Stabilizing Child Care Supply through a New Funding Mechanism

Isabella Remor and Reehana Raza

October 2021
The COVID-19 pandemic has underscored both the importance and the vulnerability of many of our country’s support systems. As we move toward recovery, we can strengthen policies and programs so they better support an inclusive economy and ensure equitable access to services and opportunities. This moment offers us the chance to learn from other countries and to explore how solutions they have undertaken might be applied or adapted to our circumstances.

The United States lags behind its peer countries in government spending on children and families, ranking 36th out of the 38 Organisation for Economic Co-operation and Development member countries in 2019. Adequate supply of high-quality child care is especially a concern in socially and economically marginalized communities, particularly communities in rural settings. In fact, nearly 60 percent of rural communities in the US are classified as child care deserts, defined as areas with an insufficient supply of licensed providers (Malik et al. 2018). The COVID-19 pandemic has only exacerbated these issues, and now policymakers are considering fundamental changes to the child care infrastructure to ensure an inclusive recovery. To inform policymakers in reforming the child care sector, the Urban Institute conducted a landscape scan of innovative policies from abroad, identifying the Australian Community Child Care Fund (CCCF) as a program that could offer valuable lessons.
For decades, advocates, policy experts, and practitioners have called attention to the broken child care system in the United States, highlighting inadequate government funding for subsidies to parents, otherwise known as portable vouchers. In many states and localities, portable vouchers are not sufficiently funded to reach all eligible families or to support sufficient and quality child care coverage. Child care providers can fail to survive in underresourced communities because of market failures, and the current funding system does not sufficiently compensate for this. Consequently, many families cannot access child care, because they are priced out of the market or because the programs do not meet their needs and are not of high-enough quality.

The CCCF provides direct operational support to child care providers working in historically underserved communities, particularly those that serve Australia’s Indigenous people. Providers can use the CCCF core operational funds to cover overhead costs, improve their programs, or both. Core funding aims to give child care providers more stability, allowing them to plan their services over a longer time horizon, and to encourage more providers to open child care centers in challenging markets. More evidence on the CCCF system is needed to assess its success, but its design and application provide three key lessons for policymakers addressing child care funding challenges in underserved populations:

1. Target providers in rural and historically underserved communities and populations.
2. Offer providers stability by providing core operational funding that does not vary with enrollment.
3. Give providers flexibility with grants.

Although any US implementation of a CCCF program will need to be translated to a US context and tailored to local needs, the US could use these three lessons to make its child care infrastructure more sustainable and equitable. Informed by a review of literature and interviews with US and Australian policy experts, this brief reviews challenges with the US child care system before turning to examine the Australian CCCF model and identify potential lessons for US policymakers.

Child Care Provision in the United States

Access to quality and affordable child care in the US is critical to ensuring children’s well-being, boosting parents’ employment opportunities, and advancing inclusive economic growth (RegionTrack Inc. 2019). Barriers to child care access can undermine participation in the labor force and economic mobility, with disproportionate effects on women and parents of color (Landivar et al. 2020; Malik and Hamm 2017). In the US, child care financing involves several streams of funding. In addition to what a family pays out
of pocket, private funding streams through employers and foundations and public funds from federal, state, and local governments contribute to child care funding. In 2017, it was estimated that families pay 52 percent of the total cost of child care, public financing (federal, state, and local) covers 46 percent, and the private sector covers approximately 2 percent (Committee on Financing 2018).

Most federal funding to state governments for child care comes through the Child Care Development Fund (CCDF), which is authorized via the Child Care and Development Block Grant Act (Committee on Financing 2018). The bulk of CCDF funds is allocated for the subsidy, most commonly through portable vouchers or contracts for guaranteed child care slots. States can also use CCDF funds to supplement contracts with targeted grants to create stability for providers, ensure guaranteed child care slots, and improve quality. However, only 30 states used the CCDF for grants and contracts before the pandemic, with only 4 to 7 percent of CCDF funds delivered in this way (Committee on Financing 2018).

