Lifelong Learning Accounts Demonstration

Interim Report One
Final

Prepared for
The Ford Foundation

Prepared by:

Public Policy Associates, Incorporated

119 Pere Marquette Drive

Lansing, MI 48912-1231

(517) 485-4477

Fax: 485-4488

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Preface

This report presents the interim findings of an evaluation of the Lifelong Learning Account (LiLA) Demonstration, an initiative undertaken by the Council for Adult and Experiential Learning (CAEL), a nonprofit organization recognized nationally as a leader in developing innovative strategies to strengthen the relationship between education and employment:

> CAEL pioneers learning strategies for individuals and organizations. We advance lifelong learning in partnership with educational institutions, employers, labor organizations, government, and communities. CAEL works to remove policy and organizational barriers to learning opportunities, identifies and disseminates effective practices, and delivers value-added services.[1]

This commitment to lifelong learning extends to CAEL's workplace: "CAEL is dedicated to making our own workplace a model of lifelong learning, mutual respect, and commitment to our vision."[2] Thus, an emphasis on program evaluation and continuous improvement is consistent with CAEL's overall approach to leadership and operations.

CAEL is involved in a wide range of activities whose common theme involves improving adults' access to continuing education, improving the relevance of education and training to the workplace, and increasing the number of low-income adults who improve their skills, and in so doing, increase their employability in today's ever-changing economy. With an annual budget of just under $16 million, CAEL works with actors of all shapes and sizes, including federal, state and local governments; public and private training providers; foundations and other not-for-profit entities; labor and business organizations; and individual businesses.

[1] CAEL, http://www.cael.org/AboutUs/MissionStatement.asp, January 23, 2004.
[2] Ibid.

Experience in Offering and Coordinating Adult Education Programs

As one of the more prominent organizations in the field of adult workforce training, CAEL is well situated to develop and manage a demonstration along the lines of the LiLA project. Their work has included projects that deliver training and retraining services for adults, as well as research and policy development activities designed to advance our understanding of how these services can be improved. CAEL's activities include the following:

- *Joint labor-management training fund.* CAEL began its involvement in workforce development activities through the UAW-Ford "Nickel Fund," established in 1982.

- *Managing retraining activities.* In the period 1996-97, the jeans manufacturer Levi Strauss chose CAEL to manage a national program to assist as many as 12,000 factory workers who lost their jobs as the company closed two thirds of its North American plants. Illustrating the target group that CAEL typically works with, a sizable portion of the affected workers were sewing machine operators needing to learn basic skills and English in order to improve their chances of finding employment at comparable wages in today's economy.

- *National workforce training policy.* In conjunction with the National Center on Education and the Economy and Jobs for the Future, CAEL published a paper, "Toward a National Workforce Education and Training Policy."

- *Community college partnerships.* CAEL played a lead role in "Increasing Opportunities for At-Risk Workers: Educational Partnerships Between Community Colleges and Employers," a project focused on enhancing partnerships to help low-income adults earn certificates or degrees that will lead to additional educational attainment and career advancement. One key component was the emphasis on portable credentials to improve the workers' chances of staying with a particular employer during an economic downturn, and to increase the likelihood that a worker could move laterally to an employer by demonstrating their skills and abilities to other employers.

Thus, from both an operational and policymaking context, CAEL is uniquely situated to undertake the Lifelong Learning Accounts Demonstration.

About This Project

The LiLA Demonstration project grew out of a planning grant from the Ford Foundation, and was initially supported through internal funding from CAEL. CAEL sponsored a series of design workshops to obtain advice and enlist support from a broad range of organizations, including the National Association of Manufacturers, American Society for Training and Development, and other entities. Information developed through these discussions and other research formed the basis for CAEL's proposal to Ford for this project.

In addition to funding from the Ford Foundation, this project is receiving financial support through contributions from the following organizations: Annie E. Casey Foundation, Bank of America Foundation, Chicago Community Trust, City of Fort Wayne, Olive B. Cole Foundation, Friedman Family Foundation, Richard and Rhoda Goldman Fund, Grand Victoria Foundation, Evelyn and Walter Haas, Jr. Fund, Walter and Elise Haas Fund, Hewlett Foundation, Indiana Department of Workforce Development, Indiana Northeast Development, Levi Strauss Foundation, Lincoln Financial Group Foundation, Noble County Community Foundation, Northeast Indiana WIB, Polk Bros. Foundation, Steuben County Community Foundation (donor-advised account), and the Verizon Foundation.

Evaluation

Public Policy Associates, Inc., a national public policy research, development, and evaluation firm, located in Lansing, Michigan, was selected to conduct an evaluation of the LiLA Demonstration program. This interim evaluation report summarizes the lessons that have been learned through the initial phase of LiLA implementation.

Introduction

This section puts the Lifelong Learning Accounts (LiLA) Demonstration in a historical context, reviews the basic components of the LiLA model, and describes the basic contours of the evaluation.

The Council for Adult and Experiential Learning

The Council for Adult and Experiential Learning (CAEL) is a nonprofit organization committed to providing better access to education for adults through partnerships with business, government, labor, and higher education. By working toward accessible lifelong learning for all adults, CAEL helps to generate important benefits for the individual, organizations, and communities as a whole, such as improved productivity, increased college enrollments, better job security, and employability. CAEL's involvement in the LiLA project is a natural extension of its experience and an expression of the importance it places on the development and testing of innovative means of overcoming barriers to continuing education and training for adults. The LiLA project grew out of CAEL's desire to increase the number of low-income adults who participate in job- or career-related education and training activities. Major support for the LiLA project, as well as funding for this evaluation, comes from the Ford Foundation.

General Objectives of the LiLA Program

By focusing on operational activities at the micro level, primarily among employers and workers, the LiLA project is designed to provide information on micro impacts as well as policy information at the macro level. At the micro level, the project is a universal access program that aims to increase funding for career-related education and training for all levels of incumbent workers, but particularly low-income adult workers, and to increase small businesses' support for such activities. At the macro level, the project seeks to develop a better understanding of the environment that will support such goals for workers and businesses.

As stated in CAEL's application to the Ford Foundation, the goals of the Demonstration are to:

> Refine a model of Lifelong Learning Accounts that: can be administered with minimum bureaucracy, at relatively low cost, through established account management systems; makes education and training accessible to low-wave workers and that meets the needs of small and mid-sized businesses to provide employee education benefits; and can be operated on a larger national scale.[3]

CAEL has stated its ultimate policy goal as the enactment of federal legislation that would give tax breaks for LiLAs and allow small businesses to claim tax credits for their contributions. The lessons learned through the LiLA Demonstration, particularly as they relate to the research question about taking LiLAs to a national scale, will help inform these discussions.

Being aware that most employer-provided education and training benefits are open to and/or typically used by managers and technical staff, CAEL looked for ways to increase access for other workers. CAEL's experience in managing joint employer-worker assistance programs such as the Nickel Fund raised their awareness that some lower-level workers in some industries had opportunities to use employer-provided training benefits. However, many other lower-skilled, lower-wage workers in companies of various sizes either did not have access to such benefits or encountered restrictions on the types of training covered. CAEL considered various models that would increase and leverage training resources, and how using those resources to offer access to education and training would enhance lower-wage workers' career opportunities and increase employer involvement in worker education and training.[4]

The basic target of the LiLA Demonstration is low-income workers and smaller employers, but also employers of any size who typically offer limited training benefits for low-income workers. As discussed later in this report, this focus helped to determine industry sectors selected for the Demonstration, but the focus did not result in an arbitrary narrowing of worker eligibility to participate.

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[3] CAEL proposal to the Ford Foundation (June 21, 2001).

[4] In this report, we use the term "LiLA employee" refers to an individual who is eligible for and has enrolled in a Lifelong Learning Account savings plan funded through this Demonstration. The term "worker" typically refers to the larger pool of individuals in the labor force, without regard to their LiLA status.

In its original proposal to the Ford Foundation, CAEL describes LiLAs as follows: "LiLAs are universal, portable, self-managed educational advancement accounts for adult workers funded by individuals, employers, and public sources . . . . These accounts will be similar in many ways to Individual Development Accounts, but the sharper focus on education and training responds more directly to employer needs."

LiLAs in Context

The general trend in education and training programs over a decade has been to increase the customer's responsibility for career decisions, while simultaneously increasing the tools and information resources available for the individual to improve the decision-making process. A number of approaches have been proposed and tested on specific populations and situations. These are described below.

Individual Development Accounts

Michael Sherraden in his book *Assets and the Poor* introduced the concept of Individual Development Accounts (IDAs) in 1991. It was his contention that while the federal government subsidizes assets for the non-poor (home mortgage deductions, preferential capital gains, pension fund exclusions), it penalizes asset accumulation by the poor by denying eligibility to welfare recipients whose assets exceeds $1,000 limitations. He argues that low-income people need productive assets if they want to get out of poverty and achieve economic self-sufficiency.

Federal funding for IDAs comes through the Assets for Independence Act (P.L. 106-285 of 1998). Under the Act, participants who are eligible for Temporary Assistance for Needy Families (TANF) are automatically eligible for IDAs; others can become eligible by meeting a net worth test. Use of these funds is contingent upon raising an equal amount from private sources to match participant savings. Federal funds in any one IDA cannot exceed $2,000 per individual (and $4,000 per household) over the course of the program. Federal funds can only be paid to the asset provider (e.g., the university or mortgage lender). Non-matched withdrawals can only be for emergency purposes, and participants must be in the program for six months before any withdrawal is permitted.

A six-year multisite evaluation of a national demonstration of IDAs was completed in 2002. The study found that participants accumulated approximately $700 per year in IDAs. Twenty-eight percent used their withdrawals for home purchases, 21% for postsecondary education, and 18% for home repairs. Ninety percent of the participants worked or were students, and 78% had full- or part-time employment. Recent research has also revealed that states are having a difficult time securing the required match, especially in the economic downturn of the last few years. Some states are using TANF and WIA funds to help create IDA accounts. However, these federal sources of funds cannot be used as a match for IDA accounts.

Individual Learning Accounts, England

A project of very similar design was tried in England, although CAEL staff report that the project had little if any impact on the design of the LiLA Demonstration.[5] A major trial for Individual Learning Accounts (ILAs) was begun there in 1998 with the goal of improving the basic skills of millions of people. The initiative was launched through a competitive solicitation that resulted in projects at 30 locations involving 150 colleges and training providers. The project aimed for creation of 9,500 accounts and 100,000 "training units." Results, however, fell far short of goals. Fewer than 1,900 individuals opened accounts, roughly 20% of the target. Some 14,000 training units were generated; this only comprised 14% of the initiative's goal. Approximately two-thirds of the participating institutions did not recruit any adult learners.

The low take-up rate did not prevent the English project from achieving other goals, however. The evaluation does conclude that the goal of reaching low-income adult workers was achieved. More successful project sites tended to rebrand the ILA to identify it as a local product and promotional literature was typically simple and easy to understand. Those sites also tended to have good working relationships with existing publicly funded training programs. Finally, flexibility in course offerings, particularly regarding their beginning dates, timing, and locations

[5] Much of the discussion of the English experience is drawn from the evaluation report of their demonstration activities, *Evaluation of the Pathfinder Individual Learning Accounts Initiative*, issued by the Furthering Education Funding Council, Coventry, England, 2001, which may be found at http://www.lscdata.gov.uk/documents/othercouncilpublications/other_pdf/evaluation_pathfinder.pdf.

appears to correlate with increased project success. For example, offering classes on the employer's premises was identified as a success factor.

ILAs were launched nationally in September 2000 following their inclusion in a learning and skills bill. One of the primary goals of the program was to open up the learning market and to place as few restrictions as possible on what people could choose to learn, placing purchasing power and consumer choice in the hands of learners, particularly low-income individuals with a need to improve basic reading, math, and technology skills. ILAs were intended as a mechanism to encourage wider choice and innovation in the delivery of training and to attract new providers. The program theory held that ILAs would support improvements in the training market as account holders and their funding would flow away from inefficient and ineffective providers to make room for new providers and stimulate innovative approaches to serving the needs of nontraditional learners.[6]

From a personal investment perspective, ILAs were intended to give learners greater control over their development but also to increase their sense of responsibility to make informed choices among training providers and programs. Consequently, ILAs functioned as a payment mechanism, but did not guarantee the quality of learning.

The program was universally available for all over 19 years of age. One of the immediate challenges that the government encountered in launching the initiative came from financial institutions, where there was little enthusiasm for maintenance of high volumes of low-value transactions. In addition, extensive market research found that individuals were not attracted by the notion of savings accounts solely for learning. Consequently, it was decided to keep the concept of the individual accounts, but to offer discounts on the cost for learning as the incentive to encourage individuals to register for ILAs. The program emphasized the need to work with intermediaries (unions, employers, and information, advice, and guidance practitioners) to ensure that the accounts were in continuous use and to minimize the number of dormant accounts.

[6] "Mechanisms for the Co-finance of Lifelong Learning," Second International Seminar: Taking Stock of Experience with Co-finance Mechanisms. OECD Learning and Skills Council and the European Learning Account Network, November 2002.

The national initiative was successful in generating demand for ILAs—in fact, the demand exceeded all expectations. However, the program was ended when widespread, serious fraud was discovered. Details on a revised program have not yet been released.

In early 2002, a subsequent pilot, known as Small Firm Learning Accounts (SFLA), was initiated. The Small Firm Development Account (SFDA) builds upon the SFLA concept, focusing on use of ILAs among owner managers and employees in companies of 5 to 49 people. This program is intended as a business development tool and features the identification and development of a Learning Champion within a business that provides internal capacity for advice and guidance on workforce development matters. A package of financial support rewards the company for developing the Learning Champion and producing the development plan. Additional financial support is provided to pay for 50% of training costs, within a cap that is part of the program design.[7] An evaluation of the effectiveness of these programs has not been completed.

Individual Training Accounts

Established under the Workforce Investment Act (WIA) of 1988, Individual Training Accounts (ITAs) are the preferred vehicle for participants to acquire job-related training or retraining. One-Stop customers use ITAs to select training programs from an eligible training-provider list intended to help customers make informed choices.

WIA allows state and local workforce boards to determine many aspects of how ITAs are implemented. They can, for example, determine which occupations are designated as “in demand,” thus making training for those occupations eligible for ITAs; set the amount and duration of the ITA; allocate funding to ITAs; and determine which categories of customers would have priority to receive ITAs. This flexibility means that ITA systems look quite different from one state to another and from one local workforce board to another within a state. Funding, however, has been exclusively confined to federal funds allotted through the Workforce Investment Act.

[7] Center for Enterprise, “The Small Firm Development Account: Policy Briefing Note,” March 2002.

Enhanced Individual Training Accounts

The Workforce Investment Act was originally authorized for a five-year period. Legislation to amend and extend the Act is proceeding through Congress. The language on ITAs is one area of change under consideration. The U.S. Department of Labor has proposed that the breadth of ITAs be enhanced to stimulate more use of this mechanism. Called "career scholarships" or "enhanced ITAs," the revised vehicle would allow funds to be collected from a variety of sources—individuals, employers, and other programs—to be used to support the training needs of customers of the One-Stop system funded through the WIA.

Enhanced ITAs might provide several benefits for workers, employers, training providers, and others with an interest in workforce development. Creation of long-term career plans, supported by ongoing guidance from case managers, is a service that few employers or other funders can offer. This increases the odds that the enhanced ITAs would become a magnet for funds from a variety of public and private sources. Such accounts could also be available for workers after their eligibility for participation in WIA-funding training has concluded. The longer duration of individual training programs, support for multiple training episodes, and continuation of the accounts for many years—even after reemployment occurs—are likely to make enhanced ITAs an attractive mechanism for funding career training throughout adulthood.

Personal Reemployment Accounts

Under a proposal unveiled by the Bush Administration in the spring of 2003, Personal Reemployment Accounts (PRAs) could supplant individual unemployment compensation for some dislocated workers.[8] States would have the option of offering PRAs to the following groups of unemployed workers:

- New or existing unemployment beneficiaries who are identified as "somewhat to very likely to exhaust" unemployment benefits.
- Former unemployment insurance (UI) claimants who have exhausted all their benefits within the three months prior to the effective date of the enactment of the program and who meet

[8] U.S. Department of Labor, http://www.doleta.gov/reemployment/Reemployment_index.cfm, January 2004.

one of the following criteria: (1) are successfully enrolled in training and need extra support to complete training or (2) have worked in industries or occupations that are declining or no longer functioning in the local labor market (within the past two years).

States would be able to target this flexible new benefit to those individuals most in need of help in getting back to work by offering PRAs of up to $3,000, based on the specific conditions in each state. The accounts would give eligible unemployed workers the power to purchase training, supportive services (e.g., child care or transportation), and intensive services (e.g., employment counseling or case management). The accounts would be administered through the One-Stop Career Center system, and individuals would be given broad flexibility to purchase the services of their choosing, within limits designed to prevent abuse. Thus far, legislation to authorize PRAs has not passed Congress.

Past Experience Suggests Challenges for LiLA Implementation

The difficulties inherent in implementing a lifelong learning account program should not be understated. Most understanding of these challenges comes from the English experience with ILAs and from U.S. projects involving IDAs. The low-income target population is typically reluctant, and in many cases unable, to save; a significant portion work two jobs and/or have personal obligations that limit the time they can spend in the classroom. In addition, the target group members often lack the information necessary to make informed choices about which training may be appropriate to their skill levels and job aspirations. Smaller employers face financial constraints similar to their low-wage employees, limiting their ability to support worker training, and these employers often express concerns about their “free-rider” competitors who could benefit from the training they support for their workers.

The LiLA program design reflects an awareness of this experience and these concerns. As tested in the Demonstration project, LiLAs differ from the vehicles described above. When appropriate, features have been incorporated into the design in an attempt to address the limitations evidenced by these other mechanisms.

Design of the LiLA Program

The relative complexity of the program required the establishment of a series of relationships for participants, employers, financial institutions, career advisors, local program managers, and training providers. Experience in implementing these relationships has resulted in modest changes to the design and approaches to saving and training. This section deals with five key dimensions of program design:

- Employers
- Participants
- Funding
- Career Advising
- Payment Mechanisms

Employers

LiLAs require participation by employers to succeed. At a minimum, employer involvement requires allowing CAEL to communicate about LiLAs to their workers, providing some form of payroll deduction to facilitate participants' savings, and perhaps most importantly, making financial contributions matched to employees' savings. When employers agree to participate in the LiLA program, they chose the number of employee "slots" that they are willing to support through their matching funds. An employer has to agree to match the dollar amounts deposited by employees. One obvious benefit to employers of participating in this Demonstration is the addition of an outside match, which doubles the employer contribution and allows LiLA employees to accumulate substantial additional funds for training.

For employers to be willing to participate, they must see some benefit in their participation, either in terms of self-interest or broader societal values. Industry sector, economic trends, competitive pressures, the availability of appropriately skilled workers in the local labor market, and similar factors are likely to affect a company's willingness to be part of the program. Beyond making the minimal commitment to the project, employers that opt into the program may choose to actively encourage workers' participation, provide information on their jobs and skill needs, and, if sufficient worker interest materializes, increase the number of slots they are willing to fund within the overall limits of the Demonstration.

LiLA Employees

After employers agree to be part of the LiLA Demonstration, arrangements are made to inform eligible workers about the program, answer their questions, and accept registrations. Employees are provided information on the LiLA program through brochures and orientation meetings. Enrollment is often on a first-come, first-served basis, although attempts are made to ensure that lower-income workers have an ample opportunity to consider participation.

Although the primary goal of the LiLA program is to provide an incentive for lower-income workers to save for education and training (and ultimately experience wage improvements), the program is open to all employees in an effort to avoid the stigma of a program for low-income individuals only. This universal access feature seems to have been an important selling point for some employers, whose interest in supporting continuing education for upper-echelon employees may have been a factor in their assession to the program. Individual LiLA savings requirements are relatively modest (a minimum of $120 per year), thereby allowing even low-wage workers the opportunity to participate in the program.

Funding Through Matched Savings Accounts

The LiLA is a type of savings account in which funds are held by a bank, and the account is overseen by CAEL. LiLA employee and employer funds are deposited into a unique account to cover allowable training expenses (see Payment Mechanisms and Allowable Uses of Funds section, page 16). Participants make contributions each pay period, and employer-matching contributions are required on a quarterly basis.[9] Lump-sum deposits are also allowable. LiLA employees and employers receive quarterly account statements showing updated fund balances.

[9] As described in the "Employer Participation Letter of Agreement" (Form AA), revised September 26, 2003. Per the agreement, the exception to employer quarterly contributions is when a participant opts to enroll in training mid-quarter. Funding and account management are discussed more fully in the Findings section of this report.

As mentioned above, the minimum annual participant contribution is $120; the annual maximum is $500.

For every dollar contributed by an employee, three dollars of non-employee matching resources are available: the employer match (one dollar) and the outside funder match (two dollars). LiLA employee contributing the maximum of $500 would have $2,000 per year in LiLA funds to support his or her training plan.

According to project literature, employees and employers committed to two years of contributions, and LiLA employees have three years to use the funds. Matching funds are available for two enrollment years, and it is possible that matching funds would be extended for an additional year.

Career Advising

One critical component of the program is that the LiLA employee must meet with a career advisor prior to using funds for training activities. The LiLA employee and the advisor create an Individual Learning Plan (ILP). The LiLA employee and advisor review interests and options and consider potential training providers.

CAEL's proposal describes LiLAs as providing an avenue for low-income workers to access education and training activities in order to achieve career advancement. The general sense of the proposal is that the use of LiLA funds will emphasize career ladder-type training for workers who want to move ahead with their current employer.[10] In fact, at implementation, the project allowed LiLA employees' training choices to be expanded considerably beyond those that might be relevant to their current employment situations. For this project, in considering their training options, LiLA employees and their career advisors are allowed to operate on the principle of individual choice. Training does not have to be related to a participant's current occupation, and

[10] The inference that most LiLA-funded training would be germane to the LiLA employee's current employment/employer is based on the two examples provided on pages 9 and 10 of CAEL's proposal, as well as the absence in the document of any discussion as to the provision of training outside the context of the LiLA employee's current employment/employer.

employees are free to pursue any career-related education and training consistent with their qualifications and goals.[11]

Career advisors are designated as the intermediaries to work with LiLA employees; they discuss career plans, identify educational options, and develop ILPs. In this way, the advisors serve as information resources and coaches, while encouraging LiLA employee ownership of the plan development process. Furthermore, they help to ensure compliance with LiLA procedures and identify potential process improvements.[12] CAEL reports that career advisors are to follow up routinely with LiLA employees. This follow up may take place during the period three to six months after the ILP is developed to provide assistance as necessary. However, in some circumstances follow up may occur later, depending on individual circumstances. It is intended that these interactions be documented in case files for the LiLA employees.

Payment Mechanisms and Allowable Uses of Funds

The LiLA project operates with two basic options for paying for approved training:

- A voucher-style payment mechanism is in place for training providers who accept CAEL vouchers.
- For other training providers, the worker must pay the tuition and fees, and CAEL reimburses the employee.

Funds may be used to meet training and education expenses. Eligible uses include books, computers and software (when required for course work), fees and tuition, supplies, and other materials. Prohibited uses include on-the-job training, exercise courses, transportation, day care, and food.

[11] This is a key component of the LiLA design as implemented in the CAEL Demonstration, the ramifications of which must be explored more fully when considering the possibility of moving the LiLA concept to a larger scale.
[12] CAEL, “Guidelines for LiLA Career and Education Advisor,” revised April 15, 2003.

The performance requirement for the employee is the receipt of a grade of "C" or higher in a graded course or a "Pass" in a pass/fail course. Participants who do not achieve these levels are required to repay the employer and project matching funds in full.

Funds are deposited into accounts held by a financial institution, currently ShoreBank. CAEL serves as custodian on all accounts, combining funds from the three sources (participant, employer, and matching funds from foundations and, in Indiana, from the public sector) into a settlement account in order to provide payment to the training provider.

CAEL has presented a flow chart to illustrate how funds are managed (see Figure 7, page 74).[13]

Lifelong Learning Account as a Tool to Support Individual Adult Learning

Studies have shown that a disproportionate share of employer-funded training goes to higher-echelon employees. Workers at the lower end of the income scale—those for whom a wage gain may make a significant difference in their standard of living—typically have little or no explicit support from their employers to take part in job training or to pursue broader education goals. Many smaller entities lack the vision and sense of obligation to provide significant support for worker education and training, and of those that do, most do not have sufficient resources to get involved in a meaningful way. LiLAs provide an avenue by which workers and employers can jointly contribute to continuing learning activities.

The employer-employee partnership required to bring LiLAs to life has the potential to be a win-win situation in the largest sense. The employer's willingness to invest in a fund that can be used for education and training unrelated to the worker's current job may give workers a sense that the employer genuinely cares about their welfare. The employer's investment may also bring a positive return in terms of improved worker productivity, increased job satisfaction, and improved retention. If LiLAs have a positive impact on employee retention, lower attrition rates

[13] CAEL, Marketing material packet, 2002.

may allow employers to spend less money on recruitment and new-hire training activities, potentially giving employers no less than a 1:1 return on their investments in LiLAs.

