

Upskilling and Retraining Assistance Act

Sponsored by Senators Maggie Hassan (D-NH) and Todd Young (R-IN)

The Problem:

Businesses across the country often find it difficult to recruit and hire qualified workers. In many cases, employers offer educational and training opportunities to assist their workforce in upskilling and retraining. These kinds of programs result in higher retention rates and a more skilled workforce. Recognizing the role that employers play in education and retraining opportunities, the tax code allows employers to pay up to \$5,250 for educational programs for their workers without it counting in the workers' taxable income – an exclusion level put in place in 1986, more than 30 years ago. The exclusion is currently far below the cost of most higher education programs and does not cover the needed costs of tools and technology required to complete a program.

While employers have continued to use this educational assistance program to provide needed opportunities to their workers, shifts in workforce needs over the last three decades call for modernization to ensure that workers and their employers can fully benefit from this program. Modernization efforts are even more important now with COVID-19 resulting in rapidly changing industry needs and historically high national unemployment. Expanding educational assistance programs will help ensure that more employers have the tools they need to hire and retrain workers who have lost their jobs due to COVID-19.

The Solution:

This bill would make two important changes to Section 127 of the tax code to modernize and expand the use of educational program assistance that employers may provide to their workers.

1. *Enact an emergency expansion of the tax exclusion from \$5,250 to \$12,000 for the next two years.* This would adjust the exclusion to account for the last three decades of inflation, assisting employers in meeting the needs of their workers as they grapple with the impacts of COVID-19 on their business.
2. *Expand the tax exclusion to cover the cost of education-related tools and technology.* This would include hand tools, construction equipment, computers and software, and other items related to the costs of a worker completing their education program.

This bill is supported by: Coalition to Preserve Employer-Provided Education Assistance, Jobs for the Future (JFF), Business Roundtable (BRT), The Manufacturing Institute, Society for Human Resource Management (SHRM), American Council on Education (ACE), National Association of Independent Colleges & Universities (NAICU), American Association of Community Colleges (AACC), Presidents Forum, National Association of College and University Business Officers, Guild Education, Southern New Hampshire University, Western Governors University, Arizona State University, Excelsior College, UMassOnline, Walmart, Starbucks Coffee Company, National Retail Federation, Workday, American Mold Builders Association, National Association of Colleges and Universities Business Officers, National Tooling and Machining Association, North American Die Casting Association, Precision Machined Products Association, Precision Metalforming Association, American Hotel and Lodging Association

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