

Michigan Department of Licensing and Regulatory Affairs  
**Office of Regulatory Reinvention**  
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**REGULATORY IMPACT STATEMENT  
and  
COST-BENEFIT ANALYSIS**

**PART 1: INTRODUCTION**

In accordance with the Administrative Procedures Act (APA) [1969 PA 306], the department/agency responsible for promulgating the administrative rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) no less than (28) days before the public hearing [MCL 24.245(3)-(4)]. Submissions should be made by the departmental Regulatory Affairs Officer (RAO) to **orr@michigan.gov**. The ORR will review the form and send its response to the RAO (see last page). Upon review by the ORR, the agency shall make copies available to the public at the public hearing [MCL 24.245(4)].

Please place your cursor in each box, and answer the question completely.

**ORR-assigned rule set number:**

2011-002 LR

**ORR rule set title:**

**New and Existing School, College and University Fire Safety**

**Department:**

LARA

**Agency or Bureau/Division**

Bureau of Fire Services

**Name and title of person completing this form; telephone number:**

Brian Williams 517-241-9371

**Reviewed by Department Regulatory Affairs Officer:**

Liz Arasim  
Department of Licensing and Regulatory Affairs

## **PART 2: APPLICABLE SECTIONS OF THE APA**

### **MCL 24.207a “Small business” defined.**

Sec. 7a.

“Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.”

### **MCL 24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).**

Sec. 40.

(1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

(a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.

(b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

(c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.

(d) Establish performance standards to replace design or operational standards required in the proposed rule.

(2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.

(3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:

(a) 0-9 full-time employees.

(b) 10-49 full-time employees.

(c) 50-249 full-time employees.

(4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.

(5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

**MCL 24.245 (3)** “Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** containing...” (information requested on the following pages).

[**Note:** Additional questions have been added to these statutorily-required questions to satisfy the **cost-benefit analysis** requirements of Executive Order 2011-5.]

**MCL 24.245b Information to be posted on office of regulatory reinvention website.**

Sec. 45b. (1) The office of regulatory reinvention shall post the following on its website within 2 business days after transmittal pursuant to section 45:

- (a) The regulatory impact statement required under section 45(3).
  - (b) Instructions on any existing administrative remedies or appeals available to the public.
  - (c) Instructions regarding the method of complying with the rules, if available.
  - (d) Any rules filed with the secretary of state and the effective date of those rules.
- (2) The office of regulatory reinvention shall facilitate linking the information posted under subsection (1) to the department or agency website.

### PART 3: DEPARTMENT/AGENCY RESPONSE

Please place your cursor in each box, and provide the required information, using complete sentences. Please do not answer the question with “N/A” or “none.”

#### Comparison of Rule(s) to Federal/State/Association Standards:

(1) Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist. Are these rule(s) required by state law or federal mandate? If these rule(s) exceed a federal standard, please identify the federal standard or citation, and describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The proposed rules update the current requirements from the 1997 edition of the Life Safety Code (LSC) to the 2012 edition of the LSC. These proposed school, college and university fire safety rules are required by the Michigan Fire Prevention Code, 1941 PA 207, section 29.3c, being MCL 29.3c.

The proposed rules do not have any parallel federal rules or standards. The only federal rules found were related to colleges or universities and were associated with the Disclosure of Fire Safety Standards and Measures. This federal rule requires annual fire safety record keeping for colleges and universities that have on-campus housing and participate in Title IV of the federal Higher Education Act.

(2) Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities. If the rule(s) exceed standards in those states, please explain why, and specify the costs and benefits arising out of the deviation.

The New and Existing School, College and University Fire Safety Rules in Michigan adopt a nationally recognized code for safety. The proposed rule set will adopt the 2012 Life Safety Code (LSC), published by the National Fire Protection Association (NFPA). The state of Ohio has the Ohio Fire Code which adopts a nationally recognized code, the International Fire Code (IFC) 2011 edition. Wisconsin has adopted NFPA 1, 2012 edition as its Fire Code. These nationally recognized codes are very similar in the fire safety requirements such as the requirements for fire alarm systems and protection of instructional laboratories using chemicals.

Wisconsin's Department of Safety and Professional Services requires any size school to be reviewed by its plan review division similar to the Bureau of Fire Services, Plan Review Division.

Ohio, Indiana and Wisconsin require school fire drills to be performed in K-12 school buildings and Ohio and Wisconsin also require records of the drills. This is similar to the State of Michigan.

