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Michigan's Tri-Share Program: One Promising Childcare Solution for Working Parents

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For working parents of young children, finding accessible and affordable childcare is essential for having employment, which, in turn provides economic stability and opportunities for their families. Childcare is also vital for employers: As part of the Chicago Fed's regular outreach throughout the Seventh Federal Reserve District, we heard from employers who have had difficulties in hiring and retaining workers because of the challenges parents have had in finding and affording childcare. Recognizing this need for childcare among both parents and employers in Michigan, the state legislature developed and passed a new policy in 2021 to implement a public-private partnership called Tri-Share, through which employers, the state government, and working parents share childcare costs equally. The objectives of the Tri-Share program are to reduce childcare costs for families, help businesses retain and hire employees by expanding access to affordable childcare, and support greater stability and growth for licensed childcare providers.

As part of the Chicago Fed's Spotlight on Childcare and the Labor Market, I interviewed several practitioners directly involved in Tri-Share, as well as advocates working to improve policies related to childcare and early childhood education in Michigan. In this article, I describe Tri-Share and summarize these practitioners' and advocates' perspectives about the new program, how it was implemented, and its potential for helping parents find affordable childcare so that they can participate in the workforce.

Families and employers identify childcare as a need

According to Cheryl Bergman, chief executive officer of the Michigan Women's Commission (MWC), the need to address childcare costs in Michigan was first raised a couple of years before Tri-Share was developed.¹ The MWC is a state agency charged with advising the governor on the status of women in Michigan. In 2019, the MWC conducted a statewide listening tour to better understand what kind of support women—in particular, mothers—needed to be more active in the workforce. The MWC found that finding stable, affordable, and accessible childcare was a consistent challenge across the state of Michigan and a barrier for parents to participate in employment.

This need for childcare was exacerbated by the pandemic in 2020 as many parents were forced to juggle childcare and job responsibilities during closures of schools and childcare centers. For example, a 2021 study in Michigan found that during 2020, roughly 136,000 women in Michigan left the labor force, while 18,000 men in the state joined it. Using national *Current Population Survey* data, two economists at the Federal Reserve Board found that during the pandemic women with children under six years of age were more likely to leave the labor force than women without children; in addition, they found that women with lower-earning jobs who had children were more likely to exit the labor force than women with higher-earning jobs who had similarly aged children.²

Bergman reported that the Grand Rapids Chamber of Commerce had also reported hearing from employers about the impact of childcare availability on hiring and retaining employees. Therefore, the MWC and the chamber began working together to advocate for potential solutions. The two organizations supported the passage of the policy implementing Tri-Share because they were both optimistic the program would help parents find and keep employment by improving access to affordable childcare.

Pilot of public–private partnership is launched to address childcare costs

The Tri-Share program was first funded as a pilot in three multi-county regions located in western Michigan, northwestern Michigan, and eastern Michigan.³ The pilot's three locations were chosen by policymakers to each cover one type of community (urban, suburban, or rural) and to be dispersed geographically across the state. The MWC implemented the pilot and selected public or nonprofit organizations to serve as facilitator hubs, or intermediaries between the state government, families, employers, and childcare providers. Hubs can be county-level or local school districts; nonprofit service providers, such as local United Way or Goodwill organizations; or childcare-specific nonprofit organizations, such as the Child Care Network (CCN). The role of the hubs is to recruit employers, determine employee eligibility, and provide financial administration of the program. The State of Michigan and the employer pay their share of childcare costs to the hub, which then pays the childcare provider selected by the participating family. The family has two payment options: They can pay their share directly to the childcare provider, or they can have their share deducted from their paycheck and sent to the hub to pay the provider.

Tri-Share is intended to assist ALICE (Asset Limited, Income Constrained, Employed) families who have incomes too high to be eligible for Michigan's childcare subsidy, but too low to feasibly afford the costs of childcare. The legislation mandated that to qualify for Tri-Share, an employee's household income must be 200% to 325% of the federal poverty level—i.e., \$60,000 to \$97,500 for a family of four. The program also mandates that the employee must select a licensed childcare provider. If employees need help in finding eligible providers, hubs can provide assistance.

