

# Fiscal Year 2022 Executive Budget Recommendation for the Department of Licensing and Regulatory Affairs

House Appropriations Subcommittee on LARA

Representative Jeff Yaroch, Chair

Representative Matt Maddock, Majority Vice-Chair

Representative Ronnie Peterson, Minority Vice-Chair

March 11, 2021

Orlene Hawks, Director

The logo for the Department of Licensing and Regulatory Affairs (LARA) features the word "LARA" in a large, bold, blue sans-serif font. Below it, the words "LICENSING AND REGULATORY AFFAIRS" are written in a smaller, blue, all-caps sans-serif font. The entire logo is enclosed within a stylized orange square frame that is open on the right side.

**LARA**  
LICENSING AND REGULATORY AFFAIRS

# 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
  - Health professions: Doctors, Nurses, Pharmacists, Counselors, etc.
  - Occupations: Builders, Accountants, Realtors, Professional Engineers, etc.
  - Skilled Trades: Electricians, Plumbers, etc.
  - Businesses: Limited Liability Corporations, Corporations, Securities, etc.
  - Health Facilities: Hospitals, Hospice, Nursing Homes, etc.
  - Specialized Services: Child Care, Adult Foster Care, and Camps
- We have 1,827 appropriated FTEs (employees)
- From birth to death, our work impacts Michiganders from every corner of our state



# About LARA

## Our Mission

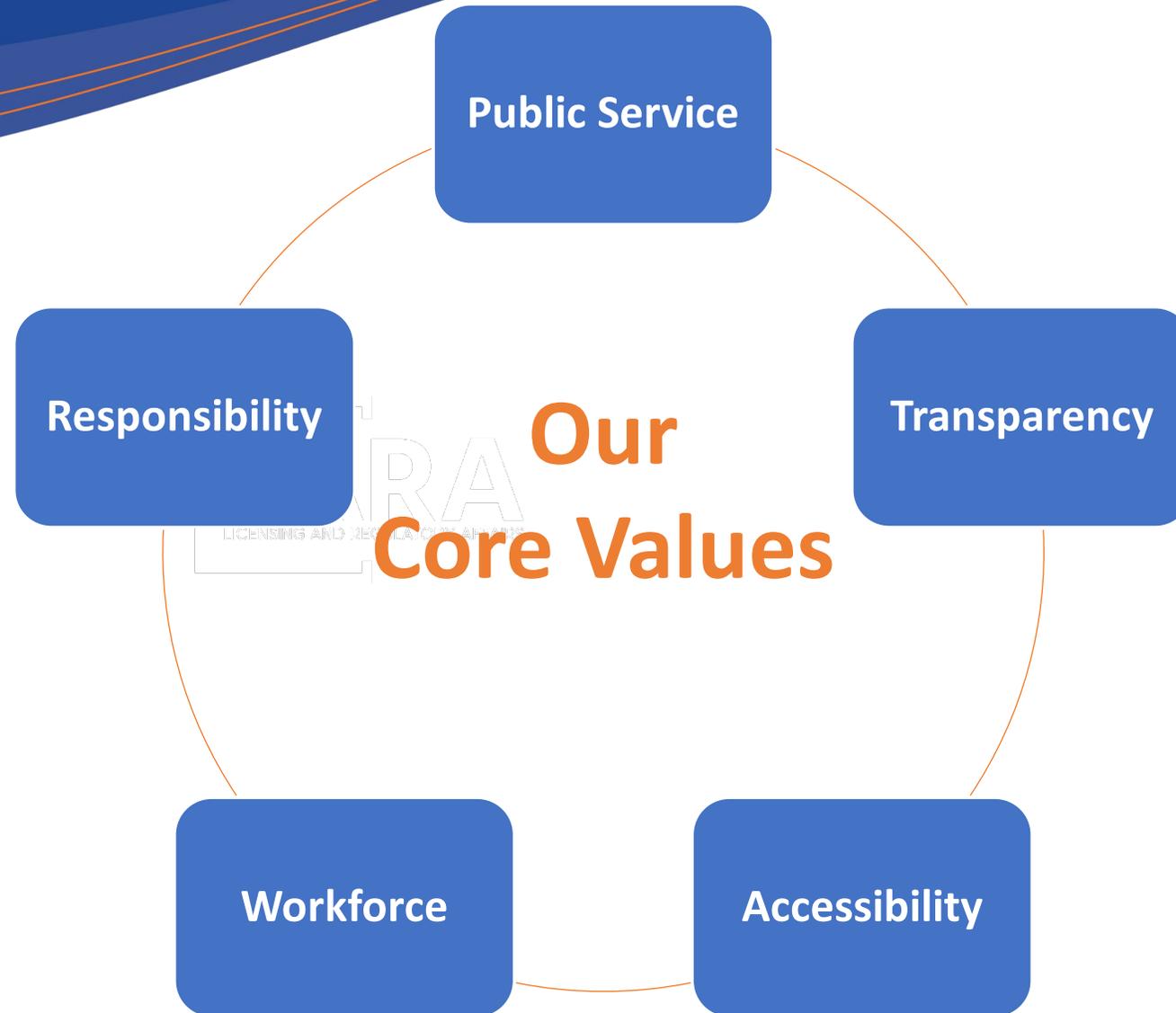
*We protect people and promote business in Michigan through transparent and accessible regulatory solutions.*



