

# Capitol Contact

## Virginia General Assembly

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## JLARC Recommendation Legislation Consolidated and Clears Crossover

Following the eye-opening report on Virginia's K-12 Funding Formula released in July 2023 by the Joint Legislative Audit and Review Commission ([JLARC](#)), several pieces of legislation were introduced by legislators seeking to codify many of the report's recommendations. From the Senate, most of the bills originating in that chamber related to the JLARC report have been incorporated into one "omnibus" legislative vehicle, [SB 105 \(Lucas\)](#), which passed the Senate unanimously. In the House, several standalone bills have crossed over to the Senate. **VACo supports and has testified** on any legislative effort that provides additional state support for K-12 education and requires the state to fund their share of the true cost of education.

SB 105 incorporates [SB 127 \(VanValkenburg\)](#), [SB 128 \(VanValkenburg\)](#), [SB 187 \(Subramanyam\)](#), [SB 227 \(Hashmi\)](#), [SB 228 \(Hashmi\)](#), and [SB 609 \(Aird\)](#). The bill in its current form codifies the At-Risk Add-On Program that provides additional state funding for high-poverty schools with a maximum of up to 36% more funding per student based on the concentration of poverty in an eligible school. The bill provides changes to the teacher incentive reward programs and eligibility.

[SB 272 \(Hashmi\)](#), which passed the Senate on a unanimous vote, would require the Virginia Department of Education (VDOE) to develop and implement a data collection process related to English language learner expenditures and student English proficiency levels and identify other options to support English language learners. The Department shall provide a status report to the Joint Subcommittee on Elementary and Secondary Education Funding on its implementation and data collection efforts by September 1, 2024.

Regarding bills from the House, [\*\*HB 624 \(Rasoul\)\*\*](#) passed on a vote of 85-14 and codifies the At-Risk Add-On Program in manner similar to SB 105, as well as requires state funding, pursuant to the general appropriation act to support ratios of instructional positions to English language learner students, based on each student's English proficiency level, as established in the general appropriation act, among other provisions. [\*\*HB 825 \(Cousins\)\*\*](#), which passed the House on a vote of 55-44, also codifies the At-Risk Add-On Program in manner similar to HB 624, among other provisions. [\*\*HB 1247 \(Maldonado\)\*\*](#) passed the House on a vote of 58-41 and would implement the instructional positions for English language learners in a manner identical to HB 624.

[\*\*HB 360 \(Simonds\)\*\*](#) passed the House on a unanimous vote and would require the Superintendent of Public Instruction to biennially calculate, compare, and report to the Board of Education and the General Assembly the differences between the fixed staffing ratios in the Standards of Quality funding formula and the actual staffing ratios in local school divisions in the Commonwealth so that such fixed staffing ratios can be regularly adjusted as needed to more closely approximate such actual staffing ratios.

[\*\*HJ 67 \(Simonds\)\*\*](#) passed the House on a unanimous block vote. The bill would establish a joint committee consisting of members of the House Education Committee and members of the Senate Education and Health Committee to study fair school funding reform by, among other things, identifying and commissioning an independent firm with certain qualifications to produce an adequacy cost study on Virginia's K-12 public schools and utilizing the findings from such study, the recommendations from the Joint Legislative Audit and Review Commission in its July 2023 report, "Virginia's K-12 Funding Formula," and any stakeholder input and feedback received by the joint committee to produce and submit to the Governor and the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations by November 1, 2025, a set of recommendations on transitioning Virginia's K-12 funding system to one that is student need-based.

As previously [\*\*reported\*\*](#), JLARC's [\*\*findings\*\*](#) confirm what many in local government already know to be true:

- The State Standards of Quality (SOQ) formula yields substantially less funding than actual local school division spending and benchmarks.
- Total statewide staffing needs calculated by SOQ formula are less than actual employment levels.
- The SOQ formula systematically underestimates division compensation costs.
- The formula still uses Great Recession-era cost reduction measures.
- The formula does not adequately account for higher needs students.

- The formula does not adequately account for local labor costs, among other findings.

VACo will continue to engage and report on this legislation as it progresses through the General Assembly. Many of the provisions contained in the legislation will be dependent upon budget language.

