

Presentation of FY19
Governor's Recommended Budget for LARA to House
Appropriation
House Sub-Committee on LARA

February 15, 2018

Shelly Edgerton, Director

Mission and Vision

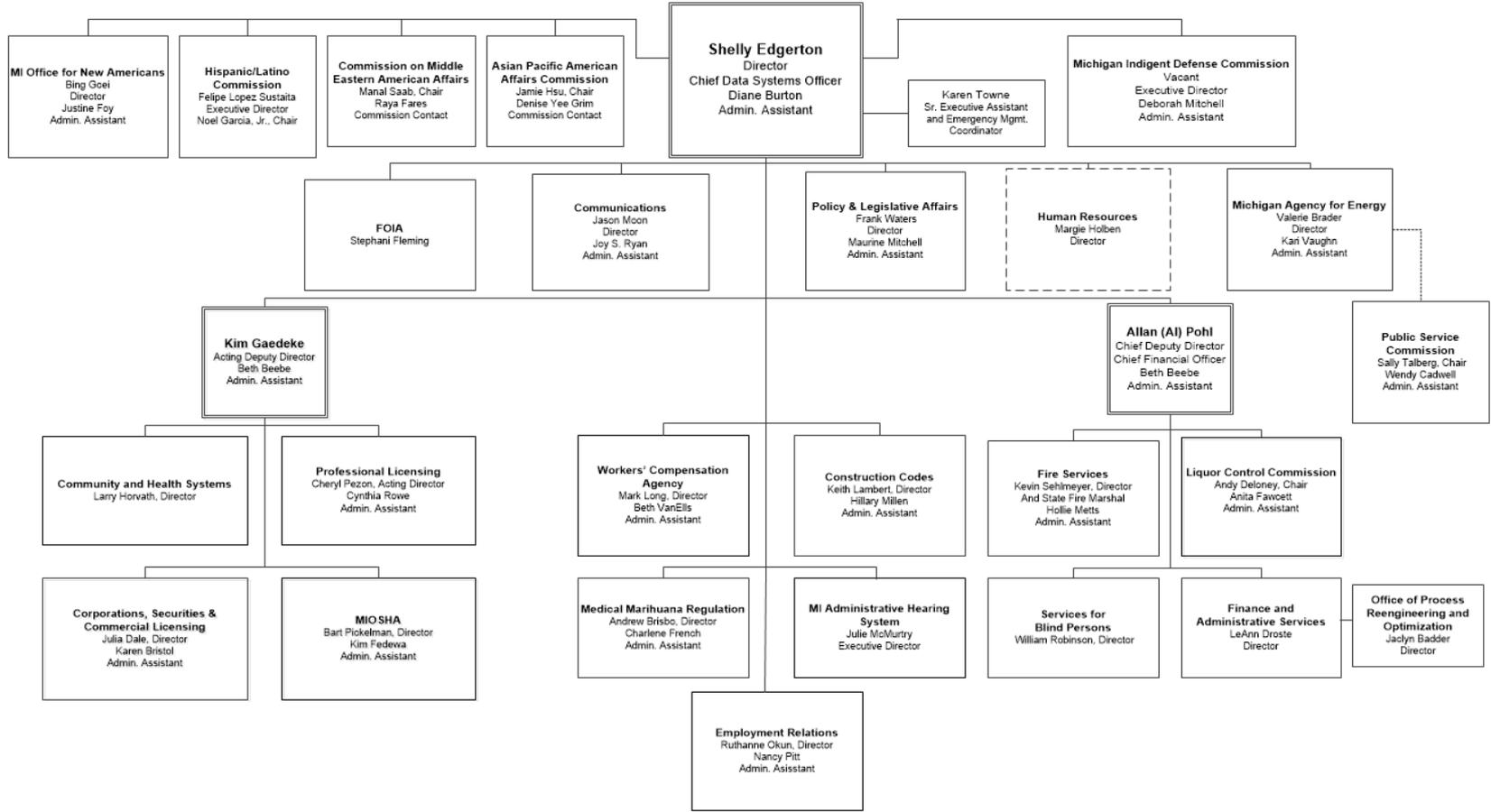
Established in FY 2011 (E.O. 2011-4)

LARA Mission: 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.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
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January 30, 2018



New Requests

1. Michigan Indigent Defense Commission Grants
2. Fire Protection Grants
3. IT Modernization Projects
4. Division on Deafness Fund (E.O. 2017-8)
5. Substance Use Disorder Programs

Michigan Indigent Defense Commission Grants

Why Investment is Needed...

P.A. 93 of 2013 created the Michigan Indigent Defense Commission (MIDC) to improve indigent defense service through a framework of minimum standards.

- The first set of minimum standards were approved in May, 2017.
- Each local indigent defense system was required to submit a compliance plan and cost analysis by November 20, 2017.
- The MIDC was tasked to review, approve, or disapprove the plans and analyses by January 19, 2018.
- 134 submissions were received totaling \$85.3 million
- As of January 31, 2018, 16 plans and analyses were approved, totaling \$6.6 million from the State.
- Remaining plans and analyses are now in the process of resubmittal by the local system.

Total funding proposed in the Executive Recommendation is estimated based on assumptions relative to disallowed costs and the remittance of partially indigent defendant reimbursements in support of statewide grant allocations.



Fire Protection Grants

Why Investment is Needed...

Increase funding for Fire Protection Grants through the implementation of a simpler, more equitable, and more predictable formula for distributing excess Personal Property Tax (PPT) on businesses across a broader base of recipients.

- First allocation of excess funds will be for Fire Protection Grants to provide guaranteed total funding of \$15.0 million per year.
- Driver Responsibility Fees in the amount of \$8.5 million will support the grants through fiscal year 2019.
- Excess PPT funds in the amount of \$6.5 million will support the grants in FY19.



IT Modernization Projects

Why Investment is Needed...

LARA is responsible for the administration and enforcement of over 200 health, occupational and facility licenses. Modernization is essential for the existing legacy systems (License 2000 and BITS) being used to manage these licenses as maintenance is costly and the resources needed for support are limited.

LARA has selected the Accela Platform as the new licensing system.

- Accela is a self-service web portal that creates efficiencies for both the agency staff and the public.**
- Accela is cloud-based and relieves the State from the burden of updating the infrastructure and application code to adapt to ever changing security standards.**



IT Modernization Projects

Why Investment is Needed...

