



McDonald's® Archways to Opportunity

Progress Report



Education & Our People: A message from David Fairhurst

At McDonald's, we are committed to helping people further their education and achieve their dreams. To help those who work both at company-owned and independently franchised restaurants, we created Archways to Opportunity, a comprehensive education strategy with multiple programs that gives people an opportunity to grow and learn – no matter where they are on their journey.

People have asked me why McDonald's went beyond providing just a college plan for employees. The answer is simple – we understand that there is no one-size-fits-all approach to success. Each person has his or her own path to walk and is moving at his or her own pace. Whether that means helping them finish high school, earn an Associate's or Bachelor's degree or even learn English, our approach is to provide programs that meet them where they are today so they can achieve their goals tomorrow.

Our hope when we launched Archways to Opportunity in 2015 was that by creating a more tailored program, one designed around the aspirations of not just some of our people but all of them, people who work in our restaurants would see the value and participate. One year later, I am proud to say that **more than 5,000 employees have taken the important step to succeed and enrolled in Archways to Opportunity** in the U.S.

Some of the best people in the world work here. And whether they stay for a year or for their entire career, we believe in investing in their future.

A handwritten signature in black ink that reads "David Fairhurst". The signature is fluid and cursive.

David Fairhurst
McDonald's Global Chief People Officer



About This Report

McDonald's has made a number of significant changes recently – announcing we are only going to use cage-free eggs, refreshing classics like our Egg McMuffin and, of course, offering All Day Breakfast. But our commitment to building a better McDonald's goes beyond food. We are committed to investing in the heart of our brand's success: our people.

Our approach to workforce education is Archways to Opportunity, a set of programs designed to help eligible employees wherever they might be on the educational journey. All of the following programs are available to eligible McDonald's employees and the employees of participating independent franchisees:

High School Completion

The nationally-accredited Career Online High School program that is offered to all eligible restaurant crew and managers to obtain a high school diploma at no cost.

College Access & Completion

Tuition Assistance – We provide upfront tuition assistance for all college courses at higher education institutions accredited by the U.S. Department of Education.

ACE – A McDonald's employee management training curriculum that carries American Council on Education (ACE) college credit recommendations which can be transferred to many two- and four-year colleges.

College Credit Connection Program – To provide greater choice, McDonald's has partnered with six colleges that map out credit recommendations into specific courses and offer discounted tuition.

Advising Services

To help students identify the best educational and career route, McDonald's offers comprehensive advising services to achieve their goals.

English Under the Arches

A program that teaches crew and managers the English language skills they need to communicate effectively with colleagues and customers, and in their daily life.

McDonald's is committed to sharing progress on Archways to Opportunity. This is the first of our progress reports and it includes information from our announcement in April 2015 through the end of March 2016. Unless otherwise stated, information covers our U.S. restaurants.



McDonald's and Education

Since we opened our doors in 1955, education and training have always been important to McDonald's. Our world-class training for crew and unique management curriculum at Hamburger University, the most comprehensive in the QSR industry, are evidence of that. In fact, more than 300,000 people from all over the world, ranging from independent franchisees, or managers and employees of both company-owned and independently franchised restaurants, have graduated from Hamburger University.

In the mid-2000s, we also launched English Under the Arches, a program that provides those who speak English as a second language an opportunity to improve their language skills to aid them on the job and in their daily lives.

But in a world where disparities in higher education impact America's widening income gap more than any other single factor, we knew we needed to go further. When we asked employees what else we could do, we heard about their dreams to finish high school and go to college so they could earn a degree, advance their careers and improve their lives. We also heard about the barriers they face in realizing it: affordability, access, and time.

"The progress McDonald's has made with Archways to Opportunity will have a profound impact on the lives of so many of their employees. By providing free high school completion courses, assistance with college tuition, and academic advising, McDonald's is ensuring its workers have the tools to succeed throughout their careers and that in turn makes our entire economy stronger."

Warren E. Buffett, CEO, Berkshire Hathaway

While many of our independent franchise owners have been providing educational opportunities to their employees for many years, we decided it was time to expand our efforts to help all eligible employees working in McDonald's company-owned restaurants and the restaurants of participating independent franchisees achieve a higher level of education. That is why we introduced Archways to Opportunity, a comprehensive education strategy that meets people at their point of need.

