

Lifelong Learning Account (LiLA) Implementation Guide

BACKGROUND

Lifelong Learning Accounts (LiLAs) are a relatively new savings account for education and training services that enable individuals to obtain primary education, upskill (deepen existing skills in a chosen field), or re-skill (learn a new trade) to qualify for jobs that pay higher wages and help them move up the economic ladder. Earnings from a LiLA account are tax-free. Unlike employer-sponsored training programs conditional on employment, LiLAs are envisioned as universal, portable accounts. Since individuals own these accounts, they have greater flexibility and agency in how the funds are used while still benefiting from potential public and private contributions and match funding. Various pilot programs have been conducted in Washington state, Maine, Kansas City, New York City, Northeast Indiana, San Francisco, and abroad.

Building off the core principles of LiLAs put forth by the Center on Adult Education and Learning (CAEL), Third Sector offers the following design considerations for states looking to pilot LiLAs in their jurisdictions.

States or local jurisdictions looking to apply these considerations will need to adapt them to local contexts and target populations. In partnership with key stakeholders, States should align on what they hope to accomplish through the pilot and how success will be measured.

This guide is intended to be applied within the context of collaborative design and shared decision-making among stakeholders who stand to benefit from a new LiLA pilot (e.g., state departments of labor and workforce development, industry partnerships, employers, workforce development service providers, community members, and potential account holders, etc.). Third Sector highly recommends that all design hypotheses and account prototypes be validated by direct stakeholder engagement with potential account holders, especially if collaborative design is not feasible.

Core Principles of LiLAs

Adapted from [Council for Adult Education & Learning \(CAEL\), 2009](#)



- **Universality:** All individuals should be eligible for accounts while access can be targeted to specific populations through intentional outreach and recruitment strategies.
- **Broad Use of Funds:** LiLAs should cater to individual learning needs, including educational activities and wraparound support (e.g., transportation, child care, etc.) needed to succeed in education and training.
- **Portability:** An individual should have sole ownership of their LiLA and be able to access funds regardless of their current employment status.
- **Matched Funding:** In addition to individual contributions, employers, state/local government agencies, and other third-party sources (e.g., foundations) should have the option to and are encouraged to contribute funds and/or match individual contributions.
- **Informed Choice:** Individuals should have the agency to pursue training and education according to their career goals. The support of career coaches or advisors is encouraged to help individuals make these decisions and select accredited programs and providers.

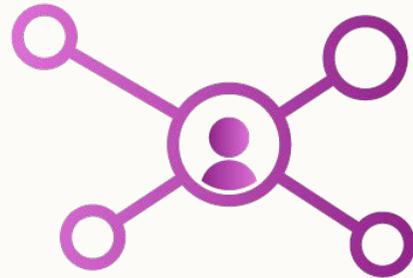
POPULATIONS

LiLAs are a way to support working people's access to new education and training opportunities. LiLAs were initially conceived as universal accounts that everyone should be able to utilize to continue their education and training. Because states may have limited resources, jurisdictions should keep eligibility universal but narrow the target population to ensure LiLAs reach those that will benefit the most. Below are suggestions for how to choose which population(s) to target:

Prioritizing a Target Population

LiLAs should aim to be broad enough to serve a range of individuals who have lower educational attainment, lower incomes, and could benefit most from an innovative education and training (E&T) initiative. Sub-populations to target could include:

- Populations that our government and employers have historically shut out of economic opportunities;
- Counties with low educational attainment rates and high-poverty levels;
- Using the United Way's ALICE framework¹ (Asset Limited, Income Constrained, Employed) to identify a low-income, employed population segment using state or county-level data;
- Formerly incarcerated and/or legal-system involved individuals because they experience high barriers to education and employment opportunities and are less likely to have a high school diploma or GED compared to the general population.^{2,3}



Partnership with Employers

Another way to strategically target a population is to initially partner with a single or group of employers in industries/sectors that offer pathways to middle-wage jobs. When selecting which employers or industry partnerships to prioritize, identify sectors with existing partnerships or coordination. If pursuing employer partnerships, all employees should have the option to participate in reducing stigma, regardless of income level or other demographic factors.

