

**Summary: Executive Budget Recommendation
for Fiscal Year 2020-21
LICENSING AND REGULATORY AFFAIRS**



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	FY 2019-20	FY 2020-21	Difference: FY 2020-21	
	Year-to-Date as of 2/6/20	Executive	Amount	%
IDG/IDT	\$44,225,300	\$46,664,600	\$2,439,300	5.5
Federal	28,125,600	28,823,700	698,100	2.5
Local	0	0	0	--
Private	0	0	0	--
Restricted	251,328,300	258,945,700	7,617,400	3.0
GF/GP	111,606,400	153,155,600	41,549,200	37.2
Gross	\$435,285,600	\$487,589,600	\$52,304,000	12.0
FTEs	1,849.9	1,857.9	8.0	0.4

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (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 the state's primary regulatory agency. The department oversees regulation across a variety of areas, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and marijuana. Entities within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
1. Michigan Indigent Defense Commission Grants	Gross \$80,999,600	\$36,467,800
Includes an additional \$36.5 million GF/GP for Michigan Indigent Defense Commission grants, to fund the state's projected share of indigent defense costs in FY 2020-21 (\$117.5 million). MIDC grants are distributed to funding units of district and circuit courts and currently support the implementation of approved indigent defense standards 1-4.	Restricted 200,000	0
	GF/GP \$80,799,600	\$36,467,800
2. Michigan Saves Green Bank	Gross NA	\$5,000,000
Includes \$5.0 million GF/GP for a Public Service Commission grant award to Michigan Saves (a non-profit green bank), to provide credit enhancement tools for renewable energy and energy efficiency improvement loans to commercial, residential, and public entities (with lower rates and favorable terms). Such credit enhancement tools may include a loan loss reserve fund.	GF/GP NA	\$5,000,000
3. Childcare Licensing Background Checks	Gross NA	\$1,300,000
Increases the IDG from the Michigan Department of Education by \$1.3 million to support background check costs for staff members at licensed childcare centers, with funding supporting up to 400 background checks per week. The IDG is supported in MDE by federal funding from the Child Care Development Block Grant.	IDG/IDT NA	1,300,000
	GF/GP NA	\$0

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)		Executive Change from YTD
4. Marijuana Regulatory Agency Staffing Increase	FTE	NA	8.0
Includes \$1.1 million of restricted funding and authorization for 8.0 FTE positions for the Marijuana Regulatory Agency for regulation of medical and adult-use marijuana. Of the \$1.1 million and 8.0 FTE positions, \$518,400 Gross and 4.0 FTE positions would be allocated for medical regulation and \$598,400 Gross and 4.0 FTE positions would be allocated for adult-use regulation; both would support inspector positions.	Gross	NA	\$1,116,800
	Restricted	NA	1,116,800
	GF/GP	NA	\$0
5. Marijuana Regulation Fund Adjustment	Gross	NA	\$552,000
Includes an additional \$302,000 of restricted funding authorization from the Marijuana Regulation Fund (adult-use licensing fees and excise tax revenues) for the following line items:	Restricted	NA	552,000
<ul style="list-style-type: none"> Administrative Services (\$150,000) Executive Director Programs (\$52,000) Michigan Office of Administrative Hearings and Rules (\$100,000) Information Technology Services and Projects (\$250,000). 	GF/GP	NA	\$0
6. Marijuana Regulatory Fund Adjustment	Gross	NA	\$280,000
Includes an additional \$280,000 of restricted funding authorization from the Marijuana Regulatory Fund (medical licensing fees and assessments) for the following line items:	Restricted	NA	280,000
<ul style="list-style-type: none"> Administrative Services (\$63,000) Executive Director Programs (\$17,000) Michigan Office of Administrative Hearings and Rules (\$200,000). 	GF/GP	NA	\$0
7. MIDC Statewide Grant Management System Costs	Gross	\$18,650,000	\$72,000
Includes \$72,000 GF/GP for the Information Technology Services and Projects line item for maintenance costs for the MIDC's grants management system.	Federal	1,124,500	0
	Restricted	16,338,300	0
	GF/GP	\$1,187,200	\$72,000
8. Removal of FY 2019-20 One-Time Funding	Gross	\$10,000	(\$10,000)
Removes \$10,000 of restricted funding that was included in the FY 2019-20 budget for producing educational materials to inform consumers (particularly children and young adults) about potential effects of marijuana use.	Restricted	10,000	(10,000)
	GF/GP	\$0	\$0
9. Urban Search and Rescue Removal	Gross	\$600,100	(\$600,100)
Removes \$600,100 Gross (\$600,000 GF/GP) to reflect elimination of the Urban Search and Rescue line item, which provided grant funding to the Michigan Mutual Aid Alarm System for costs associated with supervisory and essential functions at incidents where technical rescue expertise and equipment are required for effective rescue operations.	Restricted	100	(100)
	GF/GP	\$600,000	(\$600,000)

