

FY 2012-13: LICENSING AND REGULATORY AFFAIRS

Summary: Conference Reported

Senate Bill 958 (S-1) CR-1



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	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Revised Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
IDG/IDT	14,870,100	13,496,900	13,496,900	13,496,900	13,496,900	(1,373,200)	(9.2)
Federal	377,515,600	390,840,600	250,710,900	391,016,600	391,076,000	13,560,400	3.6
Local	7,859,900	7,159,900	0	7,159,900	7,159,900	(700,000)	(8.9)
Private	4,727,800	5,427,800	1,900,000	5,427,800	3,927,800	(800,000)	(16.9)
Restricted	411,820,500	380,017,500	324,030,800	379,841,700	325,711,800	(86,108,700)	(20.9)
GF/GP	\$42,024,100	\$50,570,900	\$10,957,600	\$35,571,000	50,570,900	8,546,800	20.3
Gross	\$858,818,000	\$847,513,600	\$601,096,200	\$832,513,900	\$791,943,300	(\$66,874,700)	(7.8)
FTEs	4,378.3	4,419.8	3,638.3	4,366.8	4,317.3	(61.0)	(1.4)

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations designated as one-time. (3) Description of House changes pertains to HB 5384 (H-2). (4) Description of Senate changes pertains to SB 958 (S-1). (5) Description of Executive pertains to the recommendation issued on 02/09/12 and revision issued on 05/10/12.

Overview

The Department of Licensing and Regulatory Affairs (LARA) administers the state's primary regulatory and employment security agencies. LARA is organized into four principal units: 1) Licensing and Regulatory, which implements and enforces Michigan laws pertaining to financial, commercial and occupational, construction and fire safety, health profession and facility, public utility, and liquor regulations; 2) the Michigan Administrative Hearing System, a quasi-judicial agency which centralizes and conducts administrative hearings for agencies throughout state government; 3) Employment Security and Workplace Safety, including the administration of unemployment insurance, workers' compensation insurance, occupational safety and health, and rehabilitation programs; and 4) the Office of Regulatory Reinvention, which oversees administrative rule-making and evaluates the state's regulatory infrastructure. The various agencies within LARA are primarily supported by several federal grants and by revenue generated through numerous fees collected from regulated entities.

		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
Major Budget Changes From FY 2011-12 YTD Appropriations			
1. Bureau of Fire Services—Fireworks Regulation	FTE	57.0	6.0
Increases staff and spending authority for the Bureau of Fire Services (BFS) to administer new consumer fireworks regulations pursuant to 2011 PA 256 funded with revenue from the new Fireworks Safety Fund supported by certification fees and a retail sales tax on the purchase of fireworks.	Gross	\$5,889,300	\$600,000
	IDG	100,000	0
	Federal	788,000	0
	Restricted	5,001,300	\$600,000
2. Bureau of Fire Services—Increase GF/GP	FTE	57.0	0.0
Increases GF/GP appropriation for the Bureau of Fire Services (BFS) rather than increase the nominal amount of Fire Service Fees (set in boilerplate) paid by hospitals and schools to the BFS for inspections pursuant to the Fire Prevention Code (1941 PA 207).	Gross	\$5,889,300	\$585,000
	IDG	100,000	0
	Federal	788,000	0
	Restricted	5,001,300	0
	GF/GP	\$0	\$585,000
3. Bureau of Commercial Services—AG Expenses	FTE	175.0	0.0
Increases spending authorization for the Bureau of Commercial Services (BCS) from the Real Estate Enforcement Fund to support legal expenses of the Department of Attorney General (AG) pertaining to the investigation of mortgage fraud; these funds are currently transferred to the AG as an, off-budget, revenue reduction.	Gross	\$20,520,800	\$300,000
	Restricted	20,520,800	300,000
4. Bureau of Health Professions—Remove SB 683 OPEB IDG	FTE	160.0	0.0
Implicitly eliminates the IDG from the Department of Technology, Management, and Budget (DTMB) to the Bureau of Health Professions (BHP) that was included in the revision of the supplemental in SB 683 (S-1) for FY 2011-12 supporting the prefunding of Other Post Retirement Benefits (OPEB).	Gross	\$28,648,500	(\$884,000)
	IDG	884,000	(884,000)
	Federal	3,507,000	0
	Restricted	24,257,500	0