Tri-Share demonstrates slow but promising outcomes

During its first year, Tri-Share had a slow start. By the end of the pilot period in June 2022, there were only 54 employers and 52 employees participating.⁴ Interviewees from the MWC and the Child Care Network reported that it took them longer than anticipated to recruit employers. As hub staff educated employers about the benefit, the staff found that interested companies had to plan ahead and around their company budget cycles to approve the new benefit for employees for the subsequent fiscal year. So, many companies could not enroll in the program when it first started. Additionally, it took time for the hubs to develop internal management systems to administer the program.

The pilot eventually gathered momentum, and by early 2023, Tri-Share had been expanded from three to 13 hubs, covering 59 counties and the city of Detroit. The hub managed by the Child Care Network, serving southeast Michigan, reported that new families and employers continued to be added every month.⁵ As of March 2024, statewide, the program had 195 employers and 351 childcare providers participating and it was serving 514 families and 713 children.⁶

Public Sector Consultants (PSC)—an independent, nonpartisan public policy consulting firm—completed an evaluation of Tri-Share's initial three hubs in late 2022. The major findings include the following:

- On average, pilot participants had household incomes 244% above the federal poverty level.
- Participating employers represented diverse industries, consisting of manufacturing (22%), childcare providers (19%), education (11%), health care (8%), nonprofits (5%), hospitality (3%), and others (32%).
- Participating employees experienced an average reduction of 65% in monthly out-of-pocket household childcare costs.⁷
- When surveyed, 82% of participating employees agreed they are more likely to stay in their current jobs because of Tri-Share.
- Employers also expressed positive outcomes; 63% of respondents agreed that Tri-Share helped their company retain current employees.

According to Bergman, PSC will conduct another evaluation of the Tri-Share expansion, covering all 13 hubs in the future.

Tri-Share's initial challenges offer lessons for expansion and more

According to several interviewees and as reported by PSC in its Tri-Share evaluation, the pilot and initial expansion of Tri-Share revealed several challenges, many of which are being addressed as the program scales up. First, hub staff shared that the administration of the program was burdensome for the facilitator hubs, which acted as transactional liaisons between all program partners, and the funding the hubs received to implement Tri-Share did not adequately cover the costs.⁸ As a result, some hubs charged employers a fee to cover those costs.

Second, though the hubs connected with each other to share best practices, the MWC staff noted there were differences in how each hub administered the program, especially financially, which led to inefficiencies. To try to devote more capacity to the implementation of Tri-Share, streamline financial administration, and support the program's expansion, the Michigan Department of Labor and Economic Opportunity, which houses the MWC, decided to shift Tri-Share from the MWC to Michigan's newly formed Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP). MiLEAP is

tasked with connecting and improving efforts for lifelong education outside of the K–12 system. This includes early childhood, afterschool, and out-of-school educational opportunities, higher education, and adult education. To address the challenges with financial administration, the MWC reported that while the hubs will remain as connectors among employees, employers, and childcare providers, the financial administration for all hubs will be contracted out to a centralized third party to create better standardization among them statewide.²

Third, the PSC evaluation of Tri-Share reported on the difficulties in recruiting employers. Hubs had to make strong cases to employers that they would benefit from the cost of participating in Tri-Share. That said, one hub staffer reported that they improved their outreach to employers by sharing the findings from the PSC evaluation as well as having participating employers share the benefits of their participation with others. As this outreach became more targeted, more companies started to enroll. Additionally, the PSC evaluation noted that some companies were reluctant to participate in a pilot or even in the post-pilot expansion of a program that required state budget allocations, which may or may not survive shifts in politics and policymaking in Lansing. If state funding were to end at some point, employers would have to decide whether to fund the state government’s share of the Tri-Share benefit, increase costs to employees, or discontinue the benefit. Employers had to decide whether it was worth this risk to participate.

