

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

**SESSION LAW 2017-41
HOUSE BILL 630**

AN ACT TO ESTABLISH SOCIAL SERVICES REGIONAL SUPERVISION AND COLLABORATION; REFORM THE CHILD WELFARE SYSTEM IN THIS STATE; IMPROVE ACCOUNTABILITY AND STATE OVERSIGHT OF THE CHILD WELFARE SYSTEM; REQUIRE WRITTEN AGREEMENTS, CORRECTIVE ACTION, AND STATE INTERVENTION WITH SOCIAL SERVICES DEPARTMENTS; CREATE REGIONAL SOCIAL SERVICE DEPARTMENTS; ESTABLISH A CHILD WELL-BEING TRANSFORMATION COUNCIL; ESTABLISH A DRIVERS LICENSE PILOT PROJECT; ESTABLISH A PILOT PROGRAM TO AUTHORIZE A WAIVER OF THE EMPLOYMENT REQUIREMENT FOR FOSTER PARENTS OF CHILDREN RECEIVING INTENSIVE ALTERNATIVE FAMILY TREATMENT; REDUCE THE TIME FRAME A PARENT HAS TO APPEAL FROM A TERMINATION OF PARENTAL RIGHTS ORDER; REDUCE THE TIME FRAME FOR LICENSURE APPROVAL REGARDING FOSTER CARE; AND REQUIRE CHILD PROTECTIVE SERVICE OBSERVATION BEFORE PHYSICAL CUSTODY OF CHILD MAY BE RETURNED.

Whereas, the children and families involved in North Carolina's child welfare system are among our most vulnerable children and most fragile families; and

Whereas, the recent federal Child and Family Services Review (CFSR) and the North Carolina Statewide Child Protective Services Evaluation of the State's Child Protective Services (CPS) program identified troubling gaps and flaws in North Carolina's child welfare system that are allowing too many of those vulnerable children and fragile families to fall through the cracks; and

Whereas, transforming the child welfare system to better ensure the safety, permanency, and well-being of children and families is the right thing to do; and

Whereas, county social services agencies are facing significant resource and administration challenges in areas other than child welfare, such as public assistance and adult services; and

Whereas, a recent audit by the North Carolina State Auditor of Medicaid eligibility determinations by county departments of social services concluded that most of the county departments reviewed in the audit did not consistently meet standards for timeliness and accuracy; and

Whereas, a recent report by the Program Evaluation Division reached similar conclusions regarding county administration of Medicaid eligibility determinations; and

Whereas, North Carolina's Aging Services Plan and a recent report on Alzheimer's and related dementias by the North Carolina Institute of Medicine emphasize the tremendous growth of the aging population and anticipate relying heavily on social services agencies to support the needs of this population; and

Whereas, it has been challenging for the State to effectively supervise administration of complex social services programs in 100 counties and it would be more efficient and effective for the State to supervise fewer local agencies; and



Whereas, it is our charge to spend public dollars wisely and effectively on administration of public assistance; and

Whereas, for the aforementioned reasons, North Carolina requires a plan of action to systematically reform the child welfare system and reduce the number of departments of social services to allow for better supervision and administration of social services programs; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. SOCIAL SERVICES REGIONAL SUPERVISION AND COLLABORATION; WORKING GROUP

SECTION 1.1. Regional Supervision of and Collaboration by Local Social Services Programs. –

- (1) The Department of Health and Human Services (Department) is responsible for supervision of the local administration of social services programs, including child welfare, adult protective services and guardianship, public assistance, child support enforcement, and other programs. In order to enhance State supervision and oversight for these programs, the Department shall develop a plan for establishing regional offices charged with supervision of administration of social services at the local level. The plan shall also identify any necessary legislative and regulatory changes necessary to improve regional collaboration among county or regional social services agencies or programs.
- (2) In developing the plan, the Department shall take into consideration the recommendations of the Social Services Regional Supervision and Collaboration Working Group created under Section 1.2.(a) of this act.
- (3) The Department shall submit the plan to the Joint Legislative Oversight Committee on Health and Human Services by November 15, 2018. The plan shall provide for the system of regional supervision to be operational no later than March 1, 2020. The Department shall not implement the plan without an act by the General Assembly.

SECTION 1.2.(a) Social Services Regional Supervision and Collaboration Working Group. – The School of Government at the University of North Carolina at Chapel Hill (SOG) shall convene a Social Services Regional Supervision and Collaboration Working Group (Working Group) to make recommendations to the Department regarding the regional supervision and collaboration plan.

SECTION 1.2.(b) Composition. – The Working Group shall consist of the following members:

- (1) Three members of the Senate appointed by the President Pro Tempore of the Senate, one of whom shall be designated as a cochair.
- (2) Three members of the House of Representatives appointed by the Speaker of the House of Representatives, one of whom shall be designated as a cochair.
- (3) Three representatives from the Department appointed by the Secretary of Health and Human Services or the Secretary's designee.
- (4) One designee of the Chief Justice of the North Carolina Supreme Court, appointed by the Chief Justice.
- (5) Four county commissioners representing the North Carolina Association of County Commissioners (NCACC), each of whom shall represent different regions of the State, appointed by the Director of the NCACC.

- (6) Two county social services directors, one of whom shall be appointed by the President Pro Tempore of the Senate and one of whom shall be appointed by the Speaker of the House of Representatives.
- (7) One representative from the North Carolina Association of Social Services Attorneys (NCASSA), appointed by the President of the NCASSA.
- (8) One representative from the Association of North Carolina County Social Services Directors, appointed by the President of the Association.

SECTION 1.2.(c) Ad Hoc Subcommittees. – The cochairs may, at their discretion, establish ad hoc subcommittees involving experts and representatives of stakeholder organizations to provide information and offer recommendations related to their areas of expertise and interest. Experts and organizations may include:

- (1) Social Services Commission.
- (2) North Carolina Association of County Boards of Social Services.
- (3) Guardian ad Litem Program.
- (4) Office of Indigent Defense Services.
- (5) North Carolina Partnership for Children, Inc.
- (6) Disability Rights of North Carolina.
- (7) Benchmarks NC.
- (8) North Carolina Association of Local Health Directors.
- (9) North Carolina Council of Community Programs.
- (10) North Carolina Emergency Management Association.
- (11) North Carolina Child Support Council.
- (12) North Carolina Pediatric Society.
- (13) AARP North Carolina.
- (14) County commissioners representing jurisdictions that have diverse geographic, socioeconomic, and demographic characteristics.
- (15) Directors and administrators of consolidated human services agencies.
- (16) Other experts or stakeholders identified by the cochairs.

SECTION 1.2.(d) Duties. – The Working Group shall develop recommendations for the regional supervision and collaboration plan required by Section 1.1 of this act. The Working Group shall divide its work into two stages, the first to address regional supervision and the second to address interagency collaboration and regionalization.

