

The Half-Billion-Dollar Gift

An Examination of the Department of Defense SkillBridge Program Through
the Definitional Framework of Corporate Welfare

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About the Author

Laura Dryden is the founder of MissionProof Research in Tucson, Arizona, and the author of *The Verification Gap: An Independent Audit of the U.S. Military Transition Ecosystem*, the companion audit whose committed files supply every empirical figure in this paper. She is a retired Air Force senior noncommissioned officer who served in the intelligence career field from 2001 to 2023. As course director of the All Source Intelligence Course — the schoolhouse for the 1N0 specialty whose crosswalk mapping the companion audit uses as a worked specimen — she was responsible for the design and delivery of enlisted technical training under the Air Force’s instructional systems development process, an ADDIE-type model, and it is that background in military instruction that permits the code-level and training-standard verification on which both papers rest. She holds a Master of Business Administration and the Project Management Professional certification, and is a doctoral candidate in business administration at National University. She built MissionProof, the competency-first career-pathway platform for Air Force enlisted members, as its sole developer.

Her doctoral work opened the door to this paper, and her dissertation paved the way. A doctoral ethics course took corporate welfare as one of its topics, and the question it raised — when a public benefit becomes a private subsidy — stayed with her. Her dissertation, a meta-content alignment study of Air Force enlisted professional military education against the Project Management Competency Development framework, required assembling, staging, and coding the enlisted training and education corpus document by document; the corpus and the verification habits that

work demanded are what supplied the data to get from the seminar question to the measured answer this paper reports.

Abstract

The Department of Defense SkillBridge program permits transitioning service members to perform up to 180 days of work for private-sector hosts while remaining on full military compensation, at no cost to the host organization. Although the program is uniformly described in policy discourse as a benefit to service members, no prior study has examined its structure from the perspective of the firms that receive its central input: government-funded labor. This study applied the definitional framework of corporate welfare, synthesized from the public-choice, economic-development-incentive, tax-expenditure, and submerged-state literatures, to the SkillBridge program as it operates in practice. Using a documentary audit methodology — a multi-filter export and deduplication of the program’s public directory yielding a union corpus of 4,255 unique programs across 2,732 organizations (with a replicated state-anchored census of 1,527 programs and 1,103 organizations retained for comparison), a live-requisition verification pilot, contractual analysis of the August 2024 Memorandum of Understanding, mechanical extraction of 640 binding requirements from six governing issuances, and a scenario-bounded valuation of the labor transfer — the study tested whether the program satisfies three definitional criteria: transfer of value to particular firms, particularity in the direction of that benefit, and absence of verified conditionality. Findings indicate that all three criteria are satisfied: the program transfers an estimated half a billion dollars per year in taxpayer-funded labor to private hosts — \$316–732 million (central $\approx$ \$506M) in FY2024 dollars and \$308–703 million (central $\approx$ \$490M) in FY2026 dollars, a robustness result in which lower participation against higher unit compensation returns approximately the same total under both vintages; the benefit is particular by design and direction rather than by firm-level capture — the program imposes no per-firm ceiling, no aggregate budget, and no allocation mechanism; 52.2% of programs carry the self-attested defense-industrial-base designation that a June 2026 Secretary-level instrument converts into a presumption of approval (a field validated by no instrument, and internally inconsistent for 29.4% of organizations operating more than one program); and the organizations operating the most programs are drawn disproportionately from government agencies and staffing intermediaries, the two host populations to which the program’s sole outcome warranty least applies; and every conditioning mechanism present in the program’s governing instruments is either unenforced or unverifiable, with no sourced outcome dataset located in the audit’s finite search (the sole published figure is an unsourced budget-justification assertion). The study concludes that SkillBridge, as currently governed, constitutes an in-kind, submerged, unconditioned labor subsidy — a category the literature associates with windfall effects the audit independently observed — and that a defined set of conditionality reforms would convert the subsidy into a performance-verified workforce investment without altering the program’s statutory design.