As the following scenarios illustrate, the vision of low-income adults successfully saving money for training and using those savings to acquire job-related skills is one that has already been embraced by several LiLA participants.

An office employee who works in a local government agency was interested in advancing within the public sector and recently started her first class in a local master's in public administration program. Her LiLA-funded studies are already paying off, as she just received word of a promotion from an administrative assistant to a division director, a career move that opens up even more opportunities in the future. She believes that a big factor in her advancement is the initiative she showed in furthering her education through her LiLA.

Table server
Chicago restaurant

"Since I work at a restaurant, I don't make a lot of money. Instead of going to school part time [the LiLA] allowed me to go full time. They hooked me up with a counselor from one of the local schools. When I started, I was undecided on a direction. Without the program, I probably wouldn't have made a decision on that.

It meant something to me that [my employer] was willing to invest a little money in my education. At first I was leery about the program; it was like, 'why would someone want to help me [one of the] "little people" with my decision to go to school?' I think that to give somebody the opportunity to make it easier to go to school and become educated, and make somebody who has no interest in education, make a better life for themselves, I think it's a great thing."

A table server at a Chicago area restaurant experienced a distinct improvement in her self-esteem by virtue of the support she received from her career advisor and her employer. She recognized that some of the key components of the LiLA program contributed to her overall success thus far and is thankful for the opportunity to pursue an education in order to make a better life for herself and her family.

An employee in a manufacturing firm in northeast Indiana worked as a machinist when he signed up for a LiLA last winter and was thinking about taking some sales classes in order to advance his career. An accident caused him to go on medical leave from his machinist position. In order to keep working, he accepted a temporary position within the sales department and was then offered a permanent position as a purchasing agent. He is using his LiLA to take a MS Word class and plans to take a course to become a certified purchasing agent. He believes that his willingness to go back to school with the help of the LiLA and his eagerness to learn a new position are the reasons that he received his promotion.

An administrative assistant working at a Chicago area catering company was already a part-time student when he enrolled in the LiLA program. The funds that he received through the match enabled him to accelerate and expand his training courses. In addition, the career advisor helped him identify some lower-cost training programs that fit his needs. In conjunction with learning skills that will help him be a more productive worker for his current employer, he believes that his education and training will open greater opportunities for career advancement in the future, including pursuit of a career goal outside the restaurant industry.

Administrative assistant
Chicago catering company

"I probably would [be taking classes anyway], but it's much easier for me with this program. [My employer] is happy that I'm taking classes because I can use my skills to do my work.

I like the fact that I get money for free, but I like talking to the people—don't remember his name, my advisor. He also helped me in choosing my classes and looking for a cheaper school, so basically it's not all about money; it's about getting advice from the LiLA people.

I took two or three classes I wasn't expecting to take because of money, so that was one thing that happened to me. My budget is much easier, and it helps people finish school and then, probably, get a great job."

These are examples of what is possible through the use of LiLAs. The accounts offer the potential for career advancement to a broad spectrum of incumbent workers. However, these examples are not necessarily representative of the experiences of all LiLA employees.   Indeed, the purpose of the evaluation is to examine the range of experiences with LiLAs in order to develop a full understanding of their usefulness and value.

Sites and Sectors

Demonstration activities in this project take place at three sites—Chicago, northeast Indiana, and San Francisco. Four sectors are involved: the restaurant and food service industry in Chicago, the public sector (local government) and manufacturing in northeast Indiana, and the health care sector in San Francisco. These areas and industries were selected because Chicago is where CAEL is headquartered, the mayor of Fort Wayne was a leading advocate of increasing training opportunities for city employees, and CAEL had some pre-existing relationships in San Francisco.

The sectors offer a healthy range of diversity with several critical factors. For example, the restaurant industry and northeast Indiana manufacturing have a preponderance of smaller employers. All of the sectors, particularly health care, have been undergoing restructuring, and changes in job duties and position requirements are fairly common for many incumbents.

Variations in results to date are noted across both sectors and locations. Where appropriate, this report reflects a sector-based approach to evaluation and analysis, often referring to the experiences in the four sectors, instead of at the three sites.

The common thread for project activities in each of the three locations is CAEL, whose leadership in catalyzing interest in the LiLA concept and in pulling together partner organizations to implement the subprojects is evident at each location. Differences in the structure, characteristics, and needs of the four sectors required CAEL to approach the implementation somewhat differently in each situation, but within the model created for the Demonstration. The key factor required to successfully implement the project in each sector was employer outreach and recruitment.

Chicago – Restaurant and Food Services Sector

The initial site identified by CAEL for LiLA activities was Chicago, where interest from the Illinois Restaurant Association (IRA) provided an ideal setting to start the Demonstration. The food services sector, characterized by large numbers of smaller entities and relatively low-wage workers, provides a fertile ground for testing LiLAs. Working with an IRA leadership team comprised of representatives of smaller restaurateurs and some larger caterers, CAEL presented and refined their demonstration model. The IRA assisted in employer outreach, initially through the use of mass mailings. When these efforts failed to produce sufficient employer volunteers, project staff began a strategy to promote the project to employers on a more individual basis.

Northeast Indiana – Public Sector

The City of Fort Wayne became involved in the project through the leadership of the city's mayor, with strong support from the chair of the Workforce Investment Board. These individuals had been exposed to the idea through workshops and other contacts, and the mayor was interested in establishing such a project in Fort Wayne. The president of the North East Indiana Central Labor Council (AFL-CIO) was a strong advocate for creating a demonstration in the public sector. Since he also serves as a member of the City Council of the City of New Haven, he was in an especially good position to assist in outreach to the city government. One of CAEL's local contacts also helped to generate interest among other communities.

Northeast Indiana – Manufacturing Sector

The same person manages the manufacturing sector aspect of the project in northeast Indiana, so her role spans both sectors. In this case, critical support was provided by Indiana Northeast Development (IND), which sponsored breakfast meetings for employers to get the word out to the manufacturing sector. The Fort Wayne Chamber of Commerce also assisted in the effort to notify employers of the opportunity.

San Francisco – Health Services Sector

In San Francisco, Jewish Vocational Service (JVS) serves as the lead organization for implementation, in collaboration with CAEL. JVS's existing contacts with employers helped with employer recruitment, assisted by CAEL and the City College chancellor.

Evaluation Overview

This description of the evaluation approach draws heavily from the Evaluation Design Report prepared by PPA. A brief summary of key aspects of the evaluation design is provided below.

Evaluation Questions

The evaluation is framed by two sets of evaluation questions. One set focuses on the strategic goals of the Demonstration and the other focuses on the operational goals. The questions related to the strategic goals of the Demonstration are:

- What are the factors that impede individuals from pursuing lifelong learning? To what extent do LiLAs help individuals overcome these barriers?
- Are there other factors that impede the ability of individuals to participate in the LiLA program? If so, are any of the factors related to the design of the program itself?
- Are LiLAs an effective tool for addressing the lifelong learning needs of the targeted population of low-income workers?
- Do employers see sufficient benefits from LiLAs to warrant continued investment in the program?
- To what extent does the financial services sector see a commercial interest in maintaining the LiLA accounts over the medium to long term?
- What are the challenges in taking LiLAs to a national scale?

The evaluation also considers several questions related to the operational goals of the Demonstration. These are:

- *Employer collaboration.* What motivates employers to offer LiLAs to their employees? What role do employers play in recruiting and/or selecting LiLA employees? What benefits do employers expect to receive from their financial contributions to LiLA accounts? To what extent do employers provide other forms of support to enable employees to attend LiLA training programs?

- *Investment level.* What level of investment is made by individuals who enroll in the program? What do individuals consider when deciding how much money to invest in the program? What proportion of LiLA employees invest the maximum amount? What are the characteristics of those who invest the maximum amount? What type of information do LiLA employees receive about their account? Is this sufficient to meet their needs?

- *Individual Learning Plans (ILPs).* What motivates participants to sign up for the LiLA program? Do all enrollees develop an ILP, as the Demonstration design intends? Do they value this tool and in what ways? Who do they consult in developing the plan? Are they provided adequate information, services, and advice for development of the plan? What other sources of information do they use in creating their ILPs? What role, if any, do their employers play in developing the plan? What is the scope of the assessment process for LiLA enrollees? At what stage in the planning process are these assessments conducted? Who is involved in conducting the assessments? How is the information from the assessments used? Does the ILP address the full range of skills needed for job retention and advancement? Is the plan in fact reflected in LiLA participants' choices of training and education?

- *Program administration.* What policies have been developed to govern how LiLA funds may be used? What costs are eligible for payment with LiLA funds? Are computer and other equipment purchases allowed? How are these policies communicated to program participants? What effect do these policies have on training? Does the enrollment and payment process work smoothly for employers, employees, and the bank partner? What information do employers and employees receive regarding the status of LiLA accounts? Is this information sufficient to meet their needs? What information do employers receive regarding the use of LiLA accounts by employees? How do employers use this information?

- *Training and education.* How are training providers and programs identified? Who has the final say on what courses will be taken? How is the quality of training programs determined? At what rate do enrollees complete their courses of study? Are there any barriers to attending and completing the training programs? If so, how are these barriers addressed? To what extent would employees have sought and paid for education and training regardless of the LiLAs (i.e., LiLAs were not the determining factor in their decisions to pursue training and education)? Is the frequency, intensity, and relevance of training and education greater for those with LiLAs and ILPs than for those without? Is there variation in use and duration of education and training by job category, gender, race or other categories? How much do those with LiLAs expend on training and education? How does that compare with the amounts expended by non-LiLA employees? Do LiLA participants have unexpended balances at the conclusion of the research?

- *Job skills, wages, and promotions*. Do those who have had LiLAs, ILPs, and education achieve higher job skills? Do they acquire those skills faster than those who do not have LiLAs? Do they receive wage increases and promotions at a higher rate? To what extent do they and their employers attribute occupational gains in whole or part to the LiLAs?

- *Retention.* Are employees with LiLAs more likely than other employees to remain with the employer who offered this benefit? Do those who have had LiLAs see more promising career paths for themselves than do those without LiLAs? Do the employers share those perceptions and expectations? Are those expectations born out over the ensuing years? Are employees with LiLAs and ILPs more likely to see lifelong learning as a key to future promotions and wage gains than those without LiLAs?

Information Sources

This evaluation seeks to respond to the questions and issues identified above through information collection activities designed to assess process as well as impact. This report focuses primarily on the process of establishing and operating the LiLA programs at each site. Much of the documentation is qualitative in nature, deriving from such sources as key informant telephone interviews, employee focus groups, and observations. This also includes review and distillation of existing written documentation of LiLA policies, agreements, implementation plans, outreach literature, and the like. A significant portion of the information is quantitative, however, such as employee survey results, administrative data about LiLA employees, data on a comparison group of non-LiLA employees, and other performance data gathered through wage record matching. A longitudinal study of LiLA employees and a comparison group of non-LiLA employees will provide further information on the longer-term impacts of their involvement in the LiLA project.

The data frequencies are not included in this report due to the variety of the data and the size of the resulting run. The frequencies can be obtained upon request, however.

Data Collection Methodology

The data collection plan includes the following specific activities for these groups:

- Structured, initial face-to-face interviews and ongoing annual telephone surveys of LiLA employers and a comparison group of non-LiLA employers[14]
- Structured, periodic interviews with project partners (e.g., ShoreBank)
- Structured, periodic interviews with career advisors
- Structured, periodic interviews with CAEL project management staff at all three sites
- Structured, annual telephone surveys of LiLA employees and comparison groups of non-LiLA employees at each site
- Focus groups with LiLA employees and a comparison group of non-LiLA employees during implementation phase (wave one)
- Administrative document review of ILPs and LiLA accounts
- Review and analysis of LiLA employee and comparison group outcome and performance data from employers
- Review and analysis of LiLA and comparison group outcome and wage record data[15]

[14] Interview and focus group protocols are included in Appendix B.

Status of Evaluation Plan Implementation

As the LiLA project evaluation got underway, it became necessary to make an adjustment to the approach originally proposed for the non-LiLA comparison group. As documented in the revised Evaluation Design Report, the planned comparison group of non-LiLA employees of non-LiLA employers was dropped due to recruitment difficulties. While the remaining non-LiLA employee comparison group continues to present some challenges, the evaluation on the whole has proceeded relatively smoothly. This is discussed in greater detail in the Findings section.

[15] Wage record analysis for LiLA participants and a comparison group will be conducted later in the evaluation period. PPA will obtain data that goes back eight quarters prior to enrollment in the LiLA Demonstration for both LiLA participants and members of the comparison group. Both Illinois and Indiana have approved access to the data. Discussions are currently underway with state government officials in California.

Findings

This section summarizes the findings of the interim evaluation of the LiLA Demonstration. The discussion is organized using six primary components of LiLA program development and implementation, including policies and procedures, employer recruiting and retention, employee recruiting and retention, account administration, career advising, and education and training. Due to the staggered nature of implementation across the three demonstration sites (Chicago, then northeast Indiana, and most recently San Francisco) the analysis focuses primarily on the experiences in Chicago and Indiana. Information about San Francisco is included as applicable.

Development of Policy and Procedures

Initial Development Activities

To move the LiLA concept into an operational mode required a continuing effort to refine the model and mold it to real-world conditions. As mentioned earlier, CAEL worked with the Illinois Restaurant Association and some of its members on program design. Industry input was important in making adjustments to marketing processes and general program design.

To help career advisors better understand potential training choices for workers in the food services sector, CAEL developed a career overview of the restaurant industry. This document was reviewed by several employers and employer associations, and later provided to career advisors for use with participants. In contrast, the northeast Indiana approach featured career ladders and training for individual employers in the manufacturing sector. This more customized approach permitted a closer link between career advising and employer needs, but this approach may not be feasible on a broader scale.

Policy and procedures were also developed to govern the roles, responsibilities, and relationships of key players, including CAEL, local project managers, career advisors, employers, participating workers, and the bank that would hold LiLA funds.

CAEL developed documents to ensure clear understandings of the accounts, the account procedures, and the mutual responsibilities of the key parties. Primary among these are the

Employee and Employer Participation Letters of Agreement that define specific roles and expectations for participation in the Demonstration.

In moving the project to northeast Indiana, CAEL built on its experience with the Chicago project, which began operations approximately six months earlier. Some of the administrative procedure structure could be transplanted, other bits needed to be customized or developed from scratch. For example, both sites established and made good strategic use of employer advisory committees to build employer interest in and support of the project, whereas the situation in Indiana required a more detailed policy and procedure manual for the public sector employees.

Particular attention had to be focused on the development of highly detailed operating policies and procedures affecting public sector workers, particularly those in the City of Fort Wayne who make up the majority of the participants in that project. Among the major issues faced were enrollment, fund management, the consequences of dropping out or insufficient participant performance, and the tax consequences for workers related to their receipt of matching funds. These realities forced CAEL to consider the details and impact of some of their procedures, and perhaps led to more efficient processes and a better understanding of procedures among all stakeholders. Based on interviews with public sector human resource directors in northeast Indiana, the City of Fort Wayne's LiLA policy manual has been a useful tool for policy development at their LiLA employer sites.

Project Management and Staffing

CAEL is using a somewhat decentralized approach to the day-to-day operation of these projects, but handles major administrative activities through its Chicago office. This office houses the overall project manager, a staff member who handles the administration of accounts and voucher approval/payment for all three sites, and an administrative support person.

Career advisors have been hired by CAEL specifically for this project. All of the advisors have previous experience working with adult learners in general, including work with low-income incumbent and dislocated workers, making them well suited to provide services to LiLA account holders. The advisors have a degree of autonomy in their approaches to employer and LiLA employee outreach and similar activities, perhaps in acknowledgement of the need to customize approaches to reflect the different needs of the groups being served.

A pair of advisors handles activities in Chicago, working on a part-time basis. In northeast Indiana, a full-time CAEL employee, who formerly worked as a case manager in an area One-Stop, and a part-time staff person are responsible for this function. CAEL's partner in the San Francisco project, Jewish Vocational Service (JVS), handles the career advisory function there. Based upon feedback from the advisors, there appears to be adequate oversight from CAEL and adequate opportunities to interact with CAEL staff regarding administrative issues.

Operational Budget and Administrative Expenditures

In conducting an evaluation of a program that carries the potential for broad-scale national implementation, it is essential to understand the internal costs associated with conducting the program on an ongoing basis. Because of the start-up nature of the LiLA Demonstration, expenditures during the initial phase of the project include one-time development costs such as the creation of marketing materials, policy and procedural guides, staff training, and so on. Over time, the amount of funds expended for these activities should subside, and recurring costs should remain somewhat constant. As the evaluation continues, trends in the operating budget and administrative expenditures will be tracked in an effort to provide some general cost parameters for ongoing program operation on a broader scale.

At this point, CAEL reports that it has not yet developed financial reports that would illuminate this evaluation, but rather has focused on financial reporting for grantors. Some complications cited include multiple funding streams, sites, and fiscal years, as well as differences between the internal financial management needs and data that would be useful to the evaluation. Despite these challenges, CAEL and PPA will work together to extract relevant administrative and program cost data from CAEL's financial accounting system. This topic will be addressed in a separate report that will be issued toward the end of 2004.

Satisfaction with Policy and Procedure Development

As the project was implemented, potential improvements in the initial program design were identified. Feedback from employers and employees suggested that there was a need to simplify and streamline the information-sharing and enrollment processes. Overall, CAEL was very responsive to this input. Instead of multiple sessions, these functions were combined into a single activity so that employees were able to register for the program immediately following information sessions. To the extent that procedural issues were a barrier to enrollment, this step helped to alleviate that problem.

LiLA employees attending one of two focus group discussions on the program expressed considerable disagreement over the rules governing the use of their LiLAs. Specifically, the time limits on use of the funds, and provisions affecting the types of training for which funds could be used were sources of confusion. Although the general consensus was that the participants would contact a CAEL representative to resolve any questions they may have had, the fact that many individuals misunderstood some of the basic rules governing their accounts indicates that opportunities still exist for improvements in the information sharing procedures.

Employees' Understanding of Program Requirements

As described in the Introduction, the evaluation design includes LiLA employees and a matched comparison group of non-LiLA employees. A full discussion of the process of creating this group and a comparison of their characteristics is addressed in the Employee Recruiting and Retention section, beginning on page 51.

As part of the first wave survey, non-LiLA employees were asked if they were aware of the LiLA program being offered at their place of employment.[16] In part, this was to determine whether employers were selective in who was exposed to the program. Among those who were asked, 83% of the non-LiLA employees had heard about the LiLA program. This includes 66% of the comparison group in the restaurant industry, 93% of the comparison group in the public

[16] This question was added to the survey after about 30 surveys had been completed. As a result, responses do not cover all of the non-LiLA employees in the comparison group.

sector, and 95% of the comparison group in the manufacturing industry. While we understand that the public sector made a concerted effort to inform all workers of the LiLA opportunity, which explains the high level of awareness among workers in that sector, the level of awareness within the manufacturing sector is also significant. This is discussed more fully below.

Source of Information

Both LiLA and non-LiLA employees were asked how they learned about the LiLA program. Table 1 shows the unprompted responses respondents gave.

Table 1: How Employees Learned About the LiLA Program
As Reported by LiLA and Non-LiLA Employees*

	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	n=95	n= 88	n=60	n=58	n=55	n= 45	n=210	n= 191
Printed materials	70%	26%	97%	52%	71%	44%	78%	38%
Conversations with HR/manager	52%	11%	33%	12%	51%	29%	47%	16%
Attended a meeting/presentation	72%	10%	93%	43%	78%	29%	80%	25%
Coworker/friend	26%	22%	13%	29%	24%	29%	22%	26%
Do not remember	1%			3%			1%	1%
Only heard recently		2%		2%		13%		5%
Have not heard		25%		7%		4%		15%

*Column totals equal more than 100% because multiple responses were permitted.

Printed materials and presentations were the two most frequently cited means by which both LiLA employees and non-LiLA employees heard about the program. Therefore, it appears that most study participants heard about LiLAs through both sources. Those who became LiLA employees were much more likely to have responded that they attended a meeting, saw printed materials, or had a conversation with a manager or human resources (HR) staff person about the LiLA program. In terms of industry, printed materials and presentations were the most common means for workers in all three sectors to hear about the program, although conversations with a manager or HR staff were also important means of communicating the LiLA opportunity to workers in the restaurant and manufacturing sectors. Surprisingly, word-of-mouth was not a prevalent means of communication, as comparatively few employees learned about LiLAs through coworkers and friends.

Public sector employers were very concerned about equity and wanted to ensure that all eligible workers were aware of the opportunity and could become informed about the program. This concern helps to explain why public sector employees—both LiLA and non-LiLA employees—were more likely than workers in other sectors to hear about the LiLA program through printed materials and formal presentations. In contrast, workers in the other two sectors were more likely to hear about the program through informal means. Possible explanations for the higher reliance on informal methods of communication in the private sector include: (1) it is not as easy to collect private sector workers into a group for presentations due to work schedules, the nature of the work setting, and, in many instances, the absence of an infrastructure to support such sessions; (2) private sector decision makers are less risk-averse than many of their public sector counterparts, and thus more willing to rely on potentially less consistent information sharing strategies; and (3) informal methods may facilitate the targeting of certain workers to encourage them to enroll in the LiLA program. Although firm conclusions are not possible based on the data now available, it is perhaps noteworthy that employee response was generally higher in those establishments that relied on a more formal communications process. A fairly large proportion of non-LiLA employees in the restaurant sector in Chicago (25%) reported that they were not aware of the LiLA program. Because of the typically rapid turnover in this industry, it is possible that these employees were hired after CAEL's outreach had concluded.

Although focus group discussions did not result in broad consensus on the level of management support for the program, there were some indications of strong support from managers at many LiLA employers. In fact, some of the focus group participants who were in management positions expressed the view that they were excited to be offering the LiLA benefit but was surprised that the staff reaction was not more enthusiastic. What is unclear from the available data is the degree to which this support may have been focused on certain employees or certain categories of employees.

Ease of Understanding Information Provided

Respondents who reported that they learned about the LiLA program through *printed materials* or *attended a meeting/presentation* were asked how easy the materials were to understand and how informative the materials and presentations were for them.

Among employees who learned about the LiLA program through *printed materials*:

- All of these employees felt the materials were "somewhat" or "very easy" to understand. This is the same for all sectors and LiLA and non-LiLA employees.

- A total of 65% of LiLA employees in the restaurant industry, 60% in the public sector, and 61% of employees in the manufacturing industry indicated the materials were "very easy" to understand. Thus, literacy appears not to have been as big an issue in the restaurant business as feared. However, this may be an indication of selection bias for both LiLA and non-LiLA employees.

- Interestingly, in the restaurant industry and manufacturing industry, a larger percentage of non-LiLA employees found the materials "very easy to understand": 68% of non-LiLA employees in the restaurant industry and 70% in the manufacturing industry. In the public sector, 57% of non-LiLA employees found the materials "very easy to understand."

Table 2: Ease of Understanding Printed Materials As Reported by LiLA and Non-LiLA Employees								
	Restaurants		**Public Sector**		**Manufacturing**		**Across Sectors**	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=66)	(n=23)	(n=58)	(n=30)	(n=39)	(n=20)	(n=163)	(n=73)
Very easy to understand	64.6%	68.4%	60.3%	57.1%	60.5%	70.0%	62.1%	64.2%
Somewhat easy to understand	33.8%	31.6%	39.7%	42.9%	34.2%	30.0%	36.0%	35.8%
Somewhat difficult to understand	1.5%				5.3%		1.9%	
Very difficult to understand								
Total[17]	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

As shown in Table 3, almost all of the employees indicated that the materials were "somewhat" or "very informative;" however, LiLA employees in the public sector were more likely to view the materials as "very informative." Also at the highest end of the response scale:

- A total of 60% of LiLA employees in the restaurant industry, 69% in the public sector, and 58% in the manufacturing industry indicated the materials were "very informative."

- LiLA employees were more likely to consider the materials "very informative" than were non-LiLA employees. Overall, 63% of LiLA employees, but only 52% of non-LiLA employees, considered the materials "very informative."

Table 3: Informative Printed Materials As Reported by LiLA and Non-LiLA Employees								
	Restaurants		**Public Sector**		**Manufacturing**		**Across Sectors**	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=66)	(n=23)	(n=58)	(n=30)	(n=39)	(n=20)	(n=163)	(n=73)
Very informative	60.0%	57.9%	69.0%	46.4%	57.9%	52.6%	62.7%	51.5%
Somewhat informative	38.5%	42.1%	29.3%	50.0%	36.8%	42.1%	34.8%	45.5%
Not too informative	1.5%		1.7%	3.6%	5.3%	5.3%	2.5%	3.0%
Not informative at all								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

[17] Here and throughout this report, percentages in "Total" columns may not equal 100% due to rounding.

