

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 2. The State Finance Act is amended by adding
5 Section 5.545 as follows:

6 (30 ILCS 105/5.545 new)

7 Sec. 5.545. The Child Support Administrative Fund.

8 Section 5. The Illinois Public Aid Code is amended by
9 changing Sections 10-26, 12-8.1, and 12-10.2 and adding
10 Sections 10-26.2 and 12-10.2a as follows:

11 (305 ILCS 5/10-26)

12 Sec. 10-26. State Disbursement Unit.

13 (a) Effective October 1, 1999 the Illinois Department
14 shall establish a State Disbursement Unit in accordance with
15 the requirements of Title IV-D of the Social Security Act.
16 The Illinois Department shall enter into an agreement with a
17 State or local governmental unit or private entity to perform
18 the functions of the State Disbursement Unit as set forth in
19 this Section. The State Disbursement Unit shall collect and
20 disburse support payments made under court and administrative
21 support orders:

22 (1) being enforced in cases in which child and
23 spouse support services are being provided under this
24 Article X; and

25 (2) in all cases in which child and spouse support
26 services are not being provided under this Article X and
27 in which support payments are made under the provisions
28 of the Income Withholding for Support Act.

29 (a-2) The contract entered into by the Illinois
30 Department with a public or private entity or an individual

1 for the operation of the State Disbursement Unit is subject
 2 to competitive bidding. In addition, the contract is subject
 3 to Section 10-26.2 of this Code. As used in this subsection
 4 (a-2), "contract" has the same meaning as in the Illinois
 5 Procurement Code.

6 (a-5) If the State Disbursement Unit receives a support
 7 payment that was not appropriately made to the Unit under
 8 this Section, the Unit shall immediately return the payment
 9 to the sender, including, if possible, instructions detailing
 10 where to send the support payments.

11 (b) All payments received by the State Disbursement
 12 Unit:

13 (1) shall be deposited into an account obtained by
 14 the State or local governmental unit or private entity,
 15 as the case may be, and

16 (2) distributed and disbursed by the State
 17 Disbursement Unit, in accordance with the directions of
 18 the Illinois Department, pursuant to Title IV-D of the
 19 Social Security Act and rules promulgated by the
 20 Department.

21 (c) All support payments assigned to the Illinois
 22 Department under Article X of this Code and rules promulgated
 23 by the Illinois Department that are disbursed to the Illinois
 24 Department by the State Disbursement Unit shall be paid into
 25 the Child Support Enforcement Trust Fund.

26 (d) If the agreement with the State or local
 27 governmental unit or private entity provided for in this
 28 Section is not in effect for any reason, the Department shall
 29 perform the functions of the State Disbursement Unit as set
 30 forth in this Section for a maximum of 12 months before July
 31 1, 2001, and for a maximum of 24 months after June 30, 2001.
 32 If the Illinois Department is performing the functions of the
 33 State Disbursement Unit on July 1, 2001, then the Illinois
 34 Department shall make an award on or before December 31,

1 2002, to a State or local government unit or private entity
 2 to perform the functions of the State Disbursement Unit.
 3 Payments received by the Department in performance of the
 4 duties of the State Disbursement Unit shall be deposited into
 5 the State Disbursement Unit Revolving Fund established under
 6 Section 12-8.1.

7 (e) By February 1, 2000, the Illinois Department shall
 8 conduct at least 4 regional training and educational seminars
 9 to educate the clerks of the circuit court on the general
 10 operation of the State Disbursement Unit, the role of the
 11 State Disbursement Unit, and the role of the clerks of the
 12 circuit court in the collection and distribution of child
 13 support payments.

14 (f) By March 1, 2000, the Illinois Department shall
 15 conduct at least 4 regional educational and training seminars
 16 to educate payors, as defined in the Income Withholding for
 17 Support Act, on the general operation of the State
 18 Disbursement Unit, the role of the State Disbursement Unit,
 19 and the distribution of income withholding payments pursuant
 20 to this Section and the Income Withholding for Support Act.

21 (Source: P.A. 91-212, eff. 7-20-99; 91-677, eff. 1-5-00;
 22 91-712, eff. 7-1-00.)

23 (305 ILCS 5/10-26.2 new)

24 Sec. 10-26.2. Contracts concerning the operation of the
 25 State Disbursement Unit.

26 (a) In this Section:

27 "Contract" has the same meaning as in the Illinois
 28 Procurement Code.

