



Lifelong Learning Accounts

ACCT Conference
San Diego, California
 September 28, 2007

What to Expect

- Why Invest in Working Adults?
- Barriers for Working Adults
- Overview of LiLAs
- A Role for Community Colleges





What is CAEL?

- CAEL is the **Council for Adult and Experiential Learning**
- A 501(c)3 non-profit, international organization with 32+ years of experience
- Headquartered in Chicago, IL with offices in Philadelphia, PA; Denver, CO; New York, NY; and Norwalk, CT
- A national workforce intermediary dedicated to removing barriers to adult learning




America's Perfect Storm




- 1. divergent skills distributions
- 2. the changing economy
- 3. demographic trends








America's Perfect Storm

- 1. divergent skills distribution
 - Adults (16 and older) do not have sufficient literacy and numeracy skills needed to fully participate in an increasingly competitive work environment
- 2. the changing economy
- 3. demographic trends

America's Perfect Storm

- 1. divergent skills distribution
- 2. the changing economy
 - increasing economic returns between schooling and skills
 - lower skilled workers often do not have access to advancement-supporting activities
- 3. demographic trends

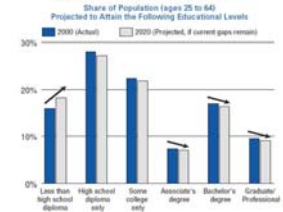
America's Perfect Storm

- ▷ 1. divergent skills distribution
- ▷ 2. the changing economy
- ▷ 3. demographic trends
 - population increasingly older, less educated, and more diverse than previous generations
 - International immigration will account for more than half the nation's population growth
 - Latinos will be California majority population
 - California's *quality of life* – from housing to healthcare – will depend on how well the state educates its native Latino children



Projection For 2020 If Current Educational Gap Trends Continue

Figure 7. If current educational gaps remain, there will likely be a substantial increase in the percentage of the workforce with less than a high school diploma—and declines in the higher levels of education completed.



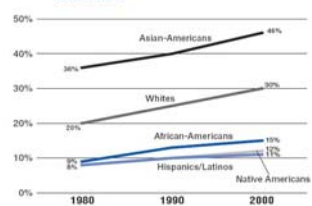
Note: These categories represent the highest level of education attained. Source: U.S. Census Bureau, 5% Public Use Microdata Samples (based on 2000 Census); U.S. Population Projections (based on 1990 and 2000 Censuses).

As cited by The National Center for Public Policy and Higher Education in their November 2005 Policy Alert.



Increased Gaps Among Ethnic Groups in Higher Education

Figure 5. The percentage of the working-age population (ages 25 to 64) with a bachelor's degree or higher has increased for all racial/ethnic groups, but the gaps between groups have widened.



Notes: Pacific Islanders are included with Asian-Americans. Alaska Natives are included with Native Americans. Source: U.S. Census Bureau, 5% Public Use Microdata Samples (based on 1980, 1990, and 2000 Censuses).



Implications

Estimates suggest that by 2014, the U.S. labor force will be short **9 million college educated workers**, including **3 million Associate Degree holders**.

As cited by Employment and Training Administration, *Adults in Higher Education: Barriers to Success and Strategies to Improve Results* (March 2007)



In short, the Perfect Storm is both a national and a local problem...

- ▷ The need for education
 - + lack of financial resources
 - + little available counseling
- = perfect storm for lower income students, workers, and their employers.



America's Perfect Storm suggests additional ramifications...

- ▷ Workers with less than sustainable wages do not even *think* about asset-building.
- ▷ Affects employees across *all* economic and social sectors.



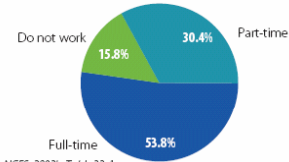
Lack of Funds is a Key Barrier

- ▷ Tuition and fees between 1996 and 2006 increased annually
 - 5.5 percent at private four-year colleges and universities
 - 7 percent public four-year colleges and universities, and
 - 4.5 percent at public two-year colleges.

College Board. 2006. *Trends in college pricing*. Trends in higher education series.



Most Community College Students are Working

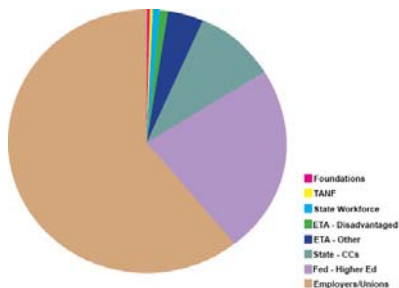


Source: NCES, 2003b, Table 32-1a

Boswell, Katherine and Cynthia D. Wilson. 2004. Keeping America's Promise: A report on the future of the community college. Education Commission of the States and the League for Innovation in the Community College.



Who Pays for Adult Learning?



Informal Analysis by Ford Foundation



What are LiLAs?

