FUNDING INDIVIDUAL LEARNING ACCOUNTS IN THE LATTER HALF OF LIFE: A COMPARISON OF INITIATIVES IN FOUR COUNTRIES

PRESENTED AT THE COMMISSION FOR INTERNATIONAL ADULT EDUCATION ANNUAL CONFERENCE
OCTOBER 1, 2018
MYRTLE BEACH, SC

A. Katherine Harrington, MS, MA[1]
Phyllis A. Cummins, Ph.D.[2]
Takashi Yamashita, Ph.D.[3]

ABSTRACT: For several decades, lifelong learning has been discussed both in terms of its ability to provide both individual and national economic benefits. However, while the importance of lifelong learning, particularly in lieu of occupational changes, has been emphasized, the creation or adaptation of funding methods for lifelong learning specifically in the latter half of life has stalled. However, model funding programs that support learning in midlife and beyond do exist internationally, comprising resources like loans, scholarships, and workplace funding. One funding model that came to prominence over the last two decades is the Individual Learning Account (ILA), which has been implemented in multiple countries, albeit with limited success. Although ILAs have ultimately not been well-integrated into extant educational funding systems for lifelong learning, such as self- or employer-funded learning or student loans, the ILA model and its associated challenges suggest key lessons for informing more effective lifelong learning funding, particularly into older adulthood. This paper will discuss gaps in the following four countries' attempts to implement ILAs and integrate common adult education funding methods: Sweden, Canada, the United Kingdom, and the United States.

Background

As world populations continue to age, changing labor markets have prompted many countries to encourage individuals to remain active in the workforce later into life. Many countries have increased the national retirement age, or the age at which citizens may beginning to collect national pensions, to prevent strain on these national systems (OECD, 2017). However, in many cases, continued workforce participation, whether in a current position or following transition to a different career, requires continuing education later into life. In response, encouraging lifelong learning, and thus making continuing vocational education available to adults already in the labor force, has become a priority within individual industries as well as at the national level for all of the member countries of the Organisation for Economic Cooperation and Development (OECD) (OECD, 2004). Increasing the knowledge base of the labor force has become integral to continued economic stability and growth (Freeman, 2013). Given the dominant assumption that continued education can positively impact economic growth and income

[1] Scripps Gerontology Center, Miami University; harrinak@miamioh.edu
[2] Scripps Gerontology Center, Miami University; cumminpa@miamioh.edu
[3] Department of Sociology, Anthropology, and Health Administration and Policy, University of Maryland, Baltimore County; yamataka@umbc.edu

distribution, the funding of lifelong learning is an important policy consideration (Cummins & Kunkel, 2015; Palacios, 2003). In the current knowledge economy, where continued employment can be contingent on continued learning and training, the importance of funding methods to facilitate access to lifelong learning is clear.

Co-Funding Lifelong Learning: Needs and Challenges

There are multiple methods of financing continuing education across the lifespan. The age and educational trajectory of the learner often determines who finances these educational opportunities as they occur and who ultimately pays for the full cost of education over a lifetime (Palacios, 2003; Schuetze, 2009). This question of payment is ultimately what distinguishes funding lifelong learning from financing lifelong learning. When an entity, including governments or private companies, funds learning for an individual, the entity is paying the cost of the learning opportunity. In the case where an individual is also expected to pay for a portion of that education, a co-funding relationship would exist. By contrast, entities that provide financing to individual learners allow learners access to learning opportunities with diminished initial cost to the individual, but with the expectation of repayment in some form by the learner. In this arrangement, the adult learner will enter loan-style repayments to the entity providing the financing (OECD, 2004; Palacios, 2003; Schuetze, 2009).

Funding of learning from childhood to adolescence is provided by the government via collected tax revenue (Schuetze, 2009). Into young adulthood, funding by national or local governments is often made available to institutions (Palacios, 2003), who then distribute these funds based on need or merit. Within this system, however, funding opportunities are most accessible to those individuals who both meet the requirements of receiving assistance and are pursuing specific educational paths of study. For young adults pursuing college degrees or additional training following high school, government financing options are often available to assist in limiting the amount of up-front cost to the student, or of offsetting costs to learners in other ways (Palacios, 2003). Portions of university tuition may be paid for by the local or national governments or may be financed long-term via government loans (OECD 2000). Traditional young adult university students may also have access to means-tested or employment-contingent repayment of loans for tertiary education, allowing them to pursue learning they do not currently have to means to self-fund.