The Bureau of Services for Blind Persons (BSBP), the state vocational rehabilitation agency, must complete the migration of its case management system to meet federal reporting requirements for providing vocational rehabilitation services for people who are blind.

- Migration from Libera, Inc to Alliance Aware. Libera, Inc is leaving the Vocational Rehabilitation area of its business and will not support the system BSBP presently uses after 2020.**
- BSBP requests funding for 21.3% of the cost to migrate to the AWARE case management system to secure 78.7% of the software migration costs from the federal government.**



Division on Deafness Fund

Why Investment is Needed...

E.O. 2017-8 transfers the responsibilities under the Deaf Persons' Interpreters Act from Civil Rights to LARA as well as creates the Board of Interpreters for the Deaf, DeafBlind and Hard of Hearing.

LARA will collect all certification fees as required under Section 8e of Deaf Persons' Interpreters Act, PA204 of 1982.

- Fees are to be deposited into the Division of Deafness Fund.**
- Revenue will be expended from the fund to support program costs.**



Substance Use Disorder Programs

Why Investment is Needed...

The medical marijuana facility act (P.A. 281 of 2016, Sec. 603(1)(e) mandates \$500,000 of the regulatory assessment be allocated to the department for expenditures of the department licensing substance use disorder program.

- Funds to strengthen and enhance the State licensing system for substance use disorder (SUD) programs under the Public Health Code, Act 368 of 1978, specifically Article 6; Mental Health Code, Act 258 of 1974, Chapter 2A; and Administrative Rules 325.14101 through 325.14928.
- Additional resources requested will help the State licensing unit for SUD programs:
 - function more efficiently
 - process applications for licensure and renewal within the required timeframes
 - provide assistance to providers from start to finish of the application process
 - conduct initial and routine licensure inspections and complaint investigations within the required timeframes
 - review current licensing requirements to propose a new tiered approach as identified in The Michigan Prescription Drug and Opioid Abuse Task Force Recommendations



Paying for Expenditures

“An appropriation isn’t a mandate to spend.” Rather, it is a ceiling departments cannot exceed.

The following sources of revenues support LARA activities:

Federal: Awarded by the Federal government and must be earned; usually requires some type of state match.

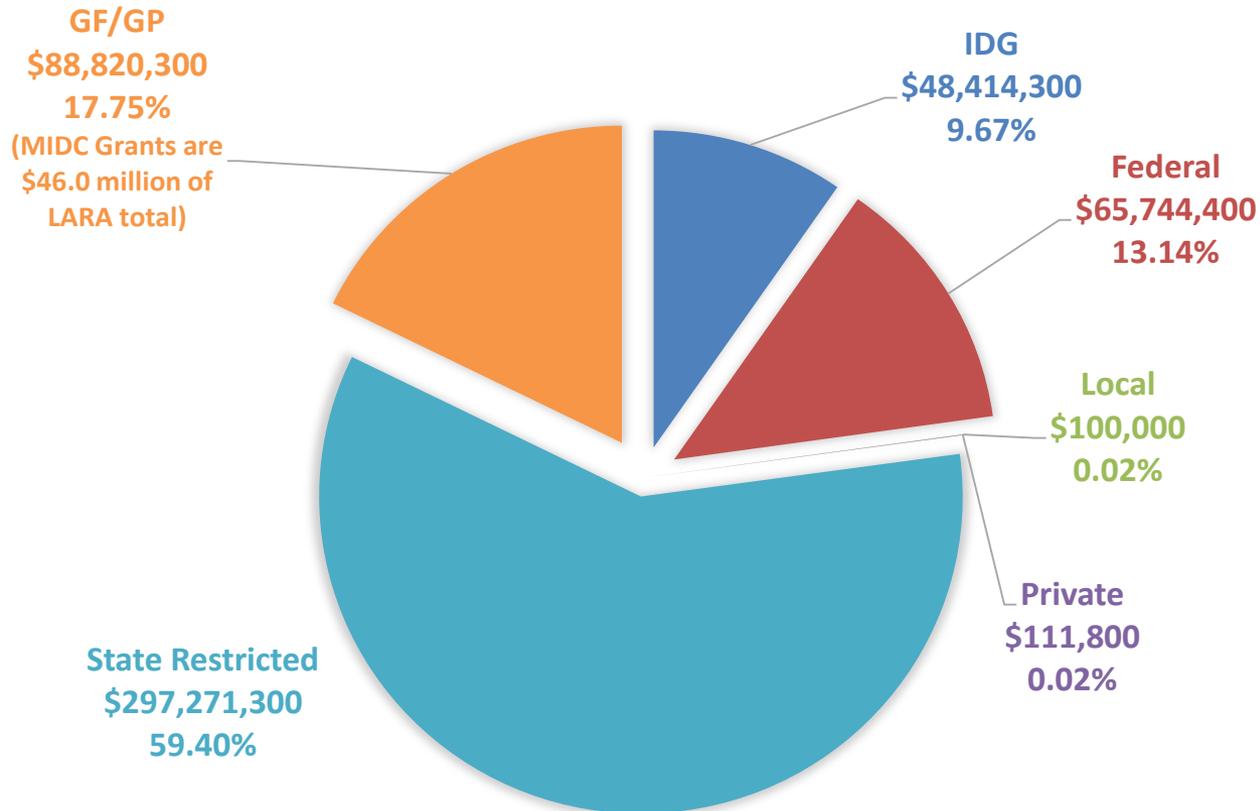
State Restricted: Revenue collected for a specific purpose. Cash must be on hand to spend.

Local/Private: Similar to state restricted.

