

HOUSE BILL REPORT

ESSB 5555

As Reported by House Committee On:
Higher Education
Education Appropriations

Title: An act relating to lifelong learning accounts.

Brief Description: Regarding lifelong learning accounts.

Sponsors: Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Kilmer, Shin, King, Marr, Jarrett, McAuliffe, Hobbs, Tom and Kohl-Welles).

Brief History:

Committee Activity:

Higher Education: 3/13/09, 3/24/09 [DP];
Education Appropriations: 4/1/09 [DP].

Brief Summary of Engrossed 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 solicit, accept, and administer federal and private funds and to contract with for-profit and non-profit organizations to support the development of the LiLA program.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 6 members: Representatives Wallace, Chair; Sells, Vice Chair; Carlyle, Driscoll, Grant-Herriot and White.

Minority Report: Without recommendation. Signed by 5 members: Representatives Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Angel, Haler and Hasegawa.

Staff: Andi Smith (786-7304)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Lifelong Learning Accounts (LiLAs) are worker-owned, employer-matched portable accounts to finance an individual worker's lifelong education and training. A leading proponent of LiLAs in the United States is the non-profit Council for Adult and Experiential Learning (CAEL). Under CAEL's model approach, LiLAs would be employer-sponsored as part of an employee compensation package and every worker would be eligible for a LiLA 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. The LiLAs 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 (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 Training and Education Coordinating Board (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, Grays Harbor) 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 accountholders. 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.

Summary of Bill:

The Workforce Board must establish a state Lifelong Learning Account Steering Committee (Steering Committee) including representatives of the Association of Washington Business; the Higher Education Coordinating Board; the State Board for Community and Technical Colleges; the Department of Community, Trade and Economic Development; the Washington State Hospital Association; the Northwest Career Colleges Federation; the Pacific Mountain Workforce Development Council; the state and regional American

Federation of Labor - Congress of Industrial Organizations (AFL-CIO) and Service Employees International Union (SEIU); and other business and labor representatives.

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; explore career advising options; 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.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This summer the Senate Higher Education and Workforce Development Committee had a hearing regarding workforce development. During the hearing, we learned that 80 percent of the workers in 2020 are already working. It is for this reason that we need not only to focus on the K-12 pipeline but also on people who are currently working. The idea is that work is changing and that we need to create tools for people to "upskill" as their work changes. This approach brings employers and employees together in a relationship somewhat like a 401K and it is especially useful for low-income working adults. The Workforce Board is in support of this bill because it provides tools to working adults to access training. The Workforce Board has been working with Senator Kilmer to position Washington to capitalize on the availability of both federal and private funds.

(Opposed) None.

Persons Testifying: Senator Kilmer, prime sponsor; Maddy Thompson, Workforce Training and Education Coordinating Board; Amber Carter, Association of Washington Business; and Steve Lindstrom, Northwest Career Colleges Federation.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON EDUCATION APPROPRIATIONS

Majority Report: Do pass. Signed by 13 members: Representatives Haigh, Chair; Sullivan, Vice Chair; Priest, Ranking Minority Member; Anderson, Carlyle, Cox, Haler, Hunter, Kagi, Probst, Quall, Rolfes and Wallace.

Staff: Debbie Driver (786-7143)

Summary of Recommendation of Committee On Education Appropriations Compared to Recommendation of Committee On Higher Education:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The bill is gaining a fair amount of enthusiasm from businesses given that during tough economic times there is often a decline in employee training. Employee training and education programs help businesses succeed in both the short- and long-term. Businesses are challenged with finding and keeping good employees and this is one tool that could be used to retain and upscale existing workers. The Workforce Board has already established the steering committee and has received a grant to begin establishing a Lifelong Learning Account (LiLA) program. The bill has no cost to the state as the cost drivers were removed from the original bill. Employers across the state have met and are starting to do outreach for the accounts. Also, this bill might help the Workforce Board capture federal funds that become available in the future. There have been discussions regarding whether or not the LiLA program could connect with and use Guaranteed Education Tuition (GET) units. One concern is that the GET units cannot be used for many of the types of employee training and education programs employers and employees may want to access.

(Opposed) None.

Persons Testifying: Senator Kilmer, prime sponsor; and Madeleine Thompson, Workforce Training and Education Coordinating Board.

Persons Signed In To Testify But Not Testifying: None.