29 "SDU contractor" means any public or private entity or
 30 individual with whom the Illinois Department enters into a
 31 contract in connection with the operation of the State
 32 Disbursement Unit.

33 (b) The contract entered into by the Illinois Department

1 with a public or private entity or an individual in
2 connection with the operation of the State Disbursement Unit
3 must contain, at a minimum, the provisions set forth in this
4 Section.

5 (c) The contract must include standards and procedures
6 to ensure that the data relied on by the State Disbursement
7 Unit in performing its functions is accurate so that the
8 State Disbursement Unit will be able to effectively
9 administer the collection and disbursement of support
10 payments.

11 (d) The contract must contain provisions to ensure that
12 all clerks of the circuit court have access to non-custodial
13 parents' support payment information in the possession of the
14 State Disbursement Unit.

15 (e) The contract must contain provisions to ensure that
16 notices to employers in connection with the collection of
17 support are clear and consistent and that the SDU contractor
18 will promptly inform an employer about any problems and any
19 necessary changes in connection with the collection of
20 support.

21 (f) The contract must contain appropriate management
22 controls to ensure that (i) all of the SDU contractor's
23 actions in performing the functions of the State Disbursement
24 Unit are reasonably planned, timely implemented, and
25 adequately controlled and (ii) all reports that are necessary
26 to provide the Illinois Department with the information
27 necessary to effectively monitor the quality and accuracy of
28 the SDU contractor's actions in performing the functions of
29 the State Disbursement Unit are timely filed.

30 (g) The contract must contain provisions specifying
31 standards with respect to the level of performance expected
32 of the SDU contractor. The contract may include provisions
33 for incentives and penalties in connection with the SDU
34 contractor's performance.

1 (h) The contract must contain provisions projecting the
2 number of active support collection and disbursement cases to
3 be handled by the State Disbursement Unit and estimating the
4 number of support disbursement transactions to be handled
5 each year.

6 (i) The contract must contain provisions requiring
7 compliance with all applicable federal requirements
8 concerning disbursement of support. The contract must also
9 contain provisions for the Illinois Department's regular,
10 periodic review of reports on disbursement performance.

11 (j) The contract must contain provisions requiring the
12 SDU contractor to submit to the Illinois Department, within
13 45 days after the end of each State fiscal year, a completed
14 American Institute of Certified Public Accountants Statement
15 on Auditing Standards Number 88 (SAS 88) or its successor for
16 the purpose of enabling the Illinois Department to
17 appropriately monitor the State Disbursement Unit's
18 performance as a service organization and to enable the
19 Auditor General, as the external auditor of the State
20 Disbursement Unit, to ensure that appropriate controls are
21 present.

22 (k) The contract must contain provisions requiring the
23 Illinois Department and the SDU contractor to examine the
24 causes of untimely disbursement of support payments and
25 inappropriate cost recovery and to take prompt action to
26 ensure the timely and accurate disbursement of support
27 payments. The contract must also contain provisions for the
28 final disposition of support payments that cannot be
29 processed by the State Disbursement Unit within 2 business
30 days.

31 (l) The contract must contain provisions to ensure that
32 neither the Illinois Department nor the SDU contractor uses
33 moneys collected and held in trust for the payment of support
34 for any purpose other than that for which the moneys were

1 collected.

2 (m) The contract must contain provisions requiring the
3 Illinois Department to audit the disbursement of all
4 emergency support payments and report to the General Assembly
5 the results of the audit, including, without limitation, the
6 number of emergency support payment checks issued by the
7 State Disbursement Unit, the amount of repayments received
8 from recipients of those checks, and amounts for which the
9 Illinois Department did not seek repayment.

10 (305 ILCS 5/12-8.1)

11 Sec. 12-8.1. State Disbursement Unit Revolving Fund.

12 (a) There is created a revolving fund to be known as the
13 State Disbursement Unit Revolving Fund, to be held by the
14 Director of the Illinois Department, outside the State
15 treasury State--Treasurer--as--ex-officio--custodian, for the
16 following purposes:

17 (1) the deposit of all support payments received by
18 the Illinois Department's State Disbursement Unit; and

19 (2) the deposit of other funds including, but not
20 limited to, transfers of funds from other accounts
21 attributable to support payments received by the Illinois
22 Department's State Disbursement Unit;

