

Washington State



Program Guidelines

In Partnership with

Office of the Governor
Workforce Training and Education Coordinating Board
Association of Washington Business
Pacific Mountain Workforce Development Council
Health Work Force Institute
Higher Education Coordinating Board
Department of Community, Trade and Economic Development
State Board for Community and Technical Colleges
Washington State Labor Council
Council for Adult and Experiential Learning

Provisions in this document are in draft form and are subject to change. The *Program Guidelines* are meant to be comprehensive. However, situations may arise that are not addressed in this document. Those situations will be dealt with on a case-by-case basis. The *Program Guidelines* do not constitute financial, legal or tax advice. Please read this important document carefully.

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1.0 Introduction

Washington State Lifelong Learning Accounts (LiLAs) provide a unique opportunity for employers and employees to work together to finance career-related education and training. LiLAs are employee-owned, employer-matched savings accounts. Co-investing makes education more affordable for both parties. The concept is similar to 401(K) retirement accounts in that the employer will match the employee's contributions; however, LiLA funds are used for education and training.

As the cost of tuition, fees, books and supplies for education and training programs continues to increase, so does the need for continuing education to advance or stay current in one's career. LiLAs provide a practical savings solution.

Key components of the Washington State LiLA Program include:

- **Statewide Eligibility** – All eligible employees of businesses who are sponsoring the LiLA Program and who are registered with the State of Washington or state or local government agencies may establish accounts. ***(Note: during the pilot phase LiLA is limited to Pacific, Grays Harbor, Lewis, Mason and Thurston Counties)***
- **Voluntary Participation** – Both employers and employees choose to participate.
- **Portability** – Accounts stay with the individual regardless of the person's current employer or employment status, as long as the person continues to stay in the LiLA Program.
- **Informed Choice** – Participants choose the education and training they need to meet their career goals based on the Career Development Plan they create online and/or with career advisor assistance.
- **An Employer Match** – LiLAs are funded through employee contributions which are matched by the employer.
- **Options for Use of Funds** – Participants can use their accounts to cover costs for a wide range of education and training opportunities. Eligible expenses include tuition and fees, supplies, mandatory equipment, materials and books for career-related educational activities defined in the employee's Career Development Plan. Activities are not limited to studies related to the employee's current job or industry.

Washington's LiLA program differs from traditional job training programs because it allows individuals to plan and make informed decisions for investing in their own futures. The accompanying employer participation becomes an investment for increasing the skills of their workforce.

2.0 Background of LiLAs

The Council for Adult and Experiential Learning (CAEL), a 34-year-old national nonprofit organization, developed the concept and model for Lifelong Learning Accounts (LiLAs) as a way to help working adults gain greater access to education and training throughout their work lives. CAEL has successfully conducted several regional demonstration pilots and is currently assisting 10 states, including Washington, to develop state-based LiLA programs. These pilot projects have shown the practicality and value of matched savings accounts for both employees and employers. LiLAs are an excellent supplement to an employer's existing tuition assistance program or are a great way to "start up" an education benefit for employers who are not able to offer a tuition assistance program. CAEL is also building support among key congressional and state legislators to provide tax incentives to employers and employees who participate in the LiLA program.

3.0 Washington State's LiLA Partnership

In 2006, the Washington State Legislature directed the Workforce Training and Education Coordinating Board (Workforce Board) to conduct a study of financial aid for postsecondary workforce education students. The study found that while the Legislature increased investment in student financial aid and the capacity of postsecondary programs, there weren't enough practical pathways for working adults to realize their educational goals.

In December 2007, the Higher Education Coordinating Board released the 2008 update of Washington's *Strategic Master Plan for Higher Education*. The plan calls for "more portable and flexible options for promoting and financing skill upgrade training and professional development" and specifically calls for an investigation into whether Lifelong Learning Accounts (LiLAs) should be implemented statewide.

In January 2008, a LiLA Partnership group was formed to begin developing program policies and implementation strategies. Stakeholders include the Office of the Governor, Workforce Board, Association of Washington Business, Pacific Mountain Workforce Development Council, Health Work Force Institute, Higher Education Coordinating Board, Department of Community, Trade and Economic Development, Washington State Labor Council and the State Board for Community and Technical Colleges. These stakeholders are actively engaged in and fully support the LiLA program.

