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1 **HOUSE BILL NO. 1456**

2 Offered January 23, 2026

3 A BILL to amend the Code of Virginia by adding sections numbered 2.2-1500 through 2.2-1545, relating to
4 government efficiency; agency reporting requirements; healthcare financing reform; Interagency Health
5 Financing Task Force; managed care organization performance review; housing regulatory review;
6 procurement reform; technology consolidation; real property management; personnel efficiency; federal
7 funding contingency; establishment of the Joint Subcommittee on Government Efficiency; data integration
8 and transparency.

9 Patrons—Williams, Davis, Oates and Zehr

10 Referred to Committee on Rules

11 **Be it enacted by the General Assembly of Virginia:**12 **1. That the Code of Virginia is amended by adding sections numbered 2.2-1500 through 2.2-1545, as**
13 **follows:**14 **CHAPTER 15.1. VIRGINIA GOVERNMENT EFFICIENCY AND ACCOUNTABILITY ACT.**15 **ARTICLE 1. TITLE, DEFINITIONS, AND PURPOSE.**16 **§ 2.2-1500. Short title.**17 *This chapter may be cited as the "Virginia Government Efficiency and Accountability Act."*18 **§ 2.2-1501. Definitions.**19 *As used in this chapter, unless the context requires a different meaning:*20 *"Agency" means any agency, institution, board, bureau, commission, council, or instrumentality of state*
21 *government in the executive branch.*22 *"Cost-saving measure" means any regulatory change, budgetary adjustment, policy modification, process*
23 *improvement, or administrative action that would reduce expenditures, eliminate waste, improve efficiency,*
24 *or deliver equivalent services at lower cost.*25 *"Duplicative spending" means expenditures by two or more agencies for substantially similar purposes,*
26 *functions, services, or systems where consolidation or coordination would reduce total costs without*
27 *materially diminishing service quality.*28 *"Implementation report" means a report submitted in the standardized format prescribed by the Chief*
29 *Data Officer pursuant to § 2.2-1540 of this chapter.*30 *"Joint Subcommittee" means the Joint Subcommittee on Government Efficiency established pursuant to*
31 *Article 10 of this chapter.*32 *"Regulatory burden" means the direct and indirect costs imposed on businesses, individuals, localities, or*
33 *other government entities by state regulations, including compliance costs, reporting requirements,*
34 *permitting delays, and administrative overhead.*35 **§ 2.2-1502. Legislative findings and purpose.**36 **A. The General Assembly finds that:**37 **1. Virginia state government must operate with maximum efficiency and accountability to serve taxpayers**
38 **and citizens effectively, recognizing that every dollar spent inefficiently is a dollar that cannot be returned to**
39 **taxpayers or invested in essential services that produce measurable results;**40 **2. The Commonwealth has built strong fiscal reserves through prudent policy decisions and disciplined**
41 **budgeting, and this favorable position must not be squandered through wasteful spending, virtue signaling,**
42 **or programs that fail to deliver measurable returns on taxpayer investment;**43 **3. Governor Spanberger, in Executive Order Number One (2026), commendably directed executive**
44 **branch agencies to identify cost reductions and eliminate waste, a fiscally responsible initiative that the**
45 **General Assembly supports and seeks to codify in permanent statute to ensure continuity and accountability;**46 **4. Government efficiency must focus on delivering real results for constituents—including job creation,**
47 **economic opportunity, and reduced regulatory burdens—rather than wealth redistribution or subsidies that**
48 **benefit some groups at the expense of others;**49 **5. Executive orders, while valuable for establishing administrative priorities, lack the permanence of**
50 **statutory enactment and may be modified or rescinded by subsequent administrations, necessitating**
51 **legislative action to lock in fiscally conservative reforms;**52 **6. Federal fiscal uncertainty, including potential reductions in Medicaid, SNAP, and other federal funding**
53 **streams, increases the urgency of identifying and eliminating waste in state government operations and**
54 **preparing contingency plans that do not rely on tax increases;**55 **7. Taxpayer resources must be invested wisely, with a focus on return on investment that creates jobs,**
56 **stimulates economic growth, and provides lasting benefits—not one-time handouts or programs that create**

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59 dependency;

60 8. Innovation and technological advancement offer opportunities to drive down costs, and the

61 Commonwealth should embrace modern solutions that deliver government services more efficiently; and

62 9. The General Assembly invites the Governor to join in this effort to implement fiscally conservative

63 economic policies while the Commonwealth is in strong financial condition, transforming efficiency

64 initiatives into permanent, measurable reforms that benefit all Virginians.

65 B. The purpose of this chapter is to:

66 1. Establish permanent, statutory requirements for agency reporting on efficiency and cost-saving

67 opportunities;

68 2. Create enforcement mechanisms, including budget linkage and regulatory sunset provisions, to ensure

69 that identified efficiencies are implemented rather than ignored;

70 3. Establish the Joint Subcommittee on Government Efficiency to provide legislative oversight and hold

71 agencies accountable for results;

72 4. Mandate centralized data collection and public transparency so taxpayers can see where their money

73 goes and what results it produces;

74 5. Codify and make permanent the efficiency initiatives established by Executive Orders Number One,

75 Two, Three, Five, Six, and Nine (2026); and

76 6. Position Virginia as a national leader in government efficiency, fiscal responsibility, and taxpayer

77 accountability.

78 ARTICLE 2. AGENCY COST REDUCTION REPORTING.

79 § 2.2-1503. Mandatory cost reduction reports; initial submission.

80 A. Within 90 days of the effective date of this chapter, and annually thereafter by October 1, each agency

81 shall submit a cost reduction report to the Governor and to the Joint Subcommittee identifying cost-saving

82 measures within the agency's jurisdiction.

83 B. Reports shall be submitted concurrently to the Chief Data Officer in the standardized format

84 prescribed pursuant to § 2.2-1540.

