

# District of Sault Ste. Marie Social Services Administration Board

## Value For Money Audit of Direct Delivered Child Care

**FINAL REPORT** – May 12, 2025

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# Table of Contents


**Executive Summary** ..... **1**

**Introduction** ..... **3**

Background ..... 3

Objectives ..... 3

**Scope and Methodology** ..... **3**

Professional Standards ..... 4

**Background** ..... **8**

Early Child Care Education Landscape ..... 8

District of Sault Ste. Marie ..... 12

**Findings & Recommendations** ..... **18**

Efficiency ..... 18

Effectiveness ..... 23

Economy ..... 28

Relevance ..... 33

Economic Impact ..... 36

**Implementation Timelines** ..... **41**

**Conclusion** ..... **41**

**Appendices** ..... **43**

Appendix A: Management's Response to the Audit Report ..... 43

Appendix B: Audit Process Standard ..... 46

Appendix C: Listing of Child Care Centres in the Sault Ste. Marie District ..... 47

# Executive Summary

This Value for Money (VFM) Audit was completed in response to the Ontario Ministry of Education ("the Ministry") direction to all District Social Services Administration Boards (DSSABs) operating child care centres to conduct VFM audits of their services. It evaluates child care operations of the District of Sault Ste. Marie Social Services Administration Board (DSSMSSAB) to assess whether federal and provincial funds are utilized efficiently and effectively, and to evaluate if child care services might be more efficiently provided by a third party provider. The aim is to determine whether the program has met its objectives, used resources appropriately, and delivered value for money.

The recommendations in this audit not only address immediate challenges but also lay the foundation for a sustainable, strategic approach to public service, ensuring that families and children receive the care and support they need and further allow DSSMSSAB to improve the effectiveness of the program, delivering more value to the communities served.

DSSMSSAB is designated as the Child Care and Early Years Service System Manager under the Child Care Early Years Act, 2014, overseeing five program types: nursery schools, non-profits, for-profits, Indigenous led and direct delivery. This audit focused on a comparison of DSSMSSAB's direct delivery child care centres (DDCC) in comparison to third party operators in the district. The audit found that DSSMSSAB has generally met its objectives in the direct delivery of child care services.

DSSMSSAB direct delivery child care operations are still in their infancy, with initial operations being established on an emergency basis in 2021. In this time the organization has shown its commitment to offering quality care, expanding capacity, and increasing access to families where demand exists in the district. DSSMSSAB's 5-year Early Years Service System Plan (2019-2024) appears to have appropriate strategies to meet its goals for child care operations, but the organization requires capacity and follow-up to see these strategies enacted.

Due to its relative newness and only operating two (2) DDCCs, DSSMSSAB has not yet reached the scale at which significant economies of scale could be generated. In addition, the district has yet to allocate any head office administration expenses to direct child care operations, thus it cannot be determined whether the administrative costs of direct delivery are more or less economical than other providers in the district.

DSSMSSAB has the highest wage costs in the district given the union status of DDCC centre staff, but this also provides an economic benefit to the communities in the form of jobs and income for the predominantly female workforce.

Additional spaces are needed to meet demand and reduce waitlists, and by increasing the number of staff and expanding operations to meet licensed capacities across all providers, DSSMSSAB could reduce the waitlist by approximately 25%.

MNP identified the following recommendations to address identified challenges:

1. Focus on its plan to engage with stakeholders to offer a variety of paths to complete an E.C.E. Diploma and post diploma certificate programs to improve the pool of qualified applicants in the district.
2. Implement a more detailed waitlist tracking system to monitor the length of time children spend on waitlists and capture historical data for better trend analysis.
3. Collaborate with third-party centres to share best practices, coordinate placements, and address discrepancies in waitlist management to improve overall efficiency and reduce wait times for families.
4. Coordinate with YMCA to develop an understanding of their food supply channels and their feeding procedures. If the YMCA's food quality and feeding standards can be appropriately implemented at DDCCs then the DSSMSSAB could potentially collaborate on bulk orders.
5. Create a cost allocation system to properly distribute administrative costs from the district level to the direct delivery program and increase transparency around program costs by properly accounting for the full cost of operating the DDCCs.

Based on the findings of the audit, MNP is of the view that DSSMSSAB is providing a valuable service, and the provincial and federal funds are being utilized effectively. Differences in value-for-money exist between DDCC centres and third parties, but there is no evidence that third party providers could offer greater overall value-for-money at the same scale or reach as DSSMSSAB. The following table outlines the differences in value-for-money observed at a high level:

| Audit Pillar | Conclusion(s) |
|---|---|
| **Efficiency** | • DDCC centres experienced less unplanned closures than third parties in 2023<br>• Occupancy rates for DDCC centres have been historically higher than third parties |
| **Effectiveness** | • Waitlist data tracking and reporting requires additional improvements to reliably evaluate waitlist management practices<br>• There is no apparent difference in monitoring and inspection risks between DDCC and third party operators |
| **Economy** | • Salaries and Benefits – DDCC centres have higher hourly wages but have effectively managed overall salaries and benefits costs on a per utilized child care worker (CCW) requirement basis.<br>• Occupancy Costs – No material difference between DDCC and third parties<br>• Operating Expenses - No material difference between DDCC and third parties<br>• Administrative Costs – Unable to properly evaluate due to the absence of distributed costs from the DSSMSSAB to direct child care operations |
| **Relevance** | • DDCC centres offer the same program options as third party operators<br>• DDCC centres provide better access to services for parents in rural areas |
| **Economic Impact** | • The loss of capacity provided by a qualified ECE (assumed 8 child care spaces) is estimated to equate to the loss of $208,000 - $291,200 in take-home income for parents in the district that would have to stay home to care for their children. |

# Introduction

## Background

In January 2024 the Ontario Ministry of Education ("the Ministry") mandated all District Social Services Administration Boards (DSSABs) running child care centres to conduct value-for-money (VFM) audits of their services. This is intended to increase transparency on taxpayer spending and ensure the most cost-effective approach to support families' child care needs. The District of Sault Ste. Marie Social Services Administration Board (DSSMSSAB) has engaged MNP to perform this audit in the Sault Ste. Marie district.

## Objectives

The goals of the VFM audit are to assess whether federal and provincial funds are utilized efficiently and effectively, and to evaluate if child care services might be more efficiently provided by a third party provider.

# Scope and Methodology

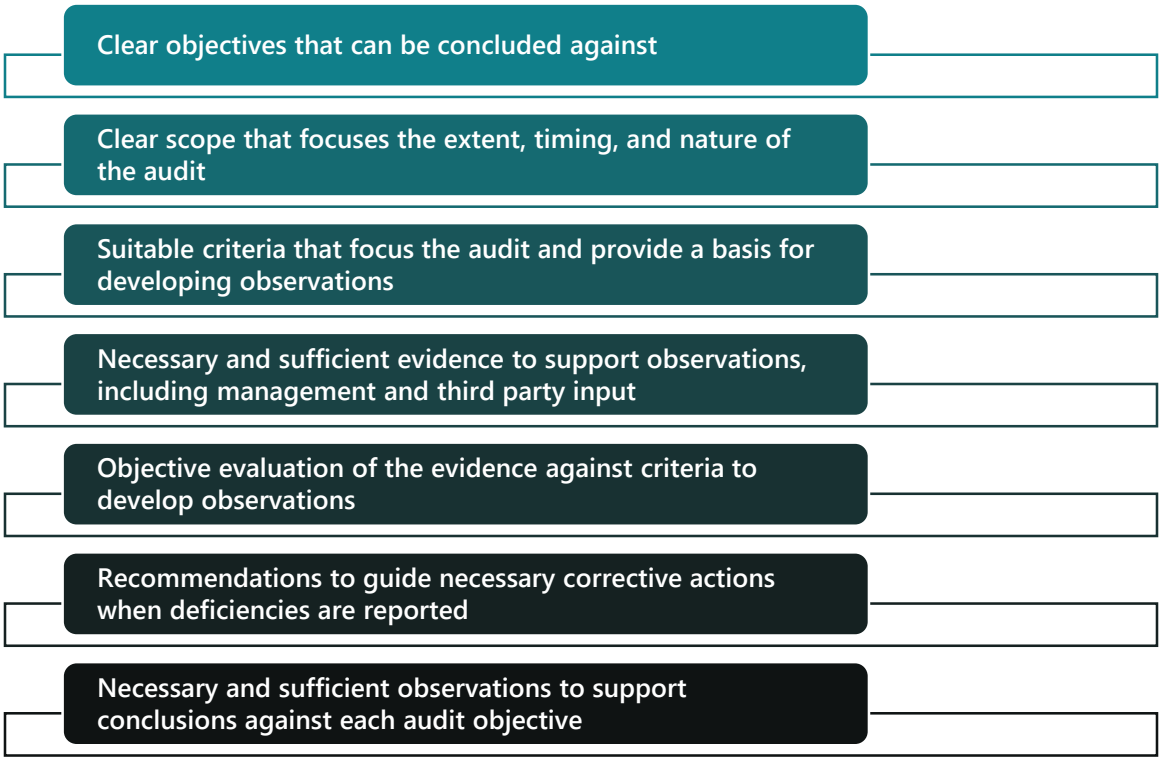
DSSMSSAB indicated the definition of 'value' should be expanded to consider reliability and accessibility, and the impact on children, parents, and the broader economy of consistent access to quality early learning and child care programs, and high-quality jobs. The audit was conducted district-wide with the following scope:

- Review of operational and administrative expenses for direct delivered licensed child care centres, including wages and benefits, direct costs (food, supplies), occupancy, and general expenses, reported on a per space basis. Capital related expenses are excluded from the scope.
- Review of operational costs for third party providers of licensed child care centres on the same basis as above, detailed on a per space basis.
- Comparative analysis, as possible, of staffing, wage costs, and operating days.
- Socio-economic analysis of the district and, where applicable, specific child care centre locations, including population, average income, employment rate, waiting lists, available child care options, and relevant history.
- Cost-benefit analysis of the impact of DSSMSSAB child care employee wages, parent employment supported by reliable child care, and other relevant factors for the regional economy.

The scope of this VFM audit is focused on DSSMSSAB's direct delivered child care (DDCC) centres, and not DSSMSSAB's performance as the service system manager in the planning, funding, and

administration of early years and licensed child care services in the district. Elements of DSSMSSAB's service system manager responsibilities found in this audit are used for contextual purposes only.

MNP aligned its development approach with the Auditor General of Canada's Value for Money Audit Manual and Standards, which include:



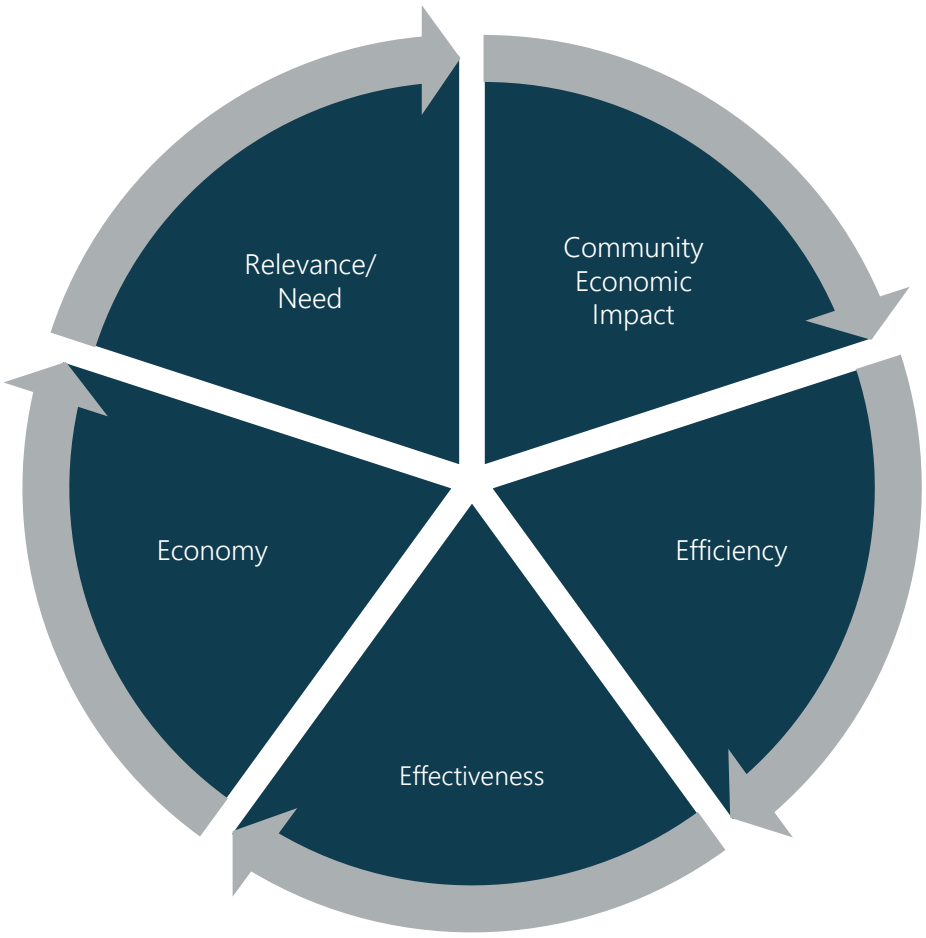

An overview of a VFM audit process is included in Appendix B. This audit is in response to the directive from the provincial Ministry of Education.

## Professional Standards

Chartered Professional Accountant (CPA) Canada guidelines (CSAE 3001) identify the principles of economy, efficiency, and effectiveness as the basis for evaluating value for money in performance audits. This VFM audit incorporates two additional elements of "Relevance/Need" and "Community Economic Impact". These principles are described below:

- **Efficiency**: Getting the most from available resources, in terms of quantity, quality and timing of outputs or outcomes.
- **Effectiveness**: Meeting the objectives set and achieving the intended results while maintaining compliance/adherence to strategic directions, business plans, policies and overall best practices.
- **Economy/Cost-Effectiveness**: Getting the right inputs, such as goods, services, and human resources at the best/lowest cost, and use of the funds for what they were intended and in the most economical manner to achieve the target outcomes.

- **Relevance/Continued Need**:
    - Ensuring activities are aligned with the organization's mandate, and the needs of citizens and stakeholders.
    - Avoiding duplication of services/programs offered by other organizations
    - Understanding the risk or cost of not delivering the program.
- **Community Economic Impact**: Contributing to the economic well-being of the community it serves. This can include assessing the direct and indirect benefits of the organization's activities, such as job creation, income generation, tax revenue, and local spending.



