

INVESTING INVESTING INVESTING INVESTING IN **YOUR TALENT**

By Tim Sardano

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our workforce needs to continually engage in learning to keep up with the increasing knowledge demands for businesses to remain competitive in a global economy. The Maine Department of Labor is offering a program that can help you create a partnership in learning with your employees through the Lifelong Learning Account (LiLA) program.

LiLAs are individual employee investment accounts matched by employers to finance lifelong learning. The program provides employers and employees the opportunity to increase access to education, training and skill development through the use of workplace-based, employee-owned, education savings accounts.

"The overall vision is to assist and inspire working adults to go back to school, with a focus on low-wage, entry level staff - but everyone is of course encouraged to participate" said Auta Main, the LiLA Program Manager for Maine's Bureau of Employment Services.

Over the last six-months, LiLAs have been sponsored as an employee benefit by many local companies, including Maine Oxy, Coastal Enterprises, Inc., Goodwill Industries of Northern New England and Ask...For Home Care.



Benefits for Business

As an employer, it's a great recruiting tool for us to be able to offer possible employees the opportunity to further their education. We also like to use [LiLA] to encourage our current employees and home care aides to further their education as well...Most of the education opportunities for our workers involve certificate courses or classes, so for them to be able to continuously save toward those classes and have us match those funds, that's a big asset to them. It's also a major retention tool for us."

- Jodie Heal, Chief Financial Officer for Ask...For Home Care.

Lifelong Learning Accounts can help your business address a variety of workforce challenges.

- **Create a desirable and affordable benefit for your employees**
- **Promote recruitment and retention of quality workers**
- **Increase productivity and improve employee skills**
- **Engender loyalty and good will**
- **Increase the overall health of the Maine economy by upgrading the skills and education of our workforce**

"CEI perceived LiLAs as a great benefit to offer its employees and was attracted to the opportunities the program presents for professional development," said Kathleen J. Kearney, Vice President of Coastal Enterprises, Inc.

LiLA funds are invested in the NextGen College Investing Plan®, Maine's qualified tuition program, which is administered by the Finance Authority of Maine (FAME). Funds from a LiLA can be used to pay most higher education expenses at any accredited post-secondary education institution that is eligible to participate in student aid programs administered by the U.S. Department of Education. Funds can be used for tuition, distance-learning

courses, online courses, certificate programs, credit for prior learning assessment, test-outs such as CLEP exams, books and other fees, and course related supplies and equipment required for enrollment or attendance.

Diane Clairmont, HR Manager for Maine Oxy feels the program itself works well with their company. "The program fit in so nicely with our organizational culture of lifelong learning," she said. "The simplicity of administration for the HR department after the initial paperwork is completed was a definite plus. Auta presented four presentations; all of them were well attended. Currently we have three employees enrolled. The buzz (within the staff) was an excitement due to the possibility of actually completing educational goals they had made, but didn't have the extra monetary resources to complete."

"What appealed most to us about LiLAs was the opportunity to give our employees something they have been asking for, something that is both a benefit to the employees, as well as a means of developing their talent in the long run," added Michael Coughlin, Executive Director for Goodwill Industries of Northern New England. "Our employment environment is very competitive. We don't pay as well as some other employers, and so our benefits are more and more meaningful. This particular benefit is a gift that keeps on giving, helping people develop personally and professionally, and adding to the talent pool in our organization. We also plan to use it as a feature in our recruitment."

The Council for Adult and Experiential Learning (CAEL), a national non-profit organization based in Chicago, developed the LiLA concept. It has been successfully launched in the restaurant, manufacturing, health care and public sectors in Chicago, Northeast Indiana and San Francisco.

Maine leads with the first statewide initiative in the country. Career and education advising is provided by the Maine Centers for Women, Work and Community. Other partners include industry and trade associations, post-secondary institutions, community-based organizations and local workforce investment boards.

"What makes Maine at the vanguard of this national initiative is that we're the first statewide pilot for LiLAs because we're

working through the network of CareerCenters all over the entire state," said Main.

How it works...

After an employer agrees to sponsor a LiLA program they will schedule an employee informational session presented by a LiLA representative. Employees are given the opportunity to enroll in the program and open a LiLA account, which is actually a NextGen 529 account. Once enrolled, the employee receives a phone call from a career and education advisor from the Maine Centers for Women, Work and Community who will offer an opportunity to meet for as little as 10 minutes - over the phone or through e-mail - or as much as several hours, depending on where the employee is in their career planning.

"We learned from the other LiLA pilot sites that the career and education advising component was very important to the success of the program," said Main. "For many workers who decide to open a LiLA account, going back to school can seem intimidating or daunting; it may have been 10, even 20 years since they were in high school or college!"

The Finance Authority of Maine (FAME) administers Maine's NextGen 529 account. Maine's LiLA Program is using the NextGen 529 platform as its account management vehicle. This partnership enabled the leveraging of resources of an existing system that is both successful and sustainable. When an employee is ready to take a class, they call FAME's NextGen customer service representatives and request a withdrawal of funds from their account. Another beneficial feature of the

To Get Started

To sponsor a Lifelong Learning Account program at your workplace, you need to do the following:

- **Determine eligibility requirements for employees**
- **Host LiLA information sessions**
- **Match employee contributions (minimum of \$25 per month), which are invested in a LiLA account, in the form of a NextGen® account. In addition, income-eligible Maine residents may receive an initial \$200 matching grant from the Finance Authority of Maine and subsequent annual grants of up to \$200**
- **Contact LiLA at 207-623-7975**

TALENT

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NextGen account is the employee receives a third-party match up to \$200 based on income eligibility.