(3) Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s). Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

There are no federal or local rules that may overlap or conflict with the proposed rules. The Bureau of Construction Codes (BCC) promulgates the Michigan Building Code (MBC) per the Stille-Derossett-Hale Single State Construction Code Act, Act 230 of 1972. At the state level, the MBC does have some overlap with the New and Existing School, College and University Fire Safety Rules (SFSR). The Bureau of Fire Services (BFS) has coordinated, to the extent practicable, with the BCC to avoid and minimize conflicts between the two codes. BCC was represented on the Bureau's ad-hoc rules committee and provided recommendations where the two codes had conflicting requirements. Amendments have been provided in the new rule set to address these conflicts. As an example R 29.1908, section 8.6.10.2.1 was amended to match the language and requirements set forth in the

MBC.

**Purpose and Objectives of the Rule(s):**

(4) Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s). Describe the difference between current behavior/practice and desired behavior/practice. What is the desired outcome?

The proposed rules only update to a newer edition of the Life Safety Code. No current behaviors/practices have been identified as deficient that require the change to the rules. The adoption of these rules will require schools, colleges and universities to be built meeting newer nationally recognized safety features. There are several differences between the current rules and the proposed rules. The current rules only require automatic sprinkler protection in basements of school buildings. The proposed rules will have the same requirements for basements, but they will also require automatic sprinkler protection in new buildings that exceed 12,000 square feet. The desired outcome of the proposed rules is to continue to provide safe buildings for existing educational facilities as well as providing the latest safety requirements for new educational facilities.

(5) Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule. What is the rationale for changing the rule(s) and not leaving them as currently written?

The harm that these rules are designed to prevent is the injury, due to fire or similar emergency, to children in K-12 schools or college classroom buildings. These rules are applicable to new and existing school, college and university buildings. The likelihood that more fires and injuries would occur in these buildings is very high in the absence of these rules. The reason the rules are changing is to update the nationally recognized Life Safety Code standard to the 2012 edition from the 1997 edition.

(6) Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The proposed rules adopt the 2012 edition of the Life Safety Code. The Life Safety Code is a nationally recognized code standard used for the protection of health and safety of occupants in buildings. By adopting a national standard and amending it in certain sections to be compatible with the Michigan Building Code, this rule set is the least burdensome alternative for those required to comply.

(7) Describe any rules in the affected rule set that are obsolete, unnecessary, and can be rescinded.

No portions of the existing rules are identified as obsolete or unnecessary.

**Fiscal Impact on the Agency:**

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, an increase in the cost of a contract, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It would not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

(8) Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings on the agency promulgating the rule).

There is no additional fiscal impact to the agency beyond the current operational cost.

(9) Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

Funding for the enforcement of the New and Existing School, College and University Fire Safety Rules comes from the plan review and inspection fees. These fees are established in the agency's annual appropriations bill. The authority for the fees comes from PA 207 of 1941, as amended, Section 29.2c being MCL 29.2c. The proposed rules will not result in additional fiscal impact on the agency so the current year's appropriations bill will not be altered.

(10) Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts. So despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

The purpose of the rules is to provide life safety for occupants in new or existing school, college or university buildings. The rules adopt a nationally recognized standard that sets minimum code standards for life safety. The adoption of the Life Safety Code provides a reasonable set of requirements necessary to accomplish the life safety in these buildings. The rules have amended several code requirements in order to lessen the burden on school districts, colleges and universities. For example, the amendment to delete Section 14.7.3.3 will allow schools to forego the requirement to record inspections of certain egress doors. The rules will still require that all exit stairs, and doors be inspected daily but will not require a written report.

#### **Impact on Other State or Local Governmental Units:**

(11) Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions on other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Please include the cost of equipment, supplies, labor, and increased administrative costs, in both the initial imposition of the rule and any ongoing monitoring.

No other agency or governmental units are impacted by these rules.

(12) Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s). Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

Inspections, testing and maintenance of required life safety systems, such as fire alarm systems and automatic sprinkler systems, will continue as required by the current rules and, therefore, would not have any effect on State or local governmental units.

(13) Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

There is no appropriation to state or local governmental units.

#### **Rural Impact:**

(14) In general, what impact will the rules have on rural areas? Describe the types of public or private interests in rural areas that will be affected by the rule(s).

The proposed rules affect the State of Michigan as a whole. The proposed rules will have no impacts either positive or negative for rural areas.

#### **Environmental Impact:**

(15) Do the proposed rule(s) have any impact on the environment? If yes, please explain.

The proposed rules do not have any impact on the environment.

**Small Business Impact Statement:**

*[Please refer to the discussion of “small business” on page 2 of this form.]*

(16) Describe whether and how the agency considered exempting small businesses from the proposed rules.