The Association of Washington Business 501(c)(3) Education Foundation will serve as the fiscal agent for the initial LiLA Pilot Program, and Pacific Mountain Workforce Consortium will serve as program Administrator. As fiscal agent, the Education Foundation will serve as trustee for all employee and employer contributions. The Program Administrator will market LiLA's to employers and employees; process employer registrations; facilitate employee enrollment; direct developments of employee Career Development Plans; arrange for or provide employee career advising; and authorize AWB to make payments to participants for approved education and training activities.

4.0 Benefits to Washington State

The Washington State LiLA Partnership supports a statewide LiLA initiative because of the many ways it reinforces the link between Washington's workers and the businesses and industries that depend on an educated, well-trained workforce. By focusing on employees who typically are not eligible for financial aid or public workforce development funding, LiLAs can help more workers receive valuable education and training. Currently, a significant percentage of incumbent workers do not take advantage of employer-provided tuition reimbursement if they must pay the up-front cost themselves. LiLAs are structured to make it easier for more workers to take advantage of education and training by helping defray the upfront costs of education and allowing the workers to save over a period of time for their out of pocket expenses. This gives Washington businesses a competitive edge.

A LiLA account gives employees an immediate financial incentive to participate in education and training programs, because an employer match maximizes their own contribution. LiLAs can help motivate employees considering further education to move forward and invest in their future. LiLAs help businesses invest in their workforce and become more competitive in the labor market. They provide controlled and affordable benefits for employers and create a workplace climate that helps attract and retain talented employees. At the same time, employers reap the benefits of a more highly skilled workforce.

5.0 Employer Registration

To register for the Washington State LiLA Program, employers should follow these steps:

Step 1: Obtain information about the Washington State LiLA program by accessing the LiLA website (www.lila.wa.gov) or by calling the LiLA Program Administrator, Martin McCallum at 360.586.0151. Requests can be made to schedule a meeting at your workplace to learn more about the LiLA program or for assistance with registering your company.

Step 2: Register your company by downloading or completing the *LiLA Employer Registration (Form A)* located on the Washington State LiLA website (www.lila.wa.gov). This form documents your company's criteria for LiLA employee participation, including the maximum annual amount you will match to each employee LiLA account. Also complete the *Employer Letter of Agreement (Form A2)*, *Employer Bank Account Application (Form A3)*, and *IRS Form W-9*. Mail completed forms to:

Note: All employers who submit LiLA registrations through the website will be contacted by a LiLA representative to make sure they understand the program.

Step 3: Schedule an Employee LiLA information meeting to provide information on the LiLA Program and the enrollment process. (Information materials and enrollment forms will be supplied by Washington State LiLA upon submission of the *Employer Registration Form*). Employees will be provided with the following documents:

- *Washington State LiLA Program Overview* brochures
- Copy of the company's benefits policy related to LiLA including the annual match, and when the LiLA benefit will go into effect. (Please consult Internal Revenue Code Section 127 to make sure the company's LiLA benefit meets requirements for Tuition Assistance.)
- *LiLA Employee Enrollment (Form B1)* and *Letter of Agreement (Form B2)*
- *LiLA/West Coast Bank Application (Form C)* and the accompanying *IRS Form W-9* necessary to open a LiLA savings account.
- *LiLA Authorization for Payroll Deduction (Form D)*
- *LiLA Career Development Plan Option (Form E- Step 1)*

Step 4: Implement LiLA Program:

- Return completed employee LiLA enrollment forms to the LiLA Program Administrator.
- Implement the automatic payroll deduction direct deposit process once employees have enrolled in the LiLA program and have returned the direct deposit authorization agreement.

6.0 Employee Enrollment

To register for the Washington State LiLA Program, employees should take these steps:

Step 1: Attend the LiLA information meeting scheduled by your employer to learn about the LiLA program, your company's LiLA benefit criteria, the enrollment process, and to ask questions about the program. If you can't attend an information meeting, your employer can provide you with an information and enrollment packet.

Step 2: Enroll in the Washington State LiLA program by completing and returning the following documents to your employer:

- *LiLA Employee Enrollment (Form B1)*
- *LiLA Letter of Agreement for Account Management (Form B2)*
- *LiLA Bank Application (Form C)*
- IRS Form W-9 necessary to open your LiLA savings account.
- *LiLA Authorization for Payroll Deduction (Form D)*
- *LiLA Career Development Plan Option (Form E-Step 1)*

You can download enrollment forms from the Washington State LiLA website (www.lila.wa.gov). Your employer will forward applications to the LiLA Program Administrator. A completed application is necessary to open a Washington LiLA Account.

