

# FISCAL YEAR 2023 EXECUTIVE BUDGET RECOMMENDATION

House Appropriations  
Subcommittee on LARA

Representative Jeff Yaroch, Chair

Representative Matt Maddock,  
Majority Vice-Chair

Representative Ronnie Peterson,  
Minority Vice-Chair

March 3, 2022

**Orlene Hawks, LARA  
Director**



**LARA**  
LICENSING AND REGULATORY AFFAIRS

Protect People & Promote Business

# ABOUT LARA

- Established in 1965 as the Department of Commerce
- Reorganized and renamed LARA in 2011
- We license and regulate nearly 2 million individuals and entities
- The FY23 budget includes 1,845 classified positions (full-time equivalent) across the department
- Our work is vital to ensuring a great quality of life for all Michiganders



# ABOUT LARA

## **Our Vision**

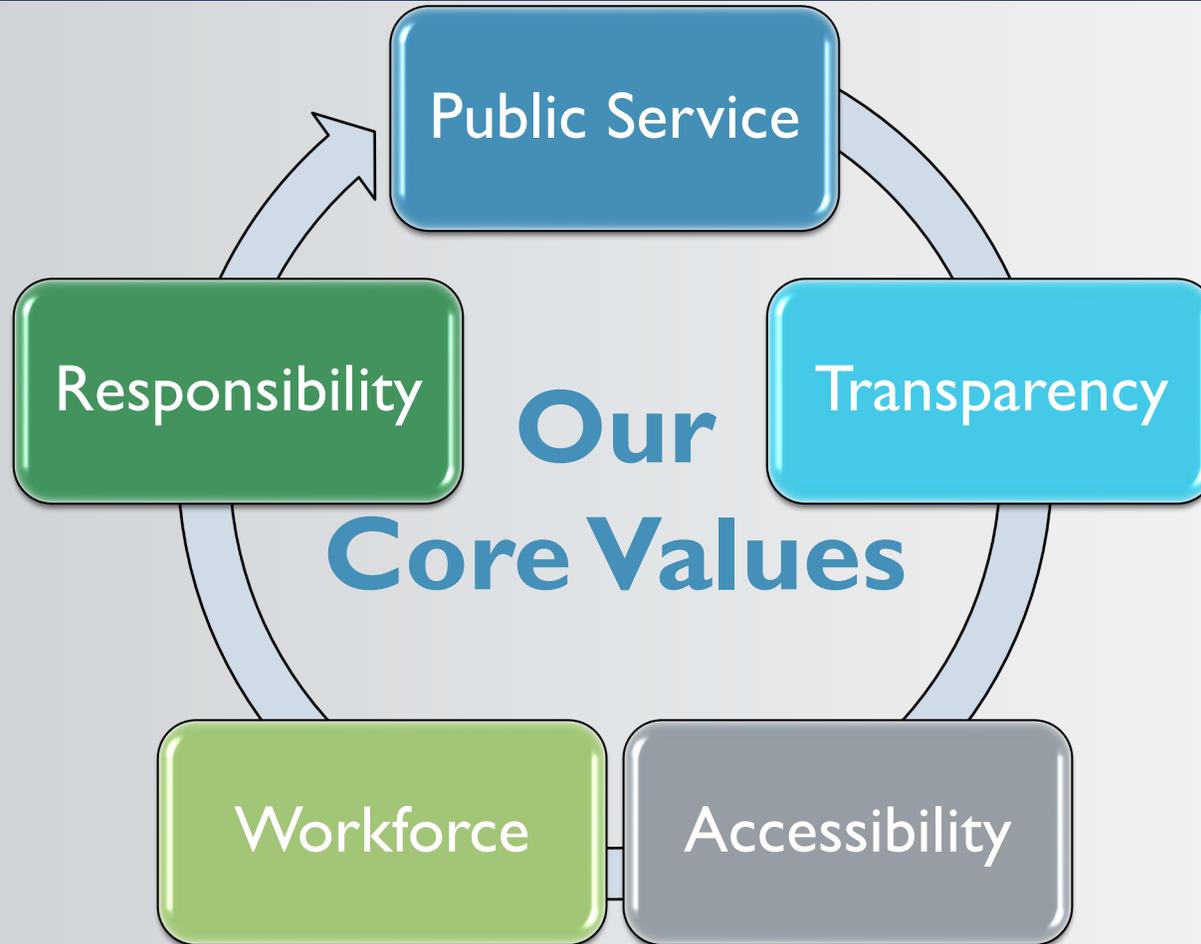
*To be national leaders that partner with people and businesses to improve the lives of Michigan residents through an engaged and inclusive workforce*



