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**Report to  
The Vermont Legislature**

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**Recovery Residence Capital and Operating Models  
2024 Report to the Legislature**

**In Accordance with Act 78 (2023) Sec. E313 (b)**

**Submitted to:** General Assembly

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## **Recovery Residence Capital and Operating Models 2024 Report to the Legislature**

### **Introduction**

Act 78 (2023), Sec. E313 (b) requires the Department of Health (Department) to review and analyze the capital and operating model for Recovery Residences. The report includes the following, as required by Act 78 (2023):

- The portion of capital investment for these facilities that is privately and publicly financed;
- A description of the existing operating models of these facilities;
- Existence and content of sustainability plans;
- Current operating margins net of rental income generated and the array of existing other operating funding available to the facilities; and
- Annual amounts of depreciation claimed by investors related to these facilities.

A Recovery Residence, also known as recovery housing, is a housing model where recovery services and supports are provided to assist people with recovery from substance use disorders (SUD). Recovery services and supports are non-clinical services and can include a range of social and other services that facilitate recovery, wellness, linkage to services providers and other supports shown to improve quality of life for people in recovery from substance use.

There is no universal definition of Recovery Residence, no federal regulation or certification requirements, and no national directory of recovery housing. For the purposes of this report, the Department defines a Recovery Residence as a safe and substance-free environment that promotes individual recovery through positive peer group interactions among house members.

The Vermont Department of Health Division of Substance Use Programs (DSU) surveyed the following DSU-funded Recovery Residences to complete this legislative report:

- Vermont Foundation for Recovery;
- Jenna's Promise;
- Second Wind Foundation; and
- Springfield Supported Housing.

The Department's findings are based on the self-reported information provided by the four DSU-funded Recovery Residences. This report does not account for Recovery Residences that are not funded by DSU.<sup>1</sup>


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<sup>1</sup> The Department does not know how many uncertified recovery residences exist in Vermont.

## Findings

The National Association of Recovery Residences (NARR) provides [standards and a framework](#) for describing the levels of support offered by Recovery Residences.<sup>2</sup> Descriptions of the varying levels of support are summarized in Figure 1: NARR Recovery Residence Levels of Support and Standards.

**Figure 1: NARR Recovery Residence Levels of Support and Standards<sup>3</sup>**

		RECOVERY RESIDENCE LEVELS OF SUPPORT			
		LEVEL I Peer-Run	LEVEL II Monitored	LEVEL III Supervised	LEVEL IV Service Provider
STANDARDS CRITERIA	ADMINISTRATION	<ul style="list-style-type: none"> <li>• Democratically run</li> <li>• Manual or P&amp;P</li> </ul>	<ul style="list-style-type: none"> <li>• House manager or senior resident</li> <li>• Policy and Procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational hierarchy</li> <li>• Administrative oversight for service providers</li> <li>• Policy and Procedures</li> <li>• Licensing varies from state to state</li> </ul>	<ul style="list-style-type: none"> <li>• Overseen organizational hierarchy</li> <li>• Clinical and administrative supervision</li> <li>• Policy and Procedures</li> <li>• Licensing varies from state to state</li> </ul>
	SERVICES	<ul style="list-style-type: none"> <li>• Drug Screening</li> <li>• House meetings</li> <li>• Self help meetings encouraged</li> </ul>	<ul style="list-style-type: none"> <li>• House rules provide structure</li> <li>• Peer run groups</li> <li>• Drug Screening</li> <li>• House meetings</li> <li>• Involvement in self help and/or treatment services</li> </ul>	<ul style="list-style-type: none"> <li>• Life skill development emphasis</li> <li>• Clinical services utilized in outside community</li> <li>• Service hours provided in house</li> </ul>	<ul style="list-style-type: none"> <li>• Clinical services and programming are provided in house</li> <li>• Life skill development</li> </ul>
	RESIDENCE	<ul style="list-style-type: none"> <li>• Generally single family residences</li> </ul>	<ul style="list-style-type: none"> <li>• Primarily single family residences</li> <li>• Possibly apartments or other dwelling types</li> </ul>	<ul style="list-style-type: none"> <li>• Varies – all types of residential settings</li> </ul>	<ul style="list-style-type: none"> <li>• All types – often a step down phase within care continuum of a treatment center</li> <li>• May be a more institutional in environment</li> </ul>
	STAFF	<ul style="list-style-type: none"> <li>• No paid positions within the residence</li> <li>• Perhaps an overseeing officer</li> </ul>	<ul style="list-style-type: none"> <li>• At least 1 compensated position</li> </ul>	<ul style="list-style-type: none"> <li>• Facility manager</li> <li>• Certified staff or case managers</li> </ul>	<ul style="list-style-type: none"> <li>• Credentialed staff</li> </ul>

