

Rainbow Playschool

EDC Proposal



Overview

Capacity

Staffing Challenges

Rainbow Solutions

Staffing + Associated Cost

Health Benefits

Financials

Capacity

Rainbow Playschool started the Fall 2022 school year with 7 full time staff, including both the Director and Assistant Director, who were in the classrooms teaching the majority of the time. Additionally, we have one part time staff member.

In order to operate at our fully licensed capacity, we need a minimum of 12 full time employees. We are working to hire a lead infant teacher, a lead 1-2 room teacher, two assistant teachers, and a full time float immediately. This will allow us to expand enrollment by 17-21.

Licensed Capacity: 46 children

Currently serving: 24 children (as of September 2022)

STAFFING CHALLENGES

- Low pay
- Lack of health benefits
- Specific educational requirements that are challenging to find out of state. Additional educational requirements for those who are new to the field (or from out of state).
- Lack of substitutes

RAINBOW SOLUTIONS

Stage 1 - Provide higher hourly wages. Invest in educated professionals who do not meet standard Vermont CCD qualifications. Provide scheduled time during the school day for them to meet these educational requirements.

Stage 2 - Support healthcare benefits

Increase in staff

An increase in our full time staff will allow for an increase in enrollment numbers.

It will also immediately cut back on our OT pay, create the opportunity for our staff to use their well deserved time off and provide us with built in substitutes when staff are out sick.

Additionally it will allow us to support our staff who are willing to continue their education to become lead teacher qualified by allotting them time during the school day to accomplish their coursework.

Lastly, it puts us in a position to create a plan to extend our hours back to 8 am- 5 pm (We are currently 830-430 pm).

Serve more children

Staffing

Less closures due to illness

Less OT pay

Decrease staff burn out



Staff to Child Enrollment Increase

Below is an outline of additional staff hires that need to be made and the corresponding number of enrollment slots that we estimate will be added with each hire.

Phase 1 - Increase by 12-14 slots

Asst. infant teacher --> 3 infant children (filled in Nov)

Lead infant teacher --> 3 children (filled 2 in Nov, currently working on filling 1 more infant slot)

Lead 1-2 teacher --> 3-4 children

Asst 1-2 teacher --> 4-5 children

Phase 2 - Additional 6-7 enrollment slots

This would be hiring an additional lead infant/1-2 staff member, which would increase capacity beyond what we have had since opening this building in the Fall of 2019.

Current Progress

As of today, we have 29 children enrolled. Since September, we have been able to hire an assistant teacher and a lead infant teacher who will start with us in January.

We were also able to hire an additional lead teacher staff member to be with us October until our winter break. She unfortunately will be moving to Santa Fe in the New Year. However, she has been wonderful and has relieved us of the last minute scramble when staff are out sick, as well as allowed our Assistant Director and Director, who have been in the classrooms, to alternate time in the office during the day.

We have several staff members enrolling in additional classes to further their education and become lead teachers. Our goal is to ensure all staff are making a minimum of \$21/hr before the end of our year.

As we are based in Woodstock, the majority of our families reside and/or work in Woodstock. This is true of our waitlist as well as new children currently enrolled this fall.

2021/22 vs. 2022/23 Payroll Increase

Our total payroll for the 2021/22 school year projected out based on 12 full time staff was \$461,265 with wages beginning at \$13/hr.

For the Fall 2022/23 year we are looking at \$565,591 with wages beginning at \$21/hr by the end of the year.

This is almost a 23% difference in wages that cannot be covered by our current school year tuition rates.

STAGE 2:

Health
Benefits

Staffing & Health Benefits

Over the course of the last 12 months, we have lost several candidates to jobs outside of the childcare sector based on their ability to receive full healthcare benefits from other companies, in addition to not needing additional coursework to experience upward mobility in their career.

Our solution to ensure applicants are not declining opportunities in childcare based on healthcare, is to offer an equivalent full time healthcare benefit.

All of our staff will qualify for state assistance under Vermont Health Connect with the new income tables for 2023. As such, we will be offsetting the uncovered costs of our staff's health plans with a monthly health + wellness stipend, so our staff are not paying out of pocket for their healthcare.