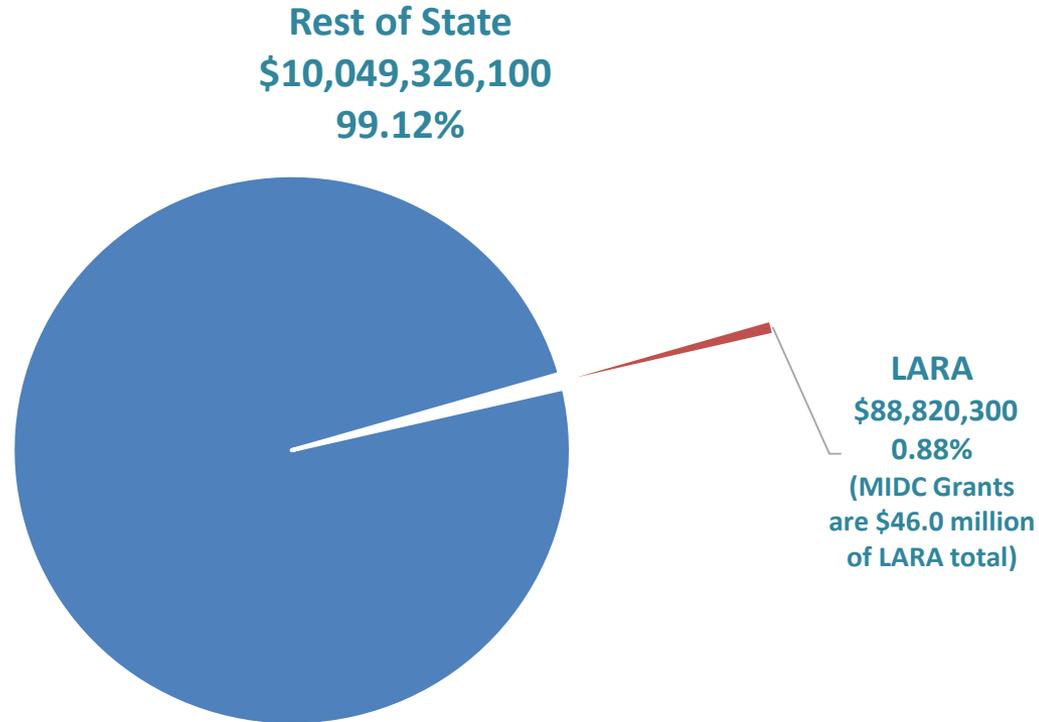
Interdepartmental grant: Payments received for LARA services provided to other departments.

GF/GP: Derived from various sources. GF/GP spending authority is “as good as cash” in that a department may spend the entire amount appropriated unless reduced by the Governor and Legislature.