### Recovery Residence Self-Reported Description of Operating Models

Each DSU-funded Recovery Residence has their own operating model and a NARR designation as certified by the Vermont Alliance of Recovery Residences (VTARR).<sup>4</sup> The self-reported operating models for the DSU-funded Recovery Residences are summarized in Figure 2.

<sup>2</sup> For more information on the standards and a framework for describing the levels of support offered by Recovery Residences National Association of Recovery Residences (NARR) visit the following link: <https://narronline.org/wp-content/uploads/2014/02/NARR-Standards-20110920.pdf>.

<sup>3</sup> National Association of Recovery Residences Standard or Recovery Residences, Version 1.0, September 2011

<sup>4</sup> Except Springfield Supported Housing, which does not have NARR/VTARR certification but classifies their services as equivalent to NARR Level II.

**Figure 2: Overview of Self-Reported Operating Models for DSU-funded Recovery Residences**

Measure	Vermont Foundations for Recovery	Springfield Supported Housing	Jenna's Promise	Second Wind Foundation	Total
<b>Structure</b>	Non-Profit	Non-Profit	Non-Profit	Non-Profit	
<b>Total physical shelter locations</b>	11	5	3	2	<b>21</b>
Owned	0	0	2	2	<b>4</b>
Rented	11	5	1	0	<b>17</b>
<b>Operating Model/NARR Level</b>					
Level I - Peer Run	-	5	1	-	<b>6</b>
Level II - Peer Monitored	11		1	2	<b>14</b>
Level III - Staff Supervised	-	-	1	-	<b>1</b>
<b>Total beds</b>	56	6	15	10	<b>87</b>
<b>Average beds per site</b>	5.1	1.2	5.0	5.0	<b>4.1</b>
<b>Staff</b>					
Paid FTE	5	2.5	4	2	<b>13.5</b>
Volunteer FTE	0.5	0	0	2	<b>2.5</b>

**Portion of Capital Investment Facilities Self-Reported as Privately and Publicly Financed**  
 Second Wind Foundation noted that their only capital investments are the mortgages for the two owned properties paid 100% through public funds. The funding for the down payments and original purchases were sizeable and mostly private.

No other location reported any capital investment.

**Sustainability Plans Provided by Recovery Residences**

VFOR included sustainability within their Strategic Plan and has a Sustainability Committee. They are focusing on expanding their digital appeal and securing a matching fund donor, upgrading their website to take credit cards, and increasing their fund-raising capacity.

The Second Wind Foundation’s plan included goals to decrease reliance on state support through increased funding from donors and foundations. They are looking at developing fundraising events, corporate sponsorships, increasing awareness of their organization and work, and creating a legacy giving program.

Springfield Supported Housing relies heavily on DSU funding. They indicate that should the funding no longer be available they will look at different billing models. They have a long-term goal of increasing fundraising so more of their budget is unrestricted funds.

Jenna’s Promise plan outlines their strategy for reorganizing and reducing services to accommodate a reduction in state funding.

**Current Self-Reported Operating Margins Net of Rental Income Generated**

The structure of each Recovery Residence is substantially different. Self-reported revenues and expenses on a per-bed basis are summarized in Figure 3. Each Recovery Residence reported the numbers for their most recently finished fiscal year.