VACo Contact: [Jeremy R. Bennett](#)

## Counties' Opposition Heard – SCC Authority Bills Fail

At the request of the patrons, and in the face of strong opposition from Virginia counties, [HB 636 \(Sullivan\)](#) and [SB 567 \(Deeds\)](#) were carried over to the 2025 legislative session.

The bills proposed giving the Virginia State Corporation Commission (SCC) the authority to override local comprehensive plans and zoning ordinances for the siting of utility-scale solar, wind and battery storage facilities. The legislation sets up the process for applicants to essentially bypass local planning commissions and boards of supervisors when seeking approval for the siting and operations of solar projects with a rated generation capacity 50 megawatts (MW) or more, wind projects of 100 MW or more, and energy storage facilities of 50 MW or more.

**VACo Members - Thank you for your advocacy.**

VACo Contact: [Joe Lerch, AICP](#)

## Bills and Budget Amendments Under Consideration to Implement Behavioral Health Commission Recommendations

Members of the Behavioral Health Commission adopted a series of recommendations in December, with proposals emerging from the Commission's review of the implementation of the STEP-VA initiative, its study of school-based mental health services, and its review of proposals to create an expedited court diversion process, as well as a 2022 JLARC study of the Community Services Board (CSB) system and a 2023 JLARC study of state psychiatric hospitals. Key recommendations have been introduced as a set of bills and a large number of budget amendments, as outlined below.

[\*\*HB 314 \(Hope\)/SB 179 \(Favola\)\*\*](#), as introduced, would have required state hospitals (rather than CSBs) to conduct discharge planning for individuals who are discharged within 30 days of admission; CSBs would continue to be responsible for discharge planning for individuals with longer stays. As passed by the House and Senate, respectively, these provisions are limited to discharges from Central State Hospital, Southern Virginia Mental Health Institute, or Southwestern Virginia Mental Health Institute.

[\*\*SB 590 \(Deeds\)\*\*](#) clarifies what core services are to be provided by the CSBs as part of STEP-VA and specifies that the services are to be available to adults with a serious mental illness, children with (or at risk of) serious emotional disturbance, and individuals with substance use disorder, and are to be provided in a timely manner and within a reasonable distance of the individual's residence, subject to the availability of funds. This bill has passed the Senate; a companion bill, [\*\*HB 885 \(Watts\)\*\*](#), was tabled in House Appropriations.

[\*\*HB 888 \(Watts\)/SB 176 \(Favola\)\*\*](#) provides that for the purpose of civil commitments and temporary detention orders, behaviors or symptoms that manifest from a neurocognitive disorder or a neurodevelopmental disability are not sufficient, in themselves, to justify a finding of mental illness. The bills stem from a JLARC finding that state hospitals are inappropriate placements for individuals with these conditions. To address concerns about the limited availability of placement options other than state hospitals, the bills direct the convening of a workgroup and include reenactment clauses. These bills have passed their originating chambers and await hearings post-crossover.

[\*\*HB 808 \(Rasoul\)/SB 653 \(Durant\)\*\*](#) would have authorized a state hospital to delay admission of an individual who is under a temporary detention order until the state facility has determined that the individual does not have potentially life-threatening medical needs requiring immediate evaluation and treatment that the state facility is incapable of providing, effective July 1, 2025. The bills were recommendations of the JLARC study on state hospitals and sought to address concerns about patients being dropped off at state hospitals. HB 808 reached the House floor but was not passed before the Tuesday crossover deadline; SB 653 was stricken at the request of the patron.

### **Budget amendments related to CSB operations**

- [\*\*Item 297 #2h \(Rasoul\)\*\*](#) and [\*\*Item 295 #23s \(Deeds\)\*\*](#) direct the Department of Behavioral Health and Developmental Services (DBHDS) to work with the Department of Medical Assistance Services (DMAS) to review CSB billing for Medicaid-eligible services.
- [\*\*Item 288 #5h \(Rasoul\)/Item 292 #10s \(Deeds\)\*\*](#) direct DMAS to work with Medicaid managed care organizations to standardize policies, procedures, and requirements that CSBs must follow to receive Medicaid reimbursement.

