

Jazzing It Up: Innovations in the LiLA Model



Case Studies of Lifelong Learning Account Programs in
Maine, Kansas City, and Washington State

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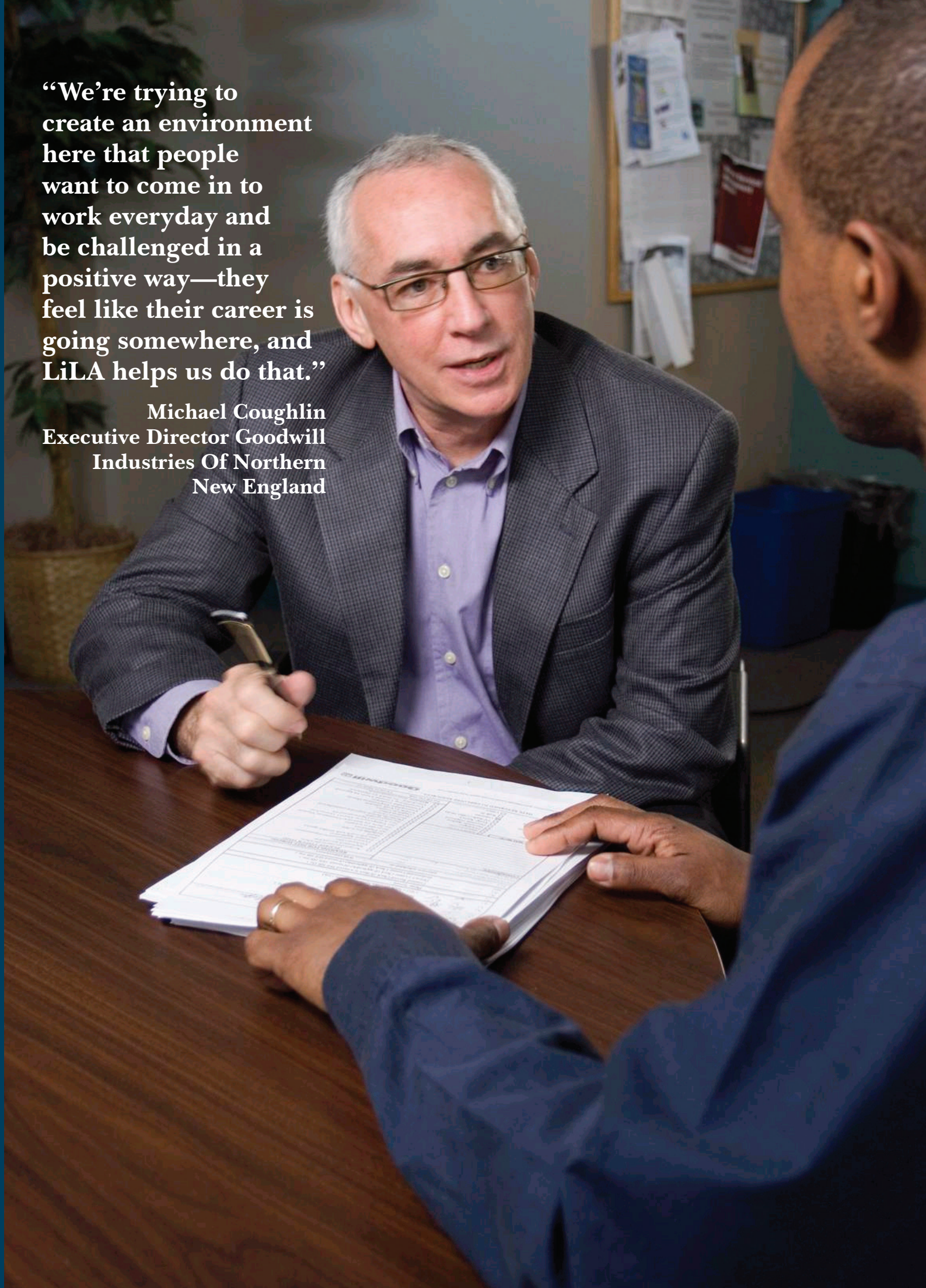
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“We’re trying to create an environment here that people want to come in to work everyday and be challenged in a positive way—they feel like their career is going somewhere, and LiLA helps us do that.”

**Michael Coughlin
Executive Director Goodwill
Industries Of Northern
New England**



Jazzing It Up:

Innovations in the LiLA Model

Introduction and Overview

Lifelong Learning Accounts, or LiLAs, are employer-matched, portable, employee-owned accounts used to finance education and training. LiLAs operate like a 401(k) for adult education and training, where individual contributions to a learning account are matched by employer contributions and possibly third parties (e.g. tax credits, low income matches, etc.)

The Council for Adult and Experiential Learning (CAEL) has piloted LiLAs in several locations, and leaders in the U.S. House and Senate have introduced legislation in support of LiLAs. Meanwhile, state and regional leaders are beginning to implement LiLAs on their own. Just as a jazz soloist improvises on a standard, these LiLA leaders are adhering to the basic model developed by CAEL while riffing on the main theme, taking exciting new steps in the development of systems to support LiLA users, financial structures to manage accounts, and innovations to help take LiLAs to scale.

The stories of how two states and one region are working to advance LiLAs to large numbers of workers—and making innovations to the LiLA model in the process—are profiled in this report.

The **State of Maine** was the first LiLA pioneer, adopting LiLAs as part of a larger statewide effort to improve the educational attainment of the workforce. Maine's LiLA program is notable for the ways in which it has engaged existing service networks to provide career and educational advising. In addition, the state has established a partnership with the Finance Authority of Maine (FAME) to manage the individual LiLA accounts as a part of the state's 529 college savings program, the NextGen College Investing Plan.

The **Kansas City region** has been bold in its development of components that will enable the scalability of LiLAs to ever larger groups of workers. A debit card system for LiLA expenditures, a web portal for participants and program staff, career and educational advising administered by the Workforce Board One-Stop Centers and potential migration to online career and educational advising are all innovations that support the development of state-wide or national LiLA initiatives.

The **State of Washington** is not as far along as the other two sites, yet provides a good example for explaining the economic development case to be made for LiLAs. Washington leaders consider LiLAs to be an important piece of a larger economic development strategy for the state that emphasizes the development of career pathways, addressing the needs of incumbent workers, and engaging employers.

Background on Lifelong Learning Accounts – A New Way to Finance Education and Training for Working Adults

Ten years ago, the Council for Adult and Experiential Learning recognized that although so many policy and business leaders had come to see the importance of an educated workforce for our economy and for individual success and self-sufficiency, there were few financial resources available to help working adults pursue education and training.

We knew from our own work with private sector companies that most large employers offered employee tuition benefits, but many times these benefits are only offered to management and smaller employers rarely offered a tuition benefit at all. In addition, federal and state resources were primarily benefiting dislocated, unemployed and disadvantaged workers.

We also knew that although frontline workers may have a steady paycheck, many saw the cost of going back to school as a significant barrier. These workers – the ones who most need education but can least afford it – needed help.

“LiLAs have encouraged me to pursue career goals that otherwise would have taken longer to attain or been out of reach. LiLAs are important because I can now access the latest technology that will advance my career and benefit my employer as well as my chosen career field.”

Arizona West LiLA Participant

there were many in states and regions who did not want to wait for national leaders to act. CAEL therefore began working with leaders – first in Maine and then in several other places – to explore how LiLAs might be designed and carried out to meet state and regional goals for workforce education and training.

The three case studies presented here tell different stories of why LiLAs are a good fit for states and regions as they address workforce development and employer labor needs. The case studies also document how these LiLA initiatives came into existence, while also demonstrating the innovation that is possible when stakeholders facing unique circumstances consider how best to adapt the LiLA model to their needs.

CAEL concluded that we needed to find a way to make it easier for employers to contribute to employee learning and in a way that does not put the full responsibility on either the employer or the worker. The solution was the invention of the Lifelong Learning Account, which are individual accounts that facilitate joint investment from both workers and their employers in education and training. These accounts can also be designed to include savings incentives from the public sector or other third party.

From 2001-2007, CAEL administered a demonstration of LiLAs in Chicago, Northeast Indiana, and San Francisco that served more than 350 participants in four industry sectors. From this demonstration, we learned that LiLAs are easy to use, workers do save and use their LiLA savings for education and training, and employers and workers alike find them valuable.

During this time, CAEL also began educating policy leaders in states and nationally about Lifelong Learning Accounts and promoting LiLAs’ key principles such as universality, portability, and informed choice (see box on following page).

