



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB1808

Introduced 2/23/2007, by Rep. Harry Osterman

#### 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.

LRB095 07941 DRJ 28103 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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

1 following categories of families:

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

5 (2) families transitioning from TANF to work;

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

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

8 (5) working families with very low incomes as defined  
9 by rule.

10 The Department shall specify by rule the conditions of  
11 eligibility, the application process, and the types, amounts,  
12 and duration of services. Eligibility for child care benefits  
13 and the amount of child care provided may vary based on family  
14 size, income, and other factors as specified by rule.

15 In determining income eligibility for child care benefits,  
16 the Department annually, at the beginning of each fiscal year,  
17 shall establish, by rule, one income threshold for each family  
18 size, in relation to percentage of State median income for a  
19 family of that size, that makes families with incomes below the  
20 specified threshold eligible for assistance and families with  
21 incomes above the specified threshold ineligible for  
22 assistance. The specified threshold must be no less than 50% of  
23 the then-current State median income for each family size.

24 In determining eligibility for assistance, the Department  
25 shall not give preference to any category of recipients or give  
26 preference to individuals based on their receipt of benefits

1 under this Code.

2 The Department shall allocate \$7,500,000 annually for a  
3 test program for families who are income-eligible for child  
4 care assistance, who are not recipients of TANF under Article  
5 IV, and who need child care assistance to participate in  
6 education and training activities. The Department shall  
7 specify by rule the conditions of eligibility for this test  
8 program.

9 Nothing in this Section shall be construed as conferring  
10 entitlement status to eligible families.

11 The Illinois Department is authorized to lower income  
12 eligibility ceilings, raise parent co-payments, create waiting  
13 lists, or take such other actions during a fiscal year as are  
14 necessary to ensure that child care benefits paid under this  
15 Article do not exceed the amounts appropriated for those child  
16 care benefits. These changes may be accomplished by emergency  
17 rule under Section 5-45 of the Illinois Administrative  
18 Procedure Act, except that the limitation on the number of  
19 emergency rules that may be adopted in a 24-month period shall  
20 not apply.

21 The Illinois Department may contract with other State  
22 agencies or child care organizations for the administration of  
23 child care services.

24 (c) Payment shall be made for child care that otherwise  
25 meets the requirements of this Section and applicable standards  
26 of State and local law and regulation, including any

1 requirements the Illinois Department promulgates by rule in  
2 addition to the licensure requirements promulgated by the  
3 Department of Children and Family Services and Fire Prevention  
4 and Safety requirements promulgated by the Office of the State  
5 Fire Marshal and is provided in any of the following:

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

9 (2) a licensed child care home or home exempt from  
10 licensing;

11 (3) a licensed group child care home;

12 (4) other types of child care, including child care  
13 provided by relatives or persons living in the same home as  
14 the child, as determined by the Illinois Department by  
15 rule.

16 (b-5) Solely for the purposes of coverage under the  
17 Illinois Public Labor Relations Act, child and day care home  
18 providers, including licensed and license exempt,  
19 participating in the Department's child care assistance  
20 program shall be considered to be public employees and the  
21 State of Illinois shall be considered to be their employer as  
22 of the effective date of this amendatory Act of the 94th  
23 General Assembly, but not before. The State shall engage in  
24 collective bargaining with an exclusive representative of  
25 child and day care home providers participating in the child  
26 care assistance program concerning their terms and conditions

1 of employment that are within the State's control. Nothing in  
2 this subsection shall be understood to limit the right of  
3 families receiving services defined in this Section to select  
4 child and day care home providers or supervise them within the  
5 limits of this Section. The State shall not be considered to be  
6 the employer of child and day care home providers for any  
7 purposes not specifically provided in this amendatory Act of  
8 the 94th General Assembly, including but not limited to,  
9 purposes of vicarious liability in tort and purposes of  
10 statutory retirement or health insurance benefits. Child and  
11 day care home providers shall not be covered by the State  
12 Employees Group Insurance Act of 1971.

13 In according child and day care home providers and their  
14 selected representative rights under the Illinois Public Labor  
15 Relations Act, the State intends that the State action  
16 exemption to application of federal and State antitrust laws be  
17 fully available to the extent that their activities are  
18 authorized by this amendatory Act of the 94th General Assembly.

19 (d) The Illinois Department shall, by rule, require  
20 co-payments for child care services by any parent, including  
21 parents whose only income is from assistance under this Code.  
22 The co-payment shall be assessed based on a sliding scale based  
23 on family income, family size, and the number of children in  
24 care. Co-payments shall not be increased due solely to a change  
25 in the methodology for counting family income. Child care  
26 providers who accept reimbursement from the Illinois

1 Department under subsection (e) are prohibited from charging  
2 parents receiving child care assistance under this Section a  
3 rate in excess of their co-payment.

4 (e) In order to determine child care base reimbursement  
5 rates, the Illinois Department shall conduct, every other year,  
6 a market rate survey of the licensed child care providers in  
7 the State. The Illinois Department may establish varying child  
8 care base reimbursement rates based on age classifications and  
9 groupings of counties reflective of variations in the price of  
10 child care as determined by the market rate survey. The market  
11 rate survey shall be completed not later than September 30 in  
12 each even-numbered year.

13 Not later than the start of the first fiscal year following  
14 the effective date of this amendatory Act of the 95th General  
15 Assembly, all base reimbursement rates for licensed child care  
16 providers shall thereafter be set at not less than the 50th  
17 percentile and shall not exceed the 75th percentile as  
18 determined by the most recent market rate survey. The Illinois  
19 Department shall adjust the percentile of the market rate  
20 survey at which the child care base reimbursement rate is set  
21 in each grouping of counties to ensure that child care base  
22 reimbursement rates take into account regional variations and  
23 are fundamentally fair to all providers across the State. No  
24 child care base reimbursement rate shall be set lower than the  
25 corresponding child care base reimbursement rate in effect on  
26 the effective date of this amendatory Act of the 95th General

1 Assembly.

2 The Illinois Department shall set the child care base  
3 reimbursement rate for registered legally license-exempt home  
4 child care providers at no less than 65% of the State's lowest  
5 child care base reimbursement rate for licensed homes. The  
6 Illinois Department shall determine the requirements for  
7 registration of legally license-exempt home child care  
8 providers by rule.

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

13 The Illinois Department shall implement a tiered rate  
14 reimbursement system under which child care providers who  
15 attain benchmarks of higher quality child care shall receive a  
16 premium in addition to the base reimbursement rate. The content  
17 of each benchmark shall be specified by rule. Premiums shall be  
18 in increments of 5% of the base reimbursement rate and shall  
19 not exceed 25% of the base reimbursement rate. ~~The Illinois~~  
20 ~~Department shall conduct a market rate survey based on the cost~~  
21 ~~of care and other relevant factors which shall be completed by~~  
22 ~~July 1, 1998.~~

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

26 (1) arranging the child care through eligible



1 providers by use of purchase of service contracts or  
2 vouchers;

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

5 (3) (blank); or

6 (4) adopting such other arrangements as the Department  
7 determines appropriate.

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

13 (1) Base reimbursement rates that are adequate to  
14 provide children receiving child care services from  
15 the Department equal access to quality child care,  
16 utilizing data from the most current market rate  
17 survey.

18 (2) A tiered reimbursement rate system that  
19 financially rewards providers of child care services  
20 that meet defined benchmarks of higher-quality care.

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

24 (4) Consideration of special rates for certain  
25 types of care such as caring for a child with a  
26 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 94-320, eff. 1-1-06.)

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