

## Taking It to the States: Implementing Lifelong Learning Accounts on a Broader Scale

By Becky Klein-Collins

CAEL members and other *Forum and News* readers were first introduced to the idea of Lifelong Learning Accounts (LiLAs) in 2001. Since then, LiLAs have become a reality for many working adults. CAEL has been demonstrating the feasibility of LiLAs with an enrolled group of 350 workers in three locations and four industry sectors. The project has helped confirm many of our expectations, particularly regarding LiLAs' appeal to both workers and employers. In addition, it has offered lessons that are helping to inform larger LiLA projects and proposed initiatives. These lessons have been important since, in recent months, LiLAs have advanced beyond CAEL's own demonstration as leaders in several states have begun to explore ways in which to offer LiLAs to greater numbers of individuals and their employers.

### The Basics of Lifelong Learning Accounts

Lifelong Learning Accounts (LiLAs), generally defined, are employer-matched, portable individual savings accounts used to finance education and training—something like a 401(k) for adult education and training in which the worker's contributions to a LiLA account are matched by his or her employer and, in some cases, third parties. The combined contributions can then be used for education and training and related activities for these incumbent workers.

What is appealing to policymakers about LiLAs is that they help leverage employer and worker co-investment in education. CAEL's goal is to make LiLAs available to all employees as part of standard employee compensation packages. This would put learning opportunities within reach of every working adult. It is important to note that LiLAs are intended to supplement, not replace, existing employer-funded tuition programs. (For additional descriptions of LiLAs and their features, please see <http://www.cael.org/lilas.htm>.)

### CAEL's Multi-Year LiLA Demonstration Experience

With support from more than twenty different funders, CAEL is currently carrying out a multiyear, multi-industry sector demonstration of LiLAs in three sites. We are serving restaurant employees in Chicago, public sector and manufacturing employees in Northeast Indiana, and healthcare workers in San Francisco. Altogether the project serves more than 350 enrolled individual workers and 37 employers. In the demonstration, the project's funding allows matching dollars for both the employer and worker contributions. For every \$100 a worker contributes, the employer contributes \$100 and the project \$200, essentially quadrupling the worker's contribution.

The participants enrolled in the demonstration have a diverse demographic profile:

- Fourteen percent (14 percent) of all participants earn less than \$20,000 per year, 48 percent earn less than \$30,000 per year, and 82 percent earn less than \$40,000 per year.
- Twenty-eight percent (28 percent) of participants have earned a high school diploma or less at the time of enrollment in the program.
- Forty-two percent (42 percent) are over the age of 40.
- Thirty-seven percent (37 percent) are minorities and 18 percent do not speak English as their primary language.
- Fifty-five percent (55 percent) of participants are women.

From an early look at the data, we learned the following:

• **LiLAs do leverage co-investment in education and training.** The individual participants are contributing to their LiLAs and many have used the accumulated contributions for education and training. As of June 30, 2005, the project had leveraged a total of \$295,578 in savings from individuals and \$295,578 in matching contributions from employers.

• **Advising is valuable to individual participants.** An important part of the demonstration has been the individual advising offered to the workers. Ninety-seven percent of participants found their CAEL advisor to be somewhat or very helpful. Between 30 and 40 percent of the participants (depending on the sector) found the advising process to be so helpful that they would have been willing to pay for it themselves had it not been offered for free through the program.

• **Participants' goals change with more information.** We have learned from the advisors some important lessons about the participants' goal-setting process. As one advisor commented, "Participants often begin with goals that allow them to 'escape' their current jobs without true consideration of the realities they face. Once they have spent more time exploring these realities, participants focus on slower progress, often rooted in their current employment experience." We think that is an interesting observation about the process of setting goals and how these goals can easily change as more information about education, training, and careers is known.

• **LiLAs are showing positive impact.** Although it is too early to draw firm conclusions, there is some early evidence that the LiLA participants have benefited more from promotions than their non-LiLA co-workers. In addition, there is some early evidence that employers are seeing a slight increase in productivity from the LiLA participants.

• **LiLAs change how employers value workforce education and training.** Three employers have added educational benefits for their workers as a direct result of the LiLA program. Other employers acknowledged that LiLAs have helped to change their thinking about the value of employee education and training.