## Data Collection Framework

The Framework in Table 1 below illustrates the questions, measures, method and information source(s) for each audit criteria.

*Table 1: VFM Audit Data Collection Framework*

| Audit Pillar | Questions | Measures | Method | Information Source(s) |
|---|---|---|---|---|
| Efficiency | 1. Are Direct Delivered Child Care (DDCC) centres reliably open for services? | # of unplanned closures (days) | Compare unplanned closures from DDCC centres to third parties | - District closure data<br>- Management Input |
| | 2. Is licensed child care capacity in DDCC centres used efficiently? | - Licensed occupancy<br>- Operational occupancy | Compare occupancy rates from DDCC centres to third parties | - District occupancy data<br>- Management Input |
| Effectiveness | 3. Have DDCC centres effectively managed its waitlist and optimized wait times for families? | Waitlist volume; | Compare changes in waitlist volume from DDCC centres and third parties | - District Waitlist data<br>- Management Input |
| | 4. Are DDCC centres prepared for risk management? | Provincial monitoring results | Compare inspection results from DDCC centres and third parties | - Ministry Inspection data<br>- Management Input |
| Economy | 5. Have DDCC centres met their objective of promoting affordability in child care across the district? | Operating cost per utilized CCW FTE requirement | Comparison of costs from audited financial statements – DDCC centres and third parties | - Audited financial statements<br>- Management Input |
| | 6. Does DSSMSSAB generate economies of scale through its administration beyond that of a third party provider? | Operating cost per utilized CCW FTE requirement | Comparison of costs from audited financial statements from DDCC centres to third parties | - Audited financial statements<br>- Management Input |
| Relevance | 7. Do DDCC centres provide access to different types of care from third party providers? | # of spaces provided by type & district | Comparison of program offerings across municipalities in the district between DDCC and third parties | - Licensed child care spaces data<br>- Management Input |

| Audit Pillar | Questions | Measures | Method | Information Source(s) |
|---|---|---|---|---|
| | 8. Are parents receiving the child care services they need, where they need it? | Parent survey results | Stakeholder evaluation of child care satisfaction levels | - Parent Survey<br>- Management Input |
| **Economic Impact** | 9. What is the economic impact of DDCC services in the district? | - Change in employment due to marginal child care workers<br>- District economic impact | Evaluate the number of employment improvements facilitated through adding additional ECEs in DDCC centres | - Parent Survey<br>- StatsCanada |

## Stakeholder and Management Input

MNP engaged with stakeholders and management to evaluate the efficiency of operational processes in the direct delivery child care sector. Engagement methods included interviews with DSSMSSAB staff and management, independent child care providers, and community representatives as well as a parent survey which received 88 responses.

Key elements of stakeholder engagement included waitlist management, caregiver-child interactions, overall support and services, and safety measures. Findings from these interviews were then analyzed to gauge the value for money for DDCC services and incorporated into audit pillar findings.

## Limitations

Several data limitations impacted the audit procedures:

- DSSMSSAB does not currently collect or report on historical waitlist data, thus an analysis of the magnitude of change in waitlists could not be conducted.
- Waitlist data does not take into account the length of time a child has been on the waitlist nor does it identify children who may be on multiple waitlists concurrently. As a result, the waitlist data received does not present the full need for immediate care within the district.
- Incident reporting is self-reported – stakeholders have questioned reliability as some centres are more diligent at reporting all incidents (regardless of actual significance) than other centres. For example, a critical incident reported by a centre that a child was left unsupervised may simply be a child briefly not being present for a headcount while being in the washroom. This skews the results of the safety analysis for centres who self-report more incidents.
- DSSMSSAB is only responsible for two centres with 105 spaces available. Compared with the 1,343 spaces operated by 24 third party centres, DSSMSSAB represents 7% of the spaces

available in the region, making some comparison between DDCC and third party centres in the district difficult due to differences in scale of operations.

- Only a single full year of financial data was available for analysis from the DSSMSSAB. The direct delivery program at St. Paul was operational as an emergency child care program in 2021, and the Prince Charles child care centre opened part way through 2022. Audited financial data for 2024 was not yet available during this VFM audit. This limits the ability of the VFM audit to conduct trend analysis to determine if cost economies have changed over multiple years or upon implementation of new programs or operating processes.
- Third party financial information for the YMCA and Child Care Algoma (CCA) was only available on a consolidated basis; financial information for individual child care centres was unavailable. Cost economy has thus been analyzed at the provider level based on the utilized child care worker (CCW) full-time equivalent (FTE) requirement to attempt to evaluate the operating costs for each provider on an equivalent basis.

# Background

## Early Child Care Education Landscape

Under the Child Care and Early Years Act 2014[1], Ontario's Ministry of Education establishes comprehensive policies, legislation, and regulations for the child care and early years sector. The Ministry is responsible for licensing child care providers throughout the province, conducting inspections, and investigating complaints related to both licensed and unlicensed child care. There are two categories of child care that the Ministry oversees and licenses: child care centres and home child care agencies that work with individual home child care providers.

Ontario allocates funding to 47 local service system managers, referred to as Consolidated Municipal Service Managers (CMSMs) and DSSABs, to facilitate licensed child care and child and family programs throughout the province. These managers have the discretion to establish funding priorities within their jurisdictions provided they adhere to provincial laws, policies, and guidelines. Various partners work together to deliver early years and child care, with roles and responsibilities outlined in Table 2.

*Table 2: Roles and Responsibilities of Early Years and Child care Partners*

| Partner | Roles and Responsibilities |
|---|---|
| Federal Government | Funding partner: the Canada-Ontario Early Learning and Child Care Agreement, Early Childhood Workforce Agreement, Canada-wide Early Learning and Child Care Agreement (CWELCC) |

[1] "Law Document English View," Ontario.ca, November 19, 2018, https://www.ontario.ca/laws/statute/14c11.

| Partner | Roles and Responsibilities |
|---|---|
| | On-reserve child care and early years programs |
| Province of Ontario | Regulator (legislation/policy and licensing/compliance/enforcement) |
| | Funder |
| Service System Managers (CMSMs & DSSABs) | Work with school boards and other partners to implement service plans |
| | Allocate funding to child care licensees and before-and-after school programs |
| | Oversee licensed child care and EarlyON programs |
| | Manage and administer CWELCC, fee subsidies, wage enhancement, Special Needs Resourcing (to support inclusion of children with special needs in licensed child care), and before- and after-school programs |
| | Ensure the provision of French language child care and child and family programs and services where there is an identified need |
| Licensed Child Care Centres | Licensed by the ministry to operate with varying capacity |
| First Nations | Directly operate child care and child and family programs |
| Urban Indigenous Programs | Directly operate child care and child and family programs |
| School Boards | Legislatively required to ensure the provision of before- and after-school programming for children aged 4-12 years where there is sufficient demand and viability |
| College of Early Childhood Educators (CECE) | Regulate the early childhood education profession in the public interest as set out under the *Early Childhood Educators Act* |

## Canada-Ontario Canada-wide Early Learning and Child Care Agreement (CWELCC)

In March 2022, Ontario reached an agreement with the federal government to decrease licensed child care fees for providers participating in the Canada-wide Early Learning and Child Care Agreement (CWELCC) to an average of $10 per day by the end of the 2025-2026 fiscal year. Initially, families experienced an immediate 25% reduction in their fees, retroactive to April 1, 2022. Subsequently, fees were lowered further to an average of 50% of pre-agreement levels.

Under the CWELCC agreement, Canada will fund Ontario to implement a CWELCC system. Ontario will use this funding to enhance current child care initiatives and collaborate with partners to meet CWELCC system goals. Ontario further established an action plan with the purpose of outlining Ontario's key principles and priorities for this funding as well as the actions to be taken in fiscal years 2022-23 and 2023-24 to implement the CWELCC system. The action plans for 2024-25 and 2025-26 are to be

provided by the beginning of the respective fiscal years.[2]

As of June 2023, all municipalities in Ontario executed agreements with their licensees. 96% of not-for-profit sites and 76% of for-profit sites were enrolled in the CWELCC system, including a total of 301,853 licensed child care spaces in centres and homes for children aged 0 to 5 years.[3]

## Ontario Child Care Growth: 2022–23 Highlights

Ontario's early years and child care sector saw significant growth in 2022-23.

- The number of centres rose by 4.2%, from 5,545 to 5,776.
- The number of spaces increased by 32,058 (6.8%), from 472,997 to 505,055, with an increase in all age categories: 3.0% for infants, 3.9% for toddlers, 3.2% for preschoolers, 13.6% for kindergarteners, 6.1% for school-aged children, and 9.5% for the family age group.
- The number of home child care agencies grew by 2.1%, from 145 to 148. There were 9,863 approved homes affiliated with these agencies, marking a 13.0% increase.

## Legislative and Regulatory Framework

As previously noted, child care providers must adhere to the Child Care and Early Years Act[4] 2014 (CCEYA) and its regulations. This act applies to unlicensed providers, licensed centres, licensed home child care agencies, in-home service overseen by a licensed agency, and authorized recreational programs. The CCEYA includes two regulations: Ontario Regulation 137/15, which is general and concerns licensing requirements, and Ontario Regulation 138/15, which deals with funding and financial assistance relevant to service system managers and First Nations.

In the province, two types of licensed child care exist: child care centres (both community and school-based) and those provided through home child care providers. Licensed home child care providers can accommodate up to six children under 13, require first aid and CPR certification, and must adhere to the Ministry's "How Does Learning Happen?" framework. Unlicensed providers can care for up to five children under 13 and must issue receipts upon request without additional fees. All licensed providers must complete vulnerable sector checks, with agencies ensuring extra precautions if these checks are pending. This audit does not cover home-based child care.

[2] Canada, Employment and Social Development. "Government of Canada." Canada.ca, May 9, 2022. https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/ontario-canada-wide-2021.html#h2.18.

[3] Ontario's Early Years and Child Care Annual Report 2023." ontario.ca. October 23, 2024. https://www.ontario.ca/page/ontarios-early-years-and-child-care-annual-report-2023.

[4] Law Document English View," Ontario.ca, November 19, 2018, https://www.ontario.ca/laws/statute/14c11.

## Child Care Centre Compliance Requirements

All licensed child care providers must meet all provincial requirements set out under CCEYA, including but not limited to:

- Maintaining staff-to-child ratios.
- Ensuring compliance with health and safety standards and building code.
- Nutrition (for example: provision of meals, posting of menus and allergies).
- Health and medical supervision (for example: immunization, serious occurrence reporting, anaphylaxis policies, administration of medication).
- Programming for children (for example: parent handbook, program statement, rest and play periods, individual support plans).
- Staff qualifications and screening (for example: supervision, program staff, first aid, registered early childhood educator qualifications, vulnerable sector check).
- Emergency preparedness (for example: emergency contact information, fire safety procedures).
- Administration (for example: insurance, children's records and attendance).
- Have a program statement that aligns with "How does learning happen?"

Standard staff-to-child ratios, as shown below, must be met at all operating times. Additionally, for each licensed infant, toddler, kindergarten and primary/junior school age group, the child care centre must employ at least one qualified program staff, as defined in section 54 of the Child Care and Early Years Act[5].

*Table 3: Staff-to-Child Ratios by Age Group*

| Age Group | Age Range | Staff-to-Child Ratio | Maximum Number of Children in Group |
|---|---|---|---|
| Infants | Younger than 18 months | 3 to 10 | 10 |
| Toddlers | 18 to 30 months | 1 to 5 | 15 |
| Preschool | 30 months to 6 years | 1 to 8 | 24 |
| Kindergarten | 44 months to 7 years | 1 to 13 | 26 |
| Primary and Junior School Age | 68 months to 13 years | 1 to 15 | 30 |

[5] Child Care Licensing Manual, Part 8.2, Province of Ontario, February 2025. https://www.ontario.ca/document/child-care-centre-licensing-manual/part-8-staff-qualifications#section-1

## ECE Shortages in Ontario

As the province invests in more child care spaces under the $10-a-day program, it is estimated that Ontario will need an additional 14,700 ECEs by 2025-26 to meet demand. Without a region wide, effective recruitment and retention strategy, it is projected that the province could face a shortfall of up to 8,500 ECEs, making it difficult for many child care centres to meet the needs of families.

Between 2019 and 2021, the number of registered ECEs working in licensed child care in Ontario decreased by 7%, though this figure may have also been impacted by the COVID-19 pandemic, it still illustrates an issue with staff shortages. Many workers reported leaving the sector due to low wages, uncompetitive benefits, and difficult working conditions. In fact, one of the government reports noted that ECEs in licensed child care are twice as likely to resign within three years compared to those working in schools. Furthermore, the issue of low pay persists despite a wage floor of $18 per hour, which is set to increase by $1 annually. As a result, many workers are leaving the sector or choosing to work in higher-paying jobs elsewhere.

The Financial Accountability Office of Ontario predicts that the demand for child care spaces will outpace the current expansion plans by over 220,000 spaces by 2026. This means that even though the province has created 33,000 new spaces, the waitlists are continuing to grow, often into the hundreds.[6]

Ontario is committed to investing in professional development, including sustaining workforce initiatives funded under the 2021–22 Early Childhood Workforce Agreement. The ministry has been consulting broadly with sector partners to discuss the current shortage of Registered Early-Childhood Educators (RECEs) and interventions to support increased recruitment and retention, including professional development (e.g., opportunities for growth, targeted training on cultural awareness, mental health, trauma, special needs and anti-racism). The workforce strategy is being implemented.[7]

# District of Sault Ste. Marie

## Regional Demographic Information

Based on the Statistics Canada 2021 Census, the enumerated population of Sault Ste. Marie (Federal Electoral District) was 79,331, which represents a change of -1.3% from 2016. This compares to the provincial average population growth of 5.8% and the national average of 5.2% over the same period[8].