However, educational funding or financing opportunities for middle aged or older adult populations are not always as easily accessible, outside of the work environment. In many cases, funding for older adult educational opportunities is provided through an employer (Hyde, 2014; Stenbarg, 2011). This lack of standardized methods of funding is at odds with many middle-aged and older adults who report continuing to participate in some type of education or training, often related to their work (McNair, 2012; OECD, 2014). In the United States, about 63% of working adults, or about one third of all adults, receive training during the year related to improving their work performance (Pew Research Center, 2016). In a study of four Nordic countries, including Sweden, the participation rate of continuing education in adults in middle and older adulthood was 24% (Tikkanen & Nissinen, 2016). Although many adults report completing continuing education, often while working, this learning may not occur in the same setting. Beyond formal learning (which takes place in education and training institutions, leading to recognized credentials and diplomas), adult may also engage non-formal learning (which takes place in educational and training settings, but doesn't typically lead to a formal or recognized credential) (Commission of the European Communities, 2000) such as training that occurs during work-time.

For much of the last 70 years, the primary focus on lifelong education has been its economic benefit (Clark, 2005). As such, many of the mechanisms currently in place for financing or funding lifelong learning for individuals already in the workforce has centered around training that occurs within, or is in some way enabled by, an employer. In most, where employers offer monetary or time incentives to employees for continuing education, such training is primarily geared toward improving job performance. These learning opportunities can include jobsite training, apprenticeships, or leaves of absence to pursue job-related training outside the workplace (Schuetz, 2007). However, even when offered in tandem with funding or freedom from work responsibilities, these additional training opportunities are more likely to be given to individuals who have already have completed more formal education prior to job-specific training (Verry, 2001). This inequitable access to training and educational opportunities, and its associated segregation of continuing education trajectories, can limit job advancement for workers who enter the workforce with lower levels of education. This disadvantage can be compounded for older workers, who may face age biases that limit the availability of and/or access to learning or training opportunities (Lakin, Mulane, & Robinson, 2008). Especially given that many older workers expect to continue working in some capacity even when they retire, this inequitable distribution of continuing education opportunities can be detrimental both to individuals and to the economy as a whole (Hyde & Phillipson, 2015). Ultimately, for adult learners wanting to continue their current careers or pursue additional training to change careers, access to some type of funding or financing system is not only a personal need, but also a national one (Johnson, Holt, Khan, Morin, & Sawicki, 2010; Lakin et al., 2008).

Co-Financing Lifelong Learning: The Individual Learning Account (ILA)

The co-financing of adult education, where funding is provided by both the learner and another entity, is a fairly recent development (OECD, 2004). These arrangements can involve both a learner and their employer jointly funding educational opportunities. Financing opportunities may also be made available by governments, either local or national to middle-aged and older adults. Government financed programs may provide assistance via tax credits or specific programs that pay or reimburse learners' education, in whole or in part, on the condition that they apply their new skills within their community or to underserved communities. While helpfully offsetting some of the personal costs of continuing education, such incentive programs still require the adult learner to provide wholly out-of-pocket funding to pay for their education or training up front before obtaining partial or total reimbursement at a much later date (OECD, 2000). Receiving reimbursement through these programs may also be dependent on factors like fulltime student status or participation in specific credentialing or degree programs (OECD, 2000).

Recently, with the support of governments or, in some cases, private firms or organizations, learning accounts that allow adult learners to set aside money for continuing education have been proposed as a way to make continuing education accessible to more adult learners. (Council for Adult and Experiential Learning, 2007). These accounts allow learners to set aside income, often before taxation, to help pay for their education, with additional contributions either by an employer, private agency, or through their government (Cedefop, 2009). This method of co-financing—individual learning accounts (ILAs), sometimes called personal learning accounts (Johnson et al., 2010; OECD, 2004)—can give adult learners the financial resources to pursue education and training that they value, even if that training occurs outside of or is not related to their current employment.

