

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

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 the Virginia Housing Commission, and the continued meeting of a workgroup related to oversight of recovery residences. The requirement to expand monitoring of credentialing entities and increased data collection, however, will likely have a fiscal impact and require additional resources for both personnel and information technology.

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>
DBHDS (720)		\$120,000	\$455,000	\$450,000	\$450,000	\$450,000
TOTAL		\$120,000	\$455,000	\$450,000	\$450,000	\$450,000

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DBHDS (720)		1.0	2.0	2.0	2.0	2.0
TOTAL		1.0	2.0	2.0	2.0	2.0

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 credentialed recovery residences currently in operation. The substitute legislation addresses monitoring credentialing agencies and creating a process for recovery residences to receive certification independently. Additional resources will be needed to coordinate and provide oversight to ensure that credentialing agencies and any independently credentialed residences comply with and enforce 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. It is assumed these costs will begin in FY 2027.

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. Because the substitute legislation delays the enactment of this section until July 1, 2027, it is assumed that these costs will begin to be incurred in FY 2028.

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

Because the substitute legislation delays the effective date of these sections until July 2027, the costs will not accrue until fiscal year 2028. The table below indicates both the initial year and ongoing costs.

	FY 2027	FY 2028	FY 2029+
Recovery Specialist	\$ 120,000	\$ 120,000	\$ 120,000
Data Analyst		\$ 135,000	\$ 135,000
Data System		\$ 200,000	\$ 195,000
Total	\$ 120,000	\$ 455,000	\$ 450,000

Other: This bill is a companion to HB931. The Senate budget includes funding for this bill beginning in FY 2028 (amendment 299#5s). The House budget includes funding for this bill beginning in FY 2027 (amendment 299#2h).