LICENSING AND REGULATORY AFFAIRS
CUSTOMER DRIVEN. BUSINESS MINDED.

Presentation on:

Department of Licensing and Regulatory Affairs

By: Frank Waters, Director
Office of Policy and Legislative Affairs (OPLA)

February 25, 2015

Mission

LARA Mission: The Department of Licensing and Regulatory Affairs (LARA) supports business growth and job creation while safeguarding Michigan's citizens through a simple, fair, efficient and transparent regulatory structure.

LARA Vision: LARA will reinvent government while consistently serving our customers fairly, honestly and respectfully through an engaged and creative employee team.

LICENSING AND REGULATORY AFFAIRS

LARA Snapshot

- The licensure and/or regulation of over 100 different types of licenses is overseen by LARA.
- LARA is comprised of approximately 2,500 employees within about 20 bureaus and agencies.
- Director Mike Zimmer

LARA
LICENSING AND REGULATORY AFFAIRS

LARA Key Accomplishments and Challenges

2014 Accomplishments

Repealed or rescinded almost 2,000 rules

Implemented ORR recommendations by deregulating seven occupations and eliminating four boards

Reduced rates for workers' compensation insurance by 7.2%

Veterans programs expanded

Rectified an ongoing problem in Workers' Compensation stemming from Delphi Corporation terminating benefits to injured employees

2015 Challenges

Balancing fees to regulatory costs

Customer service

Mobile applications

Outdated IT systems need updating

LARA
LICENSING AND REGULATORY AFFAIRS

LICENSING AND REGULATORY AFFAIRS
CUSTOMER DRIVEN. BUSINESS MINDED

Goals and Continuing Priorities

1. Modern Licensing Fee Structure
2. Upgrade IT Systems

Modern Licensing Fee Structure

Fee structure supports public protection

Why Change is Needed…

- Occupational administration should support itself. Changes to statutory language needed to allow flexibility to adjust fees.
- Cost of doing business increases annually. More retirement and central agency costs are being passed on to LARA. Doing more with less.
- Many fees have not been raised in three decades.
  - 1985 to present
  - $1 in 1985 equals $2.21 today

Alternatives…

- Deregulate programs that cannot meet statutory requirements within the current funding structure.

Upgrade IT Systems

Major IT systems updated to 21st Century standards

Why Investment is Needed…

New and updated systems for:

- Liquor Control
- Workers' Compensation
- Mobile Applications
- Corporations, Securities and Commercial Licensing
- UIA Fraud Prevention (Phase 2)
- Construction Codes and Fire Services

- Government closer to the customer
- Fraud improvement will ensure funds are used for intended purposes
- Loss of cash flow when antiquated systems fail
- Avoid growth of FTEs to manage paper

Alternatives…

- Continue as is with legacy systems
- Reduce overall level of customer service and satisfaction

- Economic growth slowed if core services are not delivered "on time"

LARA
LICENSING AND REGULATORY AFFAIRS

Continuing Priorities

Priority #1

Implement Office of Regulatory Reinvention Recommendations made through Advisory Rules Committee (ARC) Process.

Efforts to Date:	8 ARCs formed to date. The ORR has released recommendations for Environmental, Insurance & Finance, Workplace Safety, Liquor Control, Occupational Licensing, Natural Resources, Inspections and Permitting, and Rulemaking Process
FY 15 – FY 16:	ORR has successfully implemented 151 ARC recommendations.
Measurements:	Number of Recommendations Implemented, number of Rules Eliminated.

LARA
LICENSING AND REGULATORY AFFAIRS

LICENSING AND REGULATORY AFFAIRS
CUSTOMER DRIVEN. BUSINESS MINDED.

Priority #2

Improve customer service by increasing the timeliness of departmental permits and licenses. Priority given to increasing accountability and decreasing processing time.

