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Public-Private Partnerships for Child Care: Examples and Insights

This resource explores insights and examples of existing public-private partnership models in the child care sector to help build supply and improve access to child care and early learning services for more families.

BACKGROUND

Public-private partnerships leverage support from both the public and private sectors to attain a shared goal. They can be an effective strategy for bringing together and maximizing diverse resources, perspectives and expertise.

There are several models for public-private partnerships in child care and early learning. While each model is unique in structure, all share some general characteristics. They bring together the public sector (federal, state, or local governmental entities); and representatives from the private sectors (employers, philanthropic foundations, chambers of commerce, community organizations) around shared goals. Sometimes these models occur in conjunction with other stakeholders, such as parents or non-profits. Each partner contributes time, money, expertise, or other resources to the partnership. Decision-making and management responsibilities can be shared among the partners.

This resource examines these three public-private strategies:

- Setting incentives or requirements for employers to invest in child care to support their employees
- Pooling funding from public and private stakeholders that is distributed to child care programs to support provider compensation, construction or major renovation, supply building, or short-term operating expenses
- Sharing child care costs between employers, employees and the state/local entities

Additional Federal Early Learning and Child Care Funding Streams

Policies that expand access to child care can increase workforce participation and retention, which helps strengthen local and state economies. Providing employers with incentives or implementing requirements that facilitate access to child care can act as a catalyst to bolster the workforce and economic outlook.

The federal Department of Commerce has included an Incentives Program as it implements the CHIPS Act of 2022, which seeks to expand semiconductor production in the United States. Semiconductor manufacturers that apply for more than $150 million of CHIPS direct funding must develop a child care plan for workers through on or near-site child care, pre-arranged agreements with existing child care providers, child care subsidies, or other similar measures. The Department of Commerce expects applicants to develop solutions that are responsive to workers' needs, such as access at extended hours, and encourages applicants to work with community stakeholders, including state and local governments, families, child care providers, and local groups with expertise administering child care—such as child care resource and referral agencies (CCR&R)—to assess current child care capacity and gaps in the community and to create effective solutions. Both Intel and GlobalFoundries are advancing plans for several initiatives to expand child care access and affordability for its workers as part of their CHIPS Incentives Program award funding.

Intel is piloting a child care subsidy for hourly employees, expanding its backup child care program to cover up to $100 per day for up to 15 days, and partnering with multiple providers to offer priority registration, waived enrollment fees, and a 15% discount. The company is also launching a new navigation tool that will assist employees in finding child care, including non-traditional hour care. Intel is also dedicating a portion of its award to improve child care capacity in the communities in which it operates.

GlobalFoundries is committed to helping employees find child care through a cost-free referral service, in addition to providing tuition discounts and educational resources to employees at their New York and Vermont sites. For its construction workforce, GlobalFoundries will provide an annual child care subsidy of $1,000 and will provide Dependent Care Flexible Spending Accounts to its employees and increase their annual subsidy to $2,000 for enrollees. In Vermont, the employer will pay the full amount of the 0.44% Child Care Contribution Tax, which goes into the Vermont Child Care Contribution Special Fund to improve the state's child care infrastructure.

Pooling Funding from Public and Private Stakeholders

Pooled funding refers to blending investments from the public (governments) and private stakeholders (philanthropy, employers, chambers of commerce) to finance a specific initiative, including distribution to child care programs to support compensation, construction or major renovation, supply building, or short-term operating expenses. While each example will vary, sometimes a non-profit or a foundation plays a critical role in bringing together and disseminating the funding.

Kansas Children's Cabinet launched a Child Care Capacity Accelerator Grants program to support new construction, renovations, and operational costs to increase the number of licensed child care slots statewide. Accelerator grants were made available through braided funding streams from state and federal funds and $2.5 million in philanthropic dollars. Additionally, 53 grantees secured over $31 million in matching funding from private sources in 2023.