These differences between LiLA and non-LiLA employees suggest that difficulties understanding the written materials may have contributed to initial enrollment levels falling below the project's goals. It is also possible that the attitudes and predispositions toward training and the LiLA concept held by non-LiLA employees affected the way they approached the information sharing process. In other words, individuals who were not open to considering the idea may have spent less time reviewing the materials to find the answers to their questions. It is also possible that the materials themselves fell short of being fully informative about the program or that the information-sharing process could be revised to be more responsive to workers' needs, or both.

The data also suggest that, despite the goal of public sector employers to ensure that all workers have equitable access to the LiLA program, it may be possible to improve the information-sharing process to make it more informative to potential LiLA enrollees.

Understanding of Orientation Meetings/Presentations

Among employees who learned about the LiLA program by attending a *meeting/presentation*:

- All employees indicated that the meeting/presentation was "somewhat" or "very informative."
- Eighty-seven percent of LiLA employees in the restaurant industry, 91% of those in the public sector, and all of those in the manufacturing industry indicated the meeting/presentation was "very informative."
- In the restaurant industry, all comparison group employees found the meetings "very informative." In the public sector and manufacturing industry, workers who were not enrolled in LiLAs were less likely to view the meeting/presentation as very informative; 71% of non-LiLA employees in the public sector and 75% of those in the manufacturing sector indicated the meeting/presentation was "very informative."

Table 4: Informative Meeting As Reported by LiLA and Non-LiLA Employees								
	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=68)	(n=9)	(n=56)	(n=25)	(n=43)	(n=13)	(n=167)	(n=47)
Very informative	86.8%	100.0%	91.1%	70.8%	100%	75.0%	91.6%	77.8%
Somewhat informative	13.2%		8.9%	29.2%		25.0%	8.4%	22.2%
Not too informative								
Not at all informative								
Total*	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

It is important to remember that in Table 3 and Table 4, percentages reflect small sample sizes. Thus, the percentages may overstate variation between LiLA and non-LiLA employees.

Employer Recruitment and Retention

Chicago

According to CAEL's proposal to Ford, a primary reason for its choice of the restaurant industry was its significant number of low-wage workers. At the time the proposal was prepared, CAEL reported that according to the Bureau of Labor Statistics 1997 Occupational Employment Statistics Survey:

- Managers in the Illinois food service industry have an average annual wage of $24,350.
- All other non-management employees range from a low of $12,260 for waiters and waitresses to a high of $23,300 for butchers and meat cutters.
- In Illinois, eating and drinking establishments employ more minority managers than any other private sector industry. Nearly three out of four quick-service operators have recently hired an employee who was a former welfare recipient.[18]

Thus, it appears that former welfare recipients were seen as an important part of the target population for this Demonstration. As implementation proceeded, however, focus on that population appears to have been subsumed under the broader category of low-wage workers.

[18] CAEL's proposal to the Ford Foundation, June 2001, p. 7.

Another factor influencing the choice of this sector was the support CAEL received from the Illinois Restaurant Association (IRA). Employer recruitment was difficult and support from the leading employer group helped to ensure a better reception from employer members to the recruitment effort. In terms of employers actually recruited, however, the impact of this support may have been marginal.

Connections with the IRA provided an initial avenue for recruiting employers to the project in Chicago. In addition to recruiting employers that were members of the IRA's LiLA task force, attempts were made to contact individual restaurants included on IRA's membership list and larger employers, particularly corporations that owned multiple establishments. Companies in the latter group, specifically those with establishments and headquarters outside the Chicago area, proved difficult to reach.[19] Direct mail to IRA members was tried and included letters signed by the Association's president and enclosures describing the program. The letter was first sent in October 2001 and then faxed in January 2002 to 200 restaurants (a sample of 100 small, 50 medium, and 50 large IRA members). After the mailings and faxes, CAEL followed up with 166 employers, making contact with 126. Of those, 37 agreed to a face-to-face meeting. In late February 2002, a second letter was faxed to another sample of 236 IRA members, which resulted in few face-to-face meetings.

Since the mass communication technique produced few positive responses in the restaurant sector, local project leadership realized that other methods were required. The revised approach focused on restaurants at which local managers could make the decision to join the project. It also took on a more personalized tone, with one-on-one requests largely displacing mass mailings. The president of the IRA made personal calls to some of the employers, explaining the project and relating it to other training programs with which the Association's members were familiar, such as school-to-work. CAEL staff visited employers, occasionally joined by the IRA president. One of the more interesting observations from CAEL staff is the involvement of the chef in many restaurants. In many establishments, because the chef is responsible for turning out

[19] Problems included difficulties in reaching the decision-makers in those organizations and, for those firms that were interested in the concept, a concern that offering LiLAs to only a sample of their employees would not be appropriate.

the product, he or she is often in a better position than the manager to know staff training needs. Some managers referred CAEL visitors to the chef during recruitment visits.

In addition to sharing its mailing list and involvement by their president, the Association's board and committees received progress reports on project status. Articles on the project were featured in statewide and local IRA publications. In addition, word of mouth—some of it from IRA members—helped to spread information about the project and generate interest in participating.

Marketing activities related to employer recruitment incorporated messages touting several likely benefits and rationales for employers to participate in the project. Among the benefits cited were:

- Maximizing training dollars
- Boosting retention and recruitment
- Increasing productivity
- Increasing morale
- Externally managed

A total of 19 employers ultimately agreed to participate in the LiLA program in Chicago. Of these, eight are connected to the IRA (four are members of the LiLA task force and four were recruited from the overall IRA membership list). The remaining 11 employers came through other contacts. The take-up rate for IRA members (excluding the task force) was 2%. CAEL staff members believe that the difficulty in recruiting employers was caused, at least in part, by the impact that the September 11, 2001 terrorist attacks had on the hospitality industry. With business travel and tourism down substantially in the Chicago market, they believe that restaurants were less likely to be able to afford to participate in any non-essential activities, including worker training.

It is important to note here that the project did not establish specific quantitative goals for the number of LiLA employers involved in the Demonstration, focusing instead on reaching the targeted number of slots available for employees who were willing to sign up for LiLAs.[20] As a result, employer recruitment was based on gaining agreements to fill 125 LiLA slots in Chicago. As of this writing, 132 slots are allocated to LiLA employers in Chicago.[21] Employer recruitment continued through June 2004 as necessary to fill slots created when employers went out of business, otherwise ceased to participate in the LiLA program, or when their employees left employment or ceased to participate in the LiLA program for other reasons.

Indiana

As noted in the Introduction, the selection of northeast Indiana as a site, and of the public sector as an area of focus, was influenced by the strong support for the lifelong learning concept by the mayor of Fort Wayne. For various reasons, recruitment in Indiana followed a different path than in Chicago. The enthusiastic support of the project from the political leadership in the City of Fort Wayne resulted in an immediate commitment for 50 slots. In addition, although the selection of two sectors (the public sector and manufacturing) to target for recruitment led to a goal of 150 slots (versus 125 in Chicago), each sector was allotted 75 slots. Another major difference was the nature of the sectors chosen. As will be noted in the information on existing employer-provided training benefits, entities in both the public sector and the manufacturing sector are traditionally more likely to provide training than their food service counterparts. Also, CAEL benefited from the lessons learned through initial recruitment work in Chicago. Thus, although business recruitment was not easy, it was less time-consuming in northeast Indiana than in Chicago.

Some of the groundwork for the employer recruitment effort had been laid prior to the official start date of July 2, 2002. Planning and development activities occurred during meetings of northeast Indiana's economic development and workforce development organizations, including Indiana Northeast Development and local Chambers of Commerce. A mass mailing was sent to manufacturers, and personal telephone calls were made to a select group of area manufacturers deemed more likely to participate in the project on the basis of their size, prior involvement in

[20] The relatively small number of employers and their geographic locations limit the generalizability of the findings of this evaluation.
[21] Additional discussion about slots allocated and filled is provided in a subsequent section of this report.

workforce activities, and leadership's location in Indiana. The project was introduced to many of these area employers at a series of breakfast meetings attended by nearly 40 individuals.

The primary follow-up activity after the breakfast meetings included one-on-one calls to employers represented at those meetings. All but three of the firms that agreed to a face-to-face meeting agreed to participate in the project. A waiting list of employers interested in participating in the project exists for the manufacturing sector.

At least two of the employers in the manufacturing sector project heard about the program through nontargeted information-sharing efforts. One of the businesses saw an announcement of the program in a brochure published by the Fort Wayne Chamber of Commerce, and another attended a presentation made by a CAEL representative to the Northeast Indiana Workforce Investment Board. The involvement of the WIB has continued, and the organization now houses the LiLA manager for northeast Indiana, a former One-Stop employee. In addition, the WIB has assisted in the fundraising for the project by requesting and receiving state WIA funds for this project. These funds are being used to match employer and employee contributions to cover participant education and training costs.

This report has already noted the desire by City of Fort Wayne officials to ensure that employees were afforded equitable treatment concerning opportunities to enroll in this project. City officials also expressed concern regarding the potential tax treatment of LiLA benefits. A significant effort was expended to provide city employees with a document that explained the potential tax consequences of their receipt and use of contributions to their LiLAs from the city and external sources. These concerns caused a slight delay in the implementation of the project in Fort Wayne, but allowed CAEL and the employer an opportunity to address an issue that may be relevant in the event that the LiLA concept is taken to a broader scale.

San Francisco

Employer recruitment in San Francisco more closely resembled recruitment in Indiana than in Chicago. Four employers account for the 75 available slots. The University of California, San Francisco (UCSF) is the major LiLA employer. Most of the LiLA employers were informed about the program by staff from CAEL's partner in the San Francisco project, JVS, or by CAEL itself. One was referred by the chancellor of City College of San Francisco.

The targeting of the health care sector in San Francisco is one explanation for why the recruitment process proceeded relatively smoothly. In contrast to the food services sector, most health care jobs require higher levels of skill and more current skills. Continuing worker education and ongoing employee development activities are more likely to be the norm in this sector. As a result, LiLA employers generally saw the project as a good fit with their organizations. In addition, adding the health sector provided another important industry to the mix that was already included in the Demonstration.

Employer Reasons for Participating

Currently, LiLA employers include 15 restaurants, 5 public sector employers, 8 manufacturing employers, and 4 health care employers. In addition, there are 4 restaurants and 1 manufacturing employer that enrolled in the program and subsequently dropped out. Initial interviews have been conducted with 17 restaurants (including the 4 that subsequently dropped), 4 public sector employers, 7 manufacturing employers, and 4 health care employers. Two employers in Indiana (one each in the public sector and manufacturing industry), and 2 in Chicago joined the LiLA program later and were not far enough along in the LiLA employee enrollment process to participate in the initial wave of employer interviews but will be interviewed in the near future.

During the LiLA employer interviews, employers were asked, "What motivated you to participate in the LiLA program?" and were allowed to respond on an open-ended basis. The matching dollars from external sources were mentioned by some employers as an obvious reason to participate in the LiLA program. In addition, three employers in the restaurant and three in the manufacturing sector cited LiLAs as a recruitment tool for new employees.

The majority of employers saw broader benefits for their establishments and for individual employees. Most employers viewed LiLAs as an opportunity to offer employees a low-cost benefit. Responses have been collected through a combination of two data sources: data derived from interviews and data derived from enrollment forms. They show the following:

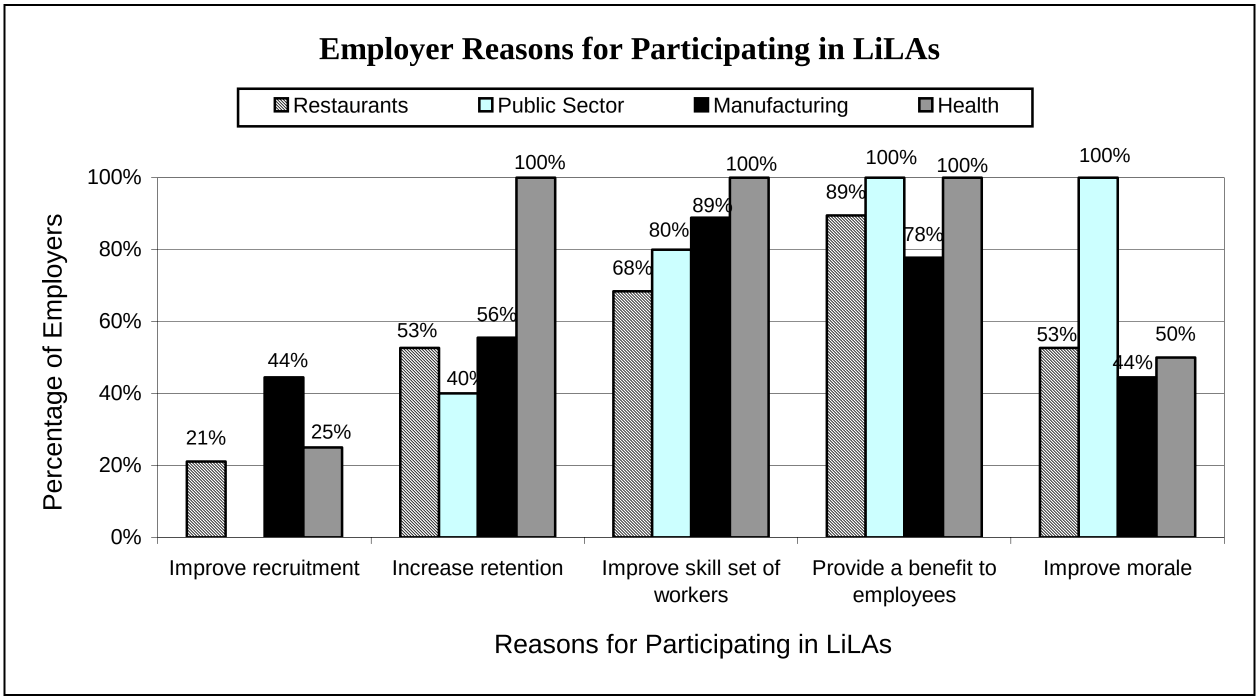


Figure 1

Note: Respondents include 19 restaurants, 5 public sector employers, 9 manufacturers, and 4 health care employers. Employers were allowed to select multiple reasons.

Since the LiLA Demonstration was limited to current workers, it is not surprising that relatively few employers saw improving recruitment as a reason for participating. At least some who cited this reason saw their LiLA participation as a marketable proof-point regarding their commitment to employees. Some expect the program to continue in some form, which might mean that eventually it would become available to new employees.

Several employers mentioned retention of existing employees as a motivating factor during face-to-face interviews. Among restaurateurs, two viewed LiLAs as a way to reward long-term employees and current managers; three others saw LiLAs as a way of building employee loyalty. A similar percentage of manufacturers agreed that retention was a factor. Among health care employers, for whom employee turnover is a very pressing concern, all saw LiLAs as a tool to improve retention. In CAEL's discussions with employers, they also heard increased productivity cited as a factor. Retention appears to be a less significant factor for the public sector.

Support for employee development is a strong value within these organizations. All four of the participating health care employers indicated that improving the skills set of their workers was a reason for participating. A total of 13 of the 19 restaurants agreed. These employers believed that the program would be beneficial to their restaurants regardless of what specific type of training activities the employees pursued. During the initial face-to-face interviews with LiLA restaurant employers, a few pointed out that several of their existing employees were already students, so the LiLA program provided them with extra money to pay tuition.

Employee morale was cited as a factor by more than 50% of employers across all sectors. It may be that, for many employers, this issue is also embedded in the other factors.

In marketing the program to employers, CAEL attempted to promote the career advising activity and resulting Individual Learning Plans (ILPs). Although CAEL staff report that the LiLA employers valued this aspect of the Demonstration, only one, a health care employer, mentioned counseling and ILPs as features that motivated them to participate. While employers may indeed value the career advising, it apparently did not occur to them as a response to this question.

It is difficult to separate out the impact of each of these rationales for employers' opting into the Demonstration, since each explanation overlaps the others to varying degrees. The two most commonly cited reasons—providing a benefit to employees and improving the skill set of their workforce—reflect the mutual benefits of the LiLA program. The former benefits individual workers while the latter provides a potential benefit to employers through enhanced productivity and profitability. These findings suggest that the message about LiLAs to potential employers needs to reflect this complexity—some workers will use LiLAs to directly benefit their employers, some will choose training that indirectly benefits their employers, and others will take training that offers no apparent benefit to their employers. Even in the latter instance, to the extent to which the worker appreciates the benefits he or she receives as an individual, the employer offering the LiLA will be perceived as a better place to work than one that does not.

Employer Feedback on the Recruiting Process

Information from employers provides limited insight into the recruiting process. Discussions with LiLA employers in Chicago showed that employers who signed up for the LiLA program often incorrectly gauged their workers' reaction to the program. Some employers who were concerned about the prospect of an oversubscribed offering and having to ration their slots were chagrined to find slots unfilled due to lack of interest. Other employers anticipated under-enrollment and were pleasantly surprised when more workers registered than there were slots available. Program staff reported that many employers who chose not to get involved in the LiLA project were concerned about cost in terms of both money for paying the employer match and staff time to administer the project. However, a systematic examination of the reasons for nonparticipation is beyond the scope of the evaluation.

In San Francisco, employers were uniformly positive about the role that JVS played in the information sessions. This likely contributed to the response from employees of the USCF, which was much greater than expected. UCSF planned to make a total of 35 LiLA slots available to employees. When 228 employees expressed an interest in LiLAs, the employer created a lengthy waiting list. Due to the strong demand, UCSF is now considering offering other education and training benefits for those who were not selected for the LiLA program. This is an encouraging indication of the direct effect that LiLAs have had on employer behavior in regard to education and training benefits.

Overall, LiLA employers in all sectors have also been positive about CAEL's performance. During interviews, many have praised local project managers at all three sites for their knowledge, enthusiasm, and professionalism. However, one employer felt that of 15 interested employees, 13 decided not to sign up for the program because CAEL's presentation made the program seem too complicated. Another suggested that CAEL should have been better prepared to respond to employer issues such as the tax implications for workers participating in LiLAs.

Employer Training Benefits

Data were obtained from surveys of LiLA employees on the range of employer training benefits available to employees prior to the introduction of LiLAs. Employees were asked to name education and training benefits (other than LiLAs) that were offered to them by their employers. They were also asked about the extent to which they used these benefits. The results are provided in Table 5, below.

Table 5: Employer Training Offered
As Reported by LiLA Employees

	Restaurant		Public Sector		Manufacturing		Across Sector	
	n = 95		n = 60		n = 55		n = 210	
Employer offers any education or training benefit	23%		45%		49%		36%	
Of those with such benefits, type of benefit provided:*								
On-the-job training	68%		30%		26%		40%	
Pay for job-related certifications	50%		15%		26%		29%	
Tuition reimbursement for college courses	9%		4%		30%		15%	
Tuition reimbursement for work-related courses	9%		19%		67%		33%	
Work-related seminars or professional development	5%		48%		7%		21%	
Of those with such benefits, percentage using any:								
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	86%	64%	78%	76%	85%	40%	82%	56%

*Respondents were permitted to name multiple types of training benefits, hence the percentages may exceed 100%.

Overall, restaurants were less likely to offer training benefits than the other sectors. Training benefits were offered to 23% of employees working in restaurants/food services, 45% working in the public sector, and 49% working in manufacturing. Of the employees who reported that benefits were offered, work-related seminars and related professional development topped the list for LiLA employees in the public sector (48%), but only 5% of respondents in the restaurant industry and only 7% in the manufacturing industry reported that this type of training was offered. Compared to the other sectors, restaurant workers cited on-the-job training and pay for job-related certifications much more frequently. Sixty-seven percent of respondents in the manufacturing sector reported that their employers offered tuition reimbursement for work-related courses, whereas just 19% of public sector and only 9% of restaurant sector employees reported this benefit.

In general, data for the restaurant and manufacturing industries shows that LiLA participants in these sectors are highly inclined to take advantage of other training opportunities as well, while those who are not participating in the LiLA program are also unlikely to participate in other training opportunities.[22] In other words, LiLA as well as other training programs in these industries attract a subset of training-inclined participants. In the public sector, LiLA participation does not appear to bear a relationship to participation in other types of training offered. In part, this may reflect the greater use of work-related seminars and professional development courses in this sector.

While employee use of training benefits vary across sectors, the types of training also appear to vary considerably by sector, suggesting some fundamental differences in how work-related training is conducted in different industries.

Summary of LiLA Employer Recruiting

Employer recruitment varied considerably from sector to sector. Differences in industry characteristics appear to explain much of the variation. Recruitment in the restaurant and food service industry in Chicago was very difficult, owing perhaps to the relatively low skills required in many of the positions, the slim history of employers in this sector providing significant training benefits, and the sluggish economy that constricted the revenue stream with which employers might have financed participation in the LiLA program. Recruitment in the other three sectors—manufacturing and the public sector in northeast Indiana and health care in San Francisco—went more smoothly. Reasons for this appear to be a stronger emphasis on training and the acquisition and maintenance of credentials in those sectors (particularly in health care, and to a large extent in manufacturing), the enthusiastic support and sponsorship by local leaders (especially in the public sector), and improvements in recruiting materials and processes that

[22] Among the subset of LiLA participants that have dropped out of the program, use of training opportunities provided by employers was as common or more common than use of training benefits among continuing LiLA participants. However, the data is too limited to draw conclusions about dropouts.

CAEL made in response to feedback from employers. It is uncertain how much recruitment was affected by the wooing of larger firms, but it is worth noting that increased success of recruitment efforts appears to positively correlate with firm size. Local networking seems to be helpful in promoting the concept where a certain receptivity already exists (Indiana and San Francisco), but the active support of the major area trade association was insufficient to overcome barriers to restaurants' participation in Chicago. In all instances, getting the message to the right individual or group in the employer's hierarchy was critical, and an inability to communicate with decision-makers—especially those who were not "local" to the project—meant that the deal could not be finalized. Even in Fort Wayne, the active support of the mayor did not eliminate the bureaucratic steps that were necessary to come to a "yes."

Non-LiLA Employer Comparison Group

Several avenues were used to identify potential comparison group employers. This included direct outreach "cold calls" to Chicago-area restaurants, including some from the IRA membership list that had already turned down a request by CAEL to become LiLA employers. In addition, directories of employers were used to conduct introductory mailings, which were followed by individual telephone calls. Networking strategies included asking LiLA employers for the names of firms with similar characteristics and meeting with local Chambers of Commerce to obtain endorsements and membership lists of area employers in the targeted sectors.

Table 6: LiLA and Non-LiLA Employer Comparison Group Totals*

	Restaurants	Public Sector	Manufacturing	Health Care
LiLA employers	15	5	8	4
Non-LiLA employers	27	0	6	3
Former LiLA employers	4		1	

*As of July 2004.

In developing the comparison group of employers, it has been PPA's goal to recruit at least as many non-LiLA employers in each sector as there are LiLA employers. Beyond the numbers, however, an attempt is being made to recruit firms that are comparable. While this is challenging, efforts to date have been fruitful. In the restaurant and food services sector in

Chicago, the non-LiLA employer comparison group is larger than the LiLA employer group as a hedge to attrition over the span of the evaluation. In northeast Indiana, recruiting efforts for the public sector have lagged due to timing issues, the schedule of the November 2003 elections, and the possibility of changes in local leadership, caused a delay in public sector non-LiLA employer comparison group recruiting. In the health care sector, each LiLA employer suggested a potential comparison group employer and made an initial introduction. As of July 2004, three of the four non-LiLA employers have been recruited.

LiLA and Non-LiLA Employer Comparison Group Characteristics

In order to create the comparison group of employers for the evaluation, PPA sought out other employers in the same sectors and geographic areas. Other factors used to construct the comparison groups include type of organization, years in business, and total number of employees.

Type of Organization. Restaurants can provide a potentially broad range of food services. A comparison of the services provided by LiLA employers and non-LiLA comparison group employers in Chicago is shown in Figure 2.

