



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB0485

Introduced 1/27/2005, by Rep. Harry Osterman - Rosemary Mulligan - David E. Miller - Robin Kelly - Michael K. Smith

#### SYNOPSIS AS INTRODUCED:

305 ILCS 5/9A-11

from Ch. 23, par. 9A-11

Amends the Illinois Public Aid Code. In provisions concerning child care for TANF recipients, provides that in order to determine child care base reimbursement rates, the Department of Human Services shall conduct, every other year, a market rate survey of the licensed child care providers in the State. (Removes a provision concerning a market rate survey to be completed by July 1, 1998.) Provides that the Department may establish varying child care base reimbursement rates based on age classifications and groupings of counties reflective of variations in the price of child care as determined by the market rate survey. Provides that not later than the start of the first fiscal year following the effective date of this amendatory Act, all base reimbursement rates for licensed child care providers shall thereafter be set at not less than the 50th percentile and shall not exceed the 75th percentile as determined by the most recent market rate survey. Makes provision for percentile adjustments, rates for registered legally license-exempt home child care providers, and providers who serve children with a special need. Requires the Department to implement a tiered rate reimbursement system under which child care providers who attain benchmarks of higher quality child care shall receive a premium in addition to the base reimbursement rate. Provides that child care providers who accept reimbursement from the Department under these provisions may not charge a parent receiving child care assistance a rate in excess of the parent's co-payment. Removes a provision that the Department shall, by rule, set rates to be paid for the various types of child care. Effective immediately.

LRB094 06876 DRJ 36983 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning public aid.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 9A-11 as follows:

6 (305 ILCS 5/9A-11) (from Ch. 23, par. 9A-11)

7 Sec. 9A-11. Child Care.

8 (a) The General Assembly recognizes that families with  
9 children need child care in order to work. Child care is  
10 expensive and families with low incomes, including those who  
11 are transitioning from welfare to work, often struggle to pay  
12 the costs of day care. The General Assembly understands the  
13 importance of helping low income working families become and  
14 remain self-sufficient. The General Assembly also believes  
15 that it is the responsibility of families to share in the costs  
16 of child care. It is also the preference of the General  
17 Assembly that all working poor families should be treated  
18 equally, regardless of their welfare status.

19 (b) To the extent resources permit, the Illinois Department  
20 shall provide child care services to parents or other relatives  
21 as defined by rule who are working or participating in  
22 employment or Department approved education or training  
23 programs. At a minimum, the Illinois Department shall cover the  
24 following categories of families:

25 (1) recipients of TANF under Article IV participating  
26 in work and training activities as specified in the  
27 personal plan for employment and self-sufficiency;

28 (2) families transitioning from TANF to work;

29 (3) families at risk of becoming recipients of TANF;

30 (4) families with special needs as defined by rule; and

31 (5) working families with very low incomes as defined  
32 by rule.

1           The Department shall specify by rule the conditions of  
2 eligibility, the application process, and the types, amounts,  
3 and duration of services. Eligibility for child care benefits  
4 and the amount of child care provided may vary based on family  
5 size, income, and other factors as specified by rule.

6           In determining income eligibility for child care benefits,  
7 the Department annually, at the beginning of each fiscal year,  
8 shall establish, by rule, one income threshold for each family  
9 size, in relation to percentage of State median income for a  
10 family of that size, that makes families with incomes below the  
11 specified threshold eligible for assistance and families with  
12 incomes above the specified threshold ineligible for  
13 assistance. The specified threshold must be no less than 50% of  
14 the then-current State median income for each family size.

15           In determining eligibility for assistance, the Department  
16 shall not give preference to any category of recipients or give  
17 preference to individuals based on their receipt of benefits  
18 under this Code.

19           The Department shall allocate \$7,500,000 annually for a  
20 test program for families who are income-eligible for child  
21 care assistance, who are not recipients of TANF under Article  
22 IV, and who need child care assistance to participate in  
23 education and training activities. The Department shall  
24 specify by rule the conditions of eligibility for this test  
25 program.

26           Nothing in this Section shall be construed as conferring  
27 entitlement status to eligible families.

28           The Illinois Department is authorized to lower income  
29 eligibility ceilings, raise parent co-payments, create waiting  
30 lists, or take such other actions during a fiscal year as are  
31 necessary to ensure that child care benefits paid under this  
32 Article do not exceed the amounts appropriated for those child  
33 care benefits. These changes may be accomplished by emergency  
34 rule under Section 5-45 of the Illinois Administrative  
35 Procedure Act, except that the limitation on the number of  
36 emergency rules that may be adopted in a 24-month period shall

1 not apply.

2 The Illinois Department may contract with other State  
3 agencies or child care organizations for the administration of  
4 child care services.

5 (c) Payment shall be made for child care that otherwise  
6 meets the requirements of this Section and applicable standards  
7 of State and local law and regulation, including any  
8 requirements the Illinois Department promulgates by rule in  
9 addition to the licensure requirements promulgated by the  
10 Department of Children and Family Services and Fire Prevention  
11 and Safety requirements promulgated by the Office of the State  
12 Fire Marshal and is provided in any of the following:

13 (1) a child care center which is licensed or exempt  
14 from licensure pursuant to Section 2.09 of the Child Care  
15 Act of 1969;

16 (2) a licensed child care home or home exempt from  
17 licensing;

18 (3) a licensed group child care home;

19 (4) other types of child care, including child care  
20 provided by relatives or persons living in the same home as  
21 the child, as determined by the Illinois Department by  
22 rule.