Note: *A LiLA Program Representative will contact you before your enrollment is processed to make sure you fully understand the program.*

Step 3: Notification of establishment of your LiLA Savings Account will be sent to you by the LiLA Fiscal Agent, Association for Washington Business (AWB). This information includes your account number. Notification will also be sent to your employer, authorizing direct payroll deposits to your LiLA account

You, the employee, are the sole owner of your LiLA account. Your account will stay with you if you change employers or change your employment status.

Step 4: Complete the employer's direct deposit agreement (If applicable)

Step 5: Create your LiLA Career Development Plan by downloading, reviewing and completing of the *LiLA Career Development Plan (CDP) (Forms E1 and E2)* from the Washington State LiLA website (www.lila.wa.gov) within 90 days of enrollment. **Your "Date of Enrollment" in the LiLA program will be the date on which the Letter of Agreement was signed.** You will be provided two options for completing the CDP: (See Figure 1, page 6)

- **Option A-** Allows you to create a self-directed Career Development Plan using the CDP tool on the LiLA website. Web links to planning resources will help you make informed choices.
- **Option B –** Offers you the opportunity to work with a designated career advisor to help you develop your plan. The LiLA website provides information on contacting a career advisor.

Call the LiLA Program Administrator at 360.586.0151 if you have questions about creating a Career Development Plan, or visit the LiLA website (www.lila.wa.gov).

Step 6: Begin contributing to your LiLA Savings Plan. To participate, employees are required to contribute a minimum of \$20 per month (\$240 minimum annual contribution) through payroll direct deposit. The employer will provide a minimum match of \$20 per month (\$240 minimum annual contribution) to the employee's LiLA

account or the maximum annual contribution amount established by the company.
Employees and employers are encouraged to contribute as much as possible. The greater the monthly contribution, the faster the employee will accumulate funds needed to pay for tuition, fees, books and other education expenses.

Note: *If circumstances arise where you are unable to contribute your monthly minimum amount, please submit a new LiLA Authorization for Payroll Deduction (Form D) to inform your employer that you are changing or suspending your payroll deductions. Reasons for temporarily suspending contributions may include, but are not limited to: a medical situation, financial hardship, or an emergency involving immediate family, spouse or domestic partner.*

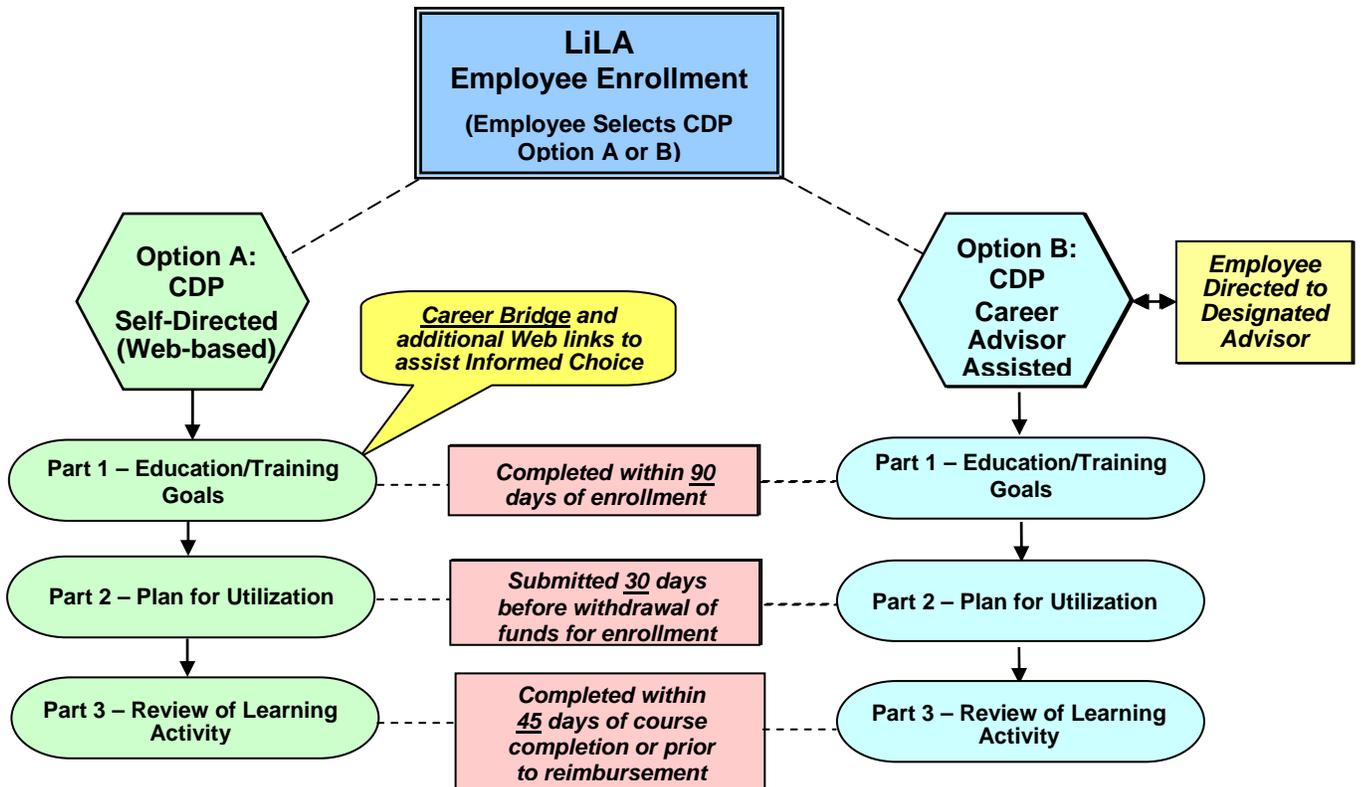
Step 7: Access your LiLA Saving Plan to pay for education or training (See Section 13.0 for details). When sufficient funds are in your Washington State LiLA account to pay for your desired education or training, download and complete *LiLA Career Development Plan (Forms E 1-3)* from the LiLA website (www.lila.wa.gov) and submit the *LiLA Savings Withdrawal Request (Form F)* as instructed to the LiLA Program Administrator. The Program Administrator will confirm that your Career Development Plan (*Forms E 1-3*) has been completed satisfactorily and will forward your request for withdrawal to the LiLA Savings Plan Administrator [Trustee] for payment. Payment will be sent directly to you or educational institution of choice in the form of a check.