This will roughly cost Rainbow \$60-90k with 12 full time employees for 2023.



Creating a
sustainable
business
model

Financials

We are asking the EDC for funds to help offset costs during this expansion.

These funds will offset losses due to the following:

- Staggered increase in staff: It has been taking us roughly 2-3 months between new hires.
- Delayed child enrollment: Once a staff member starts, there is a delay before we can enroll new children as they have 2 weeks of orientation. The process of enrolling new students from the waitlist also takes a couple weeks between outreach and when the child starts. Both of these elements have been taken into consideration on these projections.
- Healthcare stipend offset for staff beginning Jan 2023
- Higher wages not supported by our current tuition rates

Sustainable Business Model

As you will see from the financial projections, we are estimating cumulative losses of 128k as we work to hire more staff and increase enrollment.

Within 15 months we will reach a financially sustainable business model.

Our tuition from both expanded enrollment and an annual tuition raise (beginning Summer 2023), will cover our expenses; including a larger team of staff members, higher wages for all employees and healthcare costs for all full time employees.

We have built risk factors into our projections in order to mitigate unforeseen losses. Our projections are conservative estimates and take into consideration a long enrollment lag between new hires and onboarding new students.

Grant Request

We are seeking \$140,000 from the EDC to cover costs to hire 5 additional staff, increase enrollment by 17-21 children ages 6 weeks to 3 years old, as well as support higher wages and offset healthcare costs for our staff.

This amount covers the 128k losses we are currently projecting along with a 10% contingency. Should it take a month longer to hire a staff member or a couple weeks longer than anticipated to fill enrollment slots, the 10% contingency would help offset some of those losses.

This capital investment from the EDC will allow Rainbow to be a self-sustaining childcare program that not only continues to support the need of our community, but also supports our staff with wages and benefits that are commensurate with their work, responsibility and their importance to our community.

Thank
you for
your
support.

FINANCIAL IMPACT OF CAPACITY EXPANSION																	
Rainbow Childcare																	
	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	
Current (steady state) scenario																	
Children enrolled	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Staffing (FTEs)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Average compensation per FTE*	45,500																
Average cost of health care/FTE	-																
Revenue	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	
Expense	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	(37,000)	
Net Income	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	
Impact of Expansion (hire 5 people)																	
Additional children enrolled	-	1	3	4	7	8	10	11	11	12	14	15	15	17	19	21	
Additional staff hired	-	1	1	1	2	2	3	3	3	4	4	4	5	5	5	5	
Additional monthly revenue per child added	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	
Additional revenue generated from new children	-	1,400	4,200	5,600	9,800	11,200	14,000	15,400	15,400	16,800	19,600	21,000	21,000	23,800	26,600	29,400	
Additional revenue generated from price increases	-	-	-	-	-	-	-	-	-	4,800	5,067	5,200	5,200	5,467	5,733	6,000	
Total additional revenue generated	-	1,400	4,200	5,600	9,800	11,200	14,000	15,400	15,400	21,600	24,667	26,200	26,200	29,267	32,333	35,400	
Cost of increased compensation for existing staff		4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	
Cost of health care for existing staff			4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Cost of new staff (compensation and health care)	-	4,208	4,208	4,208	8,417	8,417	12,625	12,625	12,625	16,833	16,833	16,833	21,042	21,042	21,042	21,042	
Total additional cost incurred	-	8,708	8,708	8,708	16,917	16,917	21,125	21,125	21,125	25,333	25,333	25,333	29,542	29,542	29,542	29,542	
Net financial impact	-	(12,908)	(10,108)	(8,708)	(12,717)	(11,317)	(12,725)	(11,325)	(11,325)	(9,333)	(6,267)	(4,733)	(8,942)	(5,875)	(2,808)	258	
Cumulative net financial impact	-	(12,908)	(23,017)	(31,725)	(44,442)	(55,758)	(68,483)	(79,808)	(91,133)	(100,467)	(106,733)	(111,467)	(120,408)	(126,283)	(129,092)	(128,833)	

* Includes payroll taxes, excludes benefits