Iowa's Child Care Solutions Fund is a public-private fund created to offset the operating costs for child care providers. The funds can be used toward increasing provider wages, purchasing improved equipment, building facility additions and expansions, and contributing to insurance premiums for providers. Local employers, community members, city leaders, and county officials can all invest in the fund and receive a tax break. Since the establishment of the fund, Iowa's Hamilton County has pledged over $227,000 in public funds and $433,078 in private funding, which has resulted in serving over 100 additional children and a 36% increase in salaries for educators that has improved retention and provider recruitment.

Sharing Child Care Costs Between Employers, Employees, and the State

Several states are exploring public-private financing models that share the cost of an employee's child care tuition three-ways among an employer, the employee, and the state, sometimes called a "tri-share" program. Each state's program is modeled slightly differently in how it is coordinated, where it is available, how much state funding is provided to administer the program, and who is eligible to participate, but all programs provide the same types of benefits: it provides reliable payments to participating providers, helps employers retain and attract employees, and reduces out-of-pocket child care expenses for families who otherwise don't qualify for subsidy.

Michigan first secured state funding for a tri-share program in 2021. Since then, this strategy has gained popularity in Connecticut, Kentucky, New York, North Carolina, North Dakota, and Ohio. At the local level, Rapid City in in South Dakota is using philanthropic funds from a private foundation in place of state funding to operate a tri-share program. The chart below details different program aspects regarding coordination, participation eligibility, and funding sources in Kentucky, Michigan, North Carolina, and North Dakota.

STATE	OVERVIEW	COORDINATION	ELIGIBILITY	FUNDING
Kentucky Employee Child Care Assistance Partnership (ECCAP) program	The cost of child care is shared by families, employers, and the state. The amount contributed by the state is based upon the family's size and income level.	Coordinated at the state level under the Kentucky's Cabinet for Health and Family Services	The program allows any family who doesn't otherwise qualify for subsidy to participate. The percentage of the state match decreases as family income rises. Providers must participate in the state's quality rating and improvement system.	The program was initially seeded with $15 million in 2022, and 2024 legislation was enacted to make the program permanent. An additional $4 million has been allocated for the program for FY 2025 and FY 2026. Legislation requires that 25% of funding be set aside for small businesses with under 50 employees.
Michigan Tri-Share program	The cost of child care is shared equally between families, employers and the state, so families are only responsible for 33% of the cost of child care. Program guidance recommends but does not require, facilitator hubs to collect up to an additional 12% administrative fee over the actual cost of child care from each employer and employee.	Coordinated regionally by a facilitator hub, which includes organizations like United Ways, CCR&Rs, and other community nonprofit organizations. The facilitator hubs serve as an entity that further determines eligibility, recruits employers to participate, connects employees with child care providers, and collects payments from employers, employees and the state.	Families with household income between 200-325% of the Federal Poverty Level (FPL) and are otherwise ineligible for subsidy. Providers must be licensed.	Michigan allocated $1 million in state funding to launch a pilot program in FY 2021, and currently allocates $3.4 million to support the program. Program guidance prohibits hubs from using more than 12% of award for administrative purposes.
North Carolina Tri-Share pilot program	The cost of child care is shared equally between families, employers and the state, so families are only responsible for 33% of the cost of child care. In addition, a 9% administration fee is collected from both employers and employees.	The program is coordinated by the NC Partnership for Children, Catapult Employers Association, and Smart Start Network Regional Hubs. The Regional Hubs provide administrative support of the program at the local level and work to recruit businesses and child care providers to participate. Catapult Employers Association hosts the program application, collects the funds and administration fees, and makes payments to participating providers. North Carolina created a new Child Care Business Liaison position at its Department of Commerce who has helped with program design.	Families with household income between 185-300% FPL, must work in one of the three pilot regions, and are otherwise ineligible for subsidy. Providers must be licensed.	State lawmakers allocated $900,000 to support three Regional Hubs. The program is currently funded through October 2025. Regional hubs may use up to 9% of its allocation to cover administrative costs.
North Dakota Working Parents Child Care Relief pilot program	The cost of child care is shared by families, employers, and the state. The state matches monthly employer contributions of $150 or $300.	Coordinated at the state level by North Dakota Health & Human Services.	This program is only available to families with a young child (birth-5 years). Families must have a household income under 150% of the State Median Income (SMI). Families have the option to participate in the state's subsidy program, if eligible, or the Working Parents Child Care Relief program, but cannot participate in both. Providers must be licensed.	The program initially received $5 million in state funding in 2023. An additional $9.6 million in ARPA CCDF funds was allocated to support the program in 2024. The pilot will remain in effect through September 2026 or until funding is exhausted.