FY19 LARA Recommended Budget: \$500,462,100

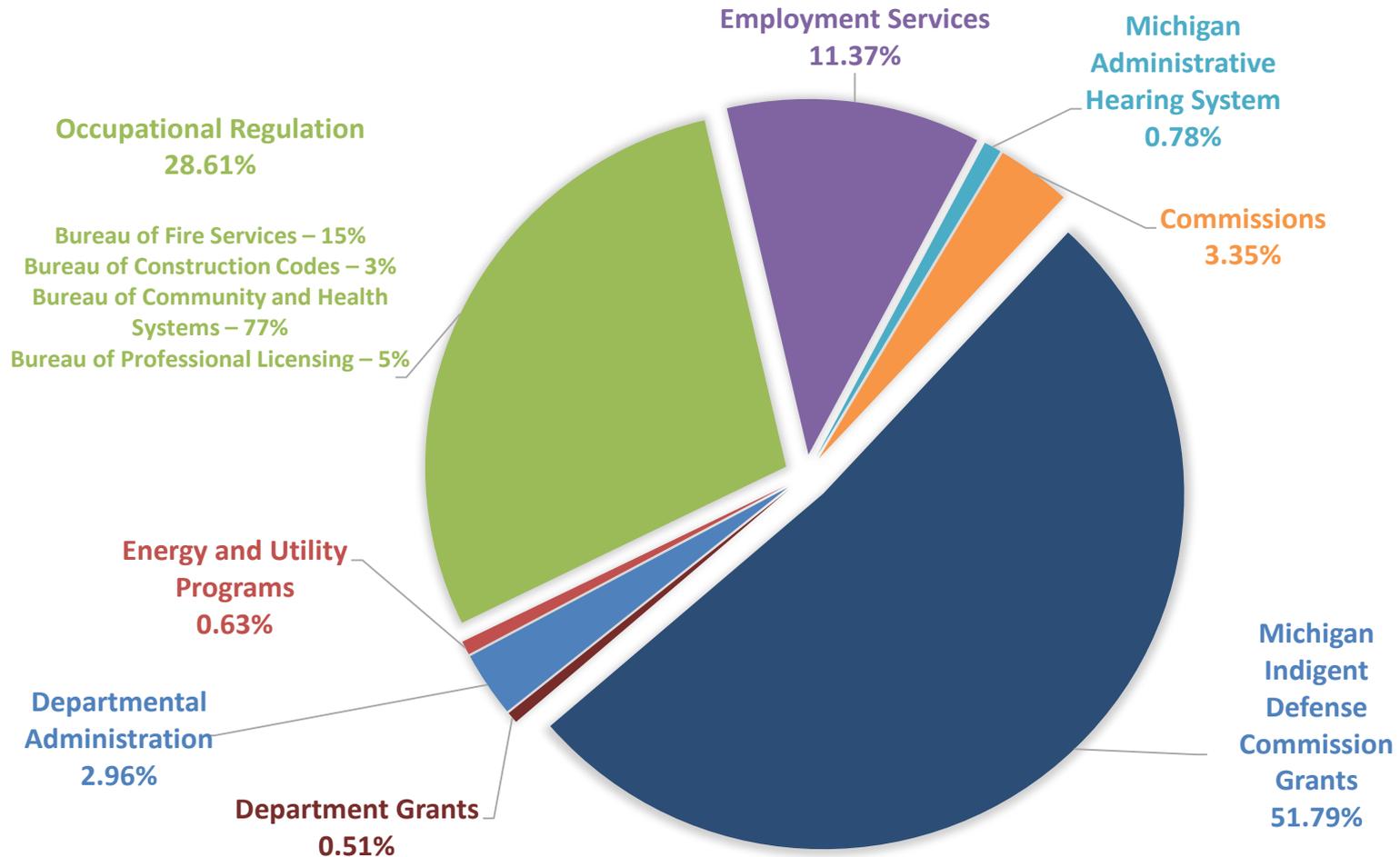


FY19 LARA GF/GP as share of Total Statewide

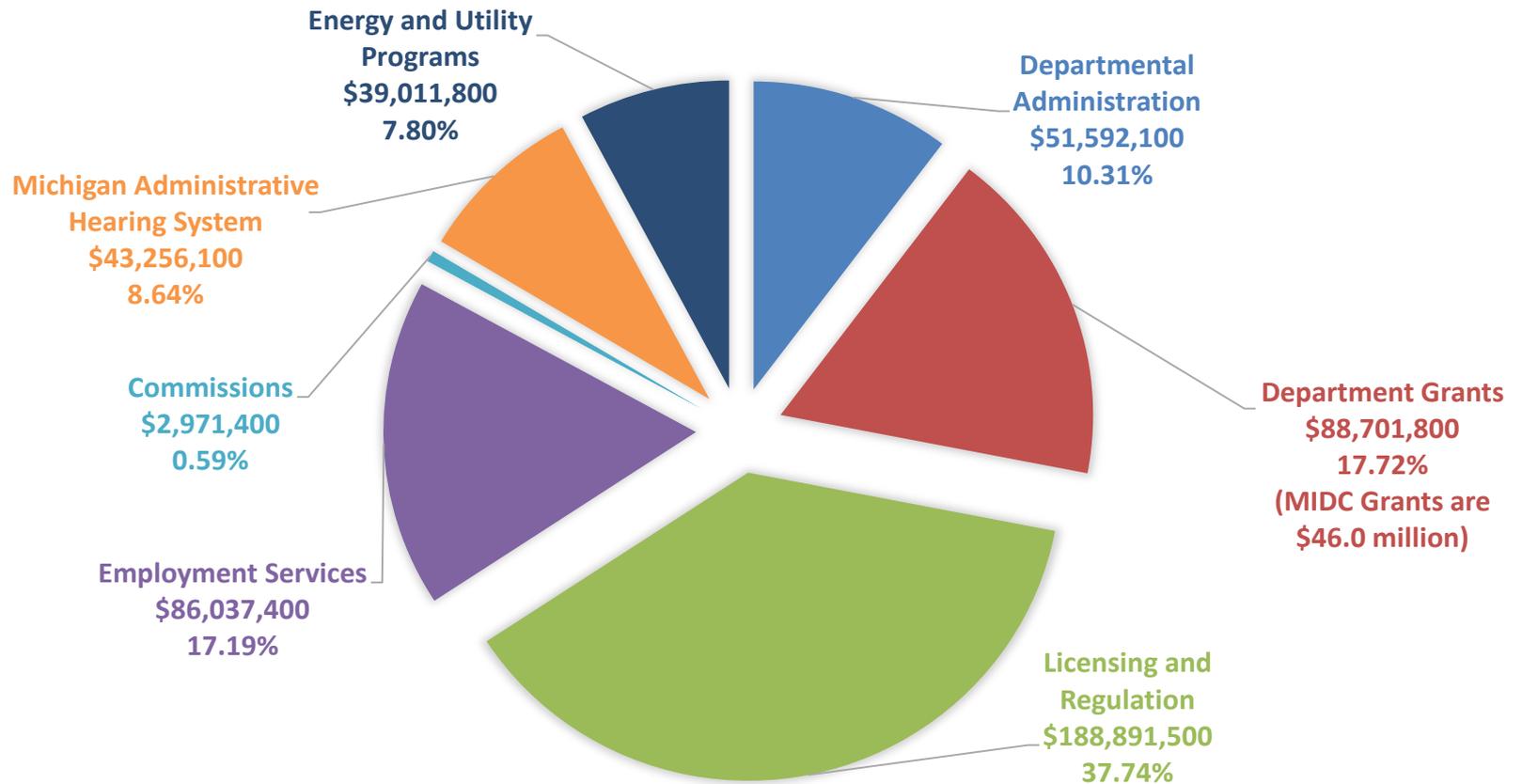


Source: Fiscal Years 2019 and 2020 Executive Budget Recommendation

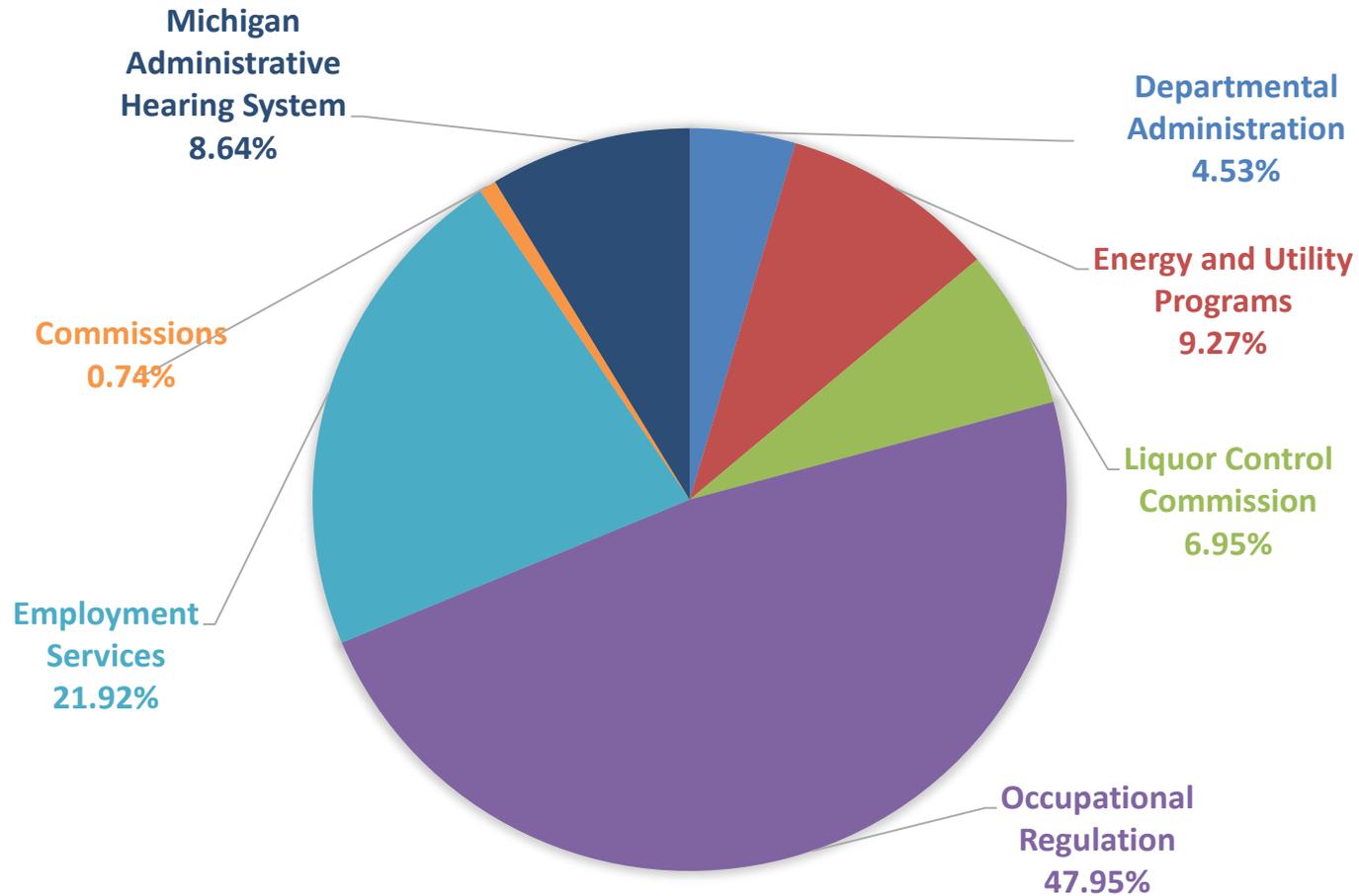
FY19 Governor's Recommendation
GF/GP \$88,820,300