A year after introducing the program, we are proud to report that **more than 5,000 restaurant employees in the U.S. have enrolled in the program.** That is the equivalent of having one out of every three restaurants in the US enrolling an employee in one of the programs. These numbers exceeded our expectations for the first year, and we're aggressively working to do even more in 2016.

**1 YEAR = MORE THAN
5,000
restaurant employees
have enrolled in the program**





Our Approach to Education

We recognize that many companies focus squarely on college attainment and we applaud them for that work. But we also recognize that not everyone is pursuing a college degree. In fact, colleges and universities represent only 35 percent of the entire postsecondary education and training system¹.

A guiding principle at McDonald's is: **what matters to you, matters to us**. It is our way of saying that we take a customer-centric view when it comes to the food, families and communities we serve. We were guided by this same principle when we developed Archways to Opportunity. Our people, who come from all walks of life, have told us that they want programs that offer choice and flexibility.

Studies show workers with a Bachelor's degree will earn, on average, \$2.3 million over their lifetime. That's \$600,000 more than someone with an Associate's degree and \$800,000 more than those who left college with no diploma.

¹Georgetown University, Center on Education and the Workforce analysis



“We believe Archways to Opportunity allows people to work toward their goals at their own pace,” said Rob Lauber, Global Chief Learning Officer. “We are proud our employees are enrolling in a program that helps them get the skills and education they want wherever they might be on life’s journey. Offering that flexibility was paramount as we wanted to ensure we were creating a program that worked not just for some of our people but for all of them.”

“When companies like McDonald’s provide these kinds of programs, they not only enhance life opportunities for their workers, they also gain a more engaged and talented workforce. That’s why McDonald’s has joined with companies across the country to form UpSkill America, a coalition that works to spotlight and expand investments in frontline workers.”

John Colborn, Director, Skills for America’s Future - Aspen Institute

But we aren’t stopping here. In 2016, we are making Archways to Opportunity programs easier to access by shortening the eligibility timeframe for tuition assistance from one year to nine months for crew working at least 20 hours per week and part-time managers. Full-time managers will continue to have access to Archways to Opportunity programs right after they are hired. English Under the Arches and our education advising services can be accessed immediately by all eligible employees.

We aim to empower our employees to make decisions that will positively impact their lives and will continue to evolve our programs to fit their needs.



Archways to Opportunity Programs

Archways to Opportunity includes four core programs that we believe promote growth and inspire confidence.

High School Completion

Nearly 40 million American working adults do not have a high school diploma according to the U.S. Department of Education. According to the Bureau of Labor Statistics, those with a high school education earn nearly 38% more than those without one. McDonald's wants to be part of the solution to this national challenge, which is why we offer eligible employees the chance to earn their high school diploma.

McDonald's offers the nationally-accredited Career Online High School (COHS) program, provided through our partner Cengage Learning, to eligible restaurant crew and managers employed by McDonald's or by participating independent franchisees. Because COHS is an online program, eligible employees are able to work at a pace that fits their lifestyle and where it is most convenient for them to obtain their diploma. The program includes an academic coach and McDonald's covers the cost of the program through upfront tuition assistance, saving employees the program fee of \$1,295

"We are thrilled to have partnered with McDonald's Archways to Opportunity program – these are innovative programs that will enable the extraordinary potential of McDonald's employees," said Career Online High School Founder and Superintendent Dr. Howard Liebman. "This is quickly becoming a national model for helping other corporations re-engage millions of their employees back into the educational system."

Additionally, studies show that most jobs will require candidates to have at least some college experience and while employers respect a GED, they are typically more impressed with the value of an actual high school diploma. High school graduates earn, on average, about \$1,600 a month more than those with a GED according to the Bureau of Labor Statistics. Fewer than 5% of those with a GED receive a Bachelor's degree, compared to the 33% of those

Employee Success Story: Arianna Fewkes, Crew Trainer, South Dakota



Arianna Fewkes has worked on-and-off for a McDonald's franchisee since she was 14. This hard-working mother of two began working on her high school diploma through McDonald's

Archways to Opportunity offerings in July 2015. Her dedication to her job and school work allowed her to complete the program in just six months – all while working eight hour days and raising her two young daughters. "It meant a lot to me that my company can actually help people further their education, and then actually help them go further in life," Fewkes said during her graduation celebration, dressed in cap and gown.