23 (3) the deposit of any interest accrued by the
24 revolving fund, which interest shall be available for
25 payment of (i) any amounts considered to be Title IV-D
26 program income that must be paid to the U.S. Department
27 of Health and Human Services and (ii) any balance
28 remaining after payments made under item (i) of this
29 subsection (3) to the General Revenue Fund; however, the
30 disbursements under this subdivision (3) may not exceed
31 the amount of the interest accrued by the revolving fund;

32 (4) the disbursement of such payments to obligees
33 or to the assignees of the obligees in accordance with

1 the provisions of Title IV-D of the Social Security Act
 2 and rules promulgated by the Department, provided that
 3 such disbursement is based upon a payment by a payor or
 4 obligor deposited into the revolving fund established by
 5 this Section; and-

6 (5) the disbursement of funds to payors or obligors
 7 to correct erroneous payments to the Illinois
 8 Department's State Disbursement Unit, in an amount not to
 9 exceed the erroneous payments.

10 (b) The provisions of this Section shall apply only if
 11 the Department performs the functions of the Illinois
 12 Department's State Disbursement Unit under paragraph (d) of
 13 Section 10-26.

14 ~~(e)--Moneys-in-the-State-Disbursement-Unit-Revolving-Fund~~
 15 ~~shall-be-expended-upon-the-direction-of-the-Director.~~

16 (Source: P.A. 91-712, eff. 7-1-00.)

17 (305 ILCS 5/12-10.2) (from Ch. 23, par. 12-10.2)
 18 Sec. 12-10.2. The Child Support Enforcement Trust Fund.

19 (a) The Child Support Enforcement Trust Fund, to be held
 20 by the State Treasurer as ex-officio custodian outside the
 21 State Treasury, pursuant to the Child Support Enforcement
 22 Program established by Title IV-D of the Social Security Act,
 23 shall consist of:

24 (1) all support payments assigned to the Illinois
 25 Department under Article X of this Code and rules
 26 promulgated by the Illinois Department that are disbursed
 27 to the Illinois Department by the State Disbursement Unit
 28 established under Section 10-26,

29 (2) all support payments received by the Illinois
 30 Department as a result of the Child Support Enforcement
 31 Program established by Title IV-D of the Social Security
 32 Act that are not required or directed to be paid to the
 33 State Disbursement Unit established under Section 10-26,

1 (3) all federal grants received by the Illinois
2 Department funded by Title IV-D of the Social Security
3 Act, except those federal funds received under the Title
4 IV-D program as reimbursement for expenditures from the
5 General Revenue Fund,

6 (4) incentive payments received by the Illinois
7 Department from other states or political subdivisions of
8 other states for the enforcement and collection by the
9 Department of an assigned child support obligation in
10 behalf of such other states or their political
11 subdivisions pursuant to the provisions of Title IV-D of
12 the Social Security Act,

13 (5) incentive payments retained by the Illinois
14 Department from the amounts which otherwise would be paid
15 to the federal government to reimburse the federal
16 government's share of the support collection for the
17 Department's enforcement and collection of an assigned
18 support obligation on behalf of the State of Illinois
19 pursuant to the provisions of Title IV-D of the Social
20 Security Act,

21 (6) all fees charged by the Department for child
22 support enforcement services, as authorized under Title
23 IV-D of the Social Security Act and Section 10-1 of this
24 Code, and any other fees, costs, fines, recoveries, or
25 penalties provided for by State or federal law and
26 received by the Department under the Child Support
27 Enforcement Program established by Title IV-D of the
28 Social Security Act, and

29 (7) all amounts appropriated by the General
30 Assembly for deposit into the Fund,

31 (8) any gifts, grants, donations, or awards from
32 individuals, private businesses, nonprofit associations,
33 and governmental entities.

34 (b) Disbursements from this Fund shall be only for the

1 following purposes:

2 (1) for the reimbursement of funds received by the
3 Illinois Department through error or mistake,

4 (2) for payments to non-recipients, current
5 recipients, and former recipients of financial aid of
6 support payments received on their behalf under Article X
7 of this Code that are not required to be disbursed by the
8 State Disbursement Unit established under Section 10.26,

9 (3) for any other payments required by law to be
10 paid by the Illinois Department to non-recipients,
11 current recipients, and former recipients,

12 (4) for payment of any administrative expenses
13 incurred through fiscal year 2002, but not thereafter,
14 including payment to the Health Insurance Reserve Fund
15 for group insurance costs at the rate certified by the
16 Department of Central Management Services, except those
17 required to be paid from the General Revenue Fund,
18 including personal and contractual services, incurred in
19 performing the Title IV-D activities authorized by
20 Article X of this Code,