Lifelong Learning Accounts (LiLAs)

- ▷ Individual education accounts
- ▷ Matched by the employer
- ▷ Finance lifelong learning

Similar to 401(k)s ...
but for education and training



Key Characteristics of LiLAs

- ▷ Sponsored by Employer
- ▷ Employer Matched
- ▷ Optional 3rd Party Matches
- ▷ Universal
- ▷ Voluntary Participation
- ▷ Broad Use of Funds
- ▷ Portable (Employee Owned)
- ▷ Career & Education Advising



Why LiLAs?

- ▷ Helps to close the funding gap for lifelong learning for working adults
- ▷ Strengthens the workforce by encouraging employer and employee investment in education and training
- ▷ Promotes links between employers, education, and the public workforce system



LiLA Demonstration Sites

- ▶ CAEL Demonstration (late 2001 – summer 2007)
 - Chicago - restaurant industry; 127 employees
 - Northeast Indiana - 79 manufacturing employees; 76 public sector employees
 - San Francisco – healthcare; 77 employees
- ▶ State Demonstrations
 - Maine – launched in 2006
 - Illinois – launch in 2007

Overview of Participants: Employers

- ▶ 37 employers
- ▶ 4 sectors: healthcare, restaurant, manufacturing, and public sector
- ▶ Size varies from 3 to 5,500 workers
- ▶ 65% have fewer than 110 employees

What Appeals to Employers?

- ▶ Increased recruitment and retention of employees
- ▶ Affordable addition to existing benefit package
- ▶ Career & education advising for frontline staff
- ▶ Being part of national initiative to increase access to education
- ▶ Setting a cap on monthly and total annual LiLA contributions

Overview of Participants: Employees

- ▶ 35% earn less than \$30,000 per year; 70% earn less than \$40,000 per year
- ▶ 46% lacked any postsecondary credential
- ▶ 43% are over age 40
- ▶ 38% are minorities
- ▶ 56% are female

Income

Income Bracket	Percentage
Below \$20,000	18%
\$20,000-\$29,999	17%
\$30,000-\$39,999	33%
\$40,000-\$49,999	18%
\$50,000-\$59,999	4%
\$60,000-\$69,999	3%
\$70,000 or more	1%

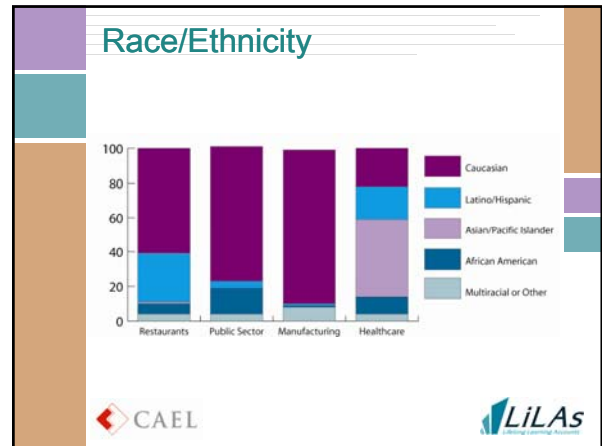
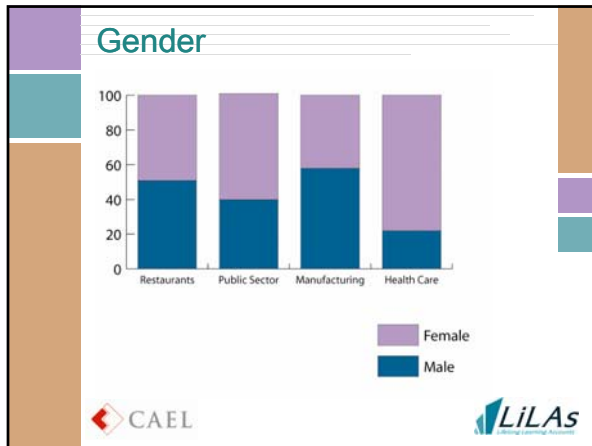
Education Attainment

Education Attainment	Percentage
High School Diploma or Less	13%
Some College but No Degree	30%
Vocational Certificate or Two-Year Degree	21%
Bachelor's Degree or Higher	33%

Slide 21

a1 We might want to delete this one and have Carol talk about this in describing the employer outreach experience.


asherman, 9/5/2007



- ### Preliminary Outcomes
- ▶ Co-investment strategy works: As of September 2006, leveraged \$219,404 from workers and \$200,512 from employers
 - ▶ Participants use LiLAs to advance and/or retool
 - ▶ LiLAs serve as a significant incentive to pursue education and training
 - ▶ 97% of participants report that they found their CAEL advisor to be helpful
 - ▶ Employers report modest improvement in productivity and morale

