LONG-TERM SUSTAINABILITY OF VIRGINIA'S LOCAL ALCOHOL SAFETY ACTION PROGRAMS

Study Report Pursuant to Senate Bill 391 and House Bill 862 (2026)

Prepared by TEOconsulting, LLC for the

Commission on the Virginia Alcohol Safety Action Program (VASAP)

September 2026

Prepared in response to Enactment Clause 8 of Senate Bill 391 and HB 862 (Chapter 687, 2026), addressing the sustainability of the structure and funding model for VASAP and the system of local ASAPs.

Acknowledgements

We want to thank the members of the work group who took time from their busy schedules to offer their ideas as we prepared this report. We hope that this report does justice to their contributions.

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We thank the Commission on VASAP staff for their responsiveness to our numerous requests for information. We also thank them for providing the audited ASAP reports from Brown Edwards for this study.

In addition to scheduled group meetings, we provided individual opportunities for group members to offer input specific to their area of representation.

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Executive Summary

Pursuant to SB 391 and HB 862, the Commission convened a work group to evaluate the long-term sustainability, governance, funding, and operational structure of Virginia's Alcohol Safety Action Program (VASAP) system. The review examined funding models in other states; the financial and operational health of Virginia's 21 local Alcohol Safety Action Programs (ASAPs); minimum standards for successful operations; staffing and accountability structures; and the framework established by recent legislation.

Virginia's local ASAPs provide essential public safety services, including offender monitoring, education, assessment, treatment referral, ignition interlock oversight, and court compliance functions for approximately 20,000 to 22,000 participants annually. Programs operate locally, but they function as part of a statewide system whose effectiveness depends on consistent service delivery, fiscal stability, and adherence to Commission standards.

A review of programs in West Virginia, Maryland, North Carolina, and South Carolina revealed no single model identical to Virginia's system. However, several common themes emerged: impaired-driving programs generally rely on a combination of participant fees and public funding; statewide standards and oversight are essential; mechanisms are needed to ensure access for indigent participants; and responsibility for administration and accountability must be clearly assigned.

Funding sustainability depends on referral volume, fee collections, staffing costs, facilities, technology, benefits, insurance, and other operating expenses. Financial conditions vary significantly among local programs, and reliance on participant-generated revenue alone creates vulnerability. The report concludes that sustainable operations require budgets based on the actual cost of meeting Commission standards, supplemented by predictable local financial participation, beginning in 2028, if program revenues are insufficient. Local funding agreements, risk-based reserve policies, and limited emergency assistance from the Commission will support long-term stability of the VASAP system.

The new statutory framework adds stability to the system by clarifying the Commission's authority, preserving policy board governance roles, and establishing fiscal-agent localities to provide administrative and employment infrastructure. Careful transition planning will be required to implement these changes consistently across the Commonwealth, and they may be best treated as an organizational conversion rather than a simple accounting change.

The report recommends maintaining statewide standards in governance, fiscal management, staffing, service delivery, accountability, and continuity planning. Rather than adopting a single statewide funding amount, it recommends basing each program's funding level on a Commission-approved budget sufficient to meet required service and performance standards, less projected revenues, with any remaining need addressed through local funding agreements. Such funding agreements could include in-kind services, shared office space, supply purchase agreements, and shared technology costs.

The report notes that local ASAPs collectively maintain approximately $6.5 million in reserves, illustrating both the diversity of individual program circumstances and the resilience of the statewide system.

Finally, the report concludes that accountability should be shared among three clearly defined entities: the Commission, which establishes standards and oversight; local policy boards, which provide governance; and fiscal agent localities, which manage personnel and financial administration. Clear agreements and guidance among these entities are essential to ensuring consistent, effective, and sustainable operation of the VASAP system.

Study Scope and Method

SB 391 and HB862 directed the Commission to convene a work group to review the sustainability of VASAP's structure and funding model. The required review included: (i) funding models for similar programs in other states; (ii) factors affecting funding sustainability, including fees and program funding sources; and (iii) factors affecting the operational stability of the system of local ASAPs. The legislation also required an assessment of minimum standards and criteria for implementing and operating local ASAPs; recommended funding levels for successful operations and programming; appropriate staffing and accountability at all levels of a local ASAP; and the roles and responsibilities of VASAP necessary to ensure the success of local ASAPs. This report is organized directly around those statutory questions and the viability of the ASAP system.

The work group included Commission staff; representatives of local ASAPs; staff of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations; representatives of the Virginia Association of Counties and the Virginia Municipal League; and other relevant stakeholders as outlined on the Acknowledgments page. The methodology included interviews with each workgroup member and other stakeholders, along with extensive information gathering and analysis of numerous financial and operational components of the 21 ASAPs and their convergence into a Commonwealth-wide operating system to improve public safety.