Keywords: corporate welfare, SkillBridge, military transition, labor subsidy, conditionality, submerged state, program evaluation

Chapter 1: Introduction

1.1 Background of the Problem

Approximately 200,000 service members are commonly described as separating from the United States military each year (Congressional Research Service [CRS], 2024) — though the Department’s own 2024 separations data reports 148,315, on a narrower basis, and no public source located reconciles the two; neither figure is used in this study’s calculations, which rest on published program participation, and more than 80% of those who enter active service will separate before retirement eligibility. To support this population, Congress has constructed an ecosystem of transition programs, of which the SkillBridge program (10 U.S.C. §1143(e); Department of Defense Instruction [DoDI] 1322.29) is the only component offering direct workplace experience: a member may spend up to their final 180 days of service working for an authorized civilian organization while the Department of Defense (DoD) continues to pay full salary, allowances, and benefits. The host organization, by rule, provides no compensation.

Public and scholarly discussion of SkillBridge has been conducted almost exclusively in the vocabulary of member benefit — internships, career preparation, transition support (Milken Institute, 2025; Government Accountability Office [GAO], 2024). Yet the program’s defining transaction has a second party. In every SkillBridge placement, a private organization receives the productive labor of a trained, often security-cleared, government-compensated worker at zero cost, for a period of up to six months. The aggregate scale of that transfer, its distribution across firms, and the consideration the public verifiably receives in return were not located by the searches described in §3.3, conducted through August 2026. GAO has found that the military services do not consistently collect or analyze even basic participation data (GAO-24-107352, 2024), and the Congressional Research Service reports that the total cost of the transition ecosystem cannot be estimated because the services do not line-item it (CRS R48114, 2024).

A parallel body of scholarship — spanning public-choice economics (Tullock, 1967; Krueger, 1974; Olson, 1965), regulatory theory (Stigler, 1971), the economics of employer subsidies (Hamersma, 2008; Peters & Fisher, 2004; Bartik, 2019), tax-expenditure and submerged-benefit analysis (Faricy, 2015; Mettler, 2011), and the policy literature on corporate subsidy (Nader, 2000; Slivinski, 2007; DeHaven, 2012; LeRoy, 2005) — has developed criteria for identifying when a government program functions as *corporate welfare*: a benefit conferred on particular firms without verified public-benefit performance. No prior application of that framework to SkillBridge was located by those searches. This study applies it.

1.2 Statement of the Problem

The problem addressed by this study is that the SkillBridge program transfers substantial public value to private organizations under conditioning mechanisms whose presence, enforcement, and verifiability have never been independently examined,

leaving unknown whether the program operates as a workforce investment — in which the public’s transfer is exchanged for verified member employment outcomes — or as an unconditioned firm subsidy of the type the corporate-welfare literature associates with windfall, concentration, and verification failure.

1.3 Purpose of the Study

The purpose of this documentary audit study was to determine whether, and to what extent, the SkillBridge program as currently governed satisfies the definitional criteria of corporate welfare established in the scholarly and policy literatures, and to identify the specific design mechanisms whose presence or absence determines that classification.

1.4 Research Questions

RQ1. Does the SkillBridge program effect a transfer of economic value from the public to particular private organizations, and if so, of what estimated magnitude and fiscal visibility?

RQ2. To what extent does the benefit of the program concentrate among identifiable firms rather than distributing generally across participating organizations?

RQ3. To what extent are the program’s conditioning mechanisms — the contractual and regulatory requirements that would exchange the public’s transfer for verified member outcomes — present in governing instruments, enforced in practice, and verifiable from the public record?

RQ4. What program-design modifications would be required for the program to fail the definitional tests of corporate welfare — that is, to operate as a verified workforce investment?

1.5 Significance of the Study

The study is significant to four audiences. For policy makers and oversight bodies, it supplies the first valuation of the program’s labor transfer and the first grading of its governing requirements against public evidence, during a period in which seven GAO recommendations remain open with Department-declared completion dates of September 30 and December 31, 2026. For the scholarly literature on corporate subsidy, it documents a subsidy type — in-kind labor transfer through personnel accounts — that escapes every existing federal subsidy inventory, extending Mettler’s (2011) submerged-state framework to military personnel expenditure. For transitioning service members, whose single permitted use of the program constitutes an unrepeatable investment of their terminal service window, it makes visible the asymmetry of risk between the member and the host. That asymmetry has a measurable demographic dimension: of 130,406 Air Force members in the E1-E4 pay grades, 87.1% hold a high school diploma, GED or some college as their highest attainment and 3.2% hold a bachelor’s degree of any kind, at an average age of 23.7 (Defense Manpower Data Center [DMDC] Active-Duty Military Personnel Master File, September 2024). The population making this one-time, unrepeatable decision against an unverified marketplace is, at the junior grades, young and largely without a degree. For

participating employers that genuinely hire, it distinguishes their position from that of unconditioned beneficiaries, whom the current design renders indistinguishable.