Step 8: Managing your LiLA Savings Plan. Only you, the LiLA Savings Plan account owner, may direct deposits or withdrawals from your LiLA account. The LiLA Fiscal Agent (AWB) will provide you with a quarterly account statement. Questions regarding your LiLA account should be directed to LiLA Pilot Program Administrator, Martin McCallum at 360.586.0151.

7.0 Career and Education Planning

Employees participating in the LiLA Program must begin creating their Career Development Plan (CDP) within 90 days of opening their LiLA account. As part of the LiLA enrollment process, employees will select one of two options for completing the CDP. Option A is self-directed by the employee and is intended for those who are clear on their career and education goals, or need minimal assistance. Web links will be provided to assist personal research. Employees who select Option B will be contacted by a LiLA Representative and directed to a designated career advisor for assistance. The advisor will be assigned to the employee at no charge and will help the employee develop a CDP. Figure 1 (below) illustrates the CDP process:

Figure 1



8.0 Washington State LiLA Savings Plan

The Washington State LiLA Savings Plan provides an opportunity for incumbent workers to create accounts which can later be used to pay for approved education or training expenses at any accredited postsecondary educational institution or approved Washington state Eligible Training Provider (See Section 11.0 for details). A list of eligible providers can be found at www.careerbridge.wa.gov.

Employees who decide to participate in the LiLA Program will open a Washington State LiLA savings account for the purpose of investing their contributions and their employer's matching funds. Advantages of the LiLA program include:

- **Access** - Anyone who is at least 18 years old and employed by a LiLA registered employer can open a Washington LiLA account regardless of income. A social security number is required.
- **Ownership** - LiLA account owners retain ownership of all contributions they make to their account. The employer has no subsequent control over how its matching funds are used by the employee for LiLA approved education or training.
- **Flexibility** - LiLA account owners may withdraw assets at the time they are ready to begin the approved education or training program of their choice. LiLA funds can be used to pay for tuition, fees, books, supplies, and equipment required for enrollment or attendance at any eligible postsecondary school in the U.S. or abroad. Special approval must be obtained from the LiLA Program Administrator for use of funds for non-accredited education or training providers, or schools not on the Washington state Eligible Training Providers list.