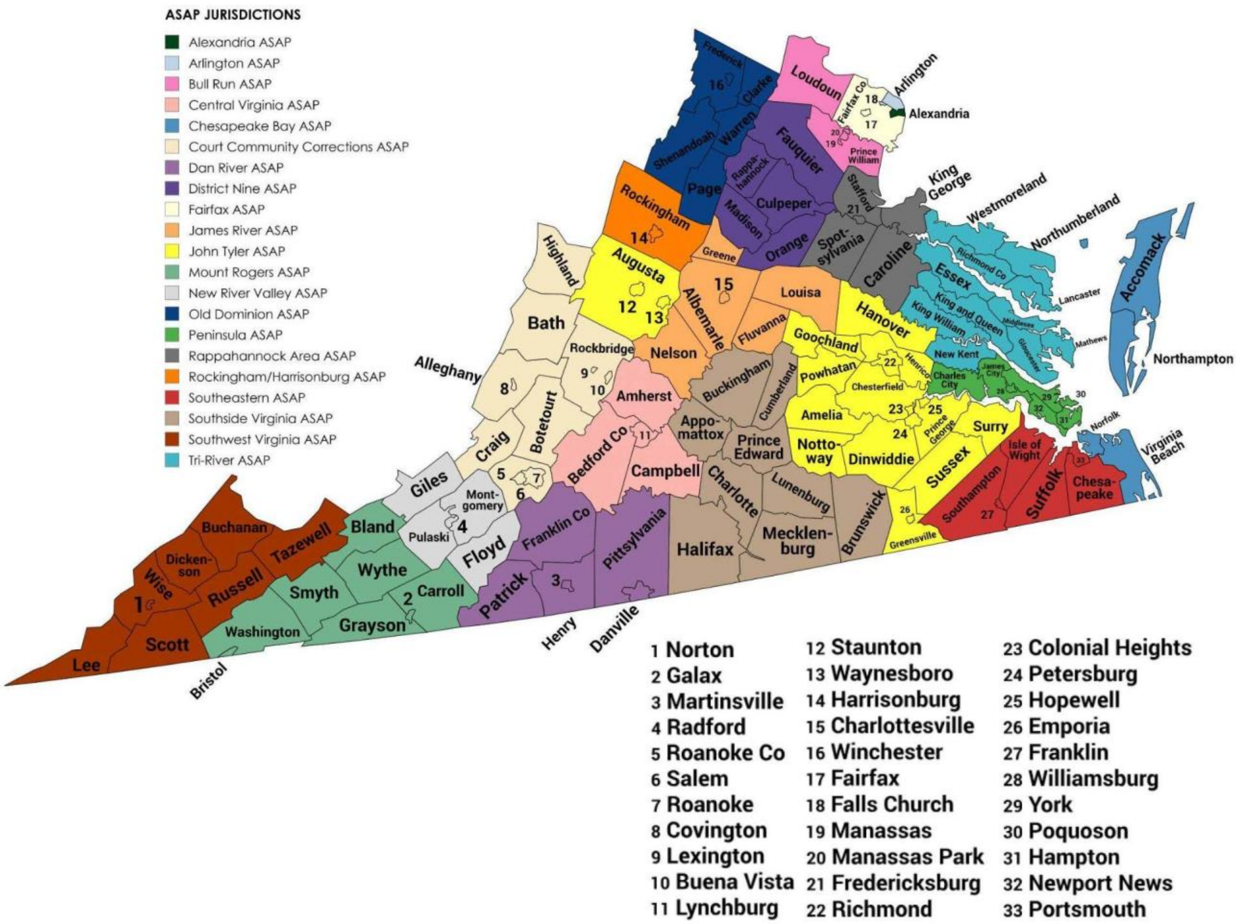
I. Virginia's Local ASAP System

Virginia's local ASAP network provides court-related monitoring, education, assessment, intervention, treatment referral, ignition-interlock monitoring, and related services across the Commonwealth. The 21 programs operate locally but are part of a statewide system whose public-safety value depends on consistent service availability, credible supervision, reliable fiscal administration, and compliance with Commission standards. Together, the ASAPs provide services to 20,000-22,000 participants annually.

The program began in 1972 as a pilot in Fairfax County, one of the nation's 35 Alcohol Safety Action Programs funded by the National Highway Traffic Safety Administration. Through an act of the Virginia General Assembly, it became a statewide system in 1975 and was formalized under the Commission in 1986 to standardize operations, ensure equity, and provide statewide oversight.

The local delivery model produces variation: programs serve different geographic areas and populations, operate from distinct facility arrangements, and face varying staffing and caseload demands. Some have historically received direct or in-kind local support, while others have relied more heavily on offender-generated revenue and Commission assistance. Some already operate with a locality serving as fiscal agent or employer, while others must transition to that model before the statutory effective date.

A map of the current 21 ASAP jurisdictions is provided below.



II. Review of Funding Models in Other States

The interstate review examined West Virginia, Maryland, North Carolina, and South Carolina. Those states do not use a single common model, and none provides a direct substitute for Virginia's newly enacted structure. However, the study provided insight into how other jurisdictions combine government administration, participant fees, provider standards, public funding, and access protections to sustain impaired-driving education, supervision, and treatment functions. The comparison below, therefore, focuses on the features most relevant to the questions assigned by SB 391 and HB 862 rather than cataloging every statutory or programmatic difference.