85 C. Reports submitted pursuant to this section shall satisfy any comparable reporting requirement

86 established by executive order, provided that the executive order reporting deadline is not earlier than the

87 deadline established by this section.

88 § 2.2-1504. Report contents.

89 A. Each cost reduction report submitted pursuant to § 2.2-1503 shall include:

90 1. A description of each cost-saving measure identified, including whether the measure involves

91 regulatory change, budgetary adjustment, policy modification, process improvement, or administrative

92 action;

93 2. The projected annual savings from each identified measure, quantified in dollars where feasible, with a

94 description of the methodology used to calculate projected savings;

95 3. An implementation timeline for each identified measure, including any statutory, regulatory, or

96 practical barriers to implementation;

97 4. For measures requiring legislative action, specific recommendations for statutory changes;

98 5. For measures requiring regulatory action, identification of the specific regulations affected and the

99 proposed modifications;

100 6. For measures that the agency has determined not to pursue, a statement of the reasons for that

101 determination.

102 B. In identifying cost-saving measures, agencies shall specifically address, where relevant to the agency's

103 mission:

104 1. Opportunities to reduce housing costs for Virginians, as directed by Executive Order Number One

105 (2026);

106 2. Opportunities to reduce healthcare costs for Virginians;

107 3. Opportunities to reduce energy costs;

108 4. Opportunities to reduce education costs;

109 5. Opportunities to reduce childcare costs;

110 6. Opportunities to reduce everyday living expenses, including the cost of groceries and other necessities;

111 and

112 7. Opportunities to reduce regulatory burdens on businesses, individuals, and localities.

113 § 2.2-1505. Comply or explain requirement.

114 A. If an agency identifies a cost-saving measure in a report submitted pursuant to § 2.2-1503 but does not

115 implement that measure within 180 days of the report submission, the agency shall submit a written

116 explanation to the Joint Subcommittee stating:

117 1. The specific reasons the measure has not been implemented;

118 2. Any barriers to implementation, including statutory, regulatory, resource, or practical barriers;

119 3. Alternative approaches the agency has considered; and

120 4. A revised timeline for implementation, if the agency intends to implement the measure, or a statement

121 that the agency has determined not to implement the measure, with reasons.

122 B. The Joint Subcommittee may request additional information or testimony from any agency that submits
123 an explanation pursuant to subsection A.

124 C. The Joint Subcommittee shall compile information received pursuant to this section and report
125 annually to the House Committee on Appropriations, the House Committee on General Laws, the Senate
126 Committee on Finance and Appropriations, and the Senate Committee on General Laws and Technology on
127 patterns of non-implementation and recommendations for legislative action.

128 **§ 2.2-1506. Annual update on implementation.**

129 Each agency shall include in its annual cost reduction report submitted pursuant to § 2.2-1503 an update
130 on the implementation status of cost-saving measures identified in previous reports, including:

- 131 1. A comparison of realized savings to projected savings for each implemented measure;
- 132 2. An explanation of any significant variance between projected and realized savings; and
- 133 3. The current status of measures previously identified but not yet implemented.

134 **ARTICLE 3. HEALTHCARE FINANCING REFORM.**

135 **§ 2.2-1507. Interagency Health Financing Task Force; establishment.**

136 A. There is hereby established the Interagency Health Financing Task Force within the Office of the
137 Secretary of Health and Human Resources. The Task Force is established to codify and make permanent the
138 initiative established by Executive Order Number Two (2026), which commendably directed the development
139 of "a unified financing strategy for all state agencies within that secretariat to maximize federal funding,
140 reduce duplicative spending, and strengthen Virginia's long-term healthcare infrastructure."

141 B. The Task Force shall be composed of the following members:

- 142 1. The Secretary of Health and Human Resources, or the Secretary's designee, who shall serve as chair;
- 143 2. The Director of the Department of Medical Assistance Services, or the Director's designee;
- 144 3. The Commissioner of the Department of Behavioral Health and Developmental Services, or the
145 Commissioner's designee;
- 146 4. The State Health Commissioner, or the Commissioner's designee;
- 147 5. The Commissioner of the Department of Social Services, or the Commissioner's designee;
- 148 6. The Chief Data Officer, or the Chief Data Officer's designee;
- 149 7. The Secretary of Administration, or the Secretary's designee;
- 150 8. Two public members appointed by the Governor, who shall have expertise in healthcare finance,
151 managed care, health policy, or health economics; and
- 152 9. Two members of the General Assembly, one appointed by the Speaker of the House of Delegates and
153 one appointed by the Senate Committee on Rules, who shall serve as nonvoting advisory members.

154 C. Public members appointed pursuant to subdivision B 8 shall serve terms of four years and may be
155 reappointed. Vacancies shall be filled for the unexpired term in the same manner as the original
156 appointment.

