

# Upskilling and Retraining Assistance Act

*Sponsored by Senators Maggie Hassan (D-NH), Todd Young (R-IN)  
Catherine Cortez-Masto (D-NV), Tim Scott (R-SC)*

## **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:**

American Association of Community Colleges (AACC), American Council on Education (ACE), American Hotel and Lodging Association, American Mold Builders Association, Association of Community College Trustees (ACCT), Business Roundtable (BRT), Capella, Coalition to Preserve Employer-Provided Education Assistance, Community College System of New Hampshire (CCSNH), Excelsior College, Guild Education, Higher Learning Advocates, Jobs for the Future (JFF), The Manufacturing Institute, National Association of College and University Business Officers, National Association of Independent Colleges & Universities (NAICU), National Association of Professional Employer Organizations, National Electrical Contractors Association (NECA), National Skills Coalition, National Retail Federation, National Tooling and Machining Association, North American Die Casting Association, Precision Metalforming Association, Precision Machined Products Association, Sheet Metal and Air Conditioning Contractors' National Association, Society for Human Resource Management (SHRM), Southern New Hampshire University, Starbucks Coffee Company, UMassOnline, Walmart, Western Governors University (WGU), and Workday

*For more information or to cosponsor, please contact Brittany Matthews ([Brittany.Matthews@hassan.senate.gov](mailto:Brittany.Matthews@hassan.senate.gov)) or Jessica Helmers ([Jessica.Helmerts@young.senate.gov](mailto:Jessica.Helmerts@young.senate.gov))*