II

119TH CONGRESS
2D SESSION

S. 5055

To establish a National Workforce Transition Board to support training and education activities for workers, in response to the adoption of artificial intelligence and emerging technology, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2026

Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To establish a National Workforce Transition Board to support training and education activities for workers, in response to the adoption of artificial intelligence and emerging technology, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Workforce Transition Fund Act of 2026".

SEC. 2. WORKFORCE TRANSITION.

(a) IN GENERAL.—The Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) is amended by striking title III and inserting the following:

"TITLE III—WORKFORCE TRANSITION

"SEC. 301. PURPOSE.

"The purpose of this title is to assist workers, employers, and workforce development systems in navigating the labor market transitions caused by increasing adoption of artificial intelligence and emerging technology by creating a temporary, targeted National Workforce Transition Fund (referred to in this title as the 'Fund') that—

"(1) uses a funding mechanism tied to covered artificial intelligence infrastructure rather than taxing artificial intelligence usage or innovation directly;

"(2) provides resources for programs that—

"(A)(i) give priority for the activities to workers experiencing or facing employment loss or labor market disruption; and

"(ii) support transitions of workers into stable employment; and

"(B) use administrable eligibility criteria based on labor market indicators rather than requiring individual workers to prove that artificial intelligence or emerging technology was the sole or primary cause of the employment loss or labor market disruption involved;

"(3) provides resources for workforce development activities—

"(A) that support modernization of labor market information systems, so policymakers can better measure disruption due to artificial intelligence or emerging technology, worker outcomes, and job quality;

"(B) that expand access to training services through individual training accounts;

"(C) that provide limited worker transition assistance;

"(D) that support sectoral workforce partnerships, and training and credential pathways that are portable, tied to labor market demand, and connected to measurable outcomes; and

"(E) that provide grants to employers for retention, redeployment, or responsible transitioning of workers, and condition the grants on workforce transition plans and compacts that address planning for worker retention, redeployment, or responsible transitioning, worker consultation, reporting, and recovery of misused funds.

"SEC. 302. DEFINITIONS.

''In this title:

''(1) ARTIFICIAL INTELLIGENCE.—The term 'artificial intelligence' has the meaning given the term in section 5002 of the National Artificial Intelligence Initiative Act of 2020 (15 U.S.C. 9401).

''(2) EMERGING TECHNOLOGY.—The term 'emerging technology' has the meaning given the term in section 6701 of the James M. Inhofe National Defense Authorization Act of Fiscal Year 2023 (50 U.S.C. 3024 note).

''(3) SECRETARY.—The term 'Secretary', without further description, means the Secretary of Labor.

''(4) WORKER.—The term 'worker', without further description, includes a student.

''(5) WORKFORCE INNOVATION AND OPPORTUNITY ACT TERMS.—The terms 'career pathway', 'dislocated worker', 'in-demand industry sector or occupation', 'institution of higher education', 'local area', 'local board', 'recognized postsecondary credential', 'region', 'State', 'State board', 'training services', and 'workforce development activities' have the meanings given the terms in section 3.

"SEC. 303. NATIONAL WORKFORCE TRANSITION BOARD.

"(a) ESTABLISHMENT.—The Secretary of Labor shall establish in the Department of Labor a National Workforce Transition Board (referred to in this title as the 'National Board') to carry out the functions described in subsection (c). The National Board shall be headed by the Secretary of Labor, in consultation with the Secretary of Education and the Secretary of Commerce.

"(b) MEMBERSHIP.—

"(1) IN GENERAL.—The National Board shall include—

"(A) the Secretary of Labor, the Secretary of Education, and the Secretary of Commerce; and

"(B) members appointed by the Secretary of Labor, in consultation with the Secretary of Education and the Secretary of Commerce, of which—

"(i) one-third shall be representatives of businesses or industry, including representatives of businesses or industry associations from industry sectors affected by adoption of artificial intelligence or emerging technology, such as sectors developing emerging technology, undergoing occupational and task restructuring, or making related labor market transitions;

"(ii) one-third shall be labor representatives, including representatives of labor organizations, worker organizations, groups that have formed worker centers, and organizations representing workers at risk of employment loss or labor market disruption due to the adoption of artificial intelligence or emerging technology; and

"(iii) one-third shall be representatives of government, workforce development boards, and institutions of higher education, which may include State and local officials, and representatives of Federal agencies, State boards and local boards, public or private institutions of higher education including community colleges, economic development agencies, and other public education or workforce development agencies.

"(2) TERMS.—Each member of the National Board shall serve for a term of 5 years.

