ISSUE BRIEF

MARCH 2025

Public-Private Partnerships for Child Care

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.

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

Setting Incentives and Requirements for Employers

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 Micron Technology 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.

Micron is expanding near-site child care access by constructing and partnering with local providers to operate, near-site child care centers in Idaho and New York comprising over 120 seats in each location, including nontraditional hour care. Micron is sponsoring development of a registered apprenticeship program in Idaho with a plan to expand it to New York after the child care facility is opened. The company is also partnering with child care organizations in Idaho and New York to expand the supply of family home child care centers through career pathway assistance and providing technical and financial support for providers opening their own home-based child care programs.

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.

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 adresses 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.