- [Item 295 #5h \(Hope\)](#)/[Item 295 #9s \(Favola\)](#) direct DBHDS to report annually to the State Board of Behavioral Health and Developmental Services and the Behavioral Health Commission on average salaries, turnover, and vacancy rates, by position type, across community services boards.
- [Item 295 #4h \(Hope\)](#)/[Item 295 #18s \(Deeds\)](#) direct DBHDS to amend CSB performance contracts to require that (i) any funding appropriated by the General Assembly to CSBs for staff compensation only be used for staff compensation and (ii) CSBs report annually to DBHDS on any staff compensation actions taken during the prior fiscal year.
- [Item 295 #3h \(Hope\)](#)/[Item 295 #10s \(Favola\)](#) direct DBHDS to identify all current DBHDS requirements related to documentation and reporting of CSB behavioral health services and eliminate any requirements that are not essential or are duplicative or conflicting.
- [Item 288 #35h \(Hope\)](#)/[Item 292 #1s \(Favola\)](#) direct DMAS to ensure that comprehensive information about all available managed care organization preferred provider programs is provided to all CSBs, including information about which behavioral health services are included in the preferred provider programs and the requirements CSBs must meet to participate in the programs.
- [Item 267 #2h \(Watts\)](#)/[Item 267 #2s \(Deeds\)](#) direct the Secretary of Health and Human Resources to report on plans to implement the Certified Community Behavioral Health Clinic (CCBHC) model in the Commonwealth. [Item 292 #6h \(Watts\)](#)/[Item 292 #11s \(Deeds\)](#) direct DMAS to examine how Virginia can most effectively and efficiently transition to a prospective payment system as required to fully adopt the CCBHC model.
- [Item 295 #14h \(Watts\)](#)/[Item 295 #14s \(Favola\)](#) direct DBHDS to report annually on CSB performance in improving functioning levels of consumers.
- [Item 295 #12h \(Watts\)](#)/[Item 295 #12s \(Favola\)](#) direct DBHDS to revise all performance measures in CSB performance contracts to ensure that: (i) performance measures are designed to measure outcomes for each service; (ii) performance measures include a relevant benchmark for each measure, and (iii) DBHDS has given clear direction on how it will monitor performance and enforce compliance with performance requirements. [Item 295 #11h \(Watts\)](#)/[Item 295 #17s \(Favola\)](#) direct DBHDS to provide CSB-level performance information to each CSB governing board; the Behavioral Health Commission, and the State Board of Behavioral Health and Developmental Services.

### **Budget amendments related to STEP-VA**

- **Item 295 #2h (Hope)/Item 295 #13s (Favola)** direct DBHDS to finalize performance measures and benchmarks for every STEP-VA service component that has been initiated statewide.
- **Item 295 #1h (Hope)/Item 295 #11s (Favola)** direct DBHDS to report to the Behavioral Health Commission by December 1, 2024, on the changes to STEP-VA performance measures and benchmarks that are anticipated to be included in CSB performance contracts that will take effect July 1, 2025.
- **Item 295 #6h (Hope)/Item 295 #19s (Deeds)** direct DBHDS to conduct a needs assessment to determine the unmet need for each of the nine service components of STEP-VA and develop an estimate of the cost of satisfying the unmet need for each of the nine STEP-VA service components statewide.

### **Budget amendments related to school-based mental health**

- **Item 295 #10h (Watts)** directs DBHDS to develop performance measures for participating school mental health sites and for the pilot overall; **Item 295 #3s (Deeds)** includes this language and also provides \$7.5 million per year for school mental health pilots.
- **Item 288 #6h (Rasoul)/Item 292 #12s (Deeds)** direct DMAS and the Department of Education to revise their interagency agreement to reduce the percentage of administrative reimbursement pass-through funds retained by DMAS and appropriate an equivalent amount of funding to the Department of Education to provide school divisions with additional technical assistance with Medicaid billing.
- **Item 125 #2h (Rasoul)** provides \$20 million in FY 2025 in temporary funding for school-based mental health services following the expiration of federal ESSER funds. **Item 124 #50s (Deeds)** would provide \$30 million in FY 2025 for this purpose. **Item 117 #1h (Rasoul)** and **Item 118 #3s (Deeds)** direct VDOE to work collaboratively with DBHDS and DMAS on a plan for creating a new program to deliver flexible mental health funds to divisions.
- **Item 118 #6h (Rasoul)** and **Item 124 #57s (Favola)** provide \$1.5 million per year for the Virginia Tiered System of Supports.