Over the last 20 years, multiple countries have attempted to implement or pilot ILAs or similar programs as a way to increase the equitable availability of education and training to adults regardless of their current financial means. These ILA programs have often been implemented for a limited time, and without national availability. However, examining the scope, successes, and limitations of ILA implementation across multiple countries yields insight into ways to improve and sustain long-term funding of adult education.

ILA Program Implementation in Four: the United Kingdom, Sweden, Canada, and the United States

For the purposes of this paper, we will compare the implementation of ILAs across the United Kingdom, Sweden, Canada, and the United States. Both the United Kingdom and Sweden were the earliest proponents of ILAs (Cedefop, 2009; Johnson et al., 2010). Further, while not all of the implementations of ILAs discussed in this paper have been successful or even feasible, there is a clear interest among these four countries' middle aged and older adult populations in pursuing continued education and training despite the lack of consistent or accessible funding. Recent data from the Program for the International Assessment of Adult Competencies (PIAAC), spanning 2011-2015 (OECD 2014, 2016), shows that, regardless of employment status, high percentages of middle-aged and older adults surveyed in all four countries reported taking part in some type of adult education or training within the prior 12 months (See Figures 1-3). These data were collected as part of the Program for the International Assessment of Adult Competencies (PIAAC), conducted between 2011 and 2014 (OECD, 2014, 2016).

However, individuals who are unemployed generally participate in additional education and training opportunities at lower rates than those who are employed. This puts individuals who are employed at additional advantage for receiving training through their employer. An ILA, if modeled like a 401(k) retirement plan, would offer a portable account that could be used to fund education and training even if the individual was not currently employed (Gautié & Perez, 2012). In this way, properly implemented ILAs could allow for more equitable access to education and training opportunities, thereby making skill or credential acquisition more accessible for those individuals who might be low-skilled and/or currently unemployed.

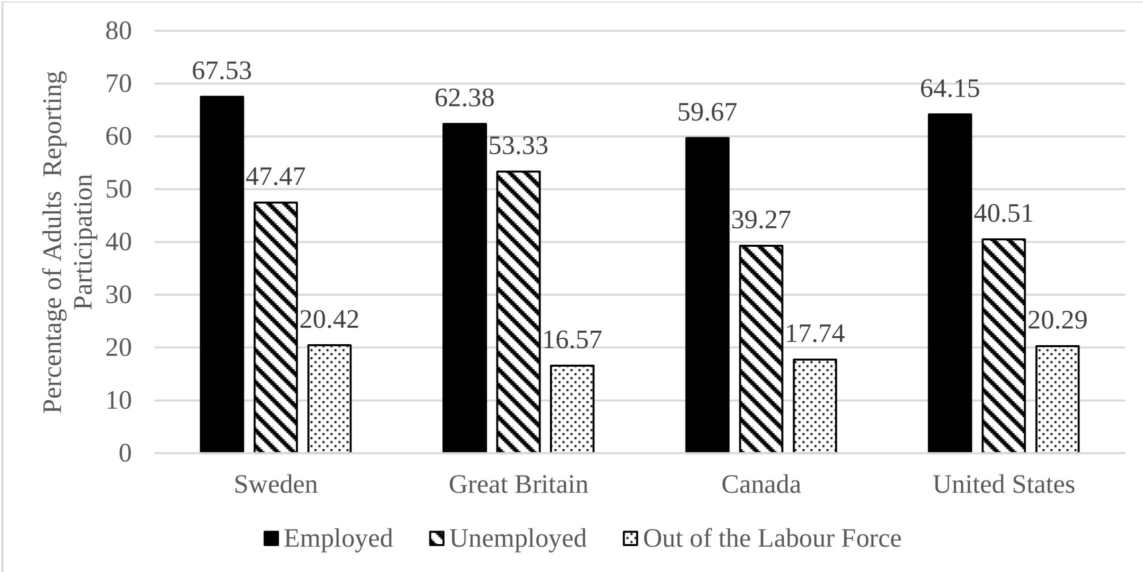

Figure 1. Participation in adult education and training within the last 12 months by a representative sample of adults 45-65 years old by employment.