Even in its current form, Tri-Share may be viewed by some employers as being too costly for them to participate. While PSC did not include any feedback from nonparticipating employers in the pilot evaluation, it did report that some participating employers faced barriers related to the Tri-Share’s cost. The PSC evaluation stated: “While senior management support and human resources capacity were not cited as major barriers, a lack of financial resources to fund additional [Tri-Share] slots was. Even providing one-third of child care expenses for an employee is expensive, an average of \$257 per month, which is more than many other employee benefits.” While employers’ participation in Tri-Share continues to grow, fewer than 200 employers statewide had been enrolled in the program as of March 2024 (as noted earlier). Tri-Share’s cost may be limiting additional employer enrollments until there’s further evidence of that its benefits to employers outweigh its costs to them.

Beyond the lessons learned from launching Tri-Share, several advocates and practitioners interviewed for this article discussed how implementing and evaluating the program helped them educate policymakers about other systemic barriers in the childcare system that they had known about for years. These barriers included the lack of childcare facilities and childcare slots, labor shortages in the childcare sector, very low wages for high-quality childcare providers, and poor communication between existing childcare practitioners.¹⁰ Some childcare providers and advocates reported being ambivalent about employer-sponsored childcare. Despite Tri-Share’s early success, one interviewee, Annette Sobocinski, the executive director of CCN, noted that “relying on employers for access to childcare could lead to inequities for those parents whose employers don’t participate.”¹¹ These childcare providers and advocates agreed that Tri-Share is a helpful option, but noted that it may not be a sustainable solution for the many systemic childcare problems they identified.

Conclusion

The overall impression of the Tri-Share program is that it seems promising given its early successes: Employers report it has helped them retain and attract employees, and it has clearly reduced out-of-pocket childcare costs for families juggling multiple expenses on tight budgets. Policymakers in other states have been watching Michigan’s Tri-Share program with much interest; in fact, North Carolina, New York, and Kentucky are planning to implement similar programs. As Michigan’s Tri-Share program evolves and as other states’ programs based on it emerge, they can all help demonstrate the value of public–private partnerships in addressing barriers to childcare access among working parents.

Notes

¹ Unless indicated otherwise, this section reflects my interview with Bergman conducted in late 2023 (Cheryl Bergman, 2023, interview with chief executive officer, Michigan Women’s Commission, by Heidi Reijm, December 19).

² Katherine Lim and Mike Zabek, 2023, “Women’s labor force exits during COVID-19: Differences by motherhood, race, and ethnicity,” Finance and Economics Discussion Series, Board of Governors of the Federal Reserve System, No. 2021-067, revised July 2023 (originally issued October 2021). Crossref

³ Unless indicated otherwise, the information about Tri-Share summarized in this section is based on the 2022 evaluation of the Tri-Share pilot from Public Sector Consultants and the Tri-Share program guidance from the State of Michigan.

⁴ See pp. 20–21 of the 2022 evaluation of the Tri-Share pilot from Public Sector Consultants.

⁵ Valvet Daniel, 2023, interview with Tri-Share program coordinator, Child Care Network, by Heidi Reijm, December 11.

⁶ Shannon Garrett, 2024, email message from chief strategy officer, Michigan Women’s Commission, to Heidi Reijm, April 12.

⁷ Childcare costs before participating in Tri-Share were self-reported by families, whereas childcare costs while enrolled in the program were based on recorded employee contributions.

⁸ Daniel (2023).

⁹ Bergman (2023).

¹⁰ Jeffrey Capizzano, 2024, interview with president and founder, Policy Equity Group, by Heidi Reijm, January 12; and Leena Mangrulkar, 2023, interview with program manager, Southeast Michigan Early Childhood Funders Collaborative, by Heidi Reijm, November 30.

¹¹ Annette Sobocinski, 2023, interview with executive director, Child Care Network, by Heidi Reijm, December 11.

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