



Focus

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On the Cusp: LiLA Pilot Projects Wind Down as Support Gears Up

When [Becky Miller](#) dropped out of college 20 years ago, she always planned to go back, but could never come up with the extra money. So, when she learned that her employer, [ITT Aerospace Industries](#) in Fort Wayne, Indiana, was offering a program that allowed her to save for classes through payroll deduction, and then multiply those savings four times with matching funds, Miller jumped at the chance to participate. Two years later, she has an associate degree and is working toward her bachelor's—all thanks to a LiLA.

Chances are you've heard of [LiLAs \(Lifelong Learning Accounts\)](#), the financial savings plan for continuing education shaped by the [Council for Adult and Experiential Learning \(CAEL\)](#). First launched in 2001, the pilot project is coming to the end of a phased rollout in three different geographical areas and four different industries: the Chicago area's restaurant trade, the manufacturing and public sectors in northeast Indiana, and the health-care industry in San Francisco.

The program is structured so that employees can save through payroll deduction for any career-related education and training (it does not have to be related to their specific job or industry). The employer then matches employees' savings dollar for dollar, up to a pre-established cap. During this pilot phase, the LiLA project itself also matched the total employee-employer contribution, using foundation and some public funding, thus quadrupling employee savings.

As the pilot phase ends, LiLAs' impact on employers and employees, and the future possibilities of the program, are beginning to emerge.

"It's an amazing program," said Jennifer Hermann, director of workforce planning for the [University of California, San Francisco \(UCSF\) Medical Center](#), which began offering the program to 17 employees in 2003. All but one of the 17 employees completed the entire pilot phase of the LiLA program. All are still UCSF employees, a big plus in a high-turnover industry like health care.

In fact, it was this high turnover and shortage of employees that first attracted UCSF to the LiLA program. "In health care, there are not a lot of skilled professional workers out there," said Hermann. "We have to grow our own as much as we can. We don't offer tuition assistance, so this was a great way to provide employees a way to pursue an education, especially those with minimal skills working in entry-level jobs."

An added benefit was the low cost of the program: \$13,000 a year for UCSF. "If I run an ad for a respiratory therapist, that alone costs \$5,000. For just \$13,000, I kept 17 employees—and may even get a respiratory therapist out of the deal."

Meanwhile, for the City of Kendallville, Indiana, LiLAs actually saved money by reducing tuition assistance payouts, according to Marsha Kiersey, clerk-treasurer.

The fact that LiLA funds could be used to pursue any career-related education and training—not just those directly related to employees' current jobs or industries—was of little concern to employers. "There are a lot of positives in encouraging employees to continue to learn and advance themselves," said Jim Beeson, manager of employee relations for ITT Aerospace Industries. "There are employees who are coming to the end of their current careers but might want to pursue another field. This is a great opportunity to do that." He added that learning of any kind "keeps you from getting stale. Any type of learning activities an employee pursues should be a benefit to the employer."

“Lifelong learning accounts would enable workers continually to upgrade their skills, both to meet the changing needs of business and industry and to help advance their own careers and earning potential. Accounts would allow individuals to enroll in accredited training programs operated by public, private and union-based institutions. Ideally, these would be integrated into the existing structure of retirement or educational accounts.”

—The Council on Competitiveness ([Innovate America, December 2004 National Innovation Initiative Report](#))

Kiersey agrees. "When you quit learning, you stymie yourself," she said. "I'm constantly telling my staff, if you want to attend a class, let me know and we'll make it happen."

In addition, the LiLA benefit alone can help keep employees on the job for longer than they typically might remain. Take, for example, the restaurant industry, where low-paying jobs and little room for advancement make turnover exceedingly high. It would seem fruitless for a restaurant to invest in LiLAs, when it's almost a guarantee that once employees achieve their education goals, they'll move on. So why do it?

"I asked a Chicago restaurant employer this very question," said Amy Sherman, director of public policy for CAEL. "He said that it costs him more money to put an ad in the newspaper than it does to contribute to LiLAs. And although employees may leave once they get their education, while they're pursuing it, they stay put. The restaurant industry has such high turnover that being able to retain a qualified, motivated employee for several months or a year is a huge benefit to the company."



Amy Sherman is the director of public policy for CAEL.

For many employees who participated in the pilot project, LiLAs opened doors to education that might otherwise have remained shut. "If it weren't for LiLAs, I wouldn't have taken classes," said [Renee Hodgkin](#), who works in the [Water Pollution Control Plant](#) for the city of Fort Wayne, Indiana. Using her LiLA funds, she took more than 150 hours of computer training classes. The result: more responsibility at work, a raise, and a goal to one day teach those same computer classes. "My knowledge has really grown," she said. "And the city has benefited because I have so many more skills than I had before. It was really a win-win."

[Jamie Chang](#), a senior research associate in the Department of Radiology at UCSF Medical Center, was already planning to pursue a master's degree when UCSF began offering the LiLA program in 2003. Nevertheless, her LiLA fund helped her finish her program at [San Francisco State University](#) in just two years while still working full time. "It really helped focus and motivate me," she said. "Even though I already had my education goals in mind, LiLAs helped me [complete those goals]."

Chang added that the "forced savings" plan through payroll deduction made it easier to save because the money couldn't be used for other things. Miller agrees. "I liked that I only had to put in a little bit of money each week," she said. "That made all the difference. I really didn't notice it coming out of my paycheck."

So what's next for LiLAs? "The end game for us is to make LiLAs available to all workers," said Sherman. "We're currently working both at federal and state levels to write policies to support LiLAs." Their efforts are beginning to pay off: A U.S. senator is writing legislation that would establish LiLA pilot projects in up to 10 states by providing tax credits to contributors and participants; Maine has launched a pilot project with support from the U.S. Department of Labor and the Ford Foundation; and a bill in Illinois that would allow the state's Department of Commerce and Economic Opportunity to create a pilot LiLA project for the health-care sector with state-matching funds is receiving strong bipartisan support.

A positive indication of LiLAs' appeal is the wide range of industries and organizations that are expressing interest: from information technology to manufacturing, from chambers of commerce to unions.

The reason for the interest, said Sherman, is the recognition among employers and policy makers that "there's a skills gap." Hermann echoed this assessment. "The shortage of health-care workers isn't a human shortage; it's a skills shortage," she said. "LiLAs are one small step to providing opportunities to incumbent employees that improve retention and morale. The return is tenfold."

For the current news on the progress in the adaptation of LiLAs, visit: [Lifelong Learning Accounts](#).

— Laura Mullane

Please direct questions about this page to:

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