As of 2021, the Sault Ste. Marie District had 39,823 total private dwellings, 35,732 of which were occupied by usual residents, that is residents who live in the area full time versus seasonal residents. The

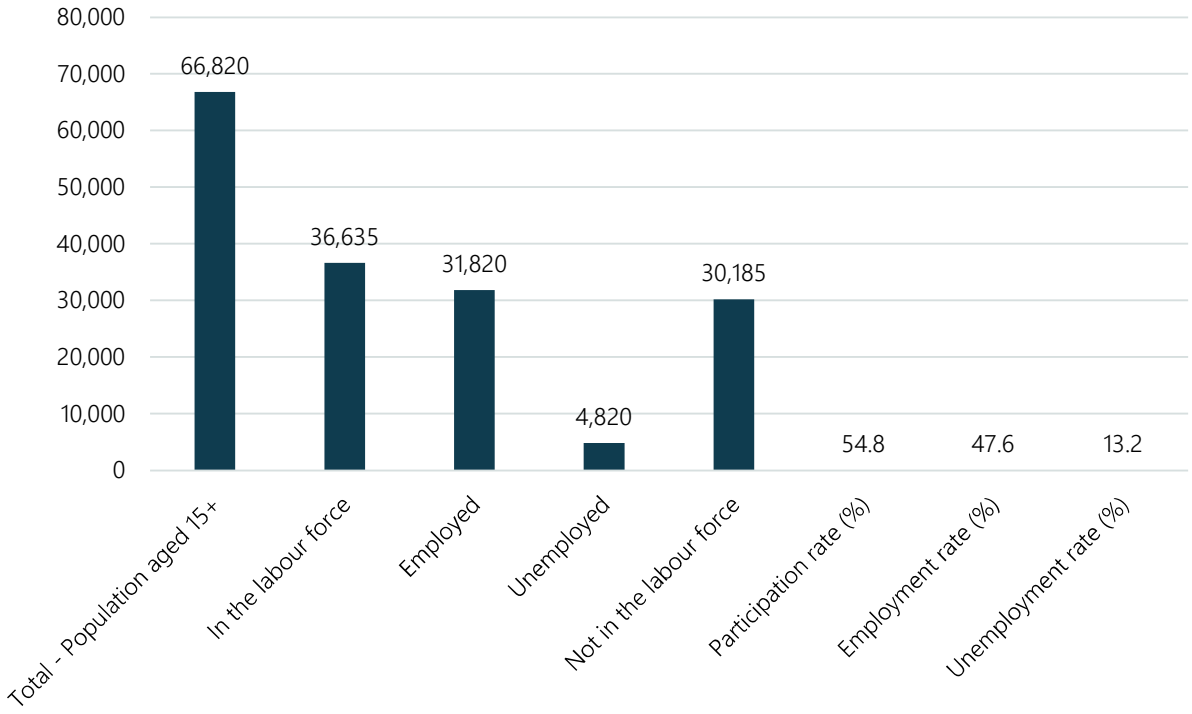
[6] Government Officials Estimate Ontario Could Be Short 8,500 Early Childhood Educators | CBC News," CBC News, January 14, 2023, https://www.cbc.ca/news/canada/toronto/ontario-early-childhood-educator-shortage-1.6714274.
[7] https://www.ontario.ca/page/ontarios-early-years-and-child-care-annual-report-2023#section-13

[8] Statistics Canada. 2023. (table). *Census Profile*. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released November 15, 2023. https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E (accessed November 1, 2024).

average household size in the district is 2.2.

- The district had a population of 11,290 children aged 0-14 years, representing 14% of the population, compared to 16% in the Province of Ontario.
- The median income among the population was $40,800 with a median total household income of $73,500. This compares to a provincial median household income of $91,000.
- The labor force status of the Sault Ste. Marie District population aged 15 years or older, based on the 2021 Statistics Canada Census, is depicted in Figure 1.[9]

*Figure 1: Sault Ste. Marie Federal Electoral District Labour Force Status, 2021*



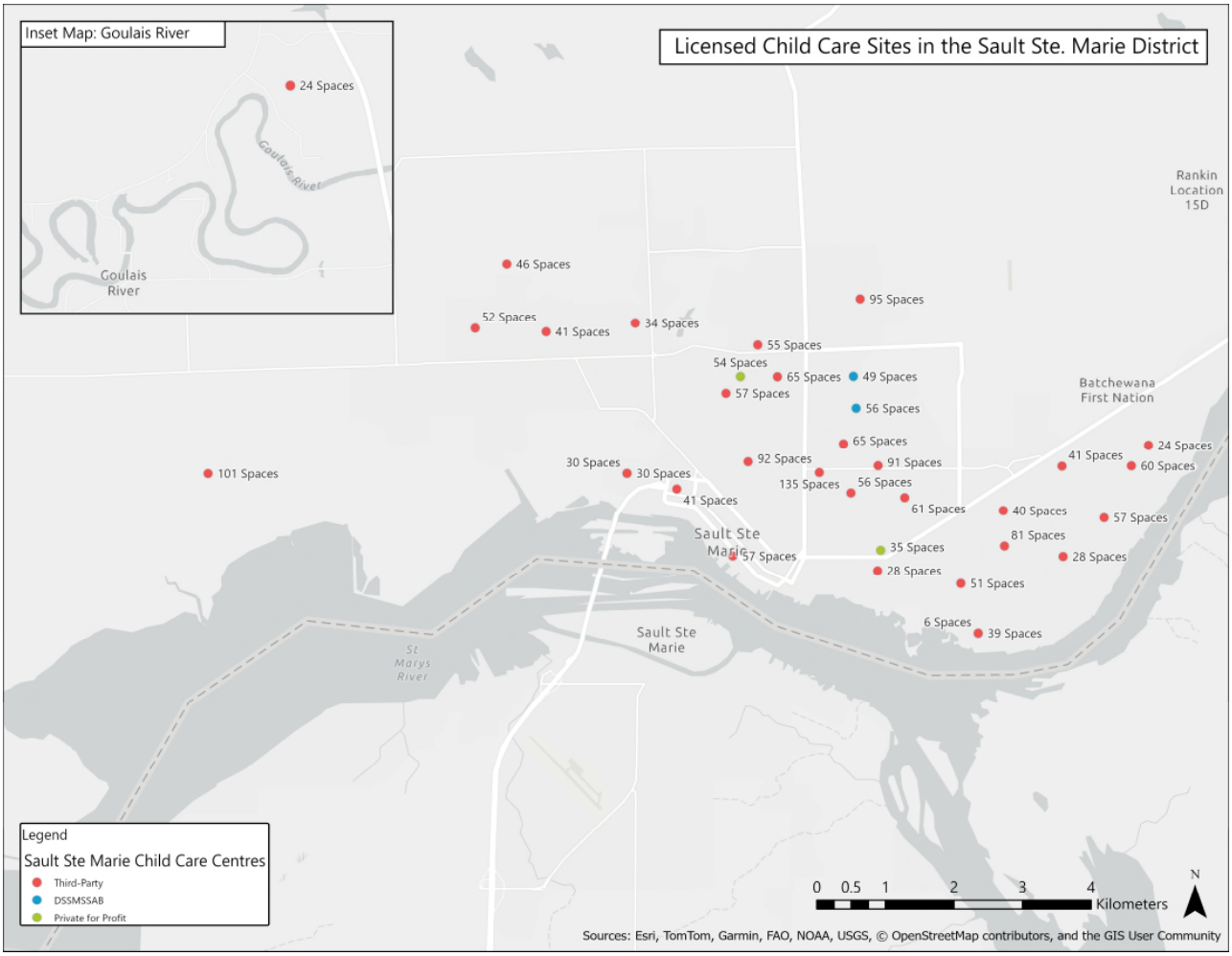

## Child Care Providers' Summary

The Sault Ste. Marie District has a total of 36 child care facilities, including 2 direct delivered child care (DDCC) centres and 34 third party centres (Figure 2). Within the district area, there are a total of 1,877 spaces, 99% of which are concentrated in the Sault Ste. Marie area with 1 centre located in Goulais River. As of August 2024, DSSMSSAB's DDCC centres accounted for 105 licensed spaces, or approximately 6% of total spaces in the district. In addition to the child care facilities mentioned above, the district of Sault Ste. Marie also has 25 licensed home care providers. A full listing of centres and

[9] Statistics Canada. 2023. (table). *Census Profile*. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released November 15, 2023. https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E (accessed November 1, 2024).

spaces can be found in Appendix C: Listing of Child Care Centres in the Sault Ste. Marie District.

*Figure 2: Map of Child Care Centres in the Sault Ste. Marie district, August 2024*




## Early Years Service System Plan 2019 – 2024

The following elements in Table 4, below, are the main objectives as defined in the District of Sault Ste. Marie Social Services Administration Board's (DSSMSSAB) 2019-2024 Five Year Strategic Plan for Early Years Services, based on extensive community consultation and provincial guidelines.

*Table 4: DSSMSSAB objectives, sourced from their 2019-2024 Five Year Strategic Plan for Early Years Services.*

**Accessibility**

*The District of Sault Ste. Marie has been very successful in increasing accessibility to Early Years services in both licensed child care and EarlyON programs. The most noteworthy risk to accessibility for all of these initiatives remains the lack of Registered Early Childhood Educators (RECEs), which affects all Early Years System services.*

**Affordability**

*Accessibility and affordability have a close relationship in Early Years; as the cost of a child care space increases it becomes a barrier for many who require access. For more spaces to become accessible to families, qualified Early Childhood Educators are required. To recruit qualified people, salaries and benefits need to be more competitive, which raises costs for parents and affects affordability. Subsidized spaces in the system have been at an all-time high and a waitlist for fee subsidy implemented.*

**Responsiveness**

*Implementing or restructuring programs in response to parent feedback is critical to maintaining credibility and trust in the Early Years system. The outcomes and actions that are part of this system plan are taken directly from feedback provided by families.*

**High Quality**

*The DSSMSSAB's 2016 Child Care Plan identified a Vision for the community "To have the highest quality early years system in the province at all levels". Since that time, they have implemented a Quality Assurance Framework. Professional development is held regularly, and feedback is consistently sought. Support and resources are provided to build internal program capacity. The Early Years System is experiencing a number of pressure points in affordability and accessibility that are dependent on the successful recruitment of Early Childhood Educators, as well as additional funding to fully address. Lack of qualified staff is the biggest barrier to consistent, high quality programming throughout the Community.*[10]

## Child Care and Early Years (CCEY)

In February 2021, DSSMSSAB's Early Years Division began directly delivering Licensed Child Care Services to meet identified community needs and alleviate waitlist pressures in the child care system. DSSMSSAB services include full day child care and before and after school programs.

In each of their locations DSSMSSAB offer inclusive learning environments and experiences that

[10] https://socialservices-ssmd.ca/wp-content/uploads/2021/03/Exec-Summary-Service-Plan-2019-2024.pdf

encourage children to explore the indoor and outdoor world around them. Educators respond to their individual interests and abilities to deepen their engagement and natural curiosity. Children engage in self-directed play.

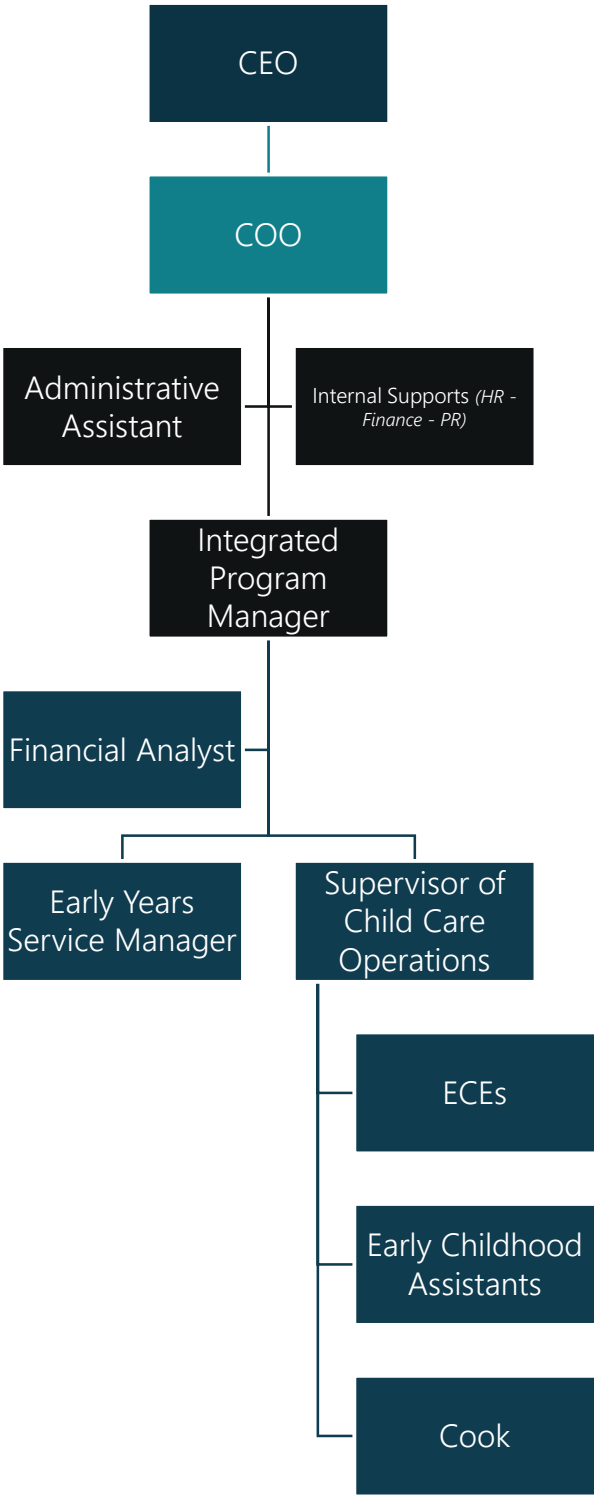
DSSMSSAB understand what an important decision it is to choose a child care provider. They view families as a key component in programs and encourage family involvement. Their educators build relationships with families to cultivate and maintain strong connections between a child's home and child care centre. It is DSSMSSAB's priority to ensure that families have the best experiences during these formative years in their child's life.

Both of DSSMSSAB's child care centres have been approved for the CWELCC program. They follow all CWELCC guidelines which allows them to provide more accessible, high-quality child care and lower fees for children 0 to 5 years of age.[11]

The Direct Delivery organizational chart for 2024 (Figure 3) outlines the hierarchical structure and key roles within the organization, from the CEO to various support and operational positions, ensuring efficient management and delivery of services.

[11] https://socialservices-ssmd.ca/early-years/early-learning-child-care/

*Figure 3: Direct Delivery Org Chart*



# Findings & Recommendations

## Efficiency

### 1. Are DDCC's reliably open for services?

#### Findings

An analysis of number of days individual centres had to close in 2024 was conducted to determine differences in DDCC and third party centres' abilities to stay open for services. Closure days were classified as closures due to staff shortages or uncontrollable closures. Staff shortage closures include days when a centre had to close due to staff illnesses, time off, and/or a lack of available casual staff to maintain ratios. Uncontrollable closures include days where a centre had to close for reasons outside of the centre's control, such as utility shutdowns. Uncontrollable closures are not included in the closure rate in determining the reliability of staying open for services.

The analysis of closures showed that there were 6 days of unplanned closures in 2024, all of which were in different third-party centres. Of the 6 closures, 5 were due to unplanned disruptions, 4 related to utility shut downs and 1 related to insufficient staffing.