Many providers have struggled to survive during (and even before) the COVID-19 pandemic because their underlying funding structure is inadequate. Because of underfunding in the US, access to child care depends heavily on parents’ ability to pay, even if parents qualify for and receive portable vouchers (Wat 2020). Inadequate funding can dictate whether child care providers can survive in certain locations, undermining supply. With insufficient or unpredictable funding, providers struggle to remain operational and provide quality care. Three specific problems have given rise to market volatility in the supply of child care providers:

1. **Federal funding for portable vouchers is insufficient.** Currently, federal funds do not provide enough funding to meet demand. In 2017, only one of every six children eligible for a voucher under federal rules received it, leaving many families unable to access child care unless they were willing and able to pay out of pocket.10

2. **States set inadequate payment caps for portable vouchers.** States also set the payment cap, or maximum reimbursements for providers, for the portable subsidy too low, meaning the subsidy may not cover the fees providers can charge in the private market.11 When states do not set an adequate payment cap, parents only have access to a smaller (and lower-priced) proportion of providers. New providers, furthermore, may be dissuaded from entering areas where payment caps are insufficient, which disproportionately disadvantages low-income and middle-income areas.

3. **Portable vouchers create instability for providers.** Portability gives parents flexibility in choosing and changing providers as their needs and circumstances change. While portability benefits parents, it can create a high degree of variability in enrollment for child care providers. Providers that rely almost exclusively on income from portable vouchers, which can be common
in low-income communities, cannot accurately predict their level of income month to month. This can be problematic when providers need to determine their operational budgets, and makes it difficult for providers to plan beyond the immediate short term.

Child care challenges are acutely felt in rural and poor areas. Research shows that 59 percent of rural communities in the United States are child care deserts (Malik et al. 2018). Urban populations in the bottom income quintile have approximately the same access to child care providers as the average rural area. When these data are disaggregated by race, American Indian and Alaska Native and Latinx populations are more likely to live in child care deserts, with 60 percent of American Indian and Alaska Native and 57 percent of Latinx populations living in areas with insufficient child care providers (compared with the national average, 51 percent). Targeting funding to these areas to support existing programs and encourage new child care providers could help address these disparities.

The COVID-19 pandemic is likely to have put the child care provision system under greater stress. Health precautions have raised the cost of operating child care programs, further undermining many providers’ financial viability (NAEYC 2020). Demand for child care also remains uncertain as families assess the health risks of care settings and in-person employment. Unpredictable school and office closures have contributed as well. Another challenge is staffing child care in the postpandemic environment because of labor shortages and the low remuneration in the sector.

Challenges precipitated by the COVID-19 pandemic will have profound equity implications for the child care sector, as many providers bearing the brunt of the pandemic’s effects are small businesses run by women of color. With 40 percent of the child care sector’s workforce being women of color, child care closures are likely to disproportionately affect Black and Latinx women (Ewing-Nelson 2020). Further, child care closures will negatively affect all women in the workforce. The maternal labor force participation rate is 3 percent lower in child care deserts than in communities with adequate child care supply, and the pandemic has disproportionately affected mothers in the workforce—one in three is considering deprioritizing their careers or leaving the workforce entirely (Ewing-Nelson 2020). Although policymakers have already enacted short-term emergency measures, equitable long-term stability in the child care sector will require reforming the underlying funding structure as well as increasing the overall levels of government funding.

**Australia’s Community Child Care Fund**

Following a 2015 change in government, the Australian government wanted to reform the existing child care system to better support workforce participation (particularly for women), simplify child care...
payments, address early learning and development, and meet the needs of all families, particularly those underserved or living in remote areas (Productivity Commission 2014). In 2018, the Australian government introduced the CCCF as part of its Child Care Package legislation. Integrated into the existing Australian market-based system, which is similar to the US system, the CCCF uses grants to provide core operational support for providers serving historically marginalized or lower-income communities or operating in a rural or remote area. Although evidence on the program’s impact is limited and the program has some limitations, the Australian CCCF provides promising insights into how the US can work within its existing system to equitably reform the child care funding model.