Efforts to Date:	LARA has established a lean process approach to improvements. Most noted improvements have been the 60% or more reduction in processing time in MLCC Liquor Licensing, Health Care Professionals Licensing, Real Estate Appraisal, Private Proprietary Schools License Renewals, and Construction Demolition Permits.
FY 14-15:	Improvement efforts have been launched in plan review and permitting processes in BCC, BFS and BHCS. Improvement efforts have also been launched in annual/semi annual permit inspection cycles in BFS and BCC.
Measurements:	Timeliness standards for each license type and reduction of customer time in the process.

Priority #3

Improve customer service by decreasing response time to customer complaints. Particular emphasis will be placed on occupational license complaints received by Corporations, Securities & Commercial Licensing and the Bureau of Health Care Services.

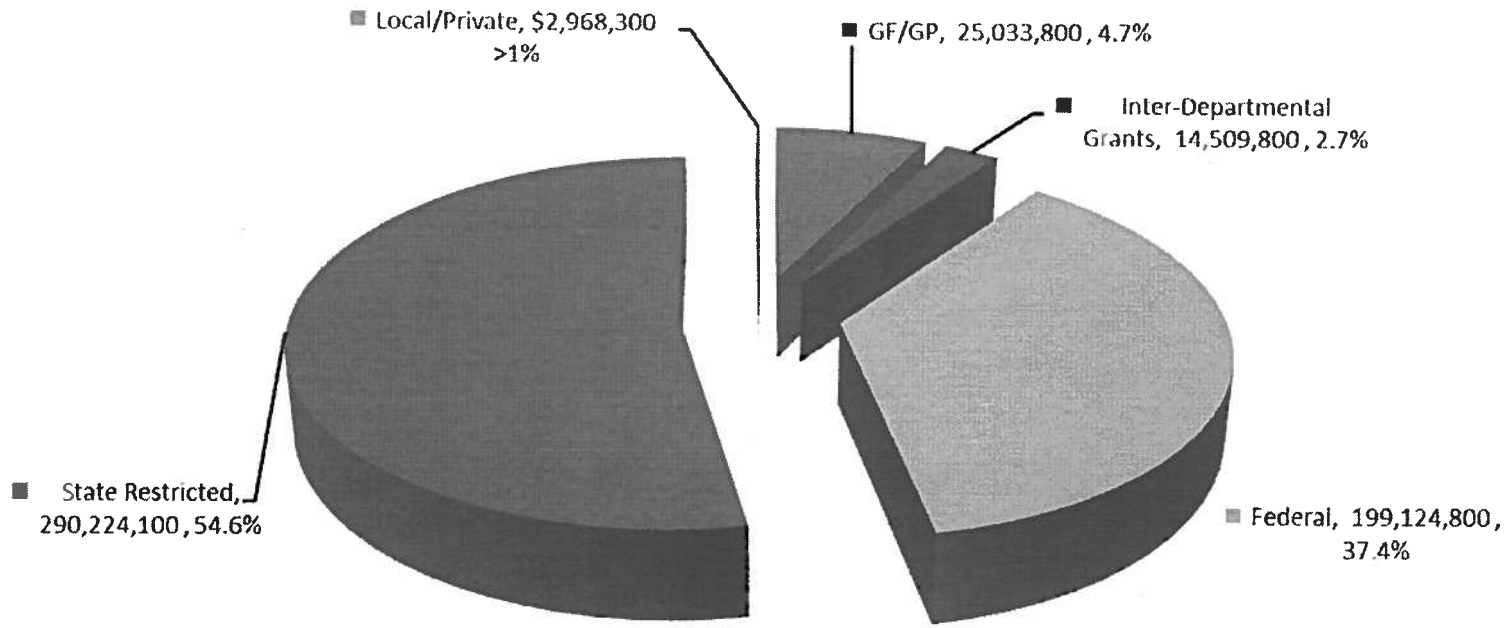
Efforts to Date: Metrics have been reviewed and established.