*Table 5: Unplanned Child Care Centre Closures in Sault Ste. Marie, 2024*

| Centre | Type | Reason | Duration |
|---|---|---|---|
| Child Care Algoma - East View PS Early Learning and Care | Third-Party | Water Main Breakage | 1 day |
| YMCA Holy Family | Third-Party | Flooding (Broken Pipe) | 1 day |
| The Orchard Children's Centre | Third-Party | School Evacuation | 1 day |
| YMCA Isabel Fletcher | Third-Party | Power Outage | 1 day |
| Boreal YMCA Child Care | Third-Party | HVAC Issues | 1 day |
| Soup Kitchen - Brighter Beginnings After School Program | Third-Party | Insufficient Staffing | 1 day |

This analysis shows that DDCC centres could be considered more efficient at staying open than their third party counterparts given that the only unplanned closures were at third party centres. However, this data only includes unplanned closures over a one-year period, and no individual operator or centre exhibits a trend of preventable closures. Additionally, given most of the centres are located within larger buildings (such as schools, or YMCA centres), there is limited ability for the third party centres to have had any ability to control or prevent the disruptions. DSSMSSAB's advantage in this regard is relatively immaterial.

# 2. Is Licensed Child Care Capacity in DDCC Centres used Efficiently?

## Findings

### *Licensed vs. Operating Capacity*

Child care centres measure capacity through two metrics:

- ***Licensed capacity:*** The limit on the number of child care spaces based on a centre's license.
- ***Operating capacity:*** The limit on the number of child care spaces based on the number of staffed child care workers (CCWs). Operating capacity may be less than licensed capacity based on staff availability or a centre's choice to operate below licensed capacity due to low demand for a program, such as in rural communities with lower populations.

While there are 36 centres in the Sault Ste. Marie district, data available for occupancy and staffing analysis was limited to 2023 data for the Child Care Algoma, YMCA, Child Development Centres (CDC) and DDCC Centres, which accounted for 26 of the 35 total centres. Following analysis of capacity and staffing needs, it was determined that the 26 centres combined would require 174 CCWs. DSSMSSAB has 2 direct delivered child care centres with a licensed capacity of 105 spaces, requiring 13 CCW full-time equivalents (FTEs) at full capacity based on the legislated staff-to-child ratio. The 24 third party centres had a combined licensed capacity of 1,343 spaces, with a CCW requirement of 161 at capacity. Table 6 summarizes the requirement for both SSMSSAB and the third parties.

*Table 6: Child care Capacity, 2023*

| Age Category | Staff-to-Child Ratio | DSSMSSAB Licensed Capacity | Combined Third Parties Licensed Capacity |
|---|---|---|---|
| Infant | 3:10 | 10 | 83 |
| Toddler | 1:5 | 15 | 203 |
| Preschool | 1:8 | 24 | 376 |
| Kindergarten | 1:13 | 26 | 303 |
| Primary/Junior School Age | 1:15 | 30 | 378 |
| **Total Child Spaces** | | **105** | **1,343** |
| **Total CCW Requirement** | | **13** | **161** |

### *Licensed Capacity Efficiency Ratio*

The licensed capacity efficiency ratio is a measure of an operator's ability to retain sufficient staff to operate at or near its licensed capacity. The measure is calculated using the following formula with the licensed capacity as the denominator and the operating capacity as the numerator:

$$Licensed\ Capacity\ Efficiency\ Ratio = \frac{Operating\ Capacity}{Licensed\ Capacity}$$

For example, a centre licensed for 10 infant spaces may only have sufficient staff for 2 CCWs in the infant room for a total operating capacity of 6. The licensed capacity efficiency ratio for this centre would be 60%, meaning that the centre has forgone 40% of its potential licensed capacity due to staffing inefficiencies.

Note in some cases a low licensed capacity efficiency ratio may be appropriate for cost efficiency. For example, a rural centre that lacks sufficient demand to fill its licensed capacity may purposefully operate at a lower operating capacity to save on staffing costs. Discussions with DSSMSSAB indicated that this is not the case in the district, as there is sufficient demand to fill licensed capacities but a lack of available CCWs causing lower operating capacities.

Per Table 7, both DDCC and third party centres operated at just over 70% of their licensed capacity in 2023. Kindergarten and school age programs' operating rates were lower than the younger age groups for all operators. The lower rates in these groups had a considerable impact on the DDCC centres' overall licensed capacity efficiency ratio, as otherwise the centres were able to fully staff according to their licensed capacities.

*Table 7: Licensed Capacity Efficiency Ratio by Operator, 2023*

| Age Category | DDCC Licensed Capacity | DDCC Operating Capacity | DDCC Operating % | Third Party Licensed Capacity | Third Party Operating Capacity | Third Party Operating % |
|---|---|---|---|---|---|---|
| Infant | 10 | 10 | 100% | 83 | 63 | 76% |
| Toddler | 15 | 15 | 100% | 203 | 170 | 84% |
| Preschool | 24 | 24 | 100% | 376 | 328 | 87% |
| Kindergarten | 26 | 13 | 50% | 303 | 169 | 56% |
| Primary/Junior School Age | 30 | 15 | 50% | 378 | 230 | 61% |
| **Total** | **105** | **77** | **73%** | **1,343** | **960** | **71%** |

## *Operating Capacity Occupancy Rate*

The operating capacity occupancy rate (herein referred to as the "occupancy rate") is a measure of an operator's ability to fill child care spaces with staffing limitations. The measure is calculated using the following formula with the average number of children registered in a program throughout the year as the numerator and the operating capacity as the denominator.

$$Operating\ Capacity\ Occupancy\ Rate = \frac{Average\ Number\ of\ Children\ Registered}{Operating\ Capacity}$$

For example, a child care centre with an operating capacity of 100 children that had an average of 90 children registered throughout the year is 90 would have an occupancy rate of 90%. This means that on average, the centre was able to fill 90% of its available spots with the staff resources it has. This measure helps assess how effectively the centre is utilizing its capacity given its staffing constraints.

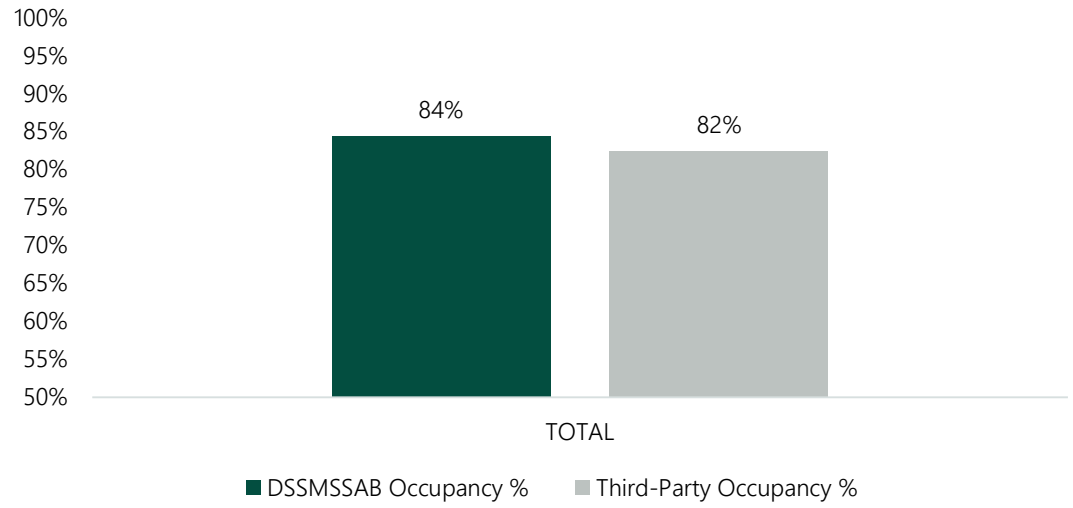
Table 8 shows the operating occupancy rates of each age group for DDCC and third party child care centres within the district for 2023. For both DDCC and third party centres, kindergarten occupancy rates were lowest and toddler occupancy rates were highest. Overall, DDCC centres had a slightly higher total occupancy rate than third party centres. Occupancy data was only available for 2023 and did not allow for an analysis of rates over time.

*Table 8: DDCC and Third Party Operating Occupancy Rates, 2023*

| Age Category | DDCC Occupancy | Third Party Occupancy |
|---|---|---|
| Infant | 90% | 84% |
| Toddler | 100% | 91% |
| Preschool | 100% | 90% |
| Kindergarten | 31% | 68% |
| Primary/Junior School Age | 87% | 75% |
| **Total** | **84%** | **82%** |

In total, the two DDCC centres had a total operating capacity for 77 children, with 65 of those spaces filled while the 24 third party centres had a total operating capacity of 960 with 791.5 of those spaces filled.

*Figure 4: Annual Occupancy Rates by Provider Type (2023)*



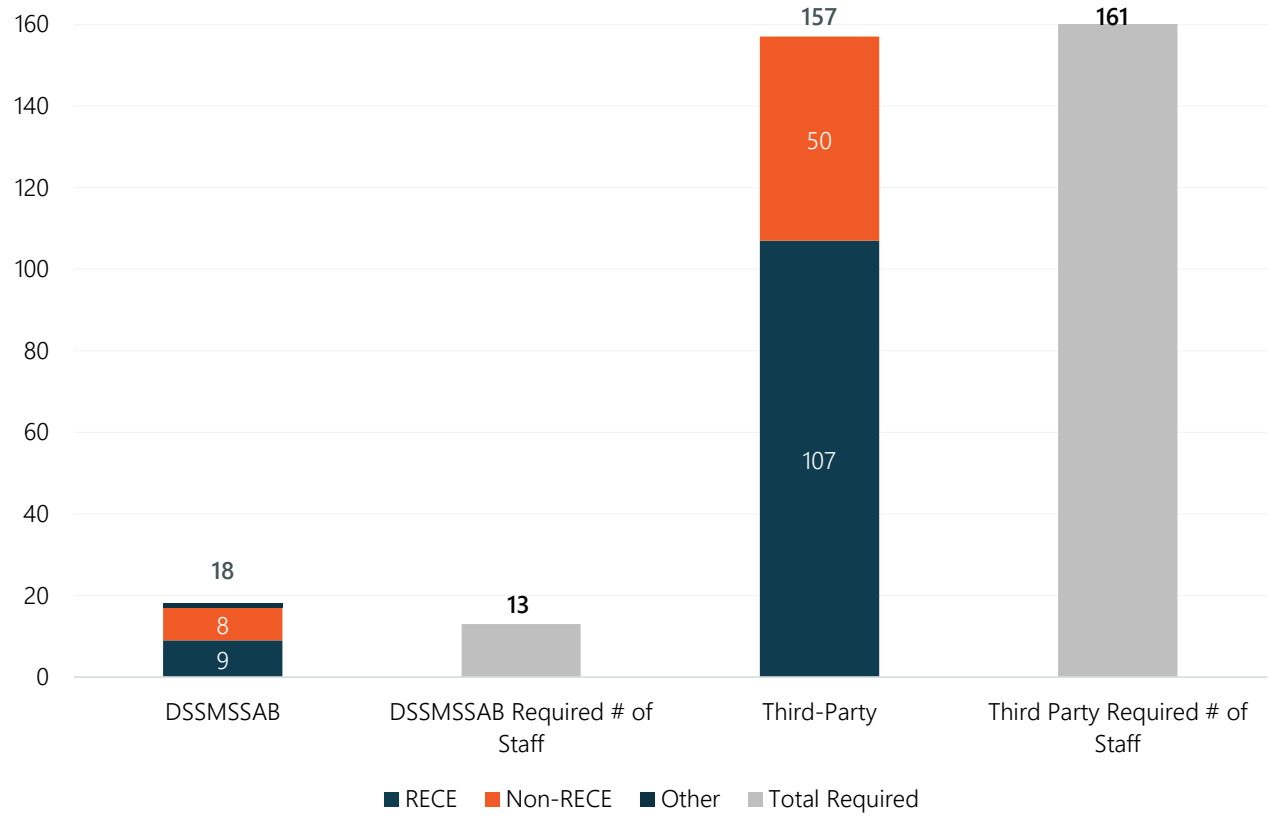
When considering the total number of spaces licensed for all centres versus the number of children registered, there is a difference of 591 spaces that, if all centres were able to secure the necessary staff, could be filled. This means that if all centres in the SSM region were staffed and able to accept all children up to their licensed capacity, the current waitlist could be reduced by up to 25%.

### *Staff Utilization*

DDCC centres require a total of 13 CCW FTEs to operate at licensed capacity. According to staff headcount data received by DSSMSSAB there were 9 ECE staff employed in 2023 and 8 non-ECE program staff (2 of which were pursuing ECE designation), for a total of 17 CCW staff across both centres. Additionally, DSSMSSAB employs 1 cook. Of the CCW staff, 11 CCWs were full-time and the remaining were defined as part-time (not including Supervisors).

Comparatively, as shown in Figure 5 below, third party centres require 161 CCW FTEs to operate at licensed capacity and have 107 ECE staff and 50 non-ECE program staff (6 of which pursuing ECE designation), for a total of 157 CCW staff across 23 centres. Of the CCW staff, 107 CCWs were full-time and 50 were defined as part-time.

*Figure 5: Child Care Centre Staff Headcount, 2023*




Staff interviews revealed that the licensed child care capacity in DDCC Centres is generally used efficiently, with multiple sites offering licensed care, including specialized French programs. However,

staffing challenges significantly impact operations, leading to large waitlists and affecting enrollment and meeting community needs. The ability to offer additional programs and spaces to place more children and reduce waitlists is primarily based on the ability to secure RECEs or trained staff that could receive Director Approval. Each program grouping requires one RECE or Director Approved child care worker to run the program.

*Findings Summary*

Overall, DSSMSSAB centres were slightly more efficient than third party centres when considering staffing for licensed capacity, operational occupancy, and staff utilization. When considering the efficiencies of operations, DDCC centres were slightly more efficient, as they were operating at 73% of their licensed capacity versus third parties which, collectively, operated at 71%. Furthermore, when considering the ability of each centre type to fill the spaces available based on staffing resources, DDCC centres were able to achieve an occupancy rate of 84% of spaces while third party centres had an occupancy rate of 82%. There is evidence of sufficient local demand to fill licensed capacities, indicating a need for additional CCWs and ECEs to increase operational capacity to licensed capacity levels.

### Recommendations

*Recommendation 1*

DSSMSSAB is already aware that recruitment and retention of qualified ECE and CCW staff is a priority for the district as noted in their 2019-2024 Early Years System Service Plan. It is recommended that DSSMSSAB focus on its plan to engage with stakeholders to offer a variety of paths to complete an E.C.E. Diploma and post diploma certificate programs to improve the pool of qualified applicants in the district.