## **Our Mission**

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

# ABOUT LARA



# OUR ORGANIZATION

## Regulatory Bureaus

Child Care Licensing  
Community & Health Systems  
Construction Codes  
Corporations, Securities &  
Commercial Licensing  
Fire Services  
Professional Licensing



## Independent Agencies

Indigent Defense Commission  
Liquor Control Commission  
Marijuana Regulatory Agency  
Administrative Hearings and Rules  
Public Service Commission  
Unarmed Combat Commission



## Central Services

Communications  
Finance & Administrative Services  
Human Resources  
LARA Executive Office  
Policy & Legislative Affairs



# 2021 ACCOMPLISHMENTS

- **LARA achieved Gold Veteran-Friendly Employer status**
- **In accordance with ED 2020-7, LARA developed and enacted administrative rules that require health professionals to take implicit bias training as a condition of licensure or registration**
- **LARA worked with the Governor's office, legislative partners, DMVA, and other stakeholders to enact legislation that provides license reciprocity and fee waivers for veterans and their families**



# 2021 ACCOMPLISHMENTS



## **Bureau of Community and Health Systems (BCHS)**

- Convened a Long-Term Care Workgroup with stakeholders that created recommendations about citation patterns, facility reported incidents, quality improvement/assurance, and enforcement



## **Bureau of Professional Licensing (BPL)**

- Completed the fourth and final phase to transition all licensed professions to the MiPLUS platform



## **Child Care Licensing Bureau (CCLB)**

- Hosted access fairs in Detroit, Grand Rapids, and Traverse City
- Providing reimbursement to providers related to licensing costs

# 2021 ACCOMPLISHMENTS



## Michigan Liquor Control Commission (MLCC)

- Launched the Michigan Online Ordering system that modernizes how the commission does business



## Michigan Public Service Commission (MPSC)

- Launched Energy Affordability and Assistance Collaborative as part of the MI Power Grid Initiative.



## Michigan Indigent Defense Commission (MIDC)

- Approved new eligibility screening standard that ensures fairness in the criminal justice system

