

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MAY 22, 2017

ITEM NO: 18

SUBJECT: RIVERSIDE PUBLIC UTILITIES WORKFORCE DEVELOPMENT EDUCATION LOAN PROGRAM FOR \$200,000 ANNUALLY

ISSUE:

Recommend the City Council approval the Riverside Public Utilities Workforce Development Education Loan Program for \$200,000 annually and the Educational Loan Agreement under the terms of the program.

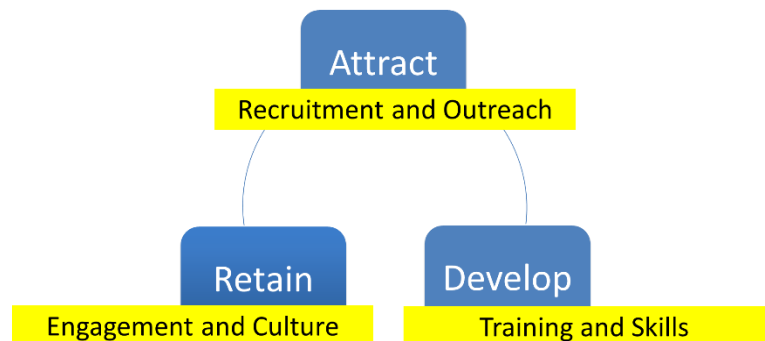
RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve the Riverside Public Utilities Education Loan Program;
2. Approve the Educational Loan Agreement;
3. Authorize the City Manager, or his designee, to execute an Educational Loan Agreement with employee participants of the Riverside Public Utilities Workforce Development Education Loan Program, in a cumulative amount not to exceed \$200,000 annually; and
4. Approve the expenditure, not to exceed \$200,000 annually in tuition payments.

BACKGROUND:

The proposed Workforce Development Education Loan Program (ELP), has been designed to encourage higher learning to help meet our organization's growing talent needs and partner in the professional growth of staff to help prepare for the Utility workforce of the future. The Utility 2.0 strategic plan identified the need to attract, develop, and retain employees as a strategy to complete our planned infrastructure improvements. In line with forward thinking organizations, this programs seeks to effectively build valuable internal employee talent pools by transforming our tuition assistance program from an entitlement into a strategic talent management tool. Additionally, it is believed that the proposed ELP will help RPU compete for great employees who may otherwise be enticed by higher private sector pay and benefits.



The proposed ELP is one element of an overall planned education and staff training program that includes:

1. Extended orientation and on-boarding training to provide utility specific system and safety training to all new employees (currently underway);
2. Supervisory, management and leadership training offered through our in-house trainers (currently underway);
3. Targeted competency training for classification specific job skills offered through external and hosted training organizations (currently underway);
4. Transition training targeted to Utility 2.0 jobs proposed to be conducted in partnership with local community college (planning); and
5. Higher education programs (this report).

DISCUSSION

With the average cost of most tradition, online, and flexible programs university programs (See Figure 1) running close to \$50K-80K for an undergraduate degree (Bachelors) and \$20K-35K for a graduate degree (Masters or higher), we propose the following:

- 80% Tuition Sponsorship up to:
 - \$15,000 per year for an undergraduate degree
 - \$ 20,000 per year for a graduate degree

Figure 1: Cost Comparison of Local Universities

| Higher Education Program Costs | | | |
|---|---------------------------------------|----------------------------------|---------------------|
| School | Undergraduate per Quarter Unit | Graduate per Quarter Unit | Notes |
| University California at Riverside | \$311 | \$342 | Based on FT Student |
| University of La Verne | \$238 | \$757 | Based on FT Student |
| University of Redlands | \$1,450 | \$813 | |
| National University | \$354 | \$406 | |
| Brandman University | \$500 | \$620 | |
| University of Phoenix | \$570 | \$800 | |
| Capella University | \$370 | \$675 | |
| Walden University | \$280 | \$920 | |
| Liberty University | \$423 | \$590 | |
| Kaplan University | \$371 | \$450 | |
| Grand Canyon University | \$470 | \$560 | |
| Ashford University | \$443 | \$644 | |
| Strayer University | \$367 | \$613 | |
| | | | |
| Average Tuition per Quarter Unit | \$473 | \$630 | |

Typical degree requirements for an undergraduate program total 180 quarter units. A typical graduate degree entails 48 to 60 quarter units. The resulting cost, based on the average from the above table is \$85,000 for an undergraduate degree and \$30,000 for a graduate degree.