While our ultimate policy goal is to inspire federal LiLA legislation that would make LiLAs universally available, we found that

Core Principles of LiLAs

Universality. All individuals are eligible for accounts.

Broad Use of Funds. Because individual learning needs vary, LiLAs can be used for a wide range of uses, including tuition and fees, assessments, supplies, materials, and books. Allowable educational activities may include, but are not limited to, studies related to a worker's job or industry.

Portability. Even though employers can contribute to LiLAs, the LiLA account is owned by the individual, regardless of the person's current employer or employment status.

Voluntary Participation. Individuals and employers have the option of participating. The design encourages and facilitates widespread participation.

Matched Funding. LiLA accounts are funded through individual contributions, employer matches, and potential matches from third party sources. The third party funds can be in the form of foundation or public sector funding allocations, or federal or state tax credits.

Informed Choice. Individual participants choose the training and education they need to meet their career goals based on a learning plan developed with educational and career advisors.

CAEL's interviews with the leaders and developers of these three different programs took place in Summer 2008, during a time of economic downturn, but prior to the more significant economic freefall that began in September of that year. Making the case for LiLAs as a way to prepare the workforce for job opportunities in growth industries that are important to a state or regional economy may now, therefore, take on an even greater sense of urgency.

Pioneering the Link Between LiLAs and 529 College Savings Accounts in Maine

State Policy Context

States and regions around the country are focused on competing in a global economy, attracting and growing new businesses, and fostering a culture of innovation. It goes almost without saying that higher education is crucial to a state's economic development because a skilled and educated workforce makes the state more attractive to new and emerging businesses. The State of Maine's interest in LiLAs arose in part from this recognition that the economy needs an educated workforce, but also because of some significant demographic shifts in the workforce.



The Changing Economy

Maine is a rural state with many communities dependent on one or perhaps two industries as an employment base. “When those industries close or downsize, former employees are left without the skills to compete in the new economy,” states Sally Davis, statewide program manager for workforce development for Women Work and Community. This is perfectly understandable when you consider that fifty years ago, approximately half of Maine’s jobs were in the manufacturing sector.¹ Maine’s economy consisted of major industries such as boat/ship building, fishing, shoe making, paper and pulp, textiles, leather, and defense. High school graduates could go on to lifelong jobs in the trades and make sometimes as much as \$32 an hour and never think about their career decisions again. When these industries were thriving, postsecondary education was not a priority, nor really a necessity, for the workforce.

¹Maine Compact for Higher Education “Greater Expectations: College as a Right and Responsibility for all Maine People,” May 2004. http://www.collegeforme.com/action_plan.pdf

However, over the past thirty years, manufacturing employment in Maine has been in a significant decline. According to John Dorrer, director of the Center for Workforce Research and Information at the Maine Department of Labor, “Long term trends show the continued loss of manufacturing jobs. There is some more recent evidence that new manufacturing jobs are also being created due to rising exports resulting from the declining value of the dollar. These new jobs, however, often require more advanced preparation and credentials. Maine has also made significant gains in healthcare employment, and more modest gains in business and professional services.” Typically, these service oriented jobs ranging from entry level to professional, demand more capacity to learn, solve problems, take initiative and work independently compared with employment in Maine’s industrial past.

Changing Demographics

Maine is also facing a change in workforce demographics. Maine has the oldest population in the nation, with a median age of 41.1, compared to the national median of 36.4,² and a large number of skilled workers who are about to retire. There is also, on average, a low level of educational attainment in Maine, especially compared to the rest of New England. For example, only 52 percent³ of Maine’s high school graduates go on to postsecondary education, compared with nearly 67 percent nationally.⁴ In 2006, 36 percent of Maine adults never attended college, compared to 29 percent nationally.⁵ Further, only about 25 percent of residents have post-secondary degrees, compared to 35 percent of all New Englanders.⁶

Projected numbers are discouraging. A slow birth rate and little in-migration will shrink the number of new Maine high school graduates from 17,311 in the 2007-08 school year to a projected 15,299 by 2016.⁷ Dorrer describes the exchange of the highly educated and skilled population leaving the workforce and the fewer numbers of skilled young people entering the workforce as a “potential train wreck if we do not plan more aggressively to ensure a skilled workforce in years ahead.” Maine will need to include among its various strategies a focus on improving the skills of those already in the workforce: adults.

State Actions

In 2004, the Maine Compact for Higher Education (Compact), a joint effort made up of education, government, community and business leaders and others who care about Maine’s future, outlined a five-part strategy to raise educational attainment in Maine. Committed to finding ways to expand higher education opportunities in Maine, the Compact outlined ambitious goals for the next ten years: a target of 10,000 additional Maine residents completing postsecondary education.

²Maine in Focus: Census Bureau Pre-Caucus Snapshot, January 31, 2008, Reuters.
<http://www.reuters.com/article/pressRelease/idUS252041+31-Jan-2008+PRN20080131>

³Greater Expectations: College as a Right and Responsibility for All Maine People, Maine Compact for Higher Education, 2004. http://www.policyoneresearch.com/documents/Compact%20Docs/compact%20action_plan.pdf

⁴U. S. Census Bureau Data, accessed on the following website:
http://www4.nau.edu/insidenau/bumps/2007/1_10_07/upward.htm.

⁵Adult Learning in Focus: National and State-by-State Data CAEL in partnership with NCHEMS, 2008 ,
http://www.cael.org/pdf/publication_pdf/State_Indicators_Monograph.pdf

⁶Greater Expectations: College as a Right and Responsibility for All Maine People, Maine Compact for Higher Education, 2004. http://www.policyoneresearch.com/documents/Compact%20Docs/compact%20action_plan.pdf

⁷Western Interstate Commission for Higher Education (WICHE), Knocking at the College Door: Projections of High School Graduates by State and Race/Ethnicity, 1992 to 2022, <http://www.wiche.edu/policy/knocking/1992-2022/index.asp>

The initiatives set forth through the action plan include:

- **Maine's Promise Scholarship Program**, which provides scholarships to income eligible students to cover educational costs that are not covered through existing financial aid programs
- **Maine Early College Initiative**, which supports and accelerates the transitions of high school students to postsecondary learning
- **Maine College Transition Initiative**, targeting adults aged 25-45, providing college preparatory advising and classes
- **College for ME Employer Initiative**, which provides employers with technical assistance, training and recognition for forward-looking workforce education policies
- **College for ME Campaign**, which uses media and partnerships to raise awareness of college opportunities to change attitudes about the value of college education

In addition to these initiatives, state leaders also wanted to help increase adult access to learning opportunities. One of the biggest challenges was addressing the cost of education for working adults. Individual workers in declining industries cannot afford to pay for tuition on their own, and expecting business and industry to foot the entire bill seemed unrealistic: approximately 80 percent of businesses in Maine are small employers with only 20 employees or fewer. These businesses are struggling to pay for health insurance for their employees, let alone being able to take on the full cost of education and training.

Given the focus on increasing the educational attainment of the workforce, and addressing the financial barrier to postsecondary education, University of Southern Maine Professor Mark Lapping notes, "LiLAs made sense." Lapping, now a Maine LiLA Advisory Board member who had previously worked with learning account programs internationally, knew that LiLAs had an empowering effect on individuals, and that they could be a part of the new economic strategy for Maine.

LiLAs in Maine

Maine began planning a statewide LiLA program in 2003, when Larinda Meade, the director of Maine's Bureau of Employment Services and the state's initial LiLA champion, heard about the concept at an economic development conference in Boston, where CAEL's Associate Vice President of Policy and Strategic Alliances Amy Sherman had spoken. Sherman worked with Meade to reach out to other stakeholders in the state, including the members of the Maine Compact for Higher Education. Interest from these stakeholders was very strong, and soon Meade and Sherman organized them into an action team called the Maine LiLA Partnership. The Partnership members included the Maine State Treasurer and her office, the Commissioner of the Maine DOL, and key representatives from: Maine Centers for Women Work and Community, Maine Department of Education, industry associations, local workforce boards, adult education programs, the university system, and the community college system. It was not long before the goal of the Maine LiLA Partnership was developed by the group: to establish a LiLA program in Maine with incentives for employers and employees.

“I think the great thing about Lifelong Learning Accounts is it really shows the employee that we are truly vested in their education, in their well-being, and as a result of that I believe that morale has been lifted, especially within the employees that have signed up for it.”