# Effectiveness

## 3. Have DDCC centres effectively managed their waitlists and optimized wait times for families?

### Findings

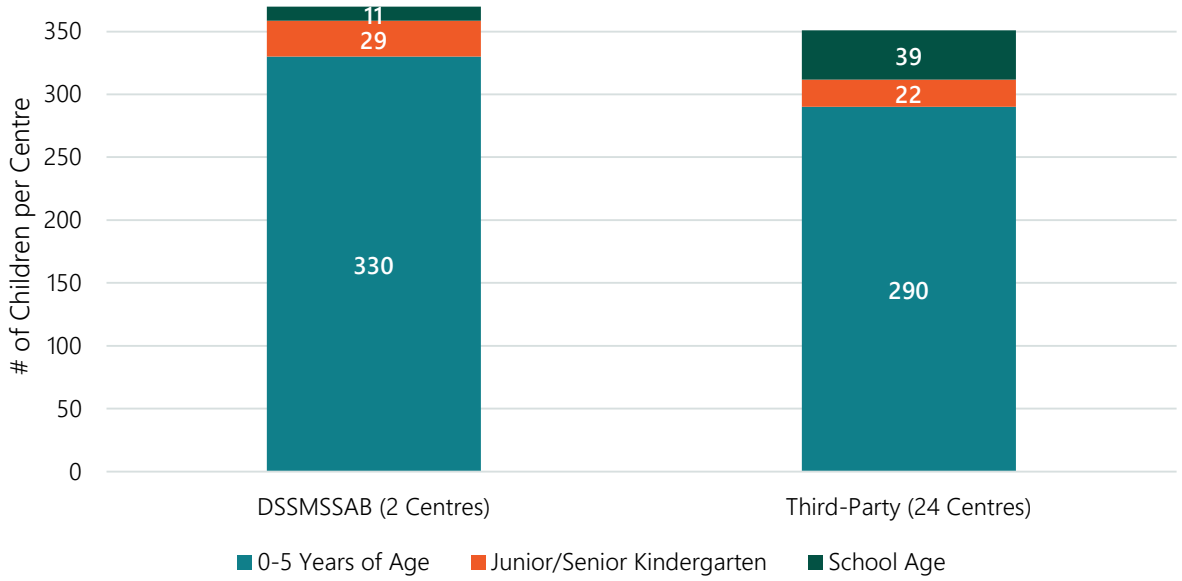
*Waitlist Data Analysis*

According to data received by DSSMSSAB, as of February 25, there were 739 children on combined waitlists for the two  DDCC centres as of February 2025. This included 660 children under 5 years of age, 57 kindergarten children, and 22 school age children. Comparatively, there were 6,960 children under 5 years of age, 518 junior and senior kindergarten children, and 941 school age children on waitlists across the 24 third party centres.

To conduct a fair comparison of the waitlist data for DSSMSSABs with third party centres, the total

number of children in each age group on the wait list per centre was calculated. As shown in Figure 6, DSSMSSAB centres had a slightly higher number of children on the waitlist per centre compared to third party centres. Overall, DSSMSSAB centres had 370 total children per centre compared to 351 children per centre for third party facilities. For both centres, children aged 0-5 years old made up the majority of the children on the waitlists, representing 89% of DSSMSSAB centres and 83% of third party centres.

*Figure 6: Comparison of number of children on the waitlist per centre type, February 2025*




Additional data received by DSSMSSAB, as of April 2025, confirmed that the number of children above is overstated, as most children were on a waitlist for multiple sites and thus the total wait list count of 6,960 does not represent unique children waiting for child care spaces. When eliminating duplicates from the waitlist, the number of children waiting for a child care space is reduced to approximately one third, or 2,254. Of the unique children on the waitlist, 557 were for infant spaces, 275 were for toddler spaces, 30 were for kindergarten spaces, and 712 were for school age spaces. When considering unique children on the waitlist, 32% were waiting for a school age space, with children under five representing 67% of the list, indicating that it is more likely for parents to have children on multiple wait lists for younger children than school age children.

Waitlist management is currently managed using DSSMSSAB's Child Care Centralized Application Site, which includes wait lists for both spaces and fee subsidies[12]. In 2019, DSSMSSAB reported that over 1,100 children were on the waitlist for a licensed child care space. This, compared with the 2,254 unique children on the waitlist as of April 2025, indicated a significant increase in waitlist volume.

[12] District of Sault Ste. Marie Social Services Administration Board 2019-2014 Early Years Service System Plan.

DSSMSSAB does not track the length of time a child has been on the waitlist or capture data at historical points in time, therefore an assessment of growth or reduction in the waitlist could not be conducted. It should also be noted that one third party centre, YMCA River View, was specifically noted as not accurately maintaining their waitlist site, potentially contributing to inaccurate third party figures.

### *Parent Survey Results*

Based on the survey results, it appears that DDCC centres have had mixed success in managing their waitlists and optimizing wait times for families. Below are some key survey results:

- A significant majority (88.31%) of respondents indicated they had been placed on a waitlist, suggesting that demand for childcare is high and there are limited immediate spaces available.
- The wait times varied widely, with some families waiting up to 18 months or more. This indicates that while some families are able to secure childcare relatively quickly, others face long delays.
- A high percentage (89.74%) of respondents took maternity or paternity leave. Among those, many were able to secure child care in time to return to work, but some had to extend their leave due to delays in securing child care.
- Some respondents highlighted the importance of early enrollment and proactive measures, such as applying for daycare as soon as they found out they were pregnant. This indicates that families who plan ahead are more likely to secure child care in time.

While DDCC centres are making efforts to manage their waitlists, there are still significant challenges in optimizing wait times for all families. The variability in wait times and the need for some families to extend their leave indicate that there is room for improvement in the system.

It is important to note that the current shortage of ECEs poses a significant challenge to expanding child care services and reducing wait times. Addressing this shortage will require improved pay, working conditions, and investment in training and retention strategies, which were noted as strategic areas of focus in the 2019-2024 Early Years System Service Plan.

## Recommendations

### *Recommendation 2*

To enhance the effectiveness of waitlist management and optimize wait times for families, DDCC centres should implement a more detailed tracking system to monitor the length of time children spend on waitlists and capture historical data for better trend analysis. An enhanced waitlist management system should include:

- A list of unique children on waitlists across the region, including age category and preferred child care site
- Monitoring of the amount of time unique children spend on the waitlist to ensure child care spaces are distributed on a fair basis to those in need
- Projection tools for the number of placements in future months. For example, analysis of the number of new children requiring care over the next 18 months as parental leaves end.

- Tracking of historical data for trend analysis and performance evaluation

*Recommendation 3*

In conjunction with the implementation of an improved waitlist management system per recommendation #2, DSSMSSAB should collaborate with third-party centres to share best practices, coordinate placements, and address discrepancies in waitlist management to improve overall efficiency and reduce wait times for families.

## 4. Are DDCC centres prepared for Risk Management?

### Findings

When considering risk management for child care centres, providing reliable and safe services is the primary objective. Ensuring compliance with licensing regulations and effective reporting of critical incidents remains essential for maintaining service quality and safety. Staffing shortages and the lack of infant programs continue to affect parents' ability to return to work, leading to reliance on family support and concerns over fee changes and centre closures. In 2024, YMCA of Sault Ste. Marie was preparing to close all centres due to financial challenges, putting nearly 500 child care spots at risk[13]. Stakeholder insights reveal that while the YMCA is no longer facing closure[14], the potential for such an event would have posed significant risks to families relying on these services. These issues underscore the importance of addressing space and staffing challenges to support families and maintain the quality of child care services.

Community representatives noted that the DDCC services are effective. However, space and staffing shortages cause anxiety among families, leading to relocations and long waitlists. For example, the lack of available child care spots has led to two parents relocating and two police officers struggling to find child care support. Parents are finding that the present child care landscape makes finding a child care spot a higher priority than choosing which school to attend. The shortage of services and staffing impacts the community overall. Recruitment of ECEs is necessary to address staffing issues. Increased communication is also needed to ensure continued satisfaction and improvement.

SSM management noted that they demonstrated effective risk management strategies, particularly during emergency situations. Collaboration with police services and the implementation of comprehensive staff training programs are indicative of their commitment to risk management. These efforts have helped ensure the safety and well-being of children and staff, while also maintaining service continuity during challenging times. Additionally, prior to the establishment of DSSMSSAB, individual centres were able to adapt to required changes and provide emergency child care services during the pandemic. They managed to keep child care services operational and generally uninterrupted, even

[13] https://www.cbc.ca/news/canada/sudbury/ymca-sault-shutdown-child-care-1.7177873

[14] https://www.cbc.ca/news/canada/sudbury/sault-ste-marie-ymca-finances-1.7372583

when faced with potential closures. This was achieved through proactive measures such as maintaining compliance with licensing regulations, ensuring effective reporting of critical incidents, and conducting regular reviews of emergency procedures, indicating a culture of safety within all centres.

### *Child Care Inspection Analysis*

Childcare facilities in the DSSMSSAB district are all subject to an inspection multiple times a year where examiners are responsible for ensuring the safety of all children by assessing whether such facilities are abiding by licensing requirements. In addition to the inspections, centres must self-report risk incidents when they occur in a centre.

Some child care staff have questioned the reliability of comparing self-reported risk incidents, as some centres may hold staff to a higher standard of reporting than others. Incidents listed as critical may include instances where a child was momentarily unaccounted for (for example, they went to the bathroom without informing their CCW), or cleaning solutions being momentarily left in reach of children, thus it may be easy for some CCWs to not self-report these seemingly minor occurrences.

A review of reported incident data for all centres was conducted to analyze whether certain governance type facilities (Third Party or DDCC) produce differing levels of risk based on the number of reported risks. Per Table 9, DDCC centres had a total of 4 inspection risks identified in 2023, only one of the two centres (Prince Charles Early Learning Centre) had inspection risks identified. Of the 4 risks identified, 3 were critical (relating to a child not being included on an allergy restrictions list) and 1 was moderate (an offence declaration missed in annual declaration of new offences). Weighting critical risks based on relative size (number of spaces offered), the DDCC centres recorded 0.03 critical risks per space compared to 0.02 in third party centres. All identified risks at DDCC centres were marked resolved by the inspector.

*Table 9: Total Inspection Risks Identified, 2023*

| Total Risks | Third Party (24 Centres) | DSSMSSAB (2 Centres) |
|---|---|---|
| Critical Risks | 9 | 3 |
| High Risks | 11 | - |
| Moderate Risks | 10 | 1 |
| Low Risks | 4 | - |
| **Total Risks** | **34** | **4** |
| **Critical Risks / Licensed Spaces** | 0.02 | 0.03 |

Assuming the self-reported data accurately reflects the number of risks in a centre, DDCC centres have slightly more critical risks per licensed space than third party operators, but not by a material amount.

# Economy

## 5. Have DDCC centres met their objective of promoting affordability in child care across the district?

### Findings

The evaluation methodologies for cost economy make several assumptions based on data limitations and reporting differences between the DDCCs and third parties:

1. Third-party financial information is available only on a consolidated basis. That is, costs have not been provided on an individual centre basis and thus a cost efficiency comparison of individual centres cannot be evaluated.
    a. For Child Care Algoma, consolidated financial information includes the costs related to both the child care centres and the home-based child care operators. See the Limitations section for details.
2. Cost per space differs based on the age groupings offered at each centre. That is, it is inherently more costly to offer an infant space than a kindergarten space due to the higher staff-to-child ratio. Evaluating cost economy across centres must be based on a like-for-like direct input, such as the required number of CCWs per a centre's operating capacity.

The chosen measure for comparing affordability between DDCCs and third-party centres is the total operating cost per required CCW space. This measure compares DDCCs to third parties on an equal basis as it accounts for the staff-to-child ratio at operating capacity. Dividing the cost per CCW FTE requirement by the occupancy rate is necessary to compare the efficiency factor for each provider type on an equal basis. The cost economy of third party operators cannot be evaluated on an individual centre basis due to consolidated financial statements, thus the aggregate third party cost per CCW FTE requirement will be compared to the aggregate DDCC cost per CCW FTE requirement. The formula can be visualized as follows:

$$Operating\ Cost\ per\ Utilized\ CCW\ FTE\ Requirement = \frac{(Operating\ Costs/Required\ CCW\ FTE)}{Occupancy\ Rate}$$

Financial results were unavailable for all third-party centres. The VFM audit used financial information from the following child care providers deemed most comparable to DDCC operations:

- YMCA – The Sault Ste. Marie YMCA is a not-for-profit organization that operates 8 child care centres. The YMCA was licensed for 518 spaces across all age groups in 2023, with an operating capacity of 377 spaces (licensed capacity efficiency ratio of 72.8%. The YMCA's consolidated financial statements include a schedule for its consolidated childcare operations which forms the basis for their results in this analysis.
- Child Care Algoma (CCA) – CCA is a non-profit organization that operates 14 child care centres. CCA centres were licensed for 734 spaces across all age groups in 2023, with an operating

capacity of 500 spaces (licensed capacity efficiency ratio of 68.1%). However, CCA also oversaw 26 licensed home child care (LHCC) providers in 2023 for additional operating capacity of 144 spaces (132.8 children registered). CCA's financial statements include consolidated revenues and costs for both the centres and LHCC operators. An estimate has been used that includes the LHCC providers in the count of required CCWs and excludes approximately $1.05 million in directly identified home care operating costs, thus it should be noted that the results of CCA's operating cost per utilized CCW FTE required may not be an accurate reflection of the isolated cost of its child care centre operations.

Table 10 outlines the calculated operating cost per utilized CCW FTE requirement for the 3 reviewed providers. Costs vary significantly between the 3 providers, with the YMCA providing the most cost efficient service at $62,503 per utilized CCW FTE requirement, compared to $110,544 for DSSMSSAB and $116,115 for CCA.

*Table 10: Calculation of Operating Cost per Utilized CCW FTE Requirement*

| Operator | Total Annual Operating Costs | CCW FTE Require-ment | Operating Cost per Gross CCW Req. | Average Annual Occupancy Rate | Operating Cost per Utilized CCW FTE Requirement |
|---|---|---|---|---|---|
| DSSMSSAB | $1,213,109 | 13.0 | $93,316 | 84.4% | $110,544 |
| Child Care Algoma | $9,985,187 | 113.30 | $88,131 | 75.9% | $116,115 |
| YMCA | $3,269,965 | 58.7 | $55,706 | 89.1% | $62,503 |

The reasoning for the difference can be further broken down by expense category (Table 11). These results show that salaries and benefits are the main reason for the cost difference, with the YMCA being approximately twice as cost efficient than the other providers in staffing costs per utilized CCW FTE requirement.

