Investing in Business Growth Through the JOBS Act and CTA

Before the COVID-19 pandemic even began, a majority of small and mid-sized businesses struggled to hire workers with industry-specific skills. To grow and remain competitive, employers need investments in skills training that help workers quickly prepare for new jobs or get new skills for their current job.

However, our 50-year-old federal financial aid system prevents many workers from accessing federal grant aid for short-term education and training programs. The bi-partisan JOBS Act will help to remove many of these barriers.

What is Short-term Skills Training?

Most of today’s jobs do not require a 4-year degree, and many businesses are hiring workers with industry-recognized credentials, licensures, and certifications, which can be achieved in much less time. Many educational institutions are responding to this demand by partnering with businesses to create high-quality education and training programs that last just a few weeks or months.

Workers Struggle to Access Short-Term Training

Despite the popularity of high-quality short-term credentials and their demonstrated value in the labor market, most short-term programs do not qualify for federal financial aid, and many businesses are unable to offer training in-house. As a result, many workers have no choice but to either forgo continued career training or pay out of pocket and potentially incur debt.

JOBS Act Improves Access to Short-Term Skills Training

The Pell Grant program is the nation’s largest grant program supporting postsecondary education and training for low-income workers and students. Recipients can use their Pell Grants to pay for cost of attendance but only if they are enrolled in a program at least 600 clock hours and 15 weeks in length (e.g., certificates, associates, or bachelor’s degree programs). The JOBS Act would allow workers and students to use the grant for high-quality, short-term programs with proven records of industry success.

The JOBS Act Helps Business

Although the JOBS Act would not provide financial support to businesses, it would help workers get the skills training that businesses need to fill open jobs and ultimately grow, compete, and succeed.

The legislation only permits Pell Grants to be used for short-term programs that are aligned with the skills needed by local employers and requires programs to be approved by an accreditor and aligned with high-skill, high-wage, or in-demand careers.

College Transparency Act (CTA) Helps to Address the Skills Mismatch

The CTA creates a secure data system within the Department of Education to track student outcomes that will inform efforts supporting student success. It will provide a range of information such as wages and earnings data by field of study to help students identify in-demand occupations and reduce the skills mismatch.

Congress Needs to Pass the JOBS Act and CTA
Congress is considering including language from the JOBS Act and CTA in economic competitiveness legislation (e.g., COMPETES ACT, USICA), which is in the final stages of negotiation and could pass in 2022. Now is the time for business leaders to contact their Members of Congress to support passage of these issues.

Evidence in Support of Short-Term Skills Training

Positive Outcomes from Short-Term Training Programs

The Institute of Education Sciences released findings of the Department of Education’s Experimental Sites Initiative to expand Pell Grant eligibility to short-term occupational programs. The pilot found that program completion increased by nearly 20% when students had access to aid, and students receiving aid were 15% more likely to enroll in additional educational programs.

State Programs See Strong Returns on Investment

States that have implemented their own tuition assistance programs to serve adult learners have seen strong returns on investment. Iowa’s GAP Tuition Assistance Program was designed with employer input, and program completers saw an average quarterly wage gain of 37 percent. Likewise, Virginia’s FastForward Program saw an average wage gain of 25-50 percent after participants attained their credential.

Additional Information

Press Release of Bi-Partisan Jobs Act

Frequently Asked Questions from Office of Senator Tim Kaine (Bill Sponsor)

1 The JOBS Act defines short-term education and training programs as those which are between 150 and 599 clock hours and between 8 and 15 weeks in length. Programs above this threshold that prepare students for gainful employment already qualify for federal financial aid.

Business Leaders United is an initiative of the National Skills Coalition. We are a network of business leaders across industry sectors promoting inclusive, high-quality skills training policies that help build the skilled workforce that employers need to grow and thrive. businessleadersunited.org

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