**Figure 3. Self-reported revenues and expenses for DSU-funded Recovery Residences**

Measure	Vermont Foundations for Recovery	Springfield Supported Housing	Jenna’s Promise	Second Wind Foundation	Total
<b>Fiscal Year of Report</b>	7/1/22-6/30/23	7/1/22-6/30/23	1/1/22-12/31/22	7/1/22-6/30/23	N/A
<b>Total Reported Revenues</b>	\$1,021,383	\$191,949	\$1,711,989	\$171,244	<b>\$3,096,565</b>
Total DSU Grant Funding	\$376,634	\$173,778	\$335,291	\$129,119	<b>\$1,014,822</b>
Total Resident Fees	\$345,871	\$18,171	\$0	\$12,000	<b>\$376,042</b>
Other Funding	\$298,878	\$0	\$1,376,698	\$30,125	<b>\$1,705,701</b>
<b>% Resident Fee Supported</b>	34%	9%	0%	7%	<b>12%</b>
<b>% VDH/DSU</b>	37%	91%	20%	75%	<b>33%</b>
<b>Total Revenue per Bed</b>	\$18,239	\$31,992	\$114,133	\$17,124	<b>\$35,593</b>
<b>Total Reported Expenses</b>	\$612,048	\$164,508	\$1,024,417	\$164,953	<b>\$1,965,926</b>
Total Expenses per Bed	\$10,929	\$27,418	\$68,294	\$16,495	<b>\$22,597</b>
<b>Reported Net Income</b>	\$307,660	\$27,441	\$687,572	\$6,291	<b>\$1,028,964</b>
Net Income per Bed	\$5,494	\$4,574	\$45,838	\$629	<b>\$11,827</b>

**Self-Reported Array of Existing Other Operating Funding Available to the Facilities**

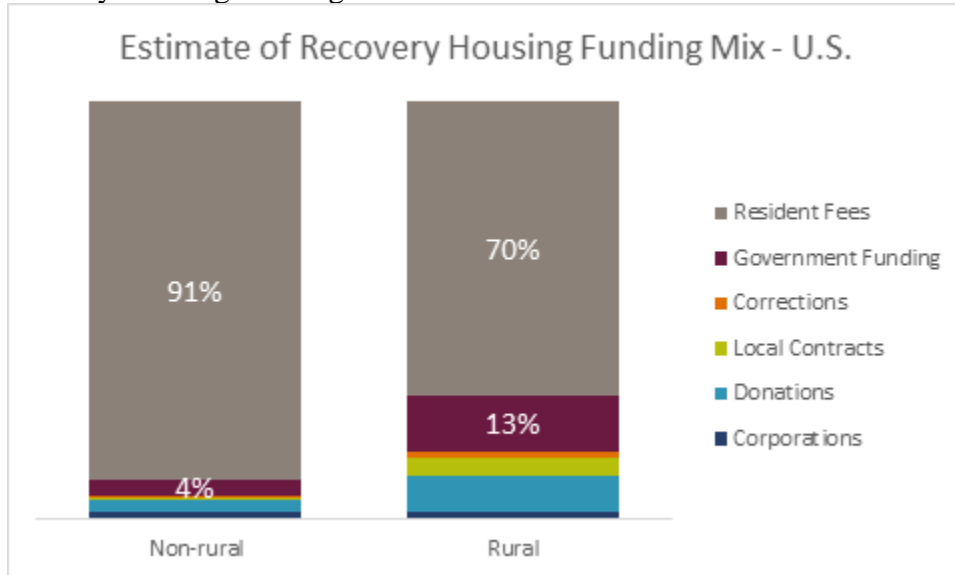
Other than Jenna’s Promise, the three other Recovery Residences report that their primary sources of operating funds are State funding and residence fees.

Jenna’s Promise also reports the following funding sources:

- Other grants - \$303,908
- In-Kind Funding - \$185,000
- Corporate Donations - \$29,315
- Other Donations - \$331,173
- Business Income (Jenna’s Coffee & Promising Goods): \$477,302

The DSU funded recovery residences summarized in Figure 3 receive 12% of their funding from resident fees. For comparison, a survey found that nationally the majority of funding comes from resident fees: 91% in non-rural residences and 70% in rural areas as shown in Figure 5.

Figure 5: Recovery Housing Funding Structure in the US<sup>5</sup>



Annual Amounts of Depreciation Claimed by Investors Related to these Facilities.  
None of the four Recovery Residences reported depreciation in their financial reporting.

<sup>5</sup> Madison Ashworth, Robin Thompson, Ernest Fletcher, Grace L. Clancy & David Johnson (2022) Financial landscape of recovery housing in the United States, Journal of Addictive Diseases, 40:4, 538-541, DOI: 10.1080/10550887.2022.2036575