**Robinson Copland
Employment Manager
Goodwill Industries Of
Northern New England**



The Partnership, which evolved into the Maine LiLA Advisory Board, met several times throughout 2003 and 2004 to work out the details of the proposed pilot program. Karen Vigue, program officer at the Finance Authority of Maine (FAME) and LiLA Advisory Board member, recalls that, “From early on, everyone said; ‘What can we bring to the table?’” The Advisory Board has always been very motivated and never thought of the Maine LiLA program as a “pilot,” but more of a statewide strategy. In 2005, with a plan in hand for a Maine LiLA pilot, the Maine Department of Labor worked with CAEL to secure funding from the Ford Foundation and the U.S. Department of Labor to support the launch of Maine LiLAs.

The Maine program plan drew a lot from the LiLA model that CAEL had implemented in a multi-site demonstration of LiLAs from 2001-2007. For example, Maine targeted the program to three industry sectors – information technology, hospitality, and manufacturing – which are priority sectors in the State’s economic plan. For the IT industry, LiLAs would be used as a strategy to develop a cutting-edge workforce not only for current business but also to support the research and development of emerging technologies to establish a global leadership position. Manufacturing was chosen because it is critical for Maine to move into the more high-skilled niche manufacturing market, and LiLAs could be used to improve workforce skills and productivity. And for the hospitality sector, LiLAs would serve as an attractive recruitment tool that employees could potentially take advantage of during the off-season. Now that the program has grown, the LiLA program has added other sectors, such as healthcare, municipalities, and marine and composite trades.

Auta Main, on staff at the Maine DOL and the program's manager, notes that the program targets the smaller employers who were hit the hardest with rising oil prices and the slowing economic growth. The program "provides an inexpensive way for an employer to add a benefit," says Main. Larger employers are more likely to have tuition reimbursement programs or other education and training programs to offer their employees, while the smaller companies are searching for practical, affordable ways to invest in their employees.

As for the workforce, the Maine LiLA program focuses on front-line workers who would attend postsecondary education if they had just a little more financial support and advising. Due to the changing economy, loss of jobs, and industry, much of the Maine population has remediation needs. So the LiLA program helps these individuals take the one or two classes they need to raise skill levels.

While the Maine LiLA program looked similar in many ways to other LiLA demonstrations, there were also innovations in the Maine model – riffs on the LiLA theme. In particular, the Maine Partnership took the model to the next level of sustainability by linking the pilot program in several important ways to existing infrastructure in the state: account management through the 529 college savings system, career and educational advising through existing service networks, and program administration through a state agency.

- **Account management – and third party match – using the 529 college savings system.**

One of the most innovative elements of the Maine LiLA program is the partnership with the FAME to manage the investment of the individual LiLA accounts as a part of the state's successful 529 college savings program, the NextGen College Investing Plan. The beauty of this model is that it not only utilizes an existing infrastructure, but Maine's NextGen program also provides matching grants to eligible participants. FAME is able to offer a matching grant because the program receives annual revenues from accounts sold all over the country by its program manager, Merrill Lynch. FAME uses these revenues to provide matching grants for Maine's lower- and moderate-income families. LiLA participants are eligible for these grants. NextGen is a universal system in that anyone can open a NextGen account.

Maine's LiLA Program requires that a monthly minimum employee contribution of \$25 and employer match of \$25 be deposited into the employee's NextGen account via payroll direct deposit. The employee benefits from 1) owning and contributing into a college savings account to pay for his/her education; 2) employer-matched contributions, which are deposited directly into the employee's account; and, if income eligible, 3) an Initial Matching Grant of \$200 from FAME when opening the account and up to \$200 in Annual Matching Grants from FAME on additional contributions made to the account.

Setting up a separate financial account management piece would have taken a lot of infrastructure development, not to mention time and money. According to Larinda Meade, using the existing 529 infrastructure was "a huge money saver for the state, and it meant that companies didn't have to take on additional paperwork or administrative duties to participate in LiLAs."

- **Career and educational advising through existing service network.** The advising component of LiLAs is considered a valuable feature of the LiLA model, as it ensures that adults have professional guidance in developing a plan for learning that connects to career advancement opportunities. In Maine, career and educational advising for

LiLA participants was offered through Maine's eighteen Women Work and Community Centers. For the Maine LiLA program, the centers offer financial literacy training as well as one-on-one career and educational advising either over the phone, on-site, or through the centers. The LiLA participant is required to develop an Individual Learning Plan (ILP) with a career advisor and schedule a follow up visit for six months later. Sally Davis of Women Work and Community refers to the advising component as the "confidence-building piece of the program" because many Maine residents have never been on a college campus before, or have trouble envisioning a career progression, and might not know where best to spend their LiLA account funds. According to Davis, "The combination of advising services plus a savings account makes this program unique and user-friendly."

- **Program administration through a state agency.** Since the beginning, the Maine DOL has played a leadership role in program administration, creating the infrastructure and delivery system for LiLAs. Maine DOL, the local Maine One-Stop Career Centers, and trade associations provided the local and regional outreach efforts to employers and employees. Local and state parties were spearheading the effort together, and community colleges and universities played an active role in promoting the program. Having the Maine DOL run the LiLA initiative is an important piece for sustainability of the program. By using an internal staff to manage the program, the DOL is building capacity to deliver the program in the long term.

The implementation of LiLAs in Maine corresponded with another workforce and economic development initiative that has notably linked with the LiLA initiative. In 2006, within a year of the start of the project, the NorthStar Alliance Initiative (NSAI) received a three-year, \$15 million federal Workforce Innovation in Regional Economic Development (WIRED) grant from the U.S. Department of Labor. This initiative is focused on workforce development for enterprises that make up or support the marine trades and those that utilize advanced composite materials, including boat building, marine/waterfront infrastructure, marine service and repair, building products, sporting goods, and ballistic armor. The NSAI WIRED initiative embraced LiLAs by providing its own third-party match through the project. LiLA participants employed in the WIRED targeted industry sectors, and who have contributed to their accounts for at least four consecutive months, receive a one-time scholarship that can be applied towards tuition, books and fees for the account holder's first semester. As Melanie Arsenault, assistant commissioner, Maine Dept of Labor observes, "With sixteen employers, a lot of individuals will be eligible for scholarships through WIRED."

For Arsenault, this is one of the most unique features of the Maine LiLA program. "The timing is right with the NorthStar WIRED strategy to marry them together. The WIRED program offers additional scholarship money for participants, and will get more employers involved." The goals of the Maine LiLA model are aligned with the WIRED concept. Both are innovative programs that contribute to increasing the skill level and education of Maine's workforce.

As of Spring 2008, 60 individuals were participating in the Maine LiLA program. Although employer take-up is a bit slower-going than originally anticipated, Auta Main believes that a new program and initiative like LiLAs may take time to incubate. Main is confident that the employer champions will generate a buzz and attract more businesses to the program.

Looking Forward

The Maine LiLA model holds considerable promise because of the innovative ways that it is linking LiLAs to existing infrastructure. Leaders in other states, along with CAEL, have been watching developments in Maine with great interest to see how these sustainability efforts will work and what the long-term benefits of this model may be.

Linking to 529s is a particularly attractive part of the model given that this kind of system may be exactly what is needed to take LiLAs to a larger scale. Using the existing 529 program infrastructure greatly contributes to the program's sustainability, cutting down on the amount of support required to sustain a long-term program. Currently there are no financial appropriations from the state for the LiLA program or for its third-party match, but moving forward, many feel that there will need to be a small public investment to cover the program coordination and advising costs, which are estimated between \$75,000 and \$100,000 per year. Auta Main notes that some of this cost may be reduced by approaching advising more creatively and providing different levels of advising services for different levels of need. There is interest in exploring an online option for advising.

One challenge with the Maine model is that despite the advantages of using 529s, the system is not perfect for the purpose and intent of LiLAs. Currently, use of the 529 funds is restricted to Title IV schools, meaning that Maine LiLA participants cannot use their savings accounts to pay for classes taken at non-accredited institutions. The program therefore excludes trainings offered directly through many trade associations, community providers, and/or private for-profit training companies. Auta Main explains, "Training through non-Title IV schools is quite common in certain sectors such as technology. Most IT classes offered in Maine, for example are provided by private for-profit training companies that have no affiliation with a Title IV institution." Another example includes the classes offered through the Manufacturer's Association of Maine. To address this program, the Maine DOL has met with the community college system about bringing more classes under their umbrella. The community college system was receptive to the idea, and so there may be a way to continue to use the 529 system without limiting too many learning options.