• **People like LiLAs.** The vast majority (88 percent- 99 percent, depending on the sector) of participants were either "satisfied" or "very satisfied" with the LiLA program. Eighty-seven percent of employers were "very satisfied" or "somewhat satisfied" with LiLAs.

• **Sector matters.** LiLAs have been easier to implement in sectors like manufacturing and healthcare, where education and training are more ingrained in the culture. Sectors like restaurant/food service, on the other hand, offer numerous challenges because of their high turnover and lack of investment in human resources generally.

These lessons, as well as the overall experience in administering the LiLA demonstration, are important for helping to advance LiLAs on the national stage.

### Getting WIRED for LiLAs

Coastal Maine and Greater Kansas City regions both recently won three-year \$15 million grants from the U.S. DOL to integrate workforce development, higher education, and economic development as part the Workforce Innovation in Regional Economic Development (WIRED) initiative.

Both regions' WIRED proposals included LiLAs as one of the core strategies for economic and workforce development, promising continued momentum for LiLAs in those states.

### Going to Scale with State-based LiLA Initiatives

Since very early in the LiLA initiative, one of CAEL's main objectives has been to move LiLAs to the next step beyond the ongoing three-site demonstration. One way we have done this is by promoting a proposal for a federal LiLA demonstration. We are also working with leaders in several states to develop state-based LiLA initiatives with support from the Ford Foundation and the Annie E. Casey Foundation. With key leadership from Amy Sherman, CAEL's Director of Public Policy, the most recent activities with states include:

- In **Maine**, CAEL has been working with a group of stakeholders called the LiLA Partnership. Members include the Maine Department of Labor (DOL), the Compact for Higher Education, community colleges, the university system, and other stakeholders. As a result of the Partnership's work, the Maine DOL launched a LiLA demonstration with its partners in 2005 to serve up to 350 workers with funding from the Ford Foundation and the U.S. Department of Labor. Widespread support for LiLAs across the state was evident in Coastal Maine's winning proposal to the U.S. Department of Labor's WIRED initiative (see sidebar.)
- In **Illinois**, CAEL has been working closely with Senator Don Harmon, who introduced a bill this session (SB2931) that would create a LiLA pilot in the healthcare sector and provide state match dollars. The bill recently passed out of

the Senate unanimously and the House with a wide margin of victory. CAEL has successfully enlisted support for Illinois LiLAs from the City of Chicago's Mayor Richard Daley as well as many in the business community, including the Business Leadership Group of CAEL's WorkforceChicago2.0 (a CEO-led effort to promote private sector investment in employee learning and development). This support was bolstered by a front page article in the business section of the [Chicago Tribune](#), highlighting a restaurant employee who used his LiLA to successfully complete a community college program. CAEL has received a small grant from the Illinois Department of Commerce and Economic Opportunity to support continued planning on the concept of LiLAs.

- In **Missouri**, LiLAs attracted the interest of the Missouri Department of Economic Development and the State Chamber of Commerce. Since Summer 2005, the state has considered a plan for a state-based LiLA initiative to be carried out in Kansas City in key growth sectors such as manufacturing, healthcare, and IT – a plan that may come to be with help from the U.S. DOL's WIRED initiative (see sidebar). The Chancellor of the Metro Community Colleges System and the State Director of the Division of Workforce Development are both committed to launching a LiLA initiative in Kansas City.

CAEL is currently in discussion with leaders in several other states—California, Indiana, Massachusetts, Michigan, Minnesota, Pennsylvania, Washington, and Wisconsin—to explore opportunities to bring LiLAs to their states.

CAEL is excited about the possibilities for LiLAs, particularly as we learn more about their impact on our demonstration participants and as more state leaders become aware of their ability to leverage private investment in education and training for adult workers. By creating a partnership between employers and employees to co-invest in education and training, LiLAs help to close the funding gap for working adults while providing new resources to educational providers.

For more information about LiLAs and our state-based initiatives, see our website at: <http://www.cael.org/lilas.htm> or contact Amy Sherman, CAEL's Director of Public Policy, at 312-499-2635 or [asherman@cael.org](mailto:asherman@cael.org).