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
5. Bureau of Health Systems—Facilities Inspections			
Increases spending authorization for the Bureau of Health Systems (BHS), to support the inspections of health facilities, from federal Title 18 Medicare funds and Health Systems Fees paid by health facilities regulated by BHS; this is an increase of authorization to spend additional revenues, not an increase in the nominal amount of state fees.	FTE	199.6	0.0
	Gross	\$22,907,700	\$1,580,000
	Federal	16,036,800	740,000
	Local	200,000	0
	Restricted	1,915,400	840,000
	GF/GP	\$4,755,500	\$0
6. Bureau of Health Systems—Increase Support for FSOF Inspections			
Appropriates additional GF/GP and FTEs within the Bureau of Health Systems (BHS) to support the inspection and licensing of Freestanding Surgical Outpatient Facilities as required under the Public Health Code.	FTE	199.6	3.9
	Gross	\$22,907,700	\$530,000
	Federal	16,036,800	0
	Local	200,000	0
	Restricted	1,915,400	0
	GF/GP	\$4,755,500	\$530,000
7. Workers' Compensation Administration—Contingency Plan			
Eliminates one vacant clerical support position within the Workers' Compensation Agency (WCA) at a saving in GF/GP.	FTE	96.6	(1.0)
	Gross	\$9,218,000	(\$71,100)
	Restricted	3,310,600	0
	GF/GP	\$5,907,400	(\$71,100)
8. Unemployment Insurance Agency—Transfer Appropriation			
Transfers spending authorization for the Penalty and Interest account of the Contingent Fund which is supported with interest earned on UI contributions and penalties and damages collected under the MESA from the Workforce Development Agency within the Michigan Strategic Fund (where it was transferred by E.O. 2011-4) to the UIA to support staff detailed to the MRS.	FTE	1,302.7	0.0
	Gross	\$142,269,600	\$2,814,700
	Federal	141,269,600	0
	Restricted	1,000,000	2,814,700
9. Michigan Rehabilitative Services—Staffing Adjustment			
Increases authorized FTEs in the Michigan Rehabilitative Services (MRS) to accurately reflect the actual number of MRS staff, this increase in FTEs reflects a reclassification of Michigan Career and Technical Institute (MCTI) staff and not an increase in actual staff employed; previously the staff at the MCTI was not considered as FTEs within MRS.	FTE	513.5	36.5
	Gross	\$74,576,300	\$0
	Federal	64,327,300	0
	Private	816,000	0
	Restricted	1,492,200	0
	GF/GP	\$7,940,800	\$0
10. Michigan Administrative Hearing System—DEQ Costs			
Reduces the amount paid to the Michigan Administrative Hearing System (MAHS) via IDG from the Department of Environmental Quality (DEQ) to more accurately reflect the costs associated with the DEQ administrative hearing caseload.	FTE	205.4	0.0
	Gross	\$31,911,900	(\$80,200)
	IDG	12,886,100	(80,200)
	Federal	7,975,900	0
	Restricted	10,985,600	0
	GF/GP	\$64,300	\$0
11. Liquor Control Commission IT Upgrades—Support for IT Upgrades			
Support for the replacement of the COBOL-based IT system currently used by the Liquor Control Commission (LCC) with modern software from the Liquor Purchase Revolving Fund, estimated to take five years to complete and will require further appropriation in future budget bills.	Gross	\$100	\$1,999,900
	Restricted	100	1,999,900
12. Private Grant Programs—Reduce Private Grant Programs			
Reduces spending authorization for private grants received by LARA.	Gross	\$3,000,000	(\$1,500,000)
	Private	3,000,000	(1,500,000)
13. Low-Income Energy Efficiency Assistance—Eliminate LIEEF			
Eliminates the Low-Income Energy Efficiency Fund (LIEEF), invalidated by the Court of Appeals in July 2011. The LIEEF program was administered by the Public Service Commission (PSC) which awarded grants, supported by assessments on certain investor-owned utility companies, to the Department of Human Services and nonprofit organizations to support energy assistance for low-income residents and energy efficiency for all Michigan residents.	Gross	\$95,000,000	(\$95,000,000)
	Restricted	95,000,000	(95,000,000)
14. Vulnerable Household Warmth Assistance—Eliminate VHWF			
Eliminates the Vulnerable Household Warmth Fund (VHWF), which was established by 2011 PA 274 and appropriated for by 2011 PA 275. The VHWF provided funding, through fiscal year 2012, for nonprofit organizations that were awarded grants under the LIEEF program by the PSC in Docket No. U-13129 to support energy assistance for low-income residents.	Gross	\$23,000,000	(\$23,000,000)
	Restricted	13,000,000	(13,000,000)
	GF/GP	\$10,000,000	(\$10,000,000)

