



Legislative Fiscal Bureau

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May 7, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Department of Public Instruction: Section 13.10 Request for Release of Funding for Recovery High Schools -- Agenda Item III

On March 7, 2024, the Department of Public Instruction (DPI) submitted a request under s. 13.10 of the statutes for release of \$500,000 GPR in 2023-24 and \$500,000 GPR in 2024-25 from the Committee's supplemental appropriation under s. 20.865(4)(a) to the Department's appropriation s. 20.255(3)(ef) for grants to recovery high schools.

BACKGROUND

Under 2023 Act 19 (the 2023-25 budget act), \$500,000 GPR annually was reserved in the Joint Finance Committee's supplemental appropriation [s. 20.865(4)(a)] for a grant program for recovery high schools. Under Act 19, an annual appropriation [s. 20.255(3)(ef)] was created for grants to support recovery high schools. Subsequent legislation (2023 Act 72) was enacted in December, 2023, to implement the grant program.

Under Act 72, a recovery high school is defined as a public, private, or tribal school that operates only high school grades and meets all of the following criteria: (a) the school is specifically designed for pupils in recovery from a substance use disorder or a mental health disorder that coexists with a substance use disorder; and (b) the school awards high school credits that either count towards a high school diploma awarded by the school or will transfer and count towards a high school diploma awarded by a school district.

In each fiscal year until DPI determines that there are at least three recovery high schools in this state, the Department is required to allocate \$300,000 from the appropriation under s. 20.255 (3) (ef) for up to four planning grants. In any school year in which there are at least three recovery high schools in operation in this state, it may not award planning grants. Following a determination that at least three recovery schools are in operation, if DPI determines in a future year that there are fewer than three recovery high schools in operation in this state for that school year, the Department is

required to allocate \$100,000 from the appropriation under s. 20.255 (3) (ef) for planning grants.

Operational grants. Beginning in the 2023–24 school year, DPI must annually award operational grants from the appropriation under s. 20.255 (3) (ef) to eligible recovery high schools that apply. An application for an operational grant must include the grant amount requested and a proposed budget for how it will use the grant funds in the following school year. If the Department does not award an applicant the full amount requested in an application, it must provide an explanation to the applicant for the reduced grant award. DPI is required to pay 50% of a grant amount on the second Monday of July and 50% on the 2nd Monday of January. (For purposes of making payments to recipients of operational grants in the 2023-24 school year, DPI may pay the grant amount in one payment at any time before July 1, 2024.)

A recovery high school is eligible for an operational grant under Act 72 if the school satisfies all of the following: (a) the school is governed by a governing board; (b) the school employs an individual who is responsible for the daily operations of the school; (c) the school demonstrates that its model is capable of supporting its anticipated enrollment; (d) the school is a nonprofit organization, if it is a private school; (e) the school provides evidence that it has at least one other source of funding to support its operations; (f) the school provides evidence-based programming to pupils, including evidence-based peer-to-peer suicide prevention programming, smaller class sizes, and self-care planning; and (g) the school requires prospective pupils to apply to the school and conditions eligibility for enrollment on all of the following: (1) that the pupil desires to be sober; (2) that the pupil commits to attend the school daily; (3) that the pupil consents to weekly drug testing; (4) that the pupil agrees to a 30-day probationary period and that the pupil’s enrollment may be terminated at the end of the probationary period for any of the following reasons: (a) the pupil tests positive for a controlled substance on a drug test administered at the end of the probationary period; or (b) the individual responsible for the daily operations of the school determines that the pupil’s enrollment should be terminated based on the pupil’s behavior at the school during the probationary period.

A recovery high school may use an operational grant for any of the following purposes: (a) to employ school staff, including teachers and counselors; (b) to rent, or otherwise secure, a physical location for the school; (c) to purchase drug testing supplies; (d) to develop and implement an after-school and weekend sober activity program; (e) for transportation of pupils; (f) for legal and accounting services; and (g) for general administrative costs, including insurance, office supplies and equipment, and phone and internet costs.