Conclusion

Maine has developed a number of initiatives focused on increasing the educational attainment of the workforce and increasing access to postsecondary education for Maine residents. Maine's strategy is an ambitious one, including innovative initiatives such as the programs developed through the Maine Compact, as well as newer endeavors such as the establishment of the Maine Community College System in Spring 2003, the Competitiveness Skills Scholarship (CSSP), which provides low income individuals tuition assistance and scholarships to go back to school, and the NorthStar Alliance Initiative funded through WIRED.

LiLAs are an important part of Maine's overall strategy – a tool to help remove financial barriers to education for Maine's workforce. In addition, Maine's innovative approaches in linking to existing state infrastructures are important contributions to national discussions about LiLA sustainability and scalability.

“LiLAs help us compete for and retain staff by showing our commitment to invest in their future. I was attracted to the LiLA program because we could affordably invest in our staff and easily manage the program online. The LiLA program helps us work smarter, more profitably and with happier staff!”

**Dave Alburty
President
AlburtyLab, Inc.**



Planning for Scale and Sustainability of LiLAs in Kansas City

Kansas City Region Policy Context

Kansas City has a few nicknames. The city is called the “Heart of America” because it is located in the geographic center of the United States, representing two states, 18 counties, and more than 50 distinctive communities. Kansas City is also known as the “Paris of the Plains” for its lively jazz scene, and the “City of Fountains” for – you guessed it – its many fountains, which are said to rival Rome’s in number. In addition to these monikers, the one-time trading post of Kansas City is also becoming known as a major metropolitan center in the Midwest.⁸

⁸ESPN SportsTravel City Guide, Kansas City MO, <http://sports.espn.go.com/travel/cities/index?city=kansas-city>

Kansas City has recently earned a reputation as being a cosmopolitan city with a base of high-tech, innovative companies and an efficient transportation and logistics infrastructure. In fact, in June 2008, Fast Company named Kansas City one of the 12 best cities for innovation. “The economy in Kansas City remains fairly solid,” suggests Bill Thompson, regional director of the Kansas Department of Commerce. According to the Kansas City Area Development Council, advanced manufacturing thrives in Kansas City, with a Harley-Davidson assembly facility and two other automotive operations. Ford Motor Company’s Kansas City plant is one of its most productive manufacturing facilities, and GM’s assembly operation continues to expand. Supporting this key industry is the Metropolitan Community College system, which offers one of the region’s strongest manufacturing training programs. Other economic assets for the region include Kansas City-based Stowers Institute for Medical Research, which earns international recognition for its ground-breaking discoveries.

The bi-state region also anchors a new animal-health corridor that is home to more than 120 bioscience firms.⁹ There are more than 13,000 trained employees working in the animal health industry in the greater Kansas City area. The universities and technical training programs in the Kansas City region produce more livestock veterinarians, animal science professionals and technicians than any other region of the United States. The greater Kansas City area hosts the headquarters of over 37 global leaders in the animal health industry, representing four of the 10 largest global animal health interests.¹⁰

Demographic data suggest that the Kansas City region, with more than 2 million people, has an extremely productive workforce. According to the U.S. Census, Kansas City’s production workers contribute 40 percent more value added per hour than the national average.¹¹ Approximately one-third (32 percent) of Kansas City’s residents have a college degree, and 89 percent of the residents are high school graduates.¹²

Preparing for the Economy of the Future

Today the region is taking steps to leverage its biotechnology, plant, and animal sciences assets to compete in the global economy, and there is an increasing demand for a technically competent workforce. Suzy Makalous, director of lifelong learning at the federally funded OneKC WIRED workforce development initiative, notes, “Kansas City is evolving into a bio-tech center and there is a need for highly skilled people. If something is not done, our people will be left behind and businesses won’t be competitive.” The challenge for Kansas City to remain competitive on the global scale will be to ensure that the workforce is prepared for jobs in these emerging industries. In an article in The Kansas City Star, Paul Scianna, executive director of the OneKC WIRED initiative comments on this trend, “The pipeline providing workers with the right skills has yet to fully meet the new needs.”¹³

⁹Fastcompany.com “Best Cities for Innovation,” by Ellen Gibson and Kate Rockwood, Issue 126, June 2008
<http://www.fastcompany.com/magazine/126/growth-points.html?page=0,1>

¹⁰The Mid-America Regional Council (MARC) <http://www.marc.org/Community/pdf/Chapter3Outline.pdf>

¹¹Missouri Partnership – Kansas City Area Development Council, <http://www.thinkkc.com/http://www.locationusa.com/sponsorProfiles/jul08/Kansas-City-Area-Development-Council.shtml>

¹²Think KC, KC Facts and Figures, <http://www.thinkkc.com/LivingWorking/FactsFigures/FactsFigures.php>

¹³The Kansas City Star, “OneKCWired Supports Training Needs,” by Jason Gertzen, January 8, 2008,
<http://www.onekcwired.com/resources/KCStar01-08-08.pdf>

Kansas City Actions

Part of what makes Kansas City unique is the fact that it straddles two states. This can sometimes be a challenge because of funding streams and agencies that are typically limited by their single-state focus. However, Missouri and Kansas have a great deal of experience working together on joint initiatives. Bill Thompson explains, “There’s a lot of cooperation going back and forth between Kansas and Missouri. This is important because regional economics function without a state line.” There is also some synergy in their efforts. Because of the region’s focus on biosciences, for example, both Kansas and Missouri are concentrating on enhancing high school student performance in the STEM areas – science, technology, engineering, and mathematics.

As in other states, of course, Missouri and Kansas have their own workforce training initiatives that are designed to help attract and retain companies – for example, Kansas’ Investments in Major Projects and Comprehensive Training (IMPACT), Kansas Industrial Retraining (KIR), Missouri New Jobs Training Program, and Missouri Job Retention Training Program, to name just a few. In addition, because both states are focused on workforce and economic development activities to ensure a competitive edge, Kansas and Missouri have collaborated on two major initiatives to raise the skill levels of the region’s workforce: the Bi-state Career Readiness Certificate and the OneKC WIRED Initiative.

- **Bi-state Career Readiness Certificate.** The State of Missouri, along with ACT, developed the statewide Missouri Career Readiness Certificate, providing a systematic approach to measure, monitor and improve workforce skills throughout the state. As a result of the OneKC WIRED initiative, Missouri partnered with Kansas to promote the Bi-state Career Readiness Certificate. This certificate is given to workers who have completed the requirements of the Kansas WORKReady! program or its analogous program in Missouri. The Bi-state Career Readiness Certificate follows the national ACT model for Career Readiness Certificate, measuring the basic foundational skills used in all workplaces and based upon data from more than 10,000 job profiles collected over the past 15 years.
- **OneKC WIRED.** In 2006, the region received a \$15 million, three-year grant from the U.S. Department of Labor’s WIRED Initiative (Workforce Innovation in Regional Economic Development). The OneKC WIRED initiative was developed by regional partners on the premise that the economic growth and competitiveness of the Kansas City region will be determined by the region’s ability to develop a highly skilled and educated workforce that can meet both current and future needs. Missouri was the recipient of the WIRED grant, with Kansas as the partner. The OneKC WIRED initiative is initially focusing on the workforce needs of the region’s biotechnology, healthcare and advanced manufacturing industries. The WIRED initiative further cemented the bond between the two states. Bill Thompson agrees, “WIRED helped the states achieve a greater level of cooperation.”

The WIRED grant proposal included funding to seed a Lifelong Learning Account (LiLA) demonstration program as part of its overall economic development initiative in the Kansas City region. (Note: At the time, CAEL was one of the technical assistance providers for the national WIRED initiative and so could provide assistance to the region and state on LiLAs.) Makalous explains, “The LiLA program fits in with the WIRED initiative, providing an innovative way for adults to raise their skill levels.” Because WIRED was providing a portion of the program administration funds for the LiLA initiative, the program has a natural link to initiatives already underway through OneKC WIRED. It also provides a way for the two states to test LiLAs at the regional level before moving forward with state-wide initiatives.

