



"America's AI Action Plan" Promises Big Changes Across Industries: Top 10 Employer Takeaways

Insights

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The White House just released an AI action plan identifying more than 90 federal policy goals that aim to create a roadmap for achieving “global AI dominance” in innovation, infrastructure, and international diplomacy and security. America’s AI Action Plan will have a huge impact not only AI developers and the tech sector but also on many employers and employees throughout the US workforce. How will the plan impact your operations? We’ll give you some quick background and 10 things all employers need to know.

Quick Background: The Trump Administration’s Sweeping Shift in AI Policy

One of President Donald Trump’s first executive actions of his second term was revoking a Biden-era AI policy, which had aimed to ensure safe and ethical AI deployment, created a slew of new government offices and task forces, and focused on job protections and providing workers with assistance when jobs were eliminated by AI advancements.

Trump then quickly issued a new executive order that signaled a sharp pivot from the prior administration’s regulatory approach by replacing AI oversight with a focus on economic growth and national competitiveness. That January 23 executive order also called for regulators to release an AI action plan within six months, which is exactly what led to the White House unveiling the “Winning the AI Race: America’s AI Action Plan” on July 23. For the workplace, the new plan highlights the need for job retraining and upskilling for workers at risk of displacement – as well as potential incentives for employers.

America's AI Action Plan:

10 Key Takeaways for Employers

- 1 States with “burdensome” AI rules will not receive AI-related federal funding.
- 2 The Trump administration “supports a worker-first AI agenda.”
- 3 An AI-driven economy will demand a “serious workforce response.”
- 4 The DOL and other agencies will prioritize AI skill development in funding streams.
- 5 Federal agencies will also provide support for AI-related job displacement.
- 6 Employers may be able to offer tax-free reimbursement for AI-related training.
- 7 The administration will invest in training a skilled workforce for AI infrastructure.
- 8 A new AI Workforce Research Hub is coming - plus AI-related labor market studies.
- 9 The federal government will accelerate adoption of AI tools - and push the private sector to do the same.
- 10 AI developers will benefit from major regulatory rollbacks.



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10 Key Takeaways for Employers

1. States with “burdensome” AI rules will not receive AI-related federal funding.

While a state AI law pause did not make it into the final budget bill signed by President Trump on July 4, the AI Action Plan recommends denying AI-related federal funding for “states with

July 4, the AI Action Plan recommends denying AI-related federal funding for “states with burdensome AI regulations that waste these funds.” The plan does not define “burdensome” – but it does state that the federal government should “not interfere with states’ rights to pass prudent laws that are not unduly restrictive to innovation.” Federal lawmakers will likely take up standalone legislation aimed at regulating AI in the workplace, but states may nonetheless take the lead and pursue their own measures.

2. The Trump administration “supports a worker-first AI agenda.”

The AI Action Plan promises that AI innovation will bring opportunities to American workers, that the AI infrastructure buildout will create high-paying jobs, and that “AI will improve the lives of Americans by complementing their work – not replacing it.”

3. An AI-driven economy will demand a “serious workforce response.”

AI’s ability to accelerate productivity and create entirely new industries will “transform how work gets done across all industries and occupations,” according to the AI Action Plan. To prepare for this transformation, the Trump administration is vowing to:

- expand AI literacy and skills development;
- continuously evaluate AI’s impact on the labor market; and
- pilot new innovations to rapidly retrain and help workers thrive in an AI-driven economy.

We’ll dive deeper into each of these recommendations in the takeaways below.

4. The DOL and other agencies will prioritize AI skill development in funding streams.

The AI Action Plan directs the Department of Labor (as well as other agencies, including the Department of Education and Department of Commerce (DOC)) to promote the integration of AI skill development into programs such as career and technical education (CTE), workforce training, apprenticeships, and other federally supported skills initiatives.