1.6 Definitions of Terms

Corporate welfare. A government-conferred benefit — cash, tax expenditure, in-kind transfer, or regulatory protection — that flows to particular private firms, is not available generally, and is not conditioned on verified public-benefit performance (synthesized from Nader, 2000; Slivinski, 2007; DeHaven, 2012; Faricy, 2015).

Conditionality. The property of a subsidy whose disbursement or continuation depends on verified performance of a specified public benefit (Bartik, 2019).

Windfall effect. The portion of a subsidy that pays for behavior the recipient would have undertaken absent the subsidy (Hamersma, 2008).

Submerged benefit. A government benefit real in economic effect but invisible in budgetary presentation (Mettler, 2011).

In-kind labor subsidy. A transfer in which the government delivers compensated labor, rather than funds, to a private recipient (operational definition, this study). A definitional boundary requires statement, because in-kind arrangements span a continuum from *service received* (the host delivers training; any labor performed is incidental consideration for it) to *transfer received* (the host receives productive labor; any training delivered is incidental to the work). This study does not assign individual placements to either pole — that is precisely what no public instrument permits — but the boundary itself is not novel: it is the *primary beneficiary* question of *Glatt v. Fox Searchlight* and Fact Sheet #71 (§2.6), applied at the program-design level. The classification of the program as a transfer therefore rests on design-level facts that hold regardless of where any placement falls: the instrument imposes no educational-structure requirement on hosts, verifies no training content, and measures no outcome — so the design cannot distinguish its service pole from its transfer pole, prices the two identically (at zero), and delivers the same subsidy to both. A program indifferent between delivering training and receiving labor is analyzed as a transfer mechanism, with the service reading available to any host able to demonstrate it — a demonstration the current design neither requires nor records.

Program (SkillBridge grain). A unique organization-program pairing in the deduplicated directory (N = 4,255 in the union corpus; N = 1,527 in the state-anchored census).

Listing row. A single record as multiplied by the directory’s state-matching presentation (N = 18,688 on August 3, 2026). Listing rows measure the browsing surface a member sees, not the marketplace’s underlying structure.

Union corpus. The deduplicated combination of all 87 exports obtained across the directory’s location and non-location filter paths (N = 7,826 rows; 4,255 programs; 2,732 organizations), the study’s frame of record.

Conversion. Receipt by a program completer of a qualifying offer of post-service employment, per the August 2024 Memorandum of Understanding.

1.7 Assumptions, Limitations, and Delimitations

Assumptions. The study assumed that the program’s public directory, as exported by every available filter path on August 3 and August 8, 2026, accurately

reflects the marketplace presented to members; that federal contract records on US-Aspending accurately reflect award structure; and that the governing instruments obtained are the operative versions.

Limitations. The directory is a point-in-time snapshot. The labor-transfer valuation uses scenario ranges where actual participant durations are unpublished. Live-requisition verification constitutes date-stamped spot observation, not continuous monitoring, and a negative finding means only that no paid analogue was discoverable at stated sources on the stated date. Provider outcome reports submitted to the Department, command-level decisions, and participant-level data are not publicly visible. Freedom of Information Act (FOIA) requests targeting each have been drafted against named custodians but were not filed as of this writing; their filing and any responses are reserved to a follow-up study (§5.6). Occupation-code parsing of free text carries a small residual error rate, handled conservatively.

Delimitations. The study examines program *design and governance*, not the conduct or intent of any participating firm; accepting a lawful subsidy is not misconduct, and none is alleged. The study evaluates the program against its own binding instruments and the definitional literature, not against counterfactual program designs. Air Force data serve as the worked layer where code-level verification was required; all-service data are used wherever available, and the framework is service-portable.

1.8 Organization of the Study

Chapter 2 reviews the literature from which the definitional framework is synthesized and identifies the gap this study fills. Chapter 3 details the documentary audit methodology, data sources, and trustworthiness procedures. Chapter 4 presents findings organized by research question. Chapter 5 discusses the findings against the literature, presents implications and recommendations, and identifies directions for future research.