### **Budget amendments related to Expedited Diversion to Court-Ordered Treatment**

- **Item 31 #2h (Watts)** and **Item 31 #14s (Deeds)** direct the Office of the Executive Secretary, in collaboration with DBHDS, to examine existing jail diversion programs for individuals with a serious mental illness and the

feasibility of implementing an expedited diversion to court-ordered treatment (EDCOT) process to divert individuals with a serious mental illness to court-supervised mental health treatment.

### **Budget amendments related to state psychiatric hospitals and the crisis system**

- **Item 267 #1h (Hope)/Item 267 #1s (Deeds)** direct the Secretary of Health and Human Resources to provide to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees and to the Behavioral Health Commission a plan detailing how funds appropriated during the 2023 Session of the General Assembly will be expended to expand and modernize the comprehensive crisis services system.
- **Item 296 #4h (Rasoul)/Item 296 #6s (Favola)** provide \$5 million each year for DBHDS to establish a program for state-licensed psychiatric hospitals to provide funding for hospitals that agree to increase the percentage of involuntary inpatient admissions they accept and demonstrate the need for funding to safely admit such patients.
- **Item 296 #5h (Rasoul)/Item 296 #1s (Favola)** expand eligibility for the discharge assistance provided by DBHDS to individuals facing substantial barriers to discharge from private hospitals.
- **Item 302 #2s (Deeds)** earmarks \$6.2 million of the amounts provided for salary increases for direct care staff and food and environmental services staff for salary increases for psychologists, social workers, housekeeping, and food services staff at state psychiatric hospitals that will bring these positions' salaries within 10 percent of the median salary paid to these positions by other health care employers in the region. **Item 302 #1s (Deeds)** directs DBHDS to report annually to the Behavioral Health Commission on average turnover and vacancy rates and salary competitiveness, by hospital and position type, for the state's psychiatric hospitals.
- **Item 302 #2h (Watts)/Item 296 #12s (Favola)** provide \$407,500 per year for scheduling software for state hospitals.
- **Item 302 #1h (Watts)** provides \$40 million the first year and \$80 million the second year to increase nursing staff at state psychiatric hospitals.
- **Item 302 #3h (Watts)/Item 295 #7s (Deeds)** provides \$250,000 in FY 2025 for DBHDS to contract for an assessment of state hospitals' staffing levels and the development of a methodology to allow DBHDS to conduct future biennial assessments on its own.

- [Item 301 #1h \(Hope\)](#) and [Item 295 #2s \(Deeds\)](#) direct DBHDS to identify and develop alternative placements for children who would otherwise be admitted to the Commonwealth Center for Children and Adolescents.
- [Item 295 #13h \(Watts\)](#) directs DBHDS to contract for a secure online portal for CSBs to upload and share patient documents with inpatient psychiatric facilities; [Item 295 #1s \(Favola\)](#) provides \$650,000 in FY 2025 for this purpose.
- [Item 296 #8h \(Hope\)](#)/[Item 296 #11s \(Favola\)](#) direct DBHDS to contract with one or more institutions of higher education for training and technical assistance for preadmission screening clinicians.
- [Item 296 #20h \(Rasoul\)](#) provides \$33 million the first year and \$2.6 million the second year to ensure existing crisis centers are fully staffed. [Item 297 #4s \(Deeds\)](#) provides \$2.5 million each year help community services boards hire additional staff for crisis stabilization units whose bed capacity is not fully utilized.
- [Item 295 #16s \(Favola\)](#) directs DBHDS to provide detailed information to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees before funding is provided for a new Crisis Stabilization Unit on: (i) the unmet needs the new unit will address, (ii) the capacity of CSBs or private providers to staff the proposed unit, (iii) the unit's ability to serve individuals under a temporary detention order, (iv) expected initial and ongoing costs of the proposed unit, and (v) the planned timeframe for when the unit would become operational.

VACo Contact: [Katie Boyle](#)

## Unpaved Road Flexibility Bills Make it to Crossover

[SB 644 \(Perry\)](#) and [HB 74 \(Reid\)](#) would clarify that the improvement of nonsurface treated secondary highways includes modifications other than paving. These improvements include but aren't limited to drainage upgrades, enhanced design of the highway profile, or any positive changes to increase safety, reduce maintenance cost or enhance the historic qualities of the road in question. The bill would also clarify that the local governing body of the county receiving funds for such improvements will select the highways or highway segments to be improved, after consulting with the Virginia Department of Transportation.

