

Key Issues – Finance & Elections and Health and Human Resources
VACo Supervisors’ Forum
May 18, 2024

Key Issues in Finance and Elections

- ***Protecting local authority to raise necessary revenue:*** An ongoing priority for VACo, as bills are introduced in every session that would limit local authority.
 - In recent years, bills would have imposed new requirements for the adoption of the real estate tax rate in situations where real property assessments are increasing; exempted certain businesses from BPOL taxes; allowed deductions from BPOL in certain limited circumstances (setting a problematic precedent); eliminated BPOL entirely; centralized collections of transient occupancy taxes for accommodations intermediaries with the Department of Taxation; and created administrative and revenue concerns for valuation of machinery and tools and business personal property, among other proposals.
 - Significant discussion in 2022, 2023, and 2024 sessions about the state and local portions of the “grocery tax,” including a major 2024 advocacy effort to ensure the state’s hold-harmless payments for the state portion of the grocery tax that would have been dedicated to K-12 were included in the final budget.
 - Discussion in beginning of 2024 session about the car tax – more to come?

- ***State support for Constitutional offices:*** VACo has historically encouraged the state to meet its full funding obligations, to include realistic levels of staffing/salaries to enable constitutional offices to meet their responsibilities and limit the need for localities to provide additional locally-funded positions/salary supplements.
 - Some success in recent budgets:
 - 2022 Appropriation Act included \$7.3 million in FY 2023 and \$9.9 million in FY 2024 for 125 new behavioral health case manager positions and 127 partially-funded medical/treatment positions to assist local and regional jails to comply with behavioral health standards that are in the process of being implemented.
 - Items included in budget adopted in September 2023 (2023 Special Session I Acts of Assembly, Chapter 1):
 - \$7.6 million for compression adjustments for deputy sheriffs and regional jail officers, effective December 1, 2023
 - \$4 million to increase salaries for attorneys in Commonwealth’s Attorneys’ offices, effective December 1, 2023.
 - \$593,507 to increase salaries for positions in circuit court clerks’ offices, effective December 1, 2023.
 - \$931,301 to restore positions in offices of the Commissioners of the Revenue allocated through staffing standards but unfunded due to prior budget reductions.
 - \$2 million to restore positions in Treasurers’ offices allocated through staffing standards but unfunded due to prior budget reductions.
 - May 2024 budget includes additional staffing for Commonwealth’s Attorneys’ offices (resulting from study of staffing needs conducted by Compensation Board and National Center for State Courts directed in budget language), as well as budget language and funding for a study of Clerks’ staffing needs to be conducted by National Center for State Courts.
 - VACo is continuing to advocate in partnership with the Virginia Sheriffs’ Association for the state to fund law enforcement deputy sheriffs at the statutorily-required ratio of 1 deputy per 1500 people.

- **Resources for jails:** VACo supports a more robust state-local partnership in funding local and regional jails. In FY 2021, the Compensation Board reported \$1.04 billion in total expenditures, including capital costs, to house inmates in local and regional jails – localities contributed \$601.4 million of these costs, and an additional \$16.4 million to house inmates in other jurisdictions, while the state contributed \$364.1 million.
 - *Per diems:* Prior to action by the 2022 General Assembly, per diem rates had not been adjusted since FY 2011, when the payment of \$8 per day for local-responsible inmates was reduced to \$4 per day, and the state-responsible rate was adjusted from a bifurcated rate of \$8 per day for the first 60 days and \$14 per day thereafter to a standard rate of \$12 per day.
 - The 2022 Appropriation Act increased state-responsible rates by \$3.
 - The September 2023 budget increased local-responsible rates by \$1.
 - *Substance use disorder treatment:* May 2024 budget includes \$2 million in opioid settlement funding for the Jail-Based Substance Use Disorder Treatment and Transition Fund, which is to be used for the planning or operation of substance use disorder treatment services and transition services for persons with substance use disorder who are incarcerated in local and regional jails; VACo supported the creation of this Fund in 2023.
 - *Medicaid coverage for incarcerated individuals:* VACo worked with advocacy partners to submit budget amendments in the 2024 session that would direct the state Medicaid agency to pursue a waiver to cover behavioral health and substance use treatment for qualifying incarcerated individuals for the first 30 days of incarceration and the last 90 days prior to release, in order to take advantage of a new flexibility in Medicaid offered by the federal government. Currently, Virginia Medicaid coverage for incarcerated individuals is limited to costs incurred during a hospital admission. This language was not included in the final budget, in part due to concerns about the state’s capacity to undertake additional Medicaid initiatives with several major projects already underway; we plan to revisit the issue.