5. Federal agencies will also provide support for AI-related job displacement.

The new plan calls on various agencies to help address workforce challenges created by AI, including by directing the DOL to:

- leverage available discretionary funding, where appropriate, to fund “rapid retraining for individuals impacted by AI-related job displacement”;
- issue clarifying guidance to help states identify eligible dislocated workers in sectors undergoing significant structural change tied to AI adoption, as well as guidance clarifying how state Rapid Response funds can be used to proactively upskill workers at risk of future displacement; and

- collaborate with the DOC to rapidly pilot new approaches to AI-related worker displacement, shifting skill requirements for entry-level roles, and other workforce challenges. The goal is to “identify surface scalable, performance-driven strategies that help the workforce system adapt to the speed and complexity of AI-driven labor market change.”

Employer Tip: Want suggestions for introducing AI to your workplace without conflict? [Read more here](#). Want suggestions for upskilling your workforce for the AI era? [Read more here](#).

6. Employers may be able to offer tax-free reimbursement for AI-related training.

The plan also calls for new tax guidance from the Department of Treasury to clarify that many AI literacy and AI skill development programs may qualify as eligible educational assistance under Section 132 of the Internal Revenue Code. This may allow some employers to offer tax-free reimbursement for AI-related training and “help scale private-sector investment in AI skill development, preserving jobs for American workers.”

7. The administration will invest in training a skilled workforce for AI infrastructure.

In addition to broadly prioritizing AI skill development across all industries and occupations, the AI Action Plan lays out ways to address workforce shortages in occupations that directly impact the nation’s ability to “build the infrastructure needed to power America’s AI future” – such as electricians and advanced HVAC technicians. The recommendations include, for example:

- identifying high-priority occupations essential to the buildout of AI-related infrastructure, as part of a national initiative led by the DOL and DOC;
- developing frameworks and competence models for the occupations identified, using input from employers, industry groups, and other workforce stakeholders, to help guide federal workforce investments;
- partnering with state and local governments and workforce system stakeholders to support new industry-driven training programs co-developed by employers and training partners to “ensure individuals who complete the program are job-ready and directly connected to the hiring process” – potentially including incentives for employers to invest in upskilling current employees into priority occupations; and
- launching new DOL Registered Apprenticeship programs in occupations critical to AI infrastructure and making it easier for employers to adopt them.

8. A new AI Workforce Research Hub is coming – plus AI-related labor market studies.

The White House’s plan recommends establishing an “AI Workforce Research Hub” under the DOL that will carry out ongoing evaluations of AI’s impact on the labor market and American workers and generate “actionable insights to inform workforce and education policy.” In addition, the plan directs

other federal agencies, such as the Bureau of Labor Statistics, to conduct similar studies using data already collected and provide analysis of AI adoption, job creation, displacement, and wage effects.

9. The federal government will accelerate adoption of AI tools – and push the private sector to do the same.

This recommendation includes a mandate that all federal agencies “ensure – to the maximum extent practicable – that all employees whose work could benefit from access to frontier language models have access to, and appropriate training for, such tools.” How might this impact employers in the private sector? Only time will tell, but the promise of “far greater efficiency and effectiveness” within the federal government is bound to impact regulatory oversight in the workplace. In addition, the AI Action Plan calls for a coordinated federal effort to accelerate the adoption of AI tools in critical private sectors, such as healthcare.

10. AI developers will benefit from major regulatory rollbacks.

Businesses involved in AI development will, of course, benefit from the AI Action Plan’s many recommendations supporting the Trump administration’s ultimate goal of achieving “global AI dominance.” Just a few examples of the initiatives that benefit developers include:

- prioritizing investments in the manufacturing of emerging technologies and in AI research and development programs;
- cutting bureaucratic red tape that hinders innovation in the private sector; and
- enabling the private sector to “actively protect AI innovations from security risks, including malicious cyber actors, insider threats, and others.”

The AI Action Plan does, however, call for at least one new restriction for developers: it recommends that the government “only contracts with frontier large language model (LLM) developers who ensure that their systems are objective and free from top-down ideological bias.”

Stay tuned for more. We will continue to monitor developments at the federal and state level. You can review our AI-related insights and upcoming events [here](#).

Conclusion

If you have any questions, contact your Fisher Phillips attorney, the authors of this Insight, any attorney in our [AI, Data, and Analytics Practice Group](#) or on our [Government Relations team](#). Make sure you are subscribed to the [Fisher Phillips Insight System](#) to receive the latest developments straight to your inbox.

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