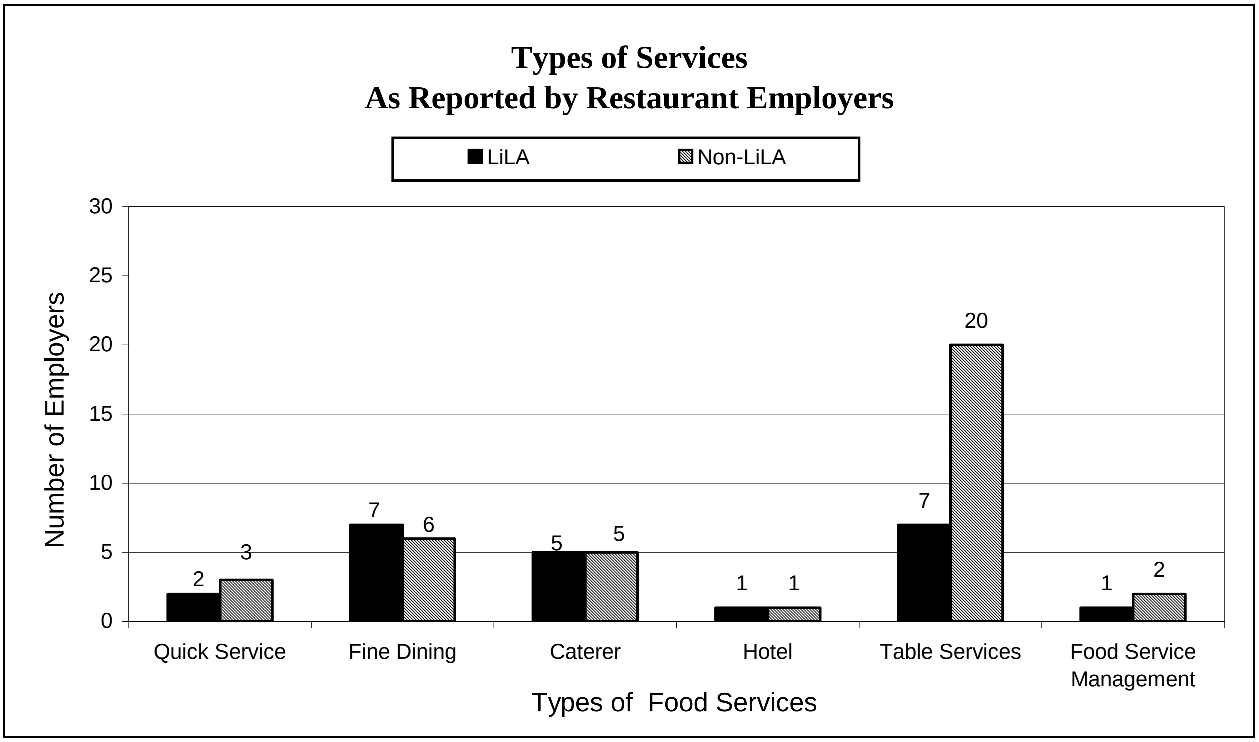


Figure 2
Note: Both LiLA and non-LiLA restaurants offer multiple services. The classification above reflects this.

Of the nine LiLA employers in the manufacturing sector, eight create products and one serves as a staffing firm. All six non-LiLA employers that have been recruited thus far create products. Each of the LiLA employers makes different types of products (e.g., heating coils for various machines, products for automobiles, metal stamping, packaging equipment, etc.). Similarly, non-LiLA employers produce a wide range of products (e.g., weather-stripping, tools, electrical wiring harnesses, specialty molding), most of which are related to the automobile industry. Thus, the employer groups are comparable in terms of a primary focus on production. Future recruiting efforts will focus on inclusion of a staffing firm (if possible).

In the public sector, the non-LiLA employer comparison group is being actively recruited using community size, size of governmental units, and type of workforce as criteria for selection.

As mentioned earlier, each LiLA employer in San Francisco suggested potential comparison group employers similar to themselves, in terms of geography, mission or type of business, years in operation, size, and type of workforce.

Years in Business. The characteristics of LiLA and non-LiLA comparison group employers are similar in terms of number of years in operation. As shown in Table 7, below, LiLA employers in the manufacturing sector are more likely to have been in business for 20 or more years, but all but one of the firms in this sector have been in business for a minimum of 10 years.

Table 7: Years in Business Among LiLA and Non-LiLA Employers*

	Restaurants		Public sector		Manufacturing		Health Care	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	n = 19	n = 24	n = 3	n = 0	n = 9	n = 6	n = 2	n = 3
Less than 10 years	9	10	0	0	0	1	0	0
10 – 19 years	3	8	0	0	2	3	0	1
20 or more years	7	67	3	0	7	2	2	2

*Not all employers in the LiLA and non-LiLA employer comparison groups have provided this information. Missing information will be obtained during the next round of employer interviews.

Employer Size. The size of the Chicago-area establishments, as measured by the total number of employees, was also used as a factor in creating the comparison group. The table below provides a comparison of the overall size of LiLA and non-LiLA employers.

Table 8: Total Number of Employees Among LiLA and Non-LiLA Employers

	Restaurants		Public Sector		Manufacturing		Health Care		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	n = 18	n = 23	n = 4	n = 0	n = 6	n = 6	n = 3	n = 3	n = 31	n = 32
Less than 10	6	5			1				7	5
10 – 49	3	10			1	2			4	12
50 – 99	1	5	2		2	1			5	6
100 or more	8	3	2		2	3	3	3	15	9

*Not all employers in the LiLA and non-LiLA employer comparison groups have provided this information. Missing information will be obtained during the next round of employer interviews.

As Table 8 shows, some differences are evident in a comparison of the employers' size. LiLA employers in the restaurant sector are more likely to be relatively large (100 or more employees) in comparison to the non-LiLA employers in the study. Of the employers that provided this information, 44% of the LiLA restaurants fall into this category, while only 13% of the comparison group is this large. So far, this situation appears to be limited to the restaurant industry.

In addition, there is a relatively large difference between LiLA and non-LiLA employers in the 10- to 49-employee category. Since the evaluation includes an oversample of non-LiLA employers in Chicago, attrition may ultimately reduce the total number of employers in this and other categories.

Employee Recruiting and Retention

Recruiting Targets and Sponsorships

Once employers were signed on and committed to the LiLA program, employee recruitment could begin. The overall recruiting targets are shown in Table 9, below, along with the actual number of LiLA slots sponsored by LiLA employers. Differences between the targets and sponsored slots are attributed to a small number of employers that subsequently dropped out of the LiLA program.

Table 9: LiLA Employee Slots
Targets and Sponsored

	Restaurants	Public Sector	Manufacturing	Health Care
Employee recruiting target	125	75	75	75
Employee slots sponsored	138	75	80	75

Outreach

CAEL used a multistep approach to recruiting employees. First, information on the project was disseminated to employees through brochures and presentations. Next, workers had an opportunity to sign up for the program during an enrollment period. Then, the number of applications received was compared to the number of slots. In instances where the number of applications exceeded the number of slots, CAEL was responsible for selecting the employees to participate in the program.

Eligibility requirements varied by employer but all fell within the model created for the Demonstration. The most common requirements were that an employee work a minimum number of hours per week (usually 30 or 32) and have been employed at the firm for a minimum of six months.

For the evaluation, LiLA employees were defined as those who completed an enrollment form and opened a LiLA account at ShoreBank. Using these criteria, according to the most recent data supplied by CAEL, the status and flow of LiLA employees is shown in Table 10. As the table, indicates, a number of LiLA employees have dropped out of the LiLA program since enrollment. The restaurant sector has experienced a 42% dropout rate and manufacturing a 22% dropout rate. Dropout rates are lower in the public sector and health care (9% and 6% respectively). Based upon information received from CAEL, the reasons for this dropout vary; however, the primary reason is that employees quit or have been terminated by their employers. The dropout phenomenon may be due to a number of factors. Additional insights into employee participation are discussed below.

Table 10: Status of LiLA Employee Slots*

	Restaurants	Public Sector	Manufacturing	Health Care	Across Sectors
LiLA slots filled initially	127	76	77	77	357
(LiLA dropouts)	(53)	(7)	(17)	(5)	(82)
LiLA employees remaining	74	69	60	72	275
LiLA dropout rate	42%	9%	22%	6%	23%

*Data are based upon enrollment figures provided by CAEL and enrollment forms submitted to PPA. Status as of July 2004.

Most, but not all, of the current LiLA employees participated in telephone interviews conducted by PPA. In addition, some, but not all, of LiLA employees who subsequently dropped out of the program participated in the telephone interviews. The table below summarizes participation in the research among all LiLA employees (both current and former).

Table 11: LiLA Employees Interviewed					
	Restaurants	**Public Sector**	**Manufacturing**	**Health Care***	**Across Sectors**
Active LiLA employees	65	53	43	NA	161
Former LiLA employees	30	7	12	NA	49
Total Interviewed	95	60	55	NA	210
Percent Completed	91%	79%	76%	NA	83%
Active LiLA employees not yet interviewed**	9	16	17	NA	42

*Employee interviewing in San Francisco is scheduled to begin in October of 2004.
**Status as of June 2004. Some employees were recruited to join the LiLA program as late as June 2004 and are hence not far enough along in the LiLA employee enrollment process to participate in the initial evaluation interview. These interviews will be conducted in the near future.

Table 12 shows both the number and percentage of current LiLA employees that completed telephone interviews. In each sector in which telephone interviews have been conducted (i.e., restaurants, public sector, and manufacturing), the response rate has met or exceeded 70%. Due to the nature of the LiLA Demonstration, *all* LiLA employees are required to participate in the telephone surveys. CAEL has been cooperative in reminding LiLA employees of this fact. However, if reminders are not sufficient, additional measures aimed at compliance will be taken.

Table 12: Current LiLA Employees Interviewed				
	Restaurants	**Public Sector**	**Manufacturing**	**Across Sectors**
Current LiLA employees	74	69	60	203
Completed interviews	65	53	43	161
Percent completed*	88%	77%	72%	79%

*As of December 31, 2003.

Health care employees will be interviewed at a later date and are not considered in Table 12.

Employee Reasons for Participating

In the LiLA employee survey, employees were asked, unprompted, for the reasons they are participating in the LiLA program. The responses below are based on data from all LiLA employees (current and former). The employees provided various responses. In all sectors, more LiLA employees indicated financial assistance for education and training as motivation for participation more than any other reason. The proportion of LiLA employees giving this response was nearly identical across the three sectors. LiLA employees in the public sector were more likely to mention getting a degree, getting more training, and continuing their educations than were LiLA employees in the other two sectors. LiLA employees in the public sector were less interested in LiLAs as a means of increasing their earning potential or learning new and different skills than were employees in the other two sectors. Notably, two employees in the manufacturing sector indicated that they felt obliged to join the program to please their employers.

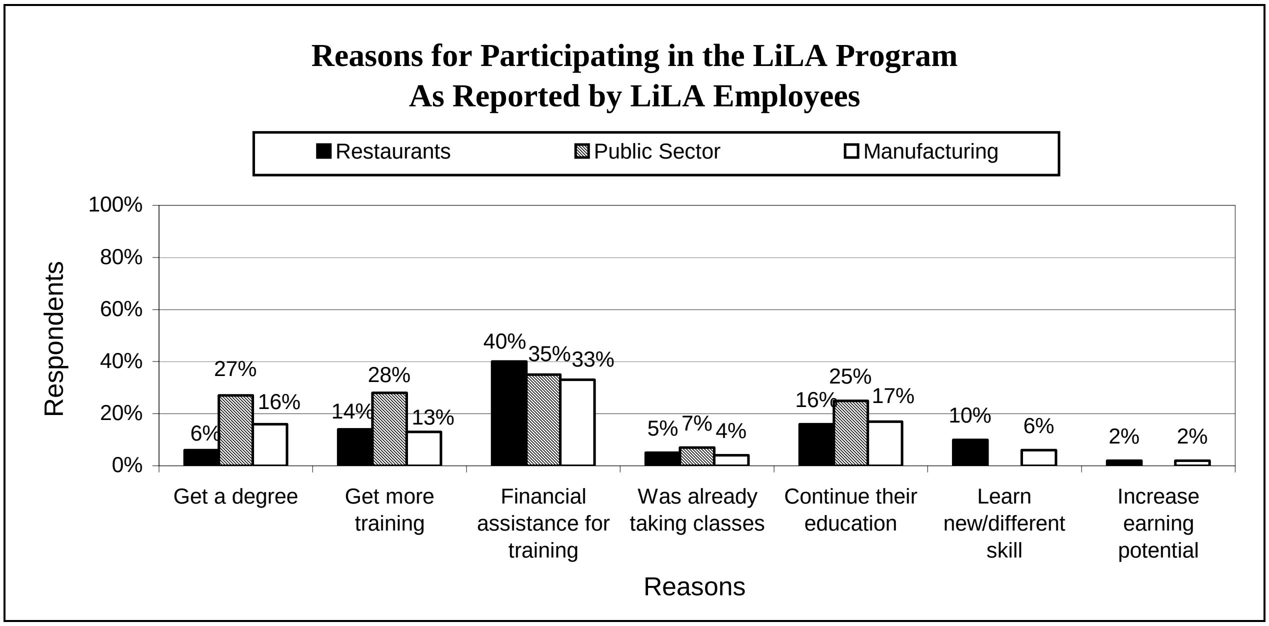


Figure 3

Note: Totals may equal more than 100% because multiple responses were permitted. The health care sector is not included because employee surveys have not yet begun.

Retention

One of the problems encountered in the program is LiLA employee retention. As already noted, some of these workers, particularly those in the restaurant sector, move frequently from one job to another or out of the industry altogether. Retention is a problem in the workplace, and workers' proclivities to "move on" are simply being reflected in the LiLA employee population. Additional workers were included in the non-LiLA employee sample in part to compensate for relatively high attrition rates for that industry.

As of June 2004, a total of 82 LiLA employees have dropped out of the program, including 53 restaurant employees, 7 from the public sector, 17 from the manufacturing sector, and 5 from the health care sector. However, only a small proportion of these employees completed the telephone survey before leaving. Those who did respond gave different reasons for their departure as shown in Figure 4.

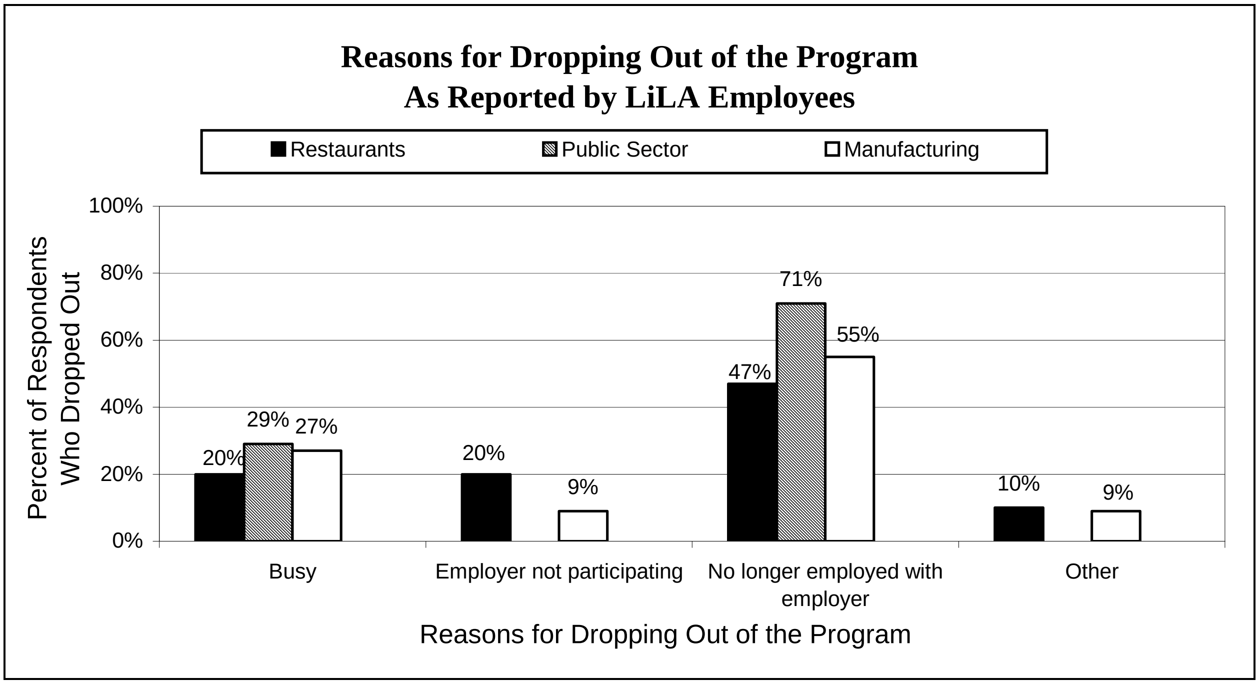


Figure 4
*Responses are from 30 restaurant, 7 public sector, and 12 manufacturing former LiLA employees that completed interviews.

The restaurant sector accounted for about 65% of LiLA employee dropouts. By contrast, this sector initially accounted for about 36% of the total LiLA employees enrolled. As the figure above shows, approximately half of the restaurant sector dropouts were no longer working for the LiLA employer, an outcome that calls into question the value of this benefit as a retention tool for these employers. Although it is important to note that the restaurant industry is known for having a high turnover rate. From this perspective, the dropout rate in the restaurant sector may not be extraordinarily high. In the next round of surveys of LiLA employees, PPA plans to ask about the extent to which LiLAs have encouraged respondents to remain with their LiLA employers. The issue of employee turnover also illuminates the importance of portability of a benefit such as the LiLA, which is not possible in the context of a small-scale demonstration.

Using information from interviews, enrollment forms, and ILPs, PPA was able to obtain information about education levels for 48 of the 82 LiLA employees who dropped out. As Table 13 shows, with the exception of the public sector, LiLA dropouts are distributed across education levels in a pattern similar to LiLA employees as a whole.

Table 13: Highest Education Level Obtained Among LiLA Employees Who Dropped Out of the Program*

	Restaurants	Public Sector	Manufacturing	Across Sectors
	n = 30	n =7	n = 11	n = 48
Less than high school diploma	13%		27%	13%
High school diploma/GED		29%	9%	8%
Some college courses	43%	14%	36%	38%
Vocational degree			9%	2%
Associate's degree	20%			13%
Bachelor's degree or higher	13%	57%	18%	21%
Some graduate courses	10%			6%
Total	99%	100%	99%	101%

*As of June 2004.

Personal annual income for 47 of the 82 LiLA employees who dropped out was obtained. As Table 14 shows, LiLA dropouts are clustered at the lower end of the income level continuum in a pattern similar to LiLA employees as a whole. A full discussion of annual income levels of LiLA employees begins on page 64 of this report.

Table 14: Personal Annual Income Among LiLA Employees Who Dropped Out of the Program*

	Restaurants	Public Sector	Manufacturing	Across Sectors
	n = 29	n = 7	n = 11	n = 47
Less than $10,000	10%		9%	9%
$10,000 - $19,999	17%		9%	13%
$20,000 - $29,999	38%	43%	27%	36%
$30,000 - $39,999	24%	57%	55%	36%
$40,000 - $49,999	7%			4%
$50,000 - $59,999				
$60,000 - $69,999	3%			2%
$70,000 - $79,999				
$80,000 - $89,999				
$90,000 - $99,999				
$100,000 or more				
Total	99%	100%	101%	100%

*As of January 30, 2004.

Table 15 shows the percentage of all LiLA enrollees that have dropped out of the program as of July 31, 2004 by race and by their status as management or nonmanagement personnel. Dropout rates are calculated as the number who have dropped out of the program divided by the number that ever enrolled.

Table 15: Participant Dropout Rate
By Race and Management Position

	Restaurant	Public Sector	Manufacturing	Across Sectors
	n = 95	n = 60	n = 54	n = 209
Race				
Caucasian (n=158)	25.0%	6.5%	18.8%	17.7%
Non-Caucasian (n=51)	45.2%	28.6%	33.3%	39.2%
African-American (n=20)	57.1%	30.0%	33.3%	40.0%
Latino/Hispanic (n=22)	35.0%	50.0%	NA	36.4%
Asian-American (n=2)	100.0%		NA	50.0%
Native American (n=2)	NA	NA	50.0%	50.0%
Multiracial (n=5)	66.7%			40.0%
Company position				
All participants	31.6%	11.7%	20.4%	24.0%
Managers (n=71)	32.6%	16.7%	18.8%	28.2%
Nonmanagers (n=139)	30.4%	11.1%	50.5%	20.1%

As Table 15 shows, the dropout rate has been lower among Caucasian enrollees than among minority enrollees. The reader should note that five or fewer enrollees identified their race or ethnicity as Asian-American, Native American, or multiracial; there are far too few cases to draw conclusions about outcomes by fine-grained ethnic and racial categories. When Caucasian participants are compared to all other participants, the lower dropout rate among Caucasians is statistically significant for all participants and in the restaurant and public sectors. To date, managers have been more likely to withdraw from the program than those in nonmanagement occupations; however, this difference is not statistically significant.

By definition, all of the LiLA employees who dropped out of the program made at least an initial deposit into a ShoreBank account. Many of the dropouts also made subsequent deposits to their accounts prior to dropping from the program. ShoreBank records showed that the restaurant employees deposited a total of $7,470 into their accounts (n = 51), the public sector employees deposited a total of $1,655 (n = 7), the manufacturing employees deposited a total of $3,848 (n = 15), and the health care employees deposited a total of $1,216 (n = 5). However, 24 individuals from the restaurant industry, one individual from the public sector, 7 individuals from the manufacturing sector, and all 5 health care employees did not make any subsequent deposits.

The significant number of dropouts had implications for project operations, as CAEL continued to recruit to replace dropouts with employees from existing LiLA employers and/or to find new LiLA employers. CAEL staff members ended enrollment on June 30, 2004 but maintain ongoing communication with LiLA employers in an effort to keep LiLA enrollment at the targeted levels.

Thus far, the Chicago site has the highest percentage of dropouts. The other two sites have lower dropout percentages but are also in earlier stages of project activity. The relatively high percentage of dropouts in Chicago may signal the possibility of retention problems for other sites as they mature. On the other hand, the rate may simply reflect the reality of the restaurant industry and may not play out similarly in the other industries. Dropout rates require continued monitoring both overall and at the industry sector level.

Non-LiLA Employee Comparison Group

In order to identify non-LiLA employees for the comparison group, PPA worked in collaboration with LiLA employers, first meeting with them to explain the purpose of this activity and then working with them to recruit non-LiLA employees. The non-LiLA employees were selected to match the pool of LiLA employees, as much as possible, in terms of job classification, previous education, tenure with the establishment, age, gender, and race. Following LiLA recruitment, non-LiLA employees were registered for the evaluation.

When recruiting non-LiLA employees, PPA emphasized the need to make a commitment to the entire five years of data collection and permitted employees to sign up for the comparison group regardless of whether they intended to stay with their current employer for the duration of the evaluation. PPA established procedures to update contact information frequently, including gathering alternate contact information for both LiLA employees and the non-LiLA comparison group. PPA also established a toll-free telephone "hot line" that study participants are encouraged to use to update their contact information and to answer any questions they may have about the evaluation. Both English- and Spanish-speaking staff operate the line. Despite efforts to maintain contact with study participants, a certain amount of attrition is inevitable. Consequently, numerous attempts were made to recruit additional non-LiLA employees in Chicago to compensate for anticipated attrition over the course of the study.

LiLA employers were required to assist in recruiting non-LiLA employees for the evaluation. Employers in Chicago and northeast Indiana have complied with requests to distribute information to employees. However, employer support for the evaluation has not been, in itself, sufficient to recruit enough comparison group employees. Despite increasing financial incentives to employers and employees and using a number of different employee outreach strategies, non-LiLA employee recruiting continued to be difficult, primarily in Chicago. The table below includes the comparison group recruiting goal and the actual number recruited to date. The recruiting targets were established during the early phase of discussions about the scope of the evaluation design.

Table 16: Non-LiLA Employee Comparison Group Recruiting Targets and Enrollees*

	Restaurants	Public Sector	Manufacturing	Health Care
Non-LiLA employee target	175	62	63	75
Non-LiLA employees recruited	85	55	44	86

*As of July 2004.

The comparison group serves as a useful tool for identifying how LiLAs impact employee behavior in regard to education and training. Over the course of the evaluation, the comparison group will also be used to track the impact of the LiLA benefit on employee retention and advancement. However, in this early phase of the evaluation, the comparison group is being used to explore differences in perspectives about education and training among LiLA and non-LiLA employees.

Reasons for Not Participating

Non-LiLA employees were asked why they decided not to participate in the LiLA program. Some of the factors that may have contributed to their decision not to participate have already been addressed in the discussion of feedback on CAEL's written materials and presentations about the LiLA program (beginning on page 33). Additional insights were gained through a telephone survey of LiLA and non-LiLA employees. The survey findings are summarized in Figure 5, below. Reasons varied, but the most frequently mentioned reason was that they were too busy with other things and did not have the time to go to school or take classes.

The absence of available slots was cited by 22% of the public sector respondents. This coincides with public sector workers in Fort Wayne oversubscribing available slots and suggests any of a number of possible avenues for additional research (e.g., Do workers in that sector place a greater value on continuing education? Do they have a greater need for continuing education? Was the information campaign for workers in that sector so much more effective than the campaigns in other sectors? Is this related to geography and/or immigration patterns?). A similar oversubscription situation took place in enrollments among health care workers in San Francisco. Employee surveys for the health care sector in San Francisco are slated for September 2004.