819 employees awarded Tuition Assistance for a total of \$1.1M in aid

with diplomas who do². This is supported by several studies showing that high school graduates are more prepared for college and score higher on placement tests than holders of the GED³.

In the first year, **we have awarded high school tuition assistance to 819 employees.**

College Access & Completion

For many, their goal of higher education includes earning an Associate's or Bachelor's degree. Our college support plan within Archways to Opportunity helps eligible employees explore educational opportunities while getting financial support from McDonald's to make their education journey a little bit easier. Essentially, this program helps them find the most efficient and affordable path to a two or four-year degree.

Employees exploring college education have told us that while tuition reimbursement is helpful, it is challenging for students to pay student tuition upfront, and then wait months for a reimbursement check. Unlike other corporate college plans, McDonald's provides tuition money in advance and directly to the school so employees do not have to pay out of pocket. This allows employees to focus on what matters most – completing courses.

Our Tuition Assistance plan provides eligible employees with financial assistance for any college courses at higher education institutions accredited by the U.S. Department of Education. While many companies focus education offerings with one or limited number of specific colleges, we recognize that students want options and may have a preference for the university they attend. The flexibility in our tuition assistance program gives eligible employees room to pick the right college experience for them – whether that includes taking online classes or attending in person on campus.

During the past year we have awarded 3,346 employees college tuition assistance for a total of \$4.3M in aid.

“The Archways to Opportunity program is a great example of experiential learning that translates required work experience training into college credits. Like the nation's community colleges, this pathway to higher education is the gateway to the middle class for many Americans. McDonalds should be congratulated and held up as a model for the business community.”

Dr. Walter G. Bumphus, President and CEO, American Association of Community Colleges

²U.S. Census Bureau
³National Bureau of Economic Research



3,346

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McDonald's employee management training curriculum is another aspect of the program. The curriculum carries American Council on Education (ACE) college credit recommendations that can be transferred to a two- or four-year college or university. More than 1,800 colleges accept

McDonald's ACE credit recommendations and a restaurant General Manager who has completed the curriculum typically has 18-24 transferable credits from restaurant management training.

To provide even more support for those exploring higher education, we have partnered with six colleges that provide additional advantages for students including Ivy Tech Community College, College for America, Colorado Technical University, Excelsior College, DeVry University and DePaul University. Partner colleges map out credit recommendations into specific courses, offer uniquely discounted tuition on top of McDonald's assistance, and have trained advisors who are familiar with Archways to Opportunity. This helps them get a jump start on earning their degrees—and that means real savings on tuition and other college expenses.

“Partnerships like this between the Community College and a company like McDonald's are critical to closing the education gap that exists in many communities. Together we make college accessible and affordable to many McDonald's employees,” said Thomas J. Snyder, President of Ivy Tech Community College. “Community college is often the best option because these employees are balancing life, work and families and the flexibility we offer, along with transferring restaurant training into college credit, makes a college degree a reality.”

We believe that the business sector must continue to invest in college opportunities for employees as the demand for degree continues to prevail in the job market. By 2020, 65% of jobs will require some college education or above⁴. Right now, more than half of middle class students who start college fail to earn a Bachelor's degree within six to eight years. More and more, America is witnessing a troubling trend of students starting to pursue higher education and then ultimately dropping out. While the reasons behind leaving college vary, about one-third of middle class students who dropped out told the Education Department they left due to financial considerations.

⁴Georgetown University, Center on Education and the Workforce analysis

Employee Success Story: Breanna Martin, People Department Manager, California



Breanna Martin has worked for a McDonald's franchisee since she was 18 years old. Breanna was initially inspired to apply for tuition assistance

through Archways to Opportunity because the owner of her restaurant, Donna Teck, made an announcement to all her employees that the first person who got into Archways to Opportunity and received tuition assistance would receive a matching contribution from her. Although Breanna was not the first one enrolled, she felt motivated to apply.