FY 15 – FY 16:	Best processes and procedures will be identified in all complaint processing areas of LARA with a goal of implementing process improvements, making greater use of technology, and establishing more customer friendly timelines.
Measurements:	Timeliness standards for complaint processing in relevant areas.

LARA
LICENSING AND REGULATORY AFFAIRS

Budget

FY15 LARA Enacted Budget - $542,488,200

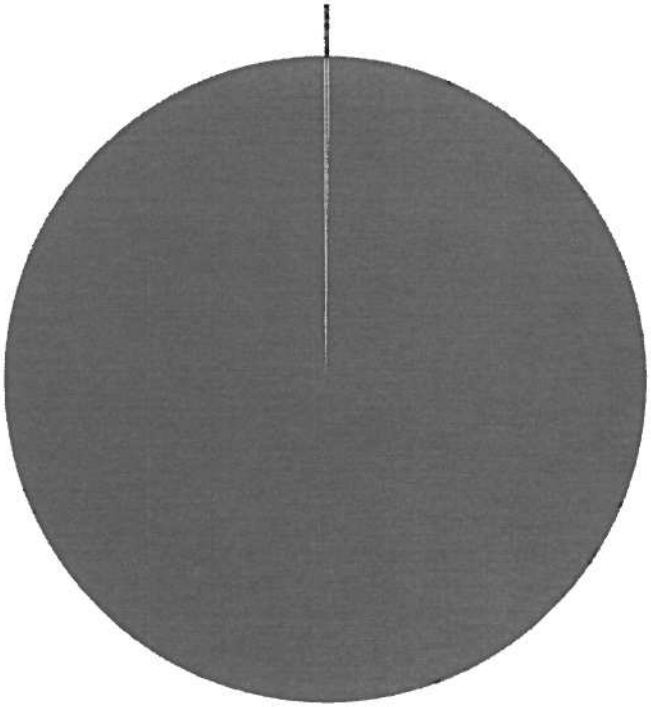


Please Note: Except for the GF/GP amount, LARA must collect cash revenues to support what it expends.
$15M of GF/GP is one-time for Delphi Workers Comp Settlements

