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Opinion / Editorial

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## Savings accounts can encourage lifelong learning

BY JEFFREY PHILLIPS, *Published August 3, 2007*

Congress is considering allowing companies to set up higher education saving accounts for employees that would be similar to 401(k) savings accounts.

Proponents of lifelong learning accounts (LiLAs) say employees could contribute to the accounts for higher education and employers could opt to match their contributions.

"Lifelong learning accounts are a smart way to help Americans of all ages keep their skills sharp to prepare for the changes in today's technology and business environments," Rep. Thomas Allen (D-Maine), who has introduced a bill to create LiLAs, said during a congressional breakfast discussion last month.

Account funds could be used for tuition, fees and education-related expenses, such as supplies and books. Like 401(k) and other retirement savings accounts, LiLAs could be portable, following the account owner when he or she switches jobs, or they could be left in place.

Such accounts are critical to help workers afford the education and training they need for high-skilled jobs and for employers who need those skilled workers, Allen said.

LiLAs would also directly affect economies, said John Dorrer, director of the Center for Workforce Research and Information at the Maine Department of Labor. Workers with only a high school education are more than twice as likely to live below the poverty rate than workers with an associate degree, he said.

"If we don't have skills that perform, we don't have an economy that performs. If we don't have an economy that performs, our standard of living goes way down," Dorrer said. "In the new economy, higher education is essential."

LiLAs will be critical to help retiring baby boomers retool for new careers, especially in high-skill jobs and in fields with worker shortages, such as nurses and teachers, said Amy Sherman, associate vice president for policy and strategic alliances at the Council for Adult and Experiential Learning.

Tuition continues to increase annually, even at less expensive community colleges, but the accounts can help keep education affordable, she said.

"Lifelong learning is essential to the strength of our country," Sherman said.

Maine is already using LiLAs, linking the accounts with the state's 529 college-savings program. About 360 employers

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participate in the program, from industries such as health care and manufacturing.

A handful of cities such as Chicago and San Francisco tested the idea, and Kansas City and the state of Illinois are preparing to pilot their own programs. They are already yielding success stories.

For instance, Erik Coon of the San Francisco area returned to college to become a registered nurse. He used a LiLA to help pay for his associate degree of science in nursing while he worked full time. He now works as a clinical nurse in the emergency department at the University of California, San Francisco.

Lisa Smart of Huntington, Calif., took advantage of the accounts to help her advance in her career at Lime City Manufacturing. It helped her with tuition to earn an associate degree, and she is now pursuing a bachelor's degree in business administration, again using her LiLA. Over two years, she has squirreled \$2,000 into the account. Coupled with her employer's contribution, she has \$4,000 that she can use to further her education.

"I received my promotion to resource manager because I had my associate degree and because I had been helping the previous person in the position," Smart said. "If I didn't have my degree, I doubt I would have been offered the position."

Nate Thompson is going on 10 years as a heavy equipment operator for the city of Fort Wayne, Ind. Thompson had thought of going to college to open up "a lot more possibilities," and when the city started its LiLA program, he jumped at the opportunity.

The account has allowed him to earn a HVAC certificate through Ivy Tech Community College of Indiana, and he is now pursuing an associate degree in mechanical engineering at the college.

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