

# Written Testimony of Johnny C. Taylor, Jr. President & CEO SHRM

## Submitted to the House Committee on Education and Workforce

The State of American Education

Wednesday, February 5, 2025

Chairman Walberg, Ranking Member Scott, and Committee Members, thank you for the opportunity to testify on the state of American education and the workforce.

SHRM empowers people and workplaces by advancing HR practices and maximizing human potential. For over 75 years, we have been the trusted authority on all things work. SHRM is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces. With nearly 340,000 members in 180 countries, SHRM touches the lives of more than 362 million workers and their families globally.

Our members are not just at the front line, they ARE the front line of America's workforce. This allows us to provide unparalleled insight into the current and future state of the workplace.

Members of the Committee, the education-to-employment pipeline is leaky, broken, and busted. This pipeline is a vital component of our efforts to mitigate the challenges of our current workplaces, to improve the lives and livelihoods of workers and their families, and to close the skills gap.

Imagine the pipelines in our homes—essential for delivering water and gas—developing leaks and gaping holes. The workforce pipeline in the United States faces similar structural issues:

- Higher education is leaky,
- K-12 is broken, and
- The line to Untapped Talent Pools is busted.

#### **Higher Education Pipeline is Leaking:**

The U.S. has made significant investments in higher education, but there is a misalignment between academic programs and workforce demands. Many students enter college expecting it to be the best pathway to a career but graduate with degrees that fail to match labor market needs. At the same time, many jobs today do not require a college degree. Employers are beginning to focus on skills-based hiring, recognizing that practical experience and certifications often provide a better measure of job readiness and success than a traditional four-year degree. The rise of artificial intelligence (AI) and automation will further reshape the workforce, making it essential for higher education institutions to realign their curricula to meet emerging job requirements.

But we can learn from Michigan State University's – Align Center Project. This initiative focuses on aligning educational programs with local workforce requirements to support community growth and employment opportunities. The project's goals are to create a unified resource center that addresses the gap in workforce training and local career development, especially for non-traditional clients overlooked by existing resources.

North Carolina has a state educational attainment goal to ensure the state has a sufficient educated population to fully meet workforce demands by 2030 and beyond. The General Assembly requires <a href="maybettureNC">myFutureNC</a> to report annually on how the state is tracking toward the state's goal to have 2 million 25-44-year-old North Carolinians having an industry-valued credential or college degree by 2030. The most recent data will be reported at the <a href="maybettureNC">myFutureNC</a> annual event hosting members of the General Assembly in Raleigh on February 20th and via simultaneous livestream to the public and other interested parties statewide and elsewhere in the United States.

A recent SHRM survey found that nearly a quarter of organizations have eliminated college degree requirements for certain positions, embracing skills-based hiring as a solution to labor shortages. Additionally, data from the Bureau of Labor Statistics show that nearly 22% of all jobs in 2023 did not require any formal educational credential, emphasizing the need for alternative pathways to employment. That said, higher education and employment preparation are not mutually exclusive goals.

Visionary higher education leaders continue to innovate to serve students, society, and the economy. They are recognizing the value of internships, joint degree programs, and "recapturing" adult students who have no degree, but adequate credits. We see institutions of higher education driving competitiveness through university-industry partnerships, integrating industry certifications with degrees, and aligning technology with talent development.

#### K-12 Pipeline is Broken:

Over the past few decades, K-12 education has shifted away from vocational training, co-op programs and trade education, leaving students without practical skills that prepare them for immediate employment.

In recent years, work-based learning has received increased focus from federal, state, and local governments. However, the crisis remains acute and much of the responsibility has shifted to community colleges, creating a gap in early workforce training. Many high school graduates enter the workforce unprepared, without technical skills or the necessary power skills to succeed. <a href="Power skills">Power skills</a>—problem solving, critical thinking, innovation and creativity; the ability to deal with complexity and ambiguity; and communication—are critical for workplace success, yet they are often overlooked in K-12 education.

