

# HOUSE BILL REPORT

## HB 1129

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**As Reported by House Committee On:**  
Community & Economic Development & Trade

**Title:** An act relating to lifelong learning accounts.

**Brief Description:** Establishing a lifelong learning account steering committee.

**Sponsors:** Representatives Kenney, Pettigrew, Ericks, Liias, Hudgins, Rolfes, Sells, Hasegawa, O'Brien, Chase, Dunshee, Wallace, Ormsby, Sullivan and Nelson.

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 1/19/09, 1/28/09 [DPS].

**Brief Summary of Substitute Bill**

- Requires the Workforce Training and Education Coordinating Board (Workforce Board) to establish a steering committee to develop policy, budget, outreach, and accountability recommendations for a statewide Lifelong Learning Account (LiLA) program.
- Authorizes the Workforce Board to receive and spend gifts, grants, or endowments from public or private sources to support the LiLA program.

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### HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Liias, Parker and Probst.

**Minority Report:** Do not pass. Signed by 1 member: Representative Orcutt.

**Staff:** Meg Van Schoorl (786-7105)

**Background:**

Lifelong Learning Accounts (LiLAs) are worker-owned, employer-matched portable accounts to finance an individual worker's lifelong education and training. A leading

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proponent of LiLAs in the United States is the non-profit Council for Adult and Experiential Learning (CAEL). Under the CAEL's model approach, LiLAs would be employer-sponsored as part of an employee compensation package and every worker would be eligible for an account. The LiLAs would supplement, not replace, existing employer-supported tuition-assistance programs. Participation by individuals and employers would be optional. The LiLAs would be funded by the individual worker, the employer, and, in some cases, third party matches from sources such as foundations, public sector grants or tax credits. Accounts would stay with the individual worker regardless of the person's current employer or employment status, and could be used for tuition and fees, assessment fees, supplies, materials and books. An individual worker would choose the training and education needed to meet career goals based on a learning plan developed with help from qualified advisors. The LiLAs are designed particularly to help address postsecondary educational access and financing for lower-skilled, lower-wage, and entry-level incumbent employees who may not be eligible for student financial aid or employer-provided tuition.

In 2008 Washington's *Taking It to the States: A State-Based Lifelong Learning Account Demonstration Initiative* was awarded \$75,000 from the Lumina Foundation through the CAEL. The foundation funds are being matched with \$75,000 in cash from the Association of Washington Business, the Pacific Mountain Workforce Development Council, the Health Workforce Institute, and the Workforce Board. This funding, as well as in-kind contributions, will be used to develop program structure and management systems for an initial regional pilot and future statewide program implementation. The five-county Pacific Mountain region (Thurston, Mason, Lewis, Pacific, and Grays Harbor County) is the selected demonstration area in which there will be: outreach to employers; assistance to employees who wish to set up voluntary savings systems; savings account implementation; and career advisory services to the initial group of account-holders. The demonstration project is expected to conclude in June 2009.

The LiLA demonstration projects have also been conducted in Chicago (restaurant industry), Indiana (public sector and manufacturing industry), San Francisco (health care industry), Maine, Illinois, and Kansas City. In addition, legislation has been introduced in Iowa and Minnesota. Federal level measures have been introduced that include tax incentives for participating employers and for workers based on their annual contribution amounts.

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### **Summary of Substitute Bill:**

The Legislature intends to facilitate the creation of the LiLAs for workers in Washington.

The Workforce Training and Education Coordinating Board (Workforce Board) must establish a state Lifelong Learning Account Steering Committee including representatives of the Association of Washington Business; the Higher Education Coordinating Board (HECB); the State Board for Community and Technical Colleges; the Department of Community, Trade and Economic Development; the Washington State Hospital Association; the Pacific Mountain Workforce Development Council; private vocational schools; and the state and regional American Federation of Labor - Congress of Industrial Organizations (AFL-CIO) and Service Employees International Union (SEIU).

The steering committee, with staff and logistical support from the Workforce Board, must develop a policy framework for a statewide program; identify budget and technical issues and recommendations to resolve them; provide for ongoing outreach to participating workers, employers and foundations; and, design a performance accountability system. The steering committee must report performance outcome measures in a biennial report to appropriate legislative committees beginning September 1, 2010.

The Workforce Board is authorized to receive and spend gifts, grants, or endowments from public or private sources to support the LiLA program.

**Substitute Bill Compared to Original Bill:**

The requirement that the Workforce Board and the HECB enter into an interagency agreement is eliminated. A member is added to the steering committee representing private vocational schools.

The Workforce Board is authorized to receive and spend gifts, grants, or endowments from public or private sources to support the LiLA program.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 28, 2009.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Education and training is the best investment for assisting lower wage workers to move up the career ladder. Employers typically invest the majority of their training dollars on higher wage workers, particularly managers. In addition, most tuition dollars provided by employers are on a reimbursement basis, contingent on the employee receiving an acceptable grade in the course. A worker with a poor academic experience earlier in life is unlikely to invest under these conditions. Businesses have reported difficulty in funding incumbent worker training. The LiLAs, as a co-investment, ease the burdens on employers and employees. The career counseling provision ensures that the accounts will be well used. Providing for third party contributions is also important; in fact, private career and technical colleges have already committed to providing scholarships for account holders.

(Opposed) None.

**Persons Testifying:** Representative Kenney, prime sponsor; Eleni Papadakis, Workforce Training and Education Coordinating Board; and Mike Hudson, Association of Washington Business.

**Persons Signed In To Testify But Not Testifying: None.**