Community Child Care Fund Background and Context
In Australia, the central government is responsible for workforce and labor issues, while states and territories are responsible for education. Because child care affects both the workforce and childhood learning and development, the federal, state (box 1), and territory parliaments all hold powers over early childhood education and care policy. As such, the federal government funds and administers the CCCF, while the states and territories regulate child care providers on the basis of the National Quality Framework.

Australian government child care funding today is administered through three separate arms: (1) the Child Care Subsidy (CCS), (2) the universal provision for preschool (years 3 and 4), and (3) the CCCF. The CCS, to which most federal funding is allocated, works to increase labor force participation by providing a subsidized portable voucher dependent on family income, level of parental activity (employment, study, volunteering, etc.), and an hourly cap based on the child’s age and the type of child care. This subsidy aims to provide parents with the flexibility to choose any care provider that best aligns with their needs and circumstances via portability, as does the American portable voucher. However, the CCS is not enough to increase child care supply in areas where demand may be limited or where employment opportunities for parents are scarce. Because the level of subsidy a family receives depends on parental activity, low parental employment rates could leave child care unaffordable even after the subsidy or could render parents ineligible for the subsidy altogether. The CCCF aims to fill this gap. This is not unlike in the US, where states can employ contracts and grants to improve quality and supply. The key distinguishing feature of the CCCF is the use of grants for core operational support, allowing providers to use the funding as they see appropriate to meet the needs of children in their care.

Innovative Strategies of the Community Child Care Fund
The CCCF enables the Australian government to maintain a market-friendly structure while allowing at-risk providers to stay open in vulnerable communities. Without supports for the CCS, these remote or
otherwise vulnerable communities often cannot sustain even one provider. Through two key policy innovations, the CCCF supports at-risk providers while operating within a market-based structure.

1. TARGETING FUNDS TO PROVIDERS IN UNDERSERVED COMMUNITIES
The CCCF targets grants for core child care operations to providers that operate in economically difficult settings, including those in sparsely populated locations or areas where the formal employment rate is too low for families to benefit from the CCS. Because of this specific targeting, the program supports only 5 percent of providers in the child care market. CCCF grants are available through three funding streams: (1) open competitive grants, (2) restricted noncompetitive grants, and (3) a program called Connected Beginnings.

The Australian Department of Education, Skills and Employment, a federal agency, uses multiple data sources to identify providers eligible for the competitive grant opportunity. Providers from selected underserved communities, such as rural communities, can apply for the open competitive grants. This funding is intended to supplement providers’ income from private fees or subsidies for up to five years but in practice is usually awarded for three years. If selected, providers can use the CCCF funding to increase their capacity and cultural competency, equipping them to better meet the needs of underserved children and families.

Restricted noncompetitive grants are targeted toward Aboriginal and Indigenous Torres Strait Island children who, because of the country’s history of colonialism and systemic exclusion, often lack economic opportunity compared with the broader Australian community. All organizations funded by noncompetitive grants also received block funding under the program that preceded the Child Care Package and CCCF.

Connected Beginnings aims to ensure Aboriginal and Torres Strait Islander children in areas of high need are well prepared for school by supporting them from birth to school age. Pregnant Aboriginal and Torres Strait Islander women are also covered. A core objective is that, over time, the initiative will help improve school readiness and education outcomes for Aboriginal and Torres Strait Islander children.

2. OFFERING CORE OPERATIONAL FUNDING, NOT JUST SUBSIDIES FOR PARENTS
The CCCF provides funding in two main categories: sustainability support to ensure long-term viability and capital support to increase the supply of child care providers in areas of high unmet demand. Without supplemental support, providers with a limited number of fee-paying families or CCS-supplemented tuition could experience too much volatility in income. A lack of sustainability could lead providers to offer lesser-quality child care or could create a misalignment of price and cost, both of which would negatively impact the quality of care children receive as well as providers’ financial viability.
The predictable income offered by the five-year grant period is crucial in enabling providers to plan for the longer term. Core operational funding better allows providers to invest in aspects of their business than a variable subsidy income alone; such investments may include additional training programs for staff, infrastructure, and supplies. Because operational funding is via grants instead of subsidy-based contracts tied to a specific number of child care slots, providers have the flexibility to spend according to their needs and adjust budgets as needed as the situation on the ground evolves.