"(c) FUNCTIONS.—The functions of the National Board are to advise the Secretaries and provide information to the public by—

"(1) developing an annual coordinated national strategy that—

"(A) contains information, prepared or compiled by the National Board, that—

"(i) provides a national workforce impact assessment that evaluates how the development and adoption of artificial intelligence and emerging technology is impacting the workforce;

"(ii) identifies occupations, industry sectors, and geographic areas most likely to experience change driven by artificial intelligence or emerging technology;

"(iii) forecasts emerging occupations and skill requirements related to artificial intelligence or emerging technology; and

"(iv) evaluates and assesses the effectiveness of the workforce development system, including labor market information efforts, Federal programs, State programs, programs of institutions of higher education, and employer-led training initiatives, in supporting workers most likely to experience change driven by artificial intelligence and emerging technology;

"(B) contains the recommendations of the National Board to the Secretaries—

"(i) for an annual Federal workforce development plan for activities to be carried out under section 305 with amounts from the Fund, including—

"(I) incumbent worker training programs;

"(II) programs that provide tuition assistance for students receiving education or training services; and

"(III) programs to strengthen Federal and State labor market information systems;

"(ii) about strategy, grantmaking priorities, performance measures, and labor market trends, and for annual reporting, relevant to activities described in clause (i); and

"(iii) the size of the amounts to be used from the Fund for the activities described in clause (i); and

"(C) contains the National Board's assessment of the effectiveness of the activities described in subparagraph (B); and

"(2) publishing an annual report containing the national strategy described in paragraph (1) and submitting the report to the Secretaries.

"(d) PERSONNEL.—

"(1) COMPENSATION OF MEMBERS.—A member of the National Board who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the National Board.

"(2) TRAVEL EXPENSES.—The members of the National Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the National Board.

"(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee of the Department of Commerce, Education, or Labor may be detailed to the National Board without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

"(4) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES OF EXPERTS.—

"(A) IN GENERAL.—The Secretary of Labor, in consultation with the Secretary of Education and the Secretary of Commerce, may procure temporary and intermittent services of experts to advise the National Board under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

"(B) TYPES OF EXPERTS.—Under subparagraph (A), the Secretary of Labor may procure the temporary and intermittent services of experts in labor economics, workforce data, artificial intelligence or emerging technology, education, training, credentialing, regional economic development, public sector workforce needs, or the work of philanthropic entities that support workforce development.

"(e) DEFINITION.—In this section, the term 'Secretaries' means the Secretary of Labor, the Secretary of Education, and the Secretary of Commerce.

"SEC. 304. NATIONAL WORKFORCE TRANSITION FUND.

"(a) ESTABLISHMENT.—There is established within the Treasury of the United States a Fund to be known as the National Workforce Transition Fund, consisting of amounts transferred to the Fund as provided in this section or otherwise appropriated to the Fund.

"(b) TRANSFER.—The Secretary of the Treasury shall make the transfers of amounts required by section 3(c) of the National Workforce Transition Fund Act of 2026.

"(c) FUND ADMINISTRATION.—

"(1) TRUSTEE.—The Secretary of the Treasury shall be the trustee of the Fund.

"(2) INVESTMENT.—

"(A) IN GENERAL.—The Secretary of the Treasury shall invest the portion of the Fund that is not required to meet current withdrawals.

"(B) INTEREST-BEARING OBLIGATIONS.— The investments may be made only in interest-bearing obligations of the United States that are—

"(i) original issue at the issue price; or

"(ii) outstanding obligations purchased at market price.

"(C) ALIENABILITY.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

"(D) INVESTMENT INTEREST.—The interest on and the proceeds from the sale or redemption of any obligation held in the Fund shall be credited to the Fund.

"(d) USE OF FUNDS.—Amounts in the Fund shall only be available as specified in section 305 and to the extent provided for by appropriation Acts, for making expenditures to carry out the provisions of section 305.

"SEC. 305. USE OF FUNDS.

"(a) IN GENERAL.—

"(1) PERMISSIBLE ACTIVITIES.—The Secretary may use amounts from the Fund established under section 304 to support—

"(A) modernization of labor market information systems under subsection (b);

“(B) activities to assist workers in transitioning into stable employment under subsection (c);

“(C) activities to assist employers with retention, redeployment, or transitioning of workers under subsection (d); and

“(D) pilot programs to further support workers, improve employment retention, redeployment, and transitioning outcomes, and modernize labor market information systems under subsection (e).