## 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.*

# About LARA



## Our Organization

### Regulatory Bureaus

- 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

# FY 2022 Statewide Budget Priorities

The Governor's FY 2022 budget is focused on:

- Keeping families safe and healthy
- Providing assistance to small businesses and the unemployed affected by the pandemic
- Improving public education and skills
- Protecting Michigan from the harmful effects of climate change

# LARA Accomplishments

## Bureau of Community and Health Systems (BCHS)

- Completed over **1,150** unannounced federal infection control surveys of the 446 federally certified nursing homes
- Conducted **172** announced state infection control surveys and partnered with DHHS to provide additional training and education on maintaining infection control practices

## Bureau of Professional Licensing (BPL)

- Efficiently processed licensing applications of health professionals

# LARA Accomplishments

## Liquor Control Commission (LCC)

- Liquor Buyback Program provided more than \$3.3 million in financial relief to 657 bar and restaurant owners across the state

## Michigan Indigent Defense Commission (MIDC)

- Standard 5 approval granted by the LARA Director as an important step forward in indigent defense reform

LARA was recognized as a Silver Veteran-Friendly Employer

# LARA Priorities

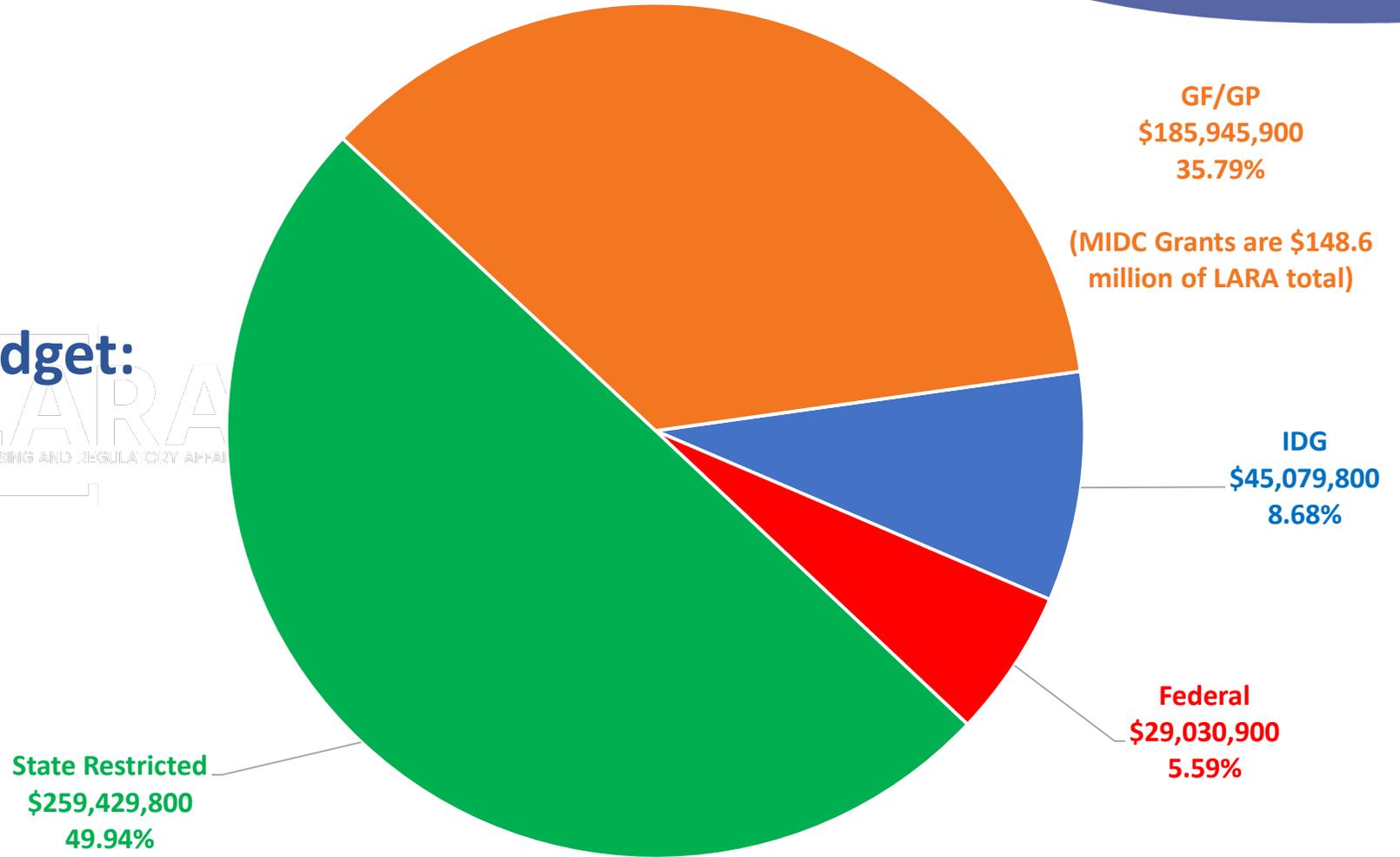
Bridging the  
gap between  
civilian and  
military  
employment

