

**EDUCATION OF CHILDREN IN PRIVATE PSYCHIATRIC RESIDENTIAL
TREATMENT FACILITIES**

SECTION 8.39.(a) G.S. 108A-80 reads as rewritten:

"§ 108A-80. Confidentiality of records.

(a) Except as provided in subsections (b) and (b1) of this section, it shall be unlawful for any person to obtain, disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or other information concerning persons applying for or receiving public assistance or social services that may be directly or indirectly derived from the records, files or communications of the Department or the county boards of social services, or county departments of social services or acquired in the course of performing official duties except for the purposes directly connected with the administration of the programs of public assistance and social services in accordance with federal law, rules and regulations, and the rules of the Social Services Commission or the Department.

(b) The Department shall furnish a copy of the recipient check register monthly to each county auditor showing a complete list of all recipients of Work First Family Assistance in Standard Program Counties and State-County Special Assistance, their addresses, and the amounts of the monthly grants. An Electing County whose checks are not being issued by the State shall furnish a copy of the recipient check register monthly to its county auditor showing a complete list of all recipients of Work First Family Assistance in the Electing County, their addresses, and the amounts of the monthly payments. These registers shall be public records open to public inspection during the regular office hours of the county auditor, but the registers or the information contained therein may not be used for any commercial or political purpose. Any violation of this section shall constitute a Class 1 misdemeanor.

(b1) The Department may share confidential information concerning a person receiving public assistance or social services with a local school administrative unit and with the Department of Public Instruction. Disclosure is limited to that information necessary to establish, coordinate, or maintain appropriate educational services for the person receiving public assistance or social services.

(c) Any listing of recipients of benefits under any public assistance or social services program compiled by or used for official purposes by a county board of social services or a county department of social services shall not be used as a mailing list for political purposes. This prohibition shall apply to any list of recipients of benefits of any federal, State, county or mixed public assistance or social services program. Further, this prohibition shall apply to the use of such listing by any person, organization, corporation, or business, including but not limited to public officers or employees of federal, State, county, or other local governments, as a mailing list for political purposes. Any violation of this section shall be punishable as a Class 1 misdemeanor

(d) The Social Services Commission may adopt rules governing access to case files for social services and public assistance programs, except the Medical Assistance Program. The Secretary of the Department of Health and Human Services shall have the authority to adopt rules governing access to medical assistance case files."

SECTION 8.39.(b) G.S. 115C-12 is amended by adding a new subdivision to read:

"(44) Duty to Ensure Educational Services in Private Psychiatric Residential Treatment Facilities (PRTFs). – The Board, in collaboration with the Department of Health and Human Services, shall ensure that educational services are provided to all students in PRTFs as required under Part 4 of Article 6 of Chapter 122C of the General Statutes. The Board shall ensure that a child with a disability as defined under G.S. 115C-106.3(1) in a PRTF receives educational services and procedural safeguards as provided in Article 9 of this Chapter."

SECTION 8.39.(c) G.S. 122C-23.1 reads as rewritten:

"§ 122C-23.1. Licensure of residential treatment facilities.

(a) The General Assembly finds:

- (1) That much of the care for residential treatment facility residents is paid by the State and the counties;
- (2) That the cost to the State for care for residents of residential treatment facilities is substantial, and high vacancy rates in residential treatment facilities further increase the cost of care;
- (3) That the proliferation of residential treatment facilities results in costly duplication and underuse of facilities and may result in lower quality service;
- (4) There is currently no ongoing relationship between some applicants for licensure and local management entities (LMEs) that are responsible for the placement of children and adults in residential treatment facilities; and
- (5) That it is necessary to protect the general welfare and lives, health, and property of the people of the State for the local management entity (LME) to verify that additional beds are needed in the LME's catchment area before new residential treatment facilities are licensed. This process is established to ensure that unnecessary costs to the State do not result, residential treatment facility beds are available where needed, and that individuals who need care in residential treatment facilities may have access to quality care.

Based on these findings, the Department of Health and Human Services may license new residential treatment facilities if the applicant for licensure submits with the application a letter of support obtained from the local management entity in whose catchment area the facility will be located. The letter of support shall be submitted to the Department of Health and Human Services, Division of Health Service Regulation and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility.

(b) All private psychiatric residential treatment facilities (PRTFs), as defined in G.S. 122C-450(a)(3), that serve children eligible to attend the public schools in accordance with G.S. 115C-366, including a student who has been suspended or expelled but otherwise meets the requirements of that statute, shall have a facility-based school as a condition of licensure. Subject to the time limits of subsection (c) of this section, the school shall meet all the requirements of a qualified nonpublic school under Article 39 of Chapter 115C of the General Statutes and of a Nonpublic Exceptional Children's Program as defined in G.S. 122C-450(a)(2). The requirements of this subsection and subsection (c) of this section do not apply to PRTFs that are approved charter schools pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes.

