

## PUBLIC POLICY FOR A MORE GLOBALLY COMPETITIVE TEXAS

# THE AI FRONTIER: FUTURE-PROOFING THE TEXAS WORKFORCE FOR GLOBAL COMPETITIVENESS

Artificial intelligence and automation advancements are fundamentally changing the global workforce and this will alter the nature of work in nearly every Texas industry. While there is uncertainty about the pace of change and how many jobs will be eliminated versus redesigned, it is clear that almost all jobs will require new skills. The question is not whether AI and automation technology will transform the Texas economy, but whether Texas will be prepared to harness its benefits while mitigating its risks.

For the state of Texas this moment demands a pragmatic, data driven approach to maintain workforce resiliency through a period of rapid change. The Texas Business Leadership Council (TBLC) understands that businesses, educators, and policymakers must work together to ensure that Texas remains globally competitive, that employers have access to the talent they need, and that workers are not left behind as technology accelerates. This paper outlines practical recommendations focused on protecting the state's talent pipeline and evolving our education and workforce development systems to help navigate the transition ahead.

### THE CHANGING NATURE OF WORK IN TEXAS

AI's impact on the workforce is often described in terms of job elimination, but the reality is more nuanced. Research shows that AI and automation are likely to transform tasks within jobs rather than replace entire occupations. For example, a McKinsey Global Institute report finds that 57 percent of U.S. work hours today could be automated by currently demonstrated technologies, however, human intervention remains vital to do this effectively and ethically. Accordingly, jobs are adapting to incorporate new responsibilities to guide, supervise, validate, and troubleshoot AI-augmented workflows. The most significant disruptions will occur in jobs that have a higher percentage of tasks with a high potential for automation rather than augmentation such as data processing, basic coding, administrative work, customer service, routine data analysis, bookkeeping, and content generation.<sup>1</sup>

This shift is already visible. Companies are increasingly citing AI as a factor in layoffs, especially in entry level tech roles, customer service positions, and clerical jobs.<sup>2</sup> A study by Stanford University indicates that young workers (ages 22-25) in AI-exposed occupations have already seen a 16% decline in employment, reflecting that AI is not just replacing existing workers but is raising the barrier for entry-level talent.<sup>3</sup> Brookings Institution research identifies more than six million U.S. workers, mainly in clerical and administrative support roles, have limited capacity to adapt to job displacement driven by AI due to age, financial constraints, and narrow skill sets.<sup>4</sup> The administrative support job category in Texas represents 13% of the state's workforce according to Texas Workforce Commission (TWC) and 76% of those in this category are women.<sup>5</sup>

Texas' rapid population and job growth magnify both the risks and opportunities the AI workforce revolution brings. The state continues to add roughly 1,200 new residents per day and leads the nation in job creation. However, for this job growth to continue, the state must adapt to keep pace with technological change. If Texas does not modernize its talent pipelines quickly enough, we could face widening workforce gaps even as AI increases productivity.

Yet the outlook is not solely one of risk. AI is also driving demand for new roles and emphasizing the need for uniquely human skill sets. Demand for AI fluency, the ability to use and manage AI tools appropriately, has grown faster than any other skill in U.S. job postings over the past two years.<sup>6</sup> TWC analysis shows that durable skills such as creativity, problem solving, and interpersonal communication are becoming more valuable as routine tasks are automated.<sup>7</sup> In other words, AI and automation is not replacing the need for people—it is changing what people need to be able to do.

## **CALL TO ACTION FOR EMPLOYERS, EDUCATORS, AND THE STATE**

AI technologies are reshaping tasks that underpin many jobs, meaning that Texas' longstanding advantage in job growth is now contingent on how well employers, workers, and policymakers adapt to this changing landscape.

For employers, the most immediate concern is uncertainty. Companies know AI will reshape their workforce, but many lack clarity about which roles will evolve, which will shrink, and which new capabilities they will need to build. This uncertainty complicates workforce planning and increases the risk of talent shortages in AI complementary roles. Employers also face pressure to retrain workers quickly, often without scalable or cost effective training models.