BOX 1

Victoria School Readiness Funding

Some states in Australia have adopted locally specific programs with operational funding and grant-targeting features similar to those of the Community Child Care Fund (CCCF). The 2015 Australian Early Development Census revealed that one in five children in Victoria begin school “developmentally vulnerable.”\(^a\) Lawmakers in Victoria, the second-largest state in Australia by population, responded by implementing the School Readiness Funding program in 2019 to supplement operational funding for kindergartens.\(^b\) The School Readiness Funding program aims to ensure that children who need more support receive it, focusing on the delivery of quality education in the year before school.

Kindergartens may use funding from the program to “enhance kindergarten programs and improve outcomes for children, particularly children more likely to experience educational disadvantage.”\(^c\) Program funding is also determined based on the needs of the parents and communities the kindergartens serve.\(^d\) Victoria analyzes occupation and education data to predict educational disadvantage. Similar data are collected in local schools and child care and early education centers to help the state government better allocate needs-based funding.

In the first year of the School Readiness Funding program, Victoria’s state government announced it would deliver about AU$160 million (approximately US$118 million) in funding over the following four years. Funding is awarded in amounts from AU$1,000 (approximately US$740) to over AU$200,000 (approximately US$147,000) for services with high numbers of children in attendance and high need. Need is assessed using Student Family Occupation and Education data for enrolled children to ensure that the kindergartens most in need receive the most funding.

The grant period for School Readiness Funding is two years. Funding can be used to support three priority areas: (1) children’s communication and language, (2) children’s well-being (social and emotional), and (3) access and inclusion. During the first round of funding, all kindergarten services run by Aboriginal Community Controlled Organizations received funding by default, regardless of how many other providers in the identified priority areas were granted funding. The School Readiness Funding program is now a permanent funding mechanism for kindergarten budget allocations in Victoria. Providers can rely on consistent funding and plan their activities accordingly.


\(^d\) “School Readiness Funding,” Victoria State Government.
Barriers Encountered by the Community Child Care Fund

The CCCF is still in its early days of implementation, with outcome evaluations not yet completed and further delayed by the pandemic. Experts interviewed for this brief felt that while the Australian CCCF effectively targets funding to the desired communities, concerns about its scale and implementation remain.

THE BUDGET ALLOCATED TO THE CCCF IS TOO SMALL TO SPUR SYSTEMIC CHANGE

In 2018, the Australian government distributed AU$271 million (approximately US$200 million) to providers via the CCCF, which accounted for only about 3.5 percent of the AU$7.7 billion expenditure (approximately US$5.6 billion for the CCS in the 2019 fiscal year). Experts argue that the CCCF needs more funding to ensure that all children in underserved communities have access to child care and that its quality is comparable with providers in more stable markets. Experts also noted that the short duration of the CCCF competitive grants (usually three years) and inability of providers to receive funding beyond the initial grant period could hinder long-term planning.

TARGETING SUPPORT GENERATES ADMINISTRATIVE COSTS

Although narrow targeting offers tangible equity benefits, it adds administrative costs and burdens. The number of applications usually far outweighs the number of available grants, and the process for determining eligibility is complex. Some experts were concerned that many smaller providers without experience applying for grants would find the application too cumbersome or face other barriers dissuading them from applying. The CCCF also experienced significant administrative delays in determining allocations, notifying providers of their grant application status, and communicating when providers would receive funds. If a similar child care funding approach were to be undertaken in the US, existing grantmaking processes could mitigate some administrative challenges.

Translating the Community Child Care Fund to the US

In response to the pandemic-induced child care crisis, more US policymakers have recognized that high-quality child care is a critical part of human infrastructure and necessary for an inclusive recovery. Legislators have signaled a renewed focus on child care, with more than US$52.5 billion in pandemic-related stimulus packages already committed to support child care access and women returning to the workforce. More funds could also be directed to the child care sector under the American Families Plan, which tentatively includes US$225 billion in child care funding.