157 D. The Task Force shall be staffed by the Office of the Secretary of Health and Human Resources.

158 **§ 2.2-1508. Task Force duties.**

159 A. The Task Force shall:

- 160 1. Develop a unified financing strategy for all agencies within the Secretariat of Health and Human
161 Resources to maximize federal funding, reduce duplicative spending, and strengthen Virginia's long-term
162 healthcare infrastructure, as directed by Executive Order Number Two (2026);
- 163 2. Conduct a comprehensive inventory of all federal funding streams to agencies within the Secretariat,
164 including but not limited to Medicaid, the Children's Health Insurance Program (CHIP), the Supplemental
165 Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), mental health
166 block grants, substance abuse prevention and treatment block grants, and discretionary grants;
- 167 3. Assess the vulnerability of each federal funding stream to changes in federal policy, including potential
168 changes to matching rates, eligibility requirements, program structure, and appropriations levels;
- 169 4. Identify initiatives and services most at risk for losing federal funds, as directed by Executive Order
170 Number Two (2026), with particular attention to risks arising from federal legislation affecting Medicaid,
171 SNAP, and other safety net programs;
- 172 5. Conduct an inventory and review of financing processes across agencies within the Secretariat to
173 identify duplicative administrative functions and opportunities for consolidation;
- 174 6. Review managed care organization performance and oversight, as directed by Executive Order
175 Number Two (2026), "with a focus on outcomes and efficiency of spending";
- 176 7. In consultation with the Chief Data Officer and the Secretary of Administration, review technology
177 systems used across agencies within the Secretariat "to avoid duplication in technology platforms, licensing,
178 and procurement," as directed by Executive Order Number Two (2026);
- 179 8. Identify opportunities for shared services across agencies within the Secretariat, including but not
180 limited to eligibility determination, billing, claims processing, and data analytics;
- 181 9. Develop recommendations for legislative, regulatory, and administrative changes to improve
182 healthcare financing efficiency; and

183 10. Report quarterly to the Governor, the House Committee on Health, Welfare and Institutions, the
184 Senate Committee on Education and Health, and the Joint Subcommittee on the Task Force's activities,
185 findings, and recommendations.

186 B. Each agency within the Secretariat of Health and Human Resources shall cooperate fully with Task
187 Force requests for information and data.

188 C. The Task Force may establish workgroups to address specific issues within its jurisdiction.

189 **§ 2.2-1509. Managed care organization performance review.**

190 A. The Task Force shall establish performance benchmarks for managed care organizations participating
191 in Virginia's Medicaid program. Benchmarks shall address, at a minimum:

192 1. Health outcomes for enrolled populations, including measures of preventive care, chronic disease
193 management, maternal and child health, and behavioral health;

194 2. Administrative costs as a percentage of total expenditures;

195 3. Provider network adequacy, including access to primary care, specialty care, and behavioral health
196 services;

197 4. Timeliness of claims payment;

198 5. Member satisfaction, as measured by standardized surveys;

199 6. Quality measures established by the National Committee for Quality Assurance or successor
200 organization;

201 7. Compliance with contractual requirements; and

202 8. Such other measures as the Task Force determines appropriate.

203 B. The Task Force shall publish an annual report on managed care organization performance against the
204 benchmarks established pursuant to subsection A. The report shall be submitted to the Governor, the House
205 Committee on Health, Welfare and Institutions, the Senate Committee on Education and Health, and shall be
206 made available to the public.

207 C. Based on its performance review, the Task Force shall make recommendations to the Director of the
208 Department of Medical Assistance Services regarding:

209 1. Contract modifications to improve managed care organization performance;

210 2. Performance improvement plans for managed care organizations that fail to meet established
211 benchmarks;

212 3. Financial incentives or penalties tied to performance against benchmarks; and

213 4. Non-renewal of contracts with managed care organizations that persistently fail to meet benchmarks.

214 D. The Director of the Department of Medical Assistance Services shall respond in writing to Task Force
215 recommendations within 60 days, either accepting the recommendations or explaining the reasons for non-
216 acceptance.

217 **§ 2.2-1510. Federal funding contingency planning; healthcare.**

218 A. The Task Force shall develop and maintain contingency plans for potential reductions in federal
219 healthcare funding.

220 B. Contingency plans shall address funding reduction scenarios of 10 percent, 25 percent, and 50 percent
221 for each major federal funding stream identified pursuant to § 2.2-1508, and shall identify:

222 1. Programs or services that would be reduced or eliminated at each scenario level;

223 2. State funds that could be used to partially offset federal reductions;

224 3. Programmatic changes that would maintain core services at reduced funding levels;

225 4. Populations that would be most affected by funding reductions; and

226 5. Timeline for implementing contingency measures if reductions occur.

227 C. Contingency plans shall be updated annually and submitted to the Governor, the House Committee on
228 Appropriations, and the Senate Committee on Finance and Appropriations.

229 D. The Department of Medical Assistance Services shall report quarterly to the House Committee on
230 Health, Welfare and Institutions and the Senate Committee on Education and Health on:

231 1. Medicaid enrollment by eligibility category;

232 2. Total Medicaid expenditures and federal matching funds received;

233 3. Changes in federal Medicaid policy and their actual or projected impact on Virginia;

234 4. Implementation status of any changes required by federal law; and

235 5. Early warning indicators of significant enrollment or funding changes.

236 **§ 2.2-1511. Budget linkage; healthcare financing compliance.**

237 A. Two percent of the administrative appropriations to the Office of the Secretary of Health and Human
238 Resources and to each agency within the Secretariat shall be held in reserve by the Department of Planning
239 and Budget pending certification of compliance with the reporting requirements of this article.

240 B. The chair of the Joint Subcommittee, upon determining that the Task Force has complied with the
241 quarterly reporting requirements of § 2.2-1508 and the annual reporting requirement of § 2.2-1509, shall
242 certify such compliance to the Department of Planning and Budget, and the reserved funds shall be released.

243 C. Funds not released pursuant to subsection B by the end of the fiscal year shall revert to the general
244 fund.

245 D. The provisions of this section shall not apply to:

246 1. Direct service appropriations;

247 2. Appropriations for eligibility determination or benefits administration;

248 3. Any appropriation the withholding of which would jeopardize federal matching funds; or

249 4. Any appropriation the withholding of which would reduce services to Medicaid beneficiaries.

250 ARTICLE 4. HOUSING AND REGULATORY STREAMLINING.

251 § 2.2-1512. **Housing Development Regulation Review.**

252 A. This article codifies and makes permanent the initiative established by Executive Order Number Three
 253 (2026), which directed "a comprehensive, multi-agency review of regulations and permitting practices that
 254 affect housing development, with the goals of eliminating unnecessary requirements, streamlining approvals,
 255 and reducing barriers to housing production."