How LiLAs Came to Kansas City

About two years prior to the development of OneKC WIRED, a group of representatives from biotechnology, healthcare, and manufacturing organizations began meeting to discuss workforce development issues in the region. Dr. Keith Gary, director of program development at the Kansas City Life Sciences Institute, Inc., represented biotechnology, and Paul Scianna, then executive director of the Alliance for Innovation in Manufacturing-Kansas City (AIM-KC), represented manufacturing organizations. These individuals reached out to other partners on both sides of the state line to submit a proposal to the U.S. DOL for the WIRED initiative. Rod Nunn, who at the time of the proposal was the director of the Missouri Division of Workforce Development, and Blake Flanders of the Kansas Board of Regents initially heard about LiLAs from CAEL's outreach efforts to Missouri, aided by JoAnn Shaw, the vice president and chief learning officer of BJC Healthcare. (Shaw also is a member of CAEL's Board of Trustees.)

While the WIRED proposal was in the development phase, Nunn and Flanders put the LiLA concept on the table. The WIRED proposal development team decided to include a LiLA demonstration project. When the grant came through, CAEL was contracted to provide technical assistance for the LiLA demonstration on behalf of OneKC WIRED, and assisted with the development of the bi-state LiLA program, specifically through a review of program guidelines, employer outreach strategies, marketing materials and policy advocacy.

In May 2007, the OneKC WIRED initiative hired Makalous to direct the program, which became known as **My LiLA Now**. Makalous actively began recruiting leaders to serve on the LiLA Advisory Board and be potential champions for LiLAs in the region. Soon, the ten-member Business and Industry Advisory Board was assembled and meeting weekly every Tuesday morning from June 2007 to April 2008. The Board included employers, representatives from education, public relations, interactive/Web-based media, marketing, banking and the public workforce system. Busick, commenting on the strength of the board, observes, "Private sector partners, HR administrators, business leaders ... everyone was interested and rarely missed meetings. The board helped design the guidelines, the Web site, the procedures, everything." According to Makalous, "This is a highly engaged, action-oriented group. Their charge was to design the program in a way that it could then be scalable to the state level in Kansas and Missouri, and to make it easy to implement." Dr. Keith Gary recalls, "We had to work through big issues, potential problems, and we had only nine months to deliver the program."

Mirroring the design of the OneKC WIRED initiative, the Advisory Board's initial focus was on the three targeted industry sectors of advanced manufacturing, biotechnology, and healthcare. According to Makalous, "The three targeted sectors all have a huge need for skilled employees. The skill shortage is the driving force within the sectors. Retention is also a driver." The three targeted industries have major employers in the Kansas City area, with healthcare being the largest. The industries employ a lot of people, offer high-value, high-demand careers, and have critical employment needs. Additionally, the industries share significant overlap in required core competencies, have a basic alignment in education and training programs, and have strong and growing alliances and partnerships. Dr. Gary concurs, "There's an underlying common theme in all three industries: to develop a workforce that is skilled in math and science, and to develop a culture of lifelong learning."

Engaging Employers in the My LiLA Now Program

Having employers on the Advisory Board meant that the program was designed with business and industry in mind. Dr. Gary notes, “We took a different approach to this program: putting the employer and employee on the same ground, philosophically. Employers need to adopt the program, or it just won’t work out.” Dawn Murphy, senior vice president of human resources for St. Luke’s Health System – one of the region’s largest healthcare providers, adds, “When I heard that it was a partnership between the employer and the employee, that was music to my ears. Makalous asked employers to be in on the design. Smart!” The concept of the employer/employee partnership goes a long way toward the program’s success and long-term sustainability. Busick agrees, “There’s a buy-in with both employee and employer to invest in education. I like the employee investment along with the employer investment: employees taking some initiative in their own education. There’s a two-way commitment, and buy-in from the employee.”

Targeting the right kind of employer was important for the LiLA initiative. For biotech, according to Gary, “LiLAs seem best for mid- to late-stage companies,” which are companies with a full management team in place, and 10 to 50 employees. “LiLAs are perfect for them, but not for the mainstream pharmaceutical companies that might already have education programs in place.” Makalous notes that the ideal employer is a small- to mid-size company, adding that “although the healthcare industry generally employs more people, they also are very interested in participating.” Dawn Murphy further explains this interest, “LiLAs help our service level employees to think about becoming a nurse or technician. It’s a beautiful way to partner with our employees to make this vision work. We have patient care technicians and nursing assistants who want to go back to nursing school. This program is perfect for them.”

My LiLA Now is based on the partnership between the employer and employee, with a dollar-for-dollar match between the two. However, through funds provided by the OneKC WIRED initiative, 100 scholarships were made available to participants as a third-party match. The Advisory Board originally divided this money between the two states and across the three industry sectors, and then developed a strategy to allocate 25 scholarships to each industry to be used by lower income workers by a predetermined date, while keeping the remaining 25 scholarships in a pool to be used by all three target industries. As it is now playing out, the scholarships are available on a first-come, first-served basis.

A Focus on Scalable Innovations

My LiLA Now is unique for many reasons, including the coordinated bi-state regional effort, the employer input on the program design, and the strength of the Advisory Board. But there are also many innovative features of this program model – improvisations on the LiLA standard – which will contribute both to the scalability and long-term sustainability of the program. These riffs include a paperless online enrollment tool, a debit card, and using the existing infrastructure of the One-Stop Career Centers for advising. Combined, these new and innovative features make the Kansas City My LiLA Now program unlike any other regional or statewide LiLA strategy.

- **Paperless Web Portal.** Immediately after assembling the Advisory Board, Makalous sold the vision of a paperless Web portal to board members. The My LiLA Now Web portal was developed with funds provided by a variety of sources, including a grant from the Ford Foundation (via CAEL), OneKC WIRED, and investments from both states. Using a formal request for proposals process, the Advisory Board selected a firm located in Kansas City to develop the online tool.



Noel Jarquio, LiLA Participant

The My LiLA Now Advisory Board had two main goals with the development of the online tool: 1) that it would be easy to navigate and therefore user friendly for employers and employees; and 2) that it would serve as a model for future LiLA state and regional initiatives. A portal approach to the My LiLA Now Web site seemed to be the best design, so the various audiences would easily be able to gain access to enrollment, advising, account management, reporting and other educational resources.

The appearance of the Web portal matches the marketing materials developed for the program. The marketing materials are color-coded brochures and handouts; red for participants, and black for employers. The Web portal uses the same look. It is easy for participants and employers to enroll online, for program administrators to run reports and access tracking information, and for advisors to make contact with participants and carry out advising functions through e-mail and instant messaging. Employees enter the Web portal, fill out an Individual Learning Plan (ILP) and are connected to an advisor in a simple step. Then the advisors receive an e-mail from the system, connecting them with the participant. Each participant has a summary page, which they can access at any time, and they are updated on the progress toward their savings goal.

On the administrative side, the system can generate e-mails, track the number of participants enrolled and taking classes, and produce contributions summaries. The Web portal also has documents that can be printed out such as checklists for employers, and contains general information about the LiLA program, including FAQs, testimonials from companies, career information and links, and a newsroom.

Makalous provided training to the career advisors to make sure they were comfortable using the Web portal for advising. Makalous recalls, "Even though the Web site is very user friendly, the career advisor plays a critical role in authorizing the money for the debit card. We wanted to be sure they knew how to use it." The career advisors are able to view the participant's ILP, communicate through the Web portal, and record private meeting notes in a secure area that is restricted to advisors.

Today, MyLiLANow.com leverages technology to create a standardized and streamlined process for employer and employee enrollment, online administration and monitoring, and a user-friendly application that is paperless and efficient. The Web portal is designed as a system that can be used

nationwide, and can be easily implemented in other regions. Makalous explains, “The Web site makes it so easy for a new LiLA demonstration site because it takes approximately two weeks to launch and everything is ready to go except for any customization the site would want to do.”

- **Debit card.** Another innovative function of My LiLA Now is the use of a debit card. In many other LiLA models, employees use letters of credit, or some form of voucher that employees use to pay for course tuition. Makalous explains, “We wanted everything as streamlined as possible. With a debit card, there are no checks or paperwork.” At the Workforce Innovations Conference in Kansas City in July 2007, Makalous heard a representative of the State of Utah speak about using a debit card and a third-party administrator for a state initiative. Makalous made a connection with representatives from Utah to get information and decided to bring the idea to My LiLA Now. “The State of Utah encouraged us to proceed and told us that the required software solution was available. However, it would need to be customized, and we would need to work with a third-party administrator to make it all happen.”

Upon enrolling in the program, employers receive a debit card for their employees, which they can use to pay for classes, books, and supplies. When a request for funding is approved by the advisor, funds are loaded onto the employee’s debit card. The debit card, along with the online enrollment tool, simplifies the transaction, and further eliminates the amount of paper passed back and forth between employer, employee, and training provider. It also gives the employee a greater sense of ownership over their own education and savings account. Dr. Gary remembers the reaction the My LiLA Now Advisory Board members had when Makalous presented the debit card concept, “The debit card – we were blown away by this, it made perfect sense.”