Although some of the funding already allocated toward child care has been earmarked to stabilize the market through direct operational grants as an emergency measure, states could use additional
funds to mimic the Australian CCCF and help providers in underserved communities cover operational costs (figure 1). In the long term after stimulus funds expire, recognition that certain providers struggle to survive in remote areas could justify continued operational support under a CCCF-like mechanism. Beyond COVID-19 stabilization funding, states might use CCDF funds to offer core operational funding to providers serving populations that lack sufficient high-quality child care. Whereas the Australian federal government manages the CCCF, US federal funds would be channeled to the states through the CCDF, giving states autonomy to spend the funds within federal guidelines. This autonomy could allow states to opt in to a CCCF-like mechanism within the current law through grants that use CCDF funds as set-aside funding that is earmarked to improve quality.29

**FIGURE 1**  
Existing United States and Australian Funding of the Child Care Sector

![Diagram showing the funding structure for child care in the US and Australia](image)

**Source:** Authors.  
**Notes:** This figure shows the funding that existed in the US and Australia before the COVID-19 pandemic, and therefore does not show COVID-19 stimulus funding or other pandemic-related interventions. In both the US and Australia, states/territories also fund preschool programs and are responsible for licensing providers in accordance with their quality framework. CCCF = Community Child Care Fund; CCDF = Child Care and Development Fund.

Any adaptation of the CCCF will need to be customized to the US context, and the following three key lessons for US policymakers are crucial.
Target Funding to Historically Underserved Communities and Populations

The most notable aspect of the CCCF is its explicit effort to target operational funding supports toward providers serving marginalized children and communities. The CCCF acknowledges the history of colonialism that led to a lack of economic opportunity by specifically targeting child care providers that serve Aboriginal and Indigenous Torres Strait Island children who have experienced a variety of disparities compared with the broader Australian community. These 157 providers are guaranteed funding under the noncompetitive grant each year. US lawmakers could provide similar guaranteed funding to child care providers in areas with a substantial Indigenous population or other underserved populations to ensure that children in these areas can access quality care.

The Australian CCCF also focuses on other marginalized communities and rural areas via the open competitive grants to help providers better serve children and families. This practice is likely adaptable to the US child care system, given similar racial and ethnic inequities in access to child care (among other services). By focusing on disinvested communities and populations, US policymakers can combat a racist history of economic disenfranchisement and segregation in housing and employment that has disproportionately placed barriers to child care access in the paths of communities and populations of color.

Provide Core Operational Funding to Providers in the Long Term

The pandemic has stressed the existing child care provision challenges in the US and policymakers could consider implementing core operational funding similar to that provided by the Australian CCCF. By offering core operational support, US policymakers could stabilize child care provision in underserved and riskier markets and perhaps better meet their other objectives, including increasing the number of child care slots that subsidies currently provide, investing more in resources that enhance the quality of child care, and expanding into new markets. While operational grants are already being distributed via COVID-19 stabilization funds, continuing and institutionalizing such funds will be necessary as the US works toward an inclusive recovery from the pandemic and beyond. The grantmaking systems states are deploying for COVID-19 relief may even mitigate the administrative burdens caused by targeted grants, as seen in the implementation of the CCCF in Australia.

Give Providers Flexibility with Grants

In Australia, operational support under the CCCF has been provided via grants rather than contracts. Contracts in the US are typically subsidy based and fund the enrollment of a specific number of children or subsidized child care slots (Adams, Ewen, and Luetmer 2021). Contracts also conventionally have a
strong compliance requirement and offer policymakers more certainty on the supply of child care slots, but may limit providers' flexibility in spending funds. Using grants to fund core operations, however, may give providers greater flexibility within the government's broad guidelines. With added flexibility, providers may be more innovative in how they offer child care services, unlike with contract-based funding that sets specific targets for providers to meet. Such innovations could lead to different types of provision, lower costs, and better-quality care.

Looking Forward

The Australian CCCF offers one approach to addressing the financing challenges that can lead to volatility and inaccessibility in the US child care market. The CCCF model provides a framework mitigating the volatility created by portable child care vouchers and subsidies. The program design addresses inequities within the market-based system by targeting providers in underserved communities, stabilizing providers' income by supplementing voucher income with operational funding, and awarding grants to allow funding to be used for diverse activities as providers deem necessary.