- ### LiLA Policy Initiatives
- ▶ **Federal**
 - ▶ National Lifelong Learning Accounts Act of 2007 (S.26)
 - ▶ Lifelong Learning Accounts Act of 2007 (H.R. 2901)
 - ▶ **State and Regional**
 - ▶ State-based pilot (ME)
 - ▶ Legislative initiatives
 - ▶ Illinois pilot
 - ▶ Hawaii legislation
 - ▶ WIRED
 - ▶ Coastal Maine
 - ▶ Kansas City region
 - ▶ Planning grant for NYC LiLA demonstration
 - ▶ Planning grant for Silicon Valley [sunset August 31, 2007]

Federal LiLA Bills



- January 4, 2007 - S. 26 introduced by Senators Maria Cantwell (D-WA) and Olympia Snowe (R-ME)
- June 28, 2007 - H.R. 2901 introduced by Rep. Thomas Allen (D-ME)

- ### Features of the Federal Bills
- ▶ Amend the IRC to establish a LiLA demonstration program for up to 200,000 workers in up to 10 states
 - ▶ Participating states selected in a competitive process
 - ▶ Tax credit equal to the amount contributed into a LiLA up to \$500 per tax year (*refundable* credit and additional deduction for individuals in the House bill)
 - ▶ Distributions excluded from gross income
 - Targets tax incentives to lower and middle-income earners
 - ▶ Employer option to match workers' contributions; tax credits of up to \$500/tax year

A Significant Role for the Community College

Mission

- ▶ Economic and Workforce Development

to advance the state's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement, technology deployment, and business development consistent with the state's regional economies.

Chancellor's Office of the CA Community College Economic & Workforce Development website

CAEL San José / Evergreen Community College District LiLAS

What Can Community Colleges Do?

- ▶ Lead...
- ▶ Follow... or
- ▶ Wonder what happened!

CAEL San José / Evergreen Community College District LiLAS

The San Jose/Evergreen Community College District's Response....LEAD!

- ▶ Initiate a LiLA program locally because
- ▶ LiLAs address some of *The Perfect Storm's* major concerns
 - Skill shortages
 - Financial resources to fund lifelong learning
 - Career counseling

CAEL San José / Evergreen Community College District LiLAS

Silicon Valley LiLA Program

- ▶ How did we create it?
- ▶ Wrote a grant proposal for funding from the CA Community Colleges Chancellor's Office, Workforce & Economic Development Programs [*Industry-Driven Regional Collaborative*]
- ▶ Grant goal was to create infrastructure
 - research LiLAs,
 - benchmark best LiLA practices,
 - seek local industry validation
 - create local infrastructure through which to deploy LiLAs [September 2006 through August 2007]

CAEL San José / Evergreen Community College District LiLAS

Silicon Valley LiLA Program

- ▶ Marketed the LiLA concept to employers, chambers of commerce, industry associations, community-based organizations, and regional community colleges
- ▶ Created the SV LiLA Advisory Network with partners including employers, unions, CBO's, financial institutions, and SJECCD executive management
- ▶ Created byline: *Banking on Career Advancement through Education*

CAEL San José / Evergreen Community College District LiLAS

Silicon Valley LiLA Program

- ▶ Marketed the SV LiLA Program to legislators in Sacramento including
 - Chair, Latino Legislative Caucus
 - Chair, Labor and Employment Committee
 - Chair, Labor and Industrial Relations Committee
 - Chair, Jobs, Economic Development, and the Economy Committee
 - Chair, Budget Committee
- ▶ to solicit support and position CA for the potential national demonstration.

CAEL San José / Evergreen Community College District LiLAS

Silicon Valley LiLA Program

- ▶ Created select partnerships to drive local deployment of the program:
 - Appian Engineering [will be the first SV LiLA employer]
 - Global Netoptex, Inc.
 - Macy's [Greater Bay Region]
 - Lenders for Community Development
 - Wells Fargo
 - *work2future [WIB]*



Silicon Valley LiLA Program

- ▶ Created a range of marketing materials for various audiences including an employer engagement CD



Silicon Valley LiLA Program

- ▶ Where are we going?
- ▶ Submitted a proposal to the Chancellor's Office for funds to deploy the program through 2009
- ▶ Submitted a community development grant to Wells Fargo for use as third party match funds
- ▶ Keep the SV LiLA Program in public view



Silicon Valley LiLA Program

Why are LiLAs important to the San Jose/Evergreen Community College District?

- Chancellor Rosa Perez
- Trustee Randy Okamura



LiLA Participants say...



LiLAs gave me the confidence to move toward my degree. I hesitated at first because I thought I would be 50 years old before I finished my degree. But then I thought, I'd rather be 50 with my degree than without it! It's been a great motivator for me, making it easy for me to think about how I can improve my career path.



Contact Information

Amy Sherman

Associate VP for Policy and Strategic Alliances
CAEL
(312) 499-2635
asherman@cael.org

Ingrid Thompson, Ph.D.

Project Supervisor, SV LiLA Program
Institute for Business Performance
408.283.3607
Ingrid.Thompson@sjeccd.org