Employees and recent college graduates, meanwhile, are navigating a landscape marked by anxiety and uneven access to opportunity. Workers in clerical, administrative, and entry level positions face the highest exposure to automation. Many lack the time, financial resources, or employer support needed to pursue upskilling. Older workers and those with limited digital literacy may struggle to transition into new roles without targeted assistance. Young Texans are struggling to find that first job after graduation with AI automation eroding entry-level roles which has long-term implications as we lose the training ground for the next generation of business leaders and specialists.

For the state, the challenge is systemic. Texas must modernize its education and workforce systems to prepare students and workers for an economy where AI is ubiquitous. Development of a state strategic plan to transition impacted workers and ensure Texans are equipped to maximize an AI-driven economy will ensure workforce resiliency.

## **RECOMMENDATIONS FOR EMPLOYERS**

Initiatives like these will help businesses to thrive in an AI-driven economy:

- **Map jobs to tasks and skills and redesign roles around uniquely human capabilities and managing the use of AI** — Identify which parts of work at your company are susceptible to automation and redesign roles around durable skills. As routine tasks are automated, roles that involve building customer relationships, creative problem solving, leadership, complex communications, and team coordination will very likely provide more value to businesses. Identify tasks where AI has potential to increase productivity and redesign the related roles to guide, supervise, validate, and troubleshoot AI-augmentation.
- **Invest in continuous learning models including training on using AI tools effectively and appropriately** — Rather than approaching training as one-off events, make an *ongoing commitment* to upskilling integrated into employee professional development plans and internal career pathways. Short, modular training programs, developed in partnership with community and technical colleges, universities, and workforce boards, can help employees build new competencies quickly and will improve retention.
- **Develop "internal mobility" platforms** — Use AI to identify which of your current employees have the transferable skills to move from a declining role to a growth area. Map internal talent pipelines, identify roles at risk of automation, and design ladders that enable workers to transition to higher-value tasks within the same organization.

- **Collaborate with higher education partners** — Co-design curricula to ensure graduates are job ready when they are hired, including sufficient digital fluency. Share labor market intelligence and participate on business advisory boards to help institutions adapt programs to rapidly changing industry needs.
- **Leverage existing state programs for funding to cover the cost of these initiatives** — Skills Development Fund, Texas Reskilling and Upskilling through Education (TRUE), Skills for Small Business, Texas Industry Recognized Apprenticeships, and Texas Internship Challenge, among other programs help to defray costs for reskilling, upskilling, and work-based learning.

## RECOMMENDATIONS FOR TEXAS EDUCATORS & POLICYMAKERS

Across agencies and programs, the state's education and workforce systems must operate as a **continuous talent pipeline** that anticipates change and has a proactive strategy to evolve instead of reacting to disruption.

### I. Develop state strategies to move from reactive programs to proactive systems.

- **Establish a coordinated AI Workforce Readiness Initiative** — A cross-sector approach to strategic planning for Texas education and workforce development systems to supplement the ***Building a Talent Strong Texas*** plan will support economic resilience through a period of rapid change. This can be accomplished through a Governor's task force or state commission. Participants should include employers, legislators, representatives from ISDs, higher education, and workforce boards, along with support from Texas Education Agency (TEA), Texas Higher Education Coordinating Board (THECB), and TWC. Stakeholder engagement opportunities should be integrated for interested parties including futurists with subject matter expertise on the projected impact of AI and advanced technology on the workforce.
- **Create a Texas AI and Workforce Data Dashboard available to the public and invest in forward-looking labor market intelligence** to inform the work of the AI Workforce Readiness Initiative — Utilize the Tri-Agency data infrastructure to create a secure data-sharing framework among education, workforce, and industry partners to illuminate skills gaps, worker mobility, credentialing impact, and job market shifts. Leverage predictive labor-market intelligence to identify not only *which jobs* are growing versus declining, but *which tasks and skills* are in demand. Use all these insights to shape strategic planning, program design, funding recommendations, and performance metrics with a public dashboard for accountability.
- **Empower regional workforce ecosystems** to innovate and share lessons statewide because the pace of technological adoption will vary across sectors and regions.
- **Develop incentives for employers to retrain** rather than replace or eliminate workers.