Reducing  
barriers to  
licensure

Modernizing  
IT systems

# LARA FY 2022 Budget

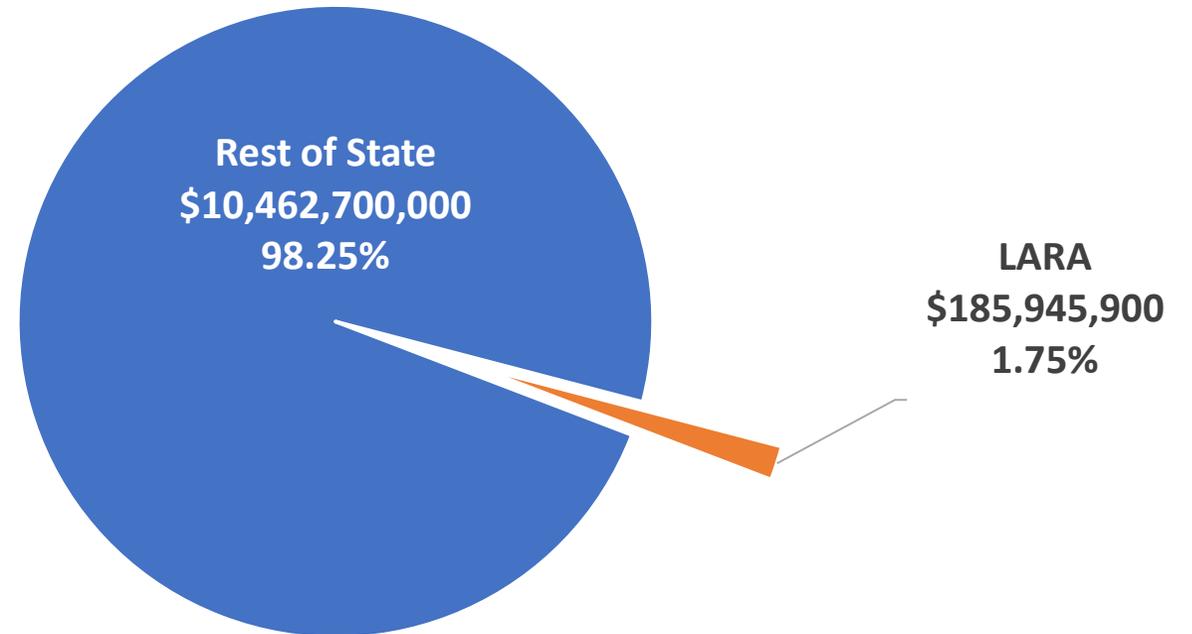
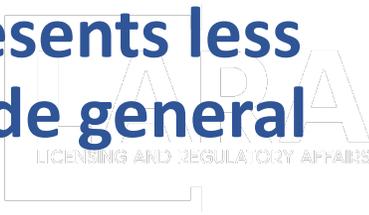
**FY 2022 Recommended Budget:**  
**\$519.5 million Gross**  
**\$186.0 million GF/GP**



