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## Higher Education Committee

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### ESSB 5555

**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 Summary of Engrossed Substitute Bill

- Requires the Workforce Training and Education Coordinating Board (WTECB) to establish a steering committee to develop policy, budget, outreach, and accountability recommendations for a statewide Lifelong Learning Account (LiLA) program.
- Authorizes the WTECB 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.

**Hearing Date:** 2/17/10

**Staff:** Cece Clynch (786-7195).

#### 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 an account. The LiLAs would supplement, not replace, existing employer-supported tuition-assistance programs. Participation by individuals and employers would be optional. LiLAs would be funded by the individual worker, the employer, and, in some cases, third party matches from sources such as foundations,

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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, the Workforce Training and Education Coordinating Board's (WTECB's) *Taking It to the States: A State-Based Lifelong Learning Account Demonstration Initiative* was awarded a \$75,000 grant from the Lumina Foundation through CAEL. The grant funds, together with other funds, were used to develop program structure and management systems for an initial regional LiLA pilot, with an eye towards a statewide roll-out in years ahead. The five-county Pacific Mountain region (Thurston, Mason, Lewis, Pacific, Grays Harbor) is the selected demonstration area. The demonstration project was initially expected to conclude in June 2009 but has been extended until December of 2010.

Six Washington businesses are participating in the LiLA pilot project:

- Hanner Enterprises: Operates five McDonald's restaurants in Grays Harbor and Pacific counties.
- Halosource: Develops and operates cutting-edge technology that purifies water. Headquartered in Seattle, it has a plant near Raymond.
- Paneltech: Manufactures high quality panels from recycled and natural resins. Located in Aberdeen.
- Steck Medical: Operates four clinics in Lewis and Thurston counties.
- Buds and Blades: Thurston County landscaping company.
- Vaughan Company: Manufactures chopper pumps, located in Montesano.

To date, 25 employee participants have signed up and 21 are already saving through LiLA with active savings accounts. Career counseling is provided by the Pacific Mountain Workforce Consortium for LiLA participants. The Northwest Federation for Private Career Schools has offered a scholarship to support students who participate in this program at private schools.

Key partners in leading the LiLA pilot project include representatives from the following:

- Governor's Office
- WTECB
- Pacific Mountain Workforce Development Council
- Association of Washington Business Institute
- Health Workforce Institute
- Higher Education Coordinating Board (HECB)
- Department of Commerce
- State Board for Community and Technical Colleges (SBCTC)
- Washington Labor Council
- Northwest Career College Federation
- CAEL
- Service Employees International Union (SEIU 775)

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 WTECB must establish a state Lifelong Learning Account Steering Committee including representatives of the Association of Washington Business; the HECB; the SBCTC; 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 the SEIU; and other business and labor representatives.

The steering committee, with staff and logistical support from the WTECB, 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.

The WTECB may solicit, accept, receive, and administer federal funds or private funds and contract with foundations or with for-profit or non-profit organizations to support the establishment of the state LiLA program.

**Appropriation:** None.

**Fiscal Note:** Available.

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