“(2) PRIORITY POPULATIONS.—

“(A) IN GENERAL.—In carrying out the activities described in subsections (c) (other than paragraph (3)), (d), and (e) the Secretary shall give priority to workers who are experiencing or facing employment loss or other labor market disruption, need support in transitioning into stable employment, and are from one or more priority populations consisting of—

“(i) workers receiving unemployment compensation;

“(ii) dislocated workers;

"(iii) workers whose hours, earnings, or employment opportunities have materially declined;

"(iv) recent graduates from a secondary school or an institution of higher education, or entry-level workers facing declining hiring conditions;

"(v) workers in occupations, industry sectors, or regions identified by the Secretary as exposed to technological change, animation, adoption of artificial intelligence or emerging technology, occupational restructuring, or declining labor demand; and

"(vi) workers seeking to transition into in-demand industry sectors or occupations.

"(B) ELIGIBILITY OF WORKERS.—

"(i) IN GENERAL.—In order to receive support through activities described in paragraph (1), no worker shall be required to show that artificial intelligence or emerging technology was the sole or primary cause for the labor market disruption affecting the worker.

"(ii) PRIORITY.—The Secretary shall determine whether workers meet the requirements of subparagraph (A) by determining priority populations using labor market indicators and related information such as unemployment insurance claims, wage records, occupational employment trends, entry-level hiring trends, employer reports, sectoral disruption, regional displacement, wage losses, and exposure to artificial intelligence or emerging technology.

"(b) WORKFORCE DATA AND LABOR MARKET INFORMATION SYSTEMS.—

"(1) IN GENERAL.—The Secretary may use amounts from the Fund to carry out activities to strengthen Federal and State labor market information systems to enable Federal and State policymakers to better identify categories of information, including—

"(A) where labor market disruption occurs due to the adoption of systems of artificial intelligence or emerging technology;

"(B) types of workers who are affected by the adoption of systems of artificial intelligence or emerging technology; and

"(C) whether public interventions, related to the impact of artificial intelligence or emerging technology, are improving employment, earnings, and job quality.

"(2) INFORMATION SYSTEMS.—In carrying out this subsection, the Secretary shall strengthen Federal and State labor market information systems, including—

"(A) the nationwide workforce and labor market information system described in section 15 of the Wagner-Peyser Act (29 U.S.C. 49l–2);

"(B) any labor market information system that the Bureau of Labor Statistics administers;

"(C) any labor market information system that the Social Security Administration administers;

"(D) any labor market information system that the Bureau of the Census administers;

"(E) State labor market information systems, including any State unemployment insurance wage data system; and

"(F) any State system covering data from localized statistical surveys.

"(3) STUDY.—

"(A) ALLOCATION OF FUNDS.—The Secretary shall allocate and use $3,000,000 from the Fund to support—

"(i) a study that is conducted, and reports that are prepared and submitted, directly or indirectly by the Secretary, under this paragraph; and

"(ii) an implementation plan that is prepared and submitted by the Secretary under subparagraph (G).

"(B) COMPILATION OF INFORMATION.—The study conducted under subparagraph (A) shall—

"(i) identify gaps in, and make recommendations for, data collection for labor market information systems, relating to information needed to address the adoption of artificial intelligence or emerging technology, including information—

"(I) about emerging technology;

"(II) that permits occupational data restructuring;

"(III) about entry-level hiring and other hiring trends;

"(IV) about worker displacement;

"(V) about earning outcomes; and

"(VI) about regional labor market disruption; and

"(ii) evaluate and provide recommendations for—

"(I) integrating additional artificial intelligence questions into labor market surveys;

"(II) continuing the incorporation of occupational classification systems into labor market reports;

"(III) linking cross-agency data measurement to produce comprehensive labor market reports;

"(IV) partnering with non-public entities to produce additional public use labor market statistics; and

"(V) increasing the frequency of published labor market reports.

"(C) STATE RECORD MODERNIZATION.—The study conducted under subparagraph (A) shall include an assessment of State efforts to modernize unemployment insurance wage data systems and other workforce data infrastructure.

"(D) RECOMMENDATIONS.—As part of the study conducted under subparagraph (A), the Secretary shall prepare recommendations—

"(i) to Federal agencies and each State for modernization of labor market information systems and related data collection by incorporating mixed methods of data collecting, including collection of—

"(I) data from online job postings;

"(II) private labor market data;

"(III) Federal statistical data;

"(IV) administrative data;

"(V) data from employer surveys;

"(VI) data from worker surveys; and

"(VII) qualitative regional workforce information; and

"(ii) about the amount of funds that should be allocated from the Fund to carry out activities under paragraph (4).