ACCOUNT VEHICLE and ALLOWABLE USES

Individual agency and portability are key to LiLAs, so the account vehicle (type of account) must allow for flexibility in spending and stay with an individual regardless of changes in employment status or employer. Tuition, books, supplies, and certification exams are only part of the expenses incurred by pursuing E&T. A flexible vehicle - or combination of vehicles - would allow individuals to cover basic needs such as food, housing, child care, and transportation, as well as offset income lost from taking time off to pursue E&T.

¹ United For ALICE: State Reports. <https://www.unitedforalice.org/all-reports>

² <https://irle.berkeley.edu/benefits-of-higher-education-for-formerly-incarcerated-people/>

³ <https://www.prisonpolicy.org/reports/education.html>

For example, coupling **529 accounts**, which are existing accounts people typically use to save money for college, to disburse E&T funds and **prepaid debit cards** (possibly managed by a third-party vendor) to disburse funding to subsidize wraparound supports such as transportation, housing, and child care achieves this purpose.

529 Accounts

529 accounts are ideal for participants to pay for E&T costs because they:

- ✚ Utilize infrastructure that states already have;
- ✚ Are portable and owned by the individual;
- ✚ Allow for tax-free contributions and incentivize spending on qualified education expenses and other direct E&T costs (e.g., tuition and fees; books and supplies; computers and internet access; room and board; special needs equipment; student loans);
- ✚ Allow LiLA account holders to spend funds on an E&T program of their choice, with the guidance and support provided via mandatory coaching services; and
- ✚ Allow for public, private (e.g., employer), and individual contributions.

For example, pilot programs in Maine and Washington state have utilized 529s as the LiLA vehicle.

529 Funding Amount: Aside from the total program budget, factors that influence how much money a state might contribute to an individual 529 LiLA account for E&T costs include:

- Costs of third-party vendor contracts for debit card management, if applicable, and coaching services;
- Potential requirements (legislative or otherwise) for the scale of the pilot program/number of individuals that must be served;
- Current education level of the target population and, accordingly, the average cost of E&T programs this population would be eligible to pursue (e.g., GED vs. associate's or bachelor's);
- Existing programs that could be coupled with LiLAs to subsidize E&T costs (e.g., Promise programs); recognizing that requiring individuals to contribute financially may limit participation; and
- The goals of the LiLA, e.g., if credential attainment is a crucial goal, public funding (or employer funding, if employer partnerships are part of the program design) should be substantial in order to cover the cost of E&T as well as necessary supplies (books, lab fees, etc.) and certification costs (exams, etc.).

529 Allowable Uses: Given the intent of LiLAs to allow individuals to upskill or reskill at the time and in the industry of their choosing, LiLA participants should not be restricted to a predetermined list of E&T programs or uses of funds. For example, an individual with an existing account balance preventing them from completing an industry credential program may need a substantial portion of funding upfront to

clear their debt and re-enroll. This also reduces the administrative cost and burden of tracking, approving, and coordinating allowable uses, which delays the release of funds.

Rather than restricting choice, states and other jurisdictions should consider offering coaching/case management by a qualified service provider who can support participants to choose an E&T program that meets their needs and interests; is compatible with the forecasted growth of the local economy, and has demonstrated positive outcomes for similarly situated individuals. Coaches can also identify wraparound supports and providers (e.g., child care) that are culturally appropriate, geographically convenient, and adapt to account holders' changing needs (e.g., a new child).

Prepaid Debit Cards

To ensure that a LiLA program will help an individual attain a credential, it must be set up to cover wraparound support (housing, food, child care) in addition to E&T costs. Prepaid debit cards are an easy way to ensure that an individual has access to funds for these purposes.

Prepaid debit cards are ideal for participants to pay for wraparound supports because they:

- ✚ Are portable and owned by the individual;
- ✚ Allow for account administration to be outsourced to a procured third-party vendor; and
- ✚ Respect individual agency by allowing each LiLA account holder to use funds for the things they need most, and from providers of their choosing, in order to succeed in E&T;
- ✚ Are easily dispersible, as demonstrated by existing state and federal benefit programs.