21 (5) for the reimbursement of the Public Assistance
22 Emergency Revolving Fund for expenditures made from that
23 Fund for payments to former recipients of public aid for
24 child support made to the Illinois Department when the
25 former public aid recipient is legally entitled to all or
26 part of the child support payments, pursuant to the
27 provisions of Title IV-D of the Social Security Act,

28 (6) for the payment of incentive amounts owed to
29 other states or political subdivisions of other states
30 that enforce and collect an assigned support obligation
31 on behalf of the State of Illinois pursuant to the
32 provisions of Title IV-D of the Social Security Act,

33 (7) for the payment of incentive amounts owed to
34 political subdivisions of the State of Illinois that

1 enforce and collect an assigned support obligation on
2 behalf of the State pursuant to the provisions of Title
3 IV-D of the Social Security Act, and

4 (8) for payments of any amounts which are
5 reimbursable to the Federal government which are required
6 to be paid by State warrant by either the State or
7 Federal government.

8 Disbursements from this Fund shall be by warrants drawn
9 by the State Comptroller on receipt of vouchers duly executed
10 and certified by the Illinois Department or any other State
11 agency that receives an appropriation from the Fund.

12 (c) The Illinois Department's child support
13 administrative expenses, as defined in Section 12-10.2a, that
14 are incurred after fiscal year 2002 shall be paid only as
15 provided in that Section.

16 (Source: P.A. 90-18, eff. 7-1-97; 90-587, eff. 6-4-98;
17 91-212, eff. 7-20-99; 91-400, eff. 7-30-99; 91-712, eff.
18 7-1-00.)

19 (305 ILCS 5/12-10.2a new)

20 Sec. 12-10.2a. Child Support Administrative Fund.

21 (a) Beginning July 1, 2002, the Child Support
22 Administrative Fund is created as a special fund in the State
23 treasury. Moneys in the Fund may be used, subject to
24 appropriation, only for the Department of Public Aid's child
25 support administrative expenses, as defined in this Section.

26 (b) As used in this Section, "child support
27 administrative expenses" means administrative expenses,
28 including payment to the Health Insurance Reserve Fund for
29 group insurance costs at the rate certified by the Department
30 of Central Management Services, except those required to be
31 paid from the General Revenue Fund, including personal and
32 contractual services, incurred by the Department of Public
33 Aid, either directly or under its contracts with SDU

1 contractors as defined in Section 10-26.2, in performing
2 activities authorized by Article X of this Code. The term
3 includes expenses incurred by the Department of Public Aid in
4 administering the Child Support Enforcement Trust Fund and
5 the State Disbursement Unit Revolving Fund.

6 (c) Child support administrative expenses incurred in
7 fiscal year 2003 or thereafter shall be paid only from moneys
8 appropriated to the Department from the Child Support
9 Administrative Fund.

10 (d) Before April 1, 2003 and before April 1 of each year
11 thereafter, the Department of Public Aid shall provide
12 notification to the General Assembly of the amount of the
13 Department's child support administrative expenses expected
14 to be incurred during the fiscal year beginning on the next
15 July 1, including the estimated amount required for the
16 operation of the State Disbursement Unit, which shall be
17 separately identified in the annual administrative
18 appropriation.

19 (e) For the fiscal year beginning July 1, 2002 and for
20 each fiscal year thereafter, the State Comptroller and the
21 State Treasurer shall transfer from the Child Support
22 Enforcement Trust Fund to the Child Support Administrative
23 Fund amounts as determined by the Department necessary to
24 enable the Department to meet its child support
25 administrative expenses for the then-current fiscal year.
26 For any fiscal year, the State Comptroller and the State
27 Treasurer may not transfer more than the total amount
28 appropriated to the Department from the Child Support
29 Administrative Fund for the Department's child support
30 administrative expenses for that fiscal year.

31 (f) By December 1, 2001, the Illinois Department shall
32 provide a corrective action plan to the General Assembly
33 regarding the establishment of accurate accounts in the Child
34 Support Enforcement Trust Fund. The plan shall include those

1 tasks that may be required to establish accurate accounts,
2 the estimated time for completion of each of those tasks and
3 the plan, and the estimated cost for completion of each of
4 the tasks and the plan.

5 Section 99. Effective date. This Act takes effect on
6 July 1, 2001.