FY 19 Recommendation by Group

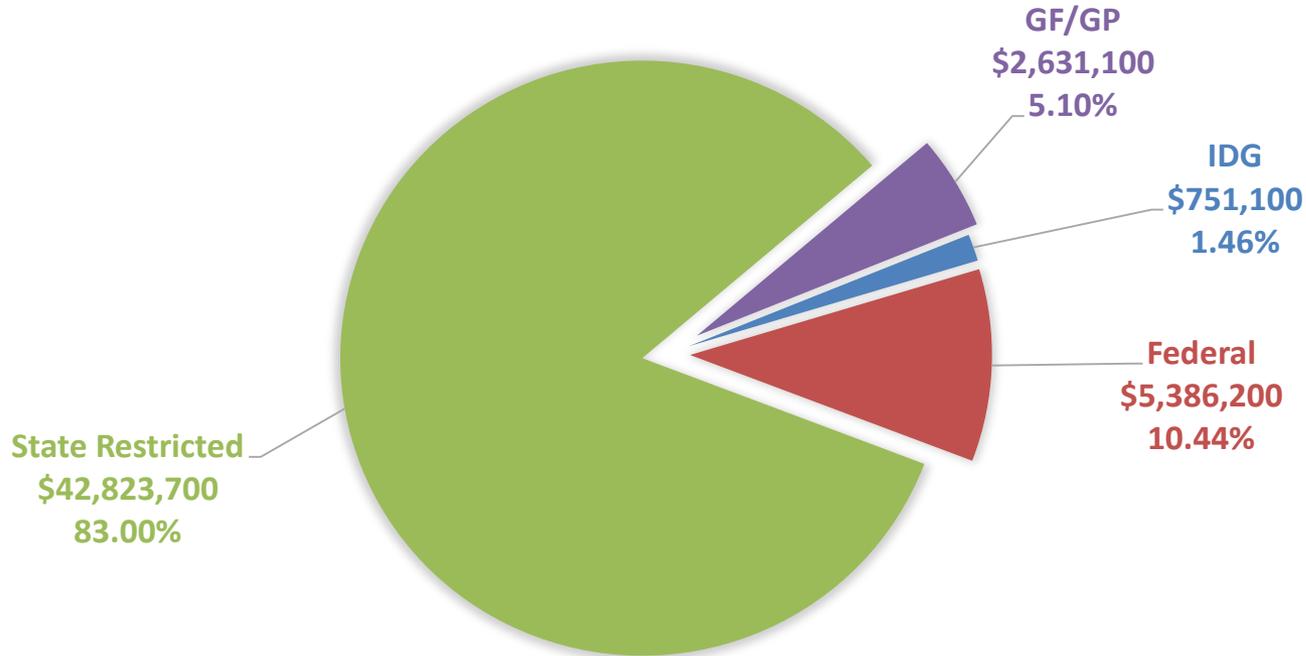


LARA FILLED POSITIONS (1,898.0) AS OF 1/27/18



FY19 Governor's Recommendation Departmental Administration

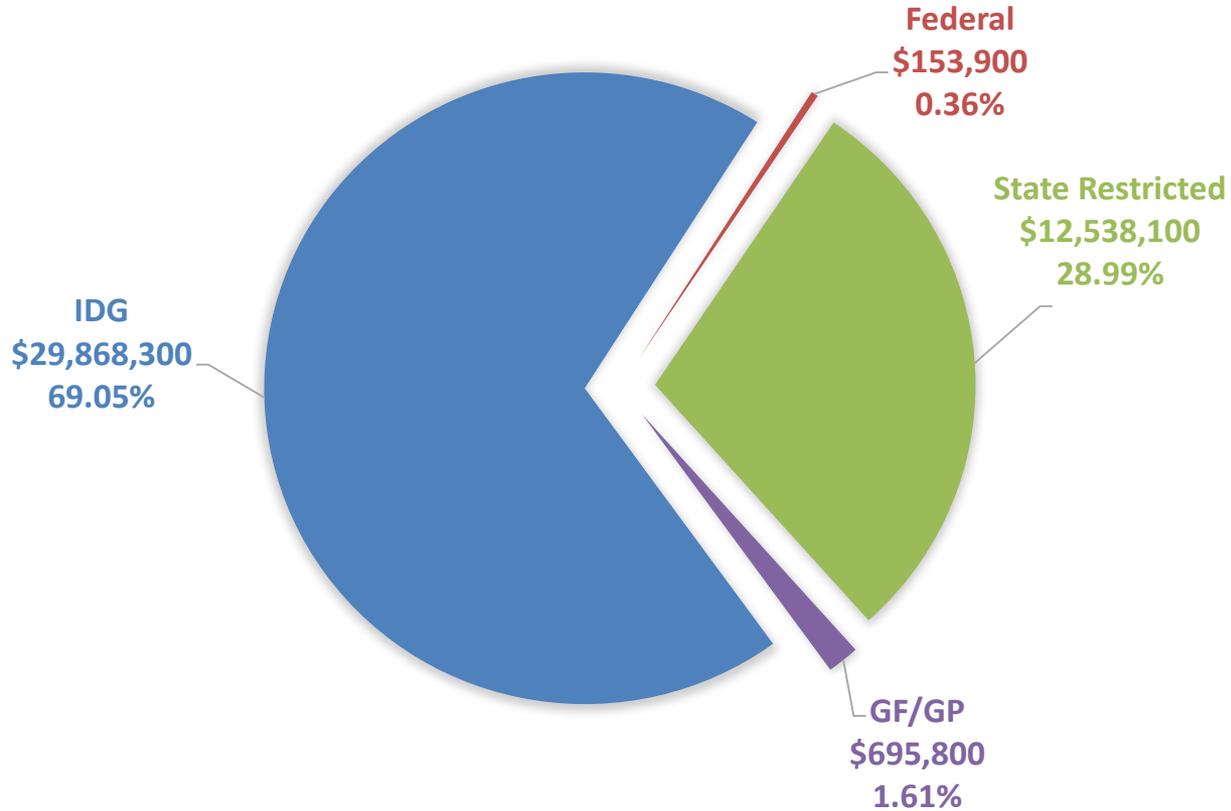
\$51,592,100



Includes Departmentwide:
Office Space
Workers' Compensation
Information Technology