Prepaid Debit Cards Funding Amount: Aside from the total program budget, factors that influence how much money a state might contribute to a prepaid debit card LiLA account for wraparound supports include:

- The average length of an E&T program that individuals in the pilot population are likely to pursue. This may be influenced by current education level, high-growth industries specific to the LiLA program geography, and the coaching services that are guiding E&T program selection;
- The local cost of living;
- Other social benefits and income supports account holders might be eligible for and whether the target population is currently accessing those benefits; and
- The goals of the LiLA pilot, i.e., similar to the 529 E&T funding described above, states should consider their desired outcomes and ensure that sufficient wraparound support funding is provided to achieve those outcomes.

Prepaid Debit Cards Allowable Uses: Third Sector recommends that LiLA participants not be restricted in using wraparound support funds or limited to a predetermined list of providers. This allows maximum

agency for individuals to determine which wraparound supports can best support their needs to ensure success in E&T and how to meet those needs (e.g., choice of culturally relevant child care provider). This also reduces the administrative cost and burden of tracking, approving, and coordinating allowable uses, which delays the release of funds.

Funding for wraparound support via prepaid debit cards could mimic state and federal one-time COVID-19 stimulus payments disbursed as lump sums. Administering one lump sum payment for wraparound supports allows for the maximum agency. For example, an individual starting an E&T program may use their 529 E&T funding upfront but set aside a portion of LiLA wraparound funding in anticipation of a new child’s arrival and the child care costs they will incur midway through their program. Similarly, the timing of wraparound supports an individual needs may vary throughout the year (e.g., seasonal employment, child care schedules, school calendars, etc.).



Visibility into the use of funds (on a de-identified or aggregate basis only) should be a required component of the debit card vendor contract to help programs understand account holder needs and spending and make programmatic adjustments while respecting account holder privacy.

PROGRAM MANAGEMENT and CASE MANAGEMENT SERVICES

The decision of what services to provide in addition to the LiLA account funding should be directly tied to the risks and needs of the target population. If there is no capacity and/or expertise within a public agency to provide such services, jurisdictions can contract with existing One-Stop centers or run a competitive procurement to secure a third-party service provider or community-based organization. The provider can be contracted for any combination of outreach and recruitment, case management, and education/career pathway coaching services, depending on which aspects of program and/or case management a state needs a third party to provide. Examples of services are listed below.

Case management services:

- **Housing navigation** and placement services
- **Benefits enrollment** (i.e., SNAP, TANF, WIC, LIHEAP, Medicaid, WIOA, housing vouchers, child care subsidies, etc.)
- **Financial coaching** (including budgeting and guidance on how to spend the LiLA wraparound needs funding)
- **Connection to social support** (i.e., transportation, child care/early childhood education, basic needs assistance, etc.)
- **Tax preparation services**
- **Emergency aid** (as applicable)
- **Asset building** (i.e., assistance opening bank accounts, credit building, and financial planning)

Education/career pathway coaching:

- **One-on-one individualized coaching** on an as-needed basis, delivered either in-person, virtually (by phone or video), and/or via text or email. Coaching should include:
 - Education/training program selection, application, and enrollment;
 - Career exploration and planning; and
 - Financial aid and other financial support eligibility and applications.
- **Group advising** for peer support and community building
- **Regular interaction and coordination with academic advisors** and/or course instructors
- **Connection to existing education and workforce resources** and benefits available to LiLA account holders
- **Skill-building workshops**

Additional evidence-based program components are shown to increase engagement and E&T program completion. Tying incentives like bonus funding to account holder service usage (e.g., meeting with coaches, reaching milestones like completion of gateway courses or other requirements of selected E&T programs, etc.) can positively impact engagement and outcomes. Using real-time data to support account holder progress is another way to improve program outcomes. Data sharing between key government agencies and the contracted third-party provider(s) should also be required.

Additional Resources

- OECD: [Individual Learning Accounts: Design is key for success](#), 2019
- CAEL [Jazzing It Up: Innovations in the LiLA Model](#), 2009
- CAEL: [Changing Lives through Lifelong Learning Account](#), 2007
- Public Policy Associates, Incorporated: Evaluation of the Lifelong Learning Accounts Demonstration: [Interim Report One](#), 2004 and [Second Interim Report](#), 2006
- Aspen Institute Future of Work Initiative: [Lifelong Learning and Training Accounts Issue Brief](#), 2018