

Memorandum – 01/15/20  
Community Services Department  
Ray Coffey, Community Services Director  
rcoffey@winooski.vt.gov / (802) 373 0050

### **Financial Analysis of STAR status for Thrive**

To: Mayor Lott and City Council

In reviewing the Community Services Department's budget presentation from January 4, 2021, Mayor Lott asked for information analyzing the costs associated with the requirements for achieving our 3 STAR rating with the State of Vermont, as well as a comparison with the financial "bonus" that comes as a result of that designation.

#### Required "Added" costs:

The following are items that we may not otherwise take on if Thrive were not STARS accredited:

- 15 hours of Kate's time annually to document STARS required items (15hr x \$27.49 burdened hourly rate = **\$412.35**)
- 20 hours of Kate's time every three years to prepare STARS renewal (20/3 x \$27.49 burdened hourly rate = **\$183.27**)
- **Total- \$595.62**

#### Sunk "Added" costs:

The following items could potentially be considered in determining the ROI, but in most cases are already required/dictated through City policy, therefore they are costs we'd bear regardless of our STARS status.

- Evidence that 50% or more of program staff make at least \$14.23/hr. Calculating the delta between industry average pay rate (\$13.72/hr per May 2019 Department of Labor report), as this is the portion that would be necessary at minimum to achieve STARS. ( $\$14.23 - \$13.72 = \$0.51/\text{hr} \times 2576 \text{ hours estimated for FY22} = \mathbf{\$1,313.76}$ )
- Development of an Individual Professional Development Plan for all program staff (equivalent to Annual Review with supervisor) (2 hrs/staff/year to develop plan, 4 hours average per staff to implement). (6 hrs x 5 staff x \$20.79 burdened hourly rate = **\$623.70**; (Director) 6 hrs x 1 staff x \$27.49 burdened hourly rate = **\$164.94**)
- **Total-\$2,102.40**

#### "Quality Factor" bonus from 3 STAR designation (average):

Based on recent documentation from the State, Thrive is bringing in roughly \$180/wk (or \$11.25/subsidy eligible child/week) of bonus funds through the STARS program. Calculated over the roughly 36.5 weeks of service, this equates to an annual revenue of **\$6,570**.

**Therefore, being a 3-STAR program nets the City (conservatively) \$3,871.98 annually.**