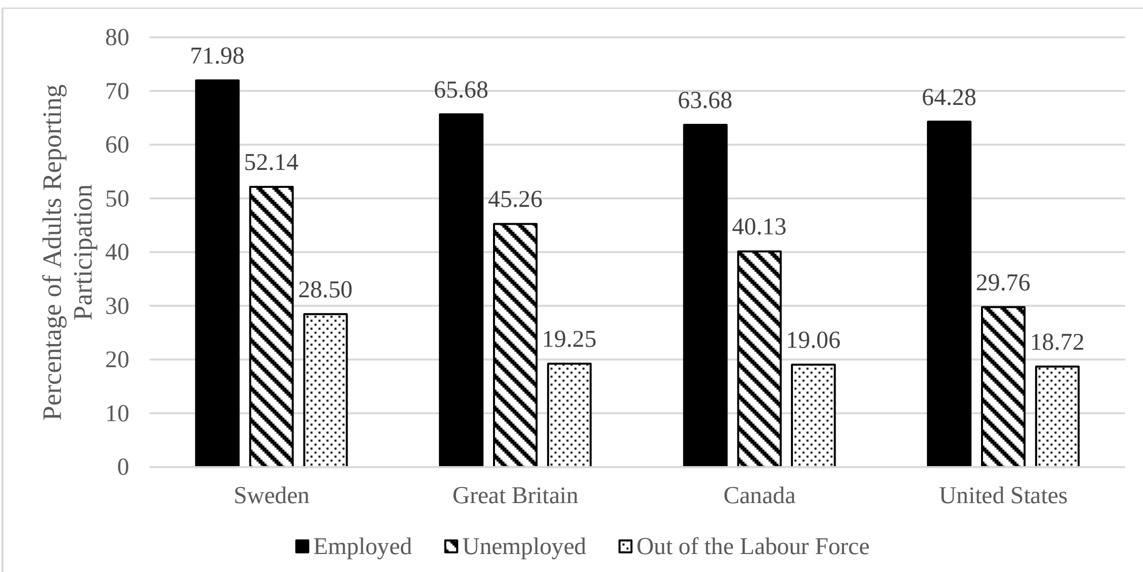

Figure 2. Participation in adult education and training within the last 12 months by a representative sample of adults 45-54 years old by employment.

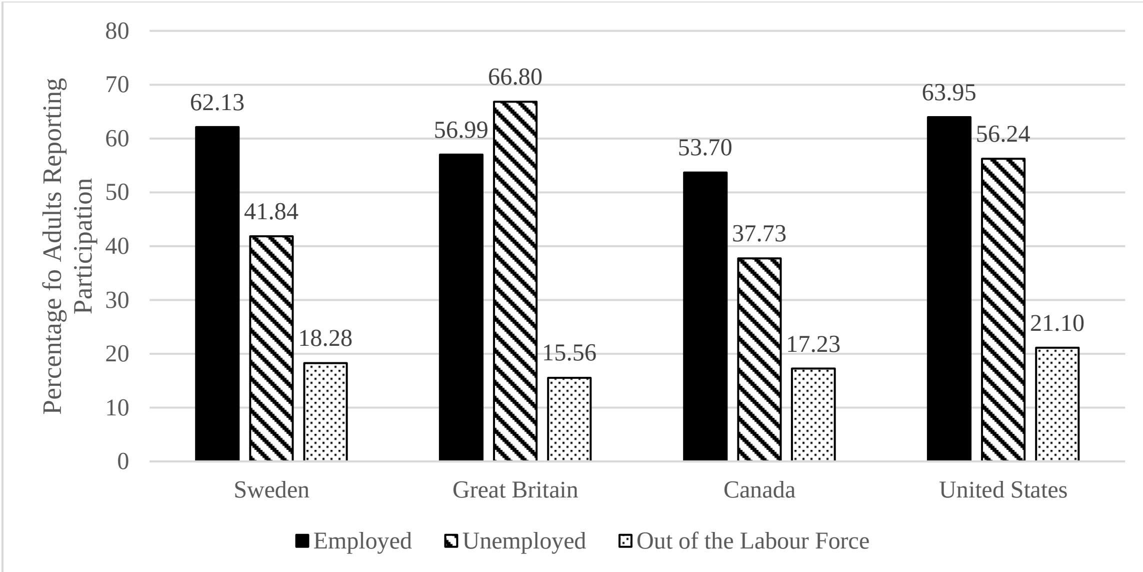

Figure 3. Participation in adult education and training within the last 12 months by a representative sample of adults 55-65 years or older by employment.