9.0 Making Contributions to LiLA Accounts

To participate in the Washington State LiLA Program the employee must contribute a minimum of \$20 per month (\$240 minimum annual contribution) through payroll direct deposit. The employer will provide a minimum match of \$20 per month (\$240 minimum annual contribution) to the employee's LiLA account or the maximum annual contribution amount established by the company. If the employer does not have direct deposit, arrangements can be made with the LiLA Fiscal Agent (AWB).

The employee's monthly or annual contribution can be greater than the employer's match.

Table 1 on the following page shows how employer matching funds maximize employee contributions.

Table 1

Three-Year Employee LiLA Account Growth (Cumulative Contribution Examples)				
	Minimum Monthly Contribution	Annual Savings	Optional Monthly Contribution	Annual Savings
Employee	12 @ \$20 =	\$240	12 @ \$50* =	\$600
Employer	12 @ \$20 =	\$240	12 @ \$35** =	\$420
Total Year 1 =		\$480		\$1,020
Employee	12 @ \$20 =	\$240	12 @ \$50* =	\$600
Employer	12 @ \$20 =	\$240	12 @ \$35** =	\$420
Total Year 2 =		\$960		\$2,040
Employee	12 @ \$20 =	\$240	12 @ \$50* =	\$600
Employer	12 @ \$20 =	\$240	12 @ \$35** =	\$420
Total Year 3 =		<u>\$1,440</u>		<u>\$3,120</u>

* Employee contributions greater than \$20 per month are determined by the employee.

** Employer contributions greater than \$20 per month per employee are optional.

Note: Before establishing a Washington State LiLA account, employees should consider their savings objectives and the terms associated with investing in the LiLA Program. A LiLA Savings Account Program Description is available from the LiLA Fiscal Agent (AWB). Please read it carefully.

10.0 Changing Employee Contributions

To change the amount you contribute to your LiLA, or to temporarily suspend payroll direct deposit contributions, complete and resubmit *LiLA Authorization for Payroll Deduction (Form D)* to your employer. Your employer may also require you to submit a new *LiLA Authorization for Payroll Deduction*. When the change takes effect depends on your employer's procedures, typically the next pay period.

11.0 LiLA Funded Education and Training Activities

LiLA funds can be used to pay for qualified higher education expenses at any accredited college, university, community or technical college, private career school or entity on the list of Washington State Eligible Training Providers. This includes accredited public education and training providers and most private career schools in Washington State. If the education provider is not on this list, the employee may request an exception from the LiLA Program Administrator. Exceptions will be granted on a case-by-case basis.

Education and training activities do not have to relate to the employee's current job or next functional position, but must be career-related and aligned with the employee's Career Development Plan.

Approved LiLA education and training activities include:

- Tuition for credit or non-credit courses.
- Distance/online learning courses.
- Certifications and qualifying exams.
- Credit for prior learning assessment (PLA).

- Test-outs, such as the CLEP exam.
- Educational costs for apprenticeship programs.
- ABE/ESL and other remedial courses.
- Books.
- Related supplies and equipment
- Lab or other education-related fees.
- Registration fees for career-related seminars or workshops provided by private or professional organizations/institutions.
- Parking fees (when required by provider).

Education and training programs not on the Washington state Eligible Training Providers list need to be documented in Part 2 of the *Career Development Plan (Form F)* and approved by the LiLA Program Administrator before funds are withdrawn.

12.0 Activities not Funded by LiLA

The following are activities which cannot be paid for through the LiLA program:

- Courses provided by a non-accredited postsecondary institution or entities not on the Washington state Eligible Training Providers list unless approved by the Washington State LiLA Administrator.
- Classes or courses, ...hobbies
- Transportation.
- Equipment not required by the course.
- Child care.
- Food and travel.
- Room and board.
- Voluntary fees including, but not limited to, late fees, transcript fees, athletic fees, healthcare fees and bank finance charges.

13.0 Paying for Education Expenses

The employee has two options to pay for education and training:

Option 1: Request for withdrawal. Employees can request a withdrawal from their LiLA account by submitting *LiLA Savings Withdrawal Request (Form F)* (available at www.lila.wa.gov). Requests must be submitted at least **30 days prior to the registration date** for the education or training activity. If the request is submitted later than three weeks before the registration date, the employee is responsible for any late fees incurred.

The LiLA Program Administrator will approve and forward the request and notify the LiLA Fiscal Agent (AWB) to authorize payment. The employee will be contacted if there are questions or omissions on the form. The LiLA Fiscal Agent (AWB) will combine the amounts of employee and employer contributions and issue payment directly to the account owner or to the institution or provided specified by the account owner.