Other reasons not shown in the figure below include: too old to go back to school (1% of restaurant employees, 3% of public sector, and 3% of manufacturing), already enrolled in a training program (1% of restaurant industry and 2% of manufacturing), and better financial aid available (1% of restaurant industry, 2% of public sector, and 3% of manufacturing).

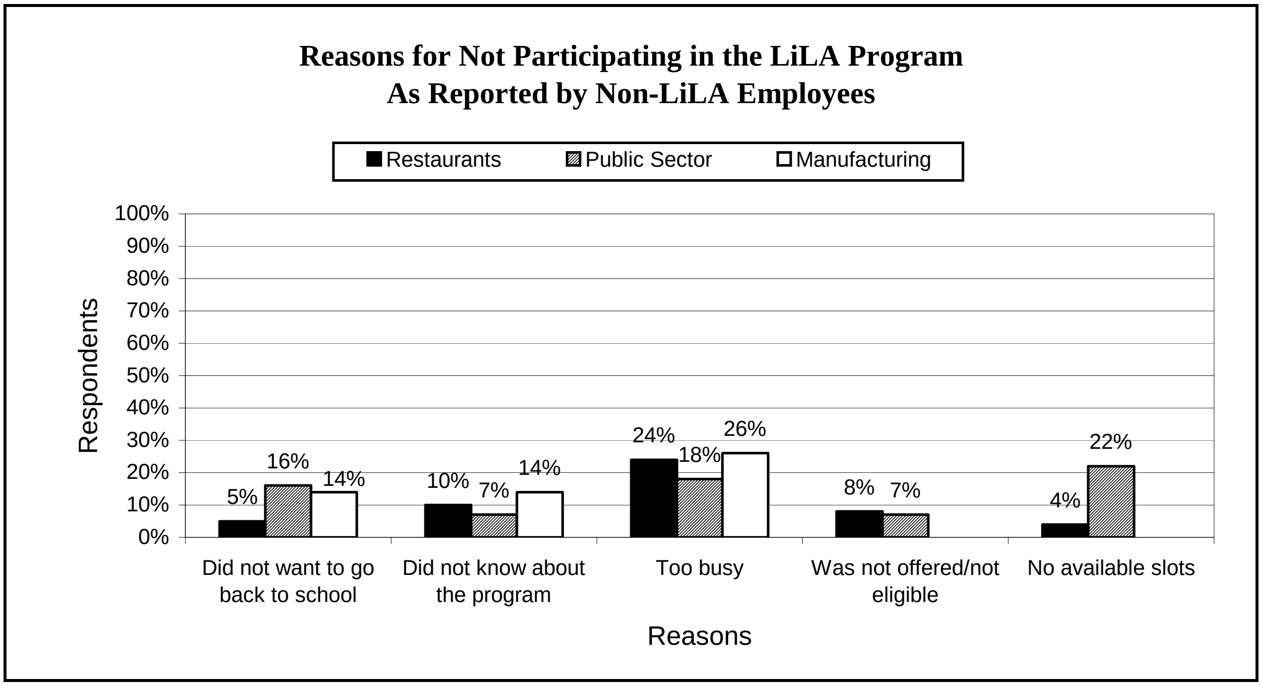


Figure 5

A factor that does not show up in the above chart but is evident from discussions with program staff is that some eligible workers did not become participants because they lacked a Social Security number (SSN). All legal immigrants (i.e., holders of Permanent Residence Visas or "green cards") and legally employed temporary workers are issued SSNs. The absence of a SSN blocks an illegal immigrant's ability to open a bank account.[23] This was primarily an issue in Chicago, and less prevalent in Indiana. It is not clear how much of an issue the lack of a SSN is among those eligible for the San Francisco project. The tentative conclusion is that this is primarily a sectoral issue, one that would affect industries with large numbers of low-skill jobs. Thus, it is a potential factor in moving the LiLA concept to a broader scale, in light of its focus on low-wage workers.

Demographics

Table 17, below, displays information on the education levels of LiLA employees and non-LiLA employees (the comparison group). Noteworthy differences between these groups appear in the restaurant sector: nearly 24% of non-LiLA employees have a high school diploma or less, while only 13% of participants have a high school education or less. In the public sector, more than

[23] Provisions of the Patriot Act of October 2001 require a Social Security number to open a bank account.

77% of LiLA employees have at least a bachelor's degree or some higher education, while approximately 74% of non-LiLA employees have at least a bachelor's degree or some higher education. In the manufacturing sector, those with "some college courses" comprise 49% of LiLA employees, while only 24% of non-LiLA employees fall into this category; manufacturing participants are less likely to have no postsecondary education but are also less likely to have a bachelor's degree or higher than non-LiLA manufacturing employees.

Within the group of LiLA participants, tests were conducted to identify any significant differences in educational attainment between those who have continued participation as LiLA employees and those who have dropped out of the LiLA program. There were no statistically significant differences in educational attainment between current LiLA employees and LiLA dropouts.

Table 17: Highest Education Level Obtained
As Reported by LiLA and Non-LiLA Employees

	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=95)	(n=88)	(n=60)	(n=58)	(n=55)	(n=45)	(n=210)	(n=191)
Education								
Less than high school diploma	9.5%	10.2%	5.0%		7.3%	4.4%	7.6%	5.8%
High school diploma/GED	3.2%	13.6%	10.0%	20.7%	10.9%	28.9%	7.1%	19.4%
Some college courses	35.8%	28.4%	31.7%	36.2%	49.1%	24.4%	38.1%	29.8%
Associate's degree	12.6%	6.8%	3.3%	8.6%	10.9%	8.9%	9.5%	7.9%
Vocational degree	1.1%	1.1%	3.3%	3.4%	7.3%	2.2%	3.3%	2.1%
Bachelor's degree	27.4%	31.8%	38.3%	25.9%	12.7%	31.1%	26.7%	29.8%
Some graduate courses	6.3%		3.3%		1.8%		4.3%	
Graduate degree	4.2%	8.0%	5.0%	5.2%			3.3%	5.2%
Total	100.1%	99.9%	99.9%	100.0%	100.0%	99.9%	99.9%	100.0%

Occupational Groups

PPA also compared LiLA and non-LiLA employees' occupations, defined as management positions or nonmanagement positions. Overall, 34% of the LiLA employees are managers, whereas only 28% of the non-LiLA employee control group works in a management position. Differences between the LiLA employee and non-LiLA employee control groups are greatest in the restaurant industry, where managers comprise a disproportionate percentage of the LiLA employee group, and in the public sector, where the reverse exists. Within the LiLA employee group, managers were slightly more likely to drop out than those in nonmanagement positions, but the distinction is not statistically significant.

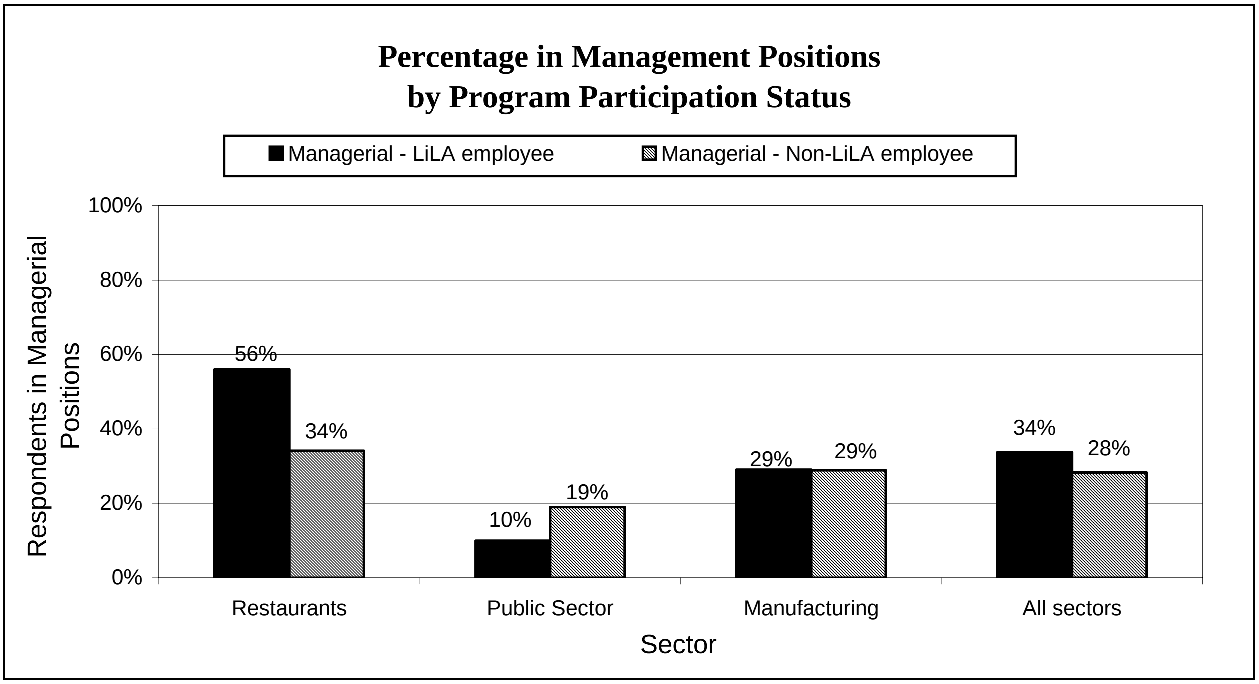


Figure 6

Tenure

Table 18 compares tenure with the LiLA employer among LiLA employees and non-LiLA employees. There is no statistically significant difference between these groups in terms of the average total years of service with the current employer. However, the table shows that LiLA employees may be disproportionately drawn from the group of employees of mid-range tenure—those with at least three years of service but not more than 20 years. The relationship between tenure and participation is likely to involve factors of age, managerial status, and others.

Table 18: Number of Years With Current Employer As Reported by LiLA and Non-LiLA Employees

	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=95)	(n=88)	(n=60)	(n=58)	(n=55)	(n=45)	(n=210)	(n=191)
Less than 1 year		4.5%	1.7%	1.7%	0.0%	4.4%	0.5%	3.7%
1- 2 years	18.9%	34.1%	10.0%	19.0%	16.4%	20.0%	15.7%	26.2%
3 – 5 years	34.7%	25.0%	30.0%	22.4%	36.4%	33.3%	33.8%	26.2%
6 – 10 years	36.8%	20.5%	26.7%	24.1%	27.3%	31.1%	31.4%	24.1%
11-20 years	7.4%	14.8%	25.0%	17.2%	20.0%	8.9%	15.7%	14.1%
21-30 years	2.1%	1.1%	6.7%	13.8%		2.2%	2.9%	5.2%
More than 30 years				1.7%				0.5%
Total	99.9%	100.0%	100.1%	99.9%	100.1%	99.9%	100.0%	100.0%

Income

Because the project includes an emphasis on low-income workers, the extent to which low-income workers are represented in the LiLA and non-LiLA employee groups was reviewed.[24] First came the question of how to define "low income." Ideally, this definition would be provided as part of the design of the Demonstration; however, no specific definition was developed as part of the original CAEL proposal to the Ford Foundation. During the briefing with the Ford Foundation on April 8, 2004, the low-income standard for purposes of this study was set at 200% of the federal poverty guideline, which translates to $18,620 for an individual. This figure is the same across the country and is not adjusted by region. Whether an individual lives in a relatively rural area in northern Indiana or an area with a high cost of living such as the San Francisco Bay area, the wage standard remains the same. While less than ideal, this measure provides a common point of comparison between sites. Several other approaches to comparing wages are used below to provide alternate perspectives on wage levels.

Three potential definitions of low-income status are used in this report: personal income below 200% of the federal poverty guideline for a single person (or $18,620), household income below

[24] As stated in CAEL's proposal to the Ford Foundation, "low-wage workers are not the only population at risk; human capital obsolescence puts a significant portion of the working population at-risk as well. Employers, employees at all levels, policy analysts, and public officials are beginning to recognize that skill development is critical to our future economic well being. Thus we have an unprecedented opportunity to develop a systemic approach to lifelong learning that includes all citizens and does not leave low-wage workers to a second rate, second chance system." June 2001.

200% of the federal poverty guideline adjusted for household size, and hourly wages below $8.95 per hour. The following sections present income data using all three measures and conclusions that speak to both the measurement issues and the degree to which LiLAs are serving low-income workers.

Personal Annual Income. Both LiLA and non-LiLA employees were asked to provide their current salary or wage. Employees working on an hourly basis were asked to provide the number of hours worked per week, and an estimated annual income was calculated based on their hourly rate and hours worked per week (assuming a 52-week work year). Table 19 summarizes these data as estimated annual income. As this table indicates, about 47% of LiLA employees earn less than $30,000 per year and 94% earn less than $50,000 per year. Employees in the restaurant sector (both LiLA and non-LiLA employees) reported less income than those in the other sectors; however, reported income for restaurant employees may not encompass tip earnings.[25] Earnings across LiLA and non-LiLA employees are roughly comparable in the public and manufacturing sectors, but non-LiLA restaurant employees earn significantly less than LiLA employees in this sector do, with the greatest discrepancies stemming from the low LiLA participation rates of workers earning less than $10,000 per year.[26]

[25] The question asked of respondents was, "What is your wage or salary?" No standard formula exists to calculate an accurate percentage of tip-based income, and it is not clear what fraction of restaurant workers earn tips, or among these, what fraction included a tip estimate in their reported earnings. In the future, with the use of wage record data, PPA may be closer to an accurate estimate for employees who earn part of their income through tips. Hence, data for the restaurant sector should be viewed in the light of possible changes with the incorporation of tip earnings.
[26] More than half of restaurant workers reporting income of less than $10,000 per year are part-time workers.

Table 19: Estimated Personal Annual Income As Reported by LiLA and Non-LiLA Employees*

	Restaurants**		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=93)	(n=78)	(n=60)	(n=56)	(n=55)	(n=42)	(n=208)	(n=176)
Mean annualized income	$29,455	$22,394	$33,300	$34,988	$31,133	$33,098	$31,008	$28,956
Minimum reported	$3,856	$858	$26,042	$9,360	$7,072	$14,820	$3,856	$858
Maximum reported	$100,000	$90,000	$47,070	$64,300	$65,000	$80,000	$100,000	$90,000
By bracket								
Less than $10,000	12.9%	35.9%		1.8%	1.8%		6.3%	16.5%
$10,000 - $19,999	18.3%	14.1%		1.8%	7.3%	2.4%	10.1%	7.4%
$20,000 - $29,999	25.8%	12.8%	38.3%	19.6%	29.1%	42.9%	30.3%	22.2%
$30,000 - $39,999	18.3%	20.5%	46.7%	55.4%	45.5%	31.0%	33.7%	34.1%
$40,000 - $49,999	14.0%	10.3%	15.0%	16.1%	10.9%	16.7%	13.5%	13.6%
$50,000 - $59,999	4.3%	3.8%		3.6%	3.6%	4.8%	2.9%	4.0%
$60,000 - $69,999	2.2%			1.8%	1.8%		1.4%	0.6%
$70,000 - $79,999	2.2%						1.0%	
$80,000 - $89,999	1.1%					2.4%	0.5%	0.6%
$90,000 - $99,999		2.6%						1.1%
$100,000 or more	1.1%						0.5%	
Total	100.2%	100.0%	100.0%	100.1%	100.0%	100.2%	100.2%	100.1%

*As of July 2004. Some respondents refused to provide this information during the telephone survey. Data will be available in the future through wage records.
**Employee tips may not be included depending on respondents' interpretation of income questions.

Annual Household Income. Table 20 summarizes the annual household income as reported by LiLA and non-LiLA employees. Household income was reported strictly on an income-bracket basis. As expected, there is a substantial shift upward. Only 23% of LiLA employees report household income of below $30,000, compared with 26% of non-LiLA workers. Fifty-eight percent of LiLA employees report household incomes below $50,000 per year, versus 94% who report personal incomes below that level. One notable difference across sectors is in high-end earnings in the restaurant industry: 20% of LiLA employees and 15% of the non-LiLA employee control group in the restaurant industry report household incomes of $90,000 or more, while only 1% and 3%, respectively, report personal incomes above those levels. This implies that restaurant workers may live with others who contribute substantially to household income, such as spouses or parents.

Table 20: Household Annual Income As Reported by LiLA and Non-LiLA Employees*

	Restaurants**		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=89)	(n=66)	(n=60)	(n=51)	(n=55)	(n=40)	(n=204)	(n=157)
Less than $10,000	1.1%	6.1%		2.0%	1.8%		1.0%	3.2%
$10,000 - $19,999	9.0%	15.2%	1.7%	15.7%	5.5%		5.9%	6.4%
$20,000 - $29,999	15.7%	15.2%	15.0%	21.6%	18.2%	20.0%	16.2%	16.6%
$30,000 - $39,999	15.7%	16.7%	40.0%	23.5%	30.9%	30.0%	27.0%	21.7%
$40,000 - $49,999	5.6%	13.6%	10.0%	11.8%	10.9%	5.0%	8.3%	14.6%
$50,000 - $59,999	9.0%	4.5%	10.0%	11.8%	7.3%	12.5%	8.8%	8.9%
$60,000 - $69,999	9.0%	6.1%	8.3%	2.0%	12.7%	12.5%	9.8%	9.6%
$70,000 - $79,999	11.2%	4.5%	8.3%	3.9%	10.9%	10.0%	10.3%	5.1%
$80,000 - $89,999	3.4%	3.0%	5.0%	3.9%	1.8%		3.4%	2.5%
$90,000 - $99,999	6.7%	4.5%	1.7%			2.5%	3.4%	3.8%
$100,000 or more	13.5%	10.6%		3.9%		7.5%	5.9%	7.6%
Total	99.9%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%

*Some respondents refused to provide this information during the telephone survey.
**Employee tips may not be included depending on respondents' interpretation of income questions.

Hourly Wage. One of the aims of the LiLA program as described by CAEL is to target individuals who have incomes at the lower end of the spectrum relative to the overall wage range for the organization. Table 21 shows LiLA and non-LiLA employees' estimated hourly wage range. The estimated hourly wage reflects the reported hourly wage (for hourly workers) or the annual wage divided by 2,080 hours (for salaried workers). Overall, LiLA employees are less likely than non-LiLA employees to fall into the lowest wage category, but this trend is driven entirely by LiLA employees in the restaurant industry earning a subminimum wage for tipped employees. Within the manufacturing and public sectors, non-LiLA employees are slightly more likely to be high-wage earners than are LiLA employees.

Table 21: Hourly Wage Rate As Reported by LiLA and Non-LiLA Employees*

	Restaurants**		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=89)	(n=66)	(n=60)	(n=51)	(n=55)	(n=40)	(n=204)	(n=157)
Mean wage	$14.39	$11.49	$16.04	$16.92	$14.73	$15.49	$14.96	$14.17
Minimum reported	$2.30	$2.69	$12.52	$7.50	$7.80	$9.00	$2.30	$2.69
Maximum reported	$48.08	$43.27	$22.63	$30.91	$31.25	$38.46	$48.08	$43.27
By wage category								
Less than $5	8.6%	28.2%					3.8%	12.5%
$5 to less than $10	19.4%	20.5%		1.8%	14.5%	4.8%	12.5%	10.8%
$10 to less than $15	31.2%	19.2%	41.7%	30.4%	40.0%	45.2%	36.5%	29.0%
$15 to less than $20	21.5%	19.2%	50.0%	51.8%	36.4%	40.5%	33.7%	34.7%
$20 to less than $25	10.8%	10.3%	8.3%	10.7%	7.3%	2.4%	9.1%	8.5%
$25 to less than $30	3.2%			3.6%		4.8%	1.4%	2.3%
$30 to less than $35	1.1%			1.8%	1.8%		1.0%	0.6%
$35 or more	4.3%	2.6%				2.4%	1.9%	1.7%
Total	100.1%	100.0%	100.0%	100.1%	100.0%	100.1%	99.9%	100.1%

*Some respondents refused to provide this information during the telephone survey.
**Employee tips may not be included depending on respondents' interpretation of income questions.

Low-Income Target Population. Table 22 combines the data on personal income, household income, and hourly wage presented above and presents the fraction of LiLA and non-LiLA employees that would be defined as low-income workers using the three different ways of comparing income to the low-income standard defined as $18,620 or its hourly equivalent. The table also calculates the fraction of workers in each sector failing *any* of the three income standard measures and the fraction failing *all* of the income standard measures.[27]

[27] Discerning readers may note some discrepancies between the line items relative to a single income standard and the summary statistics for the proportion of workers with income below *any* or *all* standards. For example, 10.3% of public sector workers in the LiLA program have household incomes below 200.0% of the federal poverty guideline (adjusted for household size), but only 10.0% of public sector workers had incomes below any standard. What happened to the missing 0.3%? Mild discrepancies such as this are a function of missing data and how it is treated. In the public-sector case, two LiLA participants refused to provide their household income but did provide a personal salary. Both met the hourly and personal annual income thresholds and thus met the two thresholds for which data is available. They are included in the calculation of percentage below *any* standard, but were not included in the calculation of percentage below the household income standard.

Table 22: Service to Low-Income Populations								
	Restaurants		**Public Sector**		**Manufacturing**		**Across Sectors**	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
Below personal annual income standard	24.7%	50.0%		3.6%	7.3%	2.4%	13.0%	23.9%
Below household annual income standard	11.2%	24.6%	10.3%	10.0%	18.2%	25.0%	12.9%	20.0%
Below wage standard	21.5%	44.9%		1.8%	5.5%		11.1%	20.5%
Below any standard	29.5%	54.5%	10.0%	8.6%	21.8%	25.0%	21.9%	33.7%
Below all standards	4.2%	5.7%		1.7%	1.8%		2.4%	3.2%

Table 22 shows that the methodology for computing income is indeed both important and troublesome. Restaurant employees were quite likely to have *personal* incomes below the low-income thresholds but far less likely to report *household* incomes below the low-income threshold. Conversely, public sector and manufacturing employees rarely reported *personal* incomes below the low-income standards but were much more likely to report *household* incomes below the low-income standards. It would appear that restaurant workers offset lower *personal* incomes via participation in combined households with additional incomes, whereas manufacturing and public-sector employees stretch their incomes to serve dependents. Another possible contributing factor may be that personal earnings for restaurant employees are underreported due to the difficulties in calculating tip income, or that restaurant workers are more likely to hold second jobs than workers in other sectors. These factors would result in an overstated prominence of low-income workers in the restaurant sector when *personal* income (hourly or annual) is used as the standard.

In the case of restaurant workers, then, a question remains: Is personal income underreported, or do restaurant workers offset low personal incomes by living in more affluent/combined households or working second jobs, or both? Of the 183 workers in the restaurant industry in the participant and control groups, 42 employees, or 23%, have a job title that indicates strong potential for tip earnings (waiter, waitress, server, or bar staff). Of these, all 42 reported their incomes using an hourly wage figure, and of these, 38, or 90%, reported an income below the hourly standard. Table 23 recalibrates the data on income excluding tipped employees.

Table 23: Service to Low-Income Populations Excluding Tipped Employees								
	Restaurants		**Public Sector**		**Manufacturing**		**Across Sectors**	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
Below personal annual income standard	12.8%	25.0%		3.6%	7.3%	2.4%	7.2%	11.3%
Below household annual income standard	9.5%	25.0%	10.3%	10.0%	18.2%	25.0%	12.7%	19.3%
Below wage standard	9.0%	19.0%		1.8%	5.5%		5.1%	7.3%
Below any standard	17.5%	36.1%	10.0%	8.6%	21.8%	25.0%	16.4%	23.3%
Below all standards	2.5%			1.7%	1.8%		1.5%	0.6%

The data show that tipped employees contribute significantly to the fraction of restaurant workers estimated as low-income. The fraction of restaurant workers in both the participant and control groups failing the personal annual income and hourly wage standards is reduced by nearly half when tipped employees are excluded. However, it remains true that the relationship between personal and household income varies across the sectors: public sector and manufacturing employees appear to contribute disproportionately to the support of dependents, whereas restaurant employees do not.

While excluding tipped employees from the calculations clarifies the income situation among remaining restaurant employees, it has yet to be demonstrated whether tipped employees are accurately defined as low-income workers, or if underreporting of income is a common phenomenon. The data are not conclusive. Among the 38 tipped employees with personal incomes below the low-income threshold, 50%, or 19, are single, never married, with no children in the household. Among this group, 68% reported household income above the low-income threshold; however, seven described themselves as head of household, seven as not head of household, and five said they share that responsibility with someone else. It is thus unclear whether these employees’ household earnings include unreported tip income, the earnings of roommates or parents, or some combination of these. The remaining tipped employees were married, living with someone, or previously married, and similar uncertainties exist in calculating household size, making it impossible to tell whether high household incomes relative to personal earnings reflect unreported tips or the earnings of others.

A second factor that speaks to participants' need for aid is the incidence of multiple job-holding. Some members of the study may report earnings above the low-income standard but rely on multiple jobs to earn their income. Table 24 shows the incidence of multiple jobs among LiLA and non-LiLA employees, low-income workers (defined as those meeting any definition of low-income), and those with earnings above all low-income thresholds.