Breanna never thought she would be able to afford college, but McDonald's gave her the opportunity to continue her education by providing her the financial resources. Breanna is now earning her Bachelor's degree of Liberal Arts and is now in her second semester.

She recently had the opportunity to take training management classes at Hamburger University in Oak Brook that applied to ACE credits. She is now 23 and working as a McDonald's People Department Manager in Granada Hills, CA, and hopes to become a General Manager.



Advising Services

We know that while offering development programs is a great start, impacting lives requires continuous support. Starting high school or college classes is just the first step; it is finishing that is the central challenge for most Americans, especially for first-generation college students or those returning to school. Students are dropping out of school for various reasons, including high tuition costs and extra fees, lack of support and trust in the institution, and inflexible schedules. Navigating the world of higher education can be challenging and the complexity of the system can hold students back. Archways to Opportunity offers individualized guidance to eligible employees balancing school and work so they can feel confident navigating the system.

In partnership with the Council for Adult & Experiential Learning (CAEL), a national non-profit, McDonald's offers a free advising program to employees to guide their future career opportunities, whether they stay at their McDonald's or go elsewhere. The program helps restaurant employees think through the planning process, decision points, and issues that need to be considered when deciding to return to school, and also address common questions about school selection, ACE credit recommendation transfer, and focus of study.

"McDonald's is setting a great example for companies around the world with Archways to Opportunity. Instead of investing only in the education of employees at the highest levels of the company, McDonald's knows education can make a difference for every single employee," said Pamela Tate, CEO, Council for Adult and Experiential Learning.

"The program goes beyond training to provide a bridge to credentials and degree attainment. CAEL is proud to provide career and education advice to these valuable employees and provide them with the support system they need to develop and grow in their lives and careers."

English Under the Arches

In 2007, we launched our English Under the Arches (EUA) program to provide English as a Second Language (ESL) classes that teach managers and crew the English they need to communicate effectively and confidently with customers, staff and in their lives outside of McDonald's. Not only does McDonald's cover tuition costs for English Under the Arches, employees at company-owned and franchised restaurants are paid their hourly wage for time spent in class.

"EUA not only teaches our staff how to speak English, but it gives them skills to be leaders in the restaurant and the confidence to grow and take on more responsibility."

Nanette Bittler, Independent Franchisee, Oregon

Employee Success Story: Dianelys Escobar, Crew Trainer, Florida



Dianelys came to the United States from Cuba 10 years ago to work for independent franchisee, Blake Casper, and was in one of the first EUA classes. Completing

the program has helped her both in her work life and in her personal life. At work, it has given her the confidence to take on more responsibility and expand her qualifications. EUA has also given Dianelys the confidence to be out in the world and to not have to rely on others to tell her what is going on around her. Now she is able to communicate better during her baby's doctor appointment, at the grocery store and at work.



Helping non-native speakers learn English allows them to break down barriers and feel comfortable when communicating effectively with fellow team members, customers, and, most importantly, in their everyday life. Proficiency in English is often a prerequisite for most jobs in the U.S. and provides mobility for individuals to pursue higher education opportunities, which in turn leads to increased earning power.

We have heard the positive impact of this program directly from graduated EUA employees who now have an easier time at work and at home. To date, **we are proud to share that nearly 4,000 employees have completed English Under the Arches.** Last year, 872 people graduated from the program.

872

Graduates since 2015



Continuing Our Journey

At McDonald's we are committed to continuing this journey. We believe that education helps people reach their full potential; that there is no one-size-fits-all solution to education; that programs that meet people where they are work best; and we believe that investing in the future of employees means investing in our shared success.

Take Jenny Escobar, a Department Manager in Florida working for McDonald's independent franchisee Alex and Isa Rodriguez. Jenny's life did not start off easy – she lost her mother when she was just 15 and when her family moved to the U.S. from Colombia, education had to take a backseat to work. Jenny went to work for the Rodriguez organization, who told her about the educational benefits she was eligible for under Archways to Opportunity. After a few months of hard work, Jenny achieved her dream of receiving a high school diploma.

Jenny's story is just one of the approximately 5,000 stories we are proud to be telling one year after expanding our Archways to Opportunity program. We look forward to sharing even more successes next year.