West Virginia

West Virginia places statewide responsibility for its Safety and Treatment Program within the Division of Motor Vehicles. The state establishes program and provider requirements, certifies treatment providers, and uses a statewide intake-fee structure subject to statutory limits. The state identifies a dedicated Safety and Treatment Fund within the State Treasury and notes that the fund pays providers for participants deemed indigent. This model demonstrates the value of clearly assigning administrative responsibility, maintaining statewide provider standards, and separating access for indigent participants from the ordinary fee-collection process.

Maryland

Maryland uses a substantially different structure. The state parole and probation system carries out DUI supervision, with state personnel providing supervision and treatment delivered by outside providers. Participants may obtain treatment from a provider of their choosing. Maryland illustrates an approach in which the government directly performs the supervisory function while relying on a broader treatment-provider market rather than operating a Virginia-style network of local ASAPs.

North Carolina

North Carolina combines statewide requirements with a regulated provider network. It uses a fixed fee structure for Alcohol and Drug Education Traffic School and substance-use assessment, requires a DWI substance-use assessment before driving privileges are restored, and uses standardized clinical criteria to determine whether education or treatment is appropriate. DWI service providers operate within a state-regulated framework overseen by state agencies. The principal lessons for Virginia are the value of standardized assessment expectations, clear provider qualifications, and a consistent statewide framework for determining the level of intervention.

South Carolina

South Carolina's Alcohol and Drug Safety Action Program is delivered through county-level agencies that must meet state certification requirements. Localities employ program staff and programs receive public funding through a state-administered block-grant structure in addition to participant charges for education and treatment. The state also establishes minimum standards for certified treatment providers and maintains a statewide county-based service structure. South Carolina is therefore the closest of the reviewed states to demonstrating how local delivery, state oversight, participant fees, and public financial support can operate together.

Cross-State Findings

The four states differ significantly in governance, but the comparison produces several consistent findings relevant to Virginia. First, impaired-driving programs are rarely sustained by participant fees alone; governmental administration or public funding plays a meaningful role in each model. Second, the states generally use statewide standards for assessment, providers, fees, or program administration even when services are delivered locally or by private entities. Third, states have mechanisms that reduce the risk that inability to pay prevents required participation. Finally, the reviewed systems clearly assign responsibility for administration and oversight so that local service delivery does not depend on informal governance arrangements.

These findings support the structure Virginia adopted in 2026. SB 391 and HB862 already resolve Virginia's principal governance question by requiring a fiscal agent locality, local financial participation, written multi-jurisdiction funding agreements, Commission certification, and statewide fiscal and performance oversight.

Practices Worth Further Evaluation in Virginia

- Continued use of restricted or dedicated program revenues for public safety and rehabilitation purposes, paired with transparent public funding where participant-generated revenue is insufficient.
- Administrative guidance that reduces unnecessary local variation in core fiscal, reporting, provider, and compliance functions while preserving reasonable local flexibility in service delivery.
- A deliberate distinction between routine operating support and emergency assistance so that Commission emergency resources do not displace required locality funding under Virginia law.

Interstate Review Conclusion

The interstate review confirms the soundness of several principles embedded in SB 391 and HB862: public responsibility for program continuity, statewide standards, clearly assigned administrative authority, and a funding structure broader than participant fees alone. Virginia can further strengthen its system by adopting selected practices related to indigency, standardized assessment, provider quality, and protected program funding, while proceeding with the full implementation of the fiscal agent and locality funding requirements already enacted.

III. Factors Affecting Funding Sustainability

Several variables affect local ASAP sustainability: referral volume, fee levels, collection experience, court-ordered fee reductions or waivers, staffing costs, employee benefits, facilities, technology, insurance, contracted services, and the availability of local or Commission support. Together, these measures likely provide the best picture of the system's financial health.

Our review of ASAP finances showed substantial variation across local programs and fiscal years. Some programs reported operating deficits in one or more years while others reported positive operating results. Reserve positions also vary. The system as a whole relies heavily on participant-generated revenue, which can face uneven financial pressure even when the statewide mission and required services remain constant.

For that reason, it is important to look beyond a strict, statewide dollar amount for every local ASAP. A sustainable program can and should fund the staffing and operating capacity needed to meet Commission standards, maintain reasonable reserves for continuity and foreseeable obligations, and absorb normal revenue fluctuations without disrupting mandated services. Beginning in 2028, local financial participation will be a key part of that stability framework.

Concerns have been raised about whether the requirement for local financial participation imposes a new “unfunded mandate” on localities. Virginia local governments operate within a broader intergovernmental funding structure in which state resources support local governmental functions and services. A review of how these funds are distributed, which recognizes VASAP as an essential public-safety priority, may help this funding process.