"(E) AGENCY COORDINATION.—In conducting the study under subparagraph (A), the Secretary shall coordinate activities with—

"(i) all Federal statistical agencies, including the Bureau of Labor Statistics and the Bureau of the Census; and

"(ii) the Social Security Administration.

"(F) REPORTS.—

"(i) INITIAL REPORT.—Not later than 90 days after the date of enactment of this Act, the Secretary shall prepare and submit an initial report containing initial results of the study and recommendations described in subparagraph (D) to—

"(I) all members of the National Board;

"(II) all Federal agencies;

"(III) each State;

"(IV) the Committee on Health, Education, Labor, and Pensions, the Committee on Homeland Security and Governmental Affairs, and the Committee on Finance, of the Senate; and

"(V) the Committee on Education and Workforce, the Committee on Oversight and Government Reform, and the Committee on Ways and Means, of the House of Representatives.

"(ii) INTERIM REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall prepare and submit to the parties described in clause (i) an interim report containing interim results of the study and recommendations described in subparagraph (D).

"(G) IMPLEMENTATION PLAN.—Not later than 12 months after the date of enactment of this Act, the Secretary shall prepare and submit an implementation plan to the parties described in subparagraph (F)(i) that includes a timeline and stated objectives to carry out this subsection.

"(4) MODERNIZATION ACTIVITIES.—

"(A) FUNDS.—On the date of submission of the interim report under paragraph (3)(F)(ii), the Secretary shall allocate from the Fund an amount, based on the amount that the study findings in that report recommend, to carry out activities under this paragraph.

"(B) ACTIVITIES.—The Secretary may use the amount to—

"(i) modernize Federal and State labor market measurement and reporting;

"(ii) promote Federal and State labor market information system modernization activities that may include—

"(I) measuring occupational exposure to artificial intelligence or emerging technology, including task automation;

"(II) analyzing changes in entry-level employment;

"(III) analyzing hiring requirements;

"(IV) analyzing career pathways;

"(V) tracking worker displacement, redeployment, reemployment, and earning outcomes;

"(VI) analyzing regional impacts of artificial intelligence or emerging technology; and

"(VII) examining the relationship between the adoption of artificial intelligence or emerging technology, productivity, employment, wages, and job quality; and

"(iii) create an enhanced wage record grant program for each State to collect occupational data for job titles, hours worked, and job locations, consistent with privacy and data security laws.

"(c) WORKER TRANSITION ASSISTANCE AND OTHER SERVICES.—

"(1) IN GENERAL.—The Secretary may use an amount from the Fund for a project or services to assist workers in transitioning into stable employment through access to training services through individual training accounts as described in paragraph (2), credential pathways or programs funded through education and training grants as described in paragraph (3), sectoral workforce partnership grants as described in paragraph (4), and supportive services as described in paragraph (5).

"(2) ACCESS TO TRAINING SERVICES THROUGH INDIVIDUAL TRAINING ACCOUNTS.—

"(A) GRANTS TO LOCAL AREAS.—

"(i) IN GENERAL.—The Secretary shall make grants to local areas, from allocations made under subparagraph (B), for the provision of training services through individual training accounts, as described in section 134(c)(3)(F), to any worker eligible under section 134(c)(3)(A), subject to subsection (a)(2).

"(ii) EXCEPTION.—The eligibility requirements under sections 134(c)(3)(A)(i)(III) and 134(c)(3)(A)(i)(IV), respectively, shall not apply to workers under this paragraph.

"(B) ALLOCATION OF FUNDS.—Using the sum the Secretary receives from the Fund under paragraph (1) for services under this paragraph for a fiscal year, the Secretary shall allocate to each local area for that fiscal year an amount that bears the same relationship to that sum as the amount the local area receives under section 133(b) for that fiscal year bears to the total amount that all local areas so receive.

"(C) PROVIDERS.—

"(i) IN GENERAL.—The local area shall enter into agreements with eligible providers to provide training services under this paragraph, with funding provided through direct payments made through individual training accounts, pursuant to section 134(c)(3)(F)(iii).

"(ii) ELIGIBLE PROVIDERS.—To be eligible to enter into an agreement under this paragraph, a provider shall be an eligible provider of training services under section 122.

"(iii) APPLICATION.—To be eligible to enter into such an agreement, a provider shall submit an application to the local area at such time, in such manner, and containing such information as the local area may require, including, if the provider proposes to provide training services, information demonstrating that the training services to be provided will meet quality standards related to—

"(I) completion by, employment of, and earnings of workers;

"(II) if the services lead to a recognized postsecondary credential, that recognized postsecondary credential and portability of such credential;

"(III) alignment of the services with regional labor market needs; and

"(IV) cost to the local area and consumer protection of workers.

"(3) EDUCATION AND TRAINING GRANTS FOR CREDENTIALS IN IN-DEMAND INDUSTRY SECTORS OR OCCUPATIONS.—

"(A) GRANTS TO STATES.—The Secretary shall make grants to States to enable students or incumbent workers, notwithstanding subsection (a)(2), to receive education or training services at an institution of higher education or from a provider of training services, and a corresponding associate or baccalaureate degree, or other recognized postsecondary credential, in an in-demand industry sector or occupation.

"(B) APPLICATIONS.—To be eligible to receive a grant under this paragraph, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(C) TRANSFER TO STATE HIGHER EDUCATIONAL ENTITIES.—

"(i) IN GENERAL.—A State that receives a grant under subparagraph (A) shall transfer the grant funds to the appropriate State higher education agency.

"(ii) ADMINISTRATION.—Upon transfer of the grant funds under clause (i), the State higher educational entity shall administer the grant under this paragraph.

"(iii) AUTHORITY.—

"(I) IN GENERAL.—The State higher education agency shall carry out the goals of the grant program described in subparagraph (A) and shall—

"(aa) require eligible institutions and providers to provide data specific to students or incumbent workers, as applicable;

"(bb) make final decisions on any dispute between an eligible institution or provider, and a student or incumbent worker; and

"(cc) undertake periodic assessments of the overall success of the grant program under subparagraph (A) and recommend modifications, interventions, and other actions based on such an assessment.

"(II) REGULATIONS.—The State higher education agency may adopt any regulation for the administration of the grant program under subparagraph (A) as the State higher education agency determines to be necessary.

"(D) SUBGRANTS TO INSTITUTIONS OF HIGHER EDUCATION AND PROVIDERS.—

"(i) IN GENERAL.—A State higher education agency that administers a grant under this paragraph shall use the grant funds to make subgrants to institutions of higher education or eligible providers of training services under section 122.

"(ii) APPLICATIONS.—To be eligible to receive a subgrant under this paragraph, an institution or provider shall submit an application to the State higher education agency at such time, in such manner, and containing such information as the State higher education agency may require, including, if the education or training services lead to a recognized postsecondary credential other than a degree, information indicating the quality of the program leading to the credential.

"(E) FUNDING FOR STUDENTS AND INCUMBENT WORKERS.—An institution or provider that receives a subgrant under this paragraph may use the subgrant funds to pay for the cost of the education or training services described in subparagraph (A), except that—

"(i) the institution or provider shall select students or incumbent workers to participate;

"(ii) a student or incumbent worker who is selected and enrolls in the corresponding education or training services program shall pay for ⅓ of the cost of the program on enrollment; and

"(iii) such a student or incumbent worker who does not complete the program shall pay for an additional ⅓ of that cost.

"(4) SECTORAL WORKFORCE PARTNERSHIP GRANTS.—

"(A) GRANTS TO STATES.—

"(i) IN GENERAL.—The Secretary shall make grants to States to make subgrants to local boards under subparagraph (B), to enter into agreements with eligible entities as described in subparagraph (C)—

"(I) to create, expand, or modernize a sectoral workforce partnership; and

"(II) acting through that partnership, to assist workers with career pathways tied to labor market demand.

"(ii) APPLICATIONS.—To be eligible to receive a grant under this paragraph, a State shall submit an application to the

Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(B) SUBGRANTS TO LOCAL BOARDS.—

"(i) IN GENERAL.—A State that receives a grant under subparagraph (A) shall use the grant funds to make subgrants to local boards, to enable the local boards to enter into agreements under subparagraph (C).

"(ii) APPLICATIONS.—To be eligible to receive a subgrant under this paragraph, a local board shall submit an application to the State at such time, in such manner, and containing such information as the State may require, including an assurance that the local board will coordinate activities under the subgrant with the activities of the local boards carrying out similar activities under this paragraph in the States.

"(C) AGREEMENTS WITH ELIGIBLE ENTITIES.—

"(i) IN GENERAL.—A local board that receives a subgrant under this paragraph shall use the subgrant funds to enter into agreements with eligible entities.

"(ii) ELIGIBLE ENTITIES.—To be eligible to enter into an agreement under this paragraph, an entity shall—

"(I) relate to—

"(aa) an in-demand industry sector or occupation; or

"(bb) an industry with high growth potential, as determined by the local board; and

"(II) consist of, or propose to create, a partnership of at least 3 of the following organizations—

"(aa) employers;

"(bb) labor organizations or other worker organizations;

"(cc) State boards;

"(dd) local boards;

"(ee) community colleges or institutions of higher education;

"(ff) sponsors of apprenticeship programs;

"(gg) economic development agencies; or

"(hh) workforce intermediaries.

"(iii) APPLICATIONS.—To be eligible to enter into an agreement under this paragraph, an eligible entity shall submit an application to the local board at such time, in such manner, and containing such information as the local board may require, including, if the career pathway or other program to be provided leads to an industry-recognized credential, information indicating the quality of the pathway or program leading to the credential.

"(iv) PRIORITY.—In determining which entities to enter into agreements with under this paragraph, a local board shall give priority to entities that—

"(I) serve workers experiencing or facing employment loss or labor market disruption;

"(II) provide portable industry-recognized credentials;

"(III) propose a program with employer commitments to interview, hire, retain, redeploy, or advance individuals who complete the program;

"(IV) propose a program that includes labor organization or worker organization participation; or

"(V) propose a program that supports jobs that provide wages sufficient for economic security or a credible pathway to such wages.

"(v) USE OF FUNDS.—An entity that enters into an agreement under this paragraph may use the funds provided through the agreement—

"(I) to assist workers in pursuing career pathways that are tied to real labor market demand and in—

"(aa) in-demand industry sectors and occupations that are important to regional or national economic resilience, including in-demand industry sectors and occupations that face persistent shortages of workers; or

"(bb) industry sectors and occupations where wages, on the date of the application of the entity, are low, if funding for the pathways or program is tied to measurable improvements in wages, benefits, career advancement, retention, or job quality, for workers; or

"(II) to carry out a limited portable artificial intelligence or emerging technology skills credential pilot program—

"(aa) to develop and provide training relating to common baseline artificial intelligence or emerging technology skill standards with related credentials, to provide career pathways in in-demand industry sectors and occupations described in item (aa) or (bb) of subclause (I); and

"(bb) to assess whether the standards would improve worker mobility, reduce duplicative employer training, and make such credentials more transparent and useful across businesses, occupations, and industry sectors.

"(5) PROVISION OF SUPPORTIVE SERVICES.—The Secretary shall, in consultation with the National Board, develop supportive services to directly support workers participating in an activity under this subsection or subsection (e), and provide the services, which may include—

"(A) housing;

"(B) child care;

"(C) transportation;

"(D) health benefits; and

"(E) any other service the Secretary determines to be necessary to support such workers during the transition period.

"(6) STATE HIGHER EDUCATION AGENCY.—As used in this subsection, the term 'State higher education agency' has the meaning given the term in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

"(d) EMPLOYER RETENTION, REDEPLOYMENT, OR TRANSITIONING GRANTS.—

"(1) IN GENERAL.—The Secretary may use an amount from the Fund for a project that supports employers in retaining, redeploying, or responsibly transitioning covered workers, through workforce transition plans that promote accountability, worker consultation, reporting requirements, and recovery of misused funds.

"(2) GRANTS TO STATES AND LOCAL BOARDS.—

"(A) IN GENERAL.—The Secretary, in carrying out the project described in paragraph (1), shall make grants to States and local boards to make subgrants to employers under this subsection.

"(B) APPLICATIONS.—To be eligible to receive a grant under this subsection, a State or local board shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(3) SUBGRANTS TO EMPLOYERS.—

"(A) IN GENERAL.—A State or local board that receives a grant under this subsection shall use the grant funds to make subgrants to employers to support the employers in carrying out initiatives to assist covered workers as described in paragraph (1).

"(B) WORKFORCE TRANSITION PLANS.—To be eligible to receive a subgrant under this paragraph from a State or local board, an employer shall submit a workforce transition plan to the State or local board, respectively, at such time, in such manner, and containing such information as the State or local board may require, including—

"(i) the artificial intelligence or emerging technology workforce transition compact, described in subparagraph (C), that the employer has entered into with the Secretary;

"(ii) information identifying the cohort of covered workers to be served under the initiative;

"(iii) information describing how artificial intelligence or emerging technology is changing job design or staffing needs for covered workers in that cohort;

"(iv) information identifying how the employer will prioritize retention, redeployment, or responsible transitioning, over layoffs, for covered workers in that cohort;

"(v) an explanation of how the employer will use the subgrant funds through the initiative to support paid training, internal redeployment, career navigation services, credentialing, placement support, wage support, or supportive services, for covered workers in that cohort; and

"(vi) if the initiative to be provided leads to an industry-recognized credential, information indicating the quality of the initiative leading to the credential.

"(C) WORKFORCE TRANSITION COMPACT.—

"(i) IN GENERAL.—An employer seeking a subgrant under this subsection shall enter into a workforce transition compact with the Secretary.

"(ii) PROVISIONS.—The compact shall include provisions relating to the initiative that—

"(I) specify retention, redeployment, or responsible transitioning targets for the employer;

"(II) establish procedures for notice to and consultation with the covered workers served under the subgrant;

"(III) establish wage and benefit standards for redeployed covered workers;

"(IV) establish procedures for reporting on the outcomes of the covered workers served through the initiative, and the job changes, related to adoption of artificial intelligence or emerging technology, of the covered workers; and

"(V) establish procedures for recovery of subgrant funds if the employer fails to satisfy the requirements of this subparagraph or subparagraph (B), respectively.

"(4) COVERED WORKER.—In this subsection, the term 'covered worker' means (subject to subsection (a)(2)) a worker whose job is expected by the employer to be materially affected by adoption of artificial intelligence or emerging technology, or by a related significant task redesign.

"(e) PILOT PROGRAMS.—

"(1) IN GENERAL.—The Secretary shall, in consultation with the National Board, use an amount from the Fund to carry out a limited pilot program, to make grants to eligible entities for projects of the activities described in subsection (b), (c), or (d).

"(2) ELIGIBLE ENTITIES.—To be eligible to receive such a grant, the entity involved shall demonstrate that the grant funding will support the development and carrying out of—

"(A) projects that directly support workers, which may include projects that provide—

"(i) wage insurance;

"(ii) unemployment benefits;

"(iii) portable benefits;

"(iv) technology training and education;

"(v) job licensing;

"(vi) apprenticeships; or

"(vii) any other activity the Secretary determines to be necessary to support workers during the period in which the workers are transitioning into stable employment;

"(B) projects that improve employment transition outcomes for the workers; or

"(C) projects that modernize labor market information systems and related workforce data.

"(f) SUPPLEMENT NOT SUPPLANT.—Amounts made available from the Fund to carry out this shall supplement and not supplant other Federal, State, local, or private workforce investments, including employer labor market investments, expended to carry out the activities described in subsection (a)(1).

"(g) EVALUATION AND REPORTING.—

"(1) PERFORMANCE MEASURES FOR ACTIVITIES.—

"(A) ESTABLISHMENT.—The Secretary, coordinating activities with the Secretary of Education, the Secretary of Commerce, and the National Board, shall establish performance measures, with indicators and levels of performance, for the activities carried out under subsections (c), (d), and (e). The performance measures shall indicate results of the activities (including worker outcomes) relating to employment, reemployment, retention, redeployment, earnings, credential completion, job quality, employer participation, regional impacts, and outcomes for priority populations.

"(B) DATA COLLECTION.—Recipients of grants under subsection (c) or (e) and employers who are recipients of subgrants under subsection (d) shall collect data from the grant or subgrant activities on the performance measures, prepare reports summarizing the data, and submit the reports to the Secretary.

"(2) STUDY AND REPORT BY SECRETARY.—

"(A) STUDY.—The Secretary shall conduct a study on the amount of transfers into and expenditures from the Fund, on grants awarded under this title, and on the impact of the activities carried out under this title relating to workers served, levels of employer participation and compliance, workforce outcomes, and labor market trends.

"(B) SOURCES.—In conducting the study, the Secretary shall consider data from reports on performance measures under paragraph (1)(B), from the Federal labor market information system, from unemployment insurance wage data systems and wage records, information on industry sector trends, and analysis by researchers from institutions of higher education that are not involved in the activities carried out under this section.

"(C) REPORT.—The Secretary shall prepare and submit to Congress a report containing the results of the study, and recommendations for carrying out further activities to address the adoption of artificial intelligence or emerging technology. In presenting data in the report, or any other report prepared under this title, the Secretary shall present aggregate data without personally identifiable information, shall protect confidential business information and trade secrets, and shall protect worker privacy.

"(3) REVIEW AND REPORT BY COMPTROLLER GENERAL.—

"(A) REVIEW.—The Comptroller General of the United States shall, not later than 3 years after the date of enactment of the National Workforce Transition Fund Act of 2026, carry out a review of the activities carried out under this title. In carrying out the review, the Comptroller shall assess program effectiveness, employer reporting, requirements for recovery of misused funds, data modernization, distribution of benefits, and opportunities for improvement.

"(B) REPORT.—The Comptroller General shall prepare a report containing the results of the review and submit the report to the President, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Committee on Education and Workforce of the House of Representatives.

"SEC. 306. CONSIDERATION OF EXTENSION, MODIFICATION, AND TERMINATION.

"(a) REVIEW.—The Secretary of Labor, after consultation with the National Board, the Secretary of the Treasury, the Comptroller General of the United States, and the heads of other relevant Federal agencies, shall conduct a review assessing whether—

"(1) labor market conditions warrant extending, modifying, or terminating the provisions of this title and section 3, and the amendments made by section 3, of the National Workforce Transition Fund of 2024; and

"(2) revenue from the Fund should continue to be dedicated to carry out, in response to the adoption of artificial intelligence and emerging technology—

"(A) modernization of labor market information systems;

"(B) activities to assist workers to transition into employment; or

"(C) activities to assist employers with retention, redeployment, or transitioning of workers.

"(b) REPORT.—

"(1) CONTENTS.—Not earlier than 4 years or later than 5 years after the date of enactment of the National Workforce Transition Fund Act of 2026, the Secretary shall prepare a report containing—

"(A) the results of the review; and

"(B) recommendations about that extension, modification, or termination, including whether any such extension should be based on labor market indicators, and, if so, which labor market indicators Congress should consider.

"(2) SUBMISSION.—The Secretary shall submit the report to the appropriate committees of Congress and the President.

"(3) DEFINITION.—In this subsection, the term 'appropriate committees of Congress' means—

"(A) the Committee on Ways and Means and the Committee on Education and Workforce of the House of Representatives; and

"(B) the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate.".

(b) TABLE OF CONTENTS.—The table of contents in section 1(b) of the Workforce Innovation and Opportunity Act is amended by striking the items relating to title III and inserting the following:

"TITLE III—WORKFORCE TRANSITION

SEC. 3. EXEMPTING AI DATA CENTERS FROM BONUS DEPRECIATION.

(a) IN GENERAL.—Section 168(k) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (9)—

(A) in subparagraph (A), by striking "or" at the end,

(B) in subparagraph (B), by striking the period at the end and inserting ", or", and

(C) by adding at the end the following new subparagraph:

"(C) any property used in an AI data center.", and

(2) by adding at the end the following new paragraph:

"(11) AI DATA CENTER.—

"(A) IN GENERAL.—For purposes of paragraph (9)(C), the term 'AI data center' means a permanent or semipermanent structure, or group of such structures, which—

"(i) are dedicated to—

"(I) the centralized accommodation, interconnection, and operation of information technology and network telecommunications equipment (including not less than 1 graphics processing unit), and

"(II) providing data storage, processing, and transport services, and

"(ii) at least 20 percent of which is used for developing or operating artificial intelligence.

"(B) DEFINITIONS.—For purposes of subparagraph (A)—

"(i) GRAPHICS PROCESSING UNIT.—For purposes of subparagraph (A), the term 'graphic processing unit' means a specialized electronic circuit designed to accelerate image rendering, graphics processing, and parallel computation tasks.

"(ii) ARTIFICIAL INTELLIGENCE.—The term 'artificial intelligence' has the meaning given such term in section 5002 of the National Artificial Intelligence Initiative Act of 2020 (15 U.S.C. 9401).".

(b) APPLICATION OF LEASED PROPERTY RULES TO AI DATA CENTERS.—Section 168 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(o) APPLICATION OF LEASED PROPERTY RULES TO AI DATA CENTERS.—In the case of any AI data center (as defined in subsection (k)(11)) which is subject to a lease, the depreciation deduction provided by section 167(a) shall be determined pursuant to the rules under section 1.167(a)–11(e)(3)(iii) of title 26, Code of Federal Regulations (as in effect on the date of enactment of this subsection).".

(c) TRANSFER TO NATIONAL WORKFORCE TRANSITION FUND.—

(1) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall, on an annual basis, transfer to the National Workforce Transition Fund (as established under section 304 of the Workforce Innovation and Opportunity Act), from amounts in the general fund of the Treasury of the United States, an amount determined by the Secretary of the Treasury (or the Secretary's delegate) to be equal to the increase in revenue for the preceding 12-month period by reason of the amendments made by subsections (a) and (b).

(2) TERMINATION.—Paragraph (1) shall not apply after the date which is 5 years after the date of enactment of this Act.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of enactment of this Act.

SEC. 4. TERMINATION.

(a) BONUS DEPRECIATION.—The authority provided by section 3 terminates on the day that is 5 years after the date of enactment of this Act.

(b) WORKFORCE DEVELOPMENT ACTIVITIES.—The authority provided by this Act (other than section 3) and the amendments made by section 2 terminates on the day that is 5 years after the date of enactment of this Act.

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