The introduced versions of the bills included language stating, "*Improvements pursuant to this section shall qualify as capital projects and shall be designed and*



*implemented by the county capital projects manager to project standards.”* VACo relayed concerns to the patrons that language referencing a, “county capital projects manager,” would not be applicable to all counties across the Commonwealth. VACo is happy to report that Delegate Reid and Senator Perry heard our concerns and offered amendments that would allow this unpaved road improvement language to apply and be used by all counties.

The bills passed unanimously in each of their original chambers and will soon be heard in the opposite. Currently, while both bills have the same effect, the language differs and VACo expects that **amendments made** to HB 74 will be offered and adopted to SB 644. The bills would then be identical if they were to pass floor votes and avoid a conference committee. VACo thanks Delegate Reid and Senator Perry for working with us, hearing our concerns, and putting forward these helpful bills. **VACo supports SB 644 and HB 74.**

**VACo Contact:** [James Hutzler](#)

## **Areas of Concern in January Revenue Report Ahead of “Budget Sunday”**

Secretary of Finance Stephen E. Cummings briefed members of the Senate Finance and Appropriations Committee on state revenues on Wednesday, February 14. In contrast to the cautiously upbeat tone of previous presentations, Secretary Cummings expressed concern about the performance of state revenues in January. Although overall general fund revenues are up 5.3 percent on a fiscal year-to-date basis, and are 4.6 percent above the December forecast, revenues declined in January due to a large drop in individual income tax non-withholding collections. This unexpected reduction has prompted concern about the degree to which it might signal similar declines in nonwithholding payments that are traditionally concentrated in the last quarter of the fiscal year. In some years, a mid-session revenue reforecast makes an upward adjustment to revenue projections, providing more flexibility in developing a budget, but that will not be the case this session; due to concerns about nonwithholding revenues, as well as a disappointing Virginia employment report in December, the Administration is not recommending adjustments to the revenue forecast at this time.

Individual income tax withholding continues to perform well, increasing by 4.5 percent on a fiscal year-to-date basis and running ahead of the forecast by \$401.4 million. Nationally, employment growth has remained strong, although Secretary Cummings noted a “concerning downward trend” in average hours worked, suggesting that firms are continuing to hire and retain workers, but controlling costs by limiting hours. Of concern, Virginia employment fell in December for the first time in 14 months, representing a loss of 11,800 jobs, a report the Administration received only recently and is attempting to further understand. Sales tax collections

are down 1.6 percent on a year-to-date basis, generally in line with projections (\$11 million ahead of the forecast).

The “money committees” will be reporting their respective budget proposals on Sunday. Typically, these presentations cover major spending and savings items in the committee budgets, with the text of budget amendments released on Tuesday ahead of floor votes on Thursday. Thursday’s floor vote begins the process of placing the two budget proposals in conference. VACo will be reporting on key budget items that are announced on Sunday early next week and will provide a more detailed analysis once the full budget documents are released.

Secretary Cummings’s slides are available at [this link](#) and the revenue report memorandum is available at [this link](#).

**VACo Contact:** [Katie Boyle](#)

## Key Dates for the 2024 General Assembly

As part of its organizational work on the first day of the 2024 session, the General Assembly adopted a procedural resolution on January 10 that sets out important dates and deadlines for the 2024 legislative session.

- **January 10:** General Assembly convened at noon. Bills that were “prefiled” were due to be submitted by 10:00 a.m. Bills affecting the Virginia Retirement System, or creating or continuing a study, were required to be filed by adjournment of the floor session.
- **January 12:** Deadline for submission of member budget amendments.
- **January 19:** Deadline for all bills or joint resolutions to be filed (by 3 p.m.), with some exceptions, such as legislation introduced at the request of the Governor or legislation allowed to be introduced after deadlines by unanimous consent.
- **February 13:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bill).
- **February 18:** “Budget Sunday,” the deadline for the “money committees” to report their respective budgets by midnight.
- **February 22:** Deadline for each chamber to complete consideration of its budget bill.

- **February 28:** Deadline for each chamber to complete consideration of the other chamber's budget bill and revenue bills.
- **March 4:** Deadline for committee consideration of legislation, by midnight.
- **March 9:** Scheduled adjournment *sine die*.
- **April 17:** Reconvened session for consideration of Governor's amendments and vetoes.

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