Local ASAPs perform an essential public-safety role by monitoring court-referred impaired-driving offenders, supporting ignition-interlock compliance, facilitating assessment and treatment, and helping participants satisfy court requirements while remaining employed, supporting their families, and contributing economically to their communities. Reliable ASAP funding is part of several agencies that contribute to safer highways, stronger court compliance, continued employment and family stability, and reduced risk of impaired-driving recidivism. Within that context, predictable local financial participation represents an investment in a core public-safety and community-stability function. That investment should be evaluated alongside other local spending priorities, not solely by whether a dedicated new state appropriation accompanies the statutory responsibility.

Finally, it is important to underscore that local ASAP programs collectively have approximately $6.5 million in reserves, and Virginia Code § 18.2-273.6 permits the program’s fiscal agent to collect up to 10 percent of the Commission-approved annual budget for service administration. The Commission will continue to allocate funds to local programs based on need, as available funds permit.

Funding Recommendations

- Approved budgets should be built from the cost of meeting required service and performance standards, not from an assumption that offender-fee revenue must always equal expenditures.

- Local funding agreements should provide a predictable method for covering the gap between reasonable program costs and available program revenues.
- Multi-jurisdiction cost allocation should use objective factors selected in advance, such as population served, referral volume, workload, or a blended formula, rather than annual ad hoc negotiations.
- Reserve policies should be risk-based and approved through a consistent Commission framework, with attention to payroll, benefits, facilities, technology, insurance, and continuity needs.
- Commission supplemental or emergency funding should remain a backstop for qualifying hardship, not a substitute for the local support required by statute.
- The fee policy should be reviewed periodically for adequacy, equity, feasibility of collection, and impact on access, while preserving appropriate indigency protections.

IV. Factors Affecting Operational Stability

For a local ASAP to be truly stable, it needs clear authority, strong and capable leadership, sufficient staff to get the job done, reliable management of finances and personnel, consistent access to essential services, good relationships with courts and public safety partners, and a solid plan to handle any disruptions in leadership, facilities, technology, or finances. Creating this foundation helps ensure everything runs smoothly and effectively, even in challenging times.

A key feature of the new statutory framework is that it resolves several operational inconsistencies that can undermine stability. Under the new legislation, the Commission has clearer authority to set standards, certify programs and employees, evaluate directors, intervene when necessary, and ensure continuity of mandatory services. Local policy boards retain a defined governance role. Fiscal agent localities will provide the financial and employment infrastructure that local ASAPs need and improve internal control structures. The remaining challenge is coordinated implementation.

The transition to fiscal agent administration may best be treated as an organizational conversion rather than a simple accounting change. Personnel policies, payroll, benefits, leave balances, records, procurement, insurance, banking, contracts, facilities, information technology, and budget calendars may be affected. A uniform transition framework will reduce avoidable disputes and help ensure that service to courts and participants continues without interruption.

Operational Recommendations

- Provide training to Directors, board members, and current and potential fiscal agents that clearly outlines the span of authority and the operational roles.
- Audit and transfer, as appropriate, the fiscal agent core administrative assets including records, contracts, facility agreements, insurance policies, and information technology.
- Ensure leadership continuity by developing internal staff and documenting processes and procedures.
- Monitor staffing and caseload levels through a bi-yearly review conducted by the Director and reviewed by the board and Commission.
- Develop contingency plans for disruption in leadership, physical facilities, technology, or financial streams.

V. Minimum Standards and Criteria for Successful Operations

The Commission's certification framework defines the minimum conditions necessary for a local ASAP to remain operationally and financially sound. Standards are statewide, measurable, and focus on outcomes and controls rather than prescribing identical organizational structures for every locality. Code sections in Article 2.1 (§§ 18.2-273.1 through 18.2-273.9) outline Policy Board composition and governance and the newly enacted fiscal agent designation and locality and multi-jurisdiction contribution. VASAP regulations further outline roles and responsibilities of various authorities. Altogether, these are a framework for the minimum standards and criteria for successful operations.

Standards and Criteria

- Governance: a functioning policy board, current program and fiscal agent agreements, documented responsibilities, and timely resolution of governance issues.
- Fiscal management: an approved annual budget, timely monthly reporting, reconciled accounts, audit compliance, reserve planning, and documented corrective action for material variances.
- Personnel: a qualified director, certified staff, sufficient staffing for workload and required accessibility, documented supervision, and compliance with fiscal agent personnel policies.
- Service delivery: timely intake and monitoring, reliable court communication, appropriate assessment and referral practices, and continuity of required services throughout the service area.
- Performance and accountability: defined metrics, director evaluation, corrective-action procedures, and Commission follow-up when standards are not met.
- Continuity: written plans for leadership vacancies, fiscal agent disruption, facility loss, technology outage, sudden revenue decline, or other events that could interrupt mandated services.

VI. Recommended Funding Levels and Financial Planning

Since local ASAPs differ materially in workload, geography, staffing, facilities, and service configuration, a single statewide program funding amount may not be determinable. Instead, we propose that the recommended funding level for each local ASAP should be the amount necessary to fund a Commission-approved budget that meets minimum operating and performance standards, less reasonably projected program revenues, with the remaining requirement covered by the participating localities' funding agreements.