Option 2: Reimbursement. Under the reimbursement option, employees are reimbursed directly for approved activity expenses up to the amount in their LiLA account. To receive reimbursement, the employee submits *LiLA Request for Reimbursement (Form G)* to the LiLA Program Administrator by mail, fax, or electronically. This form requires the employee to certify that the amount requested is for approved activities.

Employees may submit a request for reimbursement immediately after the costs are incurred. They do not have to wait until the course is completed to be reimbursed for tuition expenses. If

the request for reimbursement meets the LiLA program requirements, the LiLA Program Administrator will forward the request for payment to the LiLA Fiscal Agent (AWB). A check will be issued directly to the account owner.

14.0 Appeal Process

In the event that a request for savings withdrawal of LiLA funds is denied, employees may appeal the decision by submitting a written request to the LiLA Program Administrator to reconsider the request. In submitting the request, employees must provide a written summary of the expenses for which they would like to use their LiLA funds along with an explanation as to why they feel this should be an allowable expense. Request for reconsideration must be submitted within thirty (30) days of the original denial of assistance and should include any relevant documentation to substantiate the claim. The LiLA Program Administrator will initiate a third-party review and notify the employee of the results of the review within seven business days.

15.0 Satisfactory Completion of Education or Training Activities

Within 45 days of completing an Approved Education or Training Activity, the employee must complete *Career Development Plan (Form E4)*. The completed CDP must be accompanied by one of the following documents:

- Copy of a grade report for graded activities.
- Letter provided by the education or training provider.
- Certificate of completion.

16.0 Non-Completion of Education or Training Activities

An employee who is unable or unwilling to complete an Approved Education or Training Activity for which LiLA funds have been withdrawn must notify the LiLA Program Administrator as soon as possible. The employee is expected to reimburse his or her account for the total amount withdrawn.

17.0 Program Discontinuation or Termination

Employees who are unable to continue or do not wish to participate in the LiLA Program, will inform the LiLA Program Administrator of their decision. Employees will be asked to complete a brief exit interview with the LiLA Program Administrator and complete the *Notice of LiLA Completion/Termination (Form H)*.

Once employees have used up their LiLA funds and no longer intend to contribute on a regular basis, they have the option of leaving their accounts open in the event they or their employer wish to contribute again at some point in the future. Employees must inform the employer to stop payroll deductions and the employer match.

If the employer decides to end participation in the Washington State LiLA Program and no longer provides matching funds, the employer must immediately notify the employee and the Washington State LiLA Program Administrator.

18.0 Taxability and Reporting of LiLA Accounts

LiLAs currently do not receive special tax treatment of benefit. In general, employee and employer will use post-tax dollars. However, LiLA contributions may qualify for special treatment under current tax law. Participating employees and employers should consult with their personal tax advisors to discuss the tax implications of participating in the LiLA Program. Employees

starting employment with another participating employer should also consult with a tax advisor to discuss the implications of using any of the carried-over employer matched funds.

On or before January 30 of each calendar year, the Washington State LiLA Fiscal Agent (AWB) will send IRS Form 1099-Q to each account owner for any withdrawals made from a LiLA account in the previous calendar year.

19.0 Program Evaluation

The Washington State LiLA Program includes an evaluation component to measure and communicate its success to employees, employers and state and national stakeholders. All LiLA participants are expected to take part in program evaluation activities. These activities include, but are not limited to, the enrollment process, program participation, engaging in saving and education/training activities, career advising procedures and fund utilization. Periodic surveys, interviews, and/or focus groups will assess participant progress and overall satisfaction. All evaluation activities will be brief and as unobtrusive as possible. All information provided during this process is confidential, as described below in Section 20.0.

20.0 Confidentiality

All employee information gathered by the Washington State LiLA Program is considered confidential and will be used only for evaluation and program purposes. Any private information gathered in the program will only be released in composite or anonymous format or as required by law. Selected activities in the Washington State LiLA Program will be reported only in aggregate form and will not include individual names or other identifying information. The Washington LiLA Saving Plan Administrator [Trustee] will not disclose any nonpublic personal information about current or former participants/customers to anyone, except as permitted by law.

21.0 Contact Information

For further information, or questions about enrollment please contact:

Washington State LiLA
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Attn: Mike Brennan, LiLA Program Administrator
P.O. Box 43105
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