

## Learning from Australia's Community Child Care Fund

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Access to quality, affordable child care is critical to ensuring the well-being of children, boosting employment opportunities for parents, and advancing inclusive economic growth. But the current US child care system, which relies mostly on subsidies known as portable vouchers, is broken. In many states and localities, portable vouchers are not sufficiently funded to reach all eligible families. In fact, nearly 60 percent of rural communities in the US are child care deserts. These challenges, which the COVID-19 pandemic has only exacerbated, can undermine labor force participation and economic mobility, particularly for women and parents of color. To ensure a sustainable, effective child care system, policymakers can consider fundamental changes to the current child care infrastructure.

### Policy Innovation

The Australian Community Child Care Fund (CCCF) provides grant-based operational support to child care providers working in disadvantaged communities, particularly those that serve Australia's Indigenous people. This funding gives child care providers more stability, allowing them to plan their services over a longer time horizon, and may enable more providers to open child care centers in high-need areas. CCCF was implemented in 2018 as part of a wider child care reform package, so more evidence is needed to fully assess its impact. But the program's design and application can provide lessons for US policymakers looking to address child care funding challenges for disadvantaged populations.

### Key Takeaways for US Policymakers

1. Target funding to child care programs that **serve historically disadvantaged communities**, including communities of color and rural communities.
2. **Provide core operational support to incentivize new providers** to create services in child care deserts and encourage investments in service quality.
3. Use grant funding (within program guidelines) to **provide flexibility and encourage innovation** in service delivery, potentially driving down costs and increasing quality of care.

### Bottom Line

Although Australia's CCCF is a new program with a short track record, it offers a useful and adaptable model, as it was designed to address a child care access gap similar to that in the US. Ultimately, as policymakers consider how to address underlying child care funding difficulties in both the short and long terms, lessons from the CCCF can support efforts to make the US child care system more sustainable and equitable.

*This fact sheet draws from the Urban Institute brief "Stabilizing Child Care Supply through a New Funding Mechanism," available at <https://www.urban.org/research/publication/stabilizing-child-care-supply-through-new-funding-mechanism>.*