This approach aligns with the 2026 statutory structure and is more practical than a universal formula based on a fixed percentage of revenue or expenses. It ties funding to actual service obligations and establishes a transparent annual process. The Commission should prescribe the budget format and minimum assumptions, while allowing localities to retain flexibility in determining the lawful mechanism for providing their required support.

Reserve expectations should likewise be standardized as a policy range or a risk-based target rather than a single mandatory balance for every program. The Commission should consider payroll exposure, benefit obligations, facility commitments, technology replacement, insurance, historical revenue volatility, and emergency continuity needs when assessing reserve adequacy.

The following chart outlines the key financial information for each ASAP:

ASAP	FY27 Budget	FY27 Reserves	Annual Fiscal Agent Fee	Fiscal Agent Fee Permissible	FY25 NGF	FY26 NGF	FY25 Audit Begin Net Position	FY25 Audit End Net Position
Alexandria*	$322,063	$0	$0	$32,206	$0	$7,790	Not Stand Alone in FY25	Not Stand Alone in FY25
Arlington*	$869,363	$0	$0	$86,936	$28,870	$25,340	$136,985	$53,139
Bull Run	$980,327	$255,446	N/A	$98,033	$49,789	$38,079	$430,112	$386,414
Central Virginia	$370,409	$436,927	N/A	$37,041	$240,000	$0	$670,134	$617,233
Chesapeake Bay	$1,101,147	$427,790	N/A	$110,115	$26,912	$20,254	$1,309,000	$875,905
Court Community*	$667,881	$982,764	$6,584	$66,788	$0	$50,000	$1,032,047	$962,448
Dan River*	$286,500	$166,480	$0	$28,650	$21,747	$29,402	$192,254	$167,829
District Nine	$282,050	$257,369	N/A	$28,205	$31,192	$12,334	$191,552	$274,207
Fairfax*	$1,950,843	$0	$0	$195,084	$74,320	$68,580	$727,092	$666,193
James River	$291,426	$72,037	N/A	$29,143	$42,148	$29,053	$160,832	$169,987
John Tyler	$1,643,311	$1,701,704	N/A	$164,331	$30,541	$404,653	$872,606	$1,692,344
Mount Rogers*	$313,440	$242,639	$8,004	$31,344	$35,741	$21,932	$161,442	$216,842
New River Valley*	$680,410	$436,741	$0	$68,041	$0	$0	$373,195	$365,259
Old Dominion*	$624,417	$30,496	$0	$62,442	$59,329	$43,237	$194,779	$126,325
Peninsula	$902,054	$327,423	N/A	$90,205	$33,877	$32,843	$528,951	$530,200
Rappahannock	$727,217	$296,742	N/A	$72,722	$61,389	$35,567	$231,712	$363,498
Rockingham-Harrisonburg	$378,171	$175,585	N/A	$37,817	$54,400	$39,471	$108,222	$181,798
Southeastern	$583,084	$19,837	N/A	$58,308	$55,689	$46,396	$278,982	$191,232
Southside*	$557,566	$354,900	$3,600	$55,757	$48,753	$17,271	$146,035	$410,938
Southwest Virginia*	$196,616	$125,546	$648	$19,662	$38,459	$32,396	$117,194	$150,278
Tri-River	$296,808	$95,590	N/A	$29,681	$52,398	$40,031	$114,244	$120,360
Total	**$14,025,103**	**$6,406,016**	**$18,836**	**$1,402,510**	**$985,554**	**$994,629**	**$7,977,370**	**$8,522,429**

* has a fiscal agent

The chart above provides a look at each individual ASAP and also shows how the entire system works together. This is based on fiscal year 2026-2027, the first full year in which each ASAP used a centralized accounting system. A review of the data reveals internal variability but also highlights how the VASAP system as a whole has stabilized the system through allocations, mergers, and revenue sharing. Under the new legislation, localities can collectively charge up to 10% of local programs' annual budgets for administrative costs. Although this charge is not effective until January 1, 2028, the total for the current FY would be $1.4 million.

VII. Staffing Structure and Accountability

Every local ASAP requires a program director and sufficient staff to carry out mandated duties. Beyond that minimum, staffing should reflect workload. A small rural program and a high-volume metropolitan program should not be expected to use identical staffing charts.

We suggest that the local ASAP director, in consultation with their policy board and fiscal agent, establish a workload methodology that accounts for active caseload, case complexity, ignition-interlock monitoring, administrative duties, travel, court coordination, and other assigned programs. The local ASAP director should identify when staffing is materially inadequate or inefficient.

Accountability should operate through clearly separated yet coordinated roles. The Commission establishes statewide standards, certification, performance expectations, and intervention requirements. The local policy board provides local governance and participates in personnel decisions as provided by law. The fiscal agent locality provides financial administration, human resources, payroll, benefits, and employer-of-record functions. Written agreements and Commission guidance should make these interfaces explicit so no party has to infer the other party's authority.