*Table 11: Operating Costs per Utilized CCW FTE Requirement by Expense Category*

| Operator | Salaries & benefits | Facility expenses | Food | Administration | Program expenses | Total cost per Utilized CCW FTE |
|---|---|---|---|---|---|---|
| DSSMSSAB | $97,995 | $6,614 | $4,174 | $456 | $1,305 | $110,544 |
| Child Care Algoma | $93,231 | $9,512 | $4,261 | $1,183 | $7,928 | $116,114 |
| YMCA | $48,237 | $6,544 | $3,038 | $3,340 | $1,345 | $62,504 |

## *Salaries and Benefits*

The DSSMSSAB has the highest salaries and benefits cost per utilized CCW FTE requirement among the 3 compared providers in the district. This is primarily due to DSSMSSAB paying the highest hourly wages to child care centre employees, as all non-supervisor staff are unionized through the Canadian Union of Public Employees (CUPE or "the union"). The current collective agreement between DSSMSSAB and the union is from February 1, 2023 to January 31, 2027.

Table 12 provides an outline of DSSMSSAB's wages for 2023.

*Table 12: DSSMSSAB Hourly Wages, 2023*

| Position | Training / Step 1 | Starting / Step 2 | Intermediate / Step 3 | Standard / Step 4 | Step 5 (non-union only) |
|---|---|---|---|---|---|
| Cook | | $26.60 | $27.83 | $29.10 | |
| Child Care Worker Assistant | | $26.60 | $27.83 | $29.10 | |
| Registered ECE | $32.83 | $34.17 | $35.45 | $36.78 | |
| Supervisor of Childcare Operations* | $44.22 | $46.33 | $48.42 | $50.51 | $52.64 |

**Non-union, converted from base salary divided by 1,820 full time hours per year.*

Table 13 lists the hourly wages for CCWs with third party operators in 2023. The wage variance between the YMCA and the other analyzed operators becomes apparent with this view, as the YMCA has the lowest wages, bordering on the minimum wage in Ontario which increased from $15.50 to $16.55 in October 2023.

*Table 13: Third Party Hourly Wages, 2023*

| Operator | Non-RECE | RECE | Supervisor |
|---|---|---|---|
| Child Care Algoma | $16.00 - $22.80 | $23.00 - $26.59 | $30.50 - $34.10 |
| YMCA | $17.27 - $21.15 | $17.11 - $22.15 | $18.00 - $27.03 |
| THRIVE | $21.05 - $23.09 | $21.05 - $25.82 | $28.04 |
| Waterfront | $18.00 - $19.50 | $19.00 - $26.00 | $30.00 |

Assessing the earning capacity for ECEs at the mid-point of these wage ranges, ECEs at CCA earned 26% more than those at YMCA, and ECEs at the DSSMSSAB earned 77% more than those at YMCA. Higher hourly wages do not necessarily imply cost inefficiency, as it can lead to higher employee satisfaction and lower staff turnover (more years of data would be required to conduct this analysis), which could also be reflected in the licensed capacity efficiency ratio, of which the DSSMSSAB had a slightly higher ratio than third party providers.

## *Facility Expenses*

Facility expenses include all costs related to the tenancy or possession and upkeep of the child care properties. This includes rent, mortgage costs, amortization, utilities, and repairs and maintenance.

CCA's facility expenses are noticeable higher than the other providers, mainly due to $176,000 in non-cash amortization costs compared to only $25,000 for YMCA and $0 for DSSMSSAB. It does not appear that DSSMSSAB has allocated certain costs from its head office to the child care program, including

allocations of administration and amortization costs.

Amortization aside, there does not appear to be any significant difference in the management of facility expenses between the 3 providers.

### *Food*

Food costs differ significantly by provider, with the YMCA being the most economical on a per utilized CCW FTE requirement basis. However, food cost can be directly tied to the number of children registered during the year, for a more simplified calculation of food expense per child, as the number of children drives the cost of food consumed.

*Table 14: Food Cost per Child, 2023*

| Operator | Food Expense | Children Registered | Food Cost per Child |
|---|---|---|---|
| DSSMSSAB | $45,801 | 65 | $705 |
| Child Care Algoma | $366,385 | 380* | $965 |
| YMCA | $158,930 | 336 | $473 |

**CCA does not cover food costs for LHCC, thus only the 380 children registered in child care centres are included in the calculation of food cost per child.*

It is unclear how the YMCA is able to attain such a low food cost per child, as the age category mix between the 3 providers would not indicate any differing concentration of higher consumption age groupings; younger age categories that spend all day at a child care centre will consume more than kindergarten or primary school age that may be spending partial days.

### *Administrative Costs*

Administrative costs include office costs, professional services (e.g. legal and accounting), and allocated costs from central administration.

DSSMSSAB has the lowest administrative costs, but as previously stated this appears to be due to a lack of allocation of direct administrative costs from the DSSMSSAB to its child care centres. Due to the allocation discrepancy, a fair comparison of administrative costs between DDCC to third party cannot be completed.

Also of note is it appears the YMCA may include the salaries of administrative positions under its "Administration" expense category on its consolidated financial statements, leading to a higher administrative cost and partially contributing to the salaries and benefits variance as CCA includes administrative salaries under its "Salaries and Benefits" expense category.

### *Program Expenses*

Operating expenses include all costs associated with day-to-day operations of the centres, including

program supplies, purchased services, staff training and travel, and other miscellaneous expenses.

Similar to food expenses, program supplies can be evaluated on a cost per child basis as there is a relatively direct relationship between the number of registered children and the cost of program delivery. Table 15 outlines the program expenses per child by operator for 2023. The DDCC and YMCA spend approximately the same on a per child basis, while CCA has significant program expenses that have not been further broken down in the provider's consolidated financial reporting.

*Table 15: Program Expenses per Child, 2023*

| Operator | Program Expenses | Children Registered (including Home Based Care) | Program Expenses per Child |
|---|---|---|---|
| DSSMSSAB | $14,325 | 65 | $220 |
| Child Care Algoma | $681,764 | 512 | $1,331 |
| YMCA | $70,352 | 336 | $209 |

## *Cost Analysis Summary*

Given DSSMSSAB only had one full year of financial information available for review at the time of the audit (due to 2022 being a partial year and 2024 results not yet available for review), it cannot be determined if cost discrepancies between DDCC and third party centres are indicative of a trend of cost inefficiencies. DSSMSSAB appears to be delivering services at a slightly better cost economy than CCA, while the YMCA is by far the most economical mainly due to lower salaries and benefits costs.

## Recommendations

### *Recommendation 4*

Coordinate with YMCA to develop an understanding of their food supply channels and their feeding procedures. If the YMCA's food quality and feeding standards can be appropriately implemented at DDCCs then the DSSMSSAB could potentially collaborate on bulk orders.

### *Recommendation 5*

The DSSMSSAB should create a cost allocation system to properly distribute administrative costs from the district level to the direct delivery program. Doing so would increase transparency around program costs by properly accounting for the full cost of operating the DDCCs. An administrative cost allocation would likely include a portion of the Integrated Program Manager and Financial Analyst salaries and benefits, as well as any other costs deemed necessary for the operation of the DDCCs that are currently accounted for at the district level.

## 6. Does SSM generate economies of scale through its administration beyond that of a third party provider?

### Findings

Economies of scale may include operational, managerial, or financial advantages that allow for an increased output and/or a reduction in cost based on the size of an organization. In this case, DSSMSSAB is still a relatively new provider, with the St. Paul centre opened in 2021 on an emergency child care basis and the Prince Charles centre opened in 2022, and has not yet reached the scale at which significant economies of scale could be generated. In addition, without any allocation of administration expenses by the district it cannot be determined whether the administrative costs of direct delivery are more or less economical than other providers in the region.

Reviewing the other major providers in the region, it appears the YMCA has been able to achieve some economies of scale based on its lower costs attributed to salaries and benefits and food costs. It is unlikely the DSSMSSAB will be able to replicate savings in salaries and benefits due to the unionized status of its employees. However other cost economies could be achievable, such as through partnering with third party providers for food purchases.

# Relevance

## 7. Do DDCC centres provide access to different types of care from third party providers?

### Findings

DSSMSSAB directly operates 105 child care spaces of the 1,877 total licensed spaces in the district (Table 16). For each age group, DSSMSSAB operates less than 10% of all spaces in the district, representing 5.9% of the combined total number of spaces.

*Table 16: Spaces by Age Category, 2024*

| Age Group | DSSMSSAB | Third Party | Total | DSSAB % of Total |
|---|---|---|---|---|
| Infant | 10 | 123 | 133 | 7.5% |
| Toddler | 15 | 301 | 316 | 4.7% |
| Preschool | 24 | 528 | 552 | 4.3% |
| Kindergarten | 26 | 329 | 355 | 7.3% |
| Primary / Junior School Age | 30 | 491 | 521 | 5.8% |
| **Total** | **105** | **1,772** | **1,877** | **5.9%** |

Both provider types provide spaces for all age groups. On average, DDCC centres have 52 spaces per

site, while third parties average 54.

There are also spaces within the district's 1,877 child care spaces designated for cultural program offerings, specifically 91 Indigenous led spaces and 57 Francophone spaces. Both centres offering spaces for designated culture program offerings are third party centres.

DSSMSSAB's 2019-2024 Early Years Service System Plan lists integrating the diverse needs of families into all early years programming as one of its 5 key goals. The key action steps for this goal include liaising with the Indigenous Centre for Excellence for Early Childhood Education and including a variety in food, celebrations, and guest speakers in programming.

The evidence shows that programming by age category is well diversified across providers in the region, with no individual provider materially lacking in the provision of any individual age grouping. Overall, the School Age and Pre-School age groupings made up the majority of children represented on the waitlist in April 2025 at 32% and 30%, respectively.

Comparatively, when considering the difference between licensed and operating capacities, most of the variance (40%) can be attributed to the School Age grouping, indicating an opportunity to prioritize adding staff in this age group. As shown in Table 17 below, the Kindergarten age group represented the next highest capacity variance, though only represents 1% of the total waitlist, while pre-school represented only 12% of the variance, but 30% of the waitlist and could be the next highest priority to address the waitlist volume.

*Table 17: Comparison between Waitlist and Licensed Capacity Variance*

| Age Group | Proportion of Waitlist | Licensed Capacity | Operating Capacity | Capacity Variance | Proportion of Capacity Variance |
|---|---|---|---|---|---|
| Infant | 25% | 93 | 73 | 20 | 5% |
| Toddler | 12% | 218 | 185 | 33 | 8% |
| Preschool | 30% | 400 | 352 | 48 | 12% |
| Kindergarten | 1% | 329 | 182 | 147 | 36% |
| Primary / Junior School Age | 32% | 408 | 245 | 163 | 40% |
| **Total** | **100%** | **1,448** | **1,037** | **411** | **100%** |

# 8. Are parents receiving the child care services they need, where they need it?

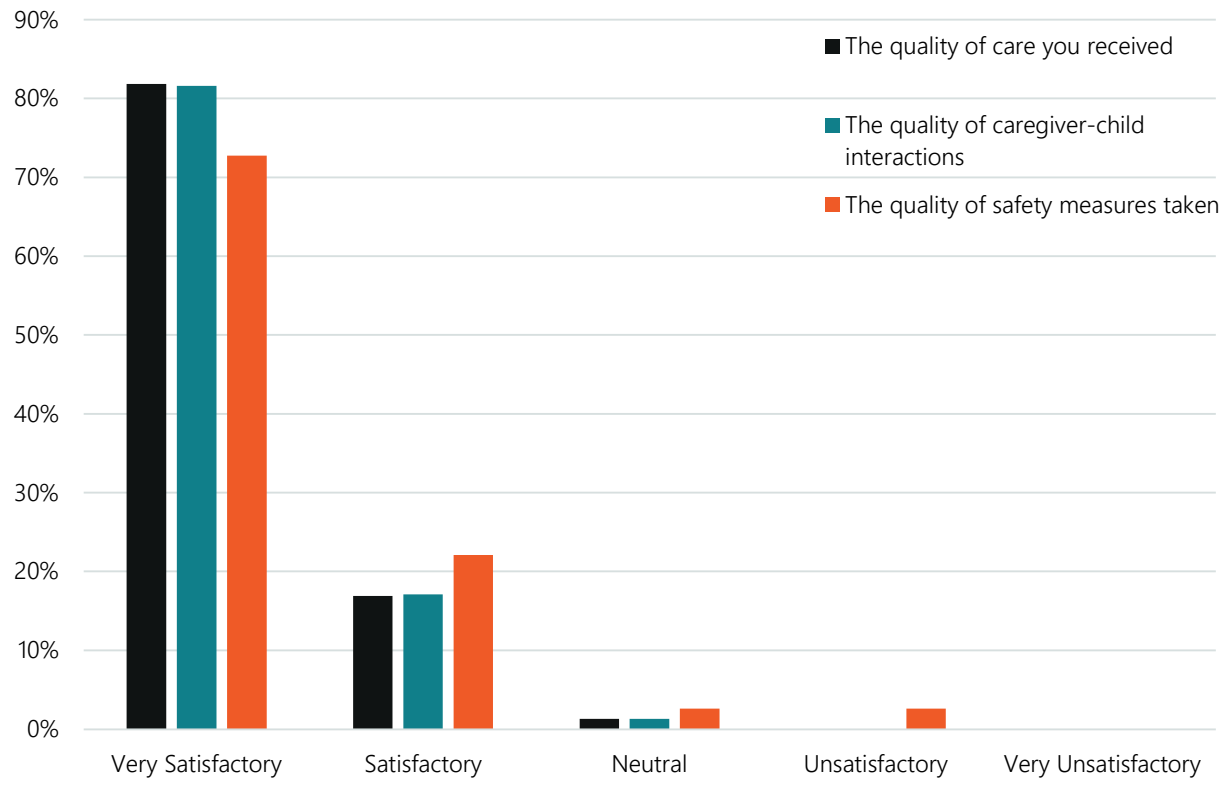
## Findings

Parent survey responses highlight the importance of child care services in supporting parents' ability to

work. Many parents expressed satisfaction with the hours of operation, which align well with their work schedules, allowing them to maintain busy and flexible medical practices, complete their workdays, and manage drop-off and pick-up times effectively. The convenience of child care locations, with 89.6% of respondents finding them either very convenient or convenient, further supports parents' ability to work without significant disruptions. Moreover, the high satisfaction rates with communication methods (93.5% being very satisfied or satisfied) indicate that parents are well-informed and can manage their child care needs effectively, contributing to their overall productivity and economic stability.