Office for New Americans
Office of Process Reengineering and Optimization

FY19 Governor's Recommendation Michigan Administrative Hearing System

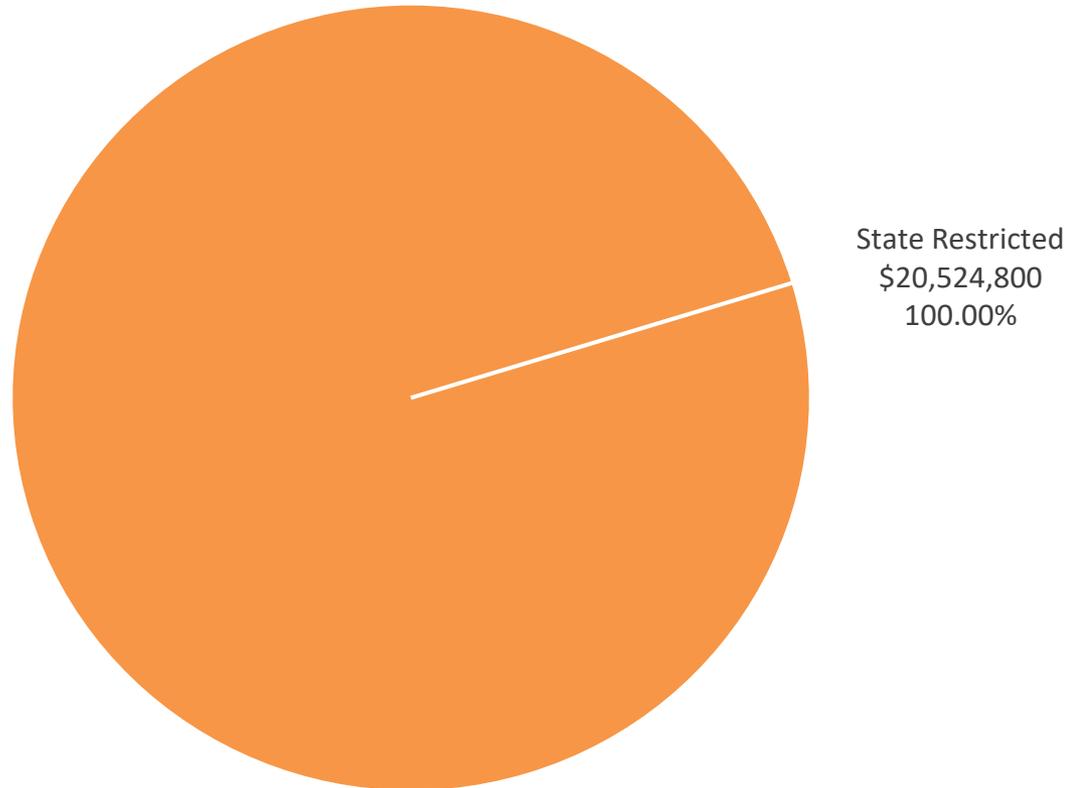
\$43,256,100



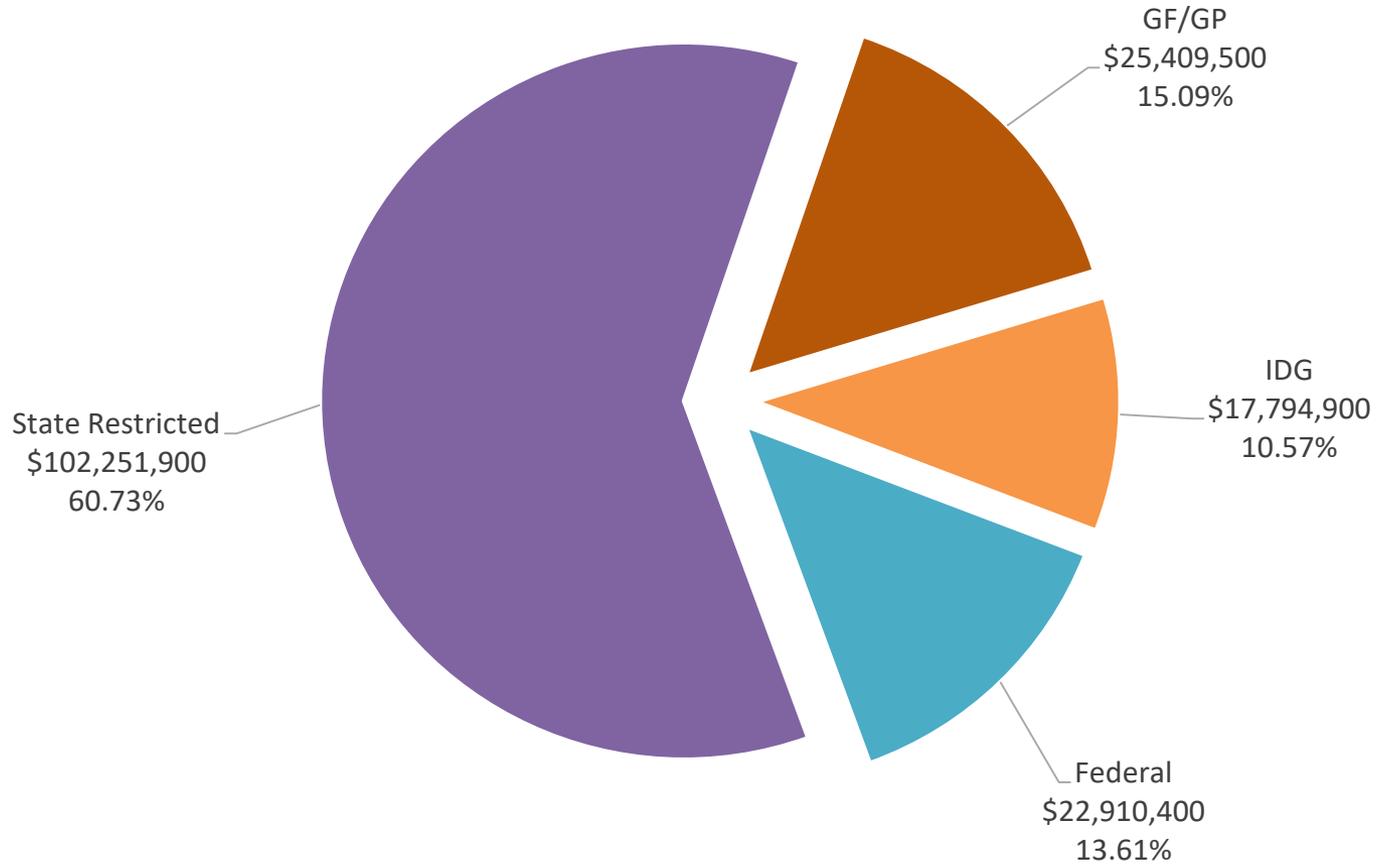
FY19 Governor's Recommendation Energy and Utility Programs \$39,011,800