Makalous explains that because of setup charges the cost per card is higher initially. However, the more individuals in Kansas and Missouri who use the My LiLA Now program, the lower the costs to administer the debit card. This new and innovative feature also contributes to the program’s scalability, because as the program gains momentum and more participants are enrolled, the administration costs will go down. Like the Web site, the debit card concept contributes something new to nationwide LiLA efforts, and can be easily adapted by other regions.

- **One-Stop Career Centers.** One challenge in making the LiLA model scalable is ensuring that individuals in a large-scale initiative still have access to individual career and education advising. Individual advising is seen as one of the cornerstones of LiLAs and important for helping participants make good decisions about education that can lead to better jobs and careers. In Missouri, the solution was to enlist the involvement of the One-Stop Career Center system. The career advising roles for My LiLA Now are performed by four advisors, two located in each state at the One-Stop Career Centers. The career advisors are assigned to employees based on the employee’s zip code. For example, when the employees enroll in the LiLA program through the Web portal, an e-mail is automatically sent to the advisor closest to the employee’s workplace. This e-mail alerts the advisors when they have new LiLA participants. At the same time, the employee is sent an e-mail, introducing the employee to the assigned career advisor. In some cases, the employer representatives on the Advisory Board have made an effort to help the advisors understand the intricacies of their sectors, so that the advisors can best help the employees pick classes or training providers.

What is innovative about this model is the initiative’s combination of existing workforce development infrastructure and the online communication capabilities through the Web portal. This helps to embed the program for long-term sustainability, while making it easy to manage large numbers of individual workers.

Also contributing to the program's scalability is the fact that the initiative outsourced the financial management activities to a third party. Overall, the financial aspect of the program is handled by Mid-American Regional Council (MARC), the regional planning organization for the bi-state Kansas City region. MARC is the fiscal manager for the program, and deals with the third party administrator, Philips Resource Network. When employees enroll, Philips Resource Network sets up the account and keeps track of the savings. Employers approve a pre-populated contribution worksheet on the Web site and hit the "send" button, and all of the information goes to Philips and MARC.

Looking Forward

My LiLA Now, while still in its infancy, shows a strong beginning with solid building blocks that will aid in the program's sustainability, such as the collaboration between two states, the partnership between employers and employees, the engagement of existing infrastructure, and the use of technology to ease participants into the program. Dawn Busick, director of Missouri Division of Workforce Development notes, "Now we want to show success in the demo, show people investing in their careers, and next there will be another workforce investment region starting a pilot." Currently, a second demonstration is underway in the northwest region of Missouri. The program will use the Web site already in place but will let the region define the limitations and targeted industry clusters.

The Advisory Board is excited about the prospect of expanding the initiative into each state. Busick explains, "Both Kansas and Missouri want to launch a statewide initiative if the demonstration is successful." The State of Missouri seems positioned to move in this direction first. Dr. Gary concurs, "There's a good chance Missouri will adopt this as a statewide program. They view it as formidable."

One issue facing My LiLA Now is the reliance on funding from the OneKC WIRED initiative and the two states, which will run out in 2010. The program will need to identify additional and sustainable sources of funding to support LiLAs in the long term.

In another step toward long-term sustainability of the program, the initiative is also pursuing a legislative strategy that could support LiLAs. CAEL has been working with OneKC WIRED to brainstorm ways to bring about policy change in support of LiLAs in Kansas and Missouri. This resulted in the development of a new policy outreach strategy, focused on regional and state policymakers, which seeks to assure the long-term viability of LiLAs in the region.

Conclusion

My LiLA Now, nestled in the Heart of America's WIRED initiative, is one of the Kansas City region's key strategies for building a highly skilled, educated and trained workforce, essential for a strong regional economy. As Busick explains, "It's 2008, and we have a declining economy. Lifelong learning is more important than ever. Everyone needs to engage in learning, and LiLAs are a perfect fit."

The unique design of the program, the Web site, the debit card, the strong Advisory Board, and online advising make this program model easy to replicate for other states and regions. The unique riffs in the My LiLA Now program model contribute to the nationwide LiLA efforts, introducing new and innovative ways to administer LiLAs as a regional strategy.

LiLAs as a Career Pathways Strategy in Washington State

State Policy Context

Washington's businesses have long been recognized for innovation – from coffee to software, online entrepreneurship to aerospace. The Evergreen state consistently ranks high in new company creation and patents granted. Indeed, the state has always had one of the most robust economies in the world, supporting sectors as varied as technology, life sciences, aerospace, tourism, marine services, agriculture, and wood products.

Mike Hudson, executive director of the Association of Washington Business Institute explains, “Washington has an innovative culture, supported by a high level of idea generation, both in the business community and in academics.” In addition, because of Washington's natural beauty and quality of life, it continues to attract both new business and young professionals.

Despite the state's enviable economic assets, Washington's economy was hit especially hard by the 2001 recession, in part because of its heavy concentration of high tech industries. According to the Washington state Office of Financial Management, employment in Washington declined more severely than the nation as a whole.¹⁴ Despite this, job growth across the state has been strong through 2006. Construction and professional and business services have made especially notable gains – and long-term trends suggest an increasingly knowledge-based economy and global marketplace will cause a corresponding demand for more highly skilled workers.¹⁵

A recent U.S. Census Bureau study reports that Seattle is the most educated city in the United States, with more than half of its residents holding a bachelor's degree or higher.¹⁶ State-wide, 42.3 percent of adults, aged 25-64 have earned at least an associate's degree, compared to 37.2 percent for the national average.¹⁷ “Ours is a more educated workforce than the nation as a whole,” notes John Lederer of the Higher Education Coordinating Board. However, this is largely due to Washington employers' longtime practice of importing workers from other states, instead of “growing their own.” Demographic studies have shown that highly educated individuals are more geographically mobile than less educated individuals.¹⁸ As a result, as with other popular places to live like Colorado and Hawaii that also have a high number of degree holders, Washington has benefited from the in-migration of talent.

Projected Workforce Needs

Yet, as Washington's economy grows, some of the state's employers are experiencing difficulty finding qualified applicants for positions requiring higher levels of education. Martin McCallum, policy analyst for the Workforce Training and Education Coordinating Board (the state's workforce

¹⁴“Economic Conditions During the 2001 Recession,” Washington Economic Trends, Research Brief No. 15, July 2002. Washington State Office of Financial Management, <http://www.ofm.wa.gov/researchbriefs/brief015.pdf>

¹⁵“High Skills, High Wages, State of Washington” 2006, Workforce Training and Education Coordinating Board, http://www.wtb.wa.gov/Documents/hshw06_fullreport.pdf

¹⁶Source: U.S. Census Bureau, American Community Survey, accessed through <http://encarta.msn.com/encnet/departments/elearning/Default.aspx?article=educatedcities>

¹⁷“Adult Learning in Focus: National and State-by-State data,” CAEL in partnership with NCHEMS, 2008. http://www.cael.org/pdf/publication_pdf/State_Indicators_Monograph.pdf

¹⁸Stuart A. Rosenfeld and Robert D. Atkinson, “Engineering Regional Growth,” Growth Policy in the Age of High Technology, ed. by Jurgen Schmandt and Robert Wilson (Boston: Unwin Hyman, 1990).

“Washington State is aware of people trying to move up in life. We have a strong workforce development system and community college system that support the intent of LiLAs.”

Beth Thew
Executive Secretary-Treasurer,
Spokane Regional Labor Council

board), notes that, “The state’s projected workforce needs will show a critical shortage in skilled trades because not enough young people are choosing to enter the trades.” Also, younger people today may be less likely to relocate to Washington state due to the substantially higher costs of living. For example, Seattle’s cost of living is 31.98 percent higher than the U.S. average.

Despite being a relatively expensive place to live, Washington has experienced a large influx of adults over the age of 65. However, these are primarily retirees and not people who are entering the workforce. Also, on par with a similar trend across the nation, Washington’s workforce is aging, with more of the state’s higher-skilled workers nearing retirement. The predicted increase in demand for, and decrease in supply of skilled workers, means potential shortages of the human capital needed for Washington’s economy to thrive.