- (1) Stage One. – The Working Group shall convene its first meeting no later than October 6, 2017. During the first stage, the Working Group shall develop recommendations regarding:
 - a. The size, number, and location of the regions. Recommendations shall take into consideration (i) the need for regions to maintain direct, local connections with the jurisdictions they serve; (ii) alignment with other regional organizations that intersect with the work of social services, as appropriate; and (iii) awareness of the cultural differences and similarities between regions.
 - b. The allocation of responsibility between the central, regional, and local officials in supervising and administering the social services programs and services.
 - c. Methods for holding the regional offices accountable for performance and responsiveness.
 - d. Requirements for the regional offices to share information about local departmental performance with the relevant board or boards of county commissioners, county or regional board of social services, or consolidated human services board.

- e. Options for authorizing the board of county commissioners to intervene in urgent situations to assume direct control of the department of social services at the local level prior to the State assuming control of service delivery pursuant to G.S. 108A-74.
 - f. Any other issues related to regional supervision identified by the cochairs.
- (2) Stage Two. – During the second stage, the Working Group shall:
- a. Develop recommendations regarding legislative and regulatory changes necessary to improve collaboration between counties in the administration of social services programs and services. Recommendations shall address, at a minimum, information sharing, conflicts of interest, and intercounty movement of people enrolled in programs or receiving social services.
 - b. Develop a vision for transitioning the State from a county-administered system to a regionally administered system. The vision shall identify general benefits and challenges associated with making such a transition.

SECTION 1.2.(e) Reports. –

- (1) Stage One. – The Working Group shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services (Committee) and the Department at the conclusion of Stage One, which shall be no later than April 15, 2018. After receiving the Stage One report, the Committee may terminate the Working Group if it concludes that the Working Group is not making sufficient progress.
- (2) Stage Two. – The Working Group shall submit a report to the Committee and the Department at the conclusion of Stage Two, which shall be no later than February 1, 2019.

SECTION 1.2.(f) Role of the School of Government. – The School of Government at the University of North Carolina at Chapel Hill shall assist the Working Group as follows:

- (1) Convene and facilitate meetings.
- (2) Provide necessary clerical and administrative support.
- (3) Prepare the Working Group reports.
- (4) Provide technical assistance, as appropriate.

PART II. REFORMING STATE SUPERVISION AND ACCOUNTABILITY OF THE STATE'S SOCIAL SERVICES SYSTEM

SECTION 2.1.(a) Contract for Social Services Reform. – The Office of State Budget and Management, in consultation with the Department of Health and Human Services, shall develop and issue a request for proposal (RFP) no later than September 30, 2017, to contract with a third-party organization to develop a plan to reform the State supervision and accountability for the social services system, including child welfare, adult protective services and guardianship, public assistance, and child support enforcement ("system reform"). In developing the system reform plan, the organization shall:

- (1) Evaluate the role of the State in the social services system.
- (2) Develop a new vision and strategic direction for the social services system, including leadership and governance at the State and regional levels.
- (3) Develop a plan for reforming the social services system in order to improve outcomes for children and families, enhance State supervision of local social services administration, improve accountability for outcomes in social services at the local, regional, and State levels.

- (4) Develop a plan for collection, analysis, and effective use of data by the social services system.
- (5) Create a Social Services System Transparency and Wellness Dashboard (Dashboard) as provided in subsection (c) of this section.
- (6) Develop a plan for consistent, standardized continuous quality improvement (CQI) for social services at the State, regional, and county levels.
- (7) Review policies and procedures to support and accelerate system reform, focusing on sustainable change that will improve outcomes for children and families.
- (8) Provide ongoing evaluation and oversight of the Department's implementation of social services system reform.
- (9) Develop a child welfare reform plan as specified in subsection (b) of this section.
- (10) Comply with all applicable reporting and implementation requirements specified in subsection (d) of this section.

In developing and implementing the social services system reform plan, the organization shall engage the services of national technical advisors with broad expertise and experience in implementing large-scale, systemic social services reform. The national technical advisors may have specialized expertise in certain areas of social services, such as child welfare, adult services, public assistance, or child support enforcement.

SECTION 2.1.(b) Child Welfare Reform. – The contract with the third-party organization required by subsection (a) of this section shall also require the organization to develop a child welfare reform plan that, at a minimum, makes recommendations regarding:

- (1) Child Protective Services (CPS), including the system for receiving reports and investigating allegations of child abuse, neglect, or dependency.
- (2) Preventive and in-home services that provide struggling families with needed supports and treatment to prevent removal of the children from the home.
- (3) Child fatality oversight, including a review of the existing structure, communication, and effectiveness of the Community Child Protection Teams, the Child Fatality Prevention Team, and use of Citizen Review Panels. Oversight shall also include identification of systemic problems in the child welfare system that may increase risk of harm or death to a child and implementation of timely and appropriate systemic reforms following a child fatality.
- (4) Placement of children in foster care and other out-of-home settings.
- (5) Services provided to children, youth, and parents involved with child welfare to achieve reunification of families.
- (6) Efforts to achieve permanency for children either through reunification with family, legal guardianship or custody, or adoption.
- (7) Provision of health care, mental health, and educational services to children and families involved with the child welfare system.
- (8) Services provided to older youth in foster care and to those who have aged out of foster care.
- (9) Strategies to ensure well-trained and adequately compensated staff to improve performance and reduce turnover.
- (10) Practice and implementation, including:
 - a. Ensuring a statewide, trauma-informed, culturally competent, family-centered practice framework.

- b. Incorporating more evidence-based practices, including evidence-informed prevention services designed to reduce the number of children entering foster care.
- c. Specifying expectations regarding professional development, training, and performance standards.
- d. Eliminating unnecessary barriers to licensing foster care and therapeutic foster care families to ensure an adequate supply of qualified families.
- e. Improving provider and foster parent feedback loops. For purposes of this sub-subdivision, "feedback loops" refers to a situation in which a portion of the output of a situation is used for new input.
- f. Performing time use and salary surveys for Division of Social Services staff.
- g. Promoting relationship building across agencies and providers.
- h. Implementing family supports for adoptions, which includes (i) collecting data on the incidence of disrupted adoptions and unlawful transference of children in North Carolina, (ii) the outcomes for children and families associated with disrupted adoptions, and (iii) the provision of supports needed to assist families at risk of disruption in order to keep those families together.
- i. Maintaining sibling groups, in accordance with the "Fostering Connections to Success and Increasing Adoptions Act of 2008."
- j. Developing a statewide, standardized functional protocol to be used for case planning, service referrals, and enhancing executive-level decision making around resource allocation and other system reform efforts.

SECTION 2.1.(c) In developing the child welfare components of the reform plan pursuant to this section, the organization shall do each of the following:

- (1) Ensure the plan complies with the requirements of the federal Child and Family Services Review Program Improvement Plan effective January 1, 2017.
- (2) Consult regularly with the Social Service Regional Supervision and Collaboration Working Group and offer recommendations appropriate to align the goals and direction for both efforts.
- (3) Review the program for corrective action under G.S. 108A-74, as amended by Part III of this act, and offer any recommendations necessary to align the corrective action program with the child welfare reform plan.