The United Kingdom

Because it is an economic block comprising multiple countries, the United Kingdom offers a unique opportunity to examine the implementation of ILAs by different interconnected governments. Additionally, given its early attempts at adopting ILAs or similar initiatives, the United Kingdom has served as a template for other nations seeking to implement ILAs (Schuetze, 2007). Within the United Kingdom, ILAs began operating in 2000, with member countries adopting slightly different models for initial implementation from 2000-2001 and making changes over time (Johnson et al., 2010; OECD, 2004). The programs were universally accessible to any adults over 19 years of age, as long as they were not already engaged in training (OECD, 2004). These accounts were designed so that both learners and their employers could pay into them, with the understanding that the individual learner was best able to determine their educational needs in pursuit of learning opportunities that improved their overall employability (Gautié & Perez, 2012).

Across all countries within the United Kingdom, including Scotland, Kent and southwest and England, and Wales, the ILA program that was implemented at the national level included yearly government-provided entitlement funding (Fox, 2009; Gautié & Perez, 2012; Gugh, 2009; Rutherford, 2009; Schuetze, 2007). These programs, like the original ILA program tested across the United Kingdom in 2000, are aimed at underserved and under-skilled workers (Gautié & Perez, 2012) and have been successful in encouraging participation among working adults over the age of 20, with nearly one-fifth of participating individuals past retirement age (Gugh, 2009; Rutherford, 2009). For smaller companies comprising 5-49 people, Small Firm Learning Accounts were created to incentivize ILA adoption by smaller business (OECD, 2004).. This nationwide program was also initially designed to target traditionally underserved groups, including women, individuals returning to work after absence from the labor force, and self-employed individuals (OECD, 2004).

However, some employers began shifting company funding previously used for in-house training to these accounts and offering poorer quality paid training, forcing employees to use their accounts to cover previously employer-paid training and limiting opportunities to pursue additional learning (Gautié & Perez, 2012; OECD 2004). Further, despite initial marketing of the program to underserved groups, those who actually took advantage of ILAs tended to be individuals who already had relevant experience and access to adult education opportunities (Gautié & Perez, 2012).

In England, the original ILA program was shut down in 2001 (Gautié & Perez, 2012). A second type of individual learning account was subsequently launched in 2007 (Dalton, 2009; Gautié & Perez, 2012). Unlike the previous incarnation of the ILA, these new iterations include provisions that the learning they fund must be independent of the employer, with greater transparency in how funds are provided and disseminated. This program also mandated that account holders have access to support and guidance in relation to both their career and their continued education trajectories (Dalton, 2009; Gautié & Perez, 2012). Rather than remaining a joint employer and adult learner co-funded account, these accounts became more akin to vouchers or budgeting accounts, which can be used for educational purposes but may not hold actual monetary value (Gautié & Perez, 2012).

Sweden

Like the United Kingdom, Sweden was an early proponent of the ILAs as a method for citizens to save funds that were accessible for voluntary pursuit of lifelong education (Johnson et al., 2010; Verry, 2001). Initially, plans were made to implement national access to ILAs at in January of 2002 (Verry, 2001). While this rollout was delayed, Sweden did introduce a bill outlining possible guidelines for ILAs in April of 2002 (Schuetze, 2007). These plans included being able to defer taxes on any money set aside by the individual in an ILA, regardless of whether the account holder or their employer had paid in to the account. Funding used for educational and training experience that met specific criteria for approved competence development would have been taxed at a lower rate, and any funds not used by age 65 would have been integrated with the employee's pension (Verry, 2001). Employers would also have received tax incentives for matching funds within employees ILAs (Johnson et al., 2010). However, despite its extensive planning for ILA implementation, Sweden did not actually complete any of these plans (Johnson et al., 2010; Schuetze, 2007). This may, in part, reflect the country's already high levels of participation in "second chance" learning opportunities. Under this second chance scheme, all adults are guaranteed the ability to complete optional secondary schooling beyond what is required, with local private partnerships providing opportunities for those students who do not complete the schooling in early adulthood (Rydman, 2000). These programs would have been accessible to adults returning for additional training or retraining if they had completed only required schooling, lessening the need for funding among some low-skilled individuals. Sweden's failure to implement ILAs may also reflect concerns that the system as designed would unduly benefit adults already possessing educational and financial advantage. (Johnson et al., 2010; Schuetze, 2007). These concerns echoed what did happen with ILA use in parts of the United Kingdom (Gautié & Perez, 2012), and served as a consideration in the implementation of ILAs and ILA like programs by other countries.

