

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: SB838 **Patron:** VanValkenburg
Bill Title: Department of Behavioral Health and Developmental Services; recovery residences; certification required; penalty; work group.

Bill Summary: Changes the existing civil penalty for a violation of law related to the operation of recovery residences to a Class 1 misdemeanor. The bill also directs the Secretary of Health and Human Resources to convene a work group to (i) make recommendations related to oversight and transparency for recovery residences and (ii) develop credentialing guidelines for recovery residences. The bill directs the work group to report its findings and recommendations to the General Assembly by October 1, 2025.

Budget Amendment Necessary: Yes **Items Impacted:** 295

Fiscal Summary: This legislation would require additional administrative funds at the Department of Behavioral Health and Development (DBHDS) for the purposes of implementing and monitoring compliance with guidelines required to be established by the legislation. A work group established by the Secretary of Health and Human Resources would be required to create credentialing guidelines to be implemented by the DBHDS, such as uniform data collection, protocols for termination of residency, the development of a Residents' Bill of Rights, training and standards for recovery residence operators and house managers, a hotline for complaints regarding recovery residences, and a process for investigation of these complaints.

Additionally, because this legislation establishes a new misdemeanor, there may be an impact on the Compensation Board and the Literary Fund, however that impact is indeterminate. The cost of the workgroup can be absorbed in existing resources.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
720		\$115,846	\$115,846	\$115,846	\$115,846	\$115,846
TOTAL						

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
720		1.0	1.0	1.0	1.0	1.0
TOTAL						

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Fiscal Analysis: The Department of Behavioral Health and Developmental Services will require one additional position within the Office of Recovery Services (ORS) take on the additional administrative workload and time restraints that are required to effectively carry out this legislation. This would include establishing a method of verification that providers are in compliance with regulations established pursuant to the legislation. To meet this requirement, one recovery residences quality assurance position will be needed at a salary of \$70,000. The total compensation with fringe benefits and non-personnel costs for this position will be \$115,846 for FY26 and \$115,846 for FY27.

Literary Fund

Proceeds of all fines and penalties collected for offenses committed against the Commonwealth are paid into the state treasury to the credit of the Literary Fund.

Compensation Board

Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail and a fine of not more than \$2,500, either or both.

There is not enough information available to reliably estimate the increase in jail population as a result of this legislation. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays localities \$5.00 a day for each misdemeanant or otherwise local-responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2024), the estimated total state support for local jails averaged \$56.38 per inmate, per day in FY 2023.