

LINDA K. SMITH AND HANNA JUNUS

From Pilot to Policy: Lessons Learned from Five Tri-Share Models



Buffett
Early Childhood
Institute
at the University of Nebraska

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Forward

For decades, the United States has struggled to answer a fundamental question: *who is responsible for financing child care for working families?* Parents? Businesses? The Government? Failure to answer this question has resulted in a fragmented approach that leaves too many working families without support and too many employers facing workforce instability tied directly to child care access. In other words – a system that fails everyone.

The Tri-Share child care model offers a different way forward. By deliberately sharing the cost of child care among families, employers, and the public sector, Tri-Share pilots challenge long-standing assumptions about how we finance child care. Rather than treating child care as a private family expense or a means-tested public benefit, Tri-Share models recognize it as shared economic responsibility—essential to workforce participation, business productivity, and public economic health.

This report, *From Pilot to Policy: Lessons Learned from Five Tri-Share Models*, examines five distinct Tri-Share initiatives operating in different states and communities. These pilots are not theoretical exercises; they are operating programs serving real families, engaging real employers, and navigating real administrative and funding constraints. Taken together, they offer valuable lessons about what shared-cost approaches can accomplish—and where they need refinement.

The public and policy-makers should take these pilots seriously for three reasons. First, they reach families who are largely excluded from existing child care assistance systems: working parents who earn too much to qualify for subsidies but far too little to afford child care on their own. Second, they actively engage employers as partners, not just beneficiaries, reinforcing the idea that child care access is a workforce issue, not merely a social service. Third, they provide child care providers with more predictable revenue, helping stabilize a sector that is essential yet chronically under-financed.

Equally important, Tri-Share models generate practical lessons for policymakers. They reveal how employer engagement can be structured, what administrative capacities are required, and how public investments can be targeted to maximize impact without replacing existing subsidy systems. These pilots help policymakers test shared responsibility in practice—before scaling it into broader policy frameworks.

Tri-Share is not a single solution to our child care challenges, nor is it a substitute for robust public investment. But it is a meaningful experiment in financing reform—one that reflects the realities of today’s workforce, today’s employers, and today’s child care market. As we search for durable, bipartisan approaches to child care, the lessons from these pilots deserve attention.

This report is intended to inform the conversation. By moving beyond anecdotes and examining lessons learned from multiple Tri-Share models, our goal is to contribute to a more realistic and more sustainable discussion about how we finance child care in the United States—and how shared responsibility can help working families and employers thrive.

Linda K. Smith and Hanna Junus

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Executive Summary

Across the country, families, businesses, and state governments are struggling with the same challenge: child care. While demand for child care has surged, driven in part by the dramatic increase in mothers' workforce participation, the financing system that underpins child care has not evolved. As a result, millions of working families earn too much to qualify for public subsidies but far too little to afford market-rate care. Employers feel the impact in the form of turnover, absenteeism, and workforce shortages; state economies lose billions in potential productivity.

Tri-Share programs have emerged as an innovative state-level attempt to address this gap. Rooted in the idea of shared responsibility, the Tri-Share model divides the cost of child care among three parties: typically businesses or employers, the employee, and a public or philanthropic partner.

This report examines the original Michigan Tri-Share program and four additional models implemented in Kentucky, Missouri, North Carolina, and Rapid City, South Dakota. Together, these programs offer a real-time understanding of what works, what doesn't, and what policymakers should consider when designing shared-cost child care strategies.

Across states, Tri-Share programs share three goals:

1. Make licensed child care more affordable for working parents;
2. Help employers recruit and retain workers; and
3. Help stabilize child care providers through predictable, reliable payments.

Each state has adapted the model differently. Some use a fixed split of the costs; others allow flexible contributions or rely on community foundations rather than the state for the third share. Income eligibility varies widely. Administrative structures also vary.

Despite these differences, several themes consistently emerged:

- Employer engagement is the gateway to family access and ultimately the program's success
- A centralized, well-funded, integrated administrative hub is essential
- Modern, integrated technology systems are critical to support multi-party transactions
- States need start-up time and technical assistance
- Predictable public funding is critical for trust and scale
- The Tri-Share concept fills a gap but is not designed to fix broader child care system issues

The Tri-Share model has sparked a meaningful shift in how states and businesses think about child care financing. By directly involving employers, these models help answer fundamental policy questions: Who benefits from child care? And who should help pay for it? While Tri-Share is not a comprehensive solution to the nation's child care crisis, it offers important insights for policymakers considering shared-responsibility approaches.

With clear goals, stable funding, intentional employer outreach, and strong administrative and technical infrastructure, Tri-Share programs can reduce costs for families, stabilize child care providers, and strengthen the workforce that keeps state economies running.

Introduction

Across the United States, the child care system is stretched to its breaking point. Parents pay more than they can afford, child care providers operate on razor-thin margins, and employers struggle to recruit and retain workers because families cannot find or afford care. The result is a system that fails everyone: families, businesses, and communities.

This tension is especially acute for working families who earn too much to qualify for subsidies but far too little to afford the full cost of care. Over the last 50 years, the percentage of mothers with young children in the workforce has nearly doubled. For many families, attaining affordable child care is the deciding factor between staying in a job, reducing hours, or one parent leaving the workforce entirely.

The core problem is simple to state but difficult to solve: child care costs more to deliver than families can pay. No single entity—not parents, businesses, foundations, or government—can shoulder the full cost. This reality has sparked interest in financing approaches that rethinks child care as a shared responsibility.

One innovative approach is the Tri-Share model, which splits the cost of child care among three parties, typically parents, employers, and the state. A Tri-Share model reduces the financial strain on families, engages employers as beneficiaries of a stable workforce, and creates more predictable payments for providers. The Tri-Share model isn't one size fits all. There is considerable variation in how states design, fund, and administer their programs.

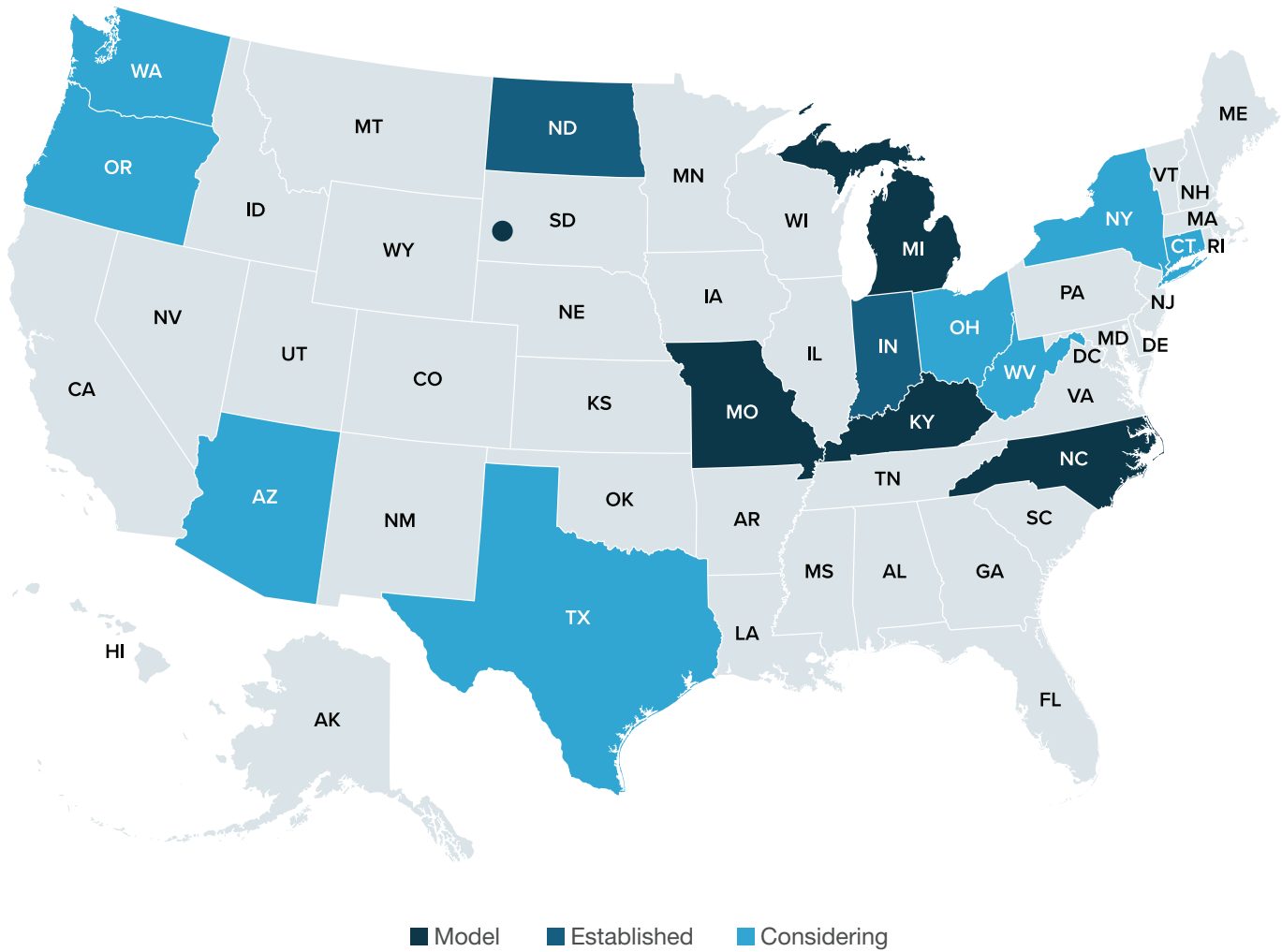
Tri-Share is rooted in the idea of shared responsibility between parents, businesses and government.

This report looks at five Tri-Share models (Michigan, Kentucky, Missouri, North Carolina, and Rapid City, South Dakota) to understand how the concept translates into policy and practice. This analysis offers real-time lessons about what it takes to implement shared-cost models, potential barriers, and which conditions support successful adoptions. Across all Tri-Share models examined, family preferences and responsibility remained a focal point. Parent choice is a fundamental underpinning of any Tri-Share solution.

The models of each state share the same objectives:

1. Make licensed child care more affordable for working parents
2. Help employers recruit and retain employees
3. Help stabilize child care programs by ensuring reliable payments

Tri-Share is not a silver bullet; nor is it intended to solve child care’s deeper structural issues, such as workforce compensation or recruitment. But as state legislatures explore ways to ease the burden on working families and strengthen their economies, Tri-Share provides valuable evidence about how shared financing can fit into a more sustainable child care system. At least 15 states have either established or are considering some version of Tri-Share.



Spreading the cost of child care across multiple stakeholders can lower barriers to employment for more families, especially for working parents who may otherwise struggle with child care costs.

Tri-Share Concept Overview

A Tri-Share cost model is a shared-financing structure in which child care expenses are split among three distinct entities, typically parents, employers, and government or community funders. This approach is designed to reduce out-of-pocket costs for working families and spread the costs more evenly among stakeholders who benefit from a stable child care system.

Tri-Share is intended for families that fall outside Child Care and Development Block Grant (CCDBG) subsidy eligibility levels and state subsidy systems, but whose income might not afford them child care in the open market. These families are also referred to as falling within the “subsidy gap.” Many states allow eligibility into Tri-Share programs based on a family’s household income and how it compares to the U.S. Federal Poverty Level (FPL).

Tri-Share programs have many benefits, but most notably they help:

- Reduce out-of-pocket costs for working families
- Strengthen workforce participation and recruitment
- Create a more stable revenue stream for child care providers

Program design varies, but the distribution of cost among families, employers, and a public or community funding source remains a core principle.

Tri-Share is not a solution to financing the broader child care system and it was never meant to be. It is also not a substitute for larger federal investment in child care. But Tri-Share programs help more working families afford child care, and that is a step in the right direction.

Child Care Gap Across the 50 states + DC:

- **14,824,878** children have the potential need for child care.
- There is a supply of **10,833,062** child care slots.
- **4,186,363** children do not have access to child care within a reasonable distance.
- Child care gap: **28.2%** of the potential need.
- Urban areas have **2,995,108** children without access to child care (27.1% gap).
- Rural areas have **1,191,317** children without access to child care (31.5% gap).
- The long term economic impact is between **\$216.4B** and **\$329.4B**.
- Equating to between **\$51,688** and **\$78,689** per child care gap.

Source: <https://childcaregap.org/>



State Case Studies

Five Tri-Share models have tested different approaches to shared child care financing. Each case study illustrates a unique pathway and challenges. Together, they reveal the range of design options available to states and the trade-offs each model presents.

Michigan: The Original

Michigan created the first Tri-Share pilot in 2021. The model is an employer based child care benefit that is supported and administered by the State of Michigan. It received support from the public and private sectors and was seen as an innovative new approach to sharing the total cost of an eligible employee's child care. Tri-Share is currently a statewide, ongoing line item in the Michigan state budget.

Eligibility and Cost-Sharing Structure

Under Michigan's Tri-Share, the cost of child care for participating working parents is split equally among three parties: the employee, the employer, and the State of Michigan.

To qualify, employees must work for a participating employer. Employer participation is optional; any employer, regardless of size or sector, may join.

Employee eligibility is based primarily on household income—historically, households with incomes between 200% and 325% of the federal poverty level have been eligible. The current eligibility ranges from 200 to 400% of the FPL and is statewide. Families that qualify for the state's child care subsidy program are generally not eligible under Tri-Share.

Implementation Model

MI Tri-Share uses regional facilitator hubs to promote the program and recruit employer participation. A statewide administrative partner processes all program participation, including employer agreements, employee eligibility determinations, provider payments, and contribution collections. Parent choice of care is central to the MI Tri-Share model. Parents choose their own licensed care provider and the statewide administrative partner works with the provider to receive and pay care invoices. The statewide administrative partner works behind the scenes to collect the one-third contributions from the employee, their employer, and the state of Michigan. Employee contributions are generally collected by the employer through payroll deduction.

Key Lessons

For participating families, Tri-Share has reduced monthly child care costs by up to two-thirds. One evaluation found payments dropping from \$716 per month to \$252 per month, saving \$464 on a monthly basis.

Employer surveys report the program helps retain employees. In one recent evaluation, 71% of participating employers said Tri-Share improved retention, and 80% expect it to continue to be a useful retention tool. Similarly, many employees say the program improved families' financial stability and made child care affordable when it wouldn't have been otherwise.

In 2025, Michigan launched an option add-on to Tri-Share called MI Care-Share. With MI Care-Share, participating employers can extend cost-sharing benefits to all employees—not only those within the state's prior income eligibility thresholds. Under MI Care-Share, the employer contributes one-third of child care costs, and the employee pays the remainder (two-thirds) if the household income exceeds the Tri-Share threshold. This expansion is intended to increase access and offer more flexibility to employers who want to support child care for their full workforce. It does shift the cost burden to the employer and the employee only.



Kentucky

The Kentucky Employee Child Care Assistance Partnership (ECCAP) allows Kentucky employers to partner with the state to reduce the cost of child care for their employees. Enabling legislation for the ECCAP Tri-Share program was passed in a 2022 legislative session as part of a broader push by business and policy stakeholders to expand shared solutions to child care challenges. The program began accepting employer applications in April 2023 and went into effect later that summer.

Eligibility and Cost-Sharing Structure

The program targets working families whose incomes are too high for traditional child care subsidy, the state's Child Care Assistance Program (CCAP), but who still struggle with the cost of care. ECCAP's eligibility rules intentionally avoid overlapping with CCAP subsidy recipients. Families below a certain income threshold are referred to CCAP instead of ECCAP.

Kentucky's ECCAP does not require equal shares. Participation by both employers and child care providers is voluntary. All employees of a participating employer are eligible under ECCAP.

The state matches the employer's contribution on a sliding scale depending on household income. Employer contribution payments can range from a high of 100% for lower-income households to a 50% match for higher-income households. The employed parent is responsible for paying any remaining portion of the child care cost not covered by the employer, plus state contributions.

Implementation Model

ECCAP uses a three-part payment structure involving the employer, the state, and the family. Funds flow directly to the child care provider from each contributor. Providers receive multiple partial payments (employer, state, family).

Key Lessons

Because enrollment depends on employers opting in, availability is constrained by whether employers choose to participate. Thus, employer commitment is more flexible, potentially expanding reach and making it easier for a variety of employers to participate.

A broader eligibility approach means more working parents can benefit, not just those in a restricted income range.

Because the employer contribution is not fixed, the level of subsidy (and out-of-pocket cost for parents) may vary more across employers.

Businesses and state government systems are often incompatible. Businesses apply to participate in ECCAP via state government systems, and it has been difficult for some businesses to reconcile the two systems. Using a third-party platform could improve the user experience.

All employees of a participating employer are eligible under (Kentucky's) ECCAP.



Missouri: Tri-Share 2.0

Missouri's Child Care Works (CCW) is the newest statewide Tri-Share program that began in late 2025. It is funded with a \$2.5 million appropriation in the state budget and supported by the Missouri Children's Trust Fund.

While many elements are to be determined, there are a few features unique to CCW including the use of flat employer-slot fees and the emphasis placed on an integrated technology platform.

Eligibility and Cost-Sharing Structure

Employer participation is voluntary; however, they must sign up with CCW, set up a payment portal, and commit to contributing child care benefits for eligible employees. Employers also have the flexibility to decide how many employees to support.

The program is available to families who earn too much for traditional subsidies, but still struggle to afford high child care costs. Generally, state benefits are available on a sliding scale for families with household incomes ranging from 150% to 555% of the federal poverty level.

Employees must work for a participating employer. While the program is pitched to those who earn too much for traditional subsidies but still struggle to afford high child care costs, they may also be eligible for further state funding to offset the cost of child care, pending eligibility and funding availability.

Licensed child care providers and providers registered in the state's child care subsidy program can enroll as participating providers under the program.



Implementation Model

CCW is administered by Child Care Aware of Missouri (CCAMO) in partnership with Kids Win Missouri.

Participating employers will pay a flat monthly amount per participating employee, based on child care fees in their area. For example, the amounts for the St. Louis and Kansas City metropolitan areas are as follows.

- Infant/toddler: \$435.50 per month/per child or \$5,226 per year/per child
- Preschool: \$325 per month/per child or \$3,900 per year/per child
- School age: \$234 per month/per child or \$2,808 per year/per child

Employees are required to cover the remaining tuition balance.

Key Lessons, So Far

Since employers can decide how many employees to support, they can scale participation to provide meaningful support without overextending resources.

Having one online platform—that connects families, providers, employers, and the state—transforms an otherwise complex system into one. Missouri's platform enables real-time searches for available programs and automates all multi-source payments through one transparent system.

Missouri's inclusion of community and philanthropic sponsors may help relieve pressure on small employers and reach more families, especially in underserved or rural areas. But long-term success will depend on sustaining funding.

Missouri—with its stated emphasis on working with providers, stabilizing funding, and even building capacity—may have a better shot at addressing child care shortages, not just cost.

Employers decide how many employees to support and can scale participation to available resources.

North Carolina

North Carolina’s Tri-Share Pilot—launched in 2023 and expanded statewide in 2024—uses a three-way cost-sharing model like Michigan’s, but with different administrative structures and eligibility rules.

The program is administered by the North Carolina Partnership for Children (NCPC) in collaboration with the state’s Division of Child Development and Early Education (DCDEE) and local or regional hub organizations affiliated with Smart Start.

Eligibility and Cost-Sharing Structure

North Carolina splits the cost of child care evenly among employers, employees, and the state. Participating employers commit to covering one third of child care costs plus a small administrative fee, reported to be around 9%. Eligible employees also pay one-third plus the same administrative fee. The state covers the remaining third.

Participants must fall between 185% to 300% of the FPL, must work in one of the pilot regions (originally three regions, now expanded statewide) for a participating employer, and must otherwise be ineligible for a child care subsidy or be on the waitlist for a subsidy. Families who already qualify for other subsidized child care assistance are generally not eligible under Tri-Share.

The child must be enrolled in a licensed child care program.

Implementation Model

The North Carolina Partnership for Children and Division of Child Development and Early Education process applications and use a third-party platform to manage enrollment and funding flow. This digital system manages applications to the Tri-Share program, collects funds from the employers and the state, and makes a single combined payment to the child care provider. The centralized digital platform is managed jointly by Smart Start regional hubs, NCPC, and DCDEE.

Key Lessons

North Carolina’s experience reinforced that participation depends on sustained marketing and hands-on employer outreach. Early uptake has been modest. As of early 2025, only 18 employers had signed up, serving about 20 employees.

One of the biggest challenges was coordinating payment flows. Early implementation emphasized the need for a single, trusted intermediary to manage billing, eligibility verification, employer payments, and provider reimbursements. The state has since shifted to using an integrated tech platform to reduce paperwork and ensure predictable monthly payments to keep employers and providers engaged.

Employer onboarding, employee education, and eligibility matching have taken longer than expected. Initial participation was slower than projections because businesses needed time to align internal processes, communicate the benefit to employees, and build trust in a new financing model.

North Carolina’s experience reinforced that participation depends on sustained marketing and hands-on employer outreach.



Rapid City, South Dakota

The Rapid City Tri-Share program is unique because it was created by the John T. Vucurevich Foundation rather than the state in 2023. Rapid City is an example of a community-level initiative where a philanthropic organization shares responsibility with parents and businesses. The foundation gave the South Dakota Association for the Education of Young Children (SDAEYC) \$475,000 for the three-year project, which has been extended and is expected to end in 2026.

It also is the only Tri-Share program to service a metro area rather than a state.

Eligibility and Cost-Sharing Structure

SDAEYC recruits and approves child care programs willing to accept children under the program. Participating child care must meet SDAEYC quality standards.

Participating families must fall between 209% and 325% of the FPL and must not be eligible for Child Care Assistance through the South Dakota Department of Social Services.

Implementation Model

SDAEYC is the central hub. They qualify both employees and child care providers. Employers collect their employees' portion of the cost and send the combined contributions to SDAEYC. SDAEYC then combines it with the foundation's contribution and pays the child care provider in a single payment.

Key Lessons

Rapid City's early success was driven by a highly engaged local champion, the Black Hills Area Chamber of Commerce, paired with direct outreach to a small, stable group of employers already concerned about workforce recruitment and retention.

Rapid City is relying heavily on time-limited funding to cover the public share. Scaling beyond a small demonstration phase will require either recurring appropriations or dedicated state funding streams to provide employers with long-term confidence in the program's stability.

Rapid City's early success was driven by a highly engaged local champion, the Black Hills Area Chamber of Commerce, paired with direct outreach to a small, stable group of employers already concerned about workforce recruitment and retention.





Cross-State Lessons: What We Learned

Although each state approached Tri-Share differently—with variations in eligibility, administrative design, cost-sharing formulas, and funding sources—their experiences point to a consistent set of insights. Taken together, these programs reveal the promise and limits of shared-cost child care models.

Across all five programs studied, the central lesson is clear: Tri-Share only works when employer engagement, administrative and technology capacity, and stable financing align.

Modest- and middle-income families are the primary beneficiaries. Each program reinforced one of Tri-Share's most important value propositions: filling a gap for families who earn too much to qualify for traditional subsidies but still struggle with high child care costs. Many participating workers were in stable employment but faced quitting or changing their job due to child care affordability. This population is frequently missed by traditional assistance programs.

Provider stability improves when payments are predictable. Consistent, partial, third-party payments help stabilize participating child care programs' funding streams. While not transformational on their own, the shared contributions improved cash flow reliability and supported staffing stability, especially when paired with full-time enrollment.

The following cross-state lessons highlight the design elements, challenges, and enabling conditions that surfaced repeatedly across Michigan, Kentucky, Missouri, North Carolina, and Rapid City, South Dakota.

Common Design Elements

Despite differences in how these models work, there are similarities.

- Community recognition is the starting point. There was initial broad recognition—from businesses, parents, communities, and the public sector—that child care is an expensive but necessary good.
- Businesses see the benefits of affordable, accessible child care. The business community was interested in supporting their employees' child care needs.
- States can't shoulder the burden alone. States were willing to support child care, but budgets could not support the full cost.
- Programs are designed to help middle-income working families, not change the structure of child care financing. The cost-sharing programs help alleviate the cost of child care for a group of eligible families who are often overlooked in traditional financing solutions.
- There are inherent tax benefits in Tri-Share. Businesses may claim a percentage of qualified child care expenses, including Tri-Share expenses, on their federal taxes. Usage for state tax credits varies.

Major Variations

Despite being based on the Michigan Tri-Share model, each of the other four models operates differently and offers unique lessons for others considering the Tri-Share model.

- Cost-sharing formulas differed substantially. Michigan, North Carolina, and Rapid City used a fixed 1/3–1/3–1/3 split. Kentucky uses sliding state matches, while Missouri has flat fees for employers and a sliding scale for the state.
- Administrative structures varied widely. Most states used a single administrative hub (Michigan, Kentucky, Missouri, Rapid City), while North Carolina used a multi-entity approach involving Smart Start hubs, NCPC, and DCDEE, supported by a unified digital platform.
- Payment flow models differed. Michigan, Missouri, Rapid City, and North Carolina centralized payments through an intermediary; Kentucky instead requires employers, families, and the state to each pay providers directly.
- Evaluation was uneven. Michigan invested heavily in the evaluation of their Tri-Share program from the outset and has completed two comprehensive evaluations. Missouri and North Carolina built evaluation opportunities into early planning. Kentucky incorporated evaluation more lightly, and Rapid City emphasized learning through its philanthropic pilot.



Shared Challenges

Across states, implementers and policymakers shared similar challenges. Interviews with key figures who created Tri-Share legislation and with Tri-Share administrators were insightful.

- Employer testimonials are the most effective marketing tools. Because families can only benefit if their employers opt in, the most successful pilots invested in employer-first outreach. Employers were more likely to participate when outreach framed Tri-Share in business terms: increased employee retention, reduced absenteeism, improved morale, and recruitment advantages—rather than as a social service initiative.
- Bureaucratic hurdles and administrative capacity can slow adaptation. Tri-Share often requires new systems that bridge government infrastructure and accountability with for-profit businesses focused on bottom lines and profitability. Businesses and employers cannot always establish new payment systems.
- Start-up time and administrative complexity were consistently underestimated. Payroll adjustments, employer contracts, eligibility verification, and multi-party payment systems required substantial lead time—12 to 24 months in some cases.
- Eligibility requirements limited reach. Tri-Share's income caps and exclusion of employees eligible for alternate subsidies limits participation.
- Short-term appropriations hindered trust. Employers were reluctant to join programs without assurance of long-term state support.

Conditions for Success

Tri-Share is a complex public–private partnership that requires planning, technical infrastructure, and sustained investment to succeed. Across all models, successful implementation depended on several factors.

- Employers who see child care support as a workforce investment are better marketers for the program. Employers need clear messaging that Tri-Share programs are a workforce retention and productivity tool.
- Streamlining enrollment, invoicing, and payments through a single technology platform reduces friction and increases participant retention. A single administrative hub is central to minimizing employer burden and ensuring child care providers receive a predictable, consolidated payment.
- Scaling requires patience and realistic expectations. Smaller employers may require individualized technical assistance to understand enrollment procedures, budgeting, and how Tri-Share could fit alongside existing benefit structures.
- Tri-Share programs serve families excluded from traditional subsidies while bringing employers into the child care financing system. It is an effective business tool for stabilizing employment among modest- and middle-income families.
- Predictable public funding is critical for stability. Without dependable public dollars, employer confidence weakens and program growth stalls.

Policy Implications for Legislators

The evidence across five states reveals a set of policy choices that either enable or limit the effectiveness of Tri-Share models. Legislators evaluating this approach should weigh the following implications carefully. The following policy implications highlight the structural, administrative, and funding decisions that most strongly shape program success.

1. Clarify the policy goal.

Tri-Share is a targeted workforce support strategy designed primarily to help working families who earn too much to qualify for child care subsidies but still cannot afford market-rate care. Legislators should treat Tri-Share as a gap-filling affordability tool, a workforce recruitment and retention strategy, and a pilot for testing shared responsibility financing, rather than a universal child care solution.

2. Carefully design the cost-sharing structure.

Balance simplicity and flexibility. Fixed splits (1/3 each) work well because they have clear expectations and predictable budgetary impacts. Flexibility lowers employer barriers and potentially reaches a broader audience. States should engage business leaders early to design employer contribution levels that are feasible enough to encourage participation while still meaningful for families.

3. Invest in infrastructure.

Fragmented systems, where multiple agencies share administrative duties, slow implementation and complicate enrollment. Use technology to centralize employer onboarding, family eligibility processing, billing and payment coordination, and provider reimbursements. Legislation should fund a centralized “single payer” administrative entity with the staffing, technology, and platform capacity to manage complex multi-party transactions efficiently.

4. Allow sufficient start-up and lead time.

Tri-Share requires new payroll processes, contracting with intermediaries, and budgeting for participating businesses. Appropriations must include funding and adequate time for startup (12–24 months) before expecting strong participation or measurable results.



5. Commit to stable multi-year funding.

Pilot models and one-time grants create uncertainty that discourages employers from opting in, prevents providers from planning enrollment capacity, and limits scaling. Successfully Tri-Share programs rest on durable, multi-year funding commitments so employers and providers trust that the program is reliable.

6. Prioritize marketing and employer recruitment.

Employer participation is the gatekeeper of family access. Successful states invest in dedicated outreach staff, partnerships with Chambers of Commerce and trade groups, and simple messaging explaining workforce retention and tax benefits.

7. Build in data collection and evaluation.

Comprehensive evaluations generate valuable insights on cost savings, employee retention, and program effectiveness. Legislation should require and fund formal evaluations after adequate program maturity. These evaluations should include employer participation rates, family cost savings, workforce retention outcomes, and provider payment stability.

8. Recognize program limitations.

Policymakers should clearly communicate that Tri-Share is one tool within a broader child care funding strategy. It only serves employees whose employers participate. It does not address child care supply shortages or solve the child care workforce compensation gaps.

Conclusion: Tri-Share’s Role in the Future of Child Care Finance

There is widespread recognition that working parents cannot bear the total cost of quality child care. However, there is no consensus on who should cover—or how to cover—the difference between what parents can afford and the true cost of care.

The near collapse of child care infrastructure during the pandemic was a wake-up call for government and businesses trying to recruit and retain top talent. Stable child care has a positive impact on businesses’ bottom lines, and state governments have a greater understanding of the economic impact the lack of child care can have on their ability to attract and keep businesses in their state.

This brings us back to the question of who benefits from a stable, quality child care system? The answer: we all benefit. And if multiple parties benefit, as is the case in child care, then shouldn’t multiple parties help shoulder the cost? This foundational principle is one of the most widely used policy frameworks for evaluating public programs, funding models, and shared-responsibility systems. These state and regional Tri-Share models are notably examining the role of businesses in financing child care.

In states where Tri-Share has been considered, it brings a new understanding of the complexity of child care funding and the problems shortages pose to a key group of beneficiaries—businesses.

Tri-Share models are real-time laboratories that can help policymakers think through financing, administration, implementation of a shared responsibility.

Tri-Share alone will never reach enough families to solve the child care affordability crisis. It does, however, address how states can make child care more affordable for families not served by the current subsidy system and should be framed as part of a financing strategy.



Tri-Share will not solve the child care affordability crisis but is one way states can make child care more affordable for families not served by the current subsidy system.

In states where Tri-Share has been considered, it brings a new understanding of the complexity of child care funding and the problems shortages pose to a key group of beneficiaries—businesses. In nearly every case where Tri-Share is being considered, there is greater recognition of the role child care plays in businesses’ ability to recruit and retain employees and that some public funding is key to making child care affordable for parents and necessary to stabilize the child care field.

Tri-Share’s value lies in testing and evaluating a shared-responsibility financing model that complements existing government subsidies, PreK programs, tax credits for families and businesses, and wage supports.



Appendix

State-by-state comparison tables

A: Program Structure

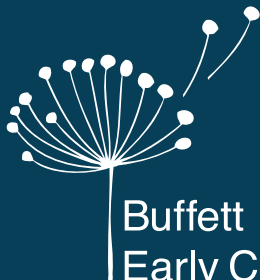
State/Region	Program Name	Funding Model	Who Pays the Third Share?	Pilot or Statewide?	Initial Funding
Michigan	MI Tri-Share	Fixed 1/3–1/3–1/3 split	State of Michigan	Statewide	State appropriations
Kentucky	ECCAP Tri-Share	Flexible employer-defined + state match	State match (varies)	Statewide	\$15M FY23–24; \$2.5M FY25
Missouri	Child Care Works	Flexible 3-way split	Employer or community partner	Concentrated in 7 regions	Mixed: state + philanthropy
North Carolina	NC Tri-Share Pilot	Fixed 1/3–1/3–1/3 split + admin fee	State of North Carolina	Pilot → statewide expansion	\$900,000 (2023–25)
Rapid City, SD	Rapid City Tri-Share	Fixed 1/3 employer, 1/3 employee, 1/3 philanthropy	John T. Vucurevich Foundation	Local pilot	\$475,000 grant

B. Eligibility Rules

State/Region	Family Income Eligibility	Employer Participation	Provider Eligibility	Who Is Excluded?
Michigan	200–325% FPL (up to 400%)	Voluntary	Licensed providers	Subsidy-eligible families
Kentucky	Broad eligibility; match phases down with income	Voluntary	Opt-in providers	Families eligible for CCAP
Missouri	150–555% FPL	Voluntary or community-led	Licensed or Registered in State Subsidy Program	Subsidy-eligible families
North Carolina	185–300% FPL	Voluntary + admin fee	Licensed providers	Subsidy-eligible except some waitlist cases
Rapid City, SD	209–325% FPL	Voluntary	Registered or unregistered meeting SDAEYC quality	Families eligible for state subsidy

C. Administration and Lessons

State/Region	Administrative Hub Model	Payment Flow	Implementation Strengths	Key Challenges
Michigan	Regional facilitator hubs	Employer + state → hub → provider	Strong evaluations; predictable payments	Variable employer adoption
Kentucky	No single hub	Employer + employee + state → provider	Flexible employer model	Unpredictable family cost; limited funding
Missouri	Community-led + state	Employer/community + employee + state → central platform → provider	Addresses supply & quality	Philanthropy-dependent; capacity needs
North Carolina	Smart Start hubs + NCPC + DCDEE	Central platform → provider	Scaled statewide	Complex admin; slow employer uptake
Rapid City, SD	SDAEYC single hub	Employer + employee → SDAEYC → provider	High employer engagement; simple admin	Time-limited funding; small scale



**Buffett
Early Childhood
Institute**

at the University of Nebraska

2111 S. 67th St., Suite 350
Omaha, NE 68106
402.554.2924

buffettinstitute.nebraska.edu

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