The survey also assessed parents' opinions on various aspects of child care services shown in Figure 7. The quality of care received was rated very satisfactory by 81.82% of respondents, satisfactory by 16.88%, and neutral by 1.30%. Similarly, the quality of caregiver-child interactions was rated very satisfactory by 81.58%, satisfactory by 17.11%, and neutral by 1.32%. The quality of safety measures taken was rated very satisfactory by 72.73%, satisfactory by 22.08%, neutral by 2.60%, and unsatisfactory by 2.60%.

*Figure 7: Parent Survey Satisfaction Results*




However, two significant concerns were highlighted by parents. Some parents working 12-hour shifts face challenges in aligning child care hours with their demanding work schedules, creating difficulties in managing drop-off and pick-up times. Additionally, the long wait times for securing a child care space remains a major concern, with many parents reporting having to wait several months, extending their

leave, or facing delays in returning to work due to the unavailability of child care services.

Currently there are no centres in the district offering 24-hour child care. It is unlikely the DSSMSSAB could introduce a 24-hour child care program for shift-based workers given lack of qualified staff in the area at this time. If ample staff were available, a provider with flexible staffing arrangements may be able to enter this space.

# Economic Impact

## 9. What is the economic impact of DDCC services in the district?

### Findings

DSSMSSAB is struggling with a shortage of qualified ECEs, leading to heavy workloads and waitlists for child care. The lack of available child care spots is also affecting potential growth for local businesses and services. Parents are unable to join the workforce, and qualified professionals may move to regions where child care is more readily available.

The high demand for child care services in the district is evident from the extensive waitlists, indicating a need for additional resources and capacity building. Expanding these services would enable more parents to enter or remain in the workforce, boosting economic activity in the community.

Some of the economic impacts of this situation include:

- From a business perspective, when parents are unable to secure spots in a child care centre it can lead to a reduced working population. Although the demand for work remains constant, the supply of available workers decreases, which can result in lower productivity, increased absenteeism, and decreased profitability. This can also slow economic growth and impact overall business operations. For example, in a physician's clinic where two immigrant doctors are struggling to find child care spots, the clinic's functioning could be disrupted, ultimately affecting patient care.
- From a parent's perspective, expensive and unreliable child care can force parents, often women, to reduce their working hours or delay their return to the workforce. When parents are unable to work full-time due to a lack of daycare spots, their earning potential is limited. This decreased spending power can contribute to slower overall economic growth.

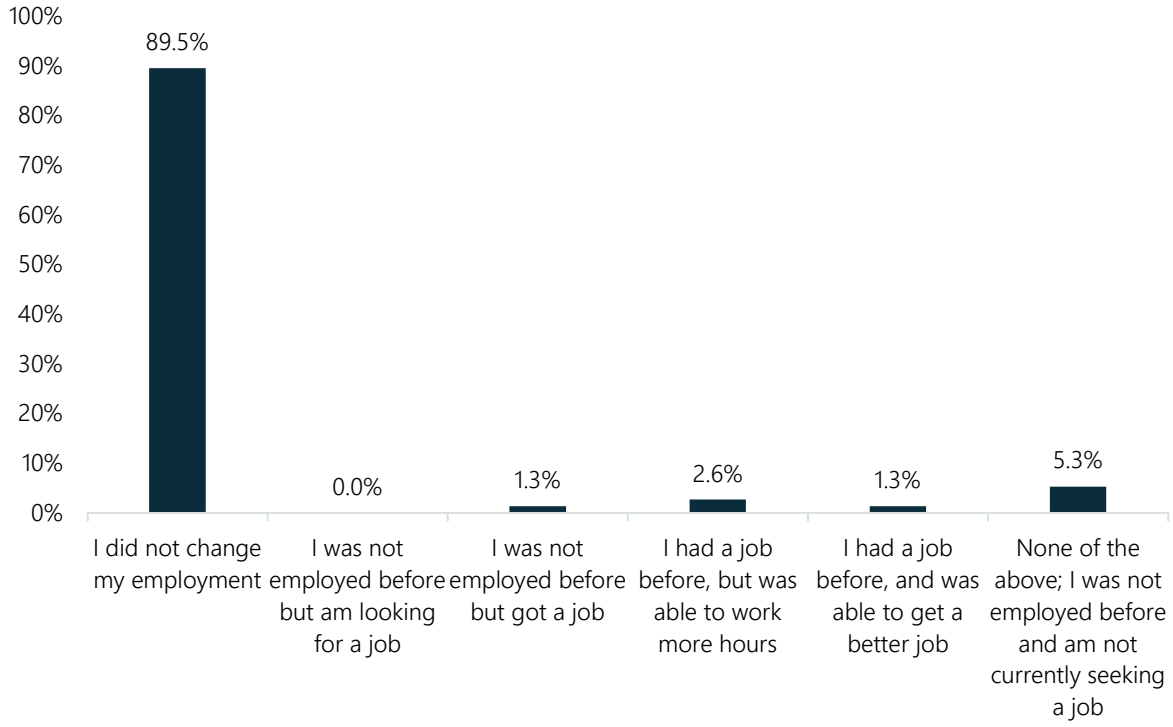
Studying the implementation of a universal child care program in the province of Quebec, a recent study found that formal child care increases the employment rates of mothers, as well as that of grandmothers to a lesser extent.[15]

*Parent Survey*

[15] IZA DP No. 15894 The Multigenerational Impact of Children and Child care Policies

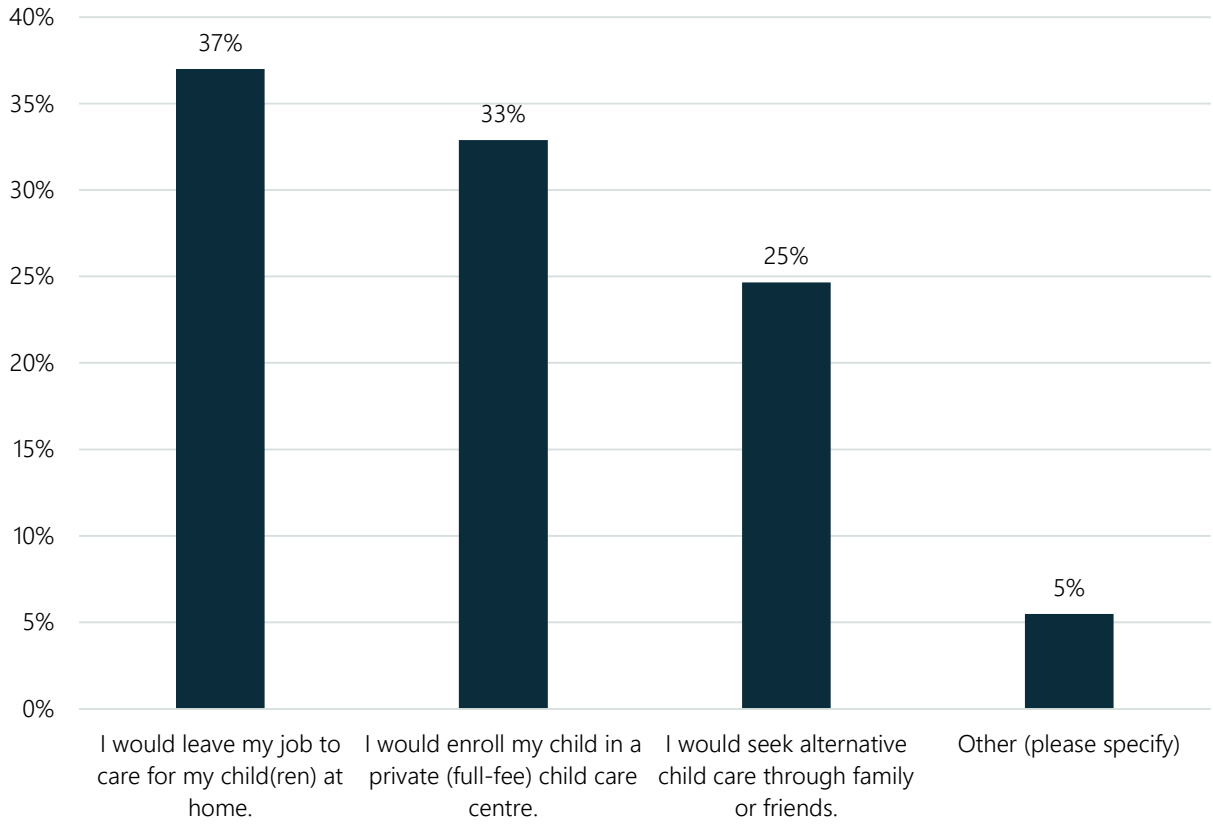
Based on the survey findings, the availability and provision of child care services have enabled many parents to maintain or improve their employment status. Specifically, the majority of parents (89.5%) reported no change in their employment status, indicating stability. However, some parents experienced positive changes: 1.3% secured employment, 2.6% increased their working hours, and 1.3% obtained better jobs.

*Figure 8: How did access to child care impact your employment status?*




Another question in the parent survey aimed to understand how parents' employment status would be affected if they did not have access to publicly funded childcare. The combined responses indicate that 37% of parents would leave their job to care for their child(ren) at home, 33% would enroll their child in a private (full-fee) child care centre, 25% would seek alternative child care through family or friends, and 5% provided other specific scenarios, such as closing medical practices and moving to a city with better child care, partners quitting their jobs, or being unable to afford alternative care. Several respondents indicated that they would be left without any alternative solutions and expressed potential hopelessness if they did not have access to publicly funded child care.

*Figure 9: How would your employment status be affected if you did not have access to publicly funded child care?*




These findings highlight the critical role of publicly funded childcare in enabling parents to maintain their employment. Without access to these services, a significant portion of parents would face challenges that could lead to reduced workforce participation, impacting their economic stability and the overall economic activity in the district.

### *Economic Impact of Lack of Access to Child Care*

To estimate the impact of parents losing access to publicly funded child care in the District of Sault Ste. Marie, we used the survey results and local economic data. This analysis will focus on how many parents would have to leave their employment and the subsequent economic impact.

Based on the assumptions and data collected, we can estimate the impact of parents losing access to publicly funded child care in the DSSMSSAB. It is assumed that one CCW is responsible for 8 children (preschool child-to-staff ratio), representing 15 parents (assuming that there will be one or two children who are cared for by a parent with sole custody). According to the survey results,

- 36.99% (27) would leave their job to care for their children at home,
- 32.88% (24) of parents would opt for private child care,
- 24.66% (18) would seek alternative child care through family or friends, and
- 5.48% (4) would choose other options.

The "Other" category includes responses such as closing medical practices and moving to a city with better childcare, partners quitting their jobs, or being unable to afford alternative care. These responses indicate that these parents would also leave their employment if they lost access to publicly funded child care. Therefore, we combine the percentages of parents who would leave their job (36.99%) and those in the "Other" category (5.48%), resulting in a total of 42.47%.

Applying this combined percentage to the number of parents per CCW, we estimate that approximately 6-7 parents would leave their employment to care for their child if publicly funded child care access was lost. If we consider multiple CCWs, the total number of parents leaving employment would be higher. For example, if there are 5 CCWs, representing 70-75 parents, approximately 30-32 parents would leave their employment. This significant shift in employment status highlights the critical role of publicly funded child care in supporting working parents and maintaining economic stability within the community.

Two scenarios have been developed to determine the total economic impact associated with changes in marginal operating capacity added by a qualified ECE.

In the first scenario, all parents who indicated they would leave their job do so. This results in a significant loss of income for these families. Per the 2021 census, the median annual employment income for a full-time worker in Sault Ste. Marie was $65,500 (take-home pay $41,600)[16]. If 6 parents leave their jobs, the total annual income loss would be $249,600. If 7 parents leave their jobs, the total annual income loss would be $291,200.

*Table 18: Total Change in Annual Take-Home Pay in Sault Ste. Marie due to the loss of 8 Child Care Spaces (1 CCW) – full employment leave*

| Scenario | Number of Parents Leaving Employment | Total Change in Annual Take-Home Pay |
|---|---|---|
| Lower Bound | 6 | $249,600 |
| Upper Bound | 7 | $291,200 |

16 https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/details/Page.cfm?Lang=E&DGUIDlist=2021A00053557061&GENDERlist=1,2,3&STATISTIClist=1&HEADERlist=0

In the second scenario, some parents leave their jobs entirely, while others reduce their working hours from full-time to part-time. This results in a varied impact on household income. If 5 parents leave their jobs and 1 parent reduces their hours, the total annual income loss would be $208,000. If 5 parents leave their jobs and 2 parents reduce their hours, the total annual income loss would be $228,800.

*Table 19: Total Change in Annual Take-Home Pay in Sault Ste. Marie due to the loss of 8 Child Care Spaces (1 CCW) – partial employment leave*

| Scenario | Number of Parents Leaving Employment | Number of Parents Reducing Hours | Total Change in Annual Take-Home Pay |
|---|---|---|---|
| Lower Bound | 5 | 1 | $208,000 |
| Upper Bound | 5 | 2 | $228,800 |

Combining the full range of the estimated loss in take home pay from both scenarios ($208,000 - $291,200) with the local economic impact multipliers, we can estimate the broader economic impact on the region:

*Table 20: Estimated Local Economic Impact from the Loss of 8 Child Care Spaces (1 CCW)*

| Scenario | Total Change in Household Spending | Output | GDP | Jobs (FTE) | Federal Taxes | Provincial Taxes |
|---|---|---|---|---|---|---|
| Lower Bound | $208,000 | $165,600 | $98,600 | 0.076 | $14,300 | $16,900 |
| Upper Bound | $291,200 | $231,000 | $137,500 | 0.106 | $20,000 | $23,600 |

**Taxes are approximations and include income taxes and excise taxes generated from spending. They do not include taxes paid on the incremental income.*

The lack of access to publicly funded child care in DSSMSSAB would have a significant economic impact on families and the local economy. If parents are forced to leave their jobs or reduce their working hours, the loss of income would be substantial. This reduction in household income would lead to decreased spending in the local economy, affecting output, GDP, and job creation. Additionally, there would be a decrease in federal and provincial tax revenues.

Publicly funded child care is crucial for maintaining employment levels and supporting the economic stability of families and the broader community. Ensuring access to affordable child care can help prevent these negative economic impacts and promote a healthier, more resilient local economy.