LARA
LICENSING AND REGULATORY AFFAIRS

FY 15 LARA GF/GP as share of Total Statewide

LARA: $25,033,800



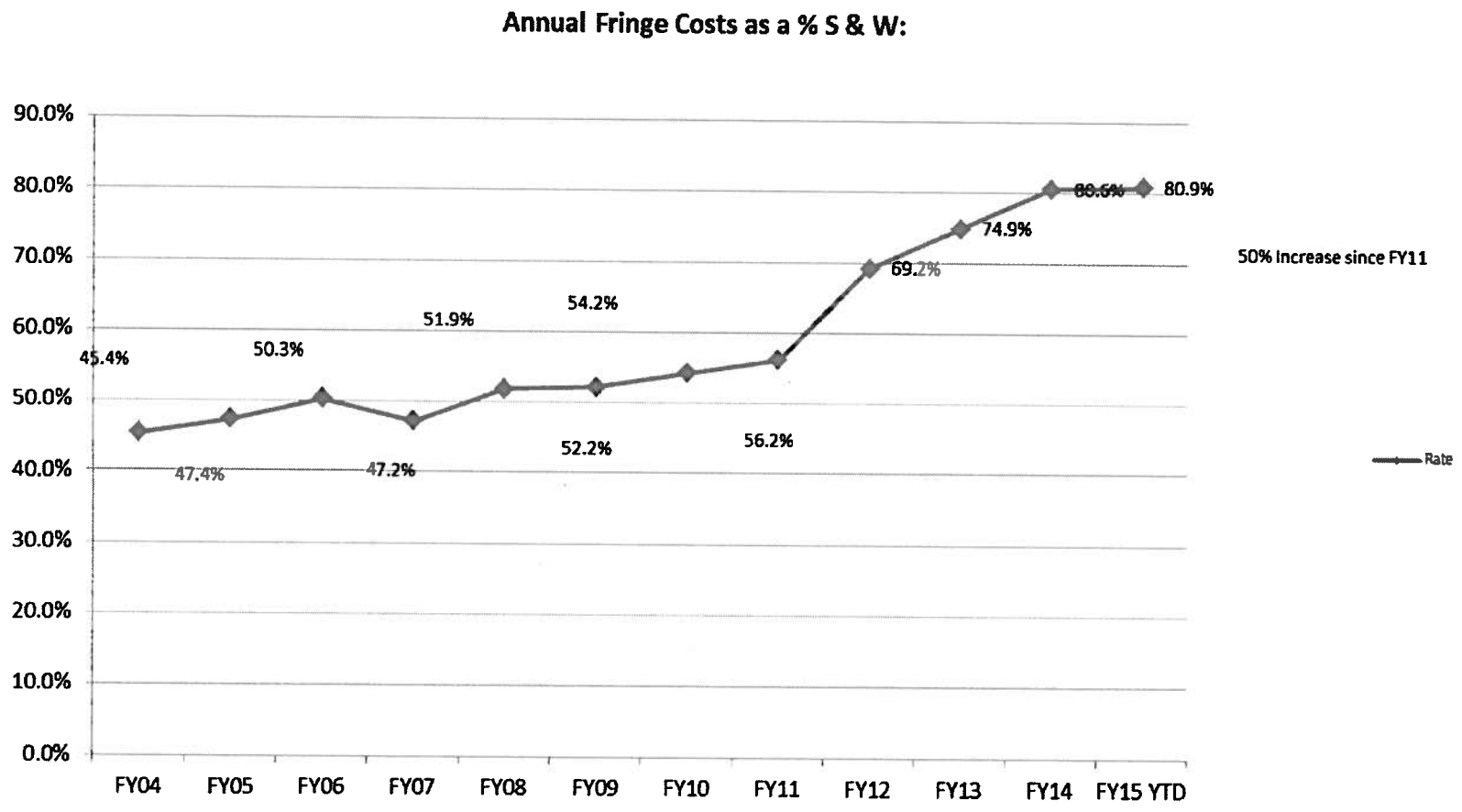
- LARA - 0.25%
- Rest of State - 99.75%

*Does not include the one-time $15 million designated to the Delphi Workers Comp Settlements

Source: FY 14-15 Appropriations

LARA
LICENSING AND REGULATORY AFFAIRS

Challenge: Current fee revenue structure is not keeping pace with increasing costs: One example



LICENSING AND REGULATORY AFFAIRS

LARA Components

- Licensing and Regulation
- Office of Regulatory Reinvention
- Employment Security and Workplace Safety
- Administrative Hearing System

LARA
LICENSING AND REGULATORY AFFAIRS

Bureau of Construction Codes

Responsible for building, boiler, electrical, elevator, mechanical, land survey and remonumentation, manufactured housing, plan review, and plumbing regulation.

LARA
LICENSING AND REGULATORY AFFAIRS

Bureau of Fire Services

Serves training needs of Michigan firefighters, reviews plans and inspects state-regulated facilities for fire and life safety.

LICENSING AND REGULATORY AFFAIRS

Bureau of Health Care Services

The Bureau of Health Care Services (BHCS) is responsible for regulating more than 400,000 health professionals in Michigan. As the State Agency (SA) for the Centers for Medicare and Medicaid Services (CMS), BHCS also oversees the federal licensing and certification programs for both long term care and non-long term care professionals and providers in Michigan.

LARA
LICENSING AND REGULATORY AFFAIRS

Corporations, Securities, and Commercial Licensing (CSCL)

Licenses and regulates more than 309,000 licensees for 30 different commercial occupations; maintains public records of 1,250,000 business entities; conducts investigations to ensure consumer protection.