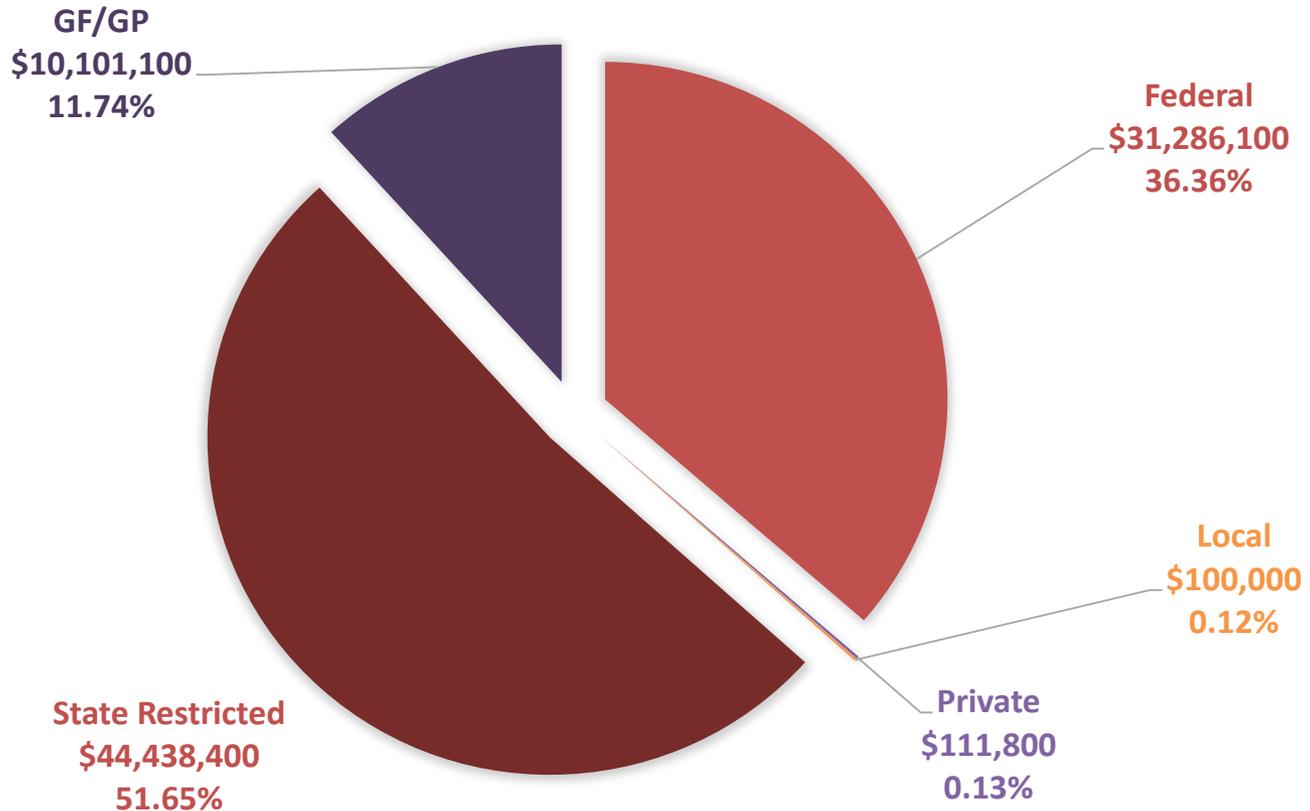
FY19 Governor's Recommendation
Liquor Control Commission
\$20,524,800