"(The third-party match) is up to \$200, but all LiLA account holders will be eligible - if they are income eligible - for the full \$200," said Main. "The NextGen match is 50 percent of annual contributions into the LiLA account - up to \$200. LiLA account holders are required, at a minimum, to put \$300 into their account, which must be matched by a minimum of \$300 employer contribution. So they are automatically eligible for the \$200 match.

"However, the income eligibility will screen a few folks out. The LiLA account holder, as a family, must make less than \$75,000 a year in adjusted gross income to be eligible for the match; at least 75 percent of Mainers are eligible based on income for the annual \$200 match."

What Motivated the LiLA Initiative?

According to Main, CAEL and its partners were motivated to bring LiLAs to Maine by three trends in the state's economy.

- Maine's working adults as a whole have a low rate of educational attainment, lagging behind New England and the nation significantly when it comes to the number of working adults with Bachelor's degrees - Maine at 26 percent, New England at 36 percent.

- Maine's employers are desperate for skilled, educated employees. To meet the demands of our workforce in the next 20 years, training and education will be critical to our success.

- Maine is one of the oldest states in the country. To meet workforce demands of employers, some of the baby boomers will need to cross-train or retrain, and still others who are younger will need to learn the necessary skills to take over when the boomers retire.

"I have believed in the power of education for as long as I can remember," said Joanne Miller, Administrator and founder of ASK...for Home, a 2006 Best Places to Work in ME recipient. "I support any incentive for people to pursue education. I also believe that we will soon face a crisis in nursing-staff shortages the magnitude we cannot even imagine. By the time we feel the impact it will be too late. We need to do whatever we can to attract people to nursing as a career."

The program is very new but the early signs are encouraging.

"It's really too early to tell, but we do have six employees enrolled and hope to increase that number by October 1st, the beginning of CEI's new benefit year," said Kearney. "We believe it will over time provide the resources to support staff in career and professional development."

"The early buzz has been very positive," Coughlin added. "I have been on the job for a little more than a month, and in my travels to our various locations to meet many of our employees, the issue of education reimbursement has come up often. It has also been



COMPENSATION & BENEFITS

INVESTING IN YOUR TALENT

identified in our employee survey conducted earlier this year. Those who have heard we are planning to launch this initiative have responded very positively. I hope it will create a sense among employees that there is a path to growth, even when management positions are in short supply. Employees who can better themselves through education are living the values and the mission of our organization: 'A hand up, not a handout.' "As an employee-owned company our future relies on our employees," said Clairmont. "Educated individuals are our future and will bring this company into the next decade and beyond."

"Remarkable advances in science and technology are creating exciting opportunities for businesses and workers in Maine and across America," said Representative Tom Allen (D-ME) at the July 2 press conference. "But to take advantage of the promise these innovations hold and for Maine and America to remain competitive in the global economy, we must have a workforce with the education and training to fill the jobs businesses create."

Truly, LiLA is a step in the right direction to help meet these need

If you are interested in sponsoring a LiLA program at your company, contact Auta Main to setup an initial information meeting at your worksite by calling 207-623-7975 (TTY 1-800-794-1110) or by email at auta.m.main@maine.gov.

You may also contact your local CareerCenter by visiting WWW.MAINECAREERCENTER.COM and/or WWW.MAINEILILAS.ORG

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S.26 & H.R. 2901 The Lifelong Learning Accounts Act of 2007

The following is from a House Bill Summary provided by CAEL.

On January 4, 2007, Senators Maria Cantwell (D-WA) and Olympia Snowe (R-ME) introduced S.26, The Lifelong Learning Accounts Act of 2007. This Act amends the Internal Revenue Code of 1986 to establish a Lifelong Learning Account demonstration program for up to 200,000 workers in up to 10 states. The Department of Treasury will select participating states in a competitive process. For a summary of S.26, please see:

http://www.cael.org/pdf/LILA_federal_bill_summary020707.pdf

On June 28, 2007, Representative Tom Allen (D-ME) introduced H.R. 2901, The Lifelong Learning Accounts Act of 2007, which is the companion bill to Senate Bill 26. Like the Senate bill, H.R. 2901 establishes a national Lifelong Learning Accounts demonstration program. Both bills include the following features:

- Both employers and workers earn tax credits of up to \$500 per year for contributions to Lifelong Learning Accounts
 - The tax credits are targeted to lower and middle-income earners
 - Contributions to Lifelong Learning Accounts are voluntary
 - Employer contributions to workers' Lifelong Learning Accounts are excluded in the workers' gross income
 - All distributions for eligible expenses are excluded from the taxpayer's gross income
 - Account funds can be used to pay for tuition, fees, books, and supplies, as well as additional expenses that the Secretary of the Treasury prescribes after consultation with the Secretary of Labor, including tools, equipment, information technology devices, and training and apprenticeship programs
 - Accounts are portable and can be used over a worker's lifetime
- Highlights specific to H.R. 2901
In addition to the features above, H.R. 2901 also includes:
- A refundable tax credit for workers' contributions, making it possible workers to claim a tax refund even if they do not have a tax liability
 - Tax deductions for individuals equal to amount contributed to their \$500 tax credit, without limitation
 - Permits third party contributions into the accounts
 - A requirement that employers attest that other tuition and education employer have not been reduced in order to claim a tax credit

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