

MANUFACTURING AMERICA'S TALENT

The Manufacturing Institute welcomes President Trump's Executive Order 14278, a critical move to modernize the federal workforce system and expand apprenticeship opportunities. Manufacturers in the U.S. face a projected 3.8 million job openings by 2033, with more than half potentially going unfilled without major improvements to workforce development, according to a 2024 MI & Deloitte study. The need for immediate, effective action is clear.

Manufacturers across the United States, investing billions in domestic operations, continue to face an expanding applicant and skills gap that threatens to slow innovation and economic progress. EO 14278 addresses this challenge head-on. Just as vital are efforts such as EO 14279, which seeks to update the higher education accreditation system. Higher education institutions should be encouraged, not dissuaded by the accreditation system, to develop high-quality, high-value programs in partnership with employers to serve students and the regional economy. The administration's commitment to ensuring that federal workforce and education programs are responsive to employer needs is essential to sustaining America's industrial leadership.

Empowering Workforce Development Through Employer Leadership

Federal workforce policy must prioritize employer leadership and participation to be effective. No one is better equipped to identify real-time skill needs than manufacturers, who are investing billions in advanced technologies. Their insights must guide the design and delivery of training programs. A greater share of workforce development funding must be dedicated to training individuals for in-demand careers, especially as President Trump seeks to grow and expand manufacturing in America. Whether through classroom education, incumbent worker upskilling or apprenticeships, training must be aligned with the real-world needs of employers. To support this alignment, governors should be granted greater flexibility to tailor workforce investments to the unique needs of their state economies. Regional employers and organizations that support economic development of a region (economic development organizations, chambers of commerce, manufacturing associations) best understand labor market opportunities for industry and should be given the authority to deploy resources in an effective way.

Key Priorities for Workforce Policy Reform

- Promote employer participation in program design and delivery to ensure training reflects real-time industry needs.
- Simplify and stabilize access to funding for employer-led training initiatives, especially for small and medium-sized manufacturers.
- Expand support for incumbent worker training to help manufacturers invest in upskilling their current workforce and retaining talent.
- Create a progression of opportunities for students to learn about, interact with and train for careers from middle school through postsecondary education by integrating the funding streams for these activities and allocating them sufficiently.

- Prioritize the development and expansion, through funding and policy, of multiemployer partnership models with key service providers, which offer a proven model for skilling workers to meet employer demand.
- Recognize industry credentials that have proven workforce impacts as valid outcomes of training programs to promote practical alternatives to traditional degrees.

Strengthening Apprenticeship for the Modern Economy

Apprenticeship—by definition, an employer-led program—is a proven tool for building a skilled workforce. For manufacturers, apprenticeships include a few key attributes, such as employment, on-the-job training and related technical instruction and do not conform to inflexible regulatory models. While some manufacturers have adopted apprenticeship and seen strong results, broader adoption is limited by the costs of program development. More manufacturers would participate if those costs were reduced, especially if wages and/or on-the-job training expenses for apprentices were offset or reduced.

Beyond the challenges of launching and managing an apprenticeship program, the current registration system remains too rigid and administratively burdensome. Employers face barriers during the registration process, complex annual reporting challenges, real and perceived government enforcement issues and, in most states, a lack of meaningful incentives to register. By streamlining registration and reporting requirements, coupled with modest employer incentives, the administration could encourage many manufacturers already running apprenticeships to register them. Further investment to reduce development costs and offset wage or on-the-job training expenses would drive broader adoption and formal registration across the manufacturing sector.

Key Priorities for Modernizing Apprenticeship Policy

- Create an apprenticeship system that promotes flexible program models that contain the most essential hallmarks, including employment, on-the-job training and mentorship, related technical instruction and minimum length.
- Incentivize organizations that are responsive to employers, such as local industry associations or economic development organizations, to serve as intermediaries to assist employers, especially small and medium-sized firms, in launching and managing programs.
- Expand financial incentives for employers to create and operate apprenticeships, including:
 - Apprentice wage reimbursement;
 - Equipment and materials reimbursement;
 - Tuition coverage for related instruction;
 - Funding for mentors and instructors; and
 - Outcome-based payments.
- Create a regulatory scheme that allows employers and apprentices to structure and deliver programming in the most efficient and effective way, including by:
 - Removing reliance on Apprenticeable Occupations framework;
 - Allowing flexibility in how related technical instruction is delivered; and
 - Lowering the barrier for industry professionals to serve as related technical instructors, including through accreditation system improvements.



- Develop a system to gather and publicize near real-time data on outcomes for participants and employers as a means of identifying and holding to account low-quality programs and promoting high-impact programs.
- Streamline registration and reporting to reduce administrative burdens and align with employer-valued metrics.
- Create a national registration framework or establish reciprocity across states to support multistate program expansion.

Priorities in Action: FAME USA

The MI recommends each of these policy improvements because they are proven practices through the Federation for Advanced Manufacturing Education (FAME), a national apprenticeship-style program created by Toyota and now led by the MI. FAME has become the new American model for manufacturing skills training. Operating at 46 locations in 16 states with more than 450 participating employers, FAME has graduated more than 2,100 students since 2012 and boasts a 90% job placement rate. FAME and FAME employers have instigated investments of more than \$75M to support training skilled technicians in the program.

FAME functions as a multiemployer apprenticeship model, where FAME students work for separate companies but participate together as a cohort in related instruction at a community college. This multiemployer model distributes the cost of creation and operation and improves its resilience to the benefit of the students, colleges and the employers. Its success stems from its flexibility, minimal administrative burden on employers and impact as a training program. In a small percentage of locations, FAME operates as a Registered Apprenticeship, but most FAME locations have determined that the costs of registering the program outweigh the benefits.

As the administration implements EO 14278, FAME offers a proven model and valuable best practices for modernizing the federal workforce and apprenticeship system.

Moving Forward

The MI is committed to partnering with the administration, Congress and state leaders to implement the vision laid out in EO 14278. By centering employer leadership, investing in proven models and modernizing apprenticeship, we can build a workforce system that empowers Americans, strengthens our economy and secures the future of manufacturing in the U.S.

The Manufacturing Institute builds a resilient manufacturing workforce prepared for the challenges and opportunities of the future. Through implementing groundbreaking initiatives, convening industry leaders and conducting innovative research, the MI furthers individual opportunity, community prosperity and a more competitive manufacturing industry. As the 501(c)3 nonprofit workforce development and education affiliate of the National Association of Manufacturers, the MI is a trusted adviser to manufacturers, equipping them with solutions to address the toughest workforce issues.