Ultimately, as US policymakers consider how to use pandemic stimulus funds in the short term and address the underlying child care funding issues in the long term, we believe the lessons learned from the design and implementation of the CCCF can be adapted to fit the specific needs and contexts of underserved communities and to stabilize provision in the child care market.

Notes


2 The data on child care deserts from Malik and coauthors (2018) have limitations for our purposes, namely that the analysis included only licensed providers and did not consider many of the dimensions of access discussed in Note 5. Yet, we believe these are the best available data to show the market failures within the child care sector discussed in this brief.

3 “Eligible parents are given a voucher [funded by the Child Care and Development Fund,] which they can use to purchase care from any legally operating child care provider that will accept the voucher as payment. Once parents choose providers, providers usually enter into an agreement with the voucher agency whereby providers are directly reimbursed for caring for the child(ren) during the days and hours that are authorized under the voucher” (Adams, Rohacek, and Snyder 2008, 2).

4 A market failure is an economic situation defined by an inefficient distribution of goods and services in the free market, compared with what is socially optimal. Market failures can arise for many reasons but in the child care market, they arise from the externalities and public good characteristics of child care provisions (Harbach 2015).

5 Access to child care is a multidimensional issue that encompasses the degree to which families are able to gain child care with reasonable effort, the affordability of child care, whether available child care meets the parents'
needs, whether the child care adequately supports each child’s development, whether available child care is of quality, and whether underserved populations face structural barriers to child care (Thomson et al. 2020). The predominant focus in this brief is stabilizing the supply of child care, thus, we focus on the degree to which families are able to gain child care, considering reasonable effort and affordability of child care.


A contract is “an agreement between a funding entity and an individual or organization that involves a commitment of funds or resources, for a specified time period, and lays out conditions that the recipient must meet to access those funds and be in compliance.” Contacts are most commonly subsidy based and tied to a number of provided child care slots rather than to operational support (Adams, Ewen, and Lueter 2021, vi).

A grant is an agreement whereby “one party grants funds to another party to engage in a particular activity or produce a specific outcome or result” (National Center on Child Care Subsidy Innovation and Accountability and State Capacity Building Center 2016, 2).

States are required to spend at least 9 percent of CCDF funds to support quality and supply and 3 percent to support care for infants and toddlers (Chien 2021).

Federal eligibility requirements for portable child care vouchers are (1) the child must be younger than 13 (if the child has special needs, the child must be younger than 19); (2) the child’s family income must be less than 85 percent of the state median income for a family of the same size (in 2016, 85 percent of the average state median income for a three-person family was US$55,712); and (3) the child’s parents must be working or participating in education or training. States have flexibility within the federal eligibility rules to set income eligibility thresholds, copayment fees, maximum reimbursement rates to providers, and other criteria (Chien 2019, 2021).

States are supposed to set payment caps at levels that give parents access to 75 percent of the market, but a vast majority do not do so (Schulman 2021).

We use the term “Latinx” in this brief, even when it differs from language used in source materials, because it may be more inclusive of the way people in these groups self-identify. We recognize that not all people identify with this term. We remain committed to using respectful, inclusive language.

Our data on the current state of the child care provider market are based on surveys by the National Association for the Education of Young Children, which have been conducted regularly over the pandemic. However, survey respondents are a nonrandom sample of more than 6,000 providers that choose to respond to the survey, and responses, consequently, are not nationally representative. See “NAEYC Pandemic Surveys,” National Association for the Education of Young Children, https://www.naeyc.org/pandemic-surveys.