Canada

Although Canada has offered the Lifelong Learning Plan (LLP) since 1999, allowing citizens to save their own income, tax free, ILAs were first championed in Canada in the early 2000s. However, it decided against adopting a true ILA system (OECD, 2004; Schuetze, 2009b) due to concerns about overlapping too heavily with existing policies (Schuetze, 2007). Instead, Canada implemented a savings program in 2000 aimed at encouraging personal savings for lifelong education; its funding lasted nine years (Schuetze, 2007). This program, called learn$ave, was, like many ILA programs, aimed at underserved and lower income individuals (Schuetze, 2007; Schuetze, 2009b). However, it is primarily modeled after anti-poverty measures instead of the typical ILA structure. Piloted since early 2008, the learn$ave program offers financial incentives to citizens for saving for their own education. Although aimed at low-income adults between 18-65 years old, the initial adopters of the program tended to be younger adults, with the program drawing few older adults (Schuetze, 2009b).

The United States

Within the United States, there is a multitude of diverse schemes designed to encourage individual education and training beyond the ILA format. The US implemented a specific subtype of the ILA, called Individual Training Accounts (ITA), following the passage of the 1998 Workforce Investment Act (Gautié & Perez, 2012). These ITAs were designed as vouchers and were targeted to individuals in need of training and employment assistance, and, unlike true ILAs, did not require funds from the learner. Under this ITA setup, workers received training plus assistance from workforce investment agencies (Gautié & Perez, 2012). Similar to Canada, the United States also implemented Individual Development Accounts (IDA) in 1998, which allows low-income individuals to set aside money for their own adult education (OECD, 2004). Like a typical ILA, these accounts also allow for employer matching. Although these schemes are available across the country, they are not overseen or managed by a single entity. (CAEL, 2007; OECD, 2004). Because there is no single national system for the management of IDAs or similar lifelong learning-specific accounts, they function more like a 401k style of retirement account (CAEL, 2007).

Summary and Implications for Practice

There is a clear impetus to introduce funding schemes that would allow continuous, equitable access to continuing training and education opportunities to adults across the economic spectrum. However, multiple countries' recent attempts to achieve this through ILAs have achieved only limited success. Difficulties insuring that those most in need of continued education and training opportunities, particular low-skilled workers or individuals without previous access to training, limited the scope, duration, and success of ILA implementation. Although ILAs should offer adult learners opportunities to continue their development and training, many such programs have been poorly implemented or privileged only select segments of the population. Overall, when in place, ILAs and similar financial schemes appear to be most functional when they include some type of guidance provided to the learner for accessing their funds and their associated educational opportunities, such as guidance from an objective work (Cedefop, 2009). This guidance would, ideally, both help ensure access and success for those most in need of additional training, and help individuals identify areas where training would be most beneficial (Cedefop, 2009).

The responsibility of lifelong education and training is a joint responsibility shared by the adult learner, the employer, and the government, particularly when it comes to education opportunities for low-skilled workers (Cummins & Kunkel, 2015). It is essential to determine which strategies can improve access to educational opportunities over the long term, particularly for middle aged and older adults who may be excluded from the focus of typical workplace training. Although ILAs have been shown to be useful, increasing the availability and improving the structure of ILAs or similar funding accounts will continue to be a challenge affecting adult education opportunities.

Acknowledgements

The research reported here was supported by the Institute of Education Sciences, U.S. Department of Education, under award under R305A170183 to Miami University. The opinions expressed are solely those of the authors and do not represent views of the Institute or the U.S. Department of Education.

References

Clark, T. (2005). Lifelong, life-wide or life sentence? *Australian Journal of Adult Learning, 45*(1), 47-62.