23 (d) The Illinois Department shall, by rule, require  
24 co-payments for child care services by any parent, including  
25 parents whose only income is from assistance under this Code.  
26 The co-payment shall be assessed based on a sliding scale based  
27 on family income, family size, and the number of children in  
28 care. Co-payments shall not be increased due solely to a change  
29 in the methodology for counting family income. Child care  
30 providers who accept reimbursement from the Illinois  
31 Department under subsection (e) are prohibited from charging  
32 parents receiving child care assistance under this Section a  
33 rate in excess of their co-payment.

34 (e) In order to determine child care base reimbursement  
35 rates, the Illinois Department shall conduct, every other year,  
36 a market rate survey of the licensed child care providers in

1 the State. The Illinois Department may establish varying child  
2 care base reimbursement rates based on age classifications and  
3 groupings of counties reflective of variations in the price of  
4 child care as determined by the market rate survey. The market  
5 rate survey shall be completed not later than September 30 in  
6 each even-numbered year.

7 Not later than the start of the first fiscal year following  
8 the effective date of this amendatory Act of the 94th General  
9 Assembly, all base reimbursement rates for licensed child care  
10 providers shall thereafter be set at not less than the 50th  
11 percentile and shall not exceed the 75th percentile as  
12 determined by the most recent market rate survey. The Illinois  
13 Department shall adjust the percentile of the market rate  
14 survey at which the child care base reimbursement rate is set  
15 in each grouping of counties to ensure that child care base  
16 reimbursement rates take into account regional variations and  
17 are fundamentally fair to all providers across the State. No  
18 child care base reimbursement rate shall be set lower than the  
19 corresponding child care base reimbursement rate in effect on  
20 the effective date of this amendatory Act of the 94th General  
21 Assembly.

22 The Illinois Department shall set the child care base  
23 reimbursement rate for registered legally license-exempt home  
24 child care providers at no less than 65% of the State's lowest  
25 child care base reimbursement rate for licensed homes. The  
26 Illinois Department shall determine the requirements for  
27 registration of legally license-exempt home child care  
28 providers by rule.

29 Providers who serve children with a special need, as  
30 defined by rule, shall receive reimbursement at a rate no less  
31 than 20% above the child care base reimbursement rate for each  
32 such child.

33 The Illinois Department shall implement a tiered rate  
34 reimbursement system under which child care providers who  
35 attain benchmarks of higher quality child care shall receive a  
36 premium in addition to the base reimbursement rate. The content

1 of each benchmark shall be specified by rule. Premiums shall be  
2 in increments of 5% of the base reimbursement rate and shall  
3 not exceed 25% of the base reimbursement rate. The Illinois  
4 Department shall conduct a market rate survey based on the cost  
5 of care and other relevant factors which shall be completed by  
6 July 1, 1998.

7 (f) ~~The Illinois Department shall, by rule, set rates to be~~  
8 ~~paid for the various types of child care.~~ Child care may be  
9 provided through one of the following methods:

10 (1) arranging the child care through eligible  
11 providers by use of purchase of service contracts or  
12 vouchers;

13 (2) arranging with other agencies and community  
14 volunteer groups for non-reimbursed child care;

15 (3) (blank); or

16 (4) adopting such other arrangements as the Department  
17 determines appropriate.

18 (f-5) The Illinois Department, in consultation with its  
19 Child Care and Development Advisory Council, shall develop a  
20 comprehensive plan to revise the State's rates for the various  
21 types of child care. The plan shall be completed no later than  
22 January 1, 2005 and shall include:

23 (1) Base reimbursement rates that are adequate to  
24 provide children receiving child care services from  
25 the Department equal access to quality child care,  
26 utilizing data from the most current market rate  
27 survey.

28 (2) A tiered reimbursement rate system that  
29 financially rewards providers of child care services  
30 that meet defined benchmarks of higher-quality care.

31 (3) Consideration of revisions to existing county  
32 groupings and age classifications, utilizing data from  
33 the most current market rate survey.

34 (4) Consideration of special rates for certain  
35 types of care such as caring for a child with a  
36 disability.

1 (g) Families eligible for assistance under this Section  
2 shall be given the following options:

3 (1) receiving a child care certificate issued by the  
4 Department or a subcontractor of the Department that may be  
5 used by the parents as payment for child care and  
6 development services only; or

7 (2) if space is available, enrolling the child with a  
8 child care provider that has a purchase of service contract  
9 with the Department or a subcontractor of the Department  
10 for the provision of child care and development services.  
11 The Department may identify particular priority  
12 populations for whom they may request special  
13 consideration by a provider with purchase of service  
14 contracts, provided that the providers shall be permitted  
15 to maintain a balance of clients in terms of household  
16 incomes and families and children with special needs, as  
17 defined by rule.

18 (Source: P.A. 93-361, eff. 9-1-03; 93-1062, eff. 12-23-04.)

19 Section 99. Effective date. This Act takes effect upon  
20 becoming law.