Lifelong Learning Accounts: Helping to Build a More Competitive Workforce

"As we continue to transition into a knowledge-based economy, the workers of Connecticut and our nation must have the opportunity to further their education in the way they see fit. The global economy is moving too fast, and it will be to our own detriment if we do not provide an opportunity for workers to further their education and properly save to finance the cost [of LiLAs]."

Congressman
John Larson

The LiLA Model

As developed by the Council for Adult and Experiential Learning (CAEL), the LiLA model has the following features:

Universal Eligibility. Every worker is eligible for an account.

Broad Use of Funds. Qualifying expenses include tuition, fees, supplies, materials, and books.

Portability. Contributions stay with the individual employee, regardless of the person's current employer or employment status.

Voluntary Participation. Individual employees and employers have the option of participating.

Matched Funding. LiLA contributions are matched by employers and third parties.

Informed Choice. Individual Learning Plans (ILPs) are developed by employees in consultation with a career and education advisor. Employees choose education and training that meets the career and educational goals that are outlined in their ILPs.

LiLA Programs

CAEL completed a successful five-year, three-site, multi-sector LiLA demonstration in Chicago, Northeast Indiana and San Francisco in 2008. LiLA program initiatives have or are currently taking place in Illinois (healthcare), Kansas City, Maine, New York City, San Francisco (mature workers), and Washington.

Some of the preliminary findings from the initial round of demonstrations include:

- **Participants:** Nearly half of the LiLA participants were not thinking of enrolling in a class before hearing of the LiLA program. Participants were diverse in terms of race and ethnicity, gender, age, and income.
- **Education and Training:** Fifty-two percent of LiLA participants had taken at least one course. Most LiLA participants are using their LiLAs for career advancement purposes, while also improving their skills and knowledge for their current employer.
- **Career Advising and Individual Learning Plans:** All LiLA participants valued the assistance of an education and career advisor to establish an Individual Learning Plan (ILP). Ninety-three percent of LiLA participants who responded to a survey reported that the advisors are "very helpful" or "somewhat helpful".
- **Improved Earnings:** Analysis found that the wage gains for LiLA program completers were greater than for others.
- **Employee Satisfaction:** The average level of satisfaction among LiLA participants across all sectors was very high, with eighty-three percent of respondents rating it an 8 or higher on a scale in which 1 was "not at all satisfied" and 10 was "very satisfied".

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- **Impact on Employee Retention:** LiLA participants making active use of the training and educational opportunities afforded by the program were more likely than nonusers or the comparison group to have been retained by the LiLA employer during the study period. In addition, participants who used their LiLAs to take courses were substantially more likely to remain in the industry than were program nonusers.

Federal LiLA Policy

There has been significant interest in LiLAs at the federal level.

- In 2007, U.S. Senators **Maria Cantwell** (D-WA) and **Olympia Snowe** (R-ME) introduced the Lifelong Learning Accounts Act of 2007. This bill would allow for an up to ten-state LiLA demonstration with tax incentives for both employees and employers to contribute to the LiLA account.
- In 2008, former Representatives **Rahm Emanuel** (D-IL) and **Jim Ramstad** (R-MN) introduced the Lifelong Learning Accounts Act of 2008. The bill would make permanent changes in US tax law to incent and facilitate LiLA accounts for all workers as a part of Rep. Emanuel's New Deal for a New Economy.
- On July 13, 2010, Congressman **John B. Larson** (D-01/CT), Chairman of the House Democratic Caucus, along with Congressman **Peter Roskam** (R-06/IL), **Jared Polis** (D-02/CO), and **Erik Paulsen** (R-03/MN), introduced The Lifelong Learning Accounts Act of 2010 (H.R. 5715). This bill would create national federal tax incentives for employees in the form of a refundable tax credit of up to $750 for a $2,500 contribution. Employers would be eligible for a tax credit of up to twenty-five percent of contributions to individual employee-owned LiLAs. Small businesses would be eligible for a federal tax credit of up to $500 per year for program start-up costs.
- On May 12, 2011, the Lifelong Learning Accounts Act was reintroduced by Congressmen John Larson (CT-01), Peter Roskam (IL-06), Erik Paulsen (MN-03) and Jared Polis (CO-02). As with the 2010 bill, it creates worker-owned, employer-matched savings accounts similar to 401Ks for ongoing learning.

State LiLA Policy

Increasingly, states are embracing LiLAs as they look for new ways to strengthen their workforce during the current economic downturn. On the policy front, Illinois passed legislation in 2006, resulting in a pilot in the healthcare sector with state matching dollars for LiLA contributions. Legislators in five states (CA, IN, MN, WA, and WI) introduced LiLA legislation in 2009. In the 2010 session, LiLA-related legislation were introduced in Colorado, Wisconsin, and Minnesota in addition to an active bill in California.

"Lifelong Learning Accounts help workers and employers boost the education of the workforce, and keep our country competitive."

Senator Maria Cantwell (D-WA)

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