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 Conference Change
15. State Employee Lump Sum Payments—One-Time Appropriations	Gross	NA	\$5,036,800
Provides one-time funding for lump-sum payments to state employees agreed to in 2011; 1% of salary for employees represented by a union and 2% of salary for employees not exclusively represented.	IDG	NA	163,500
	Federal	NA	2,815,400
	Restricted	NA	1,880,400
	GF/GP	NA	\$177,500
16. Autism Coverage Fund—Create	FTE	NA	2.0
Appropriates for the Autism Coverage Fund, created as a line item within a new appropriation unit, to support reimbursements for insurance carriers through the Autism Coverage Reimbursement Program established by 2012 PA 101, under which insurance carriers may seek reimbursement for claims associated with the diagnosis and treatment of autism spectrum disorders through an application process implemented by Office of Finance and Administrative Services within LARA, 1% of the appropriation may be expended for administrative costs.	Gross	NA	\$15,000,000
	GF/GP	NA	\$15,000,000
17. Numerous Line Items—Economics Adjustments	Gross	NA	\$25,214,200
Reflects increased costs for negotiated salary and wage increases (1.902% overall), actuarially-required retirement benefit rate increases, reduced employer health insurance costs due to 20% employee contribution, decreased Workers' Compensation costs, increased in property management expenses, and other incidental economic adjustments within LARA. Includes \$848,000 in economics adjustments for DTMB staff providing IT services to LARA.	IDG	NA	862,500
	Federal	NA	14,369,600
	Restricted	NA	9,069,800
	GF/GP	NA	\$912,300
18. Numerous Line Items—Various Fund Shifts	Gross	\$15,462,300	\$0
Includes various fund shifts between and within line items and fund sources which all net out to zero gross, although some do shift between the types of fund sources. Some fund shifts reflect changes in the availability and categorization of funds, while others reflect changes to more accurately reflect program administration. (Includes a \$1.5 million fund shift from federal revenue to GF/GP for grants to Centers for Independent Living.)	IDG	1,435,000	(1,435,000)
	Federal	5,484,800	(4,364,600)
	Local	700,000	(700,000)
	Private	0	700,000
	Restricted	6,727,500	4,386,500
	GF/GP	\$1,115,000	\$1,413,100
19. Numerous Line Items—FTE True-Up	FTE	4,378.3	(108.4)
Adjusts the number of appropriated FTEs throughout agencies within LARA to more accurately reflect the actual staffing practices of LARA.	Gross	NA	NA
20. Eliminate/Extend Past Fee Increase Sunsets	Gross	NA	\$0
Assumes the elimination or extension of sunsets on various past fee increases, set to expire on September 30, 2012, on corporate and business filing fees collected under the Bureau of Commercial Services and numerous occupational registration and licensing fees collected under the Bureaus of Commercial Services and Construction Codes and the Office of Financial and Insurance Regulation. Based on LARA estimates, the elimination of fee sunsets will generate approximately \$16.2 million dollars in FY 2012-13.	Restricted	NA	0
21. Anticipated FY 2013-14 Budget Changes	Gross	NA	\$12,529,000
Anticipated increases from FY 2012-13 budget of \$12.5 million Gross (\$556,000 GF/GP) for economic adjustments in FY 2013-14. (Boilerplate intent language only; would not be binding appropriation.)	IDG	NA	440,300
	Federal	NA	7,158,900
	Restricted	NA	4,373,800
	GF/GP	NA	\$556,000

Major Boilerplate Changes From FY 2011-12

Sec. 203. Definitions – REVISED

Defines various terms and abbreviations used in the bill. *Many definitions are deleted.*

Sec. 210. Deprived and Depressed Communities – DELETED

Directs LARA to reasonably ensure that businesses in "deprived and depressed" communities compete for and perform contracts for service and supplies.

Sec. 211. Information Technology Work Projects – REVISED

Permits appropriations for Information Technology to be designated as work projects and carried forward. *Revises LCC IT Upgrade work project anticipated amount and estimate completion date.*

Major Boilerplate Changes From FY 2011-12

Sec. 219. Office Space Consolidation Plan – ADDED

States that the Legislature intends to cooperate with the office space consolidation plan implemented by DTMB.