Source: Fiscal Years 2022 and 2023 Executive Budget Recommendation

# LARA FY 2022 Budget

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



Source: Fiscal Years 2022 and 2023 Executive Budget Recommendation

# LARA FY 2022 Budget

## Highlights

- Investing in clean energy improvements for businesses and residents
- Extending efforts to conduct infection control surveys in skilled nursing home facilities
- Supporting local court compliance with MIDC Standards 1-5
- Modernizing IT systems for critical licensing programs
- Enhancing Michigan's growing marihuana industry
- Promoting Underground Natural Gas Storage Safety

# LARA FY 2022 Budget

## Michigan Saves Green Bank

- \$5.0 million GF/GP one-time funding 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

## Nursing Home Infection Control

- \$1.1 million GF/GP one-time funding to continue state efforts in conducting infection control surveys, education, and consultation at our skilled nursing home facilities
  - Public Act 123 of 2020, authorized \$1.4 million in federal funding for limited-term BCHS staff to conduct state infection control surveys in skilled nursing facilities
- Additional GF/GP funding will support these limited term positions and allow for the program to extend beyond the current fiscal year through the end of FY 2022

# LARA FY 2022 Budget

## Michigan Indigent Defense Commission

- \$31.4 million additional GF/GP to support local compliance grants
  - Standards 1-4 (\$19.4M) – approved cost of local compliance plans
  - Standard 5 (\$12.0M) – ensures independence of public defense system
- Total FY 2022 funding for compliance with all MIDC standards is estimated at \$148.9 million
  - Standards 1-4 is projected to be \$136.9 million
  - Standard 5 is projected to be \$12.0 million

# LARA FY 2022 Budget

## Information Technology Modernization

- \$6.0 million ITIF funding (DTMB budget) to update the licensing platform for two critical BCHS programs:
  - Certification and Training of Nurse Aides (\$3.1 million)
  - State Licensing of Health Facilities (\$2.9 million)
- BCHS currently relies on the outdated and unsupported software application, called License 2000 (L2K)
- In addition, effective January 2023, the server platform necessary to run the L2K software application will no longer be supported by Microsoft

## Information Technology Modernization (continued)

- The security accreditation process uncovered a significant number of unresolvable findings with the current system
- DTMB Michigan Cyber Security division required LARA to formally accept the risks associated with using an unsupported application
- Data contained within this system is critical to protect the safety, health, and welfare of Michigan's residents

# LARA FY 2022 Budget

## Marijuana Regulatory Agency

- \$500,000 (state restricted) for the Marijuana Social Equity Program
  - Provides support to address social equity within the marijuana industry through access to affordable capital
  - Funding will provide low and no-interest loans and grants for businesses to open or expand in the adult-use market
- \$648,000 (state restricted) to increase marijuana inspection activities
  - Supports increased costs for regulation and inspection in the adult-use market

## Underground Natural Gas Storage Safety

- \$352,500 (federal) to inspect, evaluate, and determine code compliance for underground natural storage operators in Michigan
  - This funding reflects a new federal grant for FY 2022
  - An FY 2021 supplemental request is also recommended as LARA anticipates receiving the grant during the current fiscal year

# LARA FY 2022 Budget

## Boilerplate Changes

- LARA's budget includes boilerplate language that provides for consolidated reporting of program data and eliminates redundancy





We look forward to partnering with you to enact our department budget for FY 2022. Our team is ready and willing to support the important work of our appropriations subcommittee.

Director Orlene Hawks

### LARA Contact Information

#### LARA Finance and Administrative Services

**Daniel C. Horn, Bureau Director**

**Kim O’Berry, Budget Director**

Main Phone: 517.243.9001

Fax: 517.241.0829

#### LARA Policy and Legislative Affairs

**Marlon I. Brown, Director**

**Marnie Triemstra, Deputy Director**

Main Phone: 517.241.4580

Fax: 517.241.9822