### II. Modernize the Texas PK-12 and higher education systems to ensure that students graduate with the skills needed in an AI driven economy.

- **Embed digital fluency early** — PK-12 students should not only learn foundational skills like reading and math, but develop familiarity with emerging technologies, data interpretation and validation, and problem-solving in hybrid human-AI environments. Texas Education, Knowledge, and Skills (TEKS) standards should be updated to incorporate this learning at developmentally appropriate levels and sequencing.
- **Incorporate digital IQ in postsecondary education** — Based on the use case for specific fields of study, learning objectives should include effectively leveraging technology, foundational digital literacy, ethical considerations, cybersecurity awareness, and the ability to adapt to digital shifts to maintain a competitive advantage in a rapidly changing labor market. Institutions should offer short-term or micro-credentials that signal digital skills to potential employers.
- **Emphasize strengthening “uniquely human skills”** — Identify and implement effective models to improve how we teach durable skills in the PK-12 system as skills such as critical thinking, collaboration, and complex communications are more likely to provide resiliency in the workforce of the future. Continue to refine durable skills development in the postsecondary system by requiring more high-impact practices in credential and degree programs such as work-based learning, intensive writing projects, capstone and portfolio projects.

- **Expand PK-12 career exploration opportunities and strengthen advising support** — Starting in middle school, strengthen advising to help students and their families to make informed decisions about career pathways and utilize tools like MyTexasFuture to understand projected workforce needs in light of evolving AI and automation advancements. Add features to MyTexasFuture and MyTXCareer that identify AI exposure levels for specific occupations.

### III. Accelerate adult learning to support the transition of impacted workers.

- **Target expanded investments in the state’s adult education and reskilling and upskilling programs** — Aimed at transitioning workers in roles that are eliminated or redesigned due to AI, strengthen existing programs such as the Skills Development Fund, TRUE, Lonestar Workforce of the Future Fund, and Texas Innovative Adult Career Education Grants to expand access and reduce barriers to participation for impacted workers, employers and education providers.
- **Leverage the infrastructure for Education Savings Accounts (ESA) to provide support for rapid reskilling** — Prioritizing workers in roles with high-AI exposure and lower capacity to adapt such as administrative support, target use of ESA funds to attain short-term credentials in high-demand fields that are less impacted by AI and automation.
- **Proactively develop transition pathways for displaced workers in occupations that have a high level of AI-exposure** — Utilize the Tri-Agency Pathways Initiative to map the skill sets in at-risk roles to the high-demand fields that are the best match for utilizing workers’ existing skills. Develop scalable retraining pathways that incorporate competency based education models to provide credit for demonstrated skills and update community college and technical college funding models to reward successful completion of retraining programs and job placement.
- **Utilize Workforce Pell to provide federal financial aid assistance for short-term credentials to quickly transition impacted workers** — Texas has the opportunity to be a national leader in maximizing new Pell Grant eligibility for short-term (8 to 15 week) workforce programs starting July 1, 2026. The state must develop an approval process to determine that proposed programs align with high-skill, high-wage, or in-demand industry sectors or occupations that meet employer hiring requirements. The Governor’s cross-agency working group should develop a multi-year implementation plan to ensure continued eligibility as accountability requirements are stepped up in 2029.

## A COLLECTIVE OPPORTUNITY FOR TEXAS

AI and advanced technologies represent one of the most significant economic transformations in generations. For Texas, the stakes are high—but so is the potential. By aligning K-12, postsecondary, and workforce delivery with employer demand and proactive strategic planning, Texas can deepen its talent pipeline, reduce friction in career transitions, and sustain a high-growth economy that remains attractive to investment and innovation.

### For questions or additional information:

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### END NOTES

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