256 B. The Secretary of Commerce and Trade, in consultation with the Secretary of Natural and Historic
 257 Resources and the Secretary of Transportation, shall conduct a comprehensive review of state regulations
 258 and permitting practices that affect residential housing development.

259 C. The review shall identify:

260 1. Regulations that increase the cost of housing construction or development;

261 2. Permitting requirements that delay housing production without commensurate public benefit;

262 3. Regulatory inconsistencies across agencies that create confusion or duplicative compliance burdens;

263 4. Opportunities to streamline approval processes; and

264 5. State laws that enable local regulatory practices that increase housing costs.

265 D. The Secretary of Commerce and Trade shall report findings and recommendations to the Governor
 266 and the Joint Subcommittee within 180 days of the effective date of this chapter.

267 § 2.2-1513. **Commission on Unlocking Housing Production.**

268 A. There is hereby established the Commission on Unlocking Housing Production to advise the Governor
 269 and the General Assembly on strategies to increase housing supply in the Commonwealth. The Commission
 270 codifies the advisory body established by Executive Order Number Three (2026).

271 B. The Commission shall be composed of the following members:

272 1. Two members appointed by the Governor, who shall have expertise in residential housing development;

273 2. Two members appointed by the Governor, who shall have expertise in local government planning and
 zoning;

275 3. Two members appointed by the Governor, who shall have expertise in housing finance;

276 4. One member appointed by the Governor, who shall have expertise in residential construction;

277 5. One member appointed by the Speaker of the House of Delegates;

278 6. One member appointed by the Senate Committee on Rules; and

279 7. The Secretary of Commerce and Trade, or the Secretary's designee, who shall serve as chair.

280 C. Members appointed pursuant to subdivisions B 1 through B 4 shall serve terms of four years.

281 D. The Commission shall:

282 1. Review the findings of the Housing Development Regulation Review conducted pursuant to § 2.2-1512;

283 2. Consult with stakeholders, including homebuilders, local governments, housing advocates, and the
 public;

285 3. Recommend legislative, regulatory, and administrative changes to increase housing supply in the
 Commonwealth; and

287 4. Report to the Governor and the Joint Subcommittee within 180 days of the effective date of this chapter,
 288 and annually thereafter.

289 § 2.2-1514. **Regulatory sunset provision.**

290 A. Any state regulation identified by the Commission on Unlocking Housing Production as a barrier to
 291 housing production shall sunset 18 months after such identification unless the promulgating agency
 292 demonstrates continued necessity as provided in subsection B.

293 B. To demonstrate continued necessity and prevent sunset, the promulgating agency shall submit to the
 294 Joint Subcommittee a written justification that includes:

295 1. A specific public health, safety, or welfare justification for the regulation;

296 2. A cost-benefit analysis demonstrating that the benefits of the regulation exceed the compliance costs
 297 imposed on housing development;

298 3. An analysis of less restrictive alternatives that were considered and reasons for rejection; and

299 4. An assessment of the regulation's impact on housing affordability.

300 C. The Joint Subcommittee shall review agency justifications submitted pursuant to subsection B and
 301 may:

302 1. Accept the justification, in which case the regulation shall not sunset;

303 2. Reject the justification, in which case the regulation shall sunset as provided in subsection A; or

304 3. Recommend legislative action to modify or eliminate the regulation.

305 D. If the Joint Subcommittee does not act within 90 days of receiving an agency justification, the
 306 justification shall be deemed accepted.

307 *E. This section shall not apply to regulations required by federal law or as a condition of federal funding.*

308 **§ 2.2-1515. Broader regulatory paperwork review.**

309 *A. Within 270 days of the effective date of this chapter, each agency shall submit to the Joint*
310 *Subcommittee an inventory of all reporting requirements imposed by the agency on businesses, individuals,*
311 *and localities.*

312 *B. The inventory shall identify:*

313 *1. The statutory or regulatory authority for each reporting requirement;*

314 *2. The frequency of required reports;*

315 *3. The estimated compliance cost for each reporting requirement;*

316 *4. Whether and how the agency uses the reported information for decision-making; and*

317 *5. Reports that are collected but rarely or never used.*

318 *C. Each agency shall recommend the elimination or modification of reporting requirements that impose*
319 *compliance costs disproportionate to the value of the information collected.*

320 *D. The Joint Subcommittee shall compile the information received pursuant to this section and report to*
321 *the House Committee on General Laws and the Senate Committee on General Laws and Technology with*
322 *recommendations for legislative action.*

323 **ARTICLE 5. PROCUREMENT AND CONTRACT REFORM.**

324 **§ 2.2-1516. Sole-source contract reporting.**

325 *A. The Department of General Services shall submit quarterly reports to the Joint Subcommittee on all*
326 *sole-source contracts exceeding \$100,000 entered into by any agency during the preceding quarter.*

327 *B. The report shall include:*

328 *1. The name of the contracting agency;*

329 *2. The name of the contractor;*

330 *3. The contract amount;*

331 *4. A description of the goods or services procured;*

332 *5. The justification for the sole-source determination; and*

333 *6. Whether the contract is new or a renewal of an existing sole-source contract.*

334 *C. The reports required by this section shall be published on the Department of General Services website.*

335 **§ 2.2-1517. Contract renewal review.**

336 *A. The Department of General Services shall include in the quarterly reports required by § 2.2-1516 a list*
337 *of all contracts that have been renewed more than three consecutive times without competitive rebidding.*

338 *B. For each contract identified pursuant to subsection A, the contracting agency shall provide:*

339 *1. A justification for continued sole-source procurement; or*

340 *2. A timeline for competitive procurement of the goods or services.*

341 *C. The Joint Subcommittee may request testimony from any agency regarding contracts identified*
342 *pursuant to this section.*