Table 24: Multiple Jobs and Income

	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
Workers with at least one income measure below the low-income threshold								
More than one job	25.0%	22.9%			8.3%	18.2%	17.4%	20.3%
More than one job (tipped employees excluded)	35.7%	18.2%			8.3%	18.2%	18.8%	15.8%
Workers with all income measures above low-income thresholds								
More than one job	4.8%	10.0%	30.2%	32.1%	4.8%	18.2%	13.3%	21.4%
More than one job (tipped employees excluded)	4.8%	7.7%	30.2%	32.1%	4.8%	18.2%	13.4%	20.8%
All workers								
More than one job	11.0%	17.0%	27.1%	29.3%	5.6%	18.2%	14.2%	21.1%
More than one job (tipped employees excluded	10.5%	11.5%	27.1%	29.3%	5.6%	18.2%	14.3%	19.6%

Conclusions

- The broad range of income levels among LiLA employees shows that the LiLA project is meeting expectations for being a universal-access program.
- According to CAEL's proposal to the Ford Foundation, in addition to providing universal access, the initiative includes a special focus on low-wage workers. Depending on the definition used, between 5% and 22% of LiLA employees are low-income workers, and between 7% and 33% of non-LiLA employees are low-income workers.
- Household income appears to be the most appropriate standard by which to measure the degree to which the program is reaching the target audience in the manufacturing and public sectors.
- Income measures for restaurant employees are problematic. Better information on the tip components of wages, earnings from second jobs, and members of the household considered in the annual household wage will help to clarify what fraction of the restaurant workers being served in the program are low-income workers.

- LiLA employees are less likely than are non-LiLA employees to hold multiple jobs, perhaps because there is only so much one can do at a given time. This tendency is muted in the restaurant industry, and the difference disappears if tipped employees are excluded from calculations.
- Public sector employees are significantly more likely than other workers to hold more than one job and less likely to be low-income workers (by any definition). Thus, a reduced incidence of multiple-job holding may be a more significant program impact among public-sector workers than in other sectors.

Lifelong Learning Accounts

Creation

Lifelong Learning Accounts are indeed bank accounts where funds are held for eventual expenditure on allowable LiLA activities. The creation of bank accounts to hold LiLA funds follows the approach used for IDA. The concept of a bank account, accompanied by regular statements of balances to account holders, helps to reinforce the view that LiLA participants are owners of the accounts, and as such, have to take ownership of their training and career plans.

Administration

The primary vehicle for the holding and management of LiLAs is ShoreBank, a financial institution located in Illinois. ShoreBank's Web site describes it as follows:

> ShoreBank is the country's first and leading community development bank. We focus our services on improving the economic equity of the neighborhoods we serve, while at the same time addressing the individual financial concerns of consumers, businesses and religious and community organizations.[28]

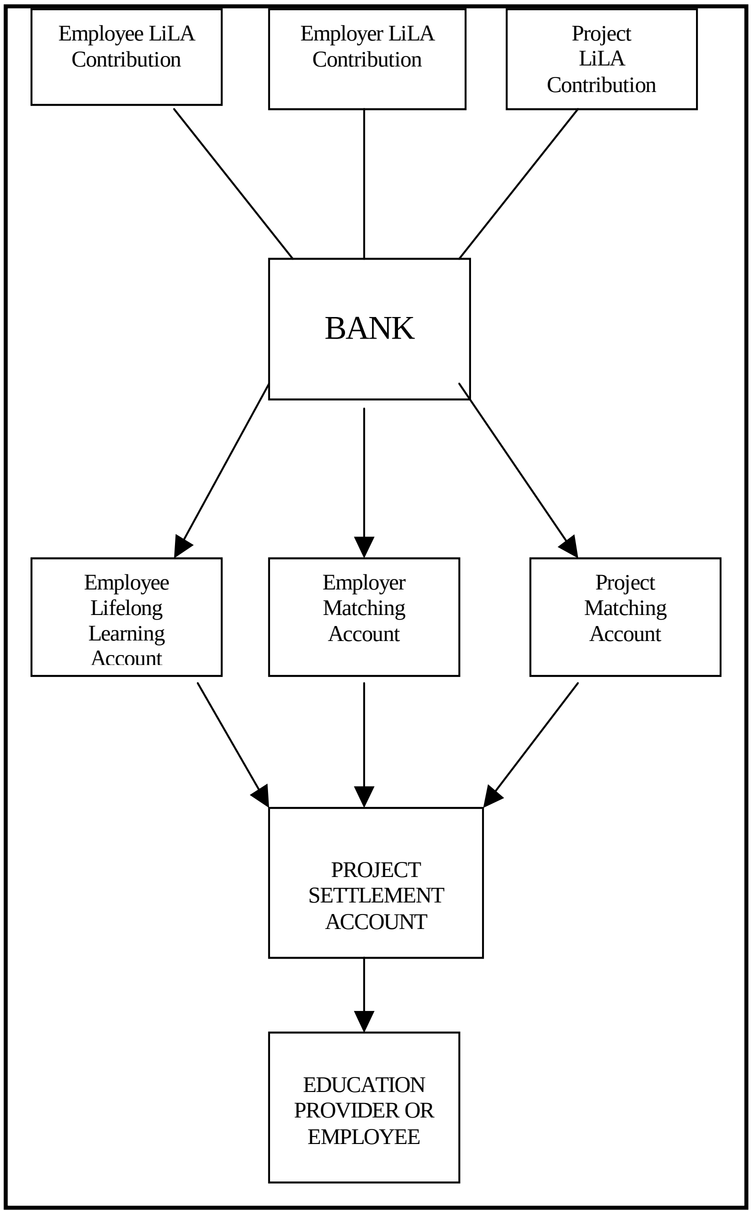
The Web site describes the bank's mission as an investment "in people and their communities to create economic equity and a healthy environment." Considering ShoreBank's history and mission statement, its involvement in this Demonstration is not

[28] ShoreBank, http://www.sbk.com/livesite/main/, February 2, 2004.

surprising. ShoreBank has experience in running an IDA program, and therefore thought that the LiLA would not require completely new processes, but could borrow from the successful IDA procedures already in place.

The division of labor between ShoreBank and CAEL in account management evolved during the Chicago project. ShoreBank's LiLA program coordinator described the current arrangement as follows: CAEL does all of the bank withdrawals and payments for LiLA accounts and is the custodian on all the accounts. ShoreBank's function is solely as a repository for the funds. For an overview of responsibilities for LiLA fund management, please refer to Figure 7 on page 74.

Flow of LiLA Funds (DRAFT)
May 20002



- After enrollment and opening of LiLA bank accounts, employer forwards both Employee and Employer contributions to bank by wire or check at least quarterly.
- Employer directs bank on how to allocate funds between Employee and Employer accounts through deposit form and keeps record, which is shared with CAEL.
- CAEL contributes to Project Matching Account.
- Bank disperses funds to proper accounts. Money accumulates in these accounts as Employee saves.
- Employee submits request for payment/reimbursement for educational activities to CAEL.
- CAEL reviews application for consistency with learning plan.
- CAEL verifies sufficiency of funds.
- CAEL makes wire transfer request to bank to deposit into Project Settlement Account.
- CAEL verifies whether letter of credit is acceptable to provider. If acceptable, CAEL issues letter of credit to provider. If not acceptable, CAEL will reimburse Employee.
- Upon receipt of invoice; CAEL cuts check to either education provider in case of a letter of credit or to Employee in case of a reimbursement.
- Bank issues quarterly activity reports directly to Employer, Employee, & CAEL

Figure 7

ShoreBank's LiLA coordinator indicated that the program required certain changes from the IDA process and has challenged some of the bank's capabilities and capacity. These observations included:

- Reporting was important, and CAEL needed to be able to track certain participant data that the bank did not track in the past. ShoreBank had to determine how to extract that data from its system for CAEL.

- CAEL needed access to accounts holding employer, participant, and matching contributions. ShoreBank had to build its system's functionality to allow CAEL to see employer and employee accounts simultaneously.

- The bank needed to tweak its online banking system to allow CAEL to make transfers online for the multiple accounts, rather than do it by submitting paperwork to the bank.

- CAEL needed the ability to make payments. After discussions on whether this should be a joint decision or CAEL's alone, it was decided to make CAEL custodian over all the accounts, so as not to delay the payment process.

- Initially, reporting was to be performed by a nonprofit entity associated with the bank that would prepare quarterly matching funds reports for CAEL. Prior to the launch of the project, CAEL took on this function and enhanced it by incorporating the activity reports into a quarterly newsletter.

- A master settlement account was created to allow CAEL to pay invoices. Participant, employer, and outside matching funds are moved into the settlement account, and the settlement account is used to pay for allowable expenses.

Initially, the settlement account was not accessible via online banking. Eventually, as CAEL was able to move funds from the three different types of accounts into the settlement account, this became possible.

Funds deposited with ShoreBank do not earn interest. It appears that forgoing interest on the part of the account holders has allowed ShoreBank to provide its services with no additional fees. However, bank officials have indicated concern about a possible significant increase in the level of effort required to manage LiLA funds, and have stated that they might have to consider some sort of minimum fee.

Analysis of LiLA Account Deposits

Covering the period through June 6, 2004, CAEL provided LiLA records for all LiLA employees in the restaurant, public, and manufacturing sectors. The records are available for a total of 350 LiLA employees who had opened LiLAs.[29] Of the 350 employees, 127 are from restaurants, 75 are from the public sector, 72 from the manufacturing sector, and 76 from the health care sector.[30] The flow of new accounts primarily reflects the staggered nature of project implementation at each Demonstration site.

The following analysis is based upon quarterly financial information received from CAEL. Because of the way the data are made available, "number of deposits" refers to the number of quarters in which a LiLA employee made deposits. A LiLA employee with biweekly deductions from his or her paycheck is actually making six or seven deposits in a quarter; for purposes of this evaluation, we can report only one deposit for that quarter.

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[27]This figure includes active LiLA account holders as well as LiLA employees who have dropped out of the program.
[30]In addition to those reported, account records also included two public sector, four manufacturing and one health care LiLA employee with no financial information. These accounts are not included in our analysis.

Table 25: New ShoreBank Accounts During Each Quarter Among LiLA Employees

	Restaurants		Public Sector		Manufacturing		Health Care		Across Sectors	
	n	Total Deposits	n	Total Deposits	n	Total Deposits	n	Total Deposits	n	Total Deposits
4Q - 2002	76	$8,484.00	0	$0.00	0	$0.00	0	$0.00	76	$8,484.00
1Q - 2003	13	$960.00	0	$0.00	36	$1,598.00	0	$0.00	49	$2,558.00
2Q - 2003	11	$620.00	2	$170.00	7	$327.00	0	$0.00	20	$1,117.00
3Q - 2003	9	$380.00	51	$6,425.42	7	$80.00	0	$0.00	67	$6,885.42
4Q - 2003	4	$810.00	7	$655.00	5	$50.00	34	$7,218.17	50	$8,733.17
1Q - 2004	10	$665.00	9	$330.00	3	$1,010.00	41	$7,240.22	63	$9,245.22
2Q - 2004	4	$70	6	$100.00	14	$2,372.50	1	$15.00	25	$8,484.00
Total	127	$11,989.00	75	$7,680.42	72	$5,437.50	76	$14,473.39	350	$45,506.81

It is important to note that the total number of accounts listed in documentation provided by CAEL shown in the table above is different from the total number of enrollees reported by CAEL (357) as shown in Table 10 on page 52 of this report. This is due to a difference in reporting periods and lack of available account data for seven LiLA employees.

Table 25 also shows the dollar amounts that were deposited in the first quarter in which the accounts were opened. LiLA employee deposits totaled $45,505.81, from $11,989 among restaurant employees, $7,680.42 from public sector, $5,437.50 from manufacturing employees, and $14,473.39 from health care employees.

The amounts of initial quarterly deposits varied for employees, as shown in Table 26, below. The majority of LiLA employees began with minimal deposits: 50% of restaurant employees and 56% of manufacturing employees made deposits at the $10 level. Employees in the public sector and health care sector began at a somewhat higher contribution level, with 49% and 30%, respectively, making deposits at the $11–$99 threshold.

Table 26: Ranges of Deposits Made by LiLA Employee Account Holders During the Initial Quarter of Participation

	Restaurants		Public Sector		Manufacturing		Health Care		Across Sectors	
	n	Percentage by Range	n	Percentage by Range	n	Percentage by Range	n	Percentage by Range	n	Percentage by Range
$10	64	50%	13	17%	40	56%	15	20%	132	38%
$11 – 99	31	24%	37	49%	19	26%	22	29%	109	31%
$100 – 199	11	9%	17	23%	6	8%	14	18%	48	14%
$200 – 299	7	6%	4	5%	1	1%	5	7%	17	5%
$300 – 399	3	2%	0	0%	0	0%	1	1%	4	1%
$400 – 499	0	0%	1	1%	0	0%	17	22%	18	5%
$500 or more	11	9%	3	4%	6	8%	2	3%	22	6%
Total deposits	127	100%	75	99%	72	99%	76	100%	350	100%

Other employees, however, made a larger first deposit. For example, 11 restaurant employees, three public sector employees, six manufacturing employees, and two health care employees deposited $500 or more during the initial quarter of participation in the LiLA program. Thus, a small portion of LiLA participants appears to have made lump-sum or large early deposits in order to “cash out” the 3:1 match and pay for training shortly after enrolling in the program. Most of these workers are likely to have been enrolled in training, or at least strongly considering training, when the opportunity to sign up for LiLAs was presented to them.

Based upon data available at the time of this report, LiLA employees have deposited a total of $113,788.97 in their accounts, including $41,190.93 deposited by restaurant employees, $24,841.02 deposited by public sector employees, $24,814.50 deposited by manufacturing employees, and $22,942.52 deposited by health care employees. Table 27, below, displays the total dollars deposited by employees during each quarter.

Table 27: Total Deposits During Each Quarter Among LiLA Employees

	Restaurants		Public Sector		Manufacturing		Health Care		Across Sectors	
	n*	Total Deposits	n	Total Deposits	n	Total Deposits	n	Total Deposits	n	Total Deposits
4Q - 2002	76	$8,484.00	0	$0.00	0	$0.00	0	$0.00	76	$8,484.00
1Q - 2003	53	$4,412.42	0	$0.00	36	$1,598.00	0	$0.00	89	$6,010.42
2Q - 2003	58	$6,435.52	2	$170.00	35	$3,727.50	0	$0.00	95	$10,333.02
3Q - 2003	54	$5,947.66	53	$6,725.42	35	$4,155.50	0	$0.00	142	$16,828.58
4Q - 2003	48	$5,496.32	56	$6,256.36	33	$3,912.25	34	$7,218.17	171	$22,883.10
1Q - 2004	51	$4,879.44	61	$6,290.36	35	$6,107.75	65	$9,323.83	212	$26.601.38
2Q - 2004	44	$5,535.57	63	$5,398.88	38	$5,313.50	52	$6,400.52	197	$22,648.47
Total	384	$41,190.93	235	$24,841.02	212	$24,814.50	151	$22,942.52	982	$113,788.97

*Number of deposits

As can be seen, not all employees make deposits every quarter. For example, based on the data shown in Table 25, 89 employees in the restaurant sector had opened accounts by the end of Quarter 1 of 2003; however, just 53 made deposits during Quarter 1 of 2003. Since 16 new accounts opened during Quarter 1 of 2003, this means that 39 LiLA account holders who opened accounts during the previous quarter (i.e., Quarter 4 of 2002) did not make any deposits the following quarter. The majority of these accounts were opened with the minimum amount required to open an account ($10). Eight of the 39 deposited the maximum amount allowed annually ($500) during the last quarter of 2002, and five of these used their LiLA accounts during the subsequent quarter to purchase training. The remaining eight employees apparently took advantage of the opportunity to obtain the matching funds available for the 2002 calendar year and waited until the following calendar year to make additional deposits and/or to withdraw funds to pay for training.

Overall, the large number of workers making relatively modest initial deposits would appear to confirm that the project is reaching individuals who lack significant disposable income for training and education activities. At a rate of $10 per biweekly paycheck, a worker can accumulate $260 during the course of a year, which translates to over $1,000 in funds for training after the employer contribution and outside matches are considered.

Employer Feedback on LiLA Account Management

During interviews, most employers said that the account process was somewhat complex but was working satisfactorily. A degree of flexibility in receiving contributions helps ensure adaptability to different situations. For example, in the restaurant sector, some employers facilitate the participant savings process by making direct deposits for salaried staff and accepting cash contributions from servers. The general view is that this customization works with the smaller numbers of workers in the program, but could be cumbersome if greater numbers of employees were involved. Many employers bundle participant contributions with their own shares. Deposits are made either monthly or quarterly, a decision made by the employer.

The provision of quarterly invoices to larger employers in the Chicago area is another example of customization related to employer involvement in LiLAs. Several of these participating businesses requested such invoices so they could keep track of the amount they needed to deposit for their matches. Easing the burden on employers encourages their participation; however, it represents an additional administrative cost for the financial institution and would drive up the costs of banking activities if it occurred on a broader scale.

One problem arose in Indiana, where city government employers could not maintain a bank account with an out-of-state bank. In these cases, CAEL invoices the cities for their matching funds, the cities pay CAEL, and CAEL makes the deposit with ShoreBank. This is another example of CAEL's creativity and flexibility in addressing an implementation challenge, but would increase administrative costs to CAEL if it occurred on a broader scale.

In the employer interviews in Chicago, at least some of the participating firms recognized that this project is breaking new ground and expressed an understanding of the evolving nature of the program and its complexities. Were LiLAs to become commonly available, however, it would be necessary to continue to streamline the processes for opening accounts and depositing funds. As observed in the instance of ShoreBank providing quarterly invoices, this streamlining might shift some costs to employers and increase their reluctance to participate overall. It will be important to weigh the costs and benefits of any new or revised accounting mechanism so as to minimize the likelihood that key players—workers, employers, and financial institutions—would see the system as a barrier to their participation in a lifelong learning program.

Individual Learning Plans

Goals and Purpose of Individual Learning Plans

The ILP is the key required to unlock the funds in a participant's LiLA. Apparently, this aspect of the LiLA program was based on CAEL's experience administering tuition assistance programs in the private sector. ILPs were included in the design submitted to Ford. Completion of the ILP was described in the proposal as "help[ing] the participants make informed choices that advance their careers."

At the first site, Chicago, the employer work group that assisted CAEL in putting together the details of the project was briefed on the ILP and its purpose. According to CAEL staff, the employers in the group thought that doing a career plan was a good idea, but did not get into the details of the plan or the planning process.

Provision of Career Advisor as Component of a LiLA

As administrators of the LiLA program, CAEL played a key role in the selection, management, and oversight of advisors. Because the customer group is in many cases atypical of most customers of the public workforce system—i.e., incumbent workers, many with reasonably steady jobs and income and some degree of job security—the career advisor function is not the same as a case manager at a One-Stop Center. While One-Stop customers are usually out of work and looking for new employment, LiLA participants more closely resemble another customer group with whom CAEL has considerable experience: individuals who are eligible for employer or jointly funded tuition assistance programs.

In their "Guidelines for LiLA Career and Education Advisor," a four-page document with several pages of attachments, CAEL provided a blueprint for the role it expected the advisors to play in the LiLA project. It identifies the key roles as follows:

- Facilitate decision-making.
- Provide support and encouragement.
- Encourage participant ownership of the development process.
- Ensure compliance.
- Evaluate and continue to improve the advising process.

The CAEL career advisors come from backgrounds in adult education. One of the advisors for the restaurant sector is the Associate Director of Student Development at the University of Illinois - Chicago, who does education advising at the college and also advises adult learners as a community service. The other Chicago advisor possesses a master's in counseling and is an education case manager with experience working with high-risk populations. Both had previously worked for CAEL on other projects.

CAEL sought input from the advisors as the career advising component was under development. The LiLA program differs from most of the programs that these individuals have worked with in the past. One primary difference is that people contribute to LiLAs to pay for their education and training programs, but then experience a lag in getting enrolled in class while saving up the money to pay for the training program.

Role of the Career Advisor

Advisors have expressed differences of opinion regarding the amount of time necessary to fulfill their function. In some instances, an hour is sufficient, but on average it takes more than one hour per LiLA employee. The advisors explained that LiLA employees who require substantive exploration of career options may need as many as three or more hours of advising because identification of actual training needs and opportunities cannot take place until the various career choices have been discussed.

Of the LiLA employees who participated in the initial telephone survey, 63 restaurant employees, 50 public sector employees, and 35 manufacturing employees reported that they had spoken with their career advisors. These employees were asked about the amount of time they had spent with their advisors. The results are presented in Table 28.

Table 28: Amount of Time Spent with Advisor As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	LiLA	LiLA	LiLA	LiLA
	(n=63)	(n=50)	(n=35)	(n=148)
Less than one hour	46.9%	34.6%	38.5%	40.6%
One to less than two hours	35.9%	38.5%	43.6%	38.7%
Two to less than five hours	17.2%	26.9%	17.9%	20.6%
Total	100.0%	100.0%	100.0%	99.9%

The responses show that the majority of LiLA employees spent one to two hours talking with their career advisors, but an average of 21% of the advising interviews for current LiLA participants exceeded two hours in length. Overall, there were no statistically significant differences in the amount of time spent with the career advisor between current participants and those who have dropped out of the program. However, among restaurant workers, dropouts actually spent more time with advisors than those who continued in the program.

Typically, assessment tools are not used very often, due, in part, to a belief that they are not normed for the population being served. Depending on the participant, consideration may be given to whether a GED should be completed prior to pursuit of additional training. When time is available, one advisor reports she discusses the participant's accomplishments and experience to date, including education credentials and what programs of study they need to finish, and then gives them options to research. If assessments were routinely added to the career advising protocol, it is certain that the overall average amount of time for individual career advising would increase significantly.

Advisors' estimates vary, but overall, it appears that about half of the advising is done in person and half is done over the phone. Experience indicates that the LiLA enrollees fall across a broad spectrum of career planning knowledge and motivation. Some of the participants take the initiative, but others seem decidedly uninformed about how to get started.

Those who had spoken with their career advisors were asked if their advising session was held in person, over the telephone, or both. The responses, presented in Table 29, are consistent with the estimates given by the career advisors.

Table 29: Type of Advising Session As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	(n=91)	(n=59)	(n=52)	(n=202)
Met in person	26.4%	28.8%	19.2%	25.2%
Talked on the telephone	31.9%	40.7%	40.4%	36.6%
Both telephone and in person	11.0%	15.3%	7.7%	11.4%
Have not met with advisor	30.8%	15.3%	32.7%	26.7%
Total	100.1%	100.1%	100.0%	99.9%

Overall, those who have dropped out of the program were more likely to report that they had not had a session with an advisor than those continuing in the program.

One advantage of having career advisors involved is the provision of intensive hand-holding needed by a sizable portion of the participants. Discussions with LiLA employees underscore the critical role played by the career advisors in this program. Focus group participants unanimously agreed that the diligent attention of the career advisors was important to their progress in the program, and several felt that it was of paramount importance. One of the more common roles was that of a catalyst or conscience; one LiLA employee used "polite…hounding…pushing and prodding" to describe her advisor's approach.

Flexibility was another valued trait. Some participants found it difficult to meet the advisors in person, and others preferred in-person dealings. Meetings and phone calls did occur during off-hours to accommodate family schedules and shift work.

LiLA employees were asked to rate the availability of their advisors on a scale of 1 to 10, with 1 meaning "impossible to reach" and 10 meaning "always easy to reach." As Table 30 shows, the majority of LiLA employees found that career advisors were easy to reach.

Table 30: Availability of Advisor As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	(n=63)	(n=50)	(n=35)	(n=148)
Mean (1-10 scale)	9.01	8.92	8.90	8.96
By category				
Hard to reach (1-3)	1.6%	2.0%		1.4%
Neutral (4 - 6)	4.8%	4.0%	2.9%	4.1%
Easy to reach (7-10)	88.9%	92.0%	68.6%	85.1%
Don't know	4.8%	2.0%	28.6%	9.5%
Total	100.1%	100.0%	100.1%	100.1%

Dropouts gave a statistically significant higher rating to the advisor’s availability than participants, with dropouts rating availability at 9.46 and participants rating availability at 8.83.

LiLA employees were also asked how helpful their advisor was. As Table 31 shows, virtually all of the employees who had an opinion rated their advisors “somewhat” or “very helpful.”