VIII. Recommendations

1. Adopt a statewide fiscal agent implementation plan with mandatory milestones.

By early 2027, the Commission should issue a transition calendar requiring each local ASAP to identify its proposed fiscal agent, complete governing body approvals, execute required agreements, map personnel and benefits transitions, establish financial accounts and reporting processes, and complete a readiness review well before January 1, 2028.

2. Issue model fiscal agent and multi-jurisdiction funding agreements.

Provide fiscal agent-approved templates addressing employer-of-record responsibilities, payroll and benefits, accounting, procurement, records, insurance, administrative charges, budget development, dispute resolution, transition of employees, and the objective allocation of costs among participating localities. Local modifications should be permitted when consistent with law and Commission standards.

3. Require annual local funding plans tied to the Commission-approved budget.

Each local ASAP should document expected offender-fee and other program revenues, required operating costs, reserve needs, and the resulting local support requirement. Multi-jurisdiction programs should show how they allocate that requirement under their written agreement.

4. Establish objective cost-allocation principles for multi-jurisdiction programs.

The Commission should identify acceptable allocation methods, such as referral volume, and require the selected method to be transparent, consistently applied, and periodically reviewed. This reduces recurring disputes and gives local governing bodies a predictable basis for budgeting.

5. Create a formal fiscal health and early-warning framework.

Rather than relying on dense program-by-program charts, the Commission should monitor a small set of indicators such as recurring operating deficits, reserve sufficiency, material revenue decline, late financial reporting, staffing vacancies, audit findings, and inability to meet required service levels. Programs that cross defined thresholds should enter a corrective action process before service continuity is threatened.

6. Adopt a Commission reserve policy.

The policy should define the purpose of reserves, acceptable uses, a risk-based target range, how to treat unusually high or low balances, and expectations for rebuilding reserves after planned or emergency use. Integrate reserve review into the annual budget approval process.

7. Conduct a periodic statewide fee and affordability review.

The Commission should periodically evaluate whether authorized fees remain reasonable related to program costs and whether collection practices or fee levels create access problems. Any administrative recommendations should preserve court authority and statutory indigency protections.

8. Preserve local flexibility in staffing while adopting a statewide workload methodology.

Require each local ASAP to demonstrate, using a common Commission methodology, that its staffing is sufficient to meet its workload and service obligations. Avoid a single caseload cap that fails to account for case complexity, geography, court demands, or additional program responsibilities.

9. Require continuity-of-operations planning for every local ASAP.

Plans should address leadership vacancies, fiscal agent disruption, payroll or benefits interruption, facility loss, technology outages, records access, sudden revenue decline, and temporary service transfers. The Commission should review these plans as part of the certification process.

10. Create a structured 2027 readiness certification for the 2028 transition.

Before the effective date, each program should demonstrate that fiscal agent designation, local funding agreements, personnel transition, financial systems, insurance, contracts, and operational responsibilities are in place. Programs with unresolved items should receive targeted technical assistance and a corrective timeline.

11. **Publish a concise annual statewide sustainability dashboard.**

    The public-facing report should emphasize statewide trends and a limited number of verified indicators rather than detailed local financial tables. Program-level detail can remain available to the Commission for oversight and audit purposes without becoming the centerpiece of the policy report.

12. **Maintain Commission intervention and emergency support capacity.**

    The Commission should preserve sufficient administrative and financial capacity to respond when a local program faces a genuine threat to continuity, while conditioning supplemental assistance on compliance with Commission standards and on required local participation.

13. **Review implementation after the first full year under the new framework.**

    Following the first complete fiscal year after January 1, 2028, the Commission should evaluate whether fiscal agent administration, local funding agreements, staffing practices, reserve policy, and reporting standards are producing the intended stability and identify administrative refinements that support the statutory framework.

IX. Implementation Priorities

Timeframe	Priority	Primary Responsibility
2026–Early 2027	Issue model agreements, budget/funding guidance, reserve policy, workload methodology, and transition checklist.	Commission, local ASAP policy board, local ASAP director, and fiscal agent
2027	Local governing-body approvals; fiscal agent designation; multi-jurisdiction funding agreements; personnel, payroll, benefits, accounting, contracts, and records transition planning.	Localities, fiscal agents, policy boards, local ASAP director
Late 2027	Commission readiness review and corrective action for unresolved transition risks.	Commission and fiscal agent
January 1, 2028	Fiscal agent and local funding framework fully operational.	Fiscal agent localities and participating localities
2028–2029	Monitor implementation, provide technical assistance, apply early-warning indicators, and evaluate first-year outcomes.	Commission

X. Stakeholder Comments and Implementation Clarifications

TEO Consulting received written comments from the Virginia Municipal League (VML) and the Virginia Association of Counties (VACo) on September 4, 2026, in response to the first draft of the report. VML and VACo raised questions concerning the financial condition of local ASAPs, the amount and timing of required locality financial participation, fiscal-agent costs, fee policy, governance responsibilities, Commission oversight, and alternative funding or administrative structures. VML specifically requested greater explanation of the financial basis for the study’s sustainability findings and of how future locality funding requirements will be determined. VACo raised broader questions concerning state and local funding responsibilities, fee-setting authority, fiscal-agent administration, governance, and alternative service-delivery structures.