SECTION 2.1.(d) The social services reform effort described in this section shall also include the creation of a Social Services System Transparency and Wellness Dashboard (Dashboard) that will collect data from the North Carolina Families Accessing Services through Technology (NC FAST) system. The Dashboard shall serve as a report card and include regular reports of the components of social services including, at a minimum, child welfare, adult services, public assistance, and child support enforcement. The Dashboard shall be continuously updated to allow for monitoring by State leadership, staff and families involved in the social services system, and the general public to ensure maximum accountability and transparency and the effective and efficient use of social services and funds. The Department of Health and Human Services shall work closely with the organization to identify available data sources to include in the Dashboard for the relevant programs. With respect to child welfare specifically, the Dashboard shall address the data issues highlighted in the Child and Family Services Review (CFSR) and the North Carolina Statewide Child Protective Services Evaluation of the State's Child Protective Services system dated March 1, 2016, to ensure the

provision of accurate federal reporting and improved case management, continuous quality improvement (CQI), and overall improved outcomes for children and families. The data from the Dashboard shall be readily available on the Department's Web site. For purposes of this subsection, the term "Dashboard" means a standard set of performance and outcome metrics that indicate how effectively the components of the social services system are working.

SECTION 2.1.(e) The following reporting and implementation requirements shall occur:

- (1) The Office of State Budget and Management (OSBM) shall report to the Joint Legislative Oversight Committee on Health and Human Services (Committee) upon hiring an organization as required by subsection (a) of this section to develop the social services reform plan pursuant to this section.
- (2) OSBM shall include in the contract clear direction that time is of the essence and failure to perform within the required time line constitutes breach of contract. OSBM shall also include a provision in the contract authorizing it to terminate the contract without financial penalty to the State if OSBM, in consultation with the Committee, determines that progress on development of the child welfare reform plan is unsatisfactory.
- (3) The organization shall submit a preliminary report to the Committee no later than 180 days after the contract is finalized. The preliminary report shall set forth the progress made on developing the reform plan and the objectives for the subsequent 180 days. After that preliminary report is submitted, the organization shall submit bimonthly reports to Committee on the progress of development and implementation of the child welfare reform plan.
- (4) The Department shall submit preliminary recommendations to the Committee no later than October 1, 2018, regarding legislative changes necessary to implement the reform plan developed by the organization. After the preliminary report is submitted, the Department may submit additional reports to the Committee identifying additional legislative changes that are necessary to implement the reform plan as it is further developed and implemented.

SECTION 2.2. This part becomes effective July 1, 2017.

PART III. LOCAL DSS WRITTEN AGREEMENTS; CORRECTIVE ACTION; STATE INTERVENTION

SECTION 3.1.(a) G.S. 108A-74 reads as rewritten:

"§ 108A-74. County departments required to enter into annual written agreement for all social services programs other than medical assistance; County department failure to provide child welfare services; State intervention in or control of child welfare service delivery.

(a) Notwithstanding any other provision of law to the contrary, the Secretary of Health and Human Services may take action in accordance with this section to ensure the delivery of child welfare services in accordance with State laws and applicable rules. As used in this section, the terms:

- (1) "County department of social services" also means the consolidated human services agency, whichever applies;
- (2) "County director of social services" also means the human services director, whichever applies; and
- (3) "County board of social services" also means the consolidated human services board, whichever applies.

- (4) "Child welfare services or program" means protective, foster care, and adoption services related to juveniles alleged to be abused, neglected, or dependent as required by Chapter 7B of the General Statutes.
- (5) "Social services programs other than medical assistance" means social services and public assistance programs established in this Chapter other than the medical assistance program (Part 6 of Article 2 of this Chapter). This includes, but is not limited to, child welfare programs, adult protective services, guardianship services for adults, and programs of public assistance established in this Chapter. It also includes the child support enforcement program, as established in Article 9 of Chapter 110 of the General Statutes.

(a1) Beginning in fiscal year 2018-2019, the Secretary shall require all departments of social services to enter into a written agreement each year that specifies mandated performance requirements and administrative responsibilities with regard to all social services programs other than medical assistance.

- (1) When possible, the mandated performance requirements shall be based upon standardized metrics utilizing reliable data.
- (2) The administrative responsibilities shall address, at a minimum, staff training, data submission to the Department, and communication with the Department.
- (3) The written agreement may be standardized or may be tailored to address issues in specific jurisdictions.
- (4) The written agreement shall authorize the Department to withhold State and federal funds in the event the department fails to satisfy mandated performance requirements or comply with the terms of the agreement.

(b) If the Secretary of Health and Human Services determines that a county department of social services is not providing child protective services, foster care services, or adoption services in accordance with State law and with applicable rules adopted by the Social Services Commission, or fails to demonstrate reasonable efforts to do so, then the Secretary, after providing written notification of intent to the county director of social services, to the chair of the county board of commissioners, and to the chair of the county board of social services, and after providing them with an opportunity to be heard, may intervene in the particular service or services in question. Intervention includes, but is not limited to, the following activities:

- (1) Sending staff of the Department of Health and Human Services to the county department of social services to provide technical assistance and to monitor the services being provided;
- (2) Establishing a corrective plan of action to correct inappropriate policies and procedures; and
- (3) Advising county personnel as to appropriate policies and procedures.

If within 60 days of completion of the intervention activities, the Secretary finds that the county department of social services is not providing in accordance with State laws and applicable rules the particular service or services for which intervention was initiated, or has not demonstrated reasonable efforts to do so, the Secretary shall withhold State and federal child welfare services administrative funds until the particular service or services are provided in accordance with State laws and applicable rules.

(c) If the Secretary determines that a county department of social services is not providing child protective, foster care, or adoption services in accordance with State law and with applicable rules adopted by the Social Services Commission, or fails to demonstrate reasonable efforts to do so, and the failure to provide the services poses a substantial threat to the safety and welfare of children in the county who receive or are eligible to receive the services, then the Secretary, after providing written notification of intent to the chair of the county board of commissioners, to the chair of the county board of social services, and to the

county director of social services, and after providing them with an opportunity to be heard, shall withhold funding for the particular service or services in question and shall ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of Health and Human Services.

(d) In the event that the Secretary assumes control of service delivery pursuant to subsection (c) of this section, the county director of social services shall be divested of all service delivery powers conferred upon the director by G.S. 108A-14 and other applicable State law as the powers pertain to the services in question. Upon assumption of control of service delivery, the Secretary may assign any of the powers and duties of the county director of social services to the Director of the Division of Social Services of the Department of Health and Human Services or to a contractor as the Secretary deems necessary and appropriate to continue the provision of the services in the county.