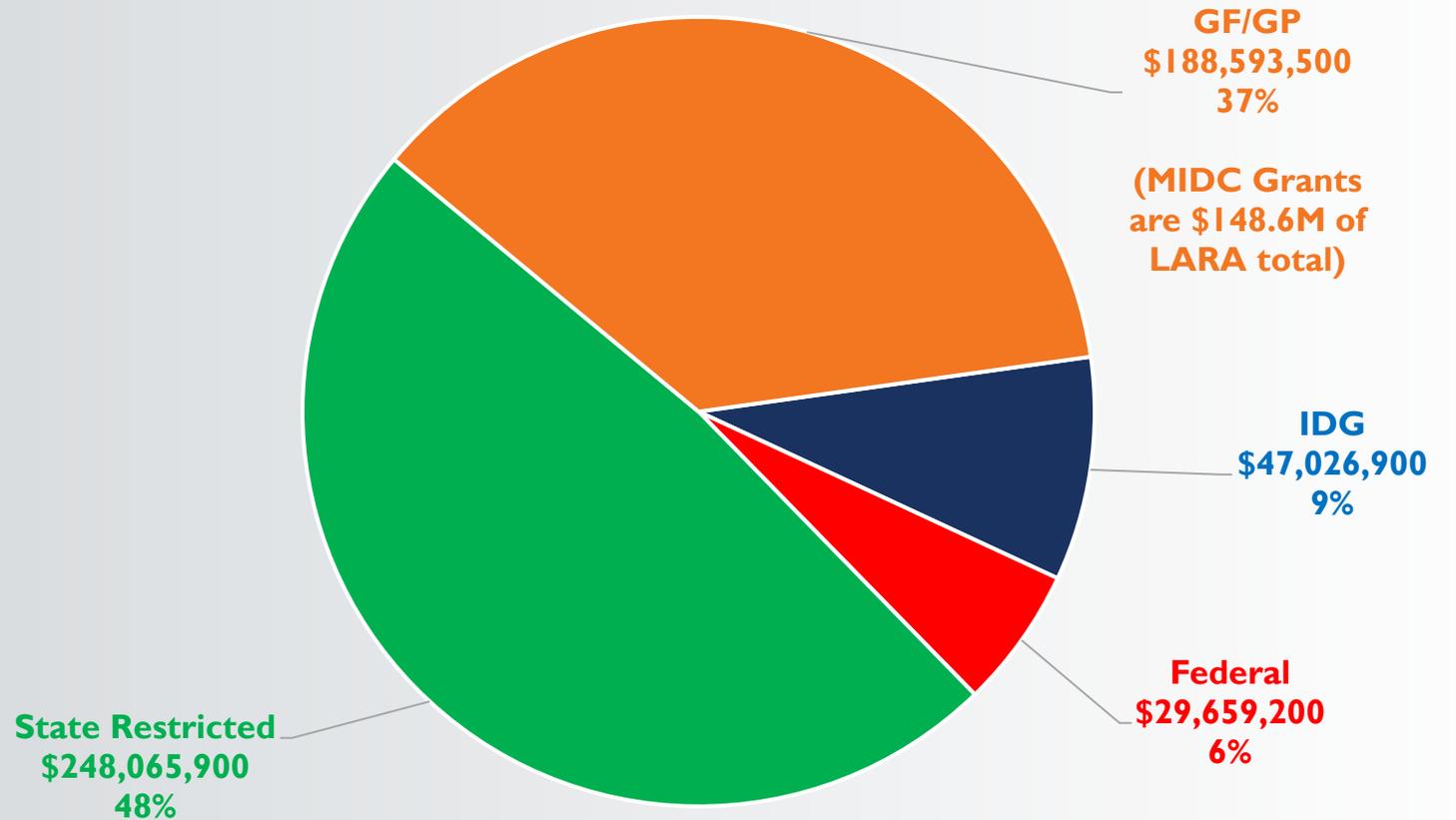
# FY 2023 STATEWIDE BUDGET PRIORITIES

**The Governor's FY 2023 Executive Budget is focused on:**

- **Lowering costs for families**
- **Fostering success for Michigan's students and teachers**
- **Rebuilding our roads and infrastructure**
- **Addressing the state's public health and public safety needs**
- **Working across the aisle to continue bipartisan progress that puts Michiganders first**