TEO Consulting carefully reviewed their comments in preparing this report to ensure the voices of all members have been heard. We have responded to their concerns in this section.

Financial Condition and Sustainability of the Local ASAP System

Our conclusion that the local ASAP system is sustainable should not be interpreted to mean that every local ASAP has achieved identical financial results, that every program is financially self-sufficient from offender fees in every fiscal year, or that no program has faced periods of financial pressure. Indeed, the financial information reviewed for this study shows substantial variation among local ASAPs. Some programs have operated near balance, some have experienced periodic deficits, and others have maintained comparatively strong reserve positions.

We understand the concern about these variations, but viewing the system as a whole offers a different perspective. We believe the statewide system is financially sustainable when evaluated using a combination of available program revenues, reasonable operating costs, adequate reserves, fiscal controls, predictable local participation, and statewide oversight.

The financial information in this report shows that local governments are not being asked to assume responsibility for insolvent programs without existing financial resources. Collectively, local ASAPs report approximately $14.0 million in FY27 operating budgets and approximately $6.4 million in FY27 reserves. The financial table also reports an aggregate FY25 audited ending net position of approximately $8.5 million. Individual program positions vary materially, and reserves are not interchangeable with recurring operating revenue; nevertheless, these resources remain an important component of the system's overall financial condition.

The new statutory framework aims to provide a more predictable governance and financial structure for a functioning public-safety system whose historical dependence on variable participant-generated revenues has produced uneven financial conditions among programs.

Determination of Local Financial Participation

Beginning January 1, 2028, the statutory framework requires participating localities to provide financial support through annual appropriations or other agreed-upon funding mechanisms, and multi-jurisdiction programs must maintain written agreements that equitably allocate operating costs. VML understandably asked how much funding will be required, how long support will be required, and when localities will know their respective funding obligations. Because local ASAPs vary significantly in caseload, geography, staffing, facilities, service configuration, revenues, and other operating conditions, a single statewide dollar requirement would be neither equitable nor financially sound.

For planning purposes, the required local financial support should instead be determined through a transparent annual budget process in which Commission-approved budgetary operating costs, minus offender fees and other income resources, equal the projected local funding requirement. For multi-jurisdiction programs, participating localities would likely share the resulting requirement under their written funding agreements.

A local funding requirement should not be understood to mean that participating localities will finance the entire operating cost of their ASAP. Rather, localities benefit from ASAP programs and should be part of the financial equation for the ASAP's fiscal health. Offender fees and other program revenues remain part of the funding structure. Local financial participation addresses the amount necessary to support the Commission-approved operating requirement after reasonably available program revenues and resources are considered.

Timing and Predictability of Local Funding Requirements

Regarding the timing and predictability of local program funding, the fiscal agent, serviced municipalities, and the local program's policy board should collaborate to determine the appropriate funding amount. Program financial conditions vary, so stakeholders should periodically review timing and amounts to determine funding for a given year, if any.

Duration of the Local Funding Requirement

The financial-support requirement takes effect January 1, 2028. The amount required of participating localities may increase, decrease, or be minimal in a given year, depending on approved operating costs, offender-fee collections, other revenues, reserve policy, workload, and other relevant financial conditions.

Existing Program Reserves

Reserves are a key component of the existing ASAP system and should be preserved and managed responsibly. Collectively, local ASAPs report approximately $6.4 million in FY27 reserves, though amounts vary substantially across programs.

We would suggest that reserves should not be treated as an unlimited substitute for recurring revenue. Reserves serve specific purposes, including revenue stabilization, payroll continuity, employee obligations, facilities, technology replacement, insurance exposure, and emergency operations.

We suggest that the Commission establish a consistent, risk-based reserve policy that defines reasonable reserve targets, permissible uses, how to treat unusually high or low balances, and procedures for rebuilding reserves after planned or emergency expenditures. This approach protects both interests: localities should not be required to provide unnecessary support while excessive unrestricted resources accumulate, but viable local ASAPs should not be required to exhaust prudent reserves before predictable annual funding is provided.

State Financial Participation and Supplemental Assistance

VACo noted that some other locally administered programs receive direct state General Fund support and suggests considering additional state General Fund or dedicated revenue sources. We recognize these proposals as potential legislative policy choices.

The financial information reviewed for this study identifies approximately $985,554 in FY25 Commission Non-General Fund allocations and approximately $994,629 in FY26 Commission Non-General Fund allocations to local ASAPs. The study further recognizes the Commission's continuing ability, subject to available resources and applicable requirements, to provide supplemental or emergency assistance where financial hardship threatens continuity.

The enacted model is a blended funding structure incorporating participant-generated revenues, existing program resources, local financial participation, and Commission assistance when available and appropriate.