Further, according to the National Assessment of Educational Progress (NAEP), around two-thirds of fourth and eighth graders are not proficient in reading – 66% and 69% respectively – which severely limits their future job prospects. The most recent National Center for Education Statistics survey found that 28% of U.S. adults rank at the lowest levels of literacy, highlighting a downward trend in reading proficiency and its long-term workforce implications.<sup>3</sup>

It should come as no surprise that many students who are unable to read grow into adults unable to read. The most recent National Center for Education Statistics survey found that 28% of U.S. adults rank at the lowest levels of literacy, representing a continued downward trend and which has a clear negative impact on our nation's workforce.

But we can turn to <u>Aspire Trade High School</u> in North Carolina, which is an industry-specific trade school for grades 9-12, developed by Aspire Carolinas Foundation Inc. It is the only charter model in North Carolina that integrates hands-on labs with academic instruction. Students complete a four-year program where they earn both a high school diploma and a trade certificate. Trade instruction begins in the freshman year, and seniors can participate in apprenticeships with local companies. The program offers career and technical education in HVAC, plumbing, data science, carpentry, culinary arts, masonry/ceramic tile, welding/fabrication, medical assisting, medical coding, and automotive technology. Core academic coursework includes credits in math, English, social studies, science, and physical education. Students receive instruction from industry experts, and where applicable, the curriculum leads to North Carolina trade certification or licensure.

At <u>John Bowne High School</u>, the Animal, Plant, and Agriscience Institute is a historic agricultural education program that dates back to 1917. It provides students with hands-on learning through a four-acre land laboratory featuring a poultry house, large animal barn, greenhouse, orchard, and crop fields. Freshman and sophomore students explore both Plant and

<sup>&</sup>lt;sup>1</sup> National Center for Education Statistics. (n.d.-a). *Reading: Achievement results – Grade 4*. The Nation's Report Card. <a href="https://www.nationsreportcard.gov/reading/nation/achievement/?grade=4">https://www.nationsreportcard.gov/reading/nation/achievement/?grade=4</a>

<sup>&</sup>lt;sup>2</sup> National Center for Education Statistics. (n.d.-b). *Reading: Achievement results – Grade 8*. The Nation's Report Card. https://www.nationsreportcard.gov/reading/nation/achievement/?grade=8

<sup>&</sup>lt;sup>3</sup> National Center for Education Statistics. (2024, December 10). *U.S. adults score on par with international average in literacy skills, below international average in numeracy and problem-solving skills in Survey of Adult Skills*. U.S. Department of Education, Institute of Education Sciences. <a href="https://nces.ed.gov/whatsnew/press">https://nces.ed.gov/whatsnew/press</a> releases/12 10 2024.asp

Animal Sciences before specializing in their junior and senior years. The program includes a three-part summer experience, where students work on the school's farm, intern on upstate farms through the Farm Cadet Program, or gain urban agricultural experience in veterinary hospitals, florists, and zoos. Many graduates pursue higher education and careers in agriculture, with the program maintaining college articulation agreements with institutions like SUNY Cobleskill, Rutgers, and Delaware Valley University.

#### And the Line to the Untapped Talent Pool is Busted:

The SHRM Foundation, SHRM's 501 (c) 3 philanthropic arm, defines Untapped Talent as military veterans, spouses, and caregivers; individuals ages 60 and older; people with disabilities; those with a criminal record; and opportunity youth (young adults who are not in school or working). While these workers bring unique skills and potential to the workforce, outdated policies and a lack of tailored strategies hinder their participation. Harnessing the potential of these talent pools requires a targeted approach that addresses these barriers and recognizes the value these workers can contribute. These segments of the workforce remain underutilized despite their potential contributions. Below are a few highlights:

Older Workers: We are at a unique time in history when five generations simultaneously participate in the workforce. Sustaining business growth will require contributions from each of them. To get there, organizations must understand how a multigenerational workforce can best integrate into their workplace. Members of each generation or age cohort tend to have in common certain values and perceptions of work that arise from shared experiences of their formative years. Each group brings expectations regarding authority and hierarchy, work ethic, work behaviors and life issues; at times causing conflict or stress in multigenerational workplaces. SHRM and SHRM Foundation recognize older workers (aged 60 and above) as a valuable yet often overlooked talent pool. They emphasize that these mature employees bring extensive experience, honed skills, and reliability to the workforce. SHRM advocates for hiring practices that tap into this demographic to enhance organizational competitiveness and address labor shortages. By integrating older workers, companies can benefit from their mentorship capabilities and unique perspectives, leading to more robust and productive teams.

Our call to action to Congress: Supporting older workers means more than supporting laws on the books opposing age discrimination. There are also creative ideas to keep workers in the workforce longer. Some are within the jurisdiction of this Committee; some are outside its jurisdiction. Some relate to Social Security's Retirement Earnings Test (RET) and trying to creatively see if we can incentivize some retirees to return to work by giving them freedom to earn more – while not prompting people to retire so early that they face a benefit reduction. Similarly, the labor and tax committees can work with the staff of the Joint Committee on Taxation to examine how the rules of the road for Phased Retirement can be clarified to see more widespread adoption of plans that give more options than "active or retired". Phased retirement gives people the benefits of income and socialization along with opportunities for more leisure,

time with family, rest and wellness, and community service. Critically, these plans hold potential to hang on to talent longer.

Opportunity Youth: Opportunity youth – young adults 16 to 24 who are not in school or working – represent nearly 4.7 million young people, or 12% of that cohort's population. Unfortunately, many young adults have fallen through the cracks of the K-12 system, and without intervention, they remain disconnected from employment and education. By overlooking this talent pool, however, organizations are missing out on talent. SHRM Research shows that of those who have currently or previously worked with this talent pool, 77% of HR professionals report that opportunity youth perform as well as or better than other employees. Our call to action to Congress: We encourage you to maintain the momentum you built last Congress on the Workforce Innovation and Opportunity Act (WIOA) reauthorization. In a challenging legislative environment, this committee marched through the storm to get a major bipartisan workforce package to the brink of passage. WIOA can help opportunity youth attain technical education and drive down a pathway toward a career.

**Veterans**: HR professionals agree (to any extent) that veterans can thrive in both team-based and individual settings (98%), can thrive in both entry-level and managerial roles (96%), and are uniquely trained to work through chaotic times (95%). Veterans bring leadership, discipline, and specialized skills to the workforce, yet their resumes often do not translate easily to civilian job postings, leading to challenges in getting this group into skills-appropriate employment. Nearly a quarter (23%) of HR professionals said aligning veterans' military skills to civilian job requirements is a significant hiring challenge for their organization. Despite the availability of military skills translation tools, only 2% of organizations use them, although nearly half of users (46%) report such tools have helped them successfully hire veterans they would have previously deemed unqualified.

Our call to action to Congress: When it comes to veterans' employment, please encourage the federal government to recognize skills-based hiring as a model to mirror. Our veterans have been trained and they have the skills. Help them transfer their skills to employment. When skills-based hiring is practiced by state and federal government, it signals to the private sector that this is a viable and acceptable talent-acquisition tool. In addition, support legislation and efforts to allow the skills of military veterans to translate to other employment.

<sup>&</sup>lt;sup>4</sup> From Social Good to Strategic Talent Advantage: The Business Case for Hiring Opportunity Youth, SHRM, SHRM Foundation, & Walmart, 2024).

<sup>&</sup>lt;sup>5</sup> Id.

<sup>&</sup>lt;sup>6</sup> Completing the Mission: Best Practices for Recruiting and Hiring Veterans, SHRM, SHRM Foundation, & USAA, 2024. (Appendix A)

<sup>&</sup>lt;sup>7</sup> Id.

<sup>&</sup>lt;sup>8</sup> Id.