- **Elections:** Conducting accessible, transparent, secure, and accurate elections is a fundamental responsibility of government and a shared funding obligation of the state and local governments. Recent changes to offer more robust voting options have not been accompanied by additional ongoing state support for this fundamental function of government, and VACo supports a more balanced state/local funding partnership in election administration.
 - Some success in recent budgets:
 - September 2023 budget included \$7.1 million to reimburse localities’ costs associated with the 2024 Presidential Primary, a funding level that reflects requests made by VACo and advocacy partners to reflect the costs of administering elections more accurately relative to the amount proposed in the December 2022 budget.
 - May 2024 budget redirects \$2.8 million in ARPA funds to the Department of Elections to assist localities in implementing electronic pollbooks and ballot-on-demand systems. (These funds were originally provided to the Department of Social Services for Medicaid eligibility redeterminations and were not expected to be spent.) The Department of Elections will develop a process for distributing these funds.
 - Security standards for local IT systems that connect to the state voter registration system have been an ongoing topic of discussion; state staff attended VACo’s November 2023 conference to clarify requirements and provide information on resources available to assist localities in complying.
 - Other ongoing topics of discussion:
 - Potential state requirements for numbers/locations of voter satellite offices
 - Ranked-choice voting
 - Staffing for registrars’ offices

- ***Key 2024 interim studies***
 - Legislation considered during the 2024 session that would have made substantial changes to the assessment of affordable housing properties was referred to the Virginia Housing Commission.
 - Language from the May 2024 adopted budget directs the Joint Subcommittee on Tax Policy to explore modernizing the Commonwealth's income and sales and use taxes, to include examining long-term revenue growth and the state's ability to sustain core government services.

Key Issues in Health and Human Resources

- ***Children's Services Act***
 - Ongoing concerns about growth in costs for private special education placements funded through CSA.
 - State Executive Council is systematically reviewing policies to ensure they are up-to-date and aligned with other initiatives in the HHR system; VACo reviews and provides public comment/fiscal impact analysis as needed.

- ***Behavioral Health***
 - The state's crisis system has been an area of top interest for Administration and General Assembly; VACo has historically supported efforts to address census pressures at state hospitals, as well as ongoing efforts to support community-based crisis services.
 - September 2023 budget included \$58 million for crisis receiving centers and crisis stabilization units; \$10 million for mobile crisis services in underserved areas; \$10 million for comprehensive psychiatric emergency programs or similar models of psychiatric care in emergency departments; \$30 million for permanent supportive housing for individuals with serious mental illness and \$4 million for supervised residential care for 100 individuals, with priority to be given to projects serving individuals who face extraordinary barriers to discharge from state hospitals, among other investments.
 - May 2024 budget: \$10 million in FY 2025 for mobile crisis teams; \$3.6 million in FY 2025 and \$4.2 million in FY 2026 for crisis co-responder programs; \$4.7 million per year to expand alternative transportation and custody to individuals under involuntary commitment orders and language combining funding for alternative transportation and alternative custody; \$2.6 million per year for crisis training for first responders and hospital personnel; additional \$25 million in FY 2025 and \$2.6 million in FY 2026 for crisis services, plus \$2.5 million per year for CSBs to hire additional staff for crisis stabilization units with underutilized bed capacity. Also includes \$7.9 million per year for salary increases for food and environmental services staff at state hospitals, as well as \$10.4 million per year for clinical staff, among other investments.
 - CSB system/STEP-VA: Ongoing discussions about adopting Certified Community Behavioral Health Clinic model in Virginia (May 2024 budget directs report on implementation plans by Secretary of Health and Human Resources). May 2024 budget requires several reports on CSB system as recommended by JLARC and the Behavioral Health Commission (salaries and vacancy rates, performance in improving consumer functioning levels, ability to bill Medicaid for services, etc.).
 - Study language enacted as part of 2024 legislation requires review of available placements and development of alternative placements for individuals with neurocognitive disorders and neurodevelopmental disabilities who are not well served by state hospitals, but at times have nowhere else to go; this issue was a topic of discussion in JLARC's December 2023 report on state hospitals.
 - Ongoing discussions about youth mental health (school-based services, effect on CSA, etc.)
 - Ongoing partnership with Opioid Abatement Authority