(e) In the event the Secretary takes action under this section, the Department of Health and Human Services shall, in conjunction with the county board of commissioners, the county board of social services, and the county director of social services develop and implement a corrective plan of action. The Department of Health and Human Services shall also keep the chair of the county board of commissioners, the chair of the county board of social services, and the county director of social services informed of any ongoing concerns or problems with the delivery of the services in question.

(f) Upon the Secretary taking action pursuant to subsection (c) of this section, county funding of the services in question shall continue and at no time during the period of time that the Secretary is taking action shall a county withdraw funds previously obligated or appropriated for the services. Upon the Secretary's assumption of the control of service delivery, the county shall also pay the nonfederal share of any additional cost that may be incurred to operate the services in question at the level necessary to comply fully with State law and Social Services Commission rules.

(g) During the period of time that the Secretary is taking action pursuant to subsection (c) of this section, the Department of Health and Human Services shall work with the county board of commissioners, the county board of social services, and the county director of social services, to enable service delivery to be returned to the county if and when the Secretary has determined that services can be provided by the county in accordance with State law and applicable rules."

SECTION 3.1.(b) This section becomes effective upon ratification and applies to written agreements required pursuant to G.S. 108A-74(a1) for fiscal years 2018-2019 and 2019-2020.

SECTION 3.2.(a) Effective March 1, 2020, G.S. 108A-74 reads as rewritten:

"§ 108A-74. ~~County-Local~~ departments required to enter into annual written agreement for all social services programs other than medical assistance; ~~County-Local~~ department failure to ~~provide child welfare services~~; comply with the written agreement or applicable law; corrective action; State intervention in or control of ~~child welfare service delivery~~.

(a) Notwithstanding any other provision of law to the contrary, the Secretary ~~of Health and Human Services~~ may take action in accordance with this section to ensure the delivery of child welfare services in accordance with State laws and applicable rules. As used in this section, the ~~terms~~ following definitions shall apply:

- (1) "County department of social services" also means the Department of social services. – The department responsible for administration of the social services and programs of public assistance in a county. It includes a county department of social services, a consolidated human services agency, ~~department~~ or a regional social services department, whichever applies; applies.

- (2) ~~"County director of social services" also means the~~ Director of social services. – The person responsible for managing and administering the department of social services, including a county social services director, a regional social services director, or a human services director, whichever applies; and applies.
- (3) ~~"County board of social services" also means the~~ Board of social services. – The governing body responsible for oversight of the department of social services, including a regional board of social services, a consolidated human services board, or a board of county commissioners that has assumed the powers and duties of a social services governing board pursuant to G.S. 153A-77(a), whichever applies.
- (4) ~~"Child welfare services or program" means protective,~~ Child welfare services or program. – Protective, foster care, and adoption services related to juveniles alleged to be abused, neglected, or dependent as required by Chapter 7B of the General Statutes.
- (5) ~~"Social services programs other than medical assistance" means social~~ Social services programs other than medical assistance. – Social services and public assistance programs established in this Chapter other than the medical assistance program (Chapter 108A, Article 2, Part 6). This includes, but is not limited to, child welfare programs, adult protective services, guardianship services for adults, and programs of public assistance established in Chapter 108A. It also includes the child support enforcement program, as established in Chapter 110, Article 9.

~~(a1) Beginning in fiscal year 2018-19, the Secretary shall require all departments of social services to enter into a written agreement each year that specifies mandated performance requirements and administrative responsibilities with regard to all social services programs other than medical assistance.~~

- ~~(1) When possible, the mandated performance requirements shall be based upon standardized metrics utilizing reliable data.~~
- ~~(2) The administrative responsibilities shall address, at a minimum, staff training, data submission to the Department, and communication with the Department.~~
- ~~(3) The written agreement may be standardized or may be tailored to address issues in specific jurisdictions.~~
- ~~(4) The written agreement shall authorize the Department to withhold state and federal funds in the event the department fails to satisfy mandated performance requirements or comply with the terms of the agreement.~~

(a2) The Secretary shall require all departments of social services to enter into a written agreement each year that specifies mandated performance requirements and administrative responsibilities with regard to all social services programs other than medical assistance.

- (1) The mandated performance requirements shall be based upon standardized metrics utilizing data and outcome measures derived from the Social Services System Transparency and Wellness Dashboard and other reliable data sources.
- (2) The administrative responsibilities shall address, at a minimum, staff training, data submission to the Department, and communication with the Department.
- (3) The written agreement may be standardized or may be tailored to address issues in specific jurisdictions.
- (4) The written agreement shall authorize the Department to withhold State or federal funds in the event the department fails to satisfy mandated

performance requirements or comply with the terms of the agreement or applicable law.

(a3) If a department of social services fails to comply with the terms of the written agreement or applicable law for three consecutive months or for five months within any consecutive 12-month period, the Secretary and the department of social services shall enter into a joint corrective action plan within 60 working days. The Secretary may also require a corrective action plan more quickly in urgent circumstances, regardless of whether the circumstances are directly related to a mandated performance requirement specified in the written agreement.

(a4) The corrective action plan shall include each of the following components:

- (1) The duration of the joint corrective action plan, not to exceed 12 months. If the Secretary determines that the department of social services has not shown measurable progress within six months, the Secretary may summarily conclude that the department of social services has failed to successfully complete the joint corrective plan and may proceed with steps necessary to temporarily assume administrative responsibilities of the department of social services. If the Secretary determines the department of social services has shown measurable progress within six months, the Secretary may extend the joint corrective action plan by six months, but in no case shall a joint corrective action plan exceed 18 months.
- (2) The performance requirements for the department of social services that constitute successful completion of the joint corrective action plan.
- (3) A schedule and plan for providing updates to the social services board regarding the department's progress implementing the corrective action plan.
- (4) An acknowledgement that failure to successfully complete the joint corrective action plan shall result in temporary assumption of all or part of the department of social services administration.

(b) If the Secretary of Health and Human Services determines that a county department of social services is not providing child protective services, foster care services, or adoption services in accordance with State law and with applicable rules adopted by the Social Services Commission, or fails to demonstrate reasonable efforts to do so, has failed to successfully complete the joint corrective action plan, then the Secretary, after providing written notification of intent to the county director of social services, to the chair of the county board of commissioners, and to the chair of the county board of social services, and after providing them with an opportunity to be heard, may intervene in the particular service or services in question. Intervention includes, but is not limited to, the following activities: Secretary shall give the board of county commissioners, the department of social services, the county manager, and the board of social services at least 30 days' notice that the Secretary, through the appropriate regional social services office, intends to temporarily assume all or part of the department's social services administration in accordance with subsection (c) of this section. In a regional department of social services, notice shall be provided to boards of county commissioners and county managers for all counties served by the region.

- (1) Sending staff of the Department of Health and Human Services to the county department of social services to provide technical assistance and to monitor the services being provided;
- (2) Establishing a corrective plan of action to correct inappropriate policies and procedures; and
- (3) Advising county personnel as to appropriate policies and procedures.

