

Policy Solutions to Future-proof Workforces Against AI Displacement

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SUMMARY

Public discussions about AI in the workforce often focus on fears of job displacement, echoing concerns from past technological booms. While AI does pose some risks, especially for older workers who struggle to adapt, panic is unwarranted. Other groups' vulnerability will remain unclear until specific AI applications emerge.

Policymakers should prioritize human capital investment and just-in-time responses to workforce disruptions. Existing workforce programs and past efforts must be reas-

essed to ensure they effectively support displaced workers. Future policies should emphasize upward mobility through models like Self-Employment Assistance, micro-credentialing, and nondegree programs to help workers transition before displacement occurs. State-level public-private workforce initiatives offer a blueprint for addressing displacement while fostering future-proof careers. Policymakers should expand these flexible, next-generation programs to prepare workers for the evolving demands of AI and broader economic changes.

Policymakers can safeguard workers by investing in innovation—reskilling, flexible work models, and AI collaboration—to turn disruption into opportunity.

Introduction

Public discussion of artificial intelligence (“AI”) in the workforce is dominated by doom and gloom. Indeed, just like the technology booms of the past, AI poses a meaningful risk of job displacement. However, while there is a healthy level of concern to be had, it is far from justifying panic. As others have noted, the challenges we face today are analogous to the experience of the past, and policy solutions aimed at minimizing the labor displacement impact of artificial intelligence should also be informed by these experiences.¹

Yet before we can apply policy solutions from the past, we must be clear-eyed about our limited ability to identify the workers most at risk. As of now, the only group we can

reasonably say will be affected by AI over the next decade are older workers. The rest — dependent on a range of factors such as industry, skill, and regulatory entrenchment — will likely remain undefined until more specific AI applications reach the market.

Thus, policymakers should look to adopt an approach that maximizes investment in human capital, and embraces a just-in-time response to displacement. This means reevaluating existing reskilling and retraining programs to determine if they are adequate to help any worker get back on their feet when affected.

In this vein, policymakers must seek to usher in a new generation of workforce programs that combat displacement in the face of AI and

whatever else workers may encounter in the decades ahead. To offer the most meaningful opportunities for workers to migrate into better, more future-proof careers before displacement occurs, policymakers should look to build on successful pathways to upward mobility like Self-Employment Assistance (“SEA”),² micro-credentialing, and other nondegree programs utilized by state level, public-private partnership-based workforce programs.

Identifying the Heart of the Problem

Throughout history, innovation has been a major driver in worker migration from one industry to the next. For example, at the beginning of the 20th century, almost half the labor force worked in the agricultural sector. Yet by the end of the century, less than 3 percent of workers remained in agriculture.³ The reason for this drop was a creation of “a range of new blue-collar and clerical tasks in factories and newly emerging service industries” where there was “significant demand for skilled labor.”⁴ This new category of work was “not only better paid but also less dangerous and less physically exhausting...”⁵

However, as the labor force settled into the post-industrial revolution world of work at the end of the 20th Century, fear of job loss due to automation grew in prominence.⁶ The technological boom that followed allayed the foundation of those fears, but the sentiment — that technological progress will always be accompanied by job displacement — still persists. Notably, many today fear that AI will drive a new wave of joblessness.⁷



The Industrial Revolution displaced countless skilled artisans, yet it ultimately created new industries, jobs, and opportunities that transformed society for the better—AI holds the same potential if we adapt wisely.

The issue with dissuading the fear of job loss in the face of AI, however, is that our understanding of what's to come is clouded. In this context of displacement-capable technology, "AI" can mean many different things. What's most often thought of is some super-intelligent version of a still-theoretical Artificial General Intelligence (AGI).⁸ But in reality, the AI that will be adopted and utilized on a grand scale in the future is far from certain, and open to debate among economists.⁹

In short, there are many different scenarios we may find ourselves confronting in an AI future. Unlike our ability to look backward and pick apart the economic outcomes of the Industrial Revolution, we simply don't know what AI will look like, or how it will impact jobs, until it enters the market.

In reality, the only insight we can rely on to predict the future is that a worker's age plays a measurable role in accurately predicting future labor displacement impacts from technological change.¹⁰ The issue at play here is a combination of older workers' ability to adapt to new workplace technologies and the willingness of employers to reskill older workers instead of hiring new talent.¹¹ In this sense, age plays a significant, detrimental role.¹² Moreover, considering that the median age of US workers is 41.6 years old,¹³ the threat of technological displacement impacting older working populations poses a major risk to the overall economy.¹⁴

For the rest of the workforce, we simply cannot know with any meaningful certainty. Therefore, the question that really matters is whether workers have meaningful

options available to either navigate employment insecurity and job displacement or migrate into future-proof career paths before it impacts them.

Examining Past and Present Policy Responses to Pave a New Path

In the context of future-proofing a career, or even moving to a place of higher economic mobility, the average worker typically has two options: higher education and reskilling programs. Higher education is commonly associated with enhanced skills and higher pay.¹⁵ But over the past few decades, the rising cost of higher education and time spent paying down student loans has eroded the value of this pathway over time.¹⁶

Government-created workforce programs, on the other hand, typically aim to train and uplift workers from

program, WIRED, is the subject of much criticism.

The Failings of Past Government Workforce Programs

The Department of Labor's Employment and Training Administration ("ETA") launched WIRED in 2006 with the goal of "transforming regional economies, increasing the skills of the current and future workforce, and transforming the work of three public systems: workforce development, education, and economic development toward greater coordination and integration."¹⁸

In total, WIRED awarded 39 regions multi-year grants between 2006 and 2007, totaling \$325 million — concluding in 2010.¹⁹ In practice, WIRED "supported a wide gamut of activities," including "customized training to incumbent workers," often through community colleges.²⁰

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low-skill work – which generally refers to blue-collar positions – to middle-skill and high-skill work.¹⁷ But these programs are rarely geared toward shifting workers into similar jobs or similar industries within their skill range – meaning for participants, a total career shift is in order. Moreover, rigid requirements and top-down directives often play a part in the failure of these programs. One such

However, of the 39 regions funded, a few critical issues slowed the success of WIRED, and led to criticism. For one, grant review bottlenecks from ETA slowed grant-making by several months.²¹ Second, because grantees were required to set out an implementation plan when applying for funds, detailing how those funds would be used each year, regions were unable to adapt to the 2008

economic downturn shortly after WIRED grants were awarded.²²

Moreover, the goal originally communicated by ETA to the regions was to create high-skill, high-wage jobs.²³ Years later, that goal shifted to a focus on low-wage workers, only to be shifted once more to the final goal of reducing layoffs during the Great Recession.²⁴ This constant goal-shifting left many regions feeling “whipsawed by changing priorities.”²⁵

Critical issues in the reporting structure also marked the program as a poster-child for failed federal programs. While the planning and implementation phase was prohibitively thorough, lax regional reporting requirements,²⁶ sporadic voluntary reporting from participants, and an all-around failure to check the validity of the data collected

means that any new iterations of WIRED-like initiatives will start from scratch, uninformed by operational experience.²⁷

In many regions, once the federal funds dried up, so too did the opportunities. This included strategic partnerships with outside investments that aimed to create new jobs for those regional communities.

The Trade Adjustment Assistance program (“TAA”) — created to assist workers whose positions were outsourced overseas — produced similarly disappointing results,²⁸ particularly for older workers.²⁹ At the program’s conclusion, those older workers who opted into TAA earned less money after completing the program than they did at their previous positions.³⁰ What’s more, only 37 percent of the

employed participants remained in their industries after four years of retraining.³¹

Positive Outcomes and Findings from Government Workforce Programs

While the shortcomings of programs like WIRED and TAA are clear, there were some redeeming qualities to be salvaged and clear examples of success to be replicated. For instance, the focus on regional grant-making encouraged a sense of “regionalism” in some areas, which is “a general attitude that economic development that occurred anywhere in the region was to be applauded whether or not it directly benefited a particular locale in the region.”³²

Moreover, as Hewat, et al. noted, “Not only could the regions identify activities that met local needs, but regions could also establish meaningful economic areas and labor sheds.”³³ This regional approach also encouraged the use of informal networks among regions, which were unrelated to WIRED but useful to the productivity of participating firms.³⁴

Two successful WIRED-created programs confirm these findings: Project Quest and BioWorks.³⁵ Project Quest was set up as a community-centric approach to help workers land middle-skill jobs.³⁶ BioWorks was a “consortium of community colleges,” that trained workers for positions within their 200 member firm network, as well as retraining existing workers.³⁷

Moreover, in contrast to federally funded programs like WIRED and TAA, states like Utah have seen success in locally focused workforce training programs. Similar to Project



Sonia Rodriguez, Project Quest chairperson and COPS Metro leader, speaks during a press conference announcing the results of a 14-year study that followed participants of Project Quest. Credit: Bria Woods / San Antonio Report

Quest and BioWorks, this success is the result of investment in talent pipelines run by community colleges and technical colleges.

One such program, Custom Fit, is an excellent example of how local community colleges are able to respond to local community needs by tailoring their training curricula to the specific needs of local businesses.³⁸ Instead of complete government subsidization, Utah puts in half and companies put in the rest.³⁹ In exchange, Custom Fit allows companies to provide input into the training curriculum, send existing employees to the program, and recruit new employees from the participant pool.

A November 2022 report showed that with roughly \$10.5 million expended, 20,177 workers were served (a 10 percent increase from 2021), totaling 437,006 hours of training.⁴⁰ There were 1,894 companies that participated and contributed \$4.95 million to the program.

A related approach, called “micro-credentialing,”⁴¹ has also been a meaningful avenue for workers who need formal training but don’t necessarily need a formal degree to enter an occupation. These non-degree programs, often run by community colleges, can be useful four-to-five month career advancement tools that move a worker into a higher income bracket.⁴²

As some have observed,⁴³ community colleges and technical colleges are often overlooked but serve a significant role in helping workers stay relevant in the job market and upskill at a relatively low cost compared to higher education institutions. For older workers, moreover, “community

colleges provide a safety net.”⁴⁴ Emphasizing this community college and technical college approach, by doubling-down on microcredentials and nondegree programs, could expand this safety net to all workers impacted.

Conclusion

To prepare for the uncertain future of AI’s impact on the workforce, policymakers must learn from the shortcomings of lackluster workforce programs, and maximize the policy approaches and workforce programs that have proven useful for individual worker mobility. To do so, we need a shift in priorities from the rigid, one-size-fits-all workforce programs toward flexible, just-in-time, and customizable programs.

While programs like Custom Fit already exist to serve low-skill laborers

in local communities, there is room to expand to meet the needs of a more diverse set of workers in the face of AI’s future impact on the workforce.

The success seen through Custom Fit, as well as WIRED-related programs like Project Quest and Project BioWorks, point to a local and regional focus as the best outcome for workers. These local and region-centric programs should serve as a guiding star for what will work in a federal workforce program.

Finally, involving private industry in the process of creating curricula for micro-credentials and other nondegree paths, as well as involving them in the funding process, are proven successful methods of public-private partnerships that should be expanded.



The Utah Legislature allocates Custom Fit funds each year to encourage companies to pursue training that will maintain and grow Utah’s businesses and economy.

RECOMMENDATIONS TO POLICYMAKERS

1. Eliminate Barriers to Same-Skill Training Paths

Instead of primarily uplifting low-skill workers, workforce programs should adapt to serve as a pivot for all skill levels through micro-credentials and nondegree programs offered by community colleges and technical colleges. These programs could be leveraged and expanded as one of the most efficient and effective ways to move an individual into a new career path.

At the state level, community college curricula, micro-credentialing programs, and retraining programs should be adapted to accommodate middle-skill and high-skill workers who need to retrofit their experience and education to an analogous line of work.

2. Give Local and Regional Administrators Greater Discretion to Ensure Rapid, Just-in-Time Flexibility to Meet the Needs of Local Communities

Policies should be designed to accommodate a just-in-time response to displacement. The key to achieving this is giving local and regional administrators sufficient discretion to design and adapt re-employment programs to fit the on-the-ground needs of each community.⁴⁵

In line with the findings of WIRED evaluations, federal programs following in the footsteps of WIRED should emphasize the positive effects of regionalism by relaxing the grant-making criteria for regions, and deferring to regional judgment about which grantees to invest in.

Rather than dictating overly specific goals from the top down, federal programs should set out “very general, flexible goals.”⁴⁶ This flexibility should also translate down to the local level, allowing localities to “respond to changing economic conditions” as well as the needs of communities heavily dependent on an AI-impacted industry.

3. Invest in Long-Term Local and Regional Cooperation with Industry Leaders to Incentivize Long-Term Success

Without outside investment into communities to create new jobs, even the best retraining and reemployment programs will fail.⁴⁷ Instead of expecting regional programs to continue in the absence of federal funding, any WIRED predecessor should include a long-term plan including public private funding mechanisms. States should heed the lessons learned by Utah’s success with Custom Fit and continue to invest in industry partnerships that facilitate upskilling and cross-skilling.

4. Adopt Adequate and Attainable Reporting Requirements to Help Programs Iterate, Innovate, and Improve

Finally, learning from the failings of WIRED, any new state or federal funding program should adopt reporting requirements, with adequate verification processes to allow for learning about which investments are most effective for workers. Doing so will ensure that as these programs are used by different groups of workers, emphasis is placed on tools and training that work over those that simply check a box. This will also ensure transparency, allowing taxpayers to audit the success and failure of these programs moving forward, and lay the foundation for future programs to be built upon.

Endnotes

This policy brief was co-authored by Pablo Garcia Quint, Tech & Innovation Policy Fellow.

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PUBLIC POLICY BRIEF

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RECURRENCE
===== TO =====
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ARTICLE I, SEC 27