Workers with Disabilities: Overall labor force participation among people with a disability has risen sharply since the start of the pandemic<sup>9</sup>, whereas participation among people without a disability continues to be slightly below its pre-pandemic level. However, the unemployment rate among this audience (12.6%) is still substantially higher than among people without a disability (7.9%).

Our call to action to Congress: The federal government can certainly help with disability employment. The private sector needs to be with you too. SHRM along with Voya Financial and the National Down Syndrome Society (NDSS) is a co-founder of an organization called the CEO Commission for Disability Employment (the "CEO Commission"). The CEO Commission is designed to increase opportunities for people with disabilities to obtain and maintain employment. We aim to accomplish this by building a coalition of private-sector organizations, including businesses of different sizes, including both for-profit and non-profit entities. Through effective collaboration and research, the CEO Commission promotes best practices across the entire business community to decrease barriers individuals with disabilities face in accessing employment. Where does Congress come in? To the extent you can, remove work disincentives – let people work. In many, many cases they want to do just that. In a means-testing world, that's a policy conundrum.

At SHRM, we are proud to support individuals with disabilities, exemplified by one of our dedicated employees who is paraplegic and a vital member of our Customer Experience Team. Despite his disability, he has found meaningful employment at SHRM, a role he acknowledges would be challenging to secure elsewhere. Our commitment to consider untapped talent pools has enabled him perform his job with assistive technology, ensuring he can contribute effectively. This dedication to supporting untapped pools of talent, including individuals with disabilities, underscores SHRM's mission to foster employment opportunities.

**Rural and Deserted Communities:** SHRM would argue that there is another important untapped talent pool to look into as Rural America is experiencing a brain drain, as young professionals move to metropolitan areas for education and employment, leaving their hometowns with shrinking workforces and declining local economies. This trend also mirrors some urban areas where major employers have closed, such as in Detroit, leading to high unemployment rates and reduced economic opportunities. The Bureau of Labor Statistics reports that there are over 8 million unfilled jobs, yet 6.9 million unemployed people—indicating a skills mismatch that must be addressed 10.

<sup>&</sup>lt;sup>9</sup> Federal Reserve Bank of St. Louis. (n.d.). *Unemployment rate – Black or African American women, 20 years and over* [Data set]. FRED, Federal Reserve Bank of St. Louis. Retrieved January 31, 2025, from <a href="https://fred.stlouisfed.org/series/LNU01374597">https://fred.stlouisfed.org/series/LNU01374597</a>

<sup>&</sup>lt;sup>10</sup> U.S. Bureau of Labor Statistics. (2025, January 10). *The employment situation—December 2024* (USDL-25-0003). U.S. Department of Labor. <a href="https://www.bls.gov/news.release/empsit.nr0.htm">https://www.bls.gov/news.release/empsit.nr0.htm</a>

Our call to action to Congress: Hard-hit communities have job seekers. The connection still needs to be made between job seekers and employers. Training may be needed. How can the Congress help? Again, I call upon you to support skill-building programs and continue to complete the work you did on WIOA. Distressed, rural, and deserted communities can be reactivated and reinvigorated with support from government and the private sector.

### **SHRM's Solutions to Secure the Pipeline:**

To address these challenges and stabilize the pipeline to bring qualified workers into the workforce, SHRM believes this must be a collaborative effort between government (federal, state, and local), employers, education institutions, and workers. Organizations like <u>GlobalMindED</u> are working to connect students with internships, apprenticeships, experiences, and job opportunities, equipping them with the personal and professional knowledge needed to fulfill their ambitions. Everyone must do their part and SHRM as the trusted authority on all things work is ready to partner with all stakeholders, including you, the policymakers.

SHRM's 119<sup>th</sup> Congress legislative agenda is aimed at providing solutions to close the workforce participation gap; shape the future of work; and modernize pivotal workplace policies.<sup>11</sup>

Closing the Workforce Participation Gap: SHRM is working to address the gap between the supply of available skilled workers and the demand in open positions. Addressing this is undoubtedly a daunting issue with multifaceted causes; however, this gap will only widen without properly addressing its root causes. The disparities in labor participation, demographic shifts, and the increasing skills misalignment highlight the urgent need for policies that incorporate both long-term and immediate solutions.

Our national rate of population growth has been on a downward trajectory for the past six decades. Spanning the past 100 years, the U.S. Census statistics confirm that the U.S. population growth rate peaked in 1960 (18.5%) and has increased more slowly in every decade since. Threatening our capacity to mobilize the requisite talent to propel business development and economic growth, the U.S. population only grew by 7.4% between 2010 and 2020, which was the second slowest rate of growth in our nation's history. The slowest rate of growth occurred during the Great Depression when the nation's population increased by 7.3%.

Looking ahead the Census Bureau projects that the U.S. population will continue to grow at a slower rate between now and 2058. Notably, the U.S. fertility rate has been below the replacement level required to maintain a stable population since 2008.

To address these demographic challenges, partnerships and open communication among employers, educational institutions, and government agencies are essential to addressing the busted untapped talent pipeline. SHRM research highlights key resources that can support organizations in hiring and retaining this talent. Employers should establish formal programs

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<sup>&</sup>lt;sup>11</sup> SHRM 119<sup>TH</sup> Legislative Agenda (Appendix C).

accessing these workers and adopt a skills-based hiring approach when they can. Collaboration with educational institutions and community organizations is vital to expand access to career pathways. Additionally, the government must provide guidance, invest in public resources to support employment, and enact policies that connect these groups to skill-building opportunities. For example, for veterans, HR professionals have highlighted their key resources to improve veteran hiring and retention, including tools to translate military skills to job roles (36%) and connections to local veteran support organizations (32%). Employers also seek guidance on job descriptions (30%), best practices for post-hire engagement (32%), and updates on laws affecting veteran hiring (26%).<sup>12</sup>

For organizations that prioritize the recruitment and retention of Untapped Talent, SHRM research has noted a high return on investment where talent is optimized. <sup>13</sup> For example, employees with disabilities perform well. SHRM research found that nearly all HR professionals (97%) and people managers (92%) say that employees with disabilities regularly perform the same or better than their peers without disabilities. <sup>14</sup>

SHRM believes that to address the workforce participation gap, we must prioritize workforce development priorities that wisely invest in our workplaces by upskilling and reskilling – both present and future. SHRM research has found that employers still face significant challenges in finding qualified talent, including candidates lacking the necessary work experience, technical skills, and power skills.<sup>15</sup>

Learning never stops – even when people leave the classroom. SHRM research has found that U.S. workers and HR professionals both identify learning and development as a key HR priority for 2025. <sup>16</sup> It ranked third for both groups, with 25% of HR professionals and 24% of U.S. workers selecting it as a top three priority. <sup>17</sup>

Ensuring workers have access to the right skills through pathways that best suit them will require innovative thinking from all stakeholders. For example, while traditional internships are seen as a common way for individuals to gain skills as they complete their studies, SHRM research noted the use of micro-internships, which are short-term, paid, professional projects for college students and recent graduates that allow them to build their resume without taking on a full-time internship. SHRM research found that organizations rate the effectiveness of internships and micro-internships similarly in terms of their ability to help address talent shortages, with longer-term internships being rated as slightly more effective.<sup>18</sup>

<sup>&</sup>lt;sup>12</sup> Completing the Mission: Best Practices for Recruiting and Hiring Veterans. SHRM. 2024.

<sup>&</sup>lt;sup>13</sup> Beneath the Surface: A Unified Approach to Realizing the Value of Untapped Talent, SHRM Foundation & Walmart, 2021

<sup>&</sup>lt;sup>14</sup>SHRM Foundation. (n.d.). Employing abilities at work. SHRM Foundation. https://employingabilities.org/ SHRM Talent Trends, 2024.

<sup>&</sup>lt;sup>16</sup> SHRM 2024-2025 State of the Workplace, SHRM, 2024 [Forthcoming].

<sup>17</sup> Id.

<sup>&</sup>lt;sup>18</sup> SHRM, Talent Trends, 2024.

As I discussed earlier, SHRM appreciated the opportunity to work with this Committee during the last Congress in helping to shape legislation to reauthorize and modernize WIOA. We look forward to continuing to work with you in this Congress to ensure this legislation is enacted into law. Among the provisions we are particularly supportive of are those that support skills-based hiring; ensuring more funds go directly to support training; leveraging the efforts of employers to carry out training such as through critical industry skills fund and sector partnerships; and creating new skilling opportunities to dislocated workers through expanded individual training accounts. We strongly urge swift passage of this legislation.

SHRM supports bipartisan efforts like the Bipartisan Workforce Pell Act that expand access to Pell Grants for high-quality, short-term training programs which enable low-income students to more quickly gain the skills needed to enter the workforce and secure good-paying jobs. We are encouraged by the continued bipartisan commitment of this Committee to pursue this legislation and are hopeful for swift passage this year.

Although we recognize this Committee does not have jurisdiction over tax policies, we encourage you to work with the Ways and Means Committee on tax policies which could have a significant impact on the ability of employers to help build the skills of their workforce. Specifically, we support the expansion of Coverdell and 529 plans to cover older students and a broader array of education and workforce development opportunities. We also support the extension and expansion of Sec. 127 tax-free educational assistance benefits.

Public policy must prioritize economic, work, and education opportunities and include untapped talent pools. The American education system has a huge role to play in these efforts. This includes traditional paths to obtaining skills such as two and four-year universities—as well as pre-apprenticeship, apprenticeship, and skilled credentialing programs.

Strong labor participation is essential for economic sustainability and growth, as businesses depend on a diverse mix of skills, expertise, and perspectives to thrive in today's competitive landscape. SHRM is dedicated to collaborating with all interested stakeholders, engaging individuals and organizations across the political spectrum, and fostering partnerships at every level of government. By working with businesses, educators, and policymakers, SHRM seeks to enhance workforce participation and bolster a resilient workforce.

**Shaping the Future of Work**: The future of work is a projection of how work, workers and the workplace will evolve in the years ahead. Governments, employers, educators and workers need to prepare now for the future which will include understanding and addressing the impact of Artificial Intelligence (AI) and AI displacement on workers. Forthcoming SHRM research uses data from the BLS Occupational Employment and Wage Statistics and O\*NET to estimate the level of automation displacement risk faced by the current pool of U.S. employment in the near term.<sup>19</sup> A key finding was that SHRM estimates that about 12.6% of current U.S. employment

<sup>&</sup>lt;sup>19</sup> NOTE: Important to note that this study is about automation displacement risk, as opposed to AI displacement risk or exposure. The two concepts are related, of course, because AI technologies are often a vehicle for automation. However, when talking about this study, the language used should focus on automation and its relationship to transforming/displacing work. Follow-on work later in 2025 will talk about AI more directly.

(19.2 million jobs) is at high to very high risk of displacement via automation in the near term, including 2.1% (3.2 million jobs) of employment facing very high risk. This risk varies tremendously across industries and occupational groups.<sup>20</sup>

This is a substantial concern for workers. SHRM research found that over 1 in 3, U.S. workers fear AI could make their jobs obsolete - 37% of U.S. workers said that AI has the potential to make their current job obsolete, while 27% said AI is making their current job obsolete.<sup>21</sup> At SHRM, we believe that the workforce can rise to this challenge. To meet this mark, America needs increasingly skilled workers to meet the needs of employers in the future. According to SHRM's "2024 AI in the Workplace" research, 83% of HR leaders identify upskilling as critical in today's AI-driven economy, and 76% of U.S. workers emphasize the necessity of acquiring new skills.

While AI will necessitate new skills, it can also be used as a tool to develop AI skills, as some use it to support learning and development activities. However, few organizations are leveraging AI to upskill, reskill, or identify skills gaps in their workforce. Among the 1 in 4 (26%) organizations that use AI to support HR-related activities, 43% use AI to support learning and development and 51% say it makes their learning and development programs more effective.<sup>22</sup>

For organizations, the transformative impact of AI in the workplace underscores the importance of adopting responsible policies that mitigate potential job displacement while fostering innovation. For educators, this means integrating AI and emerging technologies into curricula at all levels, ensuring students and workers are prepared for the evolving demands of the job market. For federal policymakers, it requires supporting initiatives that promote AI adoption in key areas such as recruitment, learning and development, and performance management—helping organizations navigate the complexities of the modern workplace. This calls for clear guidelines for preventing unlawful bias and promoting responsible AI use, along with federal initiatives to educate stakeholders on both the benefits and risks of AI in the workplace.

To prepare workers for the future of work, there must be a strong connection between the business and education communities. That is the basis of SHRM's E-Squared: Strengthening the Education-to-Employment Pipeline initiative. While it is impossible to predict with exact certainty where technology will lead the future of work, there is sufficient data now on what skills organizations are looking for, and an idea of how technology and trends will shape the future of work. This means being responsive to these changes. Greater investment in vocational and technical education at the K-12 level can help close the workforce skills gap. Additionally, SHRM strongly advocates for HR professionals to have designated seats on local workforce boards and ensuring that employer perspectives shape workforce training. I go even further and advocate for HR professionals serving on university and community college boards as HR professionals bring a

<sup>&</sup>lt;sup>20</sup> Jobs at Risk – US Employment in the New Age of Automation [Forthcoming Q1 2025], SHRM

<sup>&</sup>lt;sup>21</sup> January 2025 Current Events Pulse, 2025.

<sup>&</sup>lt;sup>22</sup> 2024 Talent Trends: AI in HR, SHRM, 2024.

wealth of knowledge in workforce alignment, talent pipeline development and strategic workforce planning, which are all essential to ensure graduates are job-ready.

One way to strengthen the education-to-employment pipeline is by increasing the limit on Section 127 of the Internal Revenue Code, which currently allows employers to provide up to \$5,250 in tax-free educational assistance, including student loan repayment, to employees. SHRM research found that an increase to the \$5,250 limit would be more likely to encourage organizations that currently offer education assistance benefits to expand their offerings.<sup>23</sup>

**Modernizing Pivotal Workplace Policies:** Finally, as part of SHRM's "rebuilding the pipeline," we will continue to advocate for the modernization of pivotal workplace policies. To close the workforce participation gap, workplace laws and regulations must allow organizations to shape strategies that advance the recruitment and retention of top talent.

I would be remiss in not mentioning the caregiving challenge for workplaces. According to SHRM research, at least 80% of working caregivers anticipate the care they provide to be long-term. Looking forward, within the next 5 years, 21% of current working caregivers anticipate taking on new or additional childcare responsibilities, 14% anticipate taking on new or additional adult care responsibilities, and 18% anticipate taking on new or additional eldercare responsibilities. Employers are recognizing that it's good policy to support workers with caregiving responsibilities. Workers cannot build products and produce services unless they have met often multigenerational caregiving responsibilities. Unfortunately, this also means that they cannot be upskilled if they do not have the time to expand their skill-set. Government and industry must be mindful of these challenges as we draw up our laws and policies.

#### **Conclusion:**

Fixing the education-to-employment pipeline requires a coordinated effort between policymakers, educators, employers, and HR professionals. We must champion the policies that strengthen these as a solution to future workforce challenges. SHRM stands ready to lead this charge, advocating for solutions that prepare all Americans for meaningful employment. Workforce development is not just about filling jobs, it is about ensuring economic prosperity, national competitiveness, and the well-being of workers and their families. Simply put, it is about lives and livelihoods.

Thank you for the opportunity to testify, and I look forward to your questions.

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<sup>&</sup>lt;sup>23</sup> SHRM, Talent Trends, 2024.