

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1083S.01I
Bill No.: SB 259
Subject: Boards, Commissions, Committees and Councils; Children and Minors; Drugs and Controlled Substances; Education, Elementary and Secondary; Elementary and Secondary Education, Department of; Kansas City; Teachers
Type: Original
Date: March 22, 2021

Bill Summary: This proposal provides that recovery charter high schools may be operated in Kansas City for students in recovery from substance use disorder or dependency.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** and the **City of Kansas City** 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 entities.

Officials from the **Kansas City Public Schools** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight received no responses from school districts or charters 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.

In 2013, according to the [National Institute on Drug Abuse \(NIDA\)](#), 2.2 percent of 12th graders used alcohol on a daily basis, 6.5 percent of 12 graders used marijuana on a daily basis and 22.1 percent of high school seniors reported binge drinking. Per the NIDA, 8.6 percent of Americans needed treatment for a problem related to substance abuse in 2013.

Oversight assumes if 8.6 percent of the 4,172 students currently enrolled in the Kansas City Public School District (grades 9 through 12) needed substance use treatment, this could result in approximately 359 students being eligible to attend a recovery charter 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 new charter schools generally transfer state aid from public schools to charter schools, but that public schools may not see a 1:1 reduction in the fixed and variable 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 the district or the charter money, this note will show an Unknown to (Unknown) net direct fiscal impact to the Kansas City School District and charter schools.

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

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS AND CHARTER SCHOOLS			
<u>Cost avoidance</u> - Kansas City School District - savings from transferring students now attending recovery charter	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Kansas City School District - payments to recovery charter	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Recovery Charter - cost to educate students	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - Charter Schools - payments from public schools and/or other state(s)	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
NET EFFECT ON SCHOOL DISTRICTS AND CHARTER SCHOOLS	\$0 or Unknown to <u>(Unknown)</u>	\$0 or Unknown to <u>(Unknown)</u>	\$0 or Unknown to <u>(Unknown)</u>

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, a recovery charter high school may be operated in an urban school district containing most or all of Kansas City.

This act defines a "recovery charter high school" as a charter school for students in grades nine through twelve who are in recovery from substance use disorder or dependency. Such charter

school must educate all available eligible students who are in recovery from substance use disorder, substance dependency, or co-occurring disorders such as anxiety, depression, and attention deficit hyperactivity disorder (ADHD); must meet state requirements for awarding a high school diploma; and must support students in working a strong program of recovery.

A recovery charter high school shall enroll all pupils in the district in which it operates; nonresident pupils eligible to attend a district's school under an urban voluntary transfer program; nonresident pupils who transfer from an unaccredited district; and any nonresident pupil, who is in recovery from substance use disorder, substance dependency, or co-occurring disorders. Admission shall be limited to pupils who are in recovery from substance use disorder, substance dependency, or co-occurring disorders.

A recovery charter high school may enroll students residing in a state other than Missouri, provided such student is in recovery from substance use disorder, substance dependency, or co-occurring disorders set forth in the act. This act grants the Department of Elementary and Secondary Education the authority to enter into agreements with other states to develop a reciprocity agreement for students seeking to attend a recovery charter high school in Missouri. The out-of-state student's district of residence shall pay to the recovery charter high school an annual amount equal to 105% of the previous year's per pupil expenditure in Missouri, and the student shall not be included in Missouri's count of average daily attendance. If an out-of-state student resides in a state that is not subject to a reciprocity agreement, such student may attend a recovery charter high school provided such student pays to the school 105% of the previous year's per pupil expenditure in Missouri.

Under this act, if a recovery charter high school that has not declared itself as a local educational agency has one or more nonresident pupils, the nonresident pupils shall not be counted for purposes of determining state aid. Each school district that has one or more of its resident pupils attending such a charter school shall pay to the charter school, for each such pupil, 100% of its average per-pupil expenditure, excluding interest payments and grants.

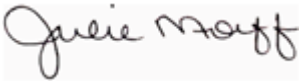
If a recovery charter high school that has declared itself a local educational agency has one or more nonresident pupils, the Department of Elementary and Secondary Education shall reimburse such charter school an amount set forth in the act. Upon notice of the charter school's declaration of local educational agency status, the Department shall reduce the payment made to the school district in which the charter school is located by the amount set forth in the act, and pay such amount directly to the charter school.

This act also permits charter schools to receive payments from school districts.

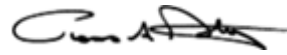
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
City of Kansas City



Julie Morff
Director
March 22, 2021



Ross Strobe
Assistant Director
March 22, 2021