The Education Loan Program is designed using a forgivable loan structure. Loan forgiveness is based on a 1:1.5 year basis of education to work commitment (i.e. 4 year degree = 6 year employment commitment upon completion of program). There is a minimum commitment of three years for any loan forgiveness. If the employment commitment is not completed, the loan is accelerated and the employee must repay the loan to the City.

While education assistance is expected to enhance employee performance and professional abilities, RPU cannot guarantee that participation in formal education will entitle the employee to automatic advancement, a different job assignment, or pay increase. Anticipated benefits of the program, however, are:

1. A highly skilled workforce;
2. A more resilient workforce;
3. Greater competencies within the workforce;
4. A more engaged workforce;
5. Ability to attract and retain talent; and,
6. Increased return on investment.

PROGRAM SPECIFICS:

1. Education Loan Program (ELP) eligibility is on a first come, first serve basis, and participation is open to all full-time, non-probationary RPU employees with a minimum satisfactory or valued contributor performance rating on their last appraisal (based on funding availability for the year).
2. Open enrollment for ELP begins every year in January for the following fall semester and in June for spring registration.
3. Prior to enrolling in courses, the employee shall:
 - a. Complete a Request for Education Loan Program Acceptance Form,
 - b. Supervisor approves or denies request based on program eligibility and routes the completed request to the Workforce Development Training Coordinator,
 - c. WFD Training Coordinator determines program funding availability. If no funding exists, the employee will be asked if they would like to be on the program waiting list.
4. Upon acceptance into the ELP, the employee will be complete an Educational Loan Agreement (ELA) and upon execution of the agreement will receive approval to enroll in classes.
5. Requirements of the program include:
 - a. Full admission (not probationary) to an accredited college or university in a declared major related to an RPU function.
 - b. Maintaining a cumulative 2.0 GPA or higher in all attempted coursework.
 - c. Maintaining a satisfactory or above (or its equivalent) performance appraisal while participating in the program.
 - d. Employee shall refrain from illegal conduct. A felony conviction will result in termination of funding and the employee will be responsible reimbursing RPU for any tuition provided.
 - e. The employee will agree to remain with the Utility on 1.5:1 basis of employment to education term, (three-year minimum employment requirement) and complete an Educational Loan Agreement (ELA).
 - f. Coursework must be relevant to RPU and the employee's desired career path with RPU.
 - g. Student/employee is responsible for any personal tax obligations arising from the education sponsorship.

6. The proposed loan amount varies by program – undergraduate vs. graduate courses:
- a. 80% tuition loan up to:
 - \$15,000 per year for an undergraduate degree
 - \$ 20,000 per year for a graduate degree
 - b. Education Loan funds area applicable to costs of enrollment, tuition or course fees, books, and lab fees.
 - c. Education Loan funds (including the employee 20% match) shall not be applied toward costs of parking, student recreation or similar fees, health fees or insurance; technology equipment purchases or fees.

FISCAL IMPACT:

The total fiscal impact is up to \$200,000 annually. Actual expenditures will be dependent upon program participation. Sufficient funds are budgeted in FY 2017/18 and available in Public Utilities' Workforce Development Account No. 6002000-427201. Annual appropriations will be requested through the regular budget process for future years.

Prepared by: Kevin S. Milligan, Utilities Deputy General Manager
Approved by: Girish Balachandran, Utilities General Manager
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Laura Chavez-Nomura, Utilities Assistant General Manager/Finance

Attachments:

1. Educational Loan Agreement
2. Presentation