By August 1, a recovery high school that received an operational grant in the previous school year shall report, in a manner that does not identify a pupil enrolled in the recovery high school, all of the following to DPI: (a) an independent financial audit of the school conducted by an independent certified public accountant; and (b) a written report on the operations of the school in the previous school year that includes at least all of the following information: (1) the number of prospective pupils who applied to attend the high school; (2) the total number of pupils who were enrolled in the school during the school year; (3) demographic information about pupils enrolled in the school, including age, gender, race, ethnicity, and school district of residence; (4) the number of pupils enrolled in the school and the staff-to-pupil ratio, as of the first day of each month that the school is

in operation for the attendance of pupils; (5) the number of pupils who graduated from the school; (6) information about substance use by pupils enrolled in the school, including a list of the substances for which enrolled pupils are in recovery, the relapse rate for pupils enrolled in the school, and the number of positive drug tests and the drugs identified by those tests; (7) information about the mental health of pupils enrolled in the school, including the number of enrolled pupils who receive mental health services from the school for something other than a substance use disorder and a list of mental health disorders for which enrolled pupils receive services from the school; (8) information on academic, behavioral, and substance use recovery progress and success among pupils enrolled in the school; (9) the name of each staff member employed by the school and any professional credential held by the staff member; and (10) how grant funding was used to support the operations of the school.

If a recovery high school closes during a school year for which it receives an operational grant, the school must return any unused grant funds to DPI.

Planning grants. Under Act 72, DPI must award planning grants to public, private, and tribal schools that intend to establish a recovery high school and to nonprofit organizations that intend to establish a recovery high school. An application for a planning grant must include in its application the grant amount requested and a proposed budget for how the grant funds will be used in the following school year. If DPI does not award an applicant the full amount requested in an application, it must provide an explanation to the applicant for the reduced grant award.

A planning grant may be used for any of the following purposes: (a) hiring a consultant for planning the school; (b) general program planning for the school; (c) curriculum and lesson planning; (d) mental health services planning; and (e) any other costs incurred to develop a final plan for establishing a school.

By August 1, a recipient of a planning grant in the previous school year shall report all of the following to DPI: (a) how it used the planning grant funding it received; and (b) the status of the grant recipient's plan to establish a recovery high school, which may include a final plan for establishing a school or an explanation of why the recipient no longer intends to establish a school.

The recipient of a planning grant must return any unused grant funds to DPI.

REQUEST

DPI requests the release of \$500,000 GPR in 2023-24 and \$500,000 GPR in 2024-25 from the Committee's supplemental appropriation to the Department's appropriation s. 20.255(3)(ef) for grants to recovery high schools.

As required under Act 72, if DPI determines that fewer than three recovery high schools are in operation in Wisconsin, the Department is required to allocate \$300,000 from the appropriation for up to four planning grants. The remaining funds would be used for operational grants for existing recovery high schools.

ANALYSIS

In the 2023-24 school year, there is one recovery high school in operation in Wisconsin: Horizon High School of Madison, Inc. Horizon has been in operation since January, 2005, and is a private, non-profit organization with funding coming primarily from private donations. Additionally, pupils are charged tuition of \$6,000 per semester, depending on the pupil's school district of residence; Madison Metropolitan School District has an agreement to pay tuition for a limited number of pupils from Madison attending the school, and similar agreements exist with some other Dane County school districts. The school indicates that it typically serves between 10-18 pupils at a time and has served a total of approximately 225 pupils since it opened. Horizon indicates that, due to a low staff-per-pupil ratio and other challenges with serving this population, its costs are higher than a typical high school, and estimates that they total \$30,000-\$35,000 per pupil per school year.

The Act's authors indicated in public testimony that a Massachusetts program was used as a model for Act 72. In Massachusetts, five recovery high schools are eligible for grants up to \$500,000 per year for each school, in addition to the state funding typically provided for pupils in Massachusetts. These schools are public schools operated by a school district or a consortium of districts, and each serves a region of the state.

Under Act 72, DPI may pay the recipient of a grant award in the 2023-24 school year in one payment at any time before July 1, 2024. Because only one recovery school is currently in operation in Wisconsin (Horizon), \$300,000 must be allocated for planning grants. If it meets other eligibility requirements, Horizon would be eligible to receive a grant of up to \$200,000 (the amount remaining for operational grants after the planning grants have been awarded). Any funds that remain unencumbered as of July 1, 2024, would be lapsed to the general fund. The 2024-25 appropriation amount of \$500,000 GPR would be part of the base for the 2025-27 budget.

ALTERNATIVES

1. Approve the release of \$500,000 GPR in 2023-24 and \$500,000 GPR in 2024-25 from the Committee's supplemental appropriation to the Department's appropriation s. 20.255(3)(ef) for grants to recovery high schools.
2. Deny the request.

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