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
10. Technical Adjustments	Gross	NA (\$1,029,200)
Makes numerous fund shifts, organizational changes, authorization alignments, and technical adjustments (including effectuating EO 2019-13). The following are specific changes included:	IDG/IDT	NA 226,900
	Federal	NA (622,600)
	Restricted	NA (142,000)
	GF/GP	NA (\$491,500)
<ul style="list-style-type: none"> Rolls four line items in the Bureau of Community and Health Systems Administration line item. Transfers the Health Facilities Engineering Section from the Bureau of Construction Codes to the Bureau of Community and Health Systems (\$1.2 million Gross and 7.0 FTE positions). Increases restricted authorization from the Licensing and Regulation Fund (\$405,500) and Securities Fees (\$519,600) for the Corporations, Securities, and Commercial Licensing Bureau. Decreases Survey and Remonumentation Fund authorization for the Remonumentation Grants line item by \$500,000. Decreases restricted authorization from the Liquor Purchase Revolving Fund for the Property Management line item by \$410,300. Increases restricted authorization from the Fireworks Safety Fund for the Bureau of Fire Services line item by \$200,000. Removes \$100,000 GF/GP from Bureau of Construction Codes line item and replaces with restricted authorization from the Construction Codes Fund. Increases authorization from the Accountancy Enforcement Fund for the Bureau of Professional Licensing line item by \$80,000. 		
11. Economic Adjustments	Gross	NA \$9,154,700
Reflects increased costs of \$9.2 million Gross (\$850,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA 912,400
	Federal	NA 1,320,700
	Restricted	NA 6,070,700
	GF/GP	NA \$850,900

Major Boilerplate Changes from FY 2019-20

Sec. 207. Out-of-State Travel – REVISED

Stipulates conditions when LARA may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained within the report.

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$1.0 million in federal, \$1.5 million in state restricted, \$200,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to adjust appropriation amounts to \$10.0 million in federal, \$25.0 million in state restricted, \$1.0 million in local, and \$500,000 in private contingency funds.

Sec. 216. Communication with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 217. Television and Radio Productions – DELETED

Prohibits LARA from using appropriations to develop or produce television or radio productions through a third-party vendor.

Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED

Requires LARA, in conjunction with DHHS, to maintain an accounting structure within the state's accounting system allowing identification of expenditures associated with Healthy Michigan Plan.

Major Boilerplate Changes from FY 2019-20

Sec. 226. Regulatory Statistical Report – DELETED

Requires LARA to submit annual report specifying and summarizing statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by agencies within LARA.

Sec. 227. Employee Performance Monitoring Process – DELETED

Expresses legislative intent that LARA establish a consistent employee performance monitoring process and submit a report on planned or implemented changes to that process.

Sec. 401. Investigation of Direct Shipments of Wine and Report – REVISED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund – as required under Section 203(11) of Michigan Liquor Control Code, 1998 PA 58 – to investigate illegal direct shipments of wine and that notice shall be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Revises to eliminate requirement that the MLCC refer identified unlicensed entities to the Attorney General, modify report requirements, and to eliminate notification requirements.

Sec. 505. Medical Marijuana Program Report – REVISED

Requires LARA to submit report on revenue, expenditures, application determinations, and timeliness of Medical Marijuana Program and other specified information. Revises to adjust reporting requirements and to incorporate reporting under former sections 512 and 513 to consolidate all Marijuana Regulatory Agency reporting.

Sec. 511. Notice of AFC, HFA, and LTC Facility Closing – DELETED

Requires LARA to serve a facility and notify offices of representing legislators when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home.

Sec. 512. Marijuana Regulation Report – DELETED

Requires LARA to submit report providing information regarding licensing, revenues, and costs for medical and recreational marijuana regulation.

Sec. 513. Marijuana Community Impact Statements – DELETED

Requires LARA to report on addresses of all licensed medical and recreational marijuana facilities; requires LARA to coordinate with local authorities to create community impact statements and neighbor responsibility plans, upon request.

Sec. 515. Substance Use Disorder Program Licensing – DELETED

Stipulates requirements that residential detoxification program licensees must fulfill.

Sec. 701. Bureau of Services for Blind Persons Case Services – DELETED

Stipulates that funds appropriated for BSBP include funds for case services that may be used for tuition payments for blind clients; unexpended revenue collected by BSBP and from local and private sources may carry forward into subsequent fiscal year.

Sec. 702. Vocational Rehabilitation Matching Funds – DELETED

Requires BSBP to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds.

Sec. 703. BSBP Service Agreements – DELETED

Authorizes BSBP to provide support and services to various agencies and organizations, and for LARA to charge fees for these services; stipulates funds collected for these services are appropriated when received.

Sec. 704. First Responder Presumed Coverage Claims Excess Funds – DELETED

Authorizes excess funds received from First Responder Presumed Coverage Fund to be appropriated in an amount sufficient to pay approved claims due in current fiscal year.

Sec. 803. Ethnic Affairs Commissions Reporting – DELETED

Requires Michigan Office for New Americans to coordinate with three ethnic affairs commissions to produce report detailing commissions' activities.

Sec. 804. Ethnic Affairs Commissions Spending – DELETED

Requires expenditure of appropriated funds by the commissions to directly relate to mission statements.

Sec. 805. Michigan Office For New Americans Report – DELETED

Requires MONA to report on activities of office; stipulates reporting requirements.

Sec. 903. Local Support for Subregional Library Services – DELETED

Requires maintenance of effort for subregional libraries to receive state grants for expenditures for library services directly serving blind and persons with disabilities.

Major Boilerplate Changes from FY 2019-20

Sec. 904. Michigan Indigent Defense Commission Standards Compliance – DELETED

Stipulates an indigent defense system's duty of compliance with standards is contingent upon receipt of a grant in an amount sufficient to comply with provisions in 2013 PA 93.

Sec. 1001. Marihuana Education Funding – DELETED

Requires funding for Marihuana Education to be used to produce and disseminate materials geared toward children and young adults that highlight potential risks and consequences associated with marihuana use.

Sec. 1002. Michigan Saves Green Bank – NEW

Stipulates funding appropriated for Michigan Saves is to be distributed by the Public Service Commission as a grant to a nonprofit green bank to make energy efficiency and renewable energy loans more affordable.