

AI and the Workforce

A forward-looking strategy for the age of AI

Pillar: **America's Talent Advantage**

May 2026

- AI is reshaping the U.S. economy—driving significant investment, transforming industries, and becoming critical to our global competitiveness.
- Its impact—to the workforce, national security, and the information environment—promises to be sweeping. But the response from government and business remains fragmented and mismatched to the challenge.
- We should support technology and innovation, while prioritizing policies that modernize benefits and the safety net, enable workforce transitions, and improve government delivery.

The Challenge

AI is already reshaping our economy. In 2025 alone, AI attracted hundreds of billions in private investment in the U.S.—far more than in any other country¹—and American firms are leading in key measures of innovation² and productivity.³

AI's impact on business and society will be significant and multifaceted—unlocking extraordinary opportunity while introducing risks at a pace and scale that could overwhelm existing policy responses. As companies move quickly to adopt and deploy these technologies, several areas require more intentional action from both business and government:

- National security and geopolitical competition, including from China
- Economic transformation and workforce disruption
- Information integrity and increased mis/disinformation
- Government capacity and policy effectiveness

This paper focuses on workforce impacts, recognizing that a broader set of policy and industry responses will be essential to address the full range of challenges AI presents. The scale of disruption is significant: recent research suggests 43% of U.S. jobs⁴ could be transformed or redesigned, with up to 30% of all work⁵ potentially automated fully. 40% of workers⁶ fear losing

their jobs to AI—and some companies have cited new AI capabilities in announcing large-scale layoffs.⁷

43%

of U.S.-based jobs are
expected to need
AI-driven role redesign

Source: Boston Consulting Group (2026)

40%

of workers
worldwide fear losing
their jobs to AI

Source: Mercer Global Talent Trends 2026

We are likely entering a period of faster job turnover, shifting skill requirements, and wider wage disparities. While economy-wide change may unfold over years, firms can adopt AI quickly and cheaply, creating abrupt disruptions within specific industries and occupations. Labor markets have historically adapted to technological change over time—but not without dislocation.

Policymakers have yet to mount a coordinated response. Few have articulated a workforce strategy fit for a rapidly evolving economy, and fewer still have sought to address AI's broader effects on our security, information ecosystem, and societal health. Today's workforce system consists of fragmented programs largely designed for cyclical downturns, not sustained structural change. Workers face barriers to acquiring new skills, navigating career transitions, and maintaining access to benefits. Employers often underinvest in training, especially when returns are uncertain.

As AI reshapes skill demand, the economy's ability to translate productivity gains into broadly shared wage growth will depend on how quickly workers can move into new roles. Without a more adaptive workforce strategy, the U.S. risks slower growth, wider inequality, and a loss of public confidence in both markets and technology.

Leadership Now Position

Leadership Now supports a forward-looking workforce strategy that accounts for the rapid development and deployment of AI over the coming decade. We are guided by three principles:

(1) Innovation is essential. The only way to raise wages, lower costs, and maintain the U.S.’s place as the world’s strongest economy is through innovation and productivity growth. Policies should support the adoption of technologies that enhance competitiveness.

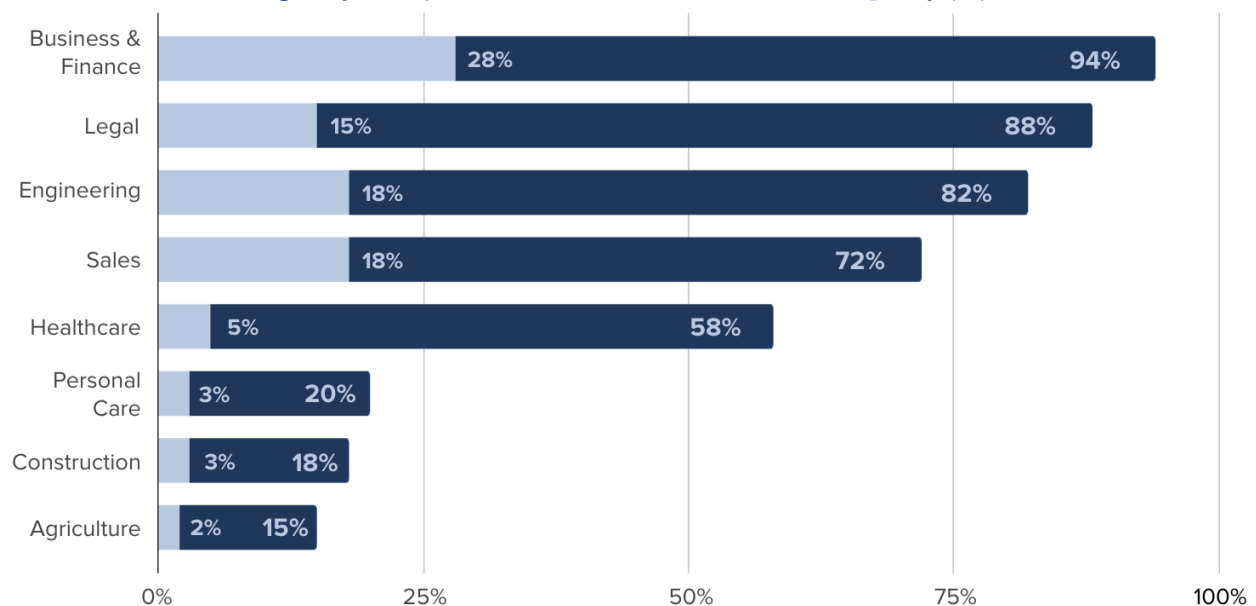
(2) Uncertainty is no excuse for paralysis. Good policy should endure beyond hype cycles. We support reforms that embrace experimentation, measure efficacy, and use rapid feedback loops to improve—building an AI-ready workforce before disruption takes hold.

(3) A dynamic labor market is the best defense against disruption. The best response to AI-driven job loss is AI-driven job creation, supported by a system that helps workers transition quickly into new opportunities. We should make it easier for companies to create jobs, teach new skills, and pay workers more—while making it easier for workers everywhere to acquire skills, seize opportunities, and earn their fair share.

AI holds the potential to make our economy more competitive and productive: creating better jobs, expanding economic mobility, lowering costs in health care and education, and improving government services. Realizing those gains requires policy frameworks that are ambitious, adaptive, and achievable.

AI’s potential reach far exceeds its current use across sectors

Theoretical AI Coverage of job responsibilities vs. **Observed AI Coverage**, by (%) of tasks



Sources: Massenkoff & McCrory, *Labor market impacts of AI* (2026)

Policy Recommendations

Leadership Now supports bipartisan reforms that modernize benefits and tax incentives, invest in training and workforce transitions, and position government as an effective deployer of AI.

These are a starting point—as the technology evolves, more must be done to mount a nimble, timely, and effective response.

I. Modernize Benefits, the Safety Net, and Tax Incentives

- **Create portable benefits and update the safety net.** Establish a framework enabling workers to maintain health insurance, retirement savings, and other essential benefits across jobs, employers, and sectors. Update unemployment insurance eligibility and benefit duration to reflect the realities of career transitions, retraining, and non-traditional employment.
- **Explore tax reforms that support labor.** Our tax system currently favors investments in capital over labor. Policymakers should explore reforms that support hiring and employment while still encouraging productive investment—including incentives for companies to reinvest AI-driven productivity gains into workforce development and job creation.
- **Encourage broad-based ownership.** Explore tax incentives and regulatory frameworks that encourage companies to establish or expand employee stock ownership plans (ESOPs), profit-sharing, and other mechanisms that give workers a direct stake in gains from innovation.

II. Invest in Successful Workforce Transitions

- **Expand outcomes-based workforce training.** Too many workforce training programs have failed to deliver. We need rigorous evidence on which investments lift wages and place workers in lasting careers—and then we must accelerate pathways to high-ROI technical certifications and credential-bearing programs aligned to real employer demand.
- **Incentivize company-provided training.** Support tax credits for companies that invest in training and reskilling, accessible to businesses of all sizes. Expand apprenticeship and “earn while you learn” programs, and explore replicating co-op programs for entry-level workers.
- **Modernize community colleges and credential programs.** Overhaul accreditation standards to focus on career outcomes. Create short-cycle, stackable credentials that ladder into degrees, with stronger employer co-design requirements and funding tied to completion and wage outcomes. Consider tax-advantaged lifelong learning accounts that workers can fund over time and draw on throughout their careers.
- **Expand national service as a career onramp.** With entry-level job postings⁸ declining and AI disproportionately affecting junior⁹ workers, policymakers should explore expanding national service programs in high-need fields like health care, energy, and education—aligned with modernized credentialing and public-private partnerships.

III. Improve Government Delivery

- **Deploy AI to improve government services.** Use AI to reduce costs and expand access to critical services, including health care enrollment, tax filing, benefits navigation, and permitting. Government can model transparency in AI deployment by publicly documenting how AI is used, what safeguards are in place, and how affected workers are supported.

- **Partner with industry to collect workforce data.** Federal and state governments should work with employers to collect and publish real-time data on AI adoption, emerging skill needs, and workforce impact—giving both the public and private sectors the clarity needed to assess what’s working.

We must pair support for innovation with workforce programs that create better jobs, improve training and transitions, and empower workers to share in AI’s gains. Together, these policies can ensure the U.S. remains the world’s strongest economy—and that American workers are among its greatest beneficiaries.

Relevant Legislation and Rulemaking

The following bipartisan efforts align with our position that the U.S. must advance AI innovation while modernizing the safety net, enabling workforce transitions, and improving government delivery:

AI-Related Job Impacts Clarity Act (S. 3108)

Sponsor(s): *Sens. Mark Warner (D-VA) and Josh Hawley (R-MO)*

Requires quarterly reporting on AI-related workforce changes.

AI Workforce Training Act

Sponsor(s): *Reps. Josh Gottheimer (D-NJ) and Mike Lawler (R-NY)*

Creates a 30% tax credit for AI training expenses, capped at \$2,500 per employee per year.

Investing in American Workers Act

Sponsor(s): *Sen. Mark Warner (D-VA) and Rep. Raja Krishnamoorthi (D-IL)*

Creates a business tax credit for instructional costs leading to recognized postsecondary credentials in emerging technologies.

Digital Skills for Today’s Workforce Act

Sponsor(s): *Reps. Eugene Vindman (D-VA) and David Valadao (R-CA)*

Establishes grants within the Workforce Innovation and Opportunity Act to scale AI and digital literacy instruction through workforce systems, adult education, and community colleges.

Investing in Tomorrow’s Workforce Act

Sponsor(s): *Sens. Raphael Warnock (D-GA) and Dick Durbin (D-IL)*

Establishes competitive grants for industry partnerships to train workers displaced by automation.

Unlocking Benefits for Independent Workers Act

Sponsor(s): *Sen. Bill Cassidy (R-LA)*

Creates a legal safe harbor for companies to voluntarily offer portable benefits to independent contractors.

Artificial Intelligence & Critical Technology Workforce Framework Act

Sponsor(s): *Sens. Gary Peters (D-MI) and Eric Schmitt (R-MO)*

Directs the National Institute of Standards and Technology to define AI workforce skills and competencies, and supports pathways to high-ROI certifications by establishing standardized skill benchmarks.

Endnotes

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