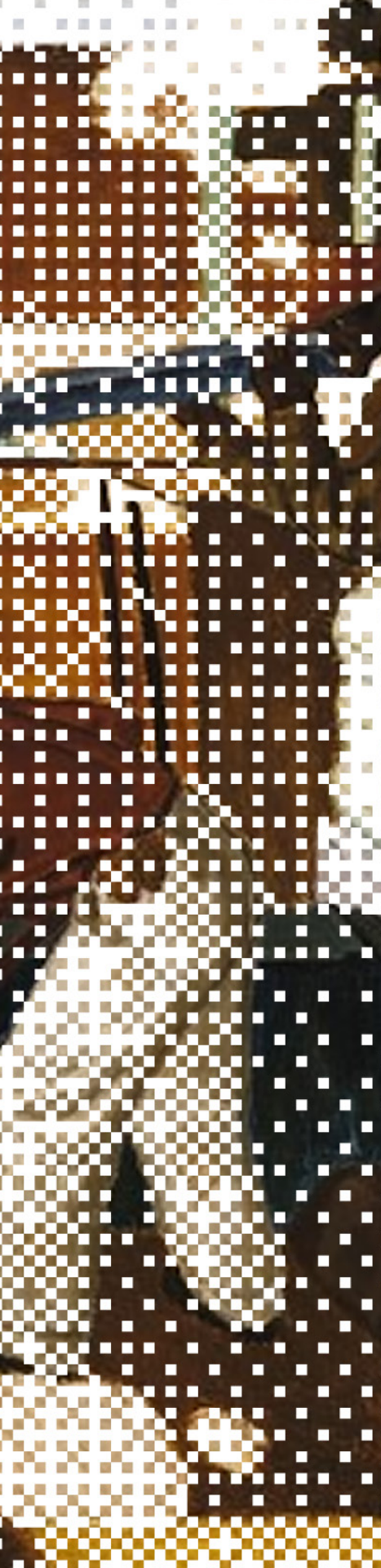




■ Industrial Power

Building a Techno-Industrial Workforce

Chris Griswold

SUMMARY

A deficit of willing and qualified workers is a serious obstacle to American industrial revitalization. Yet American education and workforce development policy shunts the great majority of federal dollars to a broken higher education system that is not producing the workforce that national industrial strength requires.

Congress should create a workforce training grant of \$10,000 per worker trained per year, designed to make high-quality on-the-job training economically viable for both employers and trainees. This grant should be paid for by an endowment tax and by repurposing a portion of existing federal education dollars. The Department of Labor should launch a pilot version of this approach using unspent H-1B visa fee funds.

PROBLEM

A deficit of willing and qualified workers is a serious obstacle to American industrial revitalization. The United States has allowed its education and workforce development system to atrophy, diverting the vast majority of Ameri-

can education dollars to a broken higher education system that only serves a minority of students well.

Yet it is employers, not universities, who not only can often provide the most valuable training, but also have a far better grasp of what cutting edge skills industrial work and innovation requires. In many cases it is employers who are best suited to provide (either directly, or in concert with other entities like industry associations, trade unions, and community colleges) the most useful and relevant training. It is also employers who ultimately hire and deploy high-skilled workers, yet the higher education system is not in touch with employer needs.

SOLUTION

Congress

Congress should create a workforce training grant of \$10,000 offered to employers per year for each trainee engaged in on-the-job training, to be administered by the Department of Labor. Such a grant program should:

- Clearly define what constitutes “trainee” status. Workers’ time should be split between formal training and on-the-job work.
- Establish clear parameters that employers must define and communicate for training programs, including the program’s length, an overview of its curriculum, what wage and job placement outcomes are expected, what formal certifications will be earned (if any), and what entities are responsible for delivering the training (the employer directly, a trade union, an industry consortium or trade group, a community college in concert with the employer, etc).
- Certify programs that meet eligibility requirements.
- Provide employers with an annual grant of up to \$10,000 per trainee employed per year.
- Define strict and clear quality controls, and swiftly decertify training programs that underperform.

The American Workforce Act, reintroduced in 2024 by Senator Tom Cotton (R-AR), then-Senator JD Vance (R-OH), and Congressman Max Miller (R-OH), is an example of this approach. Such legislation could be paid for by expanding the university endowment tax, by rebalancing some existing federal education spending away from higher education towards this program, or a combination of both.

Department of Labor

The Secretary of Labor should establish a pilot program that field-tests this approach in select states that apply to participate. Such a program should receive applications from states willing to invest their own funding. The Department of Labor can offer matching funding by allocating unspent guest-worker visa processing fees for this purpose. For example, the H-1B skills training fee, first authorized by the American

Competitiveness and Workforce Improvement Act of 1998, is intended “to prepare Americans for high-skill jobs, reducing dependence on foreign labor.” \$217 million in unspent visa fee funding was rescinded for FY 2025 alone, for example. This is enough to fund 21,700 \$10,000 grants—more than the number of registered apprentices in Michigan or Illinois. If states matched this funding, 43,400 grants could be funded—more than the registered apprenticeships in any state other than California.

JUSTIFICATION

American policymakers have long seen the wisdom in investing public money in education and workforce development, but for too long they have entrusted that duty—and those funds—predominantly with colleges and universities. This hyper-focus on higher education as the primary provider of workforce development is misplaced. Fewer than one in five Americans move smoothly from high school to college to a job that requires a college degree.

Policy must acknowledge the vital role employers can play in workforce development, especially in the context of the global race for technological and industrial dominance. Rectifying this is urgent, but higher education spending is currently badly mismatched with employer needs. The American economy is producing college graduates at more than twice the rate it is producing jobs that require college degrees, leading not only to great frustration and economic stress on working Americans but to a workforce underprepared for what America’s leading companies require.

Fixing this requires acknowledging that employers face specific challenges in providing the training our technological progress clearly needs. While many employers do offer training, they are constrained by market pressures that heavily-subsidized colleges and universities do not face. A trained and now-more-productive employee can either command higher pay from that employee (a good outcome for the worker, but a potential negative return on investment for the employer), or else take those skills elsewhere, leaving their initial employer holding the bag for having trained someone else’s upskilled worker. Noncompete agreements could mitigate the latter concern, but many conservatives have rightly objected to their heavy use, both because they are unjust to workers and because—of special importance to techno-industrial strategy—they stifle innovation and technological advancement.

American industry will struggle to meet the moment without the workforce it needs. Decades of atrophy and misallocation of funds have left the American workforce development systems unable to adequately provide that workforce. The push to swiftly (re)develop American semiconductor production is a case in point. The CHIPS and Science Act, while broadly working well, has faced implementation challenges due to the lack of sufficiently trained and interested American workers. Chip companies have sought fixes, for example by working with labor unions and by making use of guest worker programs. But no industry is equipped to solve a national problem of this scale on its own. In the long run, the American economy’s ability to be globally competitive and to prompt large-scale, ambitious, and forward-looking investment in innovation and industrial strength depends in large part on getting workforce development policy

right. That means resolving the disconnect and misalignment between the workforce needs of American industry, what entities we trust to provide those needs, and how we spend our federal education and workforce dollars. ■

FURTHER RESOURCES

- Oren Cass, “The Workforce Training Grant,” American Compass, 2022
- Senator Tom Cotton, Senator JD Vance, Representative Max Miller, American Workforce Act, 2024

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