For some high demand jobs, companies have eased skill shortages by importing workers from other places. This does not help the prospects of the low-wage workforce. Eleni Papadakis, executive director of the Workforce Board, and an early Washington state LiLA champion, explains, “Because workers have been imported for higher paying jobs, residential economic indicators are not rising in line with the cost of living. Many unskilled workers are stalled economically because post-secondary education is not accessible. They can’t compete for jobs that require higher levels of skill.” Without some type of intervention, Papadakis notes, “in the year 2030, these workers will most likely be in the same place.”

State Actions

Washington has made a concerted effort to develop programs and find ways to fund education for working adults. Some of the programs targeting adult workers include:

- **Washington State Need Grant**, which helps the state’s lowest-income undergraduate students pursue degrees, hone their skills, or retrain for new careers.
- **Opportunity Grant Program**, providing financial aid and wrap-around services to low-income adults entering postsecondary education.
- **Job Skills Program**, focused on enhancing the growth of Washington’s economy by increasing employment opportunities. JSP provides state funding for training in regions with high unemployment rates and high levels of poverty, and also supports areas with new and growing industries; locations where the local population does not have the skills needed to stay employed; and those regions impacted by economic changes that cause large-scale job loss.
- **Customized Training Program**, which provides training assistance to businesses locating new jobs or expanding jobs in the state. The training is provided by community, technical or private career colleges and schools, and can include basic education and skills, English language courses, technical skills and job-related instruction, plus skills assessment and evaluation, training equipment, materials, facilities, and supplies.

- **Workforce Development/High-Demand Grants**, providing state funds to community and technical colleges for the start-up or expansion of local high-demand programs linked to economic development. High-demand grants establish ongoing funding for high-demand, high-cost programs that otherwise might not be initiated or expanded.
- **Industry Skill Panels**, or public-private partnerships of business, labor, and education working together to improve the skills of workers in industries vital to Washington.
- **I-BEST**, or the Integrated Basic Education and Skills Training, pairs English as a second language (ESL)/adult basic education (ABE) instructors and professional-technical instructors in the classroom to concurrently provide students with literacy education and workforce skills. This makes it possible to tailor remediation in credit-bearing occupational classes.
- **Worker Retraining Program**, a state funded program that expands the training available to jobless workers who need to change careers in order to re-enter the workforce. The Worker Retraining Program helps pay for tuition, books, fees, and other related expenses for individuals who lost their jobs due to economic changes and for those receiving Unemployment Insurance (UI) benefits. Washington's community and technical colleges, as well as licensed private schools, receive Worker Retraining funding to provide training in basic skills and literacy, occupational skills, vocational education, and related supplemental instruction for apprentices.

These programs and initiatives demonstrate the state's commitment to increasing the skill levels of the incumbent workforce and increasing access to postsecondary education for working adults.

But while these programs increased the investment in financial aid for students and opened up additional seats in postsecondary education institutions, those at the Workforce Board believed that more needed to be done. According to McCallum, "There were still not enough training resources available for the incumbent worker." Papadakis, agrees, and notes that, "The state's education system needed to make itself more available to workers at the workplace, and the financing for education needed to be more flexible."

Taking It to the States

CAEL staff had long noted the State of Washington's commitment to workforce development, and had reached out to leaders there on several occasions to share information about LiLAs. In 2006, CAEL's Amy Sherman and Vickie Choitz successfully engaged state workforce development leaders in exploring a possible LiLA initiative. According to Papadakis, "The LiLA program seemed to be the kind of thing we were looking for." Papadakis convened a team to develop a proposal to submit to CAEL for the *Taking it to the States* grant in 2007. The *Taking it to the States* grant was designed to provide matching funds to states working on the design, development or implementation of innovative LiLA programs, made possible by Lumina Foundation for Education.

In Washington, the LiLA State Team included representatives from the Governor's office, Workforce Board, Association of Washington Business, State Labor Council, Pacific Mountain Workforce Development Council, Health Workforce Institute of the Washington State Hospital Association, Department of Community, Trade and Economic Development, the Higher Education Coordinating Board, and the State Board for Community and Technical Colleges. The state team later evolved to become the LiLA Steering Committee. Holly Moore, former president of Shoreline Community College, and one of the first LiLA champions, noted that "Eleni [Papadakis] brought together all the key players in the state and put together a strategic team that would hit the ground running." (Moore is also a member of CAEL's Board of Trustees.)

Together, the committee wanted to promote a business-led LiLA initiative focused on the incumbent worker. The Pacific Mountain Workforce Development Council (WDC) had just received a \$5 million Workforce Innovations in Regional Economic Development (WIRED) award from the U.S. Department of Labor. The state team agreed that the initial pilot could be linked to this effort since the LiLA model fit the WIRED partners' vision for educational supports for employers and employees. LiLAs would be offered to employers within the five county WIRED region targeting key industry sectors such as energy, construction, manufacturing and healthcare. Mike Kennedy, the Executive Director of the Pacific Mountain WDC, welcomed the LiLA initiative as an important component in up-skilling the region's workforce.

The Washington LiLA program also would have links to national LiLA advocacy efforts. Senator Maria Cantwell (D-WA) was a co-sponsor of the federal Lifelong Learning Accounts Act of 2007. The bi-partisan bill, also co-sponsored by Senator Olympia Snowe (R-ME), would create a national LiLA demonstration in up to 10 states for up to 200,000 workers. (Similar legislation was introduced in the U.S. House of Representatives by Thomas Allen and Michael Michaud, both Maine Democrats.)

Mike Hudson noted that LiLAs were a way for incumbent workers to "build skills and pay for education." It was also, as Washington LiLA Program Manager Bill Olfert acknowledged, "unlike any other program offered through the State of Washington." According to Beth Thew, Executive Secretary-Treasurer, Spokane Regional Labor Council, "Washington State is aware of people trying to move up in life. We have a strong workforce development system and community college system that support the intent of LiLAs."

LiLAs in Washington State

Once the LiLA Steering Committee received word that Washington was the recipient of the *Taking it to the States* grant, the committee members set to work hammering out the details of the program, building on the standard LiLA model to suit Washington's economic priorities and workforce needs. The state team immediately concentrated on sustainability, looking at the LiLA program not as a pilot, but as a something that would need to become a statewide self-supporting system. The committee's vision was to launch the program in June 2008, strategize and replicate beyond the pilot stage, create a system, and reach a critical mass. The committee had specific goals in mind while developing the Washington LiLA program: the program would be a business-led initiative, it would target the incumbent worker, and it would provide pathways of mobility for working adults.

Business-Led Initiative

The committee believed that to encourage employers to get on board, it was wise to develop an employer-driven initiative, so the Association of Washington Business' (AWB) non-profit arm, the AWB Institute, stepped up as the program's fiscal agent, with West Coast Bank agreeing to manage the LiLA savings accounts. AWB is Washington's oldest and largest statewide business association, and also the state chamber of commerce and umbrella organization for more than 130 trade and professional organizations. The committee felt that a statewide business association serving as the fiscal agent of the initiative would reassure businesses that may be otherwise reluctant or skeptical to participate.

In addition, as noted earlier, the program was aligned with the Pacific Mountain Alliance for Innovation WIRED initiative, led by leaders in the energy, manufacturing, and construction sectors. The LiLA pilot was designed to be offered in concert with this regional investment as a way to close industry skills gaps and transform the regional economy, and could sustain the momentum

already created among the partners and businesses in the region once WIRED funds end. The next step will be for LiLAs to create some early momentum with employers signing up and sharing their experience. In this way, as Lederer with Higher Education Coordinating Board staff notes, more employers will develop a higher comfort level with the idea of LiLAs, enabling the program to expand statewide.

Incumbent Worker Focus

The Washington LiLA program is also being strategic in terms of the target population it is hoping to reach. The program targets the incumbent worker who has a) been out of school a long time and needs assistance, such as career advising, basic education courses, and navigational help on campus to ease their way back in, or b) is looking to take a course or two to upgrade skills, or c) wants to attend a community or technical college. Workforce Board Executive Director Papadakis believes these incumbent workers have been consistently overlooked, and are not enrolling in workforce education programs because, as she explains, “They are not eligible for publicly funded workforce development programs, not eligible for student financial aid due to the income eligibility guidelines, and are either not offered, or are not using, employer tuition-reimbursement programs.”

According to multiple studies conducted by Washington State’s Workforce Board, many incumbent workers have access to employer-provided tuition reimbursement programs but cannot take advantage of them because of the up-front costs. “In addition,” notes Papadakis, “with no advising, they are unsure about career options or pathways. This investment is a huge risk for them, and a LiLA program would take some of that risk out of the equation.” LiLAs would help employees build the funding they need to pay up-front for education and training, while also giving them the guidance they need so that they feel confident about their investment.