If within 60 days of completion of the intervention activities, the Secretary finds that the county department of social services is not providing in accordance with State laws and applicable rules the particular service or services for which intervention was initiated, or has

~~not demonstrated reasonable efforts to do so, the Secretary shall withhold State and federal child welfare services administrative funds until the particular service or services are provided in accordance with State laws and applicable rules.~~

~~(c) If the Secretary determines that a county department of social services is not providing child protective, foster care, or adoption services in accordance with State law and with applicable rules adopted by the Social Services Commission, or fails to demonstrate reasonable efforts to do so, and the failure to provide the services poses a substantial threat to the safety and welfare of children in the county who receive or are eligible to receive the services, then the Secretary, after providing written notification of intent to the chair of the county board of commissioners, to the chair of the county board of social services, and to the county director of social services, and after providing them with an opportunity to be heard, shall withhold funding for the particular service or services in question and shall ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of Health and Human Services. Notwithstanding any provision of law to the contrary, if a department of social services fails to successfully complete its joint corrective action plan, the Secretary shall direct the appropriate regional office to, within 30 calendar days, temporarily assume all or part of the department's social services administration upon giving notice as required by subsection (b) of this section. During the period the Secretary assumes administration of the social services program, the following shall occur:~~

- ~~(1) The Secretary, through the appropriate regional office, shall administer all or part of the social services program in a county or region. Administration by the Secretary may include direct operation by the Department, including supervision of program staff or contracts for operation, to the extent permitted by federal law.~~
- ~~(2) The department of social services shall be divested of administrative authority for any component of the program the Secretary assumes.~~
- ~~(3) The director of social services shall be divested of all service delivery powers conferred upon the director by G.S. 108A-14 and other applicable State law as it pertains to the programs or services to be assumed. The Secretary may assign any of the powers and duties of the director of social services to an employee of the Department or a contractor, as the Secretary deems necessary and appropriate to continue the provision of services in the county. If the local director of social services has delegated any authority to staff pursuant to G.S. 108A-14(b), delegated authority shall remain in effect until the Secretary, or the Secretary's designee, specifically revokes the delegation.~~
- ~~(4) The Secretary shall direct and oversee the expenditure of all funding for the administration of the components of the program assumed by the Secretary.~~
- ~~(5) The department of social services shall not withdraw funds previously obligated or appropriated for program administration and services. The department of social services shall continue to pay the county's or region's nonfederal share for the program services and administration.~~
- ~~(6) The Secretary shall work with the department of social services to develop a plan for the department to resume program administration.~~
- ~~(7) The Secretary shall inform the appropriate board or boards of county commissioners, the county manager or managers, the director of social services, and the board of social services of key activities and ongoing concerns during the temporary assumption of social services program administration.~~

~~(c1) Upon the Secretary's determination that the department of social services is able to meet performance requirements and that program administration responsibilities should be~~

restored to the department of social services, the Secretary shall notify the board of county commissioners, the department of social services, the county manager, and the board of social services that the temporary assumption of program administration will be terminated and the effective date of the termination. Upon termination, the department of social services shall resume its full authority to administer the program or programs that were assumed.

~~(d) In the event that the Secretary assumes control of service delivery pursuant to subsection (c) of this section, the county director of social services shall be divested of all service delivery powers conferred upon the director by G.S. 108A-14 and other applicable State law as the powers pertain to the services in question. Upon assumption of control of service delivery, the Secretary may assign any of the powers and duties of the county director of social services to the Director of the Division of Social Services of the Department of Health and Human Services or to a contractor as the Secretary deems necessary and appropriate to continue the provision of the services in the county.~~

~~(e) In the event the Secretary takes action under this section, the Department of Health and Human Services shall, in conjunction with the county board of commissioners, the county board of social services, and the county director of social services develop and implement a corrective plan of action. The Department of Health and Human Services shall also keep the chair of the county board of commissioners, the chair of the county board of social services, and the county director of social services informed of any ongoing concerns or problems with the delivery of the services in question.~~

~~(f) Upon the Secretary taking action pursuant to subsection (c) of this section, county funding of the services in question shall continue and at no time during the period of time that the Secretary is taking action shall a county withdraw funds previously obligated or appropriated for the services. Upon the Secretary's assumption of the control of service delivery, the county shall also pay the nonfederal share of any additional cost that may be incurred to operate the services in question at the level necessary to comply fully with State law and Social Services Commission rules.~~

~~(g) During the period of time that the Secretary is taking action pursuant to subsection (c) of this section, the Department of Health and Human Services shall work with the county board of commissioners, the county board of social services, and the county director of social services, to enable service delivery to be returned to the county if and when the Secretary has determined that services can be provided by the county in accordance with State law and applicable rules."~~

SECTION 3.2.(b) This section becomes effective March 1, 2020, and is effective for all written agreements required pursuant to G.S. 108A-74 entered into on or after that date.

SECTION 3.3. The Department shall report to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by August 1 of every year regarding oversight of the local administration of social services programs other than medical assistance.

- (1) The reports shall include, at a minimum:
 - a. A copy of the template for the written agreement required by G.S. 108A-74(a1).
 - b. An evaluation of the implementation of the requirement for a written agreement.
 - c. A summary of any oversight action taken by the Department pursuant to the agreement or G.S. 108A-74, including a list of any federal or State funds that were withheld as a result of the State's oversight.
- (2) Beginning August 1, 2021, the reports required in this section shall also include:

- a. A summary the circumstances involved with the issuance of any corrective action plans or temporary assumption of local program administration by the State pursuant to G.S. 108A-74.
- b. Recommendations for legislative changes related to the authority of the State to supervise local social services administration pursuant to G.S. 108A-74 and related laws.

PART IV. REGIONAL SOCIAL SERVICES DEPARTMENTS

SECTION 4.1. Article 1 of Chapter 108A of the General Statutes is amended by adding the following new Part to read:

"Part 2B. Regional Social Services Departments.

"§ 108A-15.3A. Creation of regional social services departments.

(a) A regional social services department, including more than one county, may be formed upon agreement of the county boards of commissioners and, if applicable, either the county board of social services or consolidated human services board having jurisdiction over each of the counties involved.

(b) A regional social services department may incorporate all programs and services offered by the county departments or it may include only selected programs and services.

(c) A county may join an existing regional social services department upon agreement of the boards of commissioners having jurisdiction over each of the counties included in the region as well as the board of county commissioners and, if applicable, either the county board of social services or consolidated human services having jurisdiction over the county department seeking to join the regional department.

(d) The regional social services departments may include more than one judicial district. To promote judicial efficiency, a regional social services department shall make every effort to include complete judicial districts rather than dividing a judicial district across departments.

(e) The regional social services department shall have centralized administrative operations that are geographically located in one county but maintain a physical presence for delivery of social services in every county served by the region.

(f) A county that joins a regional social services department shall be required to contribute financially to the regional department pursuant to rules adopted by the Commission.