Table 31: Helpfulness of Advisor As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	(n=63)	(n=50)	(n=35)	(n=148)
Very helpful	77.8%	86.0%	82.9%	81.8%
Somewhat helpful	22.2%	10.0%	11.4%	15.5%
Not too helpful		2.0%		0.7%
Not helpful at all				
Don't know		2.0%	5.7%	2.0%
Total	100.0%	100.0%	100.0%	100.0%

Of the employees who had spoken with their career advisors, 46 restaurant employees, 46 in the public sector employees, and 26 in manufacturing employees had completed their ILPs. These employees were asked how knowledgeable their advisors were. As Table 32 shows, virtually all of the employees who had an opinion rated their advisors “somewhat” or “very knowledgeable.”

Table 32: Advisor's Knowledge As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	(n=46)	(n=46)	(n=26)	(n=118)
Very knowledgeable	82.6%	67.4%	65.4%	72.9%
Somewhat knowledgeable	15.2%	26.1%	34.6%	23.7%
Not too knowledgeable	2.2%	2.2%		1.7%
Not knowledgeable at all				
Don't know		4.3%		1.7%
Total	100.0%	100.0%	100.0%	100.0%

Employees who have dropped out of the program had slightly higher opinions of the advisor's knowledgeability than did those who have continued to participate.

In interviews conducted in the fall of 2003 with the career advisors for the Chicago and northeast Indiana sites, the advisors expressed a desire for improved communications among themselves. The general sense was that they could be more effective in advising LiLA employees if there was a better flow of information and a central source or clearinghouse for information. More specifically, they said they wanted communication and collaboration tools beyond what was then available. For example, they wanted a process for identifying common training needs to determine whether arranging special classes might be warranted (e.g., English as a Second Language for restaurant workers in Chicago). They also wanted to be able to network among themselves about specific training providers and programs that might meet the needs of a particular LiLA account holder. They reported that they had suggested CAEL create an electronic bulletin board to facilitate this networking, but that CAEL had said no because of budget constraints and a concern that information on the bulletin board might not be secure. CAEL reports that it has now taken steps to facilitate information exchanges among advisors, for example, by holding regular conference calls. Advisors also contact one another as necessary by e-mail.

Creation of ILPs

According to the "Employee Participation Letter of Agreement," the LiLA employee is required to "participate in an advising and informational phone session with a CAEL advisor to develop a learning plan to meet . . . educational and career objectives."[31] The letter does not attach a specific time frame to this requirement. In contrast, the guidelines developed for City of Fort Wayne employees specify that the participating employee "must meet with the [Career] Advisor and complete your Individual Learning Plan (ILP) within 90 days of completing the LiLA enrollment process."[32]

As Figure 8 illustrates, development of ILPs proceeded slowly at first in both of the initial sites. ILP development activities in Chicago started off relatively quickly, but they languished considerably from August through December 2002, when only 11 plans were completed.

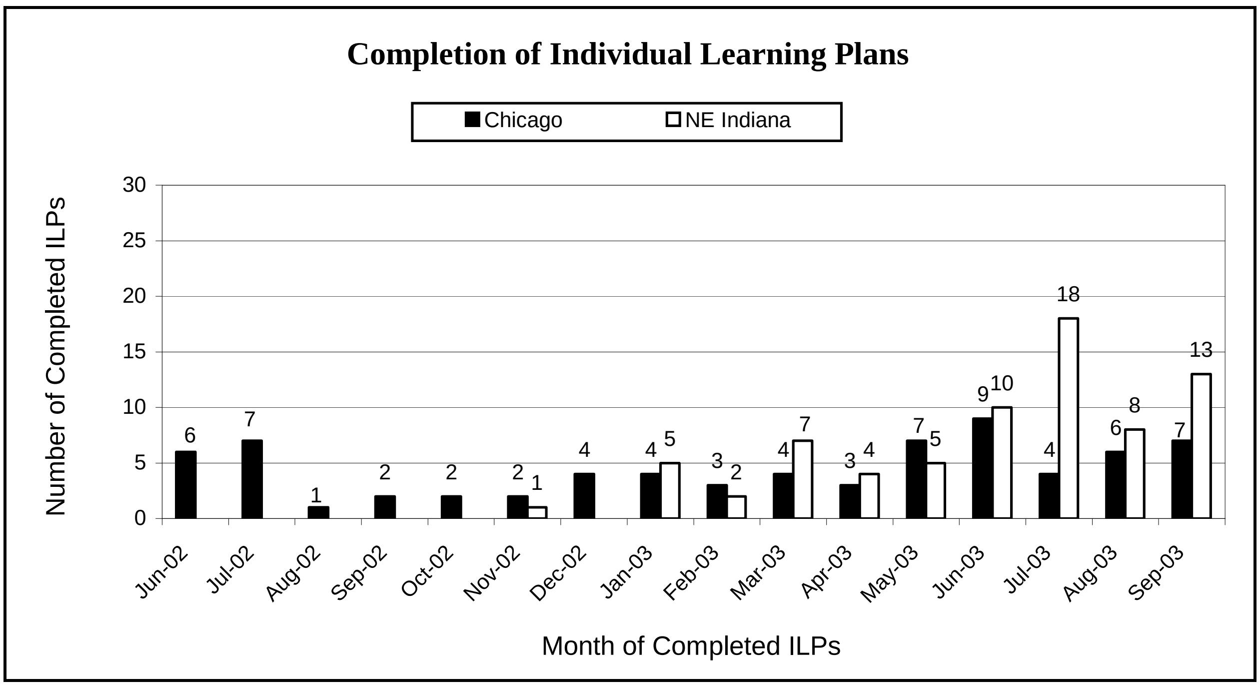

Figure 8

[31] CAEL, "Lifelong Learning Account (LiLA) Employee Participation Letter of Agreement," Form A, EE Agreement $120, revised September 26, 2003.
[32] City of Fort Wayne, "Lifelong Learning Account (LiLA) – A Pilot Program: Program Guidelines," Draft, March 11, 2003, p.7.

CAEL staff report that at first they allowed employees to initiate contact with a career advisor. When it became clear that many LiLA employees failed to take the initiative, even after several months, CAEL project managers began to assign advisors immediately following an employee's completion of the enrollment process.

Analysis of ILPs

An analysis was conducted of the ILPs completed for employees in the restaurant, public, and manufacturing sectors. The table below summarizes several basic components of the ILPs.

Table 33: Individual Learning Plans*

				Specific Training Provider or Program**		
	Number of ILPs	**Enrolled in Training at Time of ILP Completion**	**Three-Year Duration or Longer**	School is Named	Several Potential Schools Named	Not Identified
Overall	143	36%	71%	45%	13%	42%
Restaurants	67	34%	67%	46%	13%	40%
Public Sector	43	30%	84%	42%	21%	37%
Manufacturing	33	46%	64%	46%	3%	52%

*Based on data available through July 2004.
**Totals can be greater than 100% since multiple programs were sometimes included.

- The restaurant sector had the largest number of plans completed with 67, which comes as little surprise since this sector was the first implementation site.

- LiLA employees in the manufacturing sector were more likely to be enrolled in a training program at the time their ILP was completed, with a total of 46% of these employees reporting that they were currently taking classes. This may be an indication that ongoing training is more routine among manufacturing workers.

- Conversely, since a total of 64% of all LiLA employees were not, at the time of their enrollment in the LiLA program, participating in an education or training program, it appears that the LiLA process was instrumental in rekindling an interest in learning.

- A large number of the plans (84%) put together by public sector workers were of three years' duration, meaning that their long-term (defined as three years on the ILP form) career goals specifically mentioned continuing education. Somewhat smaller percentages of ILPs in the other two sectors referenced longer-term continuing education plans. The overall percentage of LiLA employees with a long-term perspective on adult education (71%) confirms that lifelong learning was a point of discussion between most career advisors and LiLA employees.

- Approximately half of the ILPs for LiLA employees in the restaurant sector included the identification of the training provider. However, this number was lower for plans for LiLA employees in the public sector. It is possible that these differences are attributable to the different approaches used by career advisors for the three sectors or to the fact that some LiLA employees were not yet ready to identify a provider. In many instances, these ILPs documented the need for the LiLA employee to personally do additional research on one or more training providers in the area. However, there was no subsequent documentation provided regarding the outcome of these individual research activities. CAEL staff note that many follow-up activities are documented in the case files, which the evaluation has not reviewed.

As ILPs are completed, including those for LiLA employees in San Francisco, these issues will continue to be examined in an effort to understand their causes, and identify any effects the differences may have on the participants' utilization of their accounts and the impacts of LiLAs on their job situations. It may also be valuable for the evaluation to broaden data collection to include review of case files so that a deeper understanding of the importance of the career advisors can be gained (see Next Steps for Evaluation section, beginning on page 113).

Role of Employer

Employer involvement in the development of ILPs seems to be uneven. CAEL worked with several representatives from the restaurant sector to develop career ladder information, which has been provided to the advisors working with those participants. Information on career ladders in the manufacturing sector is also available to advisors in that sector.

Most employers seem to be taking several steps back from the ILP process, at least insofar as it affects their participating employees. Discussions with employers in the manufacturing sector indicate that half of the six employers contacted did communicate with their workers about the classes they would take. In general, however, employers seem to have opted to leave the discussion about training options to the career advisor and the participant.

In some instances, this distancing may have deprived participants and advisors of information that would have been helpful in identifying possible training options. A review of ILPs in northeast Indiana, for example, discovered a few that alluded to future promotional opportunities with their current employer, but none that referenced any specific career ladder objective. Of the Chicago ILPs, a few included references to becoming a chef or a restaurant owner, but the majority did not articulate a specific career ladder objective in the industry. CAEL reports that in some instances this information exists in the case file in the form of e-mails or other documentation. It may be appropriate to consider including at least some of this information in the ILP.

Utility of the ILP

The interaction between the career advisor and the participant appears to have required a relatively small amount of time, certainly when considered in the context of a more traditional case management type of approach, one involving assessment of individual skills and aptitude (to the degree necessary and appropriate), review of career options, consideration of various training choices, and planning based on available financing and individual and family circumstances.

A review of the ILPs indicates that none of the plans explicitly indicate that labor market demand was considered in the selection of types of education and training targeted for the participant. While it is clear that the career advisor plays an important role in moving those who sign up for learning accounts into the use of their funds, what is not as clear is the qualitative value of the exchange between the advisor and participant. Perhaps this is because the general philosophy was to get the participant to take ownership of the plan, or because of limited resources to pay for the career guidance. Moreover, few ILPs record any discussion of course prerequisites, and information on potential education and training providers was limited (save for those instances in which a participant was already in school). It appears that participants are on their own to do such research. CAEL staff indicate that career advisors "use a common sense approach" to advising regarding labor market demand. For instance, one LiLA employee who wished to pursue training to become a travel agent. The advisor cautioned that demand for travel agents has declined dramatically due to alternative means of booking travel, such as the Internet, and the decline of travel since the terrorist attacks of September 11, 2001. Based on this advice, the LiLA employee pursued another direction.

Education and Training

It is worth noting that a small portion of enrollees made lump-sum contributions to their accounts in order to net the employer and outside matching funds and begin training almost immediately after signing up for the program. This rapid build-up and expenditure of funds may not be the norm for a larger-scale program, but it does help to underscore one of the premises articulated in CAEL's proposal to Ford: that LiLAs are spending accounts, intended to build individuals' capabilities through learning, as opposed to building fund balances for some undetermined future use. In another manifestation of the spending account philosophy, LiLA employees are given 14 months from their date of enrollment to register for an educational activity.[33] However, it is too early in the LiLA process to draw definitive conclusions about participants' use of funds.

Patterns of ILP Use

For the ILP to be valuable to a participant, it should identify one or more specific training activities that will lead to a career-related objective (e.g., specific new job or skills required for retention or promotion). For LiLA employees who identified career goals, their responses are noted in Table 34.[34]

[33] CAEL, "Questions Frequently Asked by Employees," FAQ English, revised September 26, 2003.
[34] ILPs are currently in development for health care employees.

Table 34: Career Goals of LiLA Employees As Stated on ILPs				
	Restaurants	**Public Sector**	**Manufacturing**	**Across Sectors**
Skill enhancement for current job	12	4	3	19
Advancement with current employer	11	12	7	30
Advancement in current industry	18	8	9	35
Change careers/industries*	23	11	14	48

*In several instances, individuals are seeking a secondary occupation or skill in order to prepare for retirement or operate a second business out of their homes.

Over half of the education and training fields chosen are outside of the industry where the participant is currently employed. Participants who have since gone on to drop out of the LiLA program were disproportionately likely to indicate a career- or industry-change goal. While this may not be a great surprise in the restaurant industry, it is somewhat surprising that one-third to one-half of the workers in both the manufacturing and public sectors opt for education and training outside of their current industry. The observation that some of the workers are seeking additional skills related to a secondary occupation or post-retirement career helps to explain this phenomenon. It would be interesting to see whether occupational choices would be different if career advisors had better information on career ladders and advancement opportunities in workers' current fields, and if employers were more active in sharing general information about skill trends in their industry with their current workforces.

Approval of Training

In reviewing applications for training, CAEL considers the appropriateness of the provider and program in the context of the ILP and career or training goals identified. Legitimate training goals do not include hobbies. Advisors often suggest education or training providers, but CAEL retains the final gatekeeping function for approval. CAEL staff often check to verify that the institution is accredited. The eligible training provider lists maintained by the One-Stop system are generally not used to identify potential providers. Instead, CAEL reports using the same approach to provider approval that it uses for its corporate customers.

Because many of the ILPs contain only general language about career objectives, and education and training activities, it is not clear how rigorously the CAEL staff conduct their final review of an education or training request. Since CAEL's job description assigns responsibility for "ensuring compliance" with LiLA provisions to career advisors, it appears that there may be some overlap of responsibilities for this function. In the event that the LiLA concept is taken to a larger scale, this may be an additional bureaucratic layer onto a process that would have to be reconsidered if it is going to be cost effective.

Payments for Training

After training is approved, payment is made either through a vouchering process with training institutions familiar with the CAEL process, or by the employee, with CAEL reimbursing the employee after receiving proof of payment.

Employees have been using their LiLA money for training. As of June 2004, a total of 99 employees have withdrawn a combined $28,963.81 from their LiLA accounts. Forty-three restaurant employees have withdrawn a total of $16,034.53, 26 public sector employees have withdrawn $6,260.46, 19 manufacturing employees have withdrawn $4,628.27, and 11 health care employees have withdrawn $2,040.46.

Table 35: Total Withdrawals During Each Quarter Among LiLA Employees

	Restaurants		**Public Sector**		**Manufacturing**		**Health Care**		**Across Sectors**	
	n	Amount	n	Amount	n	Amount	n	Amount	n	Amount
4Q - 2002	6	$1,059.59	0	$0.00	0	$0.00	0	$0.00	6	$1,059.59
1Q - 2003	10	$1,367.22	0	$0.00	3	$305.14	0	$0.00	13	$1,672.36
2Q - 2003	7	$1,316.70	0	$0.00	2	$40.08	0	$0.00	9	$1,356.78
3Q - 2003	16	$3,602.00	2	$162.00	2	$123.20	0	$0.00	20	$3,887.29
4Q - 2003	11	$1,698.34	15	$3,431.78	10	$1,768.20	2	$438.75	38	$7,337.07
1Q – 2004	18	$3,457.49	12	$1,489.71	7	$881.00	0	$0.00	37	$5,828.20
2Q - 2004	17	$3,533.19	14	$1,176.97	8	$1,510.65	10	$1,601.71	49	$7,822.52
Total	85	$16,034.53	43	$6,260.46	32	$4,628.27	12	$2,040.46	172	$28,963.81

Most LiLA employees that have drawn funds from their training accounts have made one withdrawal (59 out of 99, or 59%). Table 36 shows the number of withdrawals by sector.

Table 36: Number of Separate Withdrawals Among LiLA Employees Withdrawing Training Funds				
	Restaurant	Public Sector	Manufacturing	Health Care
1 withdrawal	23	15	11	10
2 withdrawals	7	6	4	1
3 withdrawals	9	4	3	0
4 withdrawals	3	1	1	0
5 withdrawals	1	0	0	0
Total	43	26	19	11

Anticipated Outcomes

All employees who participated in the research survey were asked about their career goals. First, they were asked if they had any career goals, and if so, what they were.

By roughly a 3:2 margin, employees in the LiLA program are more likely to indicate that they have a career goal. This is true across all three sectors for which data are available.

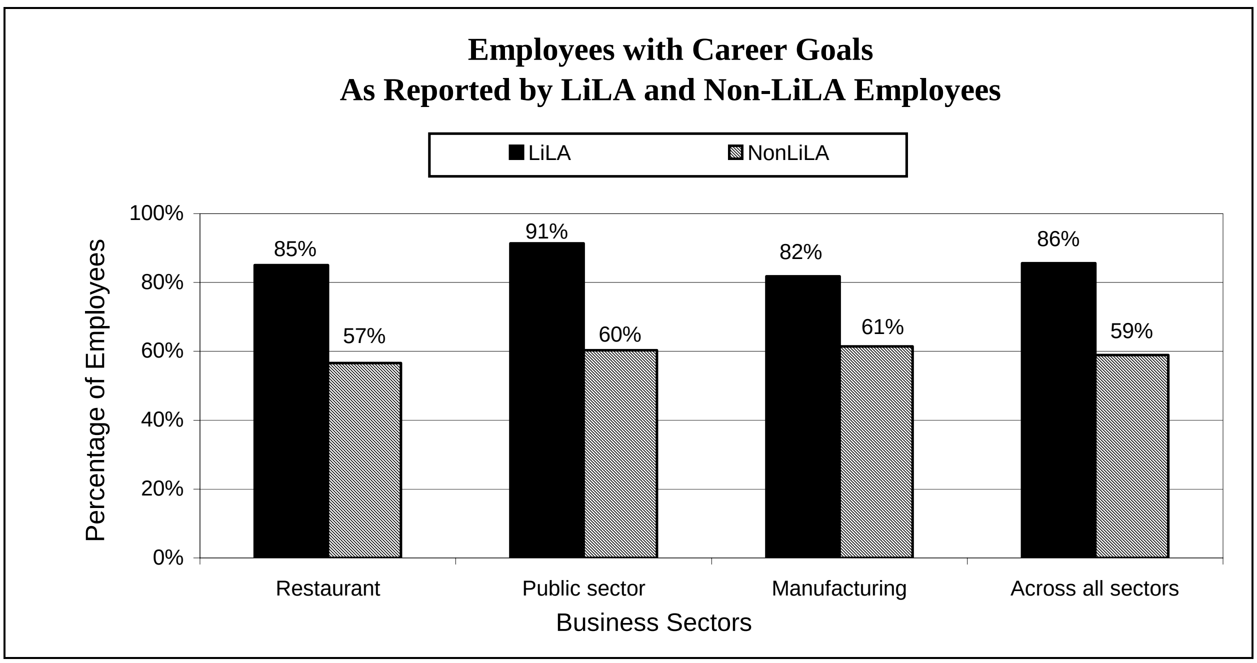

Figure 9

Employees' career goals include earning a certificate, a college degree, and starting their own businesses. Some employees want more training so that they can advance in their careers or learn more about the skills needed to do their jobs better. Other employees want to move out of their current fields into a different one, such as teaching or nursing. As the Demonstration continues, data on the actual outcomes for LiLA employees will be tracked and reported.

Looking at the data across sectors, LiLA manufacturing employees were more likely to specify obtaining some kind of degree or certification as a career goal. In general, public sector employees were less likely to indicate they wanted to start their own businesses; this is true of both participants and the comparison group. Obtaining a graduate-level education was specified more often in the public sector and manufacturing industry than in the restaurant sector. As noted earlier, employees in the comparison group were much less likely to have career goals.

Table 37: Specific Career Goals
As Reported by LiLA and Non-LiLA Employees*

	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=80)	(n=47)	(n=53)	(n=35)	(n=37)	(n=27)	(n=178)	(n=109)
Obtain a bachelor's degree	8.8%	6.4%	15.1%	17.1%	24.4%	11.1%	14.6%	13.2%
Obtain a graduate degree	8.8%	2.1%	13.2%	25.7%	4.4%	14.8%	9.0%	10.5%
Start a business	18.8%	25.5%	13.2%	5.7%	15.6%	18.5%	16.3%	16.7%
Advancement in company or industry	18.8%	19.1%	17.0%	14.3%	17.8%	18.5%	18.0%	17.8%
Get certification	8.8%	4.3%	3.8%		6.7%	7.4%	6.7%	5.6%
Update/learn skills	16.3%	23.4%	15.1%	20.0%	11.1%	18.5%	14.6%	17.1%
Employment in different field	16.3%	14.9%	13.2%	14.3%	8.9%	7.4%	13.5%	13.2%
Obtain an associate's degree			7.5%		6.7%		3.9%	2.4%
Other	3.8%	4.3%	1.9%	2.9%	4.4%	3.7%	3.4%	3.5%
Total	100.4%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%

*Open-ended responses were grouped into like categories for purposes of analysis.

In general, employees who have a specific career goal indicated that further education and training is important in achieving their career goals. Across sectors, LiLA employees were more likely to indicate that education and training is "very important" compared to non-LiLA employees. This is not true for workers in the manufacturing sector, however, where virtually all of the non-LiLA employees deem education and training as "very important."

Table 38: Importance of Education and Training in Achieving Career Goals As Reported by LiLA and Non-LiLA Employees

	Restaurants		Public Sector		Manufacturing		Across Sectors	
	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA	LiLA	Non-LiLA
	(n=80)	(n=47)	(n=53)	(n=35)	(n=37)	(n=27)	(n=176)	(n=109)
Very important	83.8%	68.1%	90.6%	77.1%	77.8%	92.6%	84.3%	77.1%
Somewhat important	13.8%	25.5%	7.5%	22.9%	15.6%	3.7%	12.4%	19.3%
Not too important		6.4%	1.9%		2.2%		1.1%	2.8%
Not important at all	1.3%				2.2%		1.1%	
Don't know	1.3%				2.2%	3.7%	1.2%	0.9%
Total	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%	100.1%

Because the project is still in relatively early stages, and many LiLA employees have yet to utilize any of the funds in their accounts, these data provide only limited insight into the effects of the project on individual behavior. However, feedback from LiLA employees, as shown in Table 39, indicates that they are either "very" or "somewhat confident" that they will be able to complete their ILPs.

Table 39: Confidence in Completing ILPs As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	n = 46	n = 46	n = 26	n = 118
Very confident	72%	74%	77%	74%
Somewhat confident	22%	22%	11%	19%
Not too confident	2%	0%	4%	2%
Not confident at all	0%	4%	0%	2%
Don't know	4%	0%	8%	3%
Total	100%	100%	100%	100%

LiLA employees were asked how long it would take for them to complete their ILPs. The anticipated time frame for doing this is shown in Table 40.

Table 40: Time to Complete ILPs As Reported by LiLA Employees

	Restaurants	Public Sector	Manufacturing	Across Sectors
	n = 46	n = 46	n = 26	n = 118
Less than 3 months	2%		4%	2%
3 to less than 6 months	9%	4%	4%	6%
6 months to less than 1 year	13%	7%	8%	9%
1 to less than 2 years	41%	33%	23%	34%
2 years to less than 4 years	17%	33%	39%	28%
4 or more years	9%	13%	16%	12%
Don't know	9%	11%	8%	10%
Total	100%	101%	102%	101%

Conclusions and Recommendations

Reflecting on the diverse range of data sources and analyses that contributed to this report, a variety of overarching conclusions regarding the progress of the LiLA Demonstration can be drawn. Some of these conclusions imply recommendations for minor alterations to the Demonstration or the evaluation. While some of these ideas have been introduced in the earlier sections of the report, the most salient are pulled together here. The reader should note that, as this is the *first* interim evaluation report, many of the following comments are inherently preliminary or tentative. PPA expects to learn more about each of these issues as the evaluation proceeds and to present what is learned in subsequent reports.

To bring coherence to the many diverse observations and suggestions, they are organized according to the broad, strategic questions that drive the evaluation. This approach brings a certain logical flow to the section, but it has limitations too. Since some conclusions and recommendations affect multiple questions, some may appear redundant. Also, thoughts on next steps for the evaluation are presented separately near the end of the section.

Research Questions

What are the factors that impede individuals from pursuing lifelong learning? To what extent do LiLAs help individuals overcome these barriers?

Two major factors impeding lifelong learning are money and time. It appears that the LiLA project responds to the first issue, but provides limited means to help individuals address the issue of time. Low-income workers, in particular, typically face more serious time constraints than those with higher incomes, because they might work two or three jobs just to make ends meet. For an individual who works at a restaurant during the day and who cleans offices at night, there is little time left for the classroom. Still, the support for lifelong learning that can come from one's place of employment and through the LiLA program can be crucial. In addition to the matching financial support employers who participate in the LiLA program frequently report that they currently offer or would consider flexible schedules for employees who wish to engage in training programs. For a worker whose time is stretched thin, such an accommodation could be crucial. Also, the "navigational assistance" provided by career advisors can make enrollment in training more realistic. They can help LiLA employees save time that might otherwise be wasted with fruitless searching for appropriate providers or a realistic career choice. They might also help their customers find classes with flexible schedules, open-entry/open-exit scheduling, or distance learning options. While there is speculation here about the value of career advising in this respect, it is an area of inquiry that the evaluation should pursue in the future.