Career Advising

The committee knew that providing a financing mechanism for the incumbent workers alone would not be enough to break down the postsecondary access barriers. They also wanted the program to provide “pathways of mobility” for working adults, so individuals could feel confident they were engaging in the right program of study that would lead to a credential or even a promotion on the job, or embarking upon a career path into a high-demand occupation. During the pilot phase, staff from the Pacific Mountain Workforce Development Council will coordinate the advising component.

The LiLA Steering Committee developed the advising component with the needs of the incumbent worker in mind. After filling out the registration paperwork and opening a LiLA savings account through West Coast Bank, the participant creates a Career Development Plan (CDP). Carol Melby, of the Washington State Board for Community & Technical Colleges, explains that “as a whole, our workforce is pretty high-tech, and not everyone needs individualized assistance or hand-holding.” So the committee developed two options for completing the CDP. The first option is self-directed, and is meant for the adult workers who need very little advising, as they already have clear education and career goals established. The second option is one-on-one advising, meant for employees who need assistance from a career and education advisor to help them think through a career and education plan.

The vision of the LiLA Steering Committee is that the advising component will eventually have an online option as well. Olfert, the LiLA program manager, who once developed an online career advising system in Nebraska and brings this level of expertise to the Washington LiLA program, is excited about this idea. “We have to use technology to be efficient,” Olfert notes. Ideally, the

LiLA participant would be able to log on, develop a career plan, register for an approved class, and be directed to an auto-payment control. According to Papadakis, the State Board of Community and Technical Colleges and the Pacific Mountain Workforce Development Council staff have been very helpful thinking through the advising piece.

It is too early to report on the program's current enrollments, since the Washington LiLA pilot just launched in June of 2008. But the support among the steering committee is strong, and statewide momentum is building. Mike Kennedy of the Pacific Mountain WDC, who is actively participating in building the infrastructure for a statewide implementation, says "I just love LiLAs." He believes that the LiLA initiative will become a valuable tool to transform the region's talent pool. Olfert notes, "We will be encouraging long-term savings, but really, any amount you can save for your education is good."

Looking Forward

As the LiLA Steering Committee continues its work, the members are considering additional strategies and features for the Washington model, as their own riff on the LiLA standard. During the preliminary planning stages, for example, the LiLA steering committee explored the option of following Maine's lead by linking with the state's 529 college savings program, the Washington Guaranteed Education Tuition (GET) program, administered by the state's Higher Education Coordinating Board. Washington's LiLA champions liked the idea of using the built-in infrastructure, similar to the approach taken in Maine. However, the drawback of this approach, as identified also by Maine LiLA champions, is that the 529 tax code limits spending from the accounts to Title IV colleges and universities. According to Papadakis, "Most of the people we're targeting are looking to take one or two classes offered by industry associations or private career colleges. They don't necessarily want to enter a four-year institution." For that reason, the Steering Committee opted not to use the 529 infrastructure at the outset, and without those restrictions, Washington LiLA participants will be able to enroll in classes offered by a wide variety of training institutions on Washington state's Eligible Training Provider (ETP) list. Eventually, the committee envisions developing a separate system that will link to the existing, successful 529 program, perhaps one that would involve a partnership between the AWB and the Higher Education Coordinating Board.

Currently, the LiLA Steering Committee is campaigning for professional associations to provide scholarships or incentives. Right now, there is no third-party match for the LiLA savings accounts. The committee envisions a third party, tax-deductible match coming from the AWB 501(c)(3).

Finally, the committee is exploring how to keep Washington's LiLA program ongoing. The LiLA steering committee believes the program will need an investment in the infrastructure before it reaches a point of sustainability and will be seeking additional funding from foundations and third-party investors, as well as a possible public investment. As this report was being finalized in early 2009, Washington State Representative Phyllis Gutierrez Kenney (D-46) introduced HB 1129, which could pave the way toward a statewide Lifelong Learning Account program.

Conclusion

Always ahead of the curve in developing innovative programs, the State of Washington is excited to launch the LiLA pilot and look ahead to a statewide system. With a specialized focus on the incumbent worker, a unique advising approach, and a business-led strategy, LiLAs are unlike any other program offered in the state. By helping incumbent workers make informed educational choices and leveraging financial contributions from business and industry, LiLAs have the potential to move workers into higher-skilled, better paying jobs while providing Washington businesses with the trained workers they require.

Summary

Ten years after the development of the initial LiLA concept, CAEL is pleased with the progress that LiLAs have made. Today, federal LiLA legislation has been introduced in both houses of Congress, and we are seeing LiLA advocates taking key roles in the new Obama Administration.

While it is clear that there is still much work to do to make LiLAs a reality on a national scale, the stories of these sites that are creating LiLA programs of their own illustrate why LiLAs are so appealing as a tool for financing education and training for the incumbent workforce. The partnerships that LiLAs establish between employers, workers and the public sector are a key selling point for these state and regional leaders. The focus on joint investment is important at a time when no single party has the ability to cover the full cost of education and training. The ability to target LiLAs to key sectors in the economy is a way for leaders to forge a strong link between workforce development and economic development priorities.

In addition, the state and regional players who have been working to implement LiLAs have created variations on the main LiLA theme that will support scalability and sustainability of the model. These players are developing innovative ways to:

- manage accounts through 529 college savings programs
- provide a Web portal for administrative and participant access
- simplify tuition payments through debit cards
- develop ways to support individual career and educational advising through the One-Stop Career Center system and online service delivery programs

As other state and regional players begin their own LiLA initiatives, CAEL expects to see even more riffing on the model that enhance sustainability and scalability of LiLAs. These three LiLA leaders – Maine, Kansas City and Washington State – have contributed greatly to our understanding of LiLAs. They show us how exciting variations can emerge from the contributions of ground-level innovations.

“Employers that buy into LiLAs have set themselves apart as firms that believe in the talent, creativity and spirit of their workforce and are destined to excel in the 21st Century.”

**Eleni Papadakis
Executive Director
Workforce Training and Education
Coordinating Board**



Sky Winn
Boat Carpenter
Morris Yachts

For More Information

For more information on LiLAs, please visit www.lifelonglearningaccounts.org

There you may access additional information on LiLAs and current LiLA initiative. There are also links to reports and articles on LiLAs including:

State Voices on LiLAs

State Voices on Lifelong Learning Accounts, CAEL (upcoming). Several states are being proactive on developing the skills and educational attainment of their residents by pursuing strategies to offer LiLAs. This report, produced with support from Lumina Foundation for Education, describes the various LiLA strategies that these states are pursuing and shares the views of state leaders on why LiLAs are the solution of choice and how they are going about making them a reality to their constituencies.

LiLA Policy Brief

Lifelong Learning Accounts: A Strategy for Co-Investment in Education and Training, CAEL 2007. Our changing economy is creating a strong demand for workers who are educated, highly skilled and ready to learn. The challenge is to find a way to pay for the additional education and training that is needed. A realistic and reasonable solution may be for all to share in the cost. Many policy ideas that were proposed and implemented in recent years are discussed in this policy brief. LiLAs provide a promising strategy to respond to the great and growing need for a competitive workforce by leveraging resources from individuals, employers and government.

LiLA Policy Overview

Lifelong Learning Accounts: LiLA Policy Overview, CAEL 2008. CAEL's goal is to make LiLAs available to all working adults as a part of basic compensation packages. In pursuit of this goal, CAEL has worked with LiLA champions across the nation to bring about policy change in support of LiLAs. This document provides an overview of our work with the five-year, three-site, multi-sector LiLA demonstration in Chicago, Northeast Indiana and San Francisco, and our current work with state leaders across the country.

LiLA Participant Profiles

Changing Lives Through Lifelong Learning Accounts, CAEL 2007. This publication tells the story of several participants and employers from CAEL's first demonstration of Lifelong Learning Accounts in Chicago, Northeast Indiana and San Francisco.



About CAEL

This publication was developed by the Council for Adult and Experiential Learning (CAEL), a national nonprofit organization and a leader in pioneering learning strategies for individuals and organizations. CAEL advances lifelong learning in partnership with educational institutions, employers, labor organizations, government, and communities. CAEL is known for its comprehensive approach to developing education strategies and learning systems for employers, designing workforce education programs, advocating for public policy related to adult learning at the state and national levels, and supporting educational institutions and adult learning professionals. For more about CAEL, please visit www.cael.org.



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