Chapter 2: Literature Review

2.1 Introduction and Organization of the Review

This chapter reviews the six bodies of literature from which the study's definitional framework is synthesized and against which its findings are later interpreted, together with the developmental history of the authority under examination. The review proceeds from the general to the particular. Section 2.2 traces the definitional lineage of the term *corporate welfare* across four decades of policy scholarship, establishing that the term carries operational content rather than merely rhetorical charge. Section 2.3 reviews the public-choice theoretic literature that explains why unconditioned firm subsidies arise and persist. Section 2.4 reviews the empirical economics of employer-side labor subsidies and economic-development incentives, the literature in which the windfall diagnostic originates. Section 2.5 reviews the tax-expenditure and submerged-state literatures, which explain how large transfers escape budgetary visibility. Section 2.6 reviews the law and economics of unpaid

internships, the doctrinal frame relevant to the program’s regulatory-protection component. Section 2.7 departs from the reviewed scholarship to trace the statutory and administrative development of the authority itself, from its 2011 enactment through the departmental guidance of 2026, on the premise that the sequence in which the program’s instruments were created — and the level of the legal hierarchy at which each sits — is evidence bearing directly on the conditionality question. Section 2.8 reviews the military-transition program literature, the body of work into which this study’s subject falls but whose analytic orientation this study inverts. Section 2.9 identifies the gap at the intersection of these literatures. Section 2.10 presents the synthesized definitional framework — three testable criteria and one predictive diagnostic — that structures the research questions and the presentation of findings in Chapter 4.

Because the study is a documentary audit rather than an experiment, the literature performs double duty: it supplies both the theoretical framework (the definition under test) and the comparative benchmarks (how other subsidy programs, similarly tested, have fared). The review is accordingly evaluative as well as descriptive, attending in each section to what the literature establishes, on what evidence, and with what relevance to an in-kind labor transfer of the SkillBridge type.

2.2 The Definitional Lineage of Corporate Welfare

The term *corporate welfare* was popularized in American policy discourse through the consumer-advocacy work of Ralph Nader — its coinage is traced by Farnsworth (2012) to David Lewis and the Canadian New Democratic Party in the 1970s, as a rejoinder to the retrenchment of the postwar welfare state, and Piłat (2026) dates its first prominent American press use to a 1981 *Washington Post* editorial — and received its most sustained popular treatment in Nader’s *Cutting Corporate Welfare* (2000), which defined the phenomenon as the enormous and diverse array of “subsidies, giveaways, and other benefits” flowing from government to private corporations without commensurate public return. Nader’s contribution was less analytic precision than agenda-setting breadth: he insisted that direct appropriations, tax preferences, below-market asset transfers, and regulatory accommodations belonged to a single category defined by the direction and unrequited character of the transfer, not by its instrument.

Analytic precision came, notably, from the opposite end of the ideological spectrum. The Cato Institute’s recurring budget studies — Slivinski (2007), which cataloged approximately \$92 billion in annual federal corporate subsidies, and DeHaven (2012), which updated the inventory to nearly \$100 billion — operationalized the concept for fiscal analysis. The Cato definition turns on *particularity*: a program constitutes corporate welfare when it “provides payments or unique benefits and advantages to specific companies or industries” (Slivinski, 2007). Under this test the objection is not that firms benefit from public spending — all firms benefit from roads and courts — but that identifiable firms receive benefits unavailable to their competitors or to the public generally. Notably for the present study, the Cato inventories are constructed from budget documents: a subsidy enters the catalog by appearing as an outlay or a scored tax expenditure. A transfer that produces no outlay line — such as the delivery of already-compensated labor — is structurally invisible to this method, a limitation the inventories themselves do not discuss.

The empirical wing of the literature is anchored by Good Jobs First and its founder Greg LeRoy, whose *The Great American Jobs Scam* (2005) documented the state and local economic-development subsidy system: firm-specific packages of tax abatements, grants, and infrastructure, justified by job-creation promises that were rarely specified, audited, or enforced. LeRoy's contribution to the definitional lineage is the centrality of *verification*: the scandal his work documents is not that governments subsidize employers but that they do so against promised public benefits — jobs, wages, investment — that no instrument verifies and no clawback enforces. The accompanying Subsidy Tracker database (Mattera et al., Good Jobs First) demonstrated that systematic firm-level accounting of subsidies is feasible where disclosure exists, and its persistent coverage gaps demonstrated the converse: where no check is written, no tracker can see.

