



United States Senate Committee on Health, Education, Labor and Pensions

Full Committee Hearing: COVID-19 Recovery: Supporting Workers and Modernizing the Workforce Through Quality Education, Training, and Employment Opportunities

Tuesday, April 20, 2021

The Society for Human Resource Management

Statement for the Congressional Record

As Congress considers legislative proposals to spur the nation's post-pandemic economic recovery, it is critical any final solution encourage bold investments in the American workforce. Investments, including employer-provided education assistance, will support efforts to build a talent pipeline that meets the needs of a post-pandemic landscape and contribute to future U.S. economic growth.

Providing education assistance is an important tool American employers have long used to build, attract and retain a skilled workforce, and one that will be a critical component of recovery moving forward. The Society for Human Resource Management (SHRM) has been a longtime advocate in support of efforts to strengthen and expand employer-provided education assistance as a workplace benefit.

First enacted in 1978, this employer-provided education assistance benefit has had a widespread, positive impact on employers and employees alike. However, the \$5,250 exclusion has not been increased in over 40 years and must be updated to respond to current workplace and workforce needs. Section 127 of the Internal Revenue Code allows employees to exclude up to \$5,250 from income per year for courses at the associate, undergraduate and graduate levels with education assistance provided by their employer.

According to a [SHRM Employee Benefits](#) survey conducted in 2019, 56 percent of employers provided education assistance to their employees. As learning continues to evolve, so must education benefits. It is critical that employers have the flexibility to offer support throughout a variety of stages in the education lifecycle to give employees choices when making education-related decisions.

In the 116th Congress, Senators Maggie Hassan (D-N.H.) and Todd Young (R-Ind.) introduced S.4408, the Upskilling and Retraining Assistance Act, a proposal to provide the updates necessary to modernize employer-provided education assistance. S.4408 proposed to temporarily increase the dollar amount of education assistance employees can receive from employers to \$12,000 and to permit expenses for the tools and technology required to complete their educational programs to be covered. Solutions like these are imperative in America's economic recovery as they promote training and upskilling, a key element of supporting U.S. workers and modernizing the American workforce.

Employer-provided education assistance benefits are not only necessary to meet current needs; used to invest in training and development of the workforce they will have a lasting impact on work, workers and the workplace and the U.S. economy for years to come. These benefits are used to reskill and upskill existing employees to fill open positions and address the U.S. skills shortage. By investing in their existing talent pool, employers have seen a return on investment of more than 100 percent. Employees who take advantage of employer-provided education assistance improve their opportunities for upward mobility and wage growth. Entry-level and mid-management education assistance recipients received, on average, a 43 percent incremental wage increase over a three-year period as compared to non-recipients.

Furthermore, investment in workforce development through education, training and employment opportunities will encourage financial stability and savings. The pandemic has created financial hardships, forcing some to remain in the workforce longer than anticipated, delaying life milestones like starting a family, purchasing a home, saving for retirement and the ability to pay for critical services like health care. Investments like employer-provided education assistance is not the answer to all of the above, but can be a valuable resource for employees to pursue professional goals and better livelihoods for themselves, their families and for future generations.

SHRM and the National Association of Independent Colleges and Universities co-chair the [Section 127 Coalition](#), which brings together a broad cross-section of nearly 100 organizations representing employers, labor and higher education, all of which are committed to preserving and strengthening employer-provided education assistance.

As the voice of all things work, workers, and the workplace, SHRM and our 300,000+ members impact the lives of more than 115 million workers and their families. As congressional lawmakers address the needs of a dynamic workforce and changing economic landscape, SHRM stands ready to serve as a resource and partner in those efforts.

SHRM, the Society for Human Resource Management, creates better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally. Learn more at [SHRM.org](https://www.shrm.org) and on Twitter [@SHRM](https://twitter.com/SHRM).