Sec. 227. Sale of Documents – REVISED

Permits LARA to sell various agency documents at the cost of production and stipulates that the revenues shall carry forward and be expended only on the costs of production and distribution. *Deletes restriction of the expending of revenues.*

Sec. 230. Principal Measurable Outcomes – ADDED

Directs LARA to identify and rank 10 measurable outcomes by October 31, 2012 and provide biennial updates on efforts and improvements in those outcomes by April 1.

Sec. 231. Transparency Website – REVISED

Requires LARA to maintain, either by itself or centrally with the state, a searchable website accessible by the public at no cost, which includes various appropriation, procurement, and staffing information. *Removes authorization for LARA to develop and maintain its own website and directs LARA to work with DTMB.*

Sec. 236 One-Time Lump-Sum Payments Report – ADDED

Requires LARA to provide a report with information about every employee that receives a payment of more than \$1,000. Senate creates.

Sec. 301. Fire Protection Grants – REVISED

Directs LARA to expend funds in accordance with 1977 PA 289 and stipulates that local units of government are eligible for funds if they provide a specified report to LARA. *Adds reporting requirements from Sec. 301a.*

Sec. 301a. Fire Protection Grant Report – DELETED

Directs local units of government receiving funds in accordance with 1977 PA 289 to submit a report on the expenditures relating to fire protection of state-owned property and directs to provide a standard template for the report and a summary of the reports and transmit to the Legislature and SBO.

Sec. 302a. Fire Safe Cigarette Fine Revenue – DELETED

Appropriates funds credited to the Cigarette Fire Safety Standard and Firefighter Protection Act Fund created by 2009 PA 56 to be expended for purposes provided for in 2009 PA 56.

Sec. 361. Low-Income Energy Efficiency Fund Program – DELETED

Requires the PSC to provide a report on the distribution of funds for the LIEEF program and permits LARA to carry forward unexpended funds collected under the LIEEF program to the subsequent fiscal year.

Sec. 390. Tax Tribunal Caseload Report – REVISED

Requires the Tax Tribunal and MAHS to provide a report containing specified information about the caseload, dispositions, and backlog of tax tribunal cases to the Legislature and SBO. *Adds new reporting requirements.*

Sec. 708. Quarterly Staff Reports from Nursing Facilities – DELETED

Requires that nursing facilities' quarterly reports to LARA include the specified information and requires LARA to make the quarterly staff report available to the public.

Sec. 714. Nursing Facility Complaint Investigations Report – REVISED

Requires LARA to report the timeliness of nursing facility complaint investigations and the number of allegations that are substantiated on an annual basis to the Legislature and SBO and requires LARA to make every effort to contact complainants during the investigations. *Adds the reporting requirements from Sec. 718.*

Sec. 716. Investigations of Health Care Professionals – DELETED

Requires LARA to give priority to investigations of alleged wrongdoing by licensed health care professional that are alleged to have occurred within two years of the initial complaint.

Sec. 718. Nursing Home Complaint Deficiencies – DELETED

Requires LARA to provide a report on frequently cited complaint deficiencies for nursing homes during the prior three fiscal years to the Legislature and SBO.

Sec. 726. Medical Marihuana Program Fees – REVISED

Requires LARA to provide a report of all information pertaining to the revenue and expenditures of the Medical Marihuana Program and other specified information to the Legislature and SBO and permits LARA to raise application and renewal fees if revenue is insufficient to offset expenses of the Program. *Revises reporting requirements.*

Sec. 727. Outsource Medical Marihuana Program Administration – DELETED

Requires LARA to establish and implement a bid process to identify a public or private contractor to administer the Medical Marihuana Program and requires LARA to transfer administration of the Program to the contractor by January 1st.

Major Boilerplate Changes From FY 2011-12

Sec. 729. Circulating Nurse Data – DELETED

Permits hospitals and ambulatory surgical centers to report to LARA whether registered nurses serve as circulating nurses during surgical procedures and requires LARA to report on the data it receives to the Legislature.

Sec. 732. Support for BHS Inspections of FSOFs – ADDED

Stipulates that the Bureau of Health Systems expend at least \$530,000 on the inspections of Freestanding Surgical Outpatient Facilities (FSOFs) (see #6 in "Major Budget Changes From FY 2011-12 YTD Appropriations" above).

Sec. 801. Autism Coverage Reimbursement Program – ADDED

Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101 (see #16 in "Major Budget Changes From FY 2011-12 YTD Appropriations" above).

Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – ADDED

Stipulates additional reporting requirements pertaining to the Autism Coverage Reimbursement Program authorized by 2012 PA 101 (see #16 in "Major Budget Changes From FY 2011-12 YTD Appropriations" above).