and submit a related report to the Legislature. Senate includes; Conference concurs.

Sec. XXX. BFS Plan Review Duties to the BCC

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; Senate does not concur; Conference concurs with Senate.

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 transfers requirement to report number of registry cards within each county from Sec. 902; Senate retains current language; Conference concurs with House.

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; Senate retains; Conference concurs with House.

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; Senate retains; Conference concurs with House.

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; Senate concurs with Executive; Conference concurs with House.

Sec. 516. Wood Products Manufacturing Facilities Inspection Method and Report – NEW

Stipulates intent that LARA establish a consistent method for inspecting wood products manufacturing facilities, directs LARA to focus on inspecting such facilities housing multiple LLCs, and requires LARA to submit a report pertaining to such inspections. Senate includes; Conference concurs in part, but makes revisions removing specification to focus on facilities with multiple LLCs and adding and modifying several specified reporting requirements.

Sec. 517. Opioid Overprescribing Report – NEW

Requires LARA to submit a report pertaining to the overprescribing of opioids by licensed prescribers and actions undertaken by LARA in response to such overprescribing. Senate includes; Conference concurs in part, but makes revisions by adding and modifying several specified reporting requirements.

Sec. 518. Notice of AFC, HFA, and LTC Facility Closing – NEW

Requires the Bureau of Community and Health Systems (BCHS) to notify legislatures representing districts wherein licensed adult foster care home, home for the aged, and nursing home facilities receiving Orders of Suspension are located. Conference includes.

Sec. 519. 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; Senate concurs in part, but does not include three of the performance metrics; Conference concurs in part, but makes revisions directing LARA to consider releasing statistical information for research purposes and modifying and adding various specific reporting requirements.

Sec. 701. First Responder Presumed Coverage Fund – NEW

Stipulates that the amount appropriated within the line item shall be deposited into the Fund created by Section 405 of the Worker's Disability Compensation Act of 1969. House includes; Senate does not concur; Conference concurs in part, but revises to appropriate money within the First Responder Presumed Coverage Fund for the purposes pursuant to Section 405.

Major Boilerplate Changes From FY 2015-16

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, Senate, and Conference retain.

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; Senate retains; Conference concurs with House.

Sec. XXX. First Responder Presumed Coverage Fund

Stipulates that the money appropriated for the line item shall only be expended to pay authorized claims and administer the Fund pursuant to section 405 of the Worker's Disability Compensation Act of 1969. Senate includes; Conference rejects in favor of including Sec. 701.

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 concurs on the collaboration language but transfers requirement to report number of registry cards within each county to Sec. 507; Senate retains current language; Conference concurs with House.

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; Senate retains current language; Conference concurs with House.

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, Senate, and Conference concur.