(c) The Department of Health and Human Services may issue an initial license to a PRTF that meets all licensure requirements except for the approval of the facility-based school as a Nonpublic Exceptional Children's Program by the Department of Public Instruction. This initial license is valid for a period of six months, during which time the PRTF shall obtain approval of its facility-based school as a Nonpublic Exceptional Children's Program by the Department of Public Instruction. If such approval is not obtained before the expiration of the initial license, the Department of Health and Human Services shall review the PRTF's license for appropriate action. If the PRTF obtains approval as a Nonpublic Exceptional Children's Program, the Department of Health and Human Services may issue a license for the remainder of the calendar year, and the facility is eligible for annual renewal thereafter.

(d) At any time upon receipt of a written notice from the Department of Public Instruction that a PRTF has not provided or is not providing educational services, or is not reasonably cooperating with the Department of Public Instruction to ensure those services are provided and that compliance with State and federal law is assured, the Department of Health and Human Services shall review the PRTF's license for appropriate action. The Department of Health and Human Services may issue sanctions including (i) requiring a refund of all State funds disbursed for the provision of educational services for the current fiscal year, (ii) barring future funding for the provision of educational services for the current or following year, or (iii) suspending or revoking the PRTF's license.

(e) as used in this section, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes."

SECTION 8.39.(d) G.S. 122C-55 is amended by adding a new subsection to read:

"(g2) Whenever there is reason to believe that the client is eligible for educational services through a governmental agency, a facility shall disclose client identifying information to the Department of Public Instruction. Disclosure is limited to that information necessary to establish, coordinate, or maintain educational services. The Department of Public Instruction may further disclose client identifying information to a local school administrative unit as necessary."

SECTION 8.39.(e) Article 6 of Chapter 122C of the General Statutes is amended by adding a new Part to read:

"Part 4. Educational Services in Private Psychiatric Residential Treatment Facilities.

"§ 122C-450. Definitions.

(a) The following definitions apply in this Part:

(1) "Educational services" means appropriate education-related assessment and instruction provided to any child residing in a private psychiatric residential treatment facility, including special education and related services to a child with a disability as defined in G.S. 115C-106.3(1). An education-related assessment includes the determination of need for special education and related services.

(2) "Nonpublic Exceptional Children's Program" means a facility-based school that meets all of the following criteria:

a. Provides at least one teacher for every 14 students. The PRTF shall report exceptions to this requirement to (i) the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) to request additional funding for educational services as provided under G.S. 122C-450.1(d) to the extent that funds are available and, if funds are not available, (ii) the Department of Public Instruction to request a waiver from this requirement.

b. Provides at least one teacher with a North Carolina Professional Educator license in special education, if there is a child with a disability as defined in G.S. 115C-106.3(1) residing in the PRTF.

c. Registers with the Department of Administration, Division of Nonpublic Schools, under Article 39 of Chapter 115C of the General Statutes.

d. Has been approved by the Department of Public Instruction to provide educational services as promulgated by the rules adopted by the State Board of Education pursuant to the Administrative Procedures Act.

(3) "Private psychiatric residential treatment facility" (PRTF) means a facility, other than a hospital, that provides psychiatric and other behavioral health services as described in Subpart D of C.F.R. Part 441 of Chapter 42 to individuals under age 21 in an inpatient setting licensed by the Department of Health and Human Services as provided under Chapter 122C of the General Statutes. A PRTF does not include a State-operated facility.

"§ 122C-450.1. Eligibility and allocations.

(a) A child who is receiving psychiatric and other behavioral health services in a PRTF shall also receive educational services in accordance with federal and State law, if the child is eligible to enroll in public schools as provided in G.S. 115C-366, including a student who has been suspended or expelled but otherwise meets the requirements of that statute. For a child with a disability, as defined in G.S. 115C-106.3(1), who has been placed in a PRTF, all educational services shall meet applicable standards as required under Article 9 of Chapter 115C of the General Statutes.

A PRTF shall be qualified to receive a funding allocation, to the extent that funds are available from the Department of Health and Human Services, to provide educational services if the following

conditions are met:

(1) The PRTF is licensed by the Department of Health and Human Services pursuant to Chapter 122C of the General Statutes and has a facility-based school approved by the Department of Public Instruction as a Nonpublic Exceptional Children's Program.

(2) The PRTF documents deviations from educational and other programmatic requirements when it is medically necessary for a resident in accordance with G.S. 122C-62(e).

(c) A PRTF that meets the qualification standards required in subsection (b) of this section may enter into an educational services contract, to the extent that funds are available, with a local school administrative unit to assist in the delivery of educational services to the children in the PRTF. The contract shall clearly define the education-related assessment, instruction, and legal responsibilities of both parties engaging in the educational services contract. A PRTF entering into an educational services contract with a local school administrative unit shall submit the educational services contract to both the Department of Public Instruction and the Department of Health and Human Services for inclusion in any required reports to the General Assembly regarding the provision of educational services to children in PRTFs.

