

**Department of Planning and Budget  
2026 General Assembly Session  
State Fiscal Impact Statement**

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**ORIGINAL**

**Bill Number:** SB270 **Patron:** VanValkenburg  
**Bill Title:** Recovery residences; regulations.

**Bill Summary:** Establishes certain requirements for recovery residences and directs the State Board of Behavioral Health and Developmental Services to establish minimum certification standards for recovery residences. The bill directs the Department of Behavioral Health and Developmental Services to (i) adopt regulations prohibiting recovery residences, their operators, employees, and agents from requiring a resident to participate in medical or psychological services as a condition of entering or continuing residence at a recovery residence and (ii) monitor credentialing agencies for compliance with Department regulations. Under the bill, referrals to recovery residences made by the Department or any agency of the Commonwealth shall only be made to such recovery residences that are certified and have received accreditation by or membership in a credentialing agency. The bill specifies that no such credentialing agency shall provide credentials to a recovery residence that is owned or operated by an individual who is employed by or in a position of authority at such credentialing agency, or an immediate family member of any such individual. The bill also directs the Board to establish minimum certification standards for recovery residences, including (a) Department protocols for recovery residences; (b) requirements for renewal of certification; (c) a process for submission and investigation of complaints; and (d) protocols for prohibiting the consumption or possession of any marijuana or marijuana products by residents of recovery residences. Under the bill, the Department and the Virginia Housing Commission are directed to study and make recommendations for establishing regulations for licensed providers of clinical substance use treatment services that offer housing as a benefit for individuals participating in treatment services but are not licensed or certified as a recovery residence. The bill directs the Board to promulgate regulations to authorize the Department to expand data reporting requirements for certified and conditionally certified recovery residences and directs the Department to promulgate regulations regarding sharing of data related to recovery residences with the public. Finally, the bill continues the work group established in 2025 by the Secretary of Health and Human Resources to make recommendations regarding oversight and transparency for recovery residences.

**Budget Amendment Necessary:** Yes

**Items Impacted:** 299

**Explanation:** This legislation will require additional resources at the Department of Behavioral Health and Developmental Services (DBHDS) in their administrative service area (49901).

**Fiscal Summary:** Many of the requirements of the proposed legislation can be absorbed by existing resources, including the promulgation of regulations for recovery home credentialing, collaboration with Virginia Housing Commission, and the continued meeting of a workgroup related to oversight of recovery residences. The requirement to expand data collection, however, will likely have a fiscal impact and require additional resources for both personnel and information technology.

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**General Fund Expenditure Impact:**

| <b>Agency</b> | <b>FY2026</b> | <b>FY2027</b>    | <b>FY2028</b>    | <b>FY2029</b>    | <b>FY2030</b>    | <b>FY2031</b>    |
|---------------|---------------|------------------|------------------|------------------|------------------|------------------|
| DBHDS (720)   |               | \$455,000        | \$450,000        | \$450,000        | \$450,000        | \$450,000        |
| <b>TOTAL</b>  |               | <b>\$455,000</b> | <b>\$450,000</b> | <b>\$450,000</b> | <b>\$450,000</b> | <b>\$450,000</b> |

**Position Impact:**

| <b>Agency</b> | <b>FY2026</b> | <b>FY2027</b> | <b>FY2028</b> | <b>FY2029</b> | <b>FY2030</b> | <b>FY2031</b> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| DBHDS (720)   |               | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           |
| <b>TOTAL</b>  |               | <b>2.0</b>    | <b>2.0</b>    | <b>2.0</b>    | <b>2.0</b>    | <b>2.0</b>    |

**Fiscal Analysis:** Item 300, Paragraph J.2. of the 2025 Appropriation Act requires that DBHDS monitor recovery residences for regulatory compliance. DBHDS has one staff person dedicated to monitoring the 357 credentialled recovery residences currently in operation. While the proposed legislation addresses monitoring the credentialing agencies and not the recovery residences themselves, additional resources will be needed to coordinate and provide oversight to ensure that credentialing agencies and any independently credentialled residences are complying with and enforcing new regulations and reporting requirements resulting from this legislation, including the investigation of complaints. It is estimated that DBHDS will need one additional position to perform these tasks at a cost of \$120,000 per year, including travel costs.

Additionally, DBHDS does not currently have adequate staffing to meet the significant data reporting requirements included in this legislation. It is estimated the agency will need one data analyst at a cost of \$135,000 per year to be responsible for the increased data gathering and reporting requirements. It is possible this could be accomplished using a manual, decentralized process, however that is likely insufficient to meet the proposed data reporting requirements. The cost of an in-house tool to collect and report data outlined in the bill, including demographic data, as well as track inspections and incident reporting, is estimated at \$200,000 for development and implementation and \$195,000 in ongoing system maintenance costs.

|                     | <b>FY 2027</b>    | <b>FY 2028</b>    |
|---------------------|-------------------|-------------------|
| Recovery Specialist | \$ 120,000        | \$ 120,000        |
| Data Analyst        | \$ 135,000        | \$ 135,000        |
| Data System         | \$ 200,000        | \$ 195,000        |
| <b>Total</b>        | <b>\$ 455,000</b> | <b>\$ 450,000</b> |

**Other:** This bill is a companion to HB931.