- ***Social services***
 - *Allocation of local staff and operations funding:* In summer 2020, the State Board of Social Services directed the Commissioner to develop a new formula for allocating local staff and operations funding to local departments, to include a local match that would vary based on ability to pay. A small workgroup of state DSS staff and local DSS directors met to examine possible metrics to be used to allocate funds; DSS briefed VACo members in late fall 2023 on a proposal that would allocate funding based on a weighted caseload formula, but would not result in any locality receiving less than it did in 2023. This proposal would require additional state funding to implement.
 - *Public benefits IT system:* VACo worked in partnership with the Virginia League of Social Services Executives to support funding to replace the state’s public benefits IT system; the May 2024 budget includes \$3.5 million in FY 2025 and \$350,000 in FY 2026 to replace CommonHelp and VaCMS (the state’s public-facing and internal systems used for benefits eligibility).
 - *Administrative costs for the Percentage of Income Payment Program (PIPP):* VACo also worked with the League and other advocacy partners to insert language into the May 2024 budget clarifying that local administrative costs for PIPP (which is a utility assistance program funded by utility ratepayers) are to be reimbursed from the PIPP Fund rather than funded by localities.
 - *Foster care placements for “high acuity” youth:* Ongoing issue with finding placements for youth with high-level needs, which has at times required youth to stay in local DSS offices or in hotels under the supervision of local DSS staff.

- ***Key 2024 interim studies***
 - Language included in the budget in September 2023 directs the Secretary of Public Safety and Homeland Security, with cooperation from VACo and VML, to produce a report on juvenile detention center cost savings strategies, which is directed to include a proposal to reduce the state “juvenile detention center block grant” in order to incentivize consolidation of juvenile detention centers in the Commonwealth, and to assess alternative models for providing education at juvenile detention centers. A report is due October 15, 2024.
 - JLARC is expected to undertake a review of the Virginia Department of Health as part of its 2024 workplan (according to its preliminary planning in fall 2023).
 - JLARC is also expected to study the potential transfer of the Department of Juvenile Justice to the Health and Human Resources Secretariat (according to its preliminary planning in fall 2023).
 - Joint Commission on Health Care has a May 22 meeting scheduled to finalize its workplan; last fall, the Commission approved two studies for 2024: a review of the performance and impact of health care workforce programs, and a study of the impact of various models to extend health care to vulnerable populations, including community paramedicine, home visiting, mobile health clinics, telehealth, and the services of community health workers.
 - Commission on Youth is expected to adopt its 2024 workplan on May 21.
 - Behavioral Health Commission will finalize its workplan in June. Ongoing monitoring of STEP-VA, Project BRAVO (redesign of Medicaid-funded behavioral health services), and other behavioral health initiatives are part of the Commission’s strategic plan. Legislation passed in 2024 also directs the Behavioral Health Commission to convene a work group to study how to effectively align current civil admissions laws and processes with new behavioral health and crisis response services and resources in the Commonwealth.