(d) To the extent that funds are available in the Department of Public Instruction for the delivery of educational services in PRTFs as provided in this Part, those funds shall be transferred to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS). The funds transferred for the purchase of educational services within the PRTF shall not be allocated to LME/MCOs but shall be held in reserve at the DMH/DD/SAS. The DMH/DD/SAS shall use the reserve funds to pay for educational services authorized by the Department of Public Instruction and billed by the PRTFs in a process established by the DMH/DD/SAS. The funds transferred to the DMH/DD/SAS pursuant to this section shall be allocated to the PRTFs for educational services in a manner determined by the Department of Health and Human Services and the Department of Public Instruction in a Memorandum of Understanding or a Memorandum of Agreement. The Department of Health and Human Services shall disburse for these purposes only those funds transferred from the Department of Public Instruction.

(e) The Department of Health and Human Services shall cease disbursement of educational funding to a PRTF upon receipt of a written notice from the Department of Public Instruction that educational services have not been provided. Educational funding disbursement shall be reinstated by the Department of Health and Human Services upon written notice from the Department of Public Instruction that the PRTF is providing educational services.

(f) A PRTF that receives educational funding shall comply with all audit and accounting policies applicable to other public and private entities receiving public funding.

"§ 122C-450.2. Information sharing.

(a) Within three business days of admitting a child into a PRTF, the admitting PRTF shall notify (i) the Department of Public Instruction and (ii) the local school administrative unit in which the child was last enrolled, if known. The PRTF shall request a copy of the child's most current Individualized Education Program and any other available documents related to the provision of appropriate educational services from the local school administrative unit. To the extent practicable, the local school administrative unit shall provide this information within three business days of receiving a request made pursuant to this subsection. Upon withdrawal or discharge of a child, the PRTF shall notify the Department of Public Instruction within three business days of such withdrawal or discharge.

(b) The PRTF and the receiving local school administrative unit shall work together to develop a transition plan, including a revised Individualized Education Program, if necessary, to be implemented upon discharge of the child residing in a PRTF.

"§ 122C-450.3. Technical assistance and monitoring.

The State Board of Education and the Department of Public Instruction shall (i) offer training to PRTFs on compliance with special education laws and regulations, (ii) maintain a current list of names of children residing in PRTFs along with the name and contact information of the PRTF in which each

child resides, and (iii) develop and implement rules to monitor the delivery of educational services in PRTFs, including a process to inform the Department of Health and Human Services when services are not being provided. The Department of Health and Human Services shall appropriately enforce applicable licensing requirements as provided under G.S. 122C-23.1.

"§ 122C-450.4. Reporting requirement.

The Department of Health and Human Services and the Department of Public Instruction, in collaboration with other interested agencies, shall submit, by January 15 of each year, a joint report to the Joint Legislative Education Oversight Committee and to the Joint Legislative Oversight Committee on Health and Human Services on the delivery of educational services in PRTFs, including (i) the annual number of children by age residing in a PRTF both with and without an Individualized Education Program, (ii) the average length of stay of these children, (iii) the types of educational services, including number of hours each type of service has been provided, (iv) the costs and outcomes of providing educational services, and (v) recommendations for improving the efficiency and effectiveness of delivering educational services to children residing in PRTFs."

SECTION 8.39.(f) As of the effective date of this act, PRTFs that are licensed to serve children eligible to enroll in public schools as provided in G.S. 115C-366, including a student who has been suspended or expelled but otherwise meets the requirements of that statute, shall have six months after their next annual renewal to obtain approval of their facility-based school by the Department of Public Instruction as a Nonpublic Exceptional Children's Program. If such approval is not obtained before the expiration of the additional six months, the Department of Health and Human Services shall review the PRTF's license for appropriate action. This subsection does not apply to PRTFs that are approved charter schools pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes.

SECTION 8.39.(g) The State Board of Education shall adopt emergency rules pursuant to G.S. 150B-21.1A to monitor the delivery of educational services in PRTFs, including a process to inform the Department of Health and Human Services when services are not being provided.

SECTION 8.39.(h) The Department of Health and Human Services and the Department of Public Instruction, in collaboration with other interested agencies, shall submit its initial joint report, as required by G.S. 122C-450.4, to the Joint Legislative Education Oversight Committee and to the Joint Legislative Oversight Committee on Health and Human Services by January 15, 2015.

SECTION 8.39.(i) In accordance with G.S. 122C-450.1(d), as enacted by this act, the Department of Public Instruction shall transfer the funds provided for in this act for the purchase of educational services within PRTFs pursuant to this section to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS).

SECTION 8.39.(j) The Department of Public Instruction shall process all applications submitted by PRTFs on or before September 1, 2014, for approval as a Nonpublic Exceptional Children's Program no later than December 1, 2014.

ALLOW CONTINUED TRANSFER OF FUNDS FROM SPECIAL EDUCATION TAX CREDITS

SECTION 8.40. Section 6(b) of S.L. 2013-364 reads as rewritten:

"SECTION 6.(b) The State Controller shall transfer the fund balance from the Fund for Special Education and Related Services to Nontax Budget Code 19978 (Intrastate Transfers) or the appropriate budget code as determined by the State Controller to support General Fund appropriations for the 2013-2014 fiscal year appropriations."