American Legislative Exchange Council ALEC

Exposed By the Center for Media and Democracy www.prwatch.org

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda–underwritten by global corporations–includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board
--in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

Home → Model Legislation → Education

Did you know that an online for-profit school company was the corporate co-chair in 2011?

THE LIFELONG LEARNING ACCOUNTS ACT

Summary

The Lifelong Learning Accounts Act would provide for the creation, administration, and operation of the Lifelong Learning Accounts (LiLAs) program. Under this program, participating employers match employee contributions into a LiLA, up to an established cap. Third parties are encouraged to match contributions.

Purpose

Lifelong Learning Accounts (LiLAs) are a new way for employers and employees to co-finance education and training. LiLAs encourage employers and employees to leverage their financial resourcesâ€"with an eye toward increasing productivity, improving retention, and meeting the changing needs of the economy. Much like 401(k) retirement accounts, under the LiLA program, employees contribute regularly to a LiLA and employers match contributions, up to an established annual cap. Third parties, such as governments or foundations, could choose to match employee contributions. These combined funds are then leveraged to pay for a broad range of education and training activities, consistent with a learning plan developed by LiLA participants in consultation with their program-sponsored career and education advisors.

LiLAs have been piloted in states and regions across the country since 2001. In addition, elected officials and state agencies have introduced legislation that would make LiLAs more widely available in Hawaii, Illinois, Indiana, Iowa, Minnesota, and Oklahoma. This legislation has taken different forms and included pilot studies,[1] tax credits,[2] matching funds,[3] and other incentives. There also have been several initiatives, most notably in Maine, without legislative action.[4]

Model Legislation

Section 1. {Title} The Lifelong Learning Accounts Act

Section 2. {Definitions}

(A) "Lifelong Learning Account" means an individual account held by a trustee, custodian, fiduciary agent, state instrumentality, or another person approved by the treasurer of state that is owned by an employee.

(B) "Qualified education and training expenses" mean a payment for education, including tuition and fees and similar payments, books, supplies, equipment, and tools that may be retained by the employee after completion of a course of instruction, other than the following:

(1) Meals, lodging, or transportation; and

(2) Any course or other education involving sports, games, or hobbies.

Section 3. {Basic Elements of the Lifelong Learning Account Act}

(A) The [specify entity or person] may establish and maintain a program to provide for the use of Lifelong Learning Accounts. The funds in said account may be used only to pay for qualified education and training expenses incurred by or on behalf of the account owner.

(B) The program under this Section shall:

(1) provide matching grants in an amount equal to [specify %] of the annual aggregate contribution by employees and employers into a Lifelong Learning Account, not to exceed [$] annually;

(2) provide a refundable individual tax credit for the employee, which is equal to [specify %] of annual aggregate Lifelong Learning Account contributions up to [specify $ amount] for individual filers with up to [specific $ amount] in annual gross income or joint filers with up to [specify $ amount] annual gross income;

(3) provide a tax credit for the employer, which is equal to [specify %] of annual aggregate Lifelong Learning Account contributions up to [specify $ amount];

(4) make technical assistance available to employers and educational and career advising available to individual participants;

(5) document the process and outcomes of the Lifelong Learning Accounts program, and prepare a report thereon, to be submitted to the legislature [specify #] days on [specify date, allowing two years for implementation]; and

(6) if appropriate, enter into contracts with other government agencies, nonprofit organizations, or for-profit firms to carry out the purpose and activities of the Lifelong Learning Accounts program.

(C) An individual who makes a nonqualified withdrawal from a Lifelong Learning Account is subject to a penalty of [specify amount or %] in the tax year that the nonqualified withdrawal took place. A nonqualified withdrawal means any withdrawal not used for Ã¢â‚¬Å“Qualified education and training expensesÃ¢â‚¬ or not contributed to another Lifelong Learning Account owned by the individual within 60 days.

(D) The [specify entity or person] may adopt any rules necessary to administer the provisions of this Section.