These fire safety rules are directly related to buildings that are occupied as schools, colleges and universities. The proposed rules will affect all schools, colleges and universities in Michigan whether large or small.

(17) If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below (in accordance with MCL 24.240(1)(A-D)), or (b) the reasons such a reduction was not lawful or feasible.

The proposed rules will provide the same minimum level of life safety to all occupants in a school, college or university independent of whether it is a small or large building.

(A) Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

In the state of Michigan there are approximately

Public Schools – 2800\*

Private Schools – 650\*

Public Universities – 15

Private Colleges/Universities – 68\*

The number of facilities that would qualify as a small business cannot be directly determined. There are approximately 650 private schools and it is unknown how many meet the definition as small business. It is believed that out of the 68 private colleges/universities that only a few of them meet the definition as a small business. It is possible that some of these are owned and/or operated by a larger corporation.

\* Approximate figures based on the data provided in the 2014 Michigan Education Directory.

(B) Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

These rules do not establish different reporting requirements or administrative costs.

(C) Describe how the agency consolidated or simplified the compliance and reporting requirements and identify the skills necessary to comply with the reporting requirements.

The proposed rules have simplified the reporting requirements by eliminating the requirement to always send in a copy of the classification of hazards content and the emergency plan. These documents are only required upon request from the Bureau of Fire Services. Basic administrative skills are necessary to comply with the reporting requirements.

(D) Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

The 2012 Life Safety Code (LSC) allows the use of performance based options. Instead of requiring strict compliance with the code requirements, this option allows alternatives for life safety compliance. The LSC also has special provisions for renovations of existing buildings in Chapter 43 – Building Rehabilitation. This chapter addresses rehabilitation in existing buildings and also allows latitude when projects deal with repair, renovation, modification and reconstruction.

(18) Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

No impacts are expected

(19) Identify the nature of any report and the estimated cost of its preparation by small business required to comply with the proposed rule(s).

There is one additional reporting requirement established by these proposed rules, which is a requirement for each school and college/university to prepare an emergency plan. The emergency plan shall include procedures for reporting emergencies, occupant and staff response to emergencies, evacuation procedures, appropriate use of elevators, type of building fire protection systems and other similar items. This plan only needs to be developed once and many schools currently have one in place. The estimated cost for developing this plan is unknown due to many variables for each school such as size, location, number of students and staffing levels. This report is to be available to the Bureau of Fire Services upon request.

The additional reporting requirements for door inspections and hazard classification have been eliminated or amended. Refer to the discussion under Item #26.

(20) Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

See the discussion under Item #26. Since all facilities are held to the same standard, a cost break-down for small business was not evaluated.

(21) Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

No additional costs are associated with these rules.

(22) Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

All facilities are held to the same standard so no economic harm or advantage is present.

(23) Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

No additional costs for the agency would be incurred by the lesser standard.

(24) Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

There could be a large negative impact from the public if smaller businesses were exempt or held to a lesser standard of public safety than larger businesses. The small businesses would also have a higher risk if they did not adhere to the same safety standards as for large businesses.

The proposed rules, along with other regulatory agency requirements at the state level establish minimum requirements that are considered essential for life safety. Reduction of those requirements for small business would not be in the public interest.

(25) Describe whether and how the agency has involved small businesses in the development of the proposed rule(s). If small business was involved in the development of the rule(s), please identify the business(es).

The ad-hoc committee had representatives from the following organizations that represent a variety of small business operators throughout the state:

- Michigan School Business Officials – representing schools and school districts as a nonprofit corporation which serves the multifaceted interests of education.
- American Institute of Architects, Michigan – representing architects that design construction plans for the building and renovation of school/college projects.

**Cost-Benefit Analysis of Rules (independent of statutory impact):**

(26) Estimate the actual statewide compliance costs of the rule amendments on businesses or groups. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s). What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

School, college and university classroom buildings will be directly affected by these rules. School districts, school boards, administrators, architects and engineers will be indirectly affected by these rules. The majority of the revisions from the newer edition of the Life Safety Code (LSC) either clarifies existing requirements or relaxes current requirements.

Rule amendments to lower costs:

**Door Inspections** – The new edition of the LSC requires that doors with panic hardware and in exit enclosures shall be inspected annually and provide that a written report be created for each door. This item was discussed by the ad-hoc committee and determined that the costs associated with this requirement would pose an unnecessary hardship. The rules have been amended to delete this requirement. The fire safety rules already require that principals, teachers or staff are to check all exit facilities daily to ensure that all stairways, doors, and other exits are in proper condition. The new yearly inspection and report would have been in addition to the daily exit checks.