343 **§ 2.2-1518. Cost overrun reporting.**

344 *A. Each agency shall report to the Department of General Services any contract where actual*
345 *expenditures have exceeded the original contract amount by 20 percent or more.*

346 *B. The Department of General Services shall compile the information received pursuant to subsection A*
347 *and submit a quarterly report to the Joint Subcommittee that includes:*

348 *1. The original contract amount and the actual or projected final expenditure;*

349 *2. An explanation of the variance; and*

350 *3. Corrective measures implemented or planned.*

351 **§ 2.2-1519. Cooperative procurement review.**

352 *A. Within 180 days of the effective date of this chapter, the Department of General Services shall submit*
353 *to the Joint Subcommittee a report on opportunities for cooperative procurement across agencies.*

354 *B. The report shall:*

355 *1. Identify categories of goods and services where bulk purchasing across agencies would reduce costs;*

356 *2. Estimate the projected savings from cooperative procurement in each identified category;*

357 *3. Identify barriers to cooperative procurement, including statutory, regulatory, or practical barriers; and*

358 *4. Recommend categories for mandatory cooperative procurement.*

359 *C. Agencies that do not participate in cooperative procurement arrangements recommended by the*
360 *Department of General Services shall submit a written explanation to the Joint Subcommittee stating the*
361 *reasons for non-participation.*

362 **ARTICLE 6. TECHNOLOGY CONSOLIDATION.**

363 **§ 2.2-1520. Information technology systems inventory.**

364 *A. Executive Order Number Two (2026) directed executive branch agencies to "review systems used*
365 *across agencies to avoid duplication in technology platforms, licensing, and procurement." This article*
366 *codifies and expands that directive.*

367 *B. Within 180 days of the effective date of this chapter, the Virginia Information Technologies Agency*
368 *shall submit to the Joint Subcommittee a comprehensive inventory of all agency-specific software systems in*

369 use across state government.

370 C. The inventory shall identify:

- 371 1. The name and function of each system;
- 372 2. The agency or agencies using the system;
- 373 3. The annual cost of the system, including licensing, maintenance, and personnel costs;
- 374 4. Systems performing substantially similar functions across multiple agencies; and
- 375 5. Consolidation opportunities where a single system could replace multiple agency-specific systems.

376 D. The Virginia Information Technologies Agency shall prioritize identification of duplicative systems in
377 the areas of human resources, payroll, financial management, case management, and constituent services.

378 § 2.2-1521. **New system acquisition justification.**

379 A. Before acquiring any new information technology system at a cost exceeding \$500,000, an agency shall
380 submit to the Virginia Information Technologies Agency a certification that includes:

- 381 1. A description of the proposed system and its intended function;
- 382 2. An analysis demonstrating that no existing state system can perform the required function or be
383 modified to perform the required function at lower cost;
- 384 3. An evaluation of commercial off-the-shelf alternatives to custom development;
- 385 4. A cost-benefit analysis supporting the proposed acquisition approach; and
- 386 5. An assessment of opportunities for other agencies to use the proposed system, if acquired.

387 B. The Virginia Information Technologies Agency shall review certifications submitted pursuant to
388 subsection A and may:

- 389 1. Approve the proposed acquisition;
- 390 2. Require modification of the acquisition approach; or
- 391 3. Deny the acquisition and direct the agency to use an existing state system or a commercial alternative.

392 C. The Virginia Information Technologies Agency shall submit copies of all certifications and
393 determinations made pursuant to this section to the Joint Subcommittee.

394 § 2.2-1522. **Legacy system modernization plan.**

395 A. The Virginia Information Technologies Agency shall develop a prioritized plan for modernizing or
396 retiring legacy systems across state government.

397 B. The plan shall:

- 398 1. Identify legacy systems that are at risk of failure, no longer supported by vendors, or significantly more
399 expensive to maintain than modern alternatives;
- 400 2. Prioritize systems for modernization based on risk, cost savings potential, and impact on service
401 delivery;
- 402 3. Estimate the cost of modernization and the projected annual savings; and
- 403 4. Establish a timeline for modernization activities.

404 C. The Virginia Information Technologies Agency shall report annually to the Joint Subcommittee on
405 progress in implementing the modernization plan.

406 § 2.2-1523. **Budget linkage; technology compliance.**

407 A. Two percent of the information technology appropriations to each agency shall be held in reserve by
408 the Department of Planning and Budget pending certification of compliance with the requirements of this
409 article.

410 B. The Virginia Information Technologies Agency, upon determining that an agency has complied with
411 the inventory, certification, and reporting requirements of this article, shall certify such compliance to the
412 Department of Planning and Budget, and the reserved funds shall be released.

413 C. Funds not released pursuant to subsection B by the end of the fiscal year shall revert to the general
414 fund.

415 D. The provisions of this section shall not apply to emergency technology acquisitions necessary to
416 maintain critical government functions, provided that the agency reports such acquisitions to the Virginia
417 Information Technologies Agency within 30 days.

418 ARTICLE 7. REAL PROPERTY AND FACILITIES.

419 § 2.2-1524. **Building utilization review.**

420 A. Within 180 days of the effective date of this chapter, the Department of General Services shall submit
421 to the Joint Subcommittee a report on utilization rates for all state-owned facilities.

422 B. The report shall:

- 423 1. Identify the square footage, location, and primary function of each state-owned facility;
- 424 2. Calculate the utilization rate for each facility based on actual occupancy compared to design capacity;
- 425 3. Identify facilities with utilization rates below 60 percent; and
- 426 4. For each facility with utilization below 60 percent, recommend consolidation, disposal, repurposing, or
427 retention with justification.

428 C. The Department of General Services shall update the utilization report annually.

429 § 2.2-1525. **Lease portfolio review.**

430 A. Within 180 days of the effective date of this chapter, the Department of General Services shall submit

431 to the Joint Subcommittee a report on all state leases.