IMPLEMENTING THE TRI-SHARE MODEL: LESSONS LEARNED AND KEY TAKEAWAYS

While interest exists, take up so far has been slow. As of January 2024, 35 employers in Kentucky had signed on and were contributing to the child care costs of a combined 133 children, despite the program being established in 2022. Michigan's program, which was established in 2021, has nearly 220 employers participating and is serving 900 children as of February 2025. States who have implemented programs that split costs between employers, employees, and the state have noted common challenges to implementing these blended financing strategies.

First, there are administrative costs to staff and run the program. This includes coordinating funding, determining additional eligibility requirements, promoting the program to recruit employers, and connecting providers with families. In instances where a community partner has been selected to administer the program, full-time staff are needed to act as a liaison between employees, employers, child care providers, and the state. This can be costly for a community partner, who may need to hire additional employees or reallocate existing staff to be the point person for the tri-share program.

There are also challenges for employers, who need time to gauge employee interest, plan around their company budget cycle, and update HR policies before agreeing to participate. If the program is in a pilot phase, some employers may be wary to participate until funding is made permanent. Businesses with smaller budgets may find they while they are interested in offering this benefit to their employees, there are limits to the financial resources the employer is able to commit to.

On the employee side, employer-supported child care may help retain workers, but may also not align with family decisions to move, leave an employer, or make other changes, which can lead to disruptions in their child care arrangements. Additionally, if there are limited or no available child care options in a community, a family still will not be able to tap into the benefits of this program.

Michigan found that some child care providers, particularly family child care providers, lack sufficient invoicing and payment processing experience and capacity, which has resulted in the facilitator hubs taking additional steps to help prepare paperwork. The facilitator hubs and providers in Michigan have also raised concerns about the reimbursement process and cash flow issues that could arise from issues regarding varying billing cycles or employees exiting the program.

Across states who have implemented similar programs, these key takeaways have emerged:

- Legislation must include sufficient funding to cover administrative costs to help market, staff and run the program.
- Set-aside a portion of funds for small businesses.
- Require all programs across the state to have uniform contracts, paperwork, and eligibility requirements to minimize confusion and increase efficiency.
- Consider leveraging the expertise of an established third-party administrator with experience in similar programs to help streamline efficiency.
- Dedicate a child care-business liaison who has experience in connecting with employers to help with recruitment and marketing to employers.
- Include state and local chambers of commerce, child care advocates, and state agency staff to promote the program at business forums, chamber meetings, and in other employer circles.
- Maintain flexibility for families to decide which care setting and where makes the most sense for them to enroll their child.

Policy Considerations

Child Care Aware of America (CCAoA) supports policies that ensure every family in the United States has access to a high-quality, affordable child care system. Quality child care supports children's growth, development, and educational advancement and creates a positive economic impact for families and communities.

CCAoA strongly encourages policymakers to consider solutions that invest in all parts of the child care system and addresses the root causes driving the sector's existing gaps in affordability, availability and quality. Public-private partnership models can be leveraged to create more robust financing for child care, including by making systemic or foundational funding available, not just resourcing individual slots, but they are just one piece of the puzzle. Solving our child care crisis requires a combination of policy levers and public investment that leads to the viability of the system long-term.