# LARA FY 2023 RECOMMENDED BUDGET

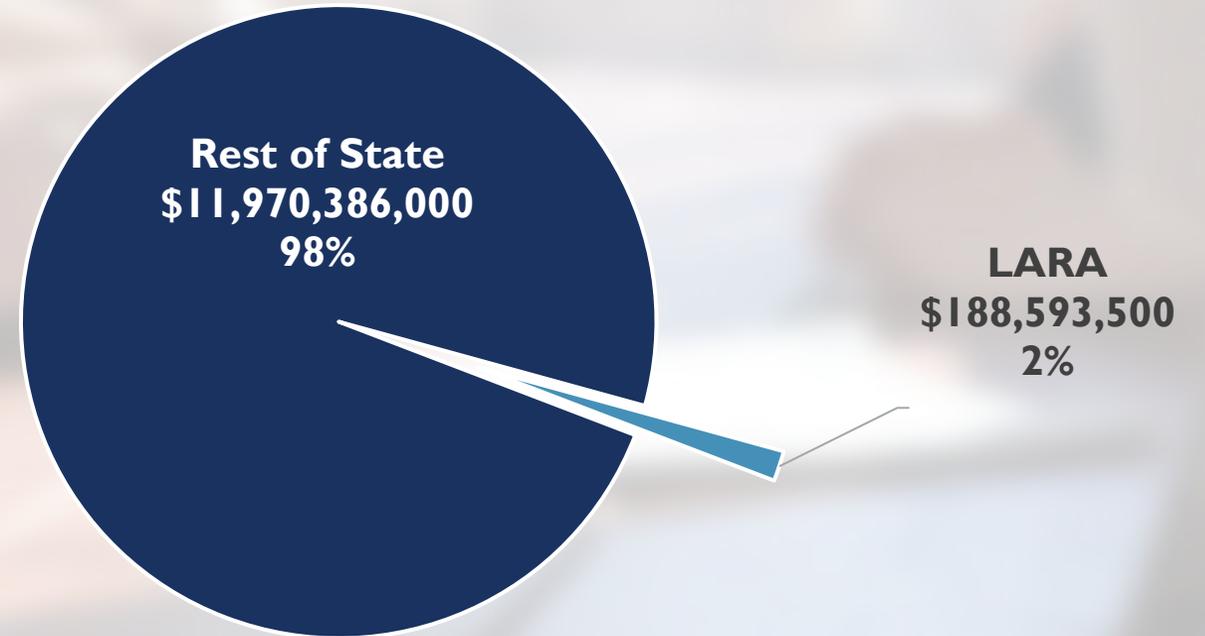
**\$513.3 million Gross**  
**\$188.6 million GF/GP**



Source: Fiscal Years 2023 Executive Budget Recommendation

# LARA FY 2023 BUDGET

The LARA budget represents less than 2% of the statewide general fund budget



Source: Fiscal Years 2023 Executive Budget Recommendation

# KEY GOALS

Reduce  
barriers to  
professional  
licensure

Provide  
Consistent  
Regulatory  
Processes

Improve  
Licensing  
Inspection  
Efficiency

Enhance  
Complaint-  
Filing  
Processes

Modernize  
IT systems

# LARA FY 2023 BUDGET HIGHLIGHTS

- **Provide broad, consultative support to skilled nursing facilities**
- **Invest in clean energy improvements for businesses and residents**
- **Streamline licensing and regulatory processes by continuing to modernize IT systems for critical programs**
- **Establish the Task Force on Foreign-Trained Medical Professional Licensing**
- **Improve services to licensees and applicants within Michigan's growing marijuana and liquor industries**
- **Expand outreach and education activities for the Public Service Commission**

# LARA FY 2023 BUDGET HIGHLIGHTS

## I. Support additional consultation through state surveyors in skilled nursing facilities

\$1.6 million GF/GP funding and 10.0 FTEs to build upon infection control consultation efforts that began during the COVID-19 pandemic.

Expanded consultation means we focus on:

- Infection Control and Prevention
- Labeling/Storage of Drugs and Biologics
- Food Procurement, Storage, Preparation and Sanitary Service
- Free of Accidents and Hazards
- Quality of Care
- Development and Implementation of Comprehensive Care Plans
- Resident Rights

This ongoing investment will allow state surveyors to provide broader support to nursing facilities, including education and consultation services, improving the overall quality of care for residents

# LARA FY 2023 BUDGET HIGHLIGHTS

## 2. Investing in clean energy improvements for businesses and residents

\$5.0 million GF/GP one-time funding for the Michigan Saves Green Bank to leverage private investment in clean energy improvements for Michigan's residents and businesses

- Provides a credit enhancement to lenders
- Incentivizes lenders to provide more favorable rates and terms for renewable energy improvements

This investment will benefit property owners and the environment while supporting Michigan's clean energy economy

- Increased safety and health protections
- A cleaner environment
- More resilient energy generation