432 B. The report shall identify all leases expiring within three years and shall include:

433 1. The leased property location and square footage;

434 2. The current annual lease cost;

435 3. The occupying agency;

436 4. The utilization rate of the leased space; and

437 5. A recommendation to consolidate, terminate, renegotiate, or renew each lease, with projected savings
438 or costs.

439 C. The Department of General Services shall report annually on implementation of lease portfolio
440 optimization recommendations.

441 **§ 2.2-1526. Remote work space adjustment.**

442 A. Within 270 days of the effective date of this chapter, each agency shall submit to the Joint
443 Subcommittee a report on space needs in light of current remote and hybrid work policies.

444 B. The report shall:

445 1. Describe the agency's current remote and hybrid work policies;

446 2. Identify the percentage of the agency's workforce that works remotely on a regular basis;

447 3. Assess the agency's space needs given current work patterns; and

448 4. Identify opportunities to reduce the agency's real property footprint.

449 C. Agencies that do not implement space reduction opportunities identified pursuant to subsection B shall
450 submit a written explanation to the Joint Subcommittee stating the reasons for non-implementation.

451 **ARTICLE 8. PERSONNEL AND WORKFORCE EFFICIENCY.**

452 **§ 2.2-1527. Vacancy analysis.**

453 A. The Department of Human Resource Management shall submit to the Joint Subcommittee a quarterly
454 report on positions that have been vacant for 12 months or more.

455 B. The report shall:

456 1. Identify each position by title, agency, and classification;

457 2. State the duration of the vacancy;

458 3. Indicate whether the duties of the position are being performed by other staff, contractors, or not at all;
459 and

460 4. For each position, recommend abolition, reclassification, or continued recruitment, with justification.

461 C. This section shall not apply to positions funded by federal grants where abolition would jeopardize
462 grant funding.

463 **§ 2.2-1528. Contractor duplication review.**

464 A. Within 270 days of the effective date of this chapter, each agency shall submit to the Joint
465 Subcommittee a report on contractor and consultant expenditures.

466 B. The report shall:

467 1. Identify all contractor and consultant engagements exceeding \$100,000 annually;

468 2. Describe the services provided by each contractor or consultant;

469 3. Identify functions performed by contractors that could be performed by state employees, or functions
470 performed by state employees that could be performed more efficiently by contractors; and

471 4. Include a cost comparison for each identified function.

472 C. The Joint Subcommittee may request additional information or testimony from agencies regarding
473 contractor utilization.

474 **§ 2.2-1529. Span of control analysis.**

475 A. The Department of Human Resource Management shall submit to the Joint Subcommittee an annual
476 report on supervisor-to-employee ratios across state government.

477 B. The report shall:

478 1. Calculate the average span of control for each agency;

479 2. Benchmark agency spans of control against comparable states and, where applicable, the private
480 sector;

481 3. Identify agencies with spans of control significantly below benchmark, indicating potential
482 management inefficiency; and

483 4. Recommend organizational changes to improve spans of control where appropriate.

484 **§ 2.2-1530. Federal worker transition support.**

485 A. Executive Order Number Five (2026) directed the Commonwealth to "expand job placement and
486 public-private partnerships for displaced federal workers and contractors." This section codifies that
487 directive.

488 B. The Virginia Employment Commission, in coordination with the Department of Human Resource
489 Management, shall:

490 1. Develop job placement services specifically designed for federal workers displaced by federal
491 workforce reductions;

492 2. Coordinate with private sector employers to identify opportunities for displaced federal workers;

493 3. Where qualifications are met, give priority consideration to displaced federal workers in filling state
 494 government vacancies; and
 495 4. Report quarterly to the Joint Subcommittee on the number of displaced federal workers assisted and
 496 placed in employment.

497 ARTICLE 9. ADDITIONAL EFFICIENCY REVIEWS.

498 § 2.2-1531. **Fee and fine review.**

499 A. Within 270 days of the effective date of this chapter, each agency that collects fees or imposes fines
 500 shall submit to the Joint Subcommittee a report that includes:

501 1. A list of all fees collected by the agency, the statutory or regulatory authority for each fee, and the
 502 annual revenue generated;
 503 2. For each fee, the cost of collection and administration;
 504 3. Identification of fees where the cost of collection exceeds the revenue generated;
 505 4. A list of all fines imposed by the agency and the statutory or regulatory authority for each fine;
 506 5. Identification of fines that have not been adjusted in 10 or more years; and
 507 6. Recommendations for fee or fine adjustments or eliminations.

508 § 2.2-1532. **Grant administration review.**

509 A. Within 270 days of the effective date of this chapter, each agency that administers grant programs shall
 510 submit to the Joint Subcommittee a report that includes:

511 1. A list of all grant programs administered by the agency;
 512 2. For each grant program, the total funds available, the funds distributed, and the administrative costs;
 513 3. Identification of grant programs where administrative costs exceed 15 percent of funds distributed;
 514 4. Identification of grant programs with persistently low uptake, defined as distribution of less than 50
 515 percent of available funds in two or more of the preceding three years; and
 516 5. Recommendations for program modifications or eliminations.

517 § 2.2-1533. **Energy and fleet review.**

518 A. Within 180 days of the effective date of this chapter, the Department of General Services shall submit
 519 to the Joint Subcommittee a report on energy consumption and fleet utilization.

520 B. The energy review shall:

521 1. Report energy consumption by facility;
 522 2. Benchmark energy consumption against comparable buildings; and
 523 3. Identify facilities with energy consumption significantly above benchmark and recommend efficiency
 524 improvements.

