



STAFF REPORT
4/24/2024

TO: Honorable Mayor and City Council Members

FROM: Dr. Gabriel Martin, City Manager

SUBJECT: Approve Resolution No. 2024-14 Modifying the City of Coachella Educational Reimbursement Program to Include Student Loans Debt Reimbursement

STAFF RECOMMENDATION:

Staff recommends approving Resolution No. 2024-14 that will modify the City of Coachella Educational Reimbursement Program to allow student loans debt as a reimbursable item under the existing program.

EXECUTIVE SUMMARY:

According to the CollegeBoard.Org [Trends in Student Aid 2023](#)¹, there is over \$1.6 trillion in student loan debt in the United States with over 46.2 million borrowers. The average borrower has a student loan debt of \$35,600. The impacts of student loans has been associated with one of the reasons in the decline of home purchases. According to a [Federal Reserve Report](#), the increase in student loan debt between 2005 and 2014 reduced the homeownership rate among young adults by 2 percentage points². There 6.5 million borrowers in default and over 30.5 million in Forbearance/Deferment.

Federal Loan Balance by Debt Size, Second Quarter of FY2023

	Total Balance (in Billions)	Number of Borrowers (in Millions)	Average Balance
\$200,000 or More	\$290.9	1.0	\$290,900
\$100,000 to \$199,999	\$338.5	2.5	\$135,400
\$80,000 to \$99,999	\$126.5	1.4	\$90,400
\$60,000 to \$79,999	\$180.3	2.6	\$69,300
\$40,000 to \$59,999	\$214.1	4.4	\$48,700
\$20,000 to \$39,999	\$283.4	10.0	\$28,300
\$10,000 to \$19,999	\$138.0	9.5	\$14,500
\$5,000 to \$9,999	\$56.1	7.8	\$7,200
Less than \$5,000	\$19.1	7.0	\$2,700
Total	\$1,646.9	46.2	\$35,600

Federal Loan Balance by Repayment Status, Second Quarter of FY2023

	Total Balance (in Billions)	Number of Borrowers (in Millions)	Average Balance
Forbearance	\$1,120.2	27.4	\$40,900
Default	\$139.8	6.5	\$21,500
In-School	\$113.7	6.0	\$19,000
Deferment	\$115.5	3.1	\$37,300
Grace	\$18.4	1.0	\$18,400
Repayment	\$10.7	0.3	\$35,700
Other	\$7.1	0.2	\$35,500
Total	\$1,525.4	\$44.5	\$34,300

¹ Trends in Student Aid 2023 - [Trends in Student Aid Highlights - College Board Research](#)

² Federal Reserve Report - [Consumer & Community Context Vol. 1 No. 1, January 2019 \(federalreserve.gov\)](#)

BACKGROUND:

According to Section 13 of the City of Coachella 2023-2027 MOU, the City will reimburse employees fifty percent (50%) of tuition for continuing education in non-job related courses and one hundred percent (100%) of tuition for classes in job related courses. Payment is predicated on an employee receiving a 2.0 grade or better, and is based upon a fiscal year. The City will also reimburse employees one hundred percent (100%) of the cost of job-related college preparatory classes, preparatory classes, certifications, professional licensure preparatory classes, vehicle or equipment certification, Class A or B license fees, and renewal fees on such certifications and licenses. The cost to the City for the reimbursement shall not exceed five thousand dollars (\$5,000) per employee for a twelve (12) month period.

Request for reimbursement must be submitted and approved prior to enrolling in a course or applying for a certification, license or renewal. Employee must complete the **Education Reimbursement Request (Form A)** and submit it to their Department Director or Supervisor for approval. They must provide the course/certificate/license description, date, and tuition/fee information, and explain how this course will enhance your job related performance, then sign and date the form. If approved, the Department Director or Supervisor signs the form and forwards it to Human Resources to confirm eligibility for reimbursement. Human Resources will then send the form to the City Manager for final approval. The employee will be notified when the request has been approved and a copy of the approved Education Reimbursement Request form will be provided to the employee. After completion of the course/certificate and/or once license is obtained or renewed, the employee must submit the **Request for Payment (Form B)** to their Department Director or Supervisor for approval, along with the following backup documentation:

- a) copy of course(s) grade report/certificate of completion/license;
- b) copy of payment receipts for amount requested;
- c) copy of the approved Education Reimbursement Request form

The Department Director or Supervisor will forward the Request for Payment form, along with all backup documentation, to Human Resources for processing. Payment will be made through Accounts Payable.

DISCUSSION/ANALYSIS:

With the Educational Reimbursement Program, the City is invested in continuing to educate and develop its workforce and encourages training, self-improvement and personal development programs. Allowing student loans as a reimbursable expenditure would encourage staff to embark on the path of higher education to receive a Bachelor's degree or continue their higher educational goals by obtaining a Master's degree. Furthermore, it would promote longevity and reduce turn over as employees would keep taking advantage of this benefit by continuing their employment with the City. This also can be used as a marketing or incentive tool to encourage new employees to apply to the City and attract new and skills staff in this competitive job market. Per the IRS regulations, the Educational Reimbursement Program is not taxable to the recipient and the assistance is limited to \$5,250 per year.

If approved by City Council, student loans would be allowed under the existing Educational Reimbursement Program as an allowed reimbursable item. Employees would be allowed up to \$5,000 per twelve (12) month period (based on a fiscal year cycle). Employees serving a probationary period are not eligible for reimbursement. Employee must fill out Form B, provide copy of degree; student loan statements from lenders illustrating payments not exceeding \$5,000 per fiscal year; and any other form of documentation indicating payment of student loans, per the request of the Human Resources. The Human Resource Department will review and process all request and payment will be made through Accounts Payable.

The City of Rancho Mirage is the only other city in the Coachella Valley that offers a student loan debt assistance program with a max of \$850/fiscal year.

ALTERNATIVES:

1. Approve Resolution No. 2024-XX with Council modifications.
2. Not approve Resolution No. 2024-XX that will modify the City of Coachella Educational Reimbursement Program to allow student loans debt as a reimbursable item under the existing program.
3. Provide staff with alternative direction

FISCAL IMPACT:

According to the Finance Department the chart below indicates how much was spent on the Educational Reimbursement Program:

Fiscal Year:	Amount:
23/24	\$7,822.56
22/23	\$19,923.06
21/22	\$18,178.33
20/21	\$28,774.15
19/20	\$9,660.49

According to the Human Resource Department, the City currently has 81 employees. Seventeen (17) have a Bachelor’s degree (20.9%), four (4) have a Master’s degree (4.9%) and one (1) has Doctorate degree (1.2%).

Should the City Council approve staff recommendations, this action could have a potential impact of \$85,000 per fiscal year on the General Fund Unreserved Fund Balance (Fund 101).

ATTACHMENTS:

1. Resolution No. 2024-14 that will modify the City of Coachella Educational Reimbursement Program to allow student loans debt as a reimbursable item under the existing program.
2. City of Coachella Educational Reimbursement Program
3. City of Coachella Full Time Employee Benefit Summary
4. City of Coachella Educational Reimbursement Program – Form A
5. City of Coachella Educational Reimbursement Program – Form B
6. City of Coachella Education Reimbursement Instructions