Section 4. {Lifelong Learning Account Act – Financial Support}

(A) There is appropriated out of the general revenues of the State of [specify] to [specify entity or person] the sum of [specify $ amount] or so much thereof as may be necessary for fiscal year(s) [specify #] to carry out the purposes of the Lifelong Learning Accounts program under this Section OR The establishment of the Lifelong Learning Accounts program under this Section is subject to appropriation.

Section 5. {Effective Date} This Act takes effect upon becoming law.

Endnotes

1. Elected officials in one state (IN) have introduced and passed legislation to create a pilot study. Indiana Representative Tim Harris introduced and passed HB1005 in 2005. This bill provided $50,000 for the Department of Workforce Development (DWD) to determine the feasibility of a statewide LiLA program. It also required DWD to report its findings to the Indiana Legislative Council.

2. Elected officials and agencies in four states (HI, IA, MN, and OK) have introduced tax credit bills. Hawaii State Representative Cindy Evans introduced HB916 in 2007. This bill sought to give employers a non-refundable tax credit of up to $500, which would be equal to the amount contributed on behalf of employees. It also proposed a refundable tax credit of up to $500 for workers, which was not to exceed the amount annually contributed to their LiLA. The bill sought funding for technical assistance, evaluation, implementation and offsets for low-income workers. Hawaii Governor Linda Lingle incorporated HB916 into her Hawaiian Innovation and Sustainability Initiative, which was introduced in the state legislature as HB1280 and SB1366. Iowa Governor Chet Culver introduced HSB754 and SSB3253 in 2007. These bills sought to create a statewide LiLA program that allowed employers and employees to claim a refundable tax credit of up to $500 per year. Those refundable credits were equal to 50 percent of their contributions. Minnesota State Representative Erik Paulsen introduced HF2779 in 2007. This bill sought to provide employers with a non-refundable tax credit of up to $500, which was equal to the amount contributed on behalf of their employees. It also proposed that workers receive a refundable tax credit of up to $500 per year, which would be equal to 50 percent of their annual contribution. The bill sought to levy a tax of up to 25 percent on any nonqualified withdrawals that were made by employees. Oklahoma State Senator Kathleen Wilcoxson introduced SB927 in 2005. This bill sought to provide a corporate income tax credit for LiLA contributions made by employers. The yearly employer tax credit would be capped at $500 per employee and could not exceed $50,000 over the life of the program. Employees were allowed to treat LiLA contributions as non-taxable income.

3. Elected officials in two states (IL and IN) have introduced legislation that sought to provide state matching funds. Of the two, Illinois has passed a bill that provides matching funds for LiLAs. Illinois Senator Don Harmon introduced and passed SB2931 in 2006. This bill provided $400,000 in state matching funds to administer a statewide LiLA program in the health-care sector. It also provided funding for support services, such as education and career advising. Contributions by individuals and their employers are matched at a rate of 2:1 up to $500. Indiana Representative Tim Harris introduced HB1173 in 2006. The bill sought $300,000 in state funds to administer a LiLA Grant Program. This program proposed that individual workers receive $500 per year in matching funds if they paid any part of their own educational expenses.

4. States interested in developing a Lifelong Learning Accounts program within existing resources might consider the model used in Maine. That state's Lifelong Learning Accounts program, launched in 2005, is coordinated by its state Department of Labor, which uses its existing Career Center staff and offices to do outreach to employers and employees. Additional program support is provided by the Maine Centers for Women, Work and Community, which assists employees with their education planning. The Lifelong Learning Accounts themselves are established through the state's existing Section 529 college savings program, known as NextGen, which is administered by the Finance Authority of Maine, and which includes a matching contribution for low- and moderate-income workers. This model, because it takes advantage of existing state programs, minimizes the need for additional state resources.

More information on Maine's program can be found at
http://www.famemaine.com/NextGen/pdf/LiLA_Program_Guidelines.pdf

Additional Note:

Legislators may want to specify how many employees the program will serve (if not an unlimited amount); encourage the participation in the program of lower-income and lower-skilled workers; and implement the program in diverse geographic and economic areas.

Approved by the Education Task Force on July 16, 2009.

Approved by the ALEC Board of Directors on August 27, 2009.

Related Files

The Lifelong Learning Accounts Act (Microsoft Word Document)