

# The LiLA Program Lifelong Learning Accounts



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## What are LiLAs?

- Lifelong Learning Accounts (LiLAs) are individual investment accounts, matched by the employer, to finance lifelong learning. **Similar to 401(k)s but for education and training.**
- The vision is for any individual worker to contribute to these accounts and be matched by their employer and, in some cases, third parties.
- LiLAs give all workers access to lifelong learning, with an emphasis on front-line employees.



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## Key Characteristics of LiLAs

- Sponsored by Employer
- Employer Matched
- Optional 3<sup>rd</sup> Party Matches
- Portable (Employee Owned)
- Career & Education Advising
- Broad Use of Funds



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## Demonstration Sites in U.S. It's WORKING!

- Chicago, IL --- 125 employees of the restaurant and foodservice industry
- Northeast Indiana --- 75 manufacturing employees and 75 public sector employees
- San Francisco --- 75 employees of the allied health care industry
- Maine --- FIRST statewide initiative (strong partnership)



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## CAEL Demonstration Results to Date

- Fully operational in all three sites
- Wide range of employers, primarily small and medium size
- Highly diverse group of participants
  - Over half of participants are non-white
  - Nearly half earn less than \$30,000
  - Over half are female
  - Over half are under age 40
  - Active participant savings rate average about \$25 per month



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## Preliminary Demonstration Lessons

- Employers report modest improvement in productivity, morale and retention
- Participants use LiLAs to advance and/or retool
- 97% of participants report that they found their advisor to be helpful.
- 3-6 month sales cycle
- Sectors matter!
- Difference between demo and scale up



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## LiLA Policy Initiatives

- Federal
  - Federal Tax Demonstration
  - National Innovation Act
- State
  - State-based pilot (ME)
  - State planning research (IL)
  - Legislative initiatives
    - State tax incentives (OK)
    - State matching pilot (IL and IN)
  - WIRED (Coastal Maine and Kansas City regions)



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## Preliminary Policy Lessons

- Partners make all the difference
- Build coalitions on multiple fronts
- Get everyone on board (or at least neutral)
- Business talks, politicians listen
- Everything can be made a partisan issue
- Persistence pays off
- Use data as a driver of policy
- State work builds support for federal policy



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## Why LiLAs for Maine?

- Maine had a higher share of high school graduates than the nation in 2000 (85.4 to 80.4 percent), but only 55% of graduates enrolled in college the following year.
- Maine lagged behind the nation in 2000 with those holding Bachelor's degree or higher (24.1 to 26 percent) and behind New England at 36%.
- Lifelong Learning Accounts help to close the funding gap for postsecondary education for working adults.



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## What Makes Maine LiLAs Work?

- **Statewide LiLA Partnership: Scalable, Replicable, Sustainable**
  - LiLAs launched through a network of workforce development centers and women, work and community offices across Maine
  - LiLAs in targeted industry sectors: Manufacturing, Technology, Tourism and Marine Trades – though OPEN to all industries
  - LiLAs using NextGen 529 Accounts as Account Investment Vehicle
- **NextGen 529 Accounts – LiLA Funding Vehicle**
  - Initial Matching Grant of \$200 (income eligibility: if family makes < \$54,500/year)
  - Annual 3<sup>rd</sup> Party Match of up to \$200 (\* - if family makes < \$54,500/year)
  - Interest Accrued Tax-Free
  - NextGen 529 accounting system in place for simplified investing and withdrawals
  - Fees for LiLA accounting system – In-kind



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## Maine's Statewide LiLA Partnership

- **Maine Department of Labor** - Outreach/Enrollment
- **Maine CareerCenters** - Outreach and Enrollment
- **Maine Centers for Women, Work & Community** - Career and Education Advising
- **Finance Authority of Maine** – Account Investment Vehicle
- **Several Other Champions**
  - Trade Associations
  - University of Maine System
  - Community College System
  - Local Workforce Investment Boards
  - Maine Jobs Council
- **Funding for Maine's LiLA**
  - United States Department of Labor
  - Ford Foundation



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## What Appeals Most to Maine Employers?

- Increase recruitment and retention of employees
- Simplicity of LiLA enrollment - 529 Accounts
- Setting a 'cap' on monthly and total annual LiLA contributions
- Inexpensive addition to existing benefit package
- Career & education advising for front-line staff
- Industries with established 'career tracks' very interested
- Being part of national initiative to increase access to education
- Relationships with CareerCenter staff and/or trade industry groups



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## Maine: Employee Eligibility and the Employer Match

Which employees are eligible to enroll in LiLA?

- Companies vary, but to date most are requiring that the employee has worked at the company for at least 90 days and works a minimum of 20, 30 or 40 hours a week (varies by employer)

What is the employer match?

- Employer matches range from \$300 per year, the required minimum, to \$1,300 per year (more variation likely)



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## New LiLA Initiatives in Maine

- WIRED Grant includes up to \$270,000 in 3<sup>rd</sup> party matching funds for LiLA in Marine Trades Industry
- Health Care coalition has applied for grant from Robert Wood Johnson Foundation – includes LiLA component



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## Would LiLAs Work in Your State or Region?

### ■ Assessing the Landscape

- Is there a strong economic argument for LiLA?
- Are employers interested?
- Does your state or region have a history of supporting similar efforts?



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## Would LiLA Work in Your State or Region? Con't...

- What are the priorities of current state or regional leadership?
- What are potential resources to support it?
- Who can help?



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## The Planning Process

- Identify Key Champions
- Reach out to important stakeholders
- Design your own program



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## Marketing Lifelong Learning Accounts

- Stage One: Community Outreach
  - Outreach strategies, key community groups
  - Consistent message, tell stories
- Stage Two: Selling LiLAs to Employers
  - Making the connection
  - Making the pitch



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## Lifelong Learning Accounts (LiLAs)

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