525 C. The fleet review shall:

526 1. Report utilization rates for all state vehicles;
 527 2. Identify vehicles used less than 50 percent of available time;
 528 3. Review take-home vehicle policies and require justification for each take-home vehicle authorization;
 529 and
 530 4. Recommend consolidation, pooling, or elimination of underutilized vehicles.

531 § 2.2-1534. **Board and commission review.**

532 A. Executive Order Number Six (2026) directed a "review and evaluate the process for appointing
 533 members to public higher education governing boards." This section expands that review to all boards and
 534 commissions.

535 B. Within 270 days of the effective date of this chapter, the Secretary of the Commonwealth shall submit to
 536 the Joint Subcommittee a report on all boards and commissions established by statute or executive action.

537 C. The report shall:

538 1. List all boards and commissions, their statutory or executive authority, membership, and meeting
 539 frequency;
 540 2. Identify boards and commissions that have not met in 24 or more months;
 541 3. Identify boards and commissions with overlapping jurisdiction;
 542 4. Recommend consolidation or abolition of boards and commissions that no longer serve a necessary
 543 function; and
 544 5. For public higher education governing boards, review and evaluate the appointment process, including
 545 "potential legislative or policy changes to terms, reappointments, start dates, and the evaluation process for
 546 appointees," as directed by Executive Order Number Six (2026).

547 ARTICLE 10. JOINT SUBCOMMITTEE ON GOVERNMENT EFFICIENCY.

548 § 2.2-1535. **Establishment of the Joint Subcommittee.**

549 There is hereby established the Joint Subcommittee on Government Efficiency as a permanent joint
 550 subcommittee of the General Assembly.

551 § 2.2-1536. **Membership.**

552 A. The Joint Subcommittee shall consist of 12 members as follows:

553 1. Three members of the House Committee on Appropriations, appointed by the chair of that committee;
 554 2. Three members of the House Committee on General Laws, appointed by the chair of that committee;

555 3. Three members of the Senate Committee on Finance and Appropriations, appointed by the chair of that
556 committee; and

557 4. Three members of the Senate Committee on General Laws and Technology, appointed by the chair of
558 that committee.

559 B. Members shall serve terms coincident with their terms of office in the General Assembly. Vacancies
560 shall be filled in the same manner as the original appointment for the unexpired term.

561 **§ 2.2-1537. Officers.**

562 A. The Joint Subcommittee shall elect from among its membership two co-chairs, one from each chamber,
563 and two vice-chairs, one from each chamber.

564 B. Officers shall serve for terms of two years and may be reelected.

565 **§ 2.2-1538. Jurisdiction.**

566 The Joint Subcommittee shall have jurisdiction over:

567 1. Receipt and review of all reports required to be submitted to the Joint Subcommittee under this
568 chapter;

569 2. Oversight of implementation of cost-saving measures and efficiency initiatives identified pursuant to
570 this chapter;

571 3. Recommendations to standing committees regarding legislative action to implement efficiency
572 measures;

573 4. Requests for additional information from agencies;

574 5. Certification of compliance with reporting requirements for purposes of budget linkage provisions; and

575 6. Such other matters relating to government efficiency as the General Assembly may assign.

576 **§ 2.2-1539. Reporting relationships.**

577 A. Recommendations of the Joint Subcommittee on fiscal and budgetary matters shall be reported to the
578 House Committee on Appropriations and the Senate Committee on Finance and Appropriations.

579 B. Recommendations of the Joint Subcommittee on regulatory and administrative matters shall be
580 reported to the House Committee on General Laws and the Senate Committee on General Laws and
581 Technology.

582 C. The Joint Subcommittee may report directly to the House of Delegates and the Senate by joint
583 resolution on matters requiring legislative action.

584 **§ 2.2-1539.1. Staff, meetings, and resources.**

585 A. The Joint Subcommittee shall be staffed by the Division of Legislative Services.

586 B. The Joint Subcommittee may request technical assistance from the Joint Legislative Audit and Review
587 Commission for specific analytical projects, subject to JLARC workload and capacity.

588 C. The Joint Subcommittee may engage consultants as needed within appropriated funds.

589 D. The Joint Subcommittee shall meet at least quarterly and may hold public hearings.

590 E. The Joint Subcommittee may take testimony from agency officials, stakeholders, and the public.

591 **§ 2.2-1539.2. Sunset and reauthorization.**

592 A. The Joint Subcommittee shall sunset on July 1, 2032, unless reauthorized by act of the General
593 Assembly.

594 B. Prior to sunset, the Joint Subcommittee shall submit a report to the General Assembly assessing the
595 effectiveness of this chapter and recommending whether the Joint Subcommittee should be reauthorized,
596 modified, or allowed to sunset.

597 ARTICLE 11. DATA INTEGRATION AND TRANSPARENCY.

598 **§ 2.2-1540. Central repository.**

599 A. All reports required to be submitted to the Joint Subcommittee under this chapter shall also be
600 submitted to the Chief Data Officer, or equivalent official designated by the Governor, in addition to any
601 other required recipients.

602 B. The Chief Data Officer shall maintain a central repository of all reports submitted pursuant to this
603 chapter.

604 C. The Chief Data Officer shall prescribe standardized, machine-readable formats for all reports
605 required under this chapter. The formats shall facilitate aggregation and cross-agency analysis.

606 **§ 2.2-1541. Public dashboard.**

607 A. The Chief Data Officer shall develop and maintain a public-facing dashboard displaying:

608 1. A summary of cost-saving measures identified by each agency;

609 2. The implementation status of each identified measure;

610 3. Projected savings and realized savings for each implemented measure;

611 4. Compliance status of each agency with the reporting requirements of this chapter; and

612 5. Aggregate statistics on government efficiency across state government.