# Implementation Timelines

### *Short Term Actions*

Short-term recommendations relate to internal policies and controls that can be implemented immediately by DSSMSSAB, including:

- Collaborate with third-party centres to share best practices, coordinate placements, and address discrepancies in waitlist management to improve overall efficiency and reduce wait times for families.
- Coordinate with YMCA to develop an understanding of their food supply channels and their feeding procedures. If the YMCA's food quality and feeding standards can be appropriately implemented at DDCCs then the DSSMSSAB could potentially collaborate on bulk orders.

### *Medium Term Actions*

Several recommendations will take longer to implement as they require DSSMSSAB to collaborate with other organizations or interactions between DDCC operations and DSSMSSAB's role as the system service manager. These medium-term recommendations include:

- Implement a more detailed waitlist tracking system to monitor the length of time children spend on waitlists and capture historical data for better trend analysis.
- Focus on the plan to engage with stakeholders to offer a variety of paths to complete an E.C.E. Diploma and post diploma certificate programs to improve the pool of qualified applicants in the district.
- Create a cost allocation system to properly distribute administrative costs from the district level to the direct delivery program and increase transparency around program costs.

# Conclusion

The main objectives of this audit were to assess whether federal and provincial funds are utilized efficiently and effectively, and to evaluate if child care services might be more efficiently provided by a third party provider. The audit found that DSSMSSAB has met its objectives in delivering child care services in a reliable manner, and no evidence that would indicate that third party providers could provide the same services at a greater value-for-money or with a greater reach.

DSSMSSAB operations are still in their infancy, with initial direct delivery child care operations being established on an emergency basis in 2021, but the organization has shown its commitment to offering quality care, expanding capacity, and increasing access to families where demand exists in the district. DSSMSSAB's 5-year Early Years Service System Plan (2019-2024) appears to have appropriate strategies

to meet its goals for child care operations, but the organization requires capacity and follow-up to see these strategies enacted.

Comparisons across several metrics between the DDCC operations and third party centres in the district have indicated several differences:

- The DDCC operations are slightly more efficient at operating their licensed spaces than third party providers, with a licensed capacity efficiency ratio of 73% compared to a third party average of 71%.
- The DDCC operations are slightly more efficient at filling child care spaces they operate, with an average occupancy rate of 84% compared to a third party average of 82%.
- Due to being a relatively new provider with only 2 child care centres, DSSMSSAB has not yet reached the scale at which significant economies of scale could be generated through administrative functions. In addition, without any allocation of administration expenses by the district it cannot be determined whether the administrative costs of direct delivery are more or less economical than other providers in the region.
- DSSMSSAB's high wage costs are inevitable given the union status of DDCC centre staff, but this also provides an economic benefit to the communities in the form of jobs and income for the predominantly female workforce. Higher wages are also one of the key tools for attracting and retaining talented employees that will help sustain existing child care operations and grow future child care spaces in the district.
- There are other minor cost differences, with the YMCA being the most economical operator in the district due primarily to its low staff wages. However, the YMCA's cost economies are partially out of financial necessity as the YMCA risked closure of its child care centres in 2024 due partially to the performance of its membership-based programs which had a slow return to pre-COVID levels. The DSSMSSAB could potentially realize some economies through partnering with the YMCA providers for food purchases.

Additional spaces are needed to meet demand and reduce waitlists, but there is no evidence that the DDCCs are managing their waitlist any less efficiently than third party providers. By increasing the number of staff and expanding operations to meet licensed capacities, the waitlist could be reduced by up to 25% across the district.

Our audit procedures have resulted in a total of 5 recommendations to help improve efficiency, effectiveness, and the economy of the delivery of child care services in the district. The recommendations in this report will help DSSMSSAB further improve access to care, delivering more value to the communities served. The proposed recommendations not only aim to meet immediate needs but also lay the groundwork for sustainable growth and support in the community. By effectively managing resources and prioritizing the welfare of families and children, DSSMSSAB demonstrates a strategic and responsible approach to public service.

# Appendices

## Appendix A: Management's Response to the Audit Report

### Recommendation 1

Focus on its plan to engage with stakeholders to offer a variety of paths to complete an E.C.E. Diploma and post diploma certificate programs to improve the pool of qualified applicants in the district.

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

DSSMSSAB sits on the ECE Advisory Committee for the local Community College, there is a bursary option for part-time online learners and apprenticeship participants, as well as a community partnership with a local career centre.

Action plan:

- Establish a working group through the Quality Assurance Committee
- Discuss common goals, capacity, current barriers to ECE certification and potential partnerships
- Identify flexible program options and pathways for all learners

Time Frame:

- 2025 to 2030 (long-term, ongoing plan)
- A concrete time frame will be established throughout 2025 at QA meetings; recruitment and retention is an existing focus in 2025 and moving forward

### Recommendation 2

Implement a more detailed tracking system to monitor the length of time children spend on waitlists and capture historical data for better trend analysis. An enhanced waitlist management system should include:

- A list of unique children on waitlists across the region, including age category and preferred child care site
- Monitoring of the amount of time unique children spend on the waitlist to ensure child care spaces are distributed on a fair basis to those in need
- Projection tools for the number of placements in future months. For example, analysis of the number of new children requiring care over the next 18 months as parental leaves end.
- Tracking of historical data for trend analysis and performance evaluation

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

Action Plan:

- Working with One HSN to improve the waitlist management system and to determine if there is an additional cost.
- Meeting with One HSN for training on reporting data currently available within the system to determine if additional data analysis services are required to compile the raw data

Time Frame:

- 2025-2026
- April 2025 Conversation was initiated with One HSN
- April 2025 Supervisor Meeting with Child Care Operators to begin cleaning up individual waitlists
- May 2025 – 2026 Work with One HSN to identify cost and prioritize tasks

## Recommendation 3

Collaborate with third-party centres to share best practices, coordinate placements, and address discrepancies in waitlist management to improve overall efficiency and reduce wait times for families.

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

The DSSMSSAB is committed to collaborating with third-party centres to share best practices and improve system-wide coordination. Working together to align placement process and address inconsistencies in waitlist management can lead to a more efficient and transparent experience for families, ultimately helping to reduce wait times and better meet community needs. These improvements are expected to begin occurring organically as the enhanced waitlist management system is implemented and collaboration efforts take shape.

**Time Frame:**

2025-2026

## Recommendation 4

Coordinate with YMCA to develop an understanding of their food supply channels and their feeding procedures. If the YMCA's food quality and feeding standards can be appropriately implemented at DDCCs then the DSSMSSAB could potentially collaborate on bulk orders.

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

Early Development Instrument (EDI) results consistently show that children in the Sault Ste. Marie community exhibit higher levels of vulnerability in the physical health and well-being domain compared to the provincial average. Providing children with nutrient-rich foods during their formative years is essential to supporting development in the physical readiness subdomain. By collaborating with third-

party centres to share best practices, there is an opportunity to explore strategies such as bulk purchasing, which may help manage and potentially reduce certain food-related costs.

## Recommendation 5

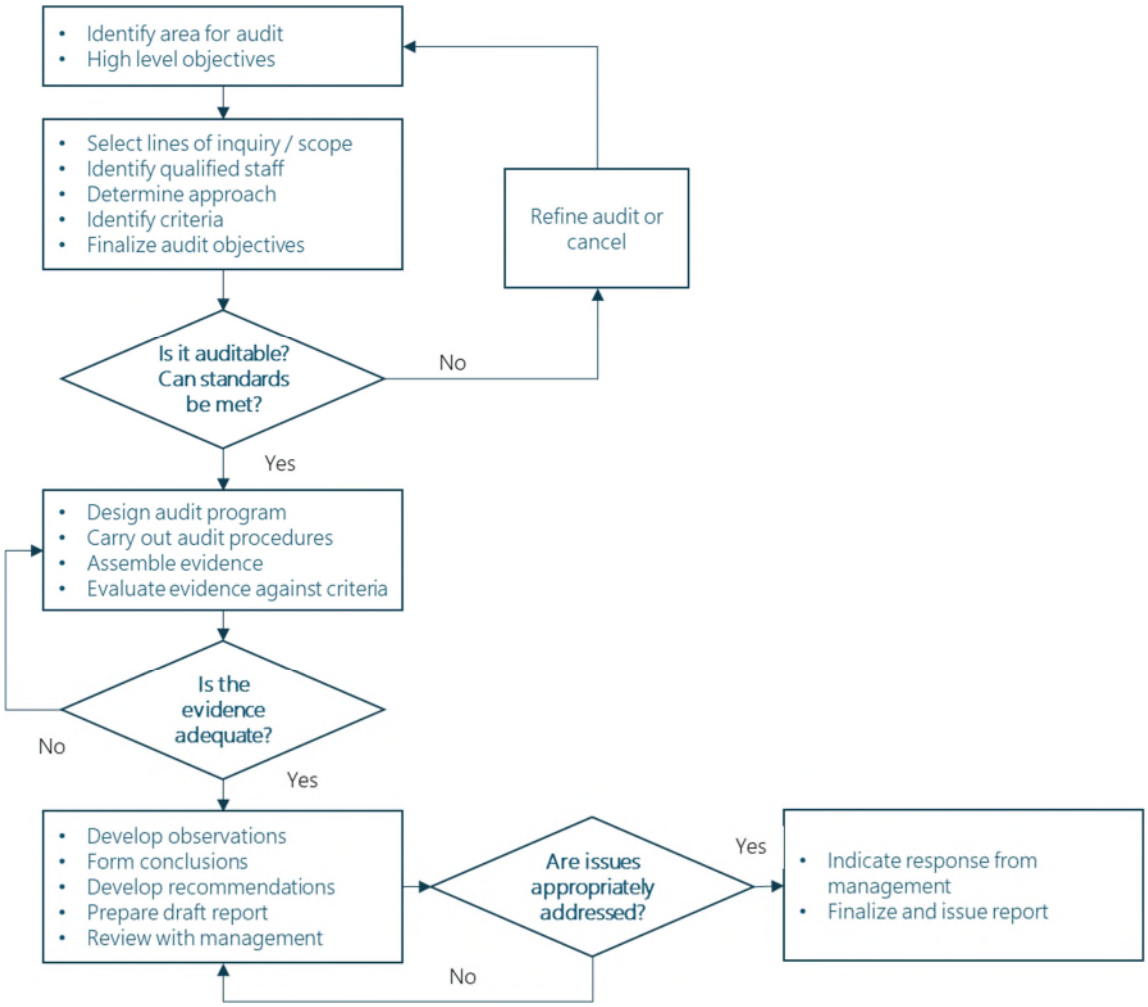
Create a cost allocation system to properly distribute administrative costs from the district level to the direct delivery program and increase transparency around program costs by properly accounting for the full cost of operating the DDCCs.

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

A true cost allocation method for distributing administrative expenses was identified during the initial years of operation. These costs are properly accounted for and implemented in the financial records starting in 2025.

# Appendix B: Audit Process Standard



# Appendix C: Listing of Child Care Centres in the Sault Ste. Marie District

| Child Care Site Name | Municipality | Type | Licensed Spaces |
|---|---|---|---|
| Prince Charles Early Learning Centre | Sault Ste. Marie | DSSMSSAB | 49 |
| St. Paul Extended Day Program | Sault Ste. Marie | DSSMSSAB | 56 |
| Child Care Algoma - Dacey Road Early Learning and Care Program | Sault Ste. Marie | Third-Party | 60 |
| Child Care Algoma - East View PS Early Learning and Care | Sault Ste. Marie | Third-Party | 40 |
| Child Care Algoma - F.H. Clergue | Sault Ste. Marie | Third-Party | 56 |
| Child Care Algoma - Grandview Public School Site | Sault Ste. Marie | Third-Party | 28 |
| Child Care Algoma - Holy Cross Site | Sault Ste. Marie | Third-Party | 81 |
| Child Care Algoma - Notre Dames du Sault - FRENCH ONLY | Sault Ste. Marie | Third-Party | 57 |
| Child Care Algoma - Parkland PS Early Learning and Care Program | Sault Ste. Marie | Third-Party | 57 |
| Child Care Algoma - Pinewood Extended Day | Sault Ste. Marie | Third-Party | 24 |
| Child Care Algoma - Queen St Child Care/Shannon Rd. Infant Program | Sault Ste. Marie | Third-Party | 39 |
| Child Care Algoma - Child Care Algoma - Queen Elizabeth Extended Day | Sault Ste. Marie | Third-Party | 28 |
| Child Care Algoma - Child Care Algoma - Rosedale Site | Sault Ste. Marie | Third-Party | 65 |
| Child Care Algoma - R.M. Moore PS Early Learning and Care Program | Sault Ste. Marie | Third-Party | 101 |
| Child Care Algoma - Queen St Child Care/Shannon Rd. Infant Program | Sault Ste. Marie | Third-Party | 6 |
| Child Care Algoma - St. Basil's Site | Sault Ste. Marie | Third-Party | 92 |
| YMCA ChildCare | Sault Ste. Marie | Third-Party | 135 |
| Boreal YMCA Child Care | Sault Ste. Marie | Third-Party | 65 |
| YMCA Holy Family | Sault Ste. Marie | Third-Party | 52 |
| YMCA Isabel Fletcher | Sault Ste. Marie | Third-Party | 46 |

| Child Care Site Name | Municipality | Type | Licensed Spaces |
|---|---|---|---|
| YMCA Our Lady of Lourdes | Sault Ste. Marie | Third-Party | 41 |
| YMCA Riverview | Sault Ste. Marie | Third-Party | 61 |
| YMCA St. Mary's | Sault Ste. Marie | Third-Party | 41 |
| YMCA Tarentorus Child Care | Sault Ste. Marie | Third-Party | 95 |
| Waabinong Child Care Centre | Sault Ste. Marie | Third-Party | 91 |
| Soup Kitchen - Brighter Beginnings After School Program | Sault Ste. Marie | Third-Party | 30 |
| Soup Kitchen - Back to Basics After School Program | Sault Ste. Marie | Third-Party | 30 |
| Hand in Hand Day Care | Sault Ste. Marie | Third-Party | 55 |
| Mountain View Child Care | Goulais River | Third-Party | 24 |
| Riverside Christian Children's Centre | Sault Ste. Marie | Third-Party | 51 |
| Riverside Christian Children's Centre | Sault Ste. Marie | Third-Party | 51 |
| H. S. McLellan Preschool | Sault Ste. Marie | Third-Party | 34 |
| Waterfront Child Development Centre | Sault Ste. Marie | Third-Party | 57 |
| The Orchard Children's Centre | Sault Ste. Marie | Third-Party | 41 |
| Meadow Park Montessori School | Sault Ste. Marie | Private | 35 |
| Northridge Montessori School | Sault Ste. Marie | Private | 54 |
| | | **Total** | **1,877** |




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