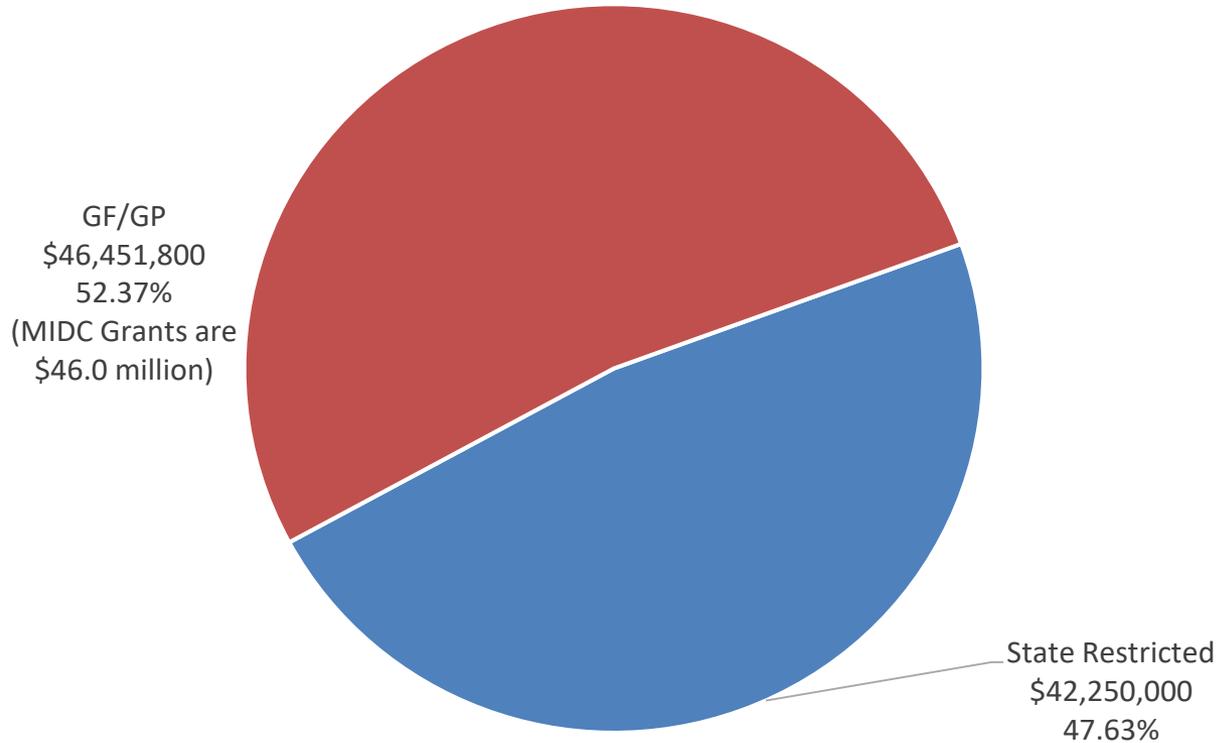
FY19 Governor's Recommendation Occupational Regulation \$168,366,700



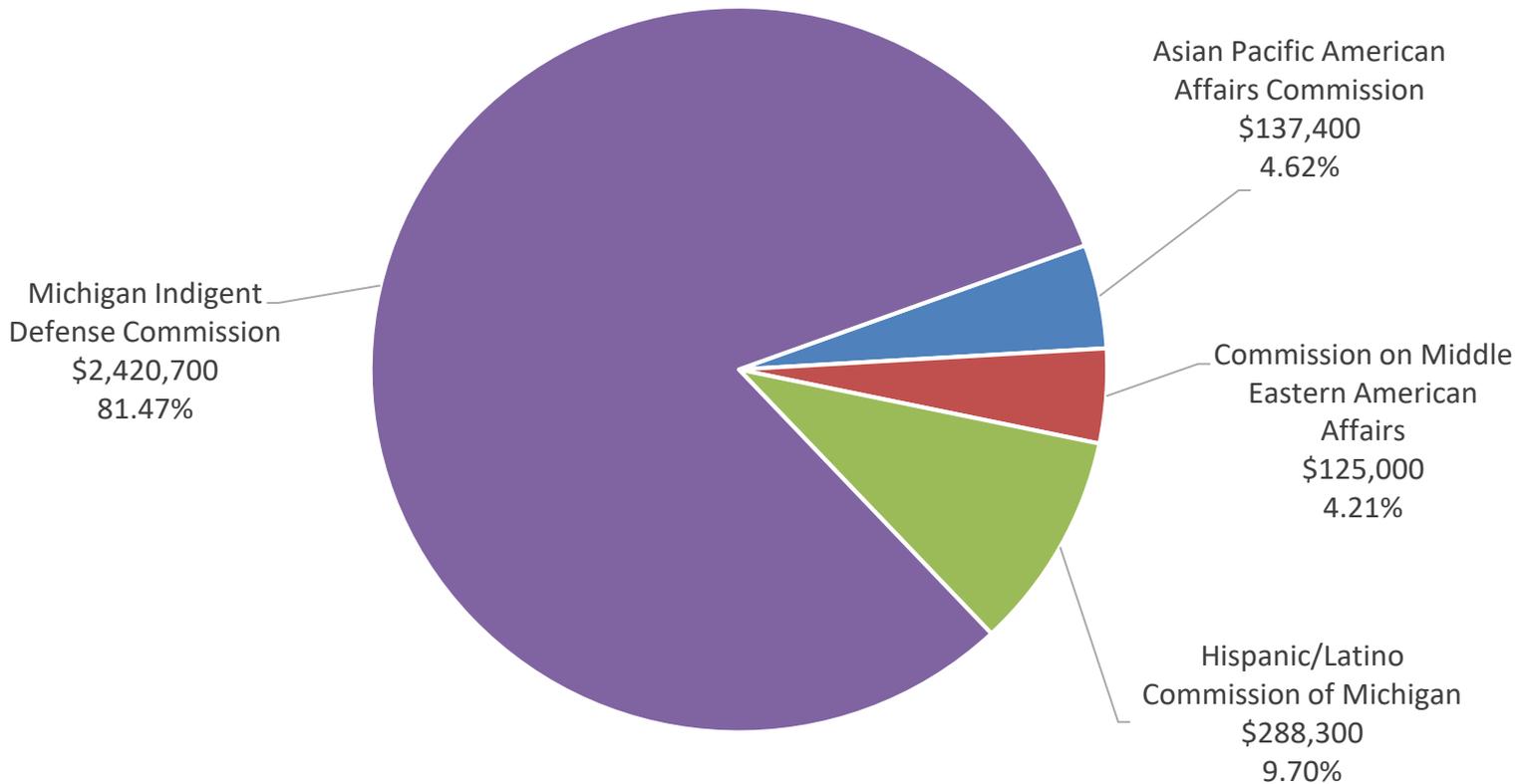
FY19 Governor's Recommendation
Employment Services
\$86,037,400



FY19 Governor's Recommendation
Departmental Grants
\$88,701,800



FY19 Governor's Recommendation
Commissions
\$2,971,400 – GF/GP



Questions?

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Kim O'Berry, Budget Director 373-0003