**Conversion of an existing building to a college classroom building** – The new edition of the LSC has provisions that permit the change of occupancy from a business use to a college/university classroom use with minimum code requirements. The new edition allows for these types of occupancy changes to be reviewed under the requirements of an existing building as opposed to the requirements of a new building. This will save costs for colleges and universities that look to expand their locations.

Rule amendments to reduce record keeping:

**Hazards classification** – The new edition of the LSC requires that the architect or engineer submit a hazard of contents classification to the Bureau. This section, however, has been modified. As amended, the hazard of contents classification report is only required upon request from the Bureau. This will reduce the need of record keeping for schools and colleges and for the Bureau.

**Door Inspections** – As noted above, this requirement has been deleted from the new LSC in order to cut down on costs and on record keeping.

Updated Code Revisions:

**Stages** – The current rule set requires that all new stages over 1,000 square feet shall be protected by a Class III standpipe system in accordance with NFPA 14. The newer rules will only require a 1 1/2" hose connection.

**Allowable building height and area** – The current rules have an outdated table that lists the allowable areas for school buildings. The newer rules will reference the Michigan Building Code so that architects and engineers only have to comply with the most current building limitations.

**Alcohol-based hand dispensers** – The current rules do not address this issue and schools have to refer to a specific Fire Marshal bulletin to find the requirements. The new edition of the LSC has a specific section listing the requirements for these dispensers.

**Sprinkler protection** – The newer edition of the LSC will require new schools to have an automatic sprinkler system if the building area exceeds 12,000 square feet. This requirement is already in the Michigan Building Code so there will not be any additional costs to comply with this requirement.

(27) Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Please include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping). How many and what category of individuals will be affected by the rules? What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

These rules do not have any effects at the individual level.

(28) Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

No cost reductions are expected.

(29) Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Please provide both quantitative and qualitative information, as well as your assumptions.

The proposed rules will have a direct benefit for architects and engineers who are involved with school or college construction or renovation. The newer edition of the Life Safety Code (LSC) will allow the design professionals to utilize updated code standards. The proposed rules have deleted old requirements that conflicted with the Michigan Building Code.

(30) Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

No impacts on business growth or job creation are expected.

(31) Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

None.

(32) Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s). How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

The bureau relied upon the ad-hoc committee in determining which sections of the rules would adversely impact schools and colleges related to costs and recordkeeping.

The information on the number of schools and college was found in the 2014 printing of Michigan Education Directory by the Michigan Department of Education.

Information in regard to the other states, such as Indiana, Ohio and Wisconsin, were found by searching their governmental websites.

### **Alternatives to Regulation:**

(33) Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. In enumerating your alternatives, please include any statutory amendments that may be necessary to achieve such alternatives.

There are no reasonable alternatives to the proposed rules that have been identified that would achieve the same or similar goals.

(34) Discuss the feasibility of establishing a regulatory program similar to that proposed in the rule(s) that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

The proposed rules are implemented through regulatory agencies at the state level. This Bureau is

unaware of any private market-based systems which may be utilized by other states. After further research, the State of Indiana appears to require all schools and colleges to be reviewed by the Department of Homeland Security at the state level. The State of Wisconsin reviews schools at the Department of Safety and Professional Services which is at the state level. The State of Ohio's Code Enforcement Bureau inspects schools to ensure compliance with the Ohio Fire Code. Sometimes local building inspectors will also be involved with these projects but none of these states referred to private market-based systems.

(35) Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

The proposed rules update a current set of regulations and were developed with the assistance of an ad-hoc committee. The committee consisted of representatives from the Bureau of Fire Services, the Bureau of Construction Codes, fire service professionals, architects, builders and a number of representatives from the regulated industry. No significant alternatives were presented for the Bureau and ad-hoc committee to consider.

**Additional Information**

(36) As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

The rules will be posted to the Bureau's website upon final approval. The Bureau has a quarterly newsletter that will contain an announcement in regard to the adoption of the new rules. The Bureau also has an extensive list of email contacts for architects and engineers that do business in the State of Michigan. A mass email letter will be sent to those firms on record with the Bureau. The ad-hoc committee also has representatives from major organizations that will assist in distributing information regarding the new rules.

**PART 4: REVIEW BY THE ORR**

**Date Regulatory Impact Statement (RIS) received:**

7-10-2015

<b>Date RIS approved:</b>	<b>August 25, 2014</b>
<b>ORR assigned rule set number:</b>	<b>2011-002 LR</b>

<b>Date of disapproval:</b>	Explain:
<b>More information needed:</b>	Explain: