



MI Tri-Share Child Care Program

Program Guidance

Table of Contents

OVERVIEW	3
Background	3
History	3
Program Objectives and Guiding Principles	3
ADMINISTRATION, ROLES, AND RESPONSIBILITIES	4
Facilitator Hub Roles and Responsibilities	4
Participant Roles and Responsibilities	5
ELIGIBILITY	5
Employer Eligibility	6
Employee Eligibility	6
Provider Eligibility	7
RECRUITMENT AND ENROLLMENT	7
Recruitment	7
Enrollment	7
DATA COLLECTION AND MANAGEMENT	10
REFERENCES	10

Overview

Background

The cost of child care is one of the biggest barriers for people pursuing—or keeping—a great job. MI Tri-Share Child Care (Tri-Share), an innovative bipartisan program championed by Gov. Gretchen Whitmer, was created to address the alarming rise in parents and caregivers leaving or being unable to re-enter the workforce. A lack of access to affordable, high-quality child care is cited as a barrier to workforce entry and employer recruitment and retention.

Through Tri-Share, the cost of an employee's child care is shared equally among the employer, the employee, and the State of Michigan, with a Tri-Share facilitator (also known as a hub) providing regional coordination.

History

The enacting budget language stated the program would be administered by the Michigan Department of Labor and Economic Opportunity (LEO), in consultation with the Michigan Department of Education (Michigan Legislature 2020). The hub acts as an intermediary between employers, families, and child care providers, and performs overall program management. The hubs must assume fiduciary responsibility and possess the capacity to carry out their responsibilities to coordinate and perform administrative activities, communicate goals, recruit potential employers, and ensure families have access to personalized support to find child care that meets their needs. Hubs work closely with the Michigan Women's Commission (MWC), which makes all final decisions about the program's strategic direction and vision. The Child Care Licensing Bureau (CCLB) within the Michigan Department of Licensing and Regulatory Affairs provides implementation, data collection, and strategic guidance to support the MWC's management of Tri-Share.

Tri-Share initially received \$1.1 million in funding but has received additional state and philanthropic funding in subsequent years before becoming a recurring base program within the LEO operating budget. The pilot program required that the three pilot sites should fulfill the following parameters: one pilot site located in a city with a population between 38,000 and 39,000 and in a county with a population of between 172,000 and 173,000 according to the most recent federal decennial census, one pilot site located in a rural region, and one pilot site located in a suburban or urban region. Since then, Tri-Share has expanded beyond the original three sites to cover additional regions. The MWC, which LEO staffs, was selected to lead Tri-Share implementation, guide its strategic direction, establish program guidelines, and lead the pilot site selection process.

Program Objectives and Guiding Principles

Tri-Share aims to make child care affordable and accessible for working parents, help employers retain and attract employees, and support child care providers' sustainability. From the outset, the MWC articulated a set of clear guiding principles to manage the program. Program administrators must ensure that the following principles and priorities are consistently applied in decision making for the Tri-Share Program implementation:

- Ensure parents participating in Tri-Share have the choice of child care provider(s)
- Limit the burden to employers and child care providers in determining employee eligibility by requiring hubs to coordinate the eligibility screening process
- Help ALICE populations (Asset Limited, Income Constrained, Employed) eliminate employment barriers for those who are definitionally in the workforce, but are often underserved by existing local, state, and federal programs

Administration, Roles, and Responsibilities

This section provides details on the roles and responsibilities for facilitator hubs and Tri-Share participants. Any of these entities may be required to sign a memorandum of understanding (MOU) to participate and/or administer aspects of the Tri-Share Program.

Facilitator Hub Roles and Responsibilities

Hubs, as recipients of funding from the MWC, are responsible for executing the administrative goals and duties to ensure the program’s success. Hubs will be responsible for upholding the following responsibilities.

Fiduciary and Reimbursement Administration from the State

Each facilitator hub should submit an invoice by the 15th of each month. The invoice must include SIGMA Vendor ID, hub contact information, the word “invoice” written at the top, and separate line items for the cost of child care payments and administration reimbursed for that month.

Administrative Fees

The facilitator hub may use up to 12 percent (\$36,000) of the state award to administer the Tri-Share Program. As per the grant agreement, the transfer of funds across budget cost categories is permissible without approval, as long as the total cost of administration does not exceed 12 percent of the total grant amount. It is recommended, but not required, that the facilitator hub collect up to an additional 12 percent over the actual cost of child care from each employer and employee.

Coordination of Payments

In accordance with this manual, hubs will further create and define payment policies and coordinate and administer billing and fees among child care providers, employers, employees, and the State of Michigan. Hubs should strive to pay providers on a weekly basis, but have the flexibility to set up an alternative schedule if a provider prefers a different arrangement (e.g., biweekly, monthly, etc.) and work with the MWC to identify any potential strategies to make this possible. As the program expands, the ability to make weekly payments will be prioritized in the selection of new hubs.

Reporting Requirements

Hubs shall submit monthly, by the 15th of each month, the *MI Tri-Share Child Care Grant Monthly Report* and the *MI Tri-Share Monthly Data Collection* spreadsheet using established templates.

Monthly Check-in Calls

Hubs shall participate in monthly check-in calls with the program administrator.

Program Evaluation

Hubs shall participate in evaluations and support efforts to assess outcomes and make program improvements.

Personalized Support for Employees

Hubs ensure employees have personalized support to select a licensed child care provider that meets their needs. This support can be provided by the hub directly or by an existing child care resource and referral agency, such as Great Start to Quality Resource Centers.

Eligibility Determinations for Employees

Hubs will gather income data and determine if the employee is eligible to participate in the program. Any exceptions for employee eligibility (e.g., requesting that employees with incomes above the federal poverty level [FPL] cap be allowed to participate) will be made by the MWC.

Participant Roles and Responsibilities

Employees are responsible for contributing one-third of their child care cost unless their employer opts to pay it. Employees with a change in employment status are responsible for making the full payment to their child care provider.

Participating employers are responsible for working with hubs to pay their portion of the benefit amount. Employers are allowed to pay some or all of the employee's portion of the benefit amount. While hubs have the flexibility to set up alternative payment approaches if needed, hubs are strongly encouraged to have the employer withhold the employee portion as part of the payroll process and combine it with the employer portion, which is paid to the hub. The hub then typically contributes the amount equal to the state's one-third payment portion and pays invoices submitted by providers. Employers wishing to end their participation in the program shall provide hubs and employees with no less than a written 60-day notice.

Eligibility

With the intended purpose of targeting Tri-Share resources to the ALICE population, the MWC has established eligibility criteria for all participant types. Self-employed workers with children are eligible to participate as long as they meet all other requirements and sign an MOU as an employer. Similarly, child care providers are eligible to serve as both an employer and a provider as long as they meet all other requirements and sign all relevant MOUs. As previously stated, the hubs are responsible for vetting participant eligibility, with support from the MWC.

Employer Eligibility

Employers must be located in Michigan, with at least one location within a county served by an existing hub. The list of hubs, as well as the counties they serve, are listed on the Tri-Share [website](#).

Employers operating in two or more counties that are served by different hubs are called “multisite employers.” These employers are served differently depending on the degree to which their payroll systems are centralized or decentralized. The MWC has determined that centralized employers, those with a single payroll system across all locations, work solely with the hub designated by the MWC, in an effort to simplify program management, reduce the administrative burden on employers, and streamline payment processes. Decentralized employers—those with separate payroll systems for each worksite—will work with each hub that aligns with their participating locations. To the extent needed, all employers should leverage support from local hubs in identifying child care providers to support their eligible employees.

Employers have flexibility in deciding how many child care slots should be offered to participating employees and their families. Possible ways to make this determination include:

- Each participating family receives one slot
- Participating families receive multiple slots based on how many children need care
- Participating families receive one or multiple slots based on financial need

There is no minimum or maximum number of employees who can participate. Because contribution amounts are determined based on employee child care costs, there is no minimum financial contribution as long as the employer’s payment represents one-third of the employee’s child care costs.

Employers will be asked to participate in data collection processes implemented by the evaluation team. These may include, but are not limited to, focus groups, surveys, and interviews. Employers should be willing to actively participate in gathering this information to the best of their ability.

Employee Eligibility

To participate in Tri-Share, an employee must reside in the state of Michigan and be ineligible for the Child Development and Care (CDC) program (commonly called the child care subsidy). If an employee who would appear to be eligible for child care subsidy based on household income receives a denial letter from the Michigan Department of Health and Human Services (MDHHS) after completing the screening process, they can be considered for Tri-Share participation if they meet all other qualifications. The MWC will make the final determination on a case-by-case basis through the waiver process.

There is also an income-based requirement. Eligibility is determined using the employee’s family size and household income, which is based on the income of all contributing adults who live in the home. Unless a waiver is granted, an employee’s household income must be between 200 percent and 325 percent of the FPL (as of February 2023).

Seasonal income is considered contractual income if it is income meant to cover the other months when that household member is not working. For example, if an employee works for six months of the year, the hub would calculate their average monthly income by dividing their total income by 12 months.

Eligible child care includes all licensed part-time or full-time care, including before- and after-school care, preschool programs, and summer care/camps. Children of all ages qualify for Tri-Share, as long as they receive care from a licensed provider.

Provider Eligibility

To receive Tri-Share benefits, an employee must select a licensed child care provider. The employee can select any licensed child care provider that meets their needs, with as-needed support from hubs and their partners. Employees may opt to use their existing child care provider if it is a licensed provider. Employees may have children placed with multiple providers. Eligible child care providers do not need to be located inside a designated hub region.

Child care providers are not allowed to increase rates for families because of their participation in the MI Tri-Share Program. This does not include when child care rates for all families increase for reasons not related to Tri-Share (based on annual tuition increase, cost of living, etc.).

Recruitment and Enrollment

Recruitment

The Tri-Share model uses a decentralized hub model that leverages existing connections between hubs and other businesses in the community. Hubs are encouraged to consult their networks of local employers and proactively recruit potentially eligible partner employees, employers, and child care providers. Hubs will have access to consistent branding materials provided by the MWC for recruitment and marketing. The [Tri-Share website](#) hosts these materials. Hubs know their community best and should fairly recruit participants.

Tri-Share is a valuable component within the broader child care continuum of care in Michigan and must work with other programs to ensure adequate availability of child care options. As such, hubs are encouraged to refer parents who are not eligible for Tri-Share to their local Great Start to Quality Resource Center or other appropriate child care partners. Hubs should refer ineligible parents to the Michigan CDC subsidy program if they are below the minimum household income to participate in Tri-Share. Hubs should document and track referrals to other child care programs when parents do not meet the Tri-Share income eligibility requirement.

Enrollment

Employer Enrollment

Most hubs require an employee to sign an MOU to participate in Tri-Share. While individual employers are encouraged to consult their own tax professionals during the enrollment process, the Michigan Department of Treasury has provided guidance on several common tax-related questions (as of December 2022). This is not official tax advice; employers and their tax professionals should reach out to the Michigan Department of Treasury or the Internal Revenue Service (IRS) for any additional information and/or clarification.

Employee Pre-tax or After-tax Withholding

Employers are responsible for withholding the employee's portion of the child care payment (one-third of the total monthly costs). Federal law and the employer plan's terms will determine whether the employee contributions may be made with pre-tax dollars. A plan that qualifies as a dependent care assistance program (DCAP) will allow for pre-tax contributions. The IRS views employer benefits like dependent care flexible spending accounts (FSAs) as DCAPs.

Employer Portion as Taxable Income

Under a DCAP, employees may exclude employer contributions from federal income equal to the smallest of any of the following three income sources: (1) the employee's earned income or the earned income of the lower-earning spouse if the employee is married, (2) dependent care benefits received, or (3) the statutory exclusion amount. Note, the state assistance amount is likely taxable unearned income for federal tax purposes and included in adjusted gross income (AGI) for state income tax purposes.

State Portion as Taxable Income

Taxable income under the Michigan Income Tax Act (ITA) begins with AGI as defined under the Internal Revenue Code (IRC). Amounts included in federal AGI flow through to the Michigan income tax base unless there is a statutory adjustment provided for in the ITA; the ITA has no adjustments for childcare assistance payments. While this is not official tax advice, in a December 2022 letter, the Michigan Department of Treasury indicated its preliminary belief that the IRS would likely determine that the state's portion will not be taxable income. Again, it is important for all interested employers to consult their tax professionals on any tax-related questions associated with Tri-Share participation.

FSA Applicability for Tri-Share

Applying FSA dollars to Tri-Share would follow the same process as that of other FSA expenditures where the employee requests reimbursement of paid qualifying expenses from the FSA administrator. Employee reimbursements below the IRC § 129 limitations are excluded from gross income while amounts paid reimbursed over this limit are taxable to the employee.

Child Care Tax Credit Eligibility

A program established as a DCAP should not interfere with the federal child tax credit; however, employees cannot claim qualifying expenses excluded from income when computing the federal credit.

Tax Deductions

There may be possible deductions for employers; please always consult with your tax professional/adviser if you have questions related to tax deductions.

For additional detail on the policies and procedures for making Tri-Share payments to providers, see the Facilitator Hub Roles and Responsibilities section.

Provider Enrollment

Providers can enroll in the program by contacting their county's respective hub. Hubs will work with licensed providers to enroll them in the program and may require providers to sign an MOU.

