



## Virginia Department of Planning and Budget **Economic Impact Analysis**

---

---

### **6 VAC 35-30 Regulation Governing State Reimbursement of Local Juvenile Residential Facility Costs**

### **6 VAC 35-35 Regulation Governing the Process for Planning, Designing, and Constructing Locally Funded Juvenile Residential Facilities**

### **6 VAC 35-20 Regulation Governing the Monitoring, Approval, and Certification of Juvenile Justice Programs and Facilities**

### **6 VAC 35-101 Regulation Governing Juvenile Secure Detention Centers**

**Department of Juvenile Justice**

**Town Hall Action/Stage: 5467 / 9317**

May 20, 2025

---

---

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.<sup>1</sup>

### **Summary of the Proposed Amendments to Regulation**

Pursuant to a 2019 periodic review,<sup>2</sup> the Board of Juvenile Justice (Board) proposes to eliminate outdated provisions, and to simplify practices for all localities engaging in juvenile detention center and group home construction, renovation, or enlargement. The Board also proposes to create a new regulation (6 VAC 35-35) to establish a process for localities to plan, design, and construct a juvenile detention facility in cases where they have no intention of seeking state reimbursement.

---

<sup>1</sup> Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

<sup>2</sup> <https://townhall.virginia.gov/L/ViewPReview.cfm?PRid=1710>

## Background

Chapter 30 establishes the processes that must be followed when constructing, renovating, enlarging, or otherwise altering certain facilities. These facilities are locally operated and commission operated juvenile detention centers, and locally or regionally operated juvenile group homes and similar residential facilities that are regulated by the Department of Juvenile Justice (DJJ). Generally, the requirements pertain to prescreening, preliminary design, needs assessment, planning study, funding formula, Governor's approval, construction contract, design change orders, monthly inspection and progress reports, and final inspection. Pursuant to the periodic review, the Board proposes to eliminate outdated provisions and simplify practices for all localities engaging in such projects; the Board would also establish a new regulation (6 VAC 35-35) to create a process for localities to use when planning, designing, and constructing a new facility in cases where they do not intend to seek reimbursement for such projects through any available mechanisms. This action also makes conforming changes to other related regulations (i.e., Chapters 20 and 101).

According to DJJ, although the statute requires the Commonwealth to reimburse localities for qualifying projects, the General Assembly has included language in the Appropriation Act since 2003 that prohibits the Board from approving funds for state reimbursement of applicable construction, enlargement, or renovation costs for these facilities.<sup>3</sup> In essence, Chapter 30 requires localities constructing or modifying eligible juvenile facilities to undergo an arduous process involving the completion of reports tied specifically to funding, despite the fact that reimbursement funding available through the mandated process has been frozen for many years, and most localities choose not to avail themselves of mechanisms for state funding.

In summary, the Board proposes to simplify the regulatory reimbursement process for localities that seek state funding (Chapter 30); create a new chapter with a simpler process for localities that do not seek state funding (Chapter 35); and make conforming changes to other related regulatory chapters (i.e., Chapters 20 and 101).

---

<sup>3</sup> See Item 446(A), Chapter 1042 of 2003 Acts of General Assembly at <https://budget.lis.virginia.gov/item/2003/1/1042/Chapter/1/446/>

---

## Estimated Benefits and Costs

One of the substantive changes the Board proposes would eliminate the complex funding formula to calculate estimated construction costs. According to DJJ, eliminating the funding formula would ease the regulatory burden for localities and allow them to work with their architects and engineers to determine construction costs. The funding formula has been a problem for localities because it is prescriptive in nature and has proven to be unreliable. For instance, the formula relies on figures derived from adult facilities, which have different populations and structures than juvenile facilities. Since this change pertains to localities that seek state reimbursement, and this funding has been frozen since 2003, this change may reduce the administrative costs for localities seeking reimbursement and improve the accuracy of cost estimates if and when the funding freeze is eliminated by the General Assembly.

The second substantive change would add language describing how the regulation would apply if an exception to the legislative moratorium occurs although no exception has been granted so far. The Appropriation Act language has frozen funding but at the same time provides the Board authority to grant exceptions to address emergency maintenance projects needed to resolve immediate life and safety issues. The current regulation does not address the process to be followed if and when the Board grants such an exception, but any emergency projects must also comply with the Board standards. Thus, this change is expected to clarify the steps a locality would follow should the Board grant an exception.

The third proposed change would create a new regulation that establishes a simpler process for projects where the locality is not seeking state reimbursement. Compared to the process used when a locality seeks reimbursement, this new process would be simplified by excluding requirements for a planning study, Governor's approval, a construction contract, and monthly inspection or progress reports. According to DJJ, there have been four projects in the past ten years where the locality was not seeking reimbursement, including one project at Chesapeake juvenile detention center that is now in its early stages; and there have been no such group home projects. Also, a simpler process would mean DJJ would devote fewer resources to the review of unnecessary documents, and would play a diminished role in the review process.

Finally, the proposal would make conforming changes to other related regulations (i.e., Chapters 20 and 101) to reflect the substantive amendments.

In short, DJJ expects the proposal to streamline, clarify, and enhance the efficiency of the process used by DJJ and localities seeking to construct new juvenile residential facilities or modify existing facilities, and allow an expedited process for facility projects with no state funding to reduce the burden on existing local and DJJ resources.

### **Businesses and Other Entities Affected**

The proposed amendments apply to localities constructing, renovating, or enlarging juvenile detention centers, group homes, or similar residential facilities. Because of the statutory moratorium on state funding for such facilities, no such facilities have received state reimbursement since 2003. There have been four locally funded detention center facility projects in counties of Loudoun and Prince William and cities of Chesapeake and Bristol and no locally funded group home projects in the past ten years. No locality appears to be disproportionately affected.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>4</sup> An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.<sup>5</sup> The proposal does not increase costs or reduce revenues for localities. Thus, no adverse impact is indicated.

### **Small Businesses<sup>6</sup> Affected:<sup>7</sup>**

The proposed amendments do not adversely affect small businesses.

---

<sup>4</sup> Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

<sup>5</sup> Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

<sup>6</sup> Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

<sup>7</sup> If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a

---

### **Localities<sup>8</sup> Affected<sup>9</sup>**

The proposed amendments do not introduce costs for localities, nor do they disproportionately affect them. In fact, the proposal would likely reduce the administrative costs associated obtaining a DJJ approval for localities constructing or expanding regulated facilities, regardless of whether or not they seek state funding.

### **Projected Impact on Employment**

The proposed amendments do not appear to have the potential to significantly affect total employment.

### **Effects on the Use and Value of Private Property**

No effects on the use and value of private property nor on real estate development costs are expected.

---

proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

<sup>8</sup> “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

<sup>9</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.