

Can Starbucks bring back the American dream?

As Howard Schultz sees it, the American dream is broken. Now, he's got a plan for fixing it.

The chief executive of Starbucks ([SBUX](#)) says his company is starting an innovative program to send its employees to college as a way to "create access to the American dream."

The plan will [send Starbucks employees to Arizona State University](#), where they'll be able to take classes online. The company said it will provide partial tuition scholarships and need-based financial aid for employees that are freshman and sophomores, while juniors and seniors will receive full tuition reimbursement. Schultz said that while he had no idea how much it would cost, it will represent "an investment of millions."



The making of Howard Schultz

"The backdrop is that there's something going on in America that's very troubling," Schultz said at a meeting with Starbucks employees and journalists to discuss the plan. "If I go to Brooklyn today and point to a 10-year-old kid in public housing and I asked myself, 'What are the odds of that kid today going to college and getting a 4-year degree?' I believe, and I think most people believe, that the odds of those kids getting to school today are much lower" than in previous generations.

Schultz, who grew up in federally subsidized housing and said his father never made more than \$20,000 a year, added that he was the first in his family to graduate from college.

Starbucks' plan comes at a time when college tuition has far outpaced inflation,

making a degree increasingly unaffordable for many families. The cost of higher education has jumped **more than 500 percent** since 1985, compared with a 121 percent rise in the consumer price index, according to Bloomberg News.

"We are employing over 100,000 young people in America, and the majority of them don't have a degree," Schultz said. "We can't wait for Washington. Businesses and business leaders need to do more for their people and the communities they serve."

The average pay for a Starbucks barista **is about \$8.80 an hour**, according to employment site Glassdoor. Store managers earn about \$45,000 a year, on average.

Many U.S. workers are struggling to stay ahead, with six out of 10 respondents in a recent CNNMoney poll saying they **no longer believe** the American dream is achievable. For most Americans, wages either fell or flatlined from 2000 to 2013, according to a recent study from the liberal-leaning Economic Policy Institute.

About half of college students **fail to finish their degrees** because of debt, lack of support or challenges with balancing life and work, Starbucks said in a statement.

Schultz said he had encountered cynicism since announcing the plan, including about the lack of a requirement that employees remain with the company after they graduate.

"You can leave," he told the employees attending the meeting. He added, "We don't want you to leave. We want to attract and retain great people."

Still, there are limits to the plan. First, employees need to have the grades and test scores to gain admission to Arizona State. Next, workers will have to work at least 20 hours a week to qualify. That was questioned by one employee at the meeting, as she noted that many fellow workers "struggle to even get 20" hours assigned to

them.

Schultz said the company will aim to address the issue of hours at local and regional levels.

Workers at licensed stores, such as those found in grocery stores, [aren't entitled to the benefit](#), reports Business Insider. The chain has more than 5,400 licensed stores while it owns about 8,000.

Arizona State University, which is ranked 142nd in the US News & World Report college rankings, will offer employees 40 undergraduate degree programs ranging from business to education, the company said.