Employee Enrollment

An employee is officially enrolled in Tri-Share on the date of the first Tri-Share-supported payment to a provider. Enrollment in Tri-Share requires the completion of the eligibility screening approval process and the signing of all relevant MOUs, as well as the selection or continued use of a licensed provider.

Initial Eligibility Screening

Hubs are responsible for completing the eligibility screening process for potential employee participants. This process must be completed before an eligible employee can enroll in Tri-Share, but it is not required before an employer and/or provider has completed their enrollment in Tri-Share.

Currently, each hub has the flexibility to conduct the eligibility screening using their preferred processes and tools, but they must include the collection and analysis of household data to determine whether total household income falls within the eligibility threshold for participation. This information can be collected over the phone, in person, or digitally (e.g., email, online survey tool, etc.). Hubs can also request recent pay statements to verify their income. Data collected through these processes, which are likely to include household size, income, location, and other factors, must be kept confidential by the hub and only used for the purpose of determining employee eligibility.

If an employee's household income falls within the established eligibility, they can continue the enrollment process.

As previously stated, an employee who does not meet the minimum eligibility threshold should initially be referred to MDHHS to determine eligibility for child care subsidy support. After submitting a complete application for subsidy support, if an employee is denied access and can provide their hub with the denial letter, the hub can make a determination about whether to appeal to the MWC for a waiver. If the employee is above the maximum threshold, then upon notification from the hub, the MWC should evaluate the appeal and make a determination.

Waiver Process

The waiver process should only take place once an employer has enrolled in the Tri-Share Program. The hub may then request the MWC consider a waiver for the potential employee participant whose household income is not within the eligibility window. The MWC makes the final decision about whether an employee should be granted a waiver to participate by conducting the process outlined below.

After an initial denial, the hub should speak with the employee about the waiver process. When appropriate, hubs will submit a waiver request to the MWC via email, along with any other relevant information the MWC requests. The MWC may consider a wide range of factors when making its final decision, including household income, funding availability, and hub administrative capacity. While there is not established household income maximum to apply for waiver, the MWC intends to focus on providing waivers to those falling just outside the eligibility window. The MWC will provide a decision within ten business days to the requesting hub and employee.

Reassessment Process

As of July 1, 2023, initial Tri-Share approval is valid for two years, after which employee's eligibility must be reassessed. If an employee was enrolled in Tri-Share before July 1, 2023, they will need to complete the reassessment process before July 1, 2025. All employees enrolled after July 1, 2023, will need to complete

the reassessment process before the two-year anniversary of their enrollment. As previously stated, an employee's official enrollment date occurs when the first Tri-Share supported payment is made to a provider.

Hubs will lead the reassessment process, which will begin within 45 to 60 days of the reassessment deadline. A hub will notify the employee and employer of the need to conduct an employee eligibility reassessment during this window. At the time of reassessment, the employee's household income can be up to 200 percent more than the minimum entry threshold. As of February 2023, this would mean that at reassessment, an employee's household income would need to be between 200 and 400 percent of the FPL.

Hubs are expected to use the same screening process at reassessment and all other non-income-related rules still apply. Employees will receive a reassessment decision at least 30 days before their two-year program anniversary date, which will allow for any needed waiver process to be completed before program expiration. The same waiver process and rules apply during the reassessment phase. An employee determined to be no longer eligible and without a waiver will lose the program benefit 30 days after their reassessment date. If they remain in the program after reassessment, they will continue to be reassessed every two years using the same timing and process.

Data Collection and Management

To empower program administrators to make data-driven decisions, hubs will submit monthly reports on their work to the CCLB according to a timeline established in the Facilitator Hub Roles and Responsibilities section of this manual. Reports require the collection of data related to recruitment and enrollment as well as other key issues that should be addressed. This includes participant information, program performance data (e.g., number of children served, referrals to the MDHHS CDC program, child care type, contribution amounts, etc.); demographic data (e.g., name, race and ethnicity, gender, marital status, location, number of children, household size); as well as financial, child care, and other relevant data (e.g., household income, number of children, number of children served by Tri-Share, etc.). The CCLB will develop and maintain the data collection template and update it as needed.

These reports, and other program data, will also allow the CCLB to support program implementation and evaluation. The CCLB can use this data to assess Tri-Share effectiveness, develop and monitor program goals to ensure alignment with relevant strategic plans, craft an annual report that documents program outcomes, and provide recommendations to increase enrollment and improve program performance.

References

Michigan Legislature. September 30, 2020. "Act No. 166." *Public Acts of 2020*. Accessed March 23, 2023. <http://www.legislature.mi.gov/documents/2019-2020/publicact/pdf/2020-PA-0166.pdf>