(g) A regional social services department shall be a public authority as defined in G.S. 159-7(b)(10).

"§ 108A-15.3B. Regional board of social services.

(a) A regional social services department shall be governed by a regional board of social services. A regional board of social services shall have the same powers and duties as a county social services board, including the appointment of the regional director of social services, with respect to those services or programs that have been assigned to the regional social services department.

(b) A regional board of social services shall be composed of 12 members. However, a regional board of social services may be increased up to a maximum number of 18 members by agreement of the boards of county commissioners in all counties that comprise the region. The agreement shall be evidenced by concurrent resolutions adopted by the affected boards of county commissioners.

(c) The county board of commissioners of each county in the region shall appoint two members to the regional board of social services, one of whom may be a county commissioner. If more than eight counties join the regional social services department, the board of county commissioners of each county in the region shall appoint one member to the regional board of social services who may be a county commissioner. The Social Services Commission shall appoint two members. The members of the regional social services board shall appoint

members to fill any remaining vacancies. The composition of the board shall reasonably reflect the population makeup of the entire region and provide equitable region-wide representation. All members shall be residents of the region.

(d) Except as provided in this subsection, members of a regional board of social services shall serve terms of three years. Two of the original members shall serve terms of one year, and two of the original members shall serve terms of two years. No member shall serve more than three consecutive three-year terms. County commissioner members shall serve only as long as the member is a county commissioner.

(e) Whenever a county shall join or withdraw from an existing regional social services department, the regional board of social services shall be dissolved and a new board shall be appointed as provided in subsection (c) of this section.

(f) Vacancies shall be filled by the appointing authority for any unexpired portion of a term.

(g) A chairperson shall be elected annually by a regional board of social services. The regional social services director shall serve as secretary to the board.

(h) A majority of the actual membership, excluding vacancies, shall constitute a quorum.

(i) Upon being given written notice and an opportunity to respond, a member may be removed from office by the regional board of social services for any of the following:

(1) Commission of a felony or other crime involving moral turpitude.

(2) Violation of a State law governing conflict of interest.

(3) Violation of a written policy adopted by the county board of commissioners of each county in the region.

(4) Habitual failure to attend meetings.

(5) Conduct that tends to bring the office into disrepute.

(j) A member may receive a per diem in an amount established by the county commissioner members of the regional board of social services. Reimbursement for subsistence and travel shall be in accordance with a policy set by the county commissioner members of the regional board of social services.

(k) The board shall meet at least quarterly. The chairperson or three of the members may call a special meeting.

(l) A regional board of social services is authorized to provide liability insurance for the members of the board and the employees of the regional social services department. A regional board of social services is also authorized to contract for the services of an attorney to represent the board, the regional social services department, and its employees, as appropriate. The purchase of liability insurance pursuant to this subsection waives both the regional board of social services' and the regional social services department's governmental immunity, to the extent of insurance coverage, for any act or omission occurring in the exercise of a governmental function. By entering into a liability insurance contract with the regional board of social services, an insurer waives any defense based upon the governmental immunity of the regional board of social services or the regional social services department.

"§ 108A-15.3C. Dissolution of a regional social services department.

(a) Whenever the board of commissioners of each county constituting a regional social services department determines that the department is not operating in the best interests of the respective counties, they may direct that the regional social services department be dissolved.

(b) Whenever a board of commissioners of a county which is a member of a regional social services department determines that the department is not operating in the best interests of that county, it may withdraw from the regional social services department.

(c) Dissolution of a regional social services department or withdrawal from the regional social services department by a county shall be effective only at the end of the fiscal year in which the action of dissolution or withdrawal transpired.

(d) Notwithstanding the provisions of subsection (a) of the section, no regional social services department shall be dissolved without prior written notification to the Department.

(e) Any budgetary surplus available to a regional social services department at the time of its dissolution shall be distributed to those counties comprising the region on the same pro rata basis that the counties appropriated and contributed funds to the regional social services department budget during the current fiscal year. Distribution to the counties shall be determined on the basis of an audit of the financial record of the regional social services department. The regional board of social services shall select a certified public accountant or an accountant who is subsequently certified by the Local Government Commission to conduct the audit. The audit shall be performed in accordance with G.S. 159-34. The same method of distribution of funds described above shall apply when one or more counties of a regional social services department withdraw from a region.

"§ 108A-15.3D. Regional social services director.

A regional social services director appointed by a regional social services board shall have all the powers and duties of a director of social services provided by G.S. 108A-14 and other applicable laws."

SECTION 4.2. G.S. 108A-1 reads as rewritten:

"§ 108A-1. Creation.

Every county shall have a ~~or~~ governing board for social services, which may be a county board of social services created pursuant to this Part, a consolidated human services board created pursuant to ~~G.S. 153A-77(b) which~~ G.S. 153A-77(b), a board of county commissioners that has assumed the powers and duties of a county board of social services or a consolidated human services board, or a regional board of social services created pursuant to G.S. 108A-15.3B. The governing board shall establish ~~county~~ policies for the programs established by this Chapter in conformity with the rules and regulations of the Social Services Commission and under the supervision of the Department of Health and Human Services. Provided, however, ~~county~~ policies for the program of medical assistance shall be established in conformity with the rules and regulations of the Department of Health and Human Services."

SECTION 4.3. G.S. 7B-101 reads as rewritten:

"§ 7B-101. Definitions.

As used in this Subchapter, unless the context clearly requires otherwise, the following words have the listed meanings:

...
(8a) Department. – Each county's child welfare agency. Unless the context clearly implies otherwise, when used in this Subchapter, "department" or "department of social services" shall refer to the county agency providing child welfare services, regardless of the name of the agency or whether the county has consolidated human services, pursuant to ~~G.S. 153A-77.~~G.S. 153A-77 and shall include a regional social services department created pursuant to Part 2B of Article 1 of Chapter 108A of the General Statutes.

...
(10) Director. – The director of the ~~county~~ department of social services in the county in which the juvenile resides or is found, or the director's representative as authorized in G.S. 108A-14.

...."

SECTION 4.4. G.S. 7B-400(a) reads as rewritten:

"(a) A proceeding in which a juvenile is alleged to be abused, neglected, or dependent may be commenced in the judicial district in which the juvenile resides or is ~~present~~ present at the time the petition is filed. If a regional social services department includes counties in more than one judicial district, the department shall file in the judicial district where the child resides

or was present when the report required by G.S. 7B-301 was received. Notwithstanding G.S. 153A-257, the absence of a juvenile from the juvenile's home pursuant to a protection plan during an assessment or the provision of case management services by a department of social services shall not change the original venue if it subsequently becomes necessary to file a juvenile petition."

SECTION 4.5. G.S. 143B-153 is amended by adding a new subdivision to read:

"§ 143B-153. Social Services Commission – creation, powers and duties.