LARA
LICENSING AND REGULATORY AFFAIRS

Michigan Liquor Control Commission

Provides comprehensive screening process when issuing liquor licenses. Liquor sales revenues go into the state's general fund and provide grants to cities for fire protection, substance abuse programs, convention facilities, school aid, and local governments.

LARA
LICENSING AND REGULATORY AFFAIRS

Michigan Public Service Commission

Regulates utilities, energy, natural gas, telecommunications and transportation services; energy grants and consumer information.

LICENSING AND REGULATORY AFFAIRS

Office of Regulatory Reinvention

The primary goal of the Office of Regulatory Reinvention is to work with the various departments and agencies of state government to amend unnecessary or overly restrictive rules. This will lead to a regulatory environment that is simple, fair, efficient, transparent, and conducive to business growth and job creation.

LARA
LICENSING AND REGULATORY AFFAIRS

Bureau of Employment Relations

Resolves employer/union conflicts by: mediating disputes, conducting elections, appointing neutrals to resolve impasses; enforcing statutes, education and training.

LARA
LICENSING AND REGULATORY AFFAIRS

Michigan Occupational Safety and Health Administration (MIOSHA)

Protects Michigan workers by promoting workplace safety and health through outreach training services, fair enforcement, and cooperative agreements.

Through its Wage and Hour Division, administers and enforces laws protecting wages and fringe benefits of Michigan's workers. Monitors safe, legal employment of minors.

Workers' Compensation Agency

Administers and enforces the Workers' Disability Compensation Act which provides wage replacement and medical and vocational rehabilitation benefits to people with work-related injuries and disabilities.

LARA
LICENSING AND REGULATORY AFFAIRS

Bureau of Services for Blind Persons

BSBP provides training and other services to the blind or visually impaired, which leads them to accomplishing their individual and employment goals.

LARA
LICENSING AND REGULATORY AFFAIRS

Michigan Administrative Hearing System

MAHS provides contested administrative hearing functions for most agencies within state government and is the nation's largest "central panel" of hearing officers and administrative law judges who are independent of the agency whose action is being contested.

MAHS also houses the Workers' Compensation Appellate Commission, Michigan Tax Tribunal, and the Workers' Compensation Board of Magistrates.

LARA
LICENSING AND REGULATORY AFFAIRS

Reinvent Performance Michigan (RPM)

Utilizing a systematic strategy that includes key stakeholder input, the RPM continues to closely examine every aspect of Michigan's regulatory structure to ensure our systems are efficient for our business customers.

LARA
LICENSING AND REGULATORY AFFAIRS

Office of Good Government

The Office of Good Government is charged with creating and maintaining an environment that enables and fosters the continuous reinvention of state government. It operates using four main emphasis areas: (1) Change Management, (2) Employee Engagement, (3) Performance Management, and (4) Service Process Optimization.

LARA
LICENSING AND REGULATORY AFFAIRS

Michigan Office for New Americans

The Office For New Americans' (MONA) mission is to coordinate the state's efforts to welcome immigrants and their entrepreneurship; lead efforts to encourage foreign students getting advanced degrees to stay in Michigan, build companies here, and employ Michiganders; and ensure that needed agricultural and tourism workers come to our state.

LARA
LICENSING AND REGULATORY AFFAIRS

Office of Policy and Legislative Affairs

Coordinates legislative activity for the department including monitoring legislation, reviewing legislative proposals, and drafting amendments. LARA was the lead agency for 15% of the bills introduced in the 2013-14 legislative session (502 of 3,364 introduced).

The Office also serves as the contact point for legislative offices for constituent inquiries related to the department.

Contact

Frank Waters, Director, OPLA

Email: LARA-LegislativeContact@michigan.gov

Phone: 517 241-4580

Fax: 517 241-9822

We look forward to working with you!

LARA
LICENSING AND REGULATORY AFFAIRS