

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

PUBLISHED: 2/5/2026 7:28 PM

ORIGINAL

Bill Number: SB564

Patron: Sturtevant

Bill Title: Department of Social Services, unlicensed care homes; complaints; regulations.

Bill Summary: Directs unlicensed care homes, defined in the bill, to register with the Department of Social Services. The bill sets out certain standards to be followed by the Department for handling complaints related to unlicensed care homes. The bill also directs the Department to establish regulations for the operation of unlicensed care homes, including health, safety, medication handling, and documentation standards.

Budget Amendment Necessary: Yes

Items Impacted: Item 336, Item 338

Explanation: The Department of Social Services will require new general fund appropriation and positions to comply with the requirements of this legislation, attributable to Item 336 (Regulation of Public Facilities and Services) and Item 338 (Administrative and Support Services).

Fiscal Summary: The proposed legislation is expected to require new general fund appropriation and positions on the part of the Department of Social Services (DSS) for which they are not currently appropriated. See tables and fiscal analysis below.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765)	-	\$951,183	\$428,638	\$428,638	\$428,638	\$428,638
TOTAL	-	\$951,183	\$428,638	\$428,638	\$428,638	\$428,638

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765)	-	4.0	4.0	4.0	4.0	4.0
TOTAL	-	4.0	4.0	4.0	4.0	4.0

Fiscal Analysis: This bill requires operators of unlicensed care homes to register with the Department of Social Services (DSS). The bill sets out procedures for DSS as it relates to receiving and responding to complaints regarding the operations of unlicensed care homes. Additionally, the bill updates the Code of Virginia to include unlicensed care homes among facilities that may be subject to inspection by the DSS Commissioner.

DSS estimates that there are about 1,280 unlicensed care facilities in the Commonwealth of Virginia. While DSS does not have data available to estimate the number of complaints that may be received regarding unlicensed care facilities, the agency reports that existing licensing staff are at capacity and cannot accommodate an increase in processing complaints or conducting inspections.

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DSS estimates that four new licensing inspector positions (one per region) will be necessary to investigate complaints regarding unlicensed care homes and supervise registration of all unlicensed care facilities. The estimated general fund (GF) cost for the four positions is estimated at \$334,339 in FY 2027 and \$418,249 in FY 2028 and subsequent years. The cost estimates are inclusive of salary, benefits, and nonpersonal services; the first-year cost also includes a one-time onboarding cost estimated at \$5,163 GF and is adjusted for three quarters of the fiscal year to account for hiring delays.

Additional resources will also be needed for training, transportation, and information technology upgrades. DSS expects that the agency's licensing division will need to train agency staff at regional licensing offices and other state partners involved in long-term care services on the new standards for unlicensed care homes, including regional staff for the Department for Aging and Rehabilitative Services, the Department of Behavioral Health and Developmental Services, and the Virginia Department of Health. Training and associated travel costs are estimated at \$6,379 GF annually; DSS plans to minimize such costs by conducting regional training sessions.

DSS anticipates that they will need to implement upgrades to the DSS online licensing system to store data related to unlicensed care homes. New system capabilities needed for unlicensed care homes include the ability to track complaints, log noncompliance, issue registrations and/or notices of noncompliance, and track registration data. The estimated one-time implementation cost for such upgrades is \$600,000 GF in FY 2027. Additionally, DSS expects that they will need to update the agency's public-facing website to display information about unlicensed care homes and active investigations. This one-time implementation cost is estimated at \$6,455 GF in FY 2027.

It is finally expected that minor ongoing information technology costs will be necessary to support Customer Community Plus licenses/logins for operators of unlicensed care homes registering with DSS; the cost for such user licenses is estimated at \$4,010 GF annually beginning in FY 2027.

Other: