

Building a Skilled Workforce and Driving More Inclusive Economic Growth by Modernizing the Higher Education Act

The most significant challenges to increased labor productivity growth in the United States are insufficient skilled labor supply, uneven technology adoption, and stalling investment.¹ In fact, in less than a decade, one-third of the United States workforce will need to learn new skills and find work in new occupations.² Many workers will need to upskill and reskill throughout their lives to adapt as shifts in the labor market occur, especially those brought on by automation and technology, including artificial intelligence (AI).³ Already, 87 percent of companies are experiencing a skills mismatch or expect to within a few years.⁴ To address this, students and workers, regardless of background, should be able to access education opportunities aligned with labor market needs throughout their lives.

The private sector can play an important role in the effort to address career readiness. In 2019, JPMorgan Chase launched New Skills at Work, a five-year global initiative to prepare for the future of work and meet the growing demand for skilled workers. The initiative includes a \$350 million philanthropic commitment and a strategy to upskill JPMorgan Chase employees. JPMorgan Chase forecasts emerging skill sets for its employees and proactively develops new training programs to prepare the firm's workforce for changes in technology and business. The firm also provides philanthropic support to community colleges and nontraditional career pathways programs.⁵ JPMorgan Chase is leveraging its commitment to create economic mobility and career pathways for underserved populations and advancing a policy agenda to promote high-quality career pathways by building durable partnerships between local school systems, postsecondary institutions, education and workforce development agencies, and employers.

The Higher Education Act (HEA), which governs the administration of federal higher education programs, also plays a pivotal role in helping workers and students access educational opportunities that may allow them to respond to economic shifts and the changing nature of work.⁶ HEA provides institutional support for the country's colleges and universities, including Historically Black Colleges and Universities (HBCUs) or Hispanic-Serving Institutions (HSIs), as well as financial aid for students.

Last reauthorized in 2008,⁷ HEA can be reformed to better support the institutions that help students and workers, particularly those who face barriers to success, upskill and reskill and provide support for today's learners. The average college student is 26.4 years old, roughly half do not attend school full-time, about 40 percent attend a public two-year institution,⁸ just over half complete a certificate or college degree within six years,⁹ and more than one in five undergraduates are balancing parental duties while being students.¹⁰ HEA can be better designed to meet the needs of the country's diverse student and worker population. To advance a more inclusive U.S. economy, HEA should be modernized to enable students and workers from diverse backgrounds to more easily access critical education and skills training opportunities.

Careers & Skills

Expanding access to economic opportunity through high-quality career readiness.

Recommendations

- Align HEA to other federal programs** so workers can access the supports and training needed to upskill and seamlessly continue along a career pathway.
- Support public-private partnerships** to help ensure educational programs available to students and workers are aligned with high-growth industries.
- Expand the federal Pell Grant program to cover high-quality, short-term programs** to create pathways for individuals to secure well-paying jobs.
- Support work-based learning** to connect students' work to their fields of study.
- Advance competency-based education** to follow the shift toward skills-based hiring.
- Support HBCUs and HSIs** to help students and workers from historically underserved communities upskill and achieve greater economic mobility.

By the numbers



87%
of companies
experience or expect
a skills mismatch



75%
of JPMC job descriptions
for experienced hires
did not require a college
degree in 2022

Align HEA to Other Federal Programs

There are numerous federal programs aimed at helping workers and students access supports, education, and training opportunities yet they are frequently disconnected, making it difficult for workers to access the support and training needed to upskill and seamlessly continue along a career pathway. HEA should better align with federal legislation that supports the workforce, such as the Workforce Innovation and Opportunity Act (WIOA), Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T), Temporary Assistance for Needy Families (TANF), and the Strengthening Career and Technical Education for the 21st Century Act (Perkins V). HEA should require coordinated federal funding for programs and student supports and share common performance metrics and terminology with other relevant federal legislation.^{11,12} These changes will help foster cross-system collaboration and help states maximize the programs supported by federal education and workforce legislation.^{13,14}

Federal Programs Connected to the Public Workforce System

- **Workforce Innovation and Opportunity Act (WIOA):** Strengthens and improves the public workforce system. WIOA helps workers and job seekers access education, training, supportive, and employment services and helps employers hire and retain workers.²⁷
- **Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T):** Provides recipients with a personal assessment of employment and training needs, employment and training activities, and supportive services. These services are offered by states or state partners, such as community colleges.²⁸
- **Temporary Assistance for Needy Families (TANF):** Helps low-income families with children achieve economic self-sufficiency. States and territories provide low-income families with children with cash assistance and other services, such as supportive services and skills training.²⁹
- **Strengthening Career and Technical Education for the 21st Century Act (Perkins V):** Provides federal support for career and technical education (CTE) for youth and adults.³⁰ Perkins funds are used to support programs of study, career exploration and guidance, professional development, and data collection and analysis, among other provisions.³¹

Support Public-Private Partnerships

Public-private partnerships help ensure that educational programs available to students and workers are aligned with high-growth industries. For example, through the Upskilling Initiative, the City University of New York (CUNY), JPMorgan Chase, Bank of New York Mellon, employer partners, and the New York State Department of Labor work together to help improve career outcomes for CUNY students. One of the initiative's goals is to help CUNY create credit and non-credit course offerings more relevant and aligned with labor market demands through employer partnerships to benefit students and workers. CUNY is realigning the curriculum to teach relevant, in-demand skills and engaging employers to increase interactions and relationships among employers and faculty, staff, and students via sector navigators and industry meet-ups. Employers are contributing directly by helping to create applied learning, stackable credential programs, and certifications. HEA reauthorization should incentivize higher education institutions to partner with industry to develop programs that simultaneously allow students and workers to gain credits and skills training aligned with in-demand jobs and career pathways.

Expand the Federal Pell Grant Program to Cover High-quality, Short-term Programs

Many private sector companies support helping students and workers access short-term programs to create pathways for individuals to secure well-paying jobs or advance in their careers, as illustrated by the Business Roundtable's recommendation to expand Federal Pell Grants to cover short-term programs.¹⁵ Short-term programs can help students and workers rapidly reskill and upskill as they progress along their career pathways. Pell Grants, which provide need-based grants to low-income undergraduate and certain post-baccalaureate students,¹⁶ currently may be applied only to programs that are at least 15 weeks in length. This may prohibit many students and workers from accessing critical financial aid that would allow them to participate in short-term skills training programs to advance their career goals. HEA should expand Pell to cover high-quality, short-term programs to promote lifelong learning. HEA must include rigorous standards to prevent low-quality, short-term programs from benefiting from this expansion.

Support Work-based Learning

Federal Work-Study provides funds for part-time employment to help eligible students finance the cost of postsecondary education.¹⁷ HEA reauthorization provides an opportunity to better align Federal Work-Study with work-based learning. HEA should encourage Federal Work-Study jobs to connect to students' disciplines¹⁸ by revising the permissible uses of funds for this program. To allow students more flexibility, Congress

should raise the current limits on the percentage of Federal Work-Study funds that can be used to support off-campus, private sector employment opportunities,¹⁹ as long as those jobs align with a student's area of study. JPMorgan Chase recognizes the value of work-based learning in helping students progress along their chosen career pathways. For instance, since 2007, the firm has worked with Year Up, a nonprofit workforce development organization that is dedicated to closing the opportunity divide by connecting young adults ages 18-29 with employer partners in need of career-ready talent, to host more than 2,000 interns, approximately 340 in 2022 alone, in 17 different cities throughout the United States. On average, the firm is hiring over 65 percent of Year Up interns into permanent roles at the end of the internship.²⁰ Changes to Federal Work-Study may allow more small and mid-size enterprises to host students who are interested in working in their industries.

Advance Competency-based Education

Many companies are shifting towards skills-based hiring and placing a greater emphasis on competencies instead of solely relying on credentials or a title as an indicator of someone's skills.²¹ In 2022, 75 percent of JPMorgan Chase job postings for experienced hires, for example, did not require a bachelor's degree, focusing on skills over educational degrees.²² Additionally, many workers are choosing to pursue postsecondary credentials to upskill after they have already obtained critical skills in the workplace. HEA is currently designed to primarily support time-based programs, in contrast to competency-based programs that reward students based on their mastery of skills and can allow workers, particularly those with existing skills, to complete their programs more rapidly. To align with skills-based hiring efforts and provide multiple career pathways with on- and off-ramps, HEA should provide greater flexibility to states and postsecondary institutions to implement innovative competency-based programs and strategies.

Support HBCUs and HSIs

Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs) play a pivotal role in helping students and workers from historically underserved communities upskill and achieve greater economic mobility. Today, HSIs serve two-thirds of Hispanic undergraduate students and enroll 31.4 percent of all Pell recipients in the nation, despite only comprising 18 percent of U.S. institutions.²³ HSIs are critical to preparing Hispanic and Latino students, who are projected to represent 78 percent of net new workers between 2020 and 2030,²⁴ for the workforce. HBCUs make up only 3 percent of institutions of higher education in the country, yet serve a notable portion of students of color, 10 percent of Black college students.²⁵ HBCUs have demonstrated significant success in helping their students achieve economic mobility, with a 34 percent mobility rate of moving their students from the bottom 40 percent in household income into the top 60 percent, which is double the national average and five times more than Ivy League institutions.²⁶ HEA reauthorization should prioritize helping HSIs and HBCUs build their capacity, promote public-private partnerships, and ensure that their students have the support necessary to continue along their chosen career paths.

Conclusion

Modernizing HEA is critical to advancing inclusive economic growth in the United States. The reauthorization of HEA should recognize that students and workers will have to upskill and reskill throughout their lives. To support lifelong learning, HEA should be modernized to promote multiple pathways to success. By being responsive to the needs of workers, employers, and educational institutions, the reauthorization of HEA can help build a skilled workforce critical to a strong economy.

Advance Public-Private Partnerships to Support HBCUs and HSIs

Recognizing the importance of HBCUs and HSIs to developing a skilled workforce, many companies, including JPMorgan Chase, are supporting these institutions of higher education. Through its Advancing Black Pathways and Advancing Hispanic & Latinos initiatives, JPMorgan Chase supports economic success for Hispanic, Latino, and Black communities. JPMorgan Chase has committed \$1 million to HSIs and related professional associations and intermediaries. The commitment helps support programs that enhance student support systems and capacity building at HSIs as well as connecting students and their families with the resources they need to complete higher education and access quality career pathways. Also, through its HBCU Career Pathways initiative, JPMorgan Chase committed nearly \$7 million to the creation of high-quality career pathways to prepare students at HBCUs for high-wage, in-demand careers. The initiative is supporting the formation of co-op programs, the hiring of success coaches to support students' career navigation, the expansion of university-employer relationships, the creation of work-based learning and internship opportunities for students, the development of high-quality data science programming, and the preparation of students for careers in financial services.³²

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