There is hereby created the Social Services Commission of the Department of Health and Human Services with the power and duty to adopt rules and regulations to be followed in the conduct of the State's social service programs with the power and duty to adopt, amend, and rescind rules and regulations under and not inconsistent with the laws of the State necessary to carry out the provisions and purposes of this Article. Provided, however, the Department of Health and Human Services shall have the power and duty to adopt rules and regulations to be followed in the conduct of the State's medical assistance program.

...

(9) The Commission shall adopt rules governing the obligations of counties to contribute financially to regional social services departments in accordance with G.S. 108A-15.3A(e)."

SECTION 4.6. Sections 4.1, 4.2, 4.3, and 4.4 become effective March 1, 2019. Section 4.5 becomes effective upon ratification.

PART V. CHILD WELL-BEING TRANSFORMATION COUNCIL

SECTION 5.1. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 82.

"Child Well-Being Transformation Council.

"§ 143-775. Child Well-Being Transformation Council established; membership; qualifications; vacancies.

(a) Purpose; Findings. – The welfare of North Carolina's children is a priority. There are many public and private agencies and organizations across the State involved with promoting the welfare of children and protecting them from harm, such as those involving child care, education, health care, social services, and juvenile justice. Though these agencies and organizations provide important services, they often fail to collaborate, coordinate, and communicate about those services. A more systematic and coordinated approach to services will help ensure that the State achieves the best possible outcomes for children. Therefore, the General Assembly finds that it is essential that a single body serve as a means for coordination, collaboration, and communication among agencies and organizations involved in providing public services to children.

(b) Creation and Membership. – There is established the North Carolina Child Well-Being Transformation Council (Council). The Council shall be located administratively in the General Assembly. The Council shall consist of 17 members serving staggered terms. In making appointments, each appointing authority shall select members who have appropriate experience and knowledge of the issues to be examined by the Council and shall strive to ensure members are appointed who represent the geographical, political, gender, and racial diversity of this State. The initial Council members shall be appointed on or after July 1, 2018, as follows:

(1) Four members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. Of the members appointed under this subdivision, one shall be a member of the Senate who shall serve for a term of two years, one shall be a representative from the Administrative Office of the Courts who shall serve for a term of

three years, one shall be a representative from a child welfare private provider organization who shall serve for a term of two years, and one shall be a representative from the North Carolina Pediatric Society who shall serve a one-year term.

- (2) Four members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Of the members appointed under this subdivision, one shall be a member of the House of Representatives who shall serve for a term of two years, one shall be a representative from the Department of Public Instruction who shall serve for a term of three years, one shall be a representative from Indigent Defense Services who shall serve for a term of two years, and one shall be a representative of the Hospital Association who shall serve a one-year term.
- (3) Nine members shall be appointed by the Governor. Of the members appointed under this subdivision, one shall be a representative from the Department of Health and Human Services, Division of Child Development and Early Education, who shall serve for a term of three years, one shall be a representative from the Department of Health and Human Services, Division of Social Services, who shall serve for a term of three years, one shall be a representative from the Department of Public Safety, Division of Juvenile Justice, who shall serve for a term of two years, one shall be a representative from the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, who shall serve for a term of three years, one shall be a representative from the Guardian ad Litem program who shall serve a term of two years, one shall be a representative from Disability Rights NC who shall serve a one-year term, one shall be a representative from a local management entity/managed care organization (LME/MCO) who shall serve a one-year term, one shall be a representative from the Department of Health and Human Services, Division of Public Health, with expertise in substance abuse disorders who shall serve for a term of two years, and one shall be a director of a county department of social services who shall serve a one-year term.

(c) Terms; Vacancies. – Upon the expiration of the terms of the initial Council members, each member shall be appointed for a term of four years and shall serve until a successor is appointed. No member may serve more than two consecutive full terms. A vacancy shall be filled within 30 days by the authority making the initial appointment.

(d) Organization. – The Council shall elect from its membership a chair and vice-chair to each serve one-year terms. The Council shall meet on a quarterly basis each year upon the call of the chair. A quorum of the Council is nine members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Open Meetings Law, Article 33C of Chapter 143 of the General Statutes, and the Public Records Act, Chapter 132 of the General Statutes, shall apply to the Council.

(e) Funding. – From funds available to the General Assembly, the Legislative Services Commission shall allocate monies to fund the work of the Committee. Members of the Committee shall receive subsistence and travel expenses as provided in G.S. 120-3.1 and G.S. 138-5.

(f) Staff. – The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Council in its work. Upon the direction of the Legislative Services Commission, the Director of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Council. The expenses for clerical employees shall be borne by the Council.

"§ 143-776. Powers and duties.

- (a) Upon its establishment, the Council shall direct its initial focus on the following initiatives:
- (1) Mapping the network of child-serving agencies and organizations in the State.
 - (2) Cataloging examples of failures in coordination, collaboration, and communication in the context of child welfare.
 - (3) Reviewing the work of bodies similar to the Council operating in other states to identify promising practices and focus areas for the Council's work.
- (b) Beginning March 1, 2020, the Council shall:
- (1) Monitor changes in the social services and child welfare system associated with reform and regional supervision.
 - (2) Identify gaps in coordination, collaboration, and communication related to all publicly funded child serving programs.
 - (3) Recommend changes in law, policy, or practice necessary to remedy gaps or problems impacting coordination, collaboration, and communication among publicly funded child-serving agencies.
- (c) The Council shall submit a report to the chairs of the Senate Appropriations Committee on Health and Human Services, the chairs of the House of Representatives Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division by June 30 of each year. The report shall include a summary of the Council's work for the previous year, any findings and recommendations for change, and a work plan for the upcoming year.
- (d) The Council is authorized to accept gifts or grants from other sources to support administration of the Council."

SECTION 5.2. This part becomes effective July 1, 2017.

PART VI. DRIVERS LICENSE PILOT PROJECT

SECTION 6.1.(a) The General Assembly recognizes that not having a drivers license is a barrier to education, employment, health care, and other community-based activities for older youth in foster care, as defined in G.S. 131D-10.2(9), working toward independence. One of the biggest barriers to accessing a drivers license for such youth is the ability to obtain insurance. Therefore, to assist in this effort, the Department of Health and Human Services, Division of Social Services, shall establish a two-year pilot program that shall reimburse, on a first-come, first-served basis, youth and caregivers' costs associated with drivers license education, drivers license fees, insurance costs, and any other costs associated with obtaining a drivers license. The Division shall take appropriate steps to ensure proper advertising of the pilot program.

SECTION 6.1.(b) The Division of Social Services shall report on the pilot project to the Joint Legislative Oversight Committee on Health and Human Services by March 1, 2018.

SECTION 6.2. This part becomes effective July 1, 2017.