613 B. The dashboard shall be updated at least quarterly.

614 **§ 2.2-1542. Cross-agency analysis.**

615 A. The Chief Data Officer shall analyze reports submitted pursuant to this chapter for patterns across
616 agencies, including:

617 1. Common regulatory barriers identified by multiple agencies;
 618 2. Duplicative systems or functions across agencies;
 619 3. Opportunities for shared services;
 620 4. Common barriers to implementation of efficiency measures; and
 621 5. Best practices from agencies that have successfully implemented efficiency measures.

622 B. The Chief Data Officer shall report annually to the Joint Subcommittee on findings from cross-agency
 623 analysis conducted pursuant to subsection A.

624 § 2.2-1543. **Open data.**

625 All data submitted under this chapter shall be published as open data, except for:

626 1. Personnel information protected by applicable privacy laws;
 627 2. Proprietary information submitted by contractors or vendors;
 628 3. Information the disclosure of which would jeopardize security; and
 629 4. Information otherwise exempt from disclosure under the Virginia Freedom of Information Act.

630 **ARTICLE 12. FEDERAL FUNDING CONTINGENCY.**

631 § 2.2-1544. **Federal funding vulnerability assessment.**

632 A. Executive Order Number Five (2026) established an Economic Resiliency Task Force and directed "an
 633 assessment of federal funding losses or projected losses and recommendations for potential mitigation
 634 measures." This article codifies that directive.

635 B. The Secretary of Finance shall submit to the Joint Subcommittee an annual assessment of federal
 636 funding vulnerability, including:

637 1. Total federal funds received by Virginia state government, by agency and funding stream;
 638 2. Identification of funding streams at risk of reduction due to federal policy changes;
 639 3. Estimated impact of potential funding reductions on state programs and services; and
 640 4. Recommendations for mitigation, including alternative funding sources, program modifications, and
 641 contingency plans.

642 § 2.2-1544.1. **Agency contingency plans.**

643 A. Each agency receiving federal funds exceeding \$10 million annually shall maintain contingency plans
 644 for federal funding reduction scenarios.

645 B. Contingency plans shall address funding reduction scenarios of 10 percent, 25 percent, and 50 percent,
 646 and shall identify:

647 1. Programs or services that would be reduced or eliminated at each scenario level;
 648 2. State funds that could be used to partially offset federal reductions;
 649 3. Programmatic changes that would maintain core services at reduced funding levels; and
 650 4. Timeline for implementing contingency measures if reductions occur.

651 C. Contingency plans shall be updated annually and submitted to the Joint Subcommittee.

652 § 2.2-1544.2. **Medicaid and SNAP monitoring.**

653 A. Executive Order Number Five (2026) directed agencies to "implement and manage H.R. 1 changes to
 654 Medicaid and SNAP while protecting eligible access." This section establishes ongoing monitoring of these
 655 critical programs.

656 B. The Department of Medical Assistance Services shall report quarterly to the Joint Subcommittee on:

657 1. Medicaid enrollment by eligibility category;
 658 2. Total Medicaid expenditures and federal matching funds received;
 659 3. Changes in federal Medicaid policy and their impact on Virginia; and
 660 4. Early warning indicators of enrollment or funding changes.

661 C. The Department of Social Services shall report quarterly to the Joint Subcommittee on:

662 1. SNAP enrollment and benefits distributed;
 663 2. Federal SNAP funding received;
 664 3. Changes in federal SNAP policy and their impact on Virginia; and
 665 4. Early warning indicators of enrollment or funding changes.

666 **ARTICLE 13. IMPLEMENTATION SAFEGUARDS.**

667 § 2.2-1545. **Non-discrimination in implementation.**

668 A. Cost-saving measures and efficiency initiatives implemented pursuant to this chapter shall comply with
 669 all applicable federal and state civil rights laws.

670 B. Cost-saving measures and efficiency initiatives implemented pursuant to this chapter shall not:

671 1. Disproportionately reduce services to protected classes in a manner that would violate federal or state
 672 civil rights laws;
 673 2. Eliminate positions in a manner that would violate equal employment opportunity requirements; or
 674 3. Reduce accessibility for persons with disabilities in a manner that would violate the Americans with
 675 Disabilities Act or comparable state law.

676 C. Before implementing any efficiency measure that would significantly affect public services, the
 677 implementing agency shall assess the impact of the measure on vulnerable populations and submit the
 678 assessment to the Joint Subcommittee.

679 *D. The Joint Subcommittee may request modification of any proposed efficiency measure that would have*
680 *a disproportionate adverse impact on vulnerable populations without adequate justification.*

681 **2. That the provisions of this act shall become effective on July 1, 2026.**

682 **3. That the initial cost reduction reports required by § 2.2-1503 shall be submitted within 90 days of the**
683 **effective date of this act.**

684 **4. That the initial quarterly report of the Interagency Health Financing Task Force required by**
685 **§ 2.2-1508 shall be submitted by October 1, 2026.**

686 **5. That the initial annual report on managed care organization performance required by § 2.2-1509**
687 **shall be submitted by January 1, 2027.**

688 **6. That the reports required by §§ 2.2-1512, 2.2-1519, 2.2-1520, 2.2-1524, 2.2-1525, and 2.2-1533 shall**
689 **be submitted within 180 days of the effective date of this act.**

690 **7. That all other reports required by this act shall be submitted within 270 days of the effective date of**
691 **this act unless otherwise specified.**

692 **8. That there is hereby appropriated from the general fund the sum of \$_____ for fiscal year 2027**
693 **for the staffing and operation of the Joint Subcommittee on Government Efficiency established by**
694 **§ 2.2-1535.**

695 **9. That if any provision of this act or its application to any person or circumstance is held invalid, the**
696 **invalidity shall not affect other provisions or applications of this act that can be given effect without the**
697 **invalid provision or application, and to this end, the provisions of this act are declared severable.**

698 **10. That the provisions of this act shall be liberally construed to effectuate its purposes of improving**
699 **government efficiency and accountability.**