Fee Adequacy

VACo noted that fee adequacy matters for long-term sustainability and recommends reconsidering existing fee levels. We conferred with the Commission and the Commission agrees that fees should be reviewed periodically for adequacy, affordability, collection feasibility, and impact upon participants.

For that reason, this study recommends periodic statewide review of authorized fees while preserving appropriate indigency protections. Maintaining a statewide approach also promotes consistency among similarly situated participants and avoids unnecessary geographic variation in the cost of satisfying court-related obligations.

Fiscal-Agent Administrative Costs

VACo raised the question as to whether the statutory authorization allowing a fiscal-agent locality to collect up to 10 percent of the Commission-approved annual budget will adequately compensate every fiscal agent for its administrative costs. This is a reasonable concern.

Based upon the FY27 budgets reflected in this study, the maximum permissible administrative amount would total approximately $1.4 million systemwide. Because the new fiscal-agent structure does not take effect until January 1, 2028, sufficient operational experience does not yet exist to determine whether the statutory allowance will precisely match actual administrative costs in every locality. We suggest, therefore, that the Commission should collect fiscal-agent cost information during implementation and evaluate the adequacy of the statutory allowance as part of the recommended post-implementation review.

Governance and Supervision of Local ASAP Personnel

VACo raised concerns in their letter regarding the respective roles of the local policy board, fiscal-agent locality, and Commission in relation to the local ASAP director. We agree that clarity here is very important.

Our understanding is that the new framework assigns distinct responsibilities to each entity. The local policy board retains its defined governance role; the fiscal-agent locality provides financial administration, human resources, payroll, benefits, and employer-of-record functions; and the Commission maintains statewide certification, performance, fiscal oversight, intervention, and continuity responsibilities. Any potential overlap should be addressed through clear model agreements, personnel protocols, performance procedures, and dispute-resolution mechanisms before January 1, 2028.

Towns and Fiscal-Agent Participation

VACo also asked whether towns are expected to participate financially and whether towns may serve as fiscal agents. At present, the Town of South Boston currently serves as the Southside Virginia ASAP’s fiscal agent. We recommend that the Commission should address town participation expressly in its implementation guidance and model agreements.

Treatment of Local ASAP Funds and Reserves

VACo raised a separate concern about the Commission's authority over unexpended revenues or reserve balances. Questions regarding ownership, custody, transfer, or redistribution of public funds can implicate statutory and legal considerations beyond ordinary implementation guidance. Nothing in this study should be construed to expand the Commission’s authority over locally held funds beyond the authority provided by law, and there is no intent to collect funds given to programs by localities by the state office.

Local Government Representation on the Commission

VACo asked why local governments do not have designated representation on the Commission. The Commission's composition is established by law and is therefore a legislative policy matter, not an operational sustainability determination.

Local-government participation remains important to successful implementation. The Commission should continue meaningful consultation with fiscal-agent localities, participating jurisdictions, policy boards, and local ASAP directors as it develops model agreements, budget procedures, reporting requirements, and transition guidance.

Alternative Governance and Funding Models

VACo suggested consideration of alternative structures, including additional state funding and potentially a state-operated ASAP model. Those proposals constitute alternative legislative policy models. The General Assembly enacted a specific structure in 2026 that provides for local delivery, policy-board governance, fiscal-agent administration, Commission certification and oversight, offender-generated revenues, and required local financial participation beginning January 1, 2028. However, nothing prevents the General Assembly from reconsidering public policy in the future.

Conclusion

The review of the financial history and recent audited accounts indicates that the ASAP system is stable. The General Assembly enhanced the central framework for VASAP and the ASAP system in the 2026 legislation. The new legislation provides for stronger Commission oversight, defined local governance, mandatory fiscal agent administration, and required local financial participation. Costs are not being shifted downward, and programs are not unfunded, as ASAPs receive offender fees and Commission Non-General Fund allocations. Additionally, municipalities can collect up to 10% of the local program's annual budget to offset fiscal agent administrative fees.

In conclusion, municipalities are not being asked to stabilize the programs but to participate in ensuring the sustainability of standardized, high-quality service provision. As noted earlier, the transition to fiscal agent administration may best be viewed as an organizational conversion. With the new law modernizing the system, the focus now is on implementation.

Successful implementation will depend on establishing predictable agreements across the Commonwealth, disciplined budgeting, objective cost allocation, appropriate reserves, adequate staffing, reliable performance standards, and early identification of fiscal or operational risk. In line with this, the auditor who reviewed each ASAP noted, "Generally, fiscal agents provide internal control structure in processing payroll, writing checks, and reviewing journal entries." The auditor also stated, "There are oversight responsibilities that fall on the agency directors. In my observation, directors may have additional time to focus on operational and strategic matters when certain accounting functions are performed by the fiscal agent." This external perspective aligns with this report.

If the Commission and participating localities use the period before January 1, 2028 to complete the transition deliberately and consistently, the new framework can reduce historical ambiguity, strengthen accountability, and provide a more durable foundation for uninterrupted alcohol safety services across the Commonwealth.