

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2001**

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**SENATE BILL 163\***

Short Title: LEAs and Group Homes.

(Public)

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Sponsors: Senators Rand; Dannelly, Garrou, Purcell, Shaw of Cumberland, and  
Weinstein.

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Referred to: Children & Human Resources.

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February 19, 2001

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE LEGISLATIVE  
RESEARCH COMMISSION'S STUDY COMMITTEE ON GROUP HOMES TO  
ADDRESS THE NEEDS OF LOCAL SCHOOL ADMINISTRATIVE UNITS IN  
WHICH GROUP HOMES FOR CHILDREN ARE LOCATED AND TO PROVIDE  
FUNDS FOR THE EDUCATION OF THESE CHILDREN.

The General Assembly of North Carolina enacts:

**SECTION 1.** Section 11.19 of S.L. 2000-67 reads as rewritten:

"CHILD RESIDENTIAL TREATMENT SERVICES PROGRAM

Section 11.19.(a) The Department of Health and Human Services shall establish the Child Residential Treatment Services Program. The Program shall be implemented by the Department in consultation with the Office of Juvenile Justice and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children and may also be used for Medicaid-eligible children. Program funds may also be used to expand the Child Mental Health Systems of Care Project. The Program shall include the following:

- (1) Behavioral health screenings for all children at risk of institutionalization or other out-of-home placement.
- (2) Appropriate and medically necessary residential treatment placements, including placements for youths needing substance abuse treatment services and for specialized populations such as deaf children, children with serious emotional disturbances, and sexually aggressive youth.
- (3) Multidisciplinary case management services, as needed.
- (4) A system of utilization review specific to the nature and design of the Program.

- 1 (5) Mechanisms to ensure that children are not placed in department of  
2 social services custody for the purpose of obtaining mental health  
3 residential treatment services.
- 4 (6) Mechanisms to maximize current State and local funds and to expand  
5 use of Medicaid funds to accomplish the intent of this Program.
- 6 (7) Other appropriate components to accomplish the Program's purpose.
- 7 (8) The Secretary of the Department of Health and Human Services may  
8 enter into contracts with residential service providers.

9 Section 11.19.(b) The Department shall not allocate funds appropriated for Program  
10 services until a Memorandum of Agreement has been executed between the Department  
11 and other affected State agencies. The Memorandum of Agreement shall address  
12 specifically the roles and responsibilities of the various departmental divisions and  
13 affected State ~~agencies~~ agencies, including the Department of Public Instruction,  
14 involved in the administration, financing, care, and placement of children at risk of  
15 institutionalization or other out-of-home placement. The Department shall not allocate  
16 funds appropriated in this act for the Program until Memoranda of Agreement between  
17 local departments of social ~~services and services,~~ area mental health programs, local  
18 school administrative units, and the Administrative Office of the Courts, and the Office  
19 of Juvenile Justice, as appropriate, are executed to effectuate the purpose of the  
20 Program. The Memoranda of Agreement shall address issues pertinent to local  
21 implementation of the ~~Program.~~ Program, including provision for the immediate  
22 availability of student records to a local school administrative unit receiving a child  
23 placed in a residential setting outside the child's home county.

24 Section 11.19.(c) Notwithstanding any other provision of law to the contrary,  
25 services under the Child Residential Treatment Services Program are not an entitlement  
26 for non-Medicaid eligible children served by the Program.

27 Section 11.19.(d) The Department of Health and Human Services, in conjunction  
28 with the Office of Juvenile Justice and other affected agencies, shall report on the  
29 following:

- 30 (1) The number and other demographic information of children served.
- 31 (2) The amount and source of funds expended to implement the Program.
- 32 (3) Information regarding the number of children screened, specific  
33 placement of children, and treatment needs of children served.
- 34 (4) The average length of stay in residential treatment, transition, and  
35 return to home.
- 36 (5) The number of children diverted from institutions or other out-of-home  
37 placements such as training schools and State psychiatric hospitals.
- 38 (6) Recommendations on other areas of the Program that need to be  
39 improved.
- 40 (7) Other information relevant to successful implementation of the  
41 Program.
- 42 (8) A method of identifying and tracking children placed outside of the  
43 family unit in group homes or therapeutic foster care home settings.

1 The Department shall submit a progress report on implementation of the Program  
2 not later than February 1, 2001, and a final report not later than May 1, 2002, to the  
3 House of Representatives Appropriations Subcommittee on Health and Human  
4 Services, the Senate Appropriations Committee on Human Resources, and the Fiscal  
5 Research Division."

6 **SECTION 2.** G.S. 115C-140.1(a) reads as rewritten:

7 "(a) Notwithstanding the provisions of any other statute and without regard for the  
8 place of domicile of a parent or guardian, the cost of a free appropriate public education  
9 for a child with special needs who is placed in or assigned to a group home, foster home  
10 or other similar facility, pursuant to State and federal law, shall be borne by the local  
11 board of education in which the group home, foster home or other similar facility is  
12 located. However, the local school administrative unit in which a child is domiciled  
13 shall transfer to the local school administrative unit in which the institution is located an  
14 amount equal to the actual local cost in excess of State and federal funding required to  
15 educate that child in the local school administrative unit for the fiscal year. Nothing in  
16 this section obligates any local board of education to bear any cost for the care and  
17 maintenance of a child with special needs in a group home, foster home or other similar  
18 facility."

19 **SECTION 3.(a)** The State Board of Education shall revise the formula for  
20 State Aid for Children with Disabilities and the Group Homes formula to provide to  
21 local school administrative units an amount greater than the State per funded headcount  
22 for children with special needs placed outside their home counties in counties where  
23 there is higher than average concentration of group homes or therapeutic foster care  
24 homes serving children in the county.

25 **SECTION 3.(b)** There is appropriated from the General Fund to the State  
26 Aid for Children with Disabilities in the State Public School Fund the sum of five  
27 hundred thousand dollars (\$500,000) for each year of the 2001-2003 biennium to  
28 implement the formula developed in subsection (a) of this section.

29 **SECTION 4.** There is appropriated from the General Fund to State Aid to  
30 Local School Administrative Units the sum of five hundred fifty-three thousand dollars  
31 (\$553,000) for each fiscal year in the 2001-2003 biennium for the Children with  
32 Disabilities in Group Homes Program. These funds shall be used to meet the growing  
33 number of requests due to increased placement of children in group home settings  
34 outside the children's home counties.

35 **SECTION 5.** The State Board of Education shall provide for a local school  
36 administrative unit to request funds from the Group Homes Program for Children with  
37 Disabilities if a child assigned to that unit was not in that unit's April headcount for  
38 exceptional children for the previous school year, even if the local school administrative  
39 unit received Group Homes Program funds for that child for a portion of the preceding  
40 school year.

41 **SECTION 6.** Sections 3 and 4 of this act become effective July 1, 2001.  
42 The remainder of this act is effective when it becomes law.