# LARA FY 2023 BUDGET HIGHLIGHTS

## 3. Modernizing IT systems for critical licensing programs

Information Technology Investment Fund (ITIF): \$6.5 million ITIF funding requests (DTMB budget) to update critical systems:

- BCC Licensing, Inspections, and Public Portal (\$3 million)
- BFS Storage Tanks Registration and Regulation (\$1.1 million)
- Central Cashiering System (C3) Modernization (\$2.4 million)

State Restricted Funding: \$2.3 million investment to replace the Corporations Online Filing System within the Corporations, Securities, and Commercial Licensing Bureau (CSCL)

# LARA FY 2023 BUDGET HIGHLIGHTS

## 4. Establish and Support the Task Force on Foreign-Trained Medical Professional Licensing

- \$1.1 million (state restricted) funding for the establishment and support of the Michigan Task Force on Foreign-Trained Medical Professional Licensing

# LARA FY 2023 BUDGET HIGHLIGHTS

## 5. Marijuana Regulatory Agency

- \$813,700 and 5.0 FTEs to adequately fulfill licensing and regulatory functions
- Supports increased costs for regulation and licensing in the adult-use market
- Shifts \$5.3 million and 49.0 FTEs to the Recreational Marijuana Regulation program from the Medical Marijuana Facilities Licensing and Tracking program
- Recognizes the shifting demand from the medical marijuana program to the adult-use market while continuing to ensure industry compliance with consumer health, safety and welfare regulations of both programs

# LARA FY 2023 BUDGET HIGHLIGHTS

## 5. Marijuana Regulatory Agency – Continued

- Medical Marijuana Operation and Oversight Grants
- Shifts \$3 million from the Marijuana Registry Fund to the Marijuana Regulation Fund to allow for a more sustainable funding source
- Grants have historically been provided to counties for education and outreach
- Funding from the Marijuana Registry fund revenue is no longer sufficient to support the continuation of these grants

# LARA FY 2023 BUDGET HIGHLIGHTS

## 6. Support Liquor Control Commission staffing to improve services to Licensees and Applicants

- \$600,000 to bolster staffing that will improve services to licensees and applicants
- Funding and FTEs would allow MLCC to continue all operations as directed under statutory and rule requirements
- Reduce wait times, improve response times, and provide improved customer services
- MLCC provides annual renewal services to approximately 102,800 licenses and permits with all requests beginning with the Licensing Division
  - Licenses and permits issued have increased by approximately 14% since 2018

# LARA FY 2023 BUDGET HIGHLIGHTS

## 7. Expand Public Service Commission Outreach and Education Activities

This funding is consistent with the MPSC's updated strategic plan, and in anticipation of recommendations coming out of two ongoing workgroups - the Customer Education and Participation MI Power Grid, and the Energy Affordability and Accessibility Collaborative

\$282,600 (state restricted) and 2.0 FTEs to expand outreach and education activities for the Michigan Public Service Commission (MPSC)

# LARA FY 2023 BUDGET HIGHLIGHTS

## Impact of Legislative Sunset Provisions

- **LARA faces the sunset of 38 different fees in 8 separate public acts, which are all set to expire by September 30, 2023**
- **The removal of the sunsets would allow for existing fees to continue, beginning in FY 2024**
- **The first sunset would occur with Transportation Network Companies fees, which are set to expire on March 21, 2023**
- **LARA projects an \$18.9 million loss in revenue should the sunsets go into effect without legislative action to eliminate or extend the dates**

# LARA FY 2023 BUDGET HIGHLIGHTS

- **This budget makes strategic and fiscally responsible investments in Michigan's future by:**
  - **Improving Licensing Inspection Efficiency**
  - **Addressing Public Health Needs**
  - **Streamlining Modernization through Information Technology**
  - **Lowering Costs for Families**
  - **Improving Services to Licensees and Applicants**

**We look forward to partnering with you to enact our department budget for FY 2023. Our team is ready and willing to support the important work of our appropriations subcommittee.**

# LARA FY 2023 BUDGET

**ORLENE HAWKS, DIRECTOR**



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