

Lifelong Learning Accounts

Highlights of H.R. 2901

Lifelong Learning Accounts Act of 2007

What are Lifelong Learning Accounts?

As developed by CAEL, Lifelong Learning Accounts (LiLAs) are employer-matched, portable education accounts that workers can use to finance their education and training. LiLAs encourage a partnership between workers and employers to invest in education and training to meet the needs of business and industry and to help workers achieve their own career goals.

Background

On January 4, 2007, Senators Maria Cantwell (D-WA) and Olympia Snowe (R-ME) introduced S.26, The Lifelong Learning Accounts Act of 2007. This Act amends the Internal Revenue Code of 1986 to establish a Lifelong Learning Account demonstration program for up to 200,000 workers in up to 10 states. The Department of Treasury will select participating states in a competitive process. For a summary of S.26, please see: http://www.cael.org/LiLA_pdf/LiLA_S26_Summary.pdf

On June 28, 2007, Representative Tom Allen (D-ME) introduced H.R. 2901, The Lifelong Learning Accounts Act of 2007, which is the companion bill to Senate Bill 26. Like the Senate bill, H.R. 2901 establishes a national Lifelong Learning Accounts demonstration program. Both bills include the following features:

- Both employers and workers earn tax credits of up to \$500 per year for contributions to Lifelong Learning Accounts
- The tax credits are targeted to lower and middle-income earners
- Contributions to Lifelong Learning Accounts are voluntary
- Employer contributions to workers' Lifelong Learning Accounts are excluded in the workers' gross income
- All distributions for eligible expenses are excluded from the taxpayer's gross income
- Account funds can be used to pay for tuition, fees, books, and supplies, as well as additional expenses that the Secretary of the Treasury prescribes after consultation with the Secretary of Labor, including tools, equipment, information technology devices, and training and apprenticeship programs
- Accounts are portable and can be used over a worker's lifetime

Highlights specific to H.R. 2901

In addition to the features above, H.R. 2901 also includes:

- A refundable tax credit for workers' contributions, making it possible for lower-income workers to claim a tax refund even if they do not have a tax liability
- Tax deductions for individuals equal to amount contributed to their accounts over the \$500 tax credit, without limitation
- Permits third party contributions into the accounts
- A requirement that employers attest that other tuition and education benefits provided by employer have not been reduced in order to claim a tax credit

CAEL's vision is that Lifelong Learning Accounts will become a standard part of all employee compensation packages, putting money for education and training within reach of every American worker.

Please contact Amy Sherman, Associate Vice President for Policy and Strategic Alliances, at 312-499-2635 or asherma@cael.org or Vickie Choitz, LiLA State Policy Director, at 617-417-2099 or vchoitz@cael.org with your questions or comments.



"Stunning advances in science and technology are creating exciting opportunities for American businesses and American workers, but to take advantage of the promise these innovations hold and for America to remain competitive in the global economy, we must have a workforce with the education and training to fill the jobs businesses create. As the cost of education continues to skyrocket, America loses a lynchpin of its economic power. We see Lifelong Learning Accounts as a way to keep our workforce educated and current in today's technology and business environments." Representative Thomas H. Allen, (D-ME)

For more information visit www.thomas.gov and search bill numbers S.26 and H.R. 2901

