

COMMUNITY COLLEGE TIMES

A new tool to finance a college education

BY AMY SHERMAN AND REBECCA KLEIN-COLLINS, *Published November 23, 2007*

In recent years, community colleges have been driving innovation in areas ranging from instructional delivery to assessment, from articulation agreements to customized content for industry needs. As a result of many of these innovations, community colleges are increasingly viewed as the ideal first step in a person's postsecondary journey, and by others as the best resource around for training that is responsive to the needs of industries and employers.

One innovative idea gaining support in the community college world addresses one of the biggest barriers to learning: how to pay for it.

The innovation is lifelong learning accounts, or LiLAs, which are employer-matched, portable individual accounts to finance education and training for working adults. LiLAs can help community colleges expand opportunities in postsecondary education, by helping adult learners eager to enroll but lacking the funds to start.

Given the skill demands of today's labor market and the tangible benefits that come from having marketable skills and credentials, we already see adults taking advantage of learning opportunities—almost 44 percent of community college students are over age 24. If it were not for the cost barrier, the number of adults in community colleges could be much higher.

Meanwhile, employers have a lot to gain from employees who go back to school. More than half of nontraditional students attending community colleges do so to obtain job-related skills. This is not an insignificant benefit to employers, who face a looming talent crunch. Estimates suggest that by 2014, the U.S. labor force will be short nine million college-educated workers, including three million associate-degree holders.

What is innovative about LiLAs is that they provide a way for the main beneficiaries of learning—working students and their employers—to share the cost of education and training. This co-investment model makes education more affordable for both parties.

LiLAs are more than just a great idea. We already know that working adults and employers like LiLAs and use them when they are offered. The Council for Adult and Experiential Learning (CAEL) piloted LiLAs with more than 350 workers and 37 employers across the country.

One participant, Nate Thompson, has worked for the city of Fort Wayne, Ind., for 10 years as a heavy equipment operator. With his LiLA funds, Nate enrolled at Ivy Tech (Indiana) where he has earned an HVAC certificate and is now two semesters away from earning an associate degree in mechanical engineering.

"Just having a degree opens a lot of possibilities," Thompson said. "When the LiLA program came around, I had no other excuse."

His employer is equally enthusiastic.

"We have had employees tell us that they are the first in their families to go to college,"

said Chlo Davie, the city's director of human resources. "Many were in their positions for years, but through their participation in the LiLA program, they developed the confidence to move up through the ranks. Whether they are police officers, managers or firefighters, their investment in LiLAs is an investment in our community."

CAEL envisions more adults like Thompson having opportunities to go college. Ideally, LiLAs would become a standard feature of employee compensation packages, similar to learning account programs recently launched by forward-thinking companies like BJC Healthcare in Missouri and IBM.

The good news is that employers may not need to set up their own internal programs to offer LiLAs. State and local governments across the country have embraced LiLAs because they provide a way to leverage private investment in the workforce. Many public sector champions are working to make LiLAs available on a larger scale, sometimes with government-sponsored incentives, such as additional match dollars for low- or moderate-income workers or tax credits for individual or employer contributions.

Maine, for example, has established a LiLA pilot in which the state's finance authority manages the investment of LiLA funds through the state's 529 college-savings program. Illinois is sponsoring a LiLA pilot aimed at workers in the healthcare industry and provides state matching dollars. Other hot spots for LiLAs include Kansas City, New York City and the Silicon Valley in California, which are all moving toward their own LiLA initiatives.

The federal government is equally interested in LiLAs. Legislation was introduced this year in both the U.S. Senate and House that would test LiLAs in up to 10 states. The proposed demonstration would provide participating employees and employers with a tax benefit for their co-investment in LiLAs.

This is all good news for community colleges, who stand to benefit from workers who have LiLAs. Community colleges offer the flexible course schedules that adults need, and so they are often the best first step in a working adult's return to education. As more LiLA holders choose two-year colleges, LiLAs can also provide colleges with a new way to connect with employers.

But most importantly, LiLAs will help more adults tackle the financial barrier that is potentially keeping them from education and training. In CAEL's demonstration program, for example, more than half of the LiLA participants did not have a postsecondary degree when they started the program, and yet a third of them had already taken some college courses. Somewhere in their educational background, they tried to go to college but something happened—they burned out on education, had personal issues, or maybe they found college a financial hardship.

LiLAs can change that. An independent evaluator of the CAEL LiLA demonstration found that the average participant viewed LiLAs as influential in their decision to enroll in classes. In fact, nearly half weren't even considering taking classes before the LiLA program.

Without LiLAs, there is perhaps only a dream of finishing college. Then, as Thompson found, with LiLAs there are "no more excuses." LiLAs provide the opportunity to learn, achieve, advance and succeed.

For more information on LiLAs, visit www.cael.org/lilas.htm.

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