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## Savings plan aids low-wage workers

### Learning accounts pay school costs

**By Barbara Rose**  
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The pay gap between higher-educated and less-skilled workers has widened substantially in the nearly 20 years since Chicago restaurant waiter Paul Kelvington dropped out of college.

Now the 37-year-old is getting a chance to catch up while pursuing his dream of becoming a counselor through an experimental new benefit program aimed at workers in low-paying jobs.

Kelvington is among a relative handful of workers in Illinois, Indiana and California contributing to Lifelong Learning Accounts, savings plans backed by employers and charitable institutions that pay retraining and education expenses.

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help benefit an  
employee, the better  
they'll work for you.'*

—Jodi Fyfe, whose catering company participates in the experimental benefits program

Under terms of the plans, workers contribute as much as \$500 annually in after-tax money via payroll deductions. Their employers match their contributions, while foundations and other donors match the combined amounts—providing \$3 for every \$1 the employee contributes.

Backers of the program envision education savings ac-

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## LEARNING: Firms, donors match funds

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counts becoming a standard part of worker compensation, similar to 401K or health insurance plans. They contend the benefit is vital in a fast-shifting, knowledge-based economy where the average worker holds seven different jobs during a lifetime.

Kelvington, who has returned to college while still holding down his restaurant job, sees opportunity knocking. "It's almost a divine offer," he said.

While the project is small—a total of 350 participants—it is setting the stage for a larger federal demonstration that would offer tax incentives to employers and employees who contribute to such accounts.

"The target is all workers, but we are particularly interested in reaching out to lower income and at-risk workers, those who are vulnerable in a changing economy," said Amy Sherman, director of public policy for the nonprofit Council for Adult and Experiential Learning, which developed the program with money from the Ford Foundation, Annie E. Casey Foundation and other backers.

The demonstration project focuses on manufacturing and government workers in northeast Indiana, health-care workers in San Francisco and restaurant workers in Chicago, where

the Illinois Restaurant Association is a partner.

Kelvington, a waiter at Rhapsody in Chicago, used his account to become a dean's list student at Harold Washington College, where he's earning a two-year certificate in addiction counseling. He recently won a scholarship at Loyola University to pursue a bachelor's degree in clinical social work.

"School has been phenomenal for me," he said. "It is a life-changing experience."

Most employer-financed educational programs target managers and professionals rather than lower-wage workers, who are the least likely to be able to afford schooling.

Meanwhile, the earnings gap between higher-educated and less-skilled workers keeps growing. An adult with a two-year associate degree earns 28 percent more than one with a high school education, and an adult with a bachelor's degree 75 percent more, according to a U.S. Census Bureau report.

At the same time, an increasing percentage of new jobs requires higher education. More than 40 percent of the occupations that are projected to grow in the next decade will require post-secondary or college degrees, up from less than 30 percent in 2000, according to the U.S. Bureau of Labor Statistics.

The demonstration project is preparing workers to move into such diverse fields as physical therapy, teaching, business management, graphic design and culinary arts.

A machinist at Vestil Manufacturing Co. in northeast Indiana used his account to become

a certified purchasing agent at the Angola, Ind., company after a shoulder injury prevented him from doing his former job.

A utilities clerk for the City of Angola was promoted to a better-paying job in accounts payable after taking computer classes, while a city receptionist who is working on a master's degree in public administration recently won a promotion to administrative assistant.

In San Francisco, a nurse who emigrated from China is taking a bilingual review course so she can become a registered nurse at On Lok Senior Health Services, where she earns \$12 per hour as a geriatric aide.

"Career advancement is important for our organization," said On Lok's executive director, Jennie Chin Hansen.

"They could go off to a community college, but this program is much more customized and sensitive," she said. "It makes the likelihood of success much greater."

The program provides career counselors to help employees develop plans and navigate education bureaucracies.

In Chicago, Jodi Fyfe, president of Blue Plate, which owns Rhapsody, said the program is a "great motivating factor" for employees.

"The more you can help benefit an employee, the better they'll work for you," she said. "The best result you can get is to move and advance people throughout the organization."

Kelvington dropped out of the University of Tennessee 18 years ago to play guitar with a series of rock bands while supporting himself working in res-

taurants.

His current band, Freakmagnet, is a creative outlet while he works at Rhapsody and goes to school.

His employer-backed account paid his tuition and covered such expenses as a \$190 textbook on diagnostic disorders.

As part of his training, he works seven days a week from 8:30 a.m. to 1 p.m. at an unpaid internship at Lakeshore Hospital's addictions treatment program.

Afternoons and evenings, he waits tables or takes classes to finish his certificate at Harold Washington, where his 4.0 average won him academic honors and the Loyola scholarship.

Even though Rhapsody will lose Kelvington when he finishes at Loyola, the restaurant's investment in him has many paybacks, Fyfe said.

Kelvington is a mentor to Dameron Cribbs, another Rhapsody worker who recently was named employee of the month. He's helping Cribbs fill out college applications.

"The future is Dameron and his education and his kids," Kelvington said. "It's a duty for me to help with the education I've been given almost for free."



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