

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4126S.01I  
Bill No.: SB 769  
Subject: Boards, Commissions, Committees and Councils; Drugs and Controlled  
Substances; Education, Elementary and Secondary; Department of Elementary and  
Secondary Education; Teachers  
Type: Original  
Date: February 28, 2022

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Bill Summary: This proposal creates provisions establishing pilot recovery high schools for students in recovery from substance use disorder or substance dependency.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** and the **Department of Mental Health** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** received no responses from school districts estimating the fiscal impact of this proposal, and presents this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

According to the [National Institute on Drug Abuse \(NIDA\)](#), 8.5 percent of Americans needed treatment for a problem related to illicit drug or alcohol use in 2014.

**Oversight** assumes if 8.5 percent of the 4,043 students currently enrolled in the Kansas City Public School District (grades 9 through 12) needed substance use treatment, this could result in approximately 344 students being eligible to attend a recovery high school. Oversight assumes this number could be higher as non-resident students are also eligible to attend.

Based on the study, [Recovery High Schools: A Descriptive Study of Programs and Students](#), **Oversight** notes students were primarily referred to recovery high schools by treatment programs, parents and the juvenile justice system. Of the schools in the study, most had small enrollments ranging from 12 to 25 students with a median capacity of 35 students. The study indicated students reported a reduction in the use of drugs, an increase in attendance and a reduction in repeated problems with the law.

**Oversight** assumes this proposal states the sending district of an eligible student shall pay tuition to the recovery high school. However, public schools may not see a 1:1 reduction in the costs associated with those students transferring out. Oversight also notes that such students recovering from substance use or dependency may not regularly attend school, or may require more expensive attention from school. Because there are no responses, and several factors that may save or cost school districts or recovery high schools, this note will show an impact ranging from a unknown savings to an unknown cost net direct fiscal impact to school districts and recovery high schools.

**Oversight** notes the proposal is permissive, therefore Oversight will range the fiscal impact from \$0 (a recovery high school is not established) to the range of potential fiscal impact.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>PUBLIC SCHOOLS</b>			
<u>Cost avoidance</u> - School Districts - savings from transferring students now to attend recovery high schools	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - School Districts - payments to recovery high schools	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Recovery High Schools - cost to educate students	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - Recovery High School - payments from public schools and/or other state(s)	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
<b>NET EFFECT ON PUBLIC SCHOOLS</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under this act, the Commissioner of Education may approve and authorize up to four pilot recovery high schools to be established and operated by individual public school districts or groups of such districts. Recovery high schools shall serve as an alternative public high school setting and recovery program for students in recovery from substance use disorder or substance dependency, or such a condition along with co-occurring disorders as described in the act, who would academically and clinically benefit from placement in the recovery high school and who are committed to working on their recovery.

Districts seeking to operate a recovery high school shall submit proposals to the Commissioner by December 1st in the year prior to the first school year in which the school would begin operation. The proposal shall detail how the school will comply with the existing requirements for public high schools as well as how the school will be accredited by a recovery school accreditation organization as described in the act. The proposal may contain requests for waivers of existing regulations, which shall be deemed granted if the proposal is approved by the State Board of Education with the recommendation of the Commissioner.

The Commissioner of Education may specify an authorization period for the recovery high school which shall be no less than four years. By June 30th annually, the school district or group of school districts, in consultation with the recovery high school, shall submit to the Commissioner an analysis of school outcomes, as described in the act. The Commissioner shall review the analysis, renew recovery high schools meeting the requirements of the act and the requirements of the school's proposal, and may include new terms and conditions to address areas needing correction or improvement. The Commissioner may revoke or suspend the authorization of a recovery high school not meeting such requirements.

School districts may enroll their students in a recovery high school by entering an agreement with district or districts operating the school. Parents of eligible students and eligible students over the age of 18 may seek to enroll in the school. A recovery high shall not limit or deny admission to an eligible student based on race, ethnicity, national origin, disability, income level, proficiency in the English language, or athletic ability.

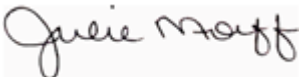
Recovery high schools shall adopt a policy establishing a tuition rate by February first of the preceding school year; that the sending district shall pay the tuition rate or an amount of per-student state and local funding as described in the act, whichever is lower; and that the sending district will remain responsible for special education and disability expenses in excess of the tuition paid.

The Commissioner may enter into an agreement with the appropriate official or agency of another state to develop a reciprocity agreement for otherwise eligible, non-resident students seeking to attend a recovery high school in Missouri. A recovery high school may enroll otherwise eligible students residing in a state other than Missouri, pursuant to such reciprocity agreement. Such reciprocity agreement shall require the out-of-state student's district of residence to pay to the recovery high school an annual amount equal to 105% of the recovery high school's tuition rate. Eligible students from states with which the Commissioner does not have a reciprocity agreement may attend a recovery high school provided such student pays 105% of the recovery high school's tuition rate. No student enrolled pursuant to a reciprocity agreement shall be considered a resident pupil for purposes of calculating state aid.

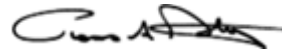
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Mental Health  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
Director  
February 28, 2022



Ross Strobe  
Assistant Director  
February 28, 2022