PART VII. PILOT WAIVER FOR IAFT FOSTER PARENTS

SECTION 7.(a) The General Assembly has determined that in an effort to maximize funding, local management entities/managed care organizations (LME/MCOs) are utilizing Intensive Alternative Family Treatment (IAFT), which is a means of cost-effective, specialized foster care treatment service that is being used for many youth who would have previously been treated in Medicaid congregate care, such as psychiatric residential treatment facilities. The General Assembly finds that these higher-need youth are often (i) suspended or expelled from school or day programs and (ii) require multiple appointments on a weekly basis to address needs, such as therapy, medication management, and school individual education plans (IEPs). Further, in accordance with rules, foster parents are required to maintain outside

employment while providing foster care, but the constant demands of meeting the needs of these foster youth often lead to disruption in placement as the foster parent is unable to meet those needs while maintaining the parent's employment obligations.

SECTION 7.(b) To that end, the Department of Health and Human Services, Division of Social Services (Division), shall establish a pilot program that will allow the Division to waive the employment requirement for foster parents with children utilizing the Intensive Alternative Family Treatment (IAFT). The Division shall solicit participation in the pilot program from interested local management entities/managed care organizations (LME/MCOs). The participating LME/MCOs shall conduct comparison measures between existing IAFT outcomes and those of pilots to determine any impact the waiver may have on outside employment. LME/MCOs shall measure progress of the pilot waivers based on the expectation of meeting the following outcomes:

- (1) Improved placement stability with less than twenty percent (20%) of moves of youth occurring due to therapeutic foster parent request.
- (2) Seventy-five percent (75%) of youth and families meeting their treatment goals within the projected time frame.
- (3) No more than a ten percent (10%) increase in higher-level hospital bed days.

SECTION 7.(c) LME/MCOs participating in the IAFT pilot waiver program shall provide a report on the outcomes of the pilots, along with any recommendations, to the Division. The Division shall then submit a report on the pilot waiver program to the Joint Legislative Oversight Committee on Health and Human Services by December 1, 2018.

PART VIII. TERMINATION OF PARENTAL RIGHTS/APPEALS

SECTION 8.(a) G.S. 7B-1001, as amended by Section 4 of S.L. 2017-7, reads as rewritten:

"§ 7B-1001. Right to appeal.

(a) In a juvenile matter under this Subchapter, appeal of a final order of the court ~~in a juvenile matter shall be made directly to the Court of Appeals unless otherwise specified.~~ Appeals. Only the following juvenile matters may be appealed:

- ...
- (5) ~~An order entered under G.S. 7B-906.2(b) with rights to appeal properly preserved, as follows:~~
 - a. ~~The Court of Appeals shall review the order eliminating reunification as a permanent plan together with an appeal of the termination of parental rights order if all of the following apply:~~
 1. ~~A motion or petition to terminate the parent's rights is heard and granted.~~
 2. ~~The order terminating parental rights is appealed in a proper and timely manner.~~
 3. ~~The order eliminating reunification as a permanent plan is identified as an issue in the record on appeal of the termination of parental rights.~~
 - b. ~~A party who is a parent shall have the right to appeal the order if no termination of parental rights petition or motion is filed within 180 days of the order.~~
 - e. ~~A party who is a custodian or guardian shall have the right to immediately appeal the order.~~

An order under G.S. 7B-906.2(b) eliminating reunification, as defined by G.S. 7B-101(18b), as a permanent plan by either of the following:

- a. A parent who is a party and:

1. Has preserved the right to appeal the order in writing within 30 days after entry and service of the order.
 2. A termination of parental rights petition or motion has not been filed within 65 days of entry and service of the order.
 3. A notice of appeal of the order eliminating reunification is filed within 30 days after entry and service of the expiration of the 65 days.
- b. A party who is a guardian or custodian with whom reunification is not a permanent plan.
- (6) ~~Any order that terminates parental rights or denies a petition or motion to terminate parental rights.~~
- (a1) In a juvenile matter under this Subchapter, appeal of a final order of the court shall be made directly to the Supreme Court in the following juvenile matters:
- (1) Any order that terminates parental rights or denies a petition or motion to terminate parental rights.
 - (2) An order eliminating reunification as a permanent plan under G.S. 7B-906.2(b), if all of the following conditions are satisfied:
 - a. The right to appeal the order eliminating reunification has been preserved in writing within 30 days of entry and service of the order.
 - b. A motion or petition to terminate the parent's rights is filed within 65 days of entry and service of the order eliminating reunification and both of the following occur:
 1. The motion or petition to terminate rights is heard and granted.
 2. The order terminating parental rights is appealed in a proper and timely manner.
 - c. A separate notice of appeal of the order eliminating reunification is filed within 30 days after entry and service of a termination of parental rights order.
- (a2) In an appeal filed pursuant to subdivision (a1)(2) of this section, the Supreme Court shall review the order eliminating reunification together with an appeal of the order terminating parental rights. If the order eliminating reunification is vacated or reversed, the order terminating parental rights shall be vacated.
- (b) Notice of appeal and notice to preserve the right to appeal shall be given in writing by a proper party as defined in G.S. 7B-1002 and shall be made within 30 days after entry and service of the order in accordance with G.S. 1A-1, Rule 58.
- (c) Notice of appeal shall be signed by both the appealing party and counsel for the appealing party, if any. In the case of an appeal by a juvenile, notice of appeal shall be signed by the guardian ad litem attorney advocate."
- SECTION 8.(b)** This section becomes effective January 1, 2019, and applies to appeals filed on or after that date.

PART IX. TIME FRAME FOR LICENSURE APPROVAL/FOSTER CARE

SECTION 9.1. G.S. 131D-10.3 is amended by adding a new subsection to read:
"§ 131D-10.3. Licensure required.

...

(d1) Notwithstanding any other provision of law, the Department shall grant or deny a license to provide foster care or therapeutic foster care within three months from the date of application.

...."

SECTION 9.2. The Department of Health and Human Services, Division of Social Services, shall further examine the existing time frames for processing foster care and therapeutic foster care applications and determine methods to further reduce the time frames for approving or denying applications for licensure.

PART X. RYLAN'S LAW/CPS OBSERVATION

SECTION 10. G.S. 7B-903.1(c) reads as rewritten:

"(c) If a juvenile is removed from the home and placed in the custody or placement responsibility of a county department of social services, the director shall not allow unsupervised visitation with or return physical custody of the juvenile to the parent, guardian, custodian, or caretaker without a hearing at which the court finds that the juvenile will receive proper care and supervision in a safe home. Before a county department of social services may recommend return of physical custody of the juvenile to the parent, guardian, custodian, or caretaker from whom the juvenile was removed, a county department of social services shall first observe that parent, guardian, custodian, or caretaker with the juvenile for at least two visits that support a recommendation to return physical custody. Each observation visit shall consist of an observation of not less than one hour with the juvenile, and each observation visit shall be conducted at least seven days apart. A department of social services shall provide documentation of any observation visits that it conducts to the court for its consideration as to whether physical custody should be returned to the parent, guardian, custodian, or caretaker from whom the juvenile was removed."

PART XI. EFFECTIVE DATE

SECTION 11. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 5:05 p.m. this 21st day of June, 2017