Another important barrier to lifelong learning is the need for various types of supportive services, such as transportation and childcare. Although the LiLA program does not directly address these needs, the funds provided by the program may free up resources for some supportive services.

Does it appear that LiLAs help to overcome these barriers? To a certain degree, the answer is yes. LiLAs allow smaller companies and establishments to offer an inexpensive benefit. Especially under the terms of the project, with a 3:1 match, LiLAs are an attractive vehicle for workers and employers who might otherwise not consider career-related training. LiLAs made education a priority and created a safer environment for workers who might find even the consideration of additional training an insurmountable obstacle. The matching funds give both employers and workers a financial incentive to make education a priority. Supporting both workers and employers, the career advisor helps to reinforce the message that investments of time and money in training is important. The Demonstration appears to show that while LiLAs help to overcome these barriers, they do not triumph over them, a result that CAEL does not find surprising. As evidenced by the take-up rate of less than 5% among smaller employers in the restaurant sector, and by the unfilled slots at the Chicago and northeast Indiana sites, it appears that relatively few employers and workers have yet made the significant change to their behavior that it was hoped that LiLAs would bring about. It is unknown if this is due to the fundamental nature of the industries or the economic downturn that has affected them in recent years. However, the health care sector in San Francisco presents a somewhat different picture, at least at this preliminary stage, which raises a credible suspicion that industry differences or local economic conditions may be at play. The large numbers of workers who applied for a LiLA in San Francisco indicates that, at least in this region and this industry, it is possible to attract significant attention to lifelong learning.

CAEL's experience with its corporate customers suggests that, even for employers who pay 100% of training and education costs, take-up rates among employees may not run any higher than 12% to 14%. This leaves a clear impression that the U.S. workforce has not yet fully embraced the principle of lifelong learning.

Are there other factors that impede the ability of individuals to participate in the LiLA program? If so, are any of the factors related to the design of the program itself?

Other factors impeding participation in the LiLA program include a number of issues relating to both employers and individuals. Some companies have been reluctant to participate in the LiLA program due to limited staff time to manage the activity, finances/budget constraints, and employer beliefs about the need for training. Other employer-related factors, involving the overall health of the firm, include company layoffs; fluctuations in the economy; and ultimately, establishments going out of business. These factors seem to affect each of the sectors somewhat differently and will be reviewed during the remainder of the evaluation period.

As is the case for workers in general, some workers chose not to participate in the LiLA program because of insufficient time for classes due to other work responsibilities (including second jobs). Class schedules also affected the ability of shift workers to enroll in training. Just as these factors limit lifelong learning in general, they also currently appear to limit the LiLA take-up rate. Early experience suggests that, as noted above, at least some LiLA employers have increased their flexibility regarding scheduling to accommodate LiLA employees, or are willing to do so, as the Demonstration proceeds. This should make training and education more feasible for some employees than it would be otherwise. More broadly, some LiLA employers characterize their participation as an expression of their desire to enter into a true partnership with employees regarding training and education. If the LiLA program were ultimately shown to have this type of impact on employer behavior, it would indeed be an important effect.

One very mechanical issue affected LiLA participation: At some employers in the public sector and in health care, there were an insufficient number of slots to respond to demand. This factor is more employer-based, but in the end it affects an interested individual's ability to participate in a LiLA program. As reported by a San Francisco employer, the LiLA program has encouraged consideration of other ways to provide matching funds for learning. If this proceeds, it would allow more of the demand to be met and indirectly promote the overall goals of the Demonstration.

Another issue that appears to limit enrollment in the LiLA program is the requirement that LiLA employees provide a valid Social Security number (SSN) so that an account can be opened. Many chose not to participate for this reason. It is not known whether this was because they did not have SSNs or because they feared the consequences of providing them for a program such as this one.

The LiLA program was designed to eliminate as many of the aforementioned barriers to participation in lifelong learning as possible. However, to a limited degree, certain program design elements may have constrained employer participation and individual enrollments. They include:

- *Account processing issues for companies without automatic payroll deduction.* Some of these concerns could be overcome through the identification and dissemination of a separate set of tools for companies without an automatic payroll deduction process.

- *Difficulty in understanding how the LiLA works.* Some employees cited confusion over the program's rules as a negative factor during their consideration of possible enrollment. While many reported that the orientation sessions and materials were easy to comprehend and informative, it is important to understand the exact nature of the problems for those who did not.

Are LiLAs an effective tool for addressing the lifelong learning needs of the targeted population of low-income workers?

The LiLA program is aimed at low-income workers, but for several reasons the program required open enrollment without regard to income level. The analysis of enrollment data for all LiLA employees shows that 13% have personal annual incomes at or below 200% of the poverty level (i.e., $18,620).[35] However, the fact that individuals with relatively low annualized incomes are willing to make regular deposits of funds from their paychecks into learning accounts should not be discounted.

One possible benefit of offering LiLAs to an employer's entire workforce is the impact that broad participation in this program might have on the culture of lifelong learning within an organization. When employees at all levels of an enterprise become "savers" and then "spenders" for continued education, it is possible that a business-wide culture of continual learning will take hold. If LiLAs are to become an effective tool for addressing the lifelong learning needs of low-income workers, their efficacy will be improved if the lifelong learning is valued demonstrably in the environment in which LiLAs are offered. As the evaluation proceeds, PPA will continue to look at the impact of program participation on employers.

For LiLAs to be an effective tool, low-income workers need to be able to: (1) save regularly over time, (2) receive meaningful career advice, and (3) enroll in training that positively affects their job situations. Information to date indicates that most of the workers enrolled have continued to save regularly. Career advice appears to be relatively light, but may be sufficient for getting individuals started in the program. Advisors have found one of their primary roles to be that of cheerleaders, another important factor in program design to support the LiLA strategy. It may be helpful to raise the profile of career advisors, and recognize that the ILP is more of an organic document, subject to periodic revision (perhaps every six months) to reflect the participant's progress and any changes at the employer and in the job market.

In conversations between evaluators and project staff, the ILP has been described as a form that needs to be filled out. The ILP can be seen simply as the vehicle to record participants' intents

[35] When tipped employees are removed from this calculation, 7% fall at or below the 200% poverty rate.

and objectives. For the more motivated LiLA employees, the piece of paper is not as important as the overall sense of direction that comes out of the conversation with the career advisor. For other LiLA employees, however, the written plan becomes a tracking tool and making progress consistent with the plan takes the place of internal motivation. Therefore, it is critical that advisors be able to discern the differences between those for whom the plan is a mere formality and those for whom the plan has a much greater meaning and impact.

Judgment about the effectiveness of LiLAs over the long term would relate to the impact of LiLA participation on individuals' career paths and wages and the value they place on continuing education. At this point in the Demonstration, PPA is unable to suggest the impact of LiLAs on these outcomes.

Do employers see sufficient benefits from LiLAs to warrant continued investment in the program?

The issue of employer involvement is related to a handful of critical questions. Parenthetically, this requires being mindful of the difficulties in achieving employer buy-in in sectors with little training and high turnover. After employers sign up for the program, do they stay in the program? So far, a few have dropped out for a range of reasons. However, the vast majority have stayed with the program, even when employee interest has been lower than expected. By contrast, other employers have seen a high level of employee interest. Much of this variation is sectorally based.

One indication of employer change in behavior as a result of LiLAs is evident in the fact that one San Francisco employer is considering expanding its existing benefits to respond to the training interests of employees who applied for LiLAs but found themselves on the waiting list there.

It is too early to say how employers will view the longer-term benefits of their participation in the program. Thus far, information on retention rates, increased productivity, and other measures that could be used internally by a firm to gauge the return on their investment in lifelong learning is lacking. Also, there is no indication that companies were planning to make an effort to gather this type of data. For most participating employers, this may be due to the small numbers of LiLA slots they are sponsoring.

Employers' noticeable detachment from the decision-making process for training—providing information on their skill needs and potential job openings to help participants develop ILPs, knowing what type of training participants received, and how employees are spending their training dollars—may reduce the appropriateness of some training decisions. This is especially evident among employers in San Francisco, but has been seen to some extent in the other sites as well. This disconnection arises at least in part because employers understand that the LiLA employees are empowered to choose the training they wish to pursue. Employee choice, however, is better served if they are fully informed about the opportunities that those choices may open with their current employer. Knowing that, they can more carefully calculate decisions about their careers and the education required to advance them. PPA recommends that CAEL work with employers to assure that they provide helpful career information while avoiding unduly attempting to influence training choices.

The majority of employers participating in the LiLA program identify two general reasons for their involvement in the program: offering an employee benefit and building the skills of their workforces. Over half the establishments expect the LiLA program to help resolve employee retention problems. Thus far, in terms of these goals, the results are mixed. If LiLAs become a regular benefit at a given firm, perhaps they become more of a recruiting tool than a retention tool.

To what extent does the financial services sector see a commercial interest in maintaining the LiLA accounts over the medium- to long-term?

This is a critical question that affects the viability of the LiLA concept if the accounts are to become more widely available. The financial intermediary for this project, ShoreBank, took the Demonstration on as a small-scale endeavor, believing it would closely resemble the Individual Development Account activities that the bank has helped to pioneer. However, ShoreBank has had to devote a considerable amount of effort to the project, more than originally anticipated, and CAEL has had to take on more of a role in account management. LiLA accounting is complex for participating workers and employers, and its management procedures are time-consuming and somewhat burdensome. ShoreBank has repeatedly indicated the possibility that fees will have to be instituted to compensate for their cost of administering LiLAs.

The effects of these factors are far-reaching. While electronic banking may offer opportunities to separate customers and financial institutions, it would still be necessary to match the institutions willing to take on LiLAs with interested employers and participants. Limited financial returns to the financial institutions may prove to be a difficult barrier to overcome, especially as LiLAs are taken to scale.

PPA recommends that CAEL begin now to construct an alternative model for managing accounts, one that does not depend on participation by commercial financial institutions. If accounts are to exist in substantially larger numbers and to persist for long periods of time, it appears that a more viable system must be developed.

What are the challenges in taking LiLAs to scale?

It is always challenging to transform a small demonstration to a large-scale implementation. As evidenced by the progress of the Demonstration to date, a number of key challenges for moving the LiLA project exist. These appear to include:

- *Employer recruitment, particularly for smaller employers with limited HR staff capacity.* In the restaurant sector, the overwhelming majority of employers who were approached about participating in the LiLA Demonstration declined to do so. At this stage, it is not completely clear whether these differences are attributable to business size, sector, or the nature of the local workforce and economy. If size proves to be a major factor, serious consideration will need to be focused on how to address it, since approximately 85% of U.S. business establishments employ fewer than 20 workers, and these firms account for fully one-quarter of all employment. Few businesses of this size have a human resources department or even a staff person with full-time responsibility in that area. And yet, among such firms, training and educational opportunities are less common than among larger firms, so a mechanism that attracts their interest could be very important. The owners of such firms tend to be over-stretched and over-stressed so catching and maintaining their interest is no simple feat. The solution will lie in finding a design that is simple enough to avoid the appearance of just another bureaucratic burden. This, in turn, would require sufficient employer interest in a particular geographic area to justify fairly intensive employer support activities.

- *Employee participation.* While CAEL has learned over time that take-up rates for even the most generous educational benefit plans tends to be low, the LiLA Demonstration should yield useful insights into how to increase such rates. The financial match, career advising, and flexibility in career direction and choice of training all appear to contribute to the appeal of the model for those who have engaged thus far. If the Demonstration were to have another enrollment period, one can imagine that the experiences of current participants might be used to generate greater interest among other workers.

- *Availability of career advice for participants.* Currently, the costs of LiLA career advisors are not charged to participants or employers. As one imagines a LiLA-type lifelong learning model operating on a scale of millions instead of hundreds, the question of how to cover these costs arises. One obvious possibility is to link the financing model to the public workforce system and to task the case managers in the One-Stop Career Centers with providing the needed career advising. Since the time of these case managers is currently a very scarce commodity, the capacity of the One-Stop system would clearly need to expand to meet such a demand. Alternatively, one can imagine a system in which the employers or employees would purchase career guidance services with financial resources built into the system. This, in turn, would create an opportunity for private sector firms to build the needed capabilities and capacity. Whoever ultimately may play a lead role in providing career advice, given the philosophy of these accounts as spending accounts, it seems prudent to establish the 90-day deadline for ILP development in order to spur LiLA participants to active consideration of how they want to use their accumulating funds.

  The relatively "hands-off" approach to guidance contrasts with the approach preferred by the publicly funded One-Stop system, where repeated visits are often necessary to map out strategies. Most provide tools that individuals can use to assess the strength and direction of growth in the labor market, and it might be useful for career advisors to suggest routinely that LiLA participants use those tools as they assess career options. Skill assessments and aptitude tests, prior experience and qualifications, and financial assessments often contribute to the development of the employment plan.[36] In such instances, when public funds are underwriting most or all of the cost of training, it is imperative to ensure that decisions are made following a semi-rigorous series of tests. In the case of the LiLA, when public funds are not at stake and one of the stated purposes is to promote self-ownership of career enhancement activities, it is perhaps sensible that the career advisors step back from the gatekeeping role that case managers typically play in a One-Stop. As results from training begin to come in, it will be important to review them from this perspective.

- *Account management and processing.* The LiLA financial processes are time consuming and expensive, relative to the size of the accounts. It is already quite clear that ShoreBank, the financial institution partner, does not envision the current account management system operating at a larger scale. Over the balance of the Demonstration, both CAEL and PPA should focus time and attention on understanding how the current approach might be simplified and explore alternatives.

If LiLAs are to go to a broader scale, these public policy issues of account management, matching funds or preferential tax treatment, and connection with the publicly funded One-Stop system would all have to be addressed. CAEL has already begun to consider these issues, and it is PPA's intention that the evaluation will provide robust information to facilitate decision making in that process.

In some ways, the experiences of these LiLA employees may be similar to how a LiLA program would work were it established on a non-demonstration basis and made available for an indefinite period of time. For reasons too complex to fully articulate here, people tend to fall out across a broad spectrum of behavior when it comes to innovation. Some are early adaptors,

[36] Career advisors report that, at least in northeast Indiana, they occasionally refer LiLA participants who need more intensive assessment or other similar services to a local One-Stop Career Center.

others adopt a "wait-and-see" attitude, and still others resist. For the 36% of LiLA employees who were already in training, the LiLAs simply offered a means of having others to share some of the financial burden. Consider a situation in which some of the employers participating in the Demonstration decide to offer LiLAs on an ongoing basis. What is likely to happen? Over time, additional workers will sign up for the accounts as they become comfortable with the idea of lifelong learning and see the benefits the accounts have provided to their colleagues. The employers will tend to attract new workers who seek out this benefit and choose to work where LiLAs are available rather than at a competing establishment. Career advice will improve, as feedback on the post-training experiences of the first LiLA participants informs the advisors about the pros and cons of specific training options. So the mix of participants is likely to be different, and the institutional infrastructure and support is likely to be improved. Although there may be variations in some of the specific measures related to participation in LiLAs, there is no reason to believe that the changes in behavior will move in a direction different from that currently observed.

Policy Considerations

The LiLA Demonstration has an explicit goal of informing and shaping national policy on worker training. This ambitious objective requires powerful evidence, strong communication and lobbying capabilities, and committed allies among policy makers. This evaluation will provide evidence of the Demonstration results and insight into how public policy could capitalize on what is being learned. This, in turn, may provide raw materials for any communication effort and ammunition for allies.

At this time, however, it is premature to suggest sweeping changes in national policy *based on the evidence to date.* While such evidence may come over time, the evaluation must limit itself to what is know and not extend itself to what is hoped. That said, it is possible and appropriate to report on early insights and to raise questions that intersect with a variety of policy concerns.

The Public Workforce System

It is clear that the public workforce system does not currently have the capacity to provide assistance to a substantially larger segment of the workforce than it currently serves. Any strategy for expanding LiLAs that includes this system—for purposes such as career guidance or account management through One-Stop Career Centers—must take this limitation into account. Recent federal funding decisions have reduced, not expanded, this system, so a One-Stop based strategy for LiLA expansion would require a dramatic turnaround in this trend.

Whether, and if so how, a LiLA program should connect with the public workforce system is another issue. Many instances of legislated requirements for partnership with the private sector result in meaningless relationships. The question is how to engender real collaboration between the two systems and to determine the nature of this relationship.

One example of a role for One-Stops that could be built into the current LiLA Demonstration is use of the labor market informational tools that many One-Stops offer. As noted on page 90, there is currently no regular process for helping LiLA employees assess labor market demand in the fields that they may be considering. While the use of "a common sense approach" by career advisors is laudable, it cannot equip LiLA employees with skills for assessing labor market demand in the future. Since most One-Stops provide tools that serve this purpose, it might be useful for career advisors to inform their customers of these tools and to suggest routinely that they can be valuable as part of the process of determining one's career direction.

Use of Social Security Numbers

As noted above, the need for Social Security numbers to open bank accounts created a problem for low-income workers without that form of documentation. Since federal law requires that virtually every employee have a social security number, employers may not see this as a major issue. It does appear, however, that even some of those employees with valid Social Security numbers prefer not to disclose them, even to a bank. Without a change in that legal requirement, some other type of account mechanism would need to be established to accommodate these individuals.

Addressing Attrition

Although participant attrition is to be expected, it would be helpful to identify some means to reduce potential participant loss. If LiLAs were to receive preferential tax treatment, then one might expect account holders to pay a penalty of sorts for terminating their account without cause. Additionally, tax incentives could be used not only to attract employers to the LiLA program, but individuals as well. Those who save and spend on career-related training and education could be given a tax credit or deduction similar to the benefits that businesses receive when they invest in equipment. Such an individual human capital tax benefit could further tilt decisions toward enrolling and staying with a lifelong learning program. The federal government could go a step further and provide training grants directly to individuals, structured in such a way as to make continuing participation increasingly valuable. While federal Individual Training Accounts are typically small in scale and brief in duration, a wiser policy might be one that provides larger training grants for every year in which an individual participates. Such grants could be matched by employers or others to leverage their benefits, but in any case, they could serve as a powerful inducement for a worker to continue developing new skills.

Employer Recruitment

The data clearly shows that employer recruitment has varied from moderately difficult in the San Francisco health care industry to extremely difficult in the Chicago restaurant industry. As noted earlier, it appears that recruitment of small firms is much more difficult than recruitment of large ones. The LiLA program has used a multitiered, one-on-one, door-to-door recruitment approach because that was necessary to secure employer participation sufficient to operate the Demonstration. Given these conditions, any national policy regarding a LiLA-like program must address the question of what it takes to induce a substantial group of employers to participate. Financial considerations alone do not appear to explain employer reticence: the current design provides four dollars of training for every one dollar invested by an employer. It is inconceivable that a national policy could be more generous in this regard. A dollar-for-dollar tax credit for employer investments in training would be much less valuable to employers than the current structure. To be equivalent to the current program, the federal government would need to provide a tax credit (not merely a deduction) equal to the total of what is contributed by the employer and the employee. While such a policy would be difficult to enact, the LiLA program experience to date indicates that it may not be nearly enough. It does not seem likely that the labor-intensive recruitment approach used in the Demonstration would be feasible at a national scale. To avoid a political impasse, inducements for employer participation other than the financial variety will need to be developed. The evaluation has not revealed what these might be thus far.

Portability

The broader vision for LiLAs includes some type of portability for the benefit. Clearly, that is not possible within a small-scale demonstration; nonetheless, the importance and nature of the issue needs to be understood as precisely as possible. As policy makers at the national or state level consider a broader implementation of LiLAs, possibly using a tax-credit approach, any such initiatives must allow for account holders to truly "own" their accounts and, therefore, to be able to take them along when they change jobs. Of course, that will affect the level of interest that employers will have in the program, since LiLAs might then be seen as less of a retention tool. The tension between these points of view will come into sharp focus as the policy debate begins. Over time, the evaluation will generate much data about the role of the program in retaining employees.

Financial Institutions

If LiLAs are to remain true accounts, they will have to be housed and managed by a particular entity. The evaluation has revealed that even a socially committed institution such as ShoreBank simply cannot provide this service for free. A national system will be needed to address this issue. Regardless of how the accounts are managed and maintained, the costs will remain. Perhaps the federal government could allow LiLA account management to count toward Community Reinvestment Act requirements for financial institutions. Possibly, nonprofit intermediaries could be empowered to handle accounts. This vexing question might be addressed effectively by soliciting ideas from the financial industry. Ultimately, if they can see a means to profit, financially or otherwise, they will participate.

Public or Private?

As currently structured, the LiLA system is privately operated. As one imagines it being expanded to a scale perhaps 10,000 times larger and operating all across the nation, the question of whether the program should be rooted in the public or private sector merits consideration. It is CAEL's explicit intent to pursue some type of tax benefit for participation by employers and workers in an expanded system. It is also likely, as noted above, that the public One-Stop system would be a major service provider to the program. With the federal government playing such a large and costly role, and given the challenges of employer recruitment, an alternative that starts with recruitment of workers rather than employers and operates as part of the public system may be a reasonable approach.

If LiLAs are to go to a broader scale, these public policy issues of account management, matching funds or preferential tax treatment, and connection with the publicly funded One-Stop system would all have to be addressed. CAEL has already begun to consider these issues, and it is PPA's intention that the evaluation will provide robust information to facilitate decision making in that process.

Next Steps for the Evaluation

While the evaluation is well underway, there is still much work to be done. Some of the next steps include the expected implementation tasks that are currently included in the Evaluation Design (see Appendix A). Others are emerging as a result of what has—and has not—been learned to date. The listing below represents a starting point, from which the PPA evaluation team will build activities for the coming year.

Process Steps

- *Gain access to wage record data.* At the development level, wage record access still needs to be finalized and implemented. While approval has been gained in Illinois and in Indiana, only preliminary contacts have been made in California.

- *Complete development of the comparison groups.* Recruitment of comparison employers in Chicago is complete and in San Francisco it will be completed within weeks. In northeast Indiana, recruiting is expected to be finished within 60 days. The groups of non-LiLA employees have been much more difficult than expected, which has resulted in the expenditure of more PPA staff time and financial incentives. By adapting as quickly as possible to the realities of the recruitment challenges, PPA was able to recruit a sufficient number to elicit meaningful comparative data for this first report. The numbers will be enhanced in coming months to reach the targets in the Evaluation Design.

- *Maintain contact with LiLA and non-LiLA employees.* To conduct a meaningful longitudinal study of differences between the career trajectories of the LiLA and non-LiLA employees, it is essential to minimize attrition from the groups. In addition to offering progressive incentives for continued participation, PPA has also implemented an intensive contact maintenance system that includes alternative contacts, frequent mailings with address correction requested, written confidentiality agreements, a toll-free call-in telephone number, and other elements.

Emerging Content Issues

- *Understand more fully the career advising role.* LiLA employees value the guidance from the career advisors, but thus far this relationship has not been fully documented and understood. Since the role of this career counseling will be pivotal in any larger-scale LiLA implementation, it is essential that greater insight be gained into the nature of the relationship and interactions between the career advisor and the LiLA employee. It appears that, in addition to the current reviews of ILPs and surveys, information should be enriched through reviews of case files in each site. These reviews could be conducted annually during extended site visits.

- *Explore the time costs of career development.* In order to better understand the indirect benefits of career advising, future surveys of LiLA and non-LiLA employees should inquire about the time costs of finding effective, relevant, and appropriate training. This change would enable PPA to determine the degree to which career advisors help their customers solve the dilemma of how to incorporate training into already full schedules.

- *Examing the impact of the program across income levels.* While the LiLA program puts an emphasis on low-income workers it is a universal access program. Data shows that people of all income levels are participating. In addition to examining outcomes for low-income employees (as defined by the 200% poverty guideline), the evaluation will also examine outcomes for employees at higher income levels.

- *Enquire more deeply about the costs of and alternatives to the account management system.* As noted in the section on taking LiLAs to scale on page 106, it appears that the costs of opening and maintaining LiLA accounts is disproportionate to their size. PPA must, along with CAEL, explore this issue more deeply to arrive at a useful conclusion about how a LiLA-type system could be successfully implemented on a broad scale.

In this first interim report of the six-year evaluation, PPA has reported on preliminary findings and offered preliminary conclusions and recommendations. As the evaluation proceeds, more data will be collected, more challenges will arise, and much more will be learned. Although the Evaluation Design will continue to serve as PPA's guide, the evaluation will be adjusted and adapted to assure that it yields the maximum insight and value for the Ford Foundation, other funders, CAEL, and the workforce field at large.

Appendix A: Evaluation Design

The Evaluation Design for the Chicago site formed the basis for the evaluation of the other two sites. Virtually all aspects of the three designs are identical, except for the schedules and numbers of participants. Because of the length, only the Chicago design is included.