Commission of the European Communities. (2000). *Memorandum on lifelong learning*. Retrieved from https://uil.unesco.org/i/doc/lifelong-learning/policies/european-communities-a-memorandum-on-lifelong-learning.pdf

Council for Adult and Experiential Learning (CAEL). (2007). *Changing Lives Through Lifelong Learning Accounts.* Retrieved from https://files.eric.ed.gov/fulltext/ED509909.pdf

Cummins, P., & Kunkel, S. (2015). A global examination of policies and practices for lifelong learning. *New Horizons in Adult Education and Human Resource Development, 27*(3), 3-17.

Dalton, J. (2009). Adult learner accounts in England. *Individual Learning Accounts* (pp. 34-43) European Centre for the Development of Vocational Training.

Freeman, R. B. (2013). *One ring to rule them all? Globalization of knowledge and knowledge creation* (No. w19301). Cambridge, MA: National Bureau of Economic Research. Retrieved from https://dash.harvard.edu/bitstream/handle/1/12249599/2827627.pdf?sequence=1

Fox, N. (2009). Individual learning accounts: the Kent experience. *Individual Learning Accounts* (pp. 52-55) European Centre for the Development of Vocational Training.

Gautié, J., & Perez, C. (2012). *Promoting Life Long Learning through Individual Accounts: from Asset-Based to Capability-Based Policies*. Retrieved from https://hal.archives-ouvertes.fr/halshs-00706675/

Gugh, S. (2009). Individual learning accounts in Wales. *Individual Learning Accounts* (pp. 48-51) European Centre for the Development of Vocational Training.

Pew Research Center. (2016). *Lifelong learning and technology*. Washington, D.C.: Pew Research Center

Hyde, M., & Phillipson, C. (2015). *How can lifelong learning, including continuous training within the labour market, be enabled and who will pay for this? Looking forward to 2025 and 2040 how might this evolve?* London: Government Office for Science Retrieved from http://dera.ioe.ac.uk/23660/1/gs-15-9-future-ageing-lifelong-learning-er02.pdf.

Johnson, S., Holt, R., Khan, N., Morin, M., & Sawicki, S. (2010). Personal learning accounts: Building on lessons learnt. London: UK Commission for Employment and Skills. Retrieved March, 12, 2018 from from http://www.ukces.org.uk/publications/personal-learningaccounts

Lakin, M. B., Mullane, L., & Robinson, S. P. (2008). Mapping new directions: Higher education for older adults. Washington, DC: American Council on Education.

McNair, S. (2012). Older people's learning in 2012: A survey. National Institute of Adult and Continuing Education (England and Wales).

OECD. (2000). *Lifelong learning as an affordable investment: Financing Lifelong Learning in Tertiary Education.* Paris: OECD Publishing

OECD. (2004). *Co-financing Lifelong Learning: Towards a systemic approach.* Paris: OECD Publishing

OECD. (2014). *Public data & analyses, online data [PIAAC public use data files]*. Retrieved from: http://www.oecd.org/site/piaac/publicdataandanalysis.htm

OECD. (2016). *The survey of adult skills: Reader's companion* (Second edition. ed.). Paris: OECD Publishing.

OECD. (2017). *Pensions at a Glance 2017: OECD and G20 Indicators*. Paris: OECD Publishing.

Palacios, M. (2003). *Options for financing lifelong learning*. (Vol. 2994). World Bank Publications.

Rutherford, H. (2007). ILA Scotland: practical case study of demand-led funding for adult learning. *Individual Learning Accounts* (pp. 44-47) European Centre for the Development of Vocational Training.

Schuetze, H. G. (2007). Individual Learning Accounts and other models of financing lifelong learning. *International Journal of Lifelong Education, 26*(1), 5-23.

Schuetze, H. G. (2009a). Financing Lifelong Learning In Jarvis, P. (Ed.), *The Routledge international handbook of lifelong learning* (pp. 375-389). New York: Routledge.

Schuetze, H. G. (2009b).ILAs in Canada: research and demonstration. *Individual Learning Accounts* (pp. 95-101) European Centre for the Development of Vocational Training.

Tikkanen, T. & Nissinen, K. (2016). Participation in job-related lifelong learning among well-educated employees in the Nordic countries. *International Journal of Lifelong Education, 35*(3), 216-234.

Verry, D. (2001). *Economics and Finance of Lifelong Learning*. Paris: OECD Publishing.