In 2015, the Liberal Party (center-right) in Australia, which had defeated the incumbent Labor Party (center-left) in 2013, commissioned an evaluation of the child care market to identify a new fiscally sustainable funding model that would “better support flexible, affordable, and accessible quality child care and early childhood learning.” Appetite for transitioning to a modified child care system was fueled by the Liberal Party’s prioritization of market efficiency. Over the previous decade, funding for early childhood education and care programs had practically tripled to approximately AU$7 billion annually (equivalent to US$5 billion). However, many parents still reported difficulties in finding early childhood providers that met their specific needs (locations, hours, prices, and quality), creating concern that the sector was not being funded efficiently or effectively. Thus, the government hoped a child care system that was more market friendly and better geared for competition would create more efficient child care provision and better access to services (Productivity Commission 2014).
The Australian Child Care Package is the federal legislation that funds child care across Australia. It aims to deliver “a simpler, more affordable, more flexible, and more accessible child care system.” The most significant difference between the Child Care Package and Australia’s previous child care system is that it combines the family tax benefit system with child care reforms, enabling the government to reduce spending by phasing out some family tax benefits. See “Child Care Package,” Department of Education, Skills and Employment, July 13, 2021, https://www.dese.gov.au/child-care-package, and Community Child Care Co-operative (2016).

An evaluation of Australia’s Child Care Package is currently under way and is expected sometime this year after significant delays related to the COVID-19 pandemic.


Open competitive grants are offered in three funding categories, with funding awarded for up to five years. The first category is sustainability support to help services remain viable and sustainable. Grants in this category range between AU$2,000 and AU$200,000. The second category is community support to identify and address community-level barriers to child care participation so more children can attend. Grants in this category range between AU$5,000 and AU$100,000. The third category is capital support to contribute to the cost of modifying, renovating, extending, or building child care facilities that add child care in places where there is unmet demand. Grants in this category range between AU$50,000 and AU$150,000.

The program that preceded the Child Care Package and CCCF was called Budget Based Funded Services; organizations that serve Aboriginal and Indigenous Torres Strait Island children are now funded under the CCCF to support their operations during and beyond the transition to the Child Care Package and to ensure their long-term viability. See “Budget Based Funded Services,” Secretariat of National Aboriginal and Islander Child Care, May 27, 2015, https://www.snaicc.org.au/budget-based-funded-services/.

The CCCF can also give the Australian government flexibility in responding to natural or other disasters that may affect child care providers (such as COVID-19), or to address emerging issues or policy priorities.


Authors’ calculations based on Department of Education, Skills and Employment (2020).


28 At the time of this writing, the American Families Plan was in negotiation in the US Congress.

29 Set-asides are "percentages of funding that must be set aside for use on specific topics such as quality improvement and infant and toddler care." See "Quality Improvement," US Department of Health and Human Services, Administration for Children and Families, Office of Child Care, Early Childhood Training and Technical Assistance System, https://childcareta.acf.hhs.gov/ccdf-fundamentals/activities-improve-quality-child-care-services.


References


About the Authors

Isabella Remor is a policy assistant in the Research to Action Lab at the Urban Institute, where she works on projects in the fields of inclusive growth, housing, and upward mobility. She works with philanthropic organizations, local government agencies, and nonprofit agencies to provide technical assistance and translate research into practical insights for policymakers. Before joining Urban, Remor worked at a public affairs strategy firm. There, she worked with organizations to promote clean energy strategies, support a university research collaboration, and advocate for bail reforms in New York and Mississippi. Remor received her BA in political science from New York University.

Reehana Raza is a senior research associate in the Metropolitan Housing and Communities Policy Center at the Urban Institute. Before joining Urban, Raza was a senior economist at the World Bank, where her portfolio was on education, skills, and labor market transitions. Raza is also founding member, first director, and current associate research fellow of the Institute of Development and Economic Alternatives, an economic think tank in Pakistan financed by the Open Society Foundations that focuses on targeting economic issues that strengthen democratic foundations in Pakistan. Raza holds a bachelor’s degree in international relations from Mount Holyoke College and a master’s degree in development economics and doctoral degree in economics from the University of Cambridge.
Acknowledgments

This brief was funded by the Robert Wood Johnson Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples.

We thank Jennifer Baxter and Kelly Hand at the Australian Institute of Family Studies, Jane Hunt and Varuni Murugadasan at the Front Project, Myra Geddes at Goodstart, and Jay Weatherill and David Ansell from the Minderoo Foundation for participating in foundational interviews with the authors. We also thank Gina Adams at the Urban Institute and Varuni Murugadasan at the Front Project for their thoughtful reviews.