Three points of convergence emerge across an otherwise ideologically heterogeneous lineage. First, the instrument of transfer is irrelevant to classification: cash, tax expenditure, in-kind benefit, and regulatory protection are enumerated as equivalent forms in Nader (2000), Slivinski (2007), and DeHaven (2012) alike. Second, particularity distinguishes subsidy from public goods provision. Third — the element on which Nader's consumer left and Cato's libertarian right agree most completely — the decisive defect of corporate welfare is the absence of verified performance: the public pays and cannot demonstrate what it received. This convergence is what permits the synthesized definition employed in this study (\$1.6, \$2.10) to claim more than stipulative status.

The comparative-political-economy literature arrived at the same criterion by a different road, and more recently. Farnsworth (2012) built the most systematic inventory of state provision for business and adopted an expansive definition — all "state provision that functions to meet some of the fundamental and supplementary needs of business" — under which roughly half of government spending in the advanced democracies qualifies. In the article that introduced the concept to social-policy analysis, Farnsworth (2013) defines corporate welfare as "the various benefits and services that directly, or indirectly, meet the needs of businesses," the mirror image of social welfare as the benefits and services that meet the needs of individuals, and maps state provision along a corporate-social welfare continuum whose middle bands hold provision that serves both. Professional training programs sit in that middle band, "shaped as much by the needs and demands of businesses as it is the needs of individuals," and targeted state training programmes and job subsidies sit at the corporate end, with the note that such provision "may distinctly disadvantage individuals by forcing them to take jobs they would otherwise have not taken" and keep them in precarious employment, "especially where subsidies are time-limited." A 180-day placement is a time-limited job subsidy on that map, and the map was drawn a decade before the marketplace existed. Bulfone, Ergen and Kalaitzake (2023) reject that breadth on analytic grounds and propose a *restrictive* definition: corporate welfare is "the transfer of public funds and benefits to corporate actors with weak or no conditionality," monetary or in-kind, and a transfer that carries enforced conditions is not corporate welfare at all but a state "impos[ing] its own logic of action." Conditionality, on their account, is not one attribute among several but the criterion that separates corporate welfare from industrial, structural, or welfare policy conducted through transfers to firms — and unconditional transfer is read as evidence of state *weakness* relative to business, whatever the volume of state activity it involves. They

distinguish two dimensions of conditionality that this study operationalizes separately in Chapter 3: “the formal content of the agreement and the concrete impact it has on the behavior of corporate actors,” illustrated by location deals whose formal job and investment conditions were “subject to ongoing renegotiation or dilution.” They also name the empirical obstacle: conditionality terms are typically “agreed behind closed doors,” kept within “quiet politics” (Culpepper, 2010) precisely because robust oversight would invite discussion of their generosity, so the promising method is to read *revealed* conditionality out of the instruments themselves — which is the method of Chapter 3. One delimitation they raise cuts toward this study and is answered in §1.6: public spending on “education and training” is a category whose classification as subsidy “risks overblowing quantitative estimates,” which is why this study classifies the program by a design-level test the two poles of the training-versus-labor continuum both fail, rather than by counting training as subsidy per se.

The restrictive definition has not gone unchallenged, and the challenge deserves a hearing because it bears on this study’s own construction. Pilat (2026), in the most recent review of the definitional literature, rejects conditionality as a definitional criterion: conditional cash-transfer programs such as Bolsa Família are universally counted as social welfare, so conditionality in the welfare tradition is “a non-mandatory feature, not an essential, intrinsic part of the definition,” and a definition that reads every unconditional transfer as state weakness is, on his account, “clearly pejorative and difficult to apply in practice.” His alternative is deliberately value-neutral: corporate welfare is any state action that has a positive impact on businesses, grants them a privileged position, and is primarily aimed at supporting businesses or protecting them against market risk — a definition under which some corporate welfare is well-conceived and some is wasteful, and the label settles nothing about which. The synthesized definition of §1.6 sits between the two poles. It takes particularity from the Cato and Pilat line and conditionality from LeRoy, Bartik and Bulfone, and it treats the absence of *verified* conditionality not as a value judgment about the program but as the property that determines whether the public can know what it received — which is the question Pilat’s neutral definition leaves open and this study’s Test 3 is built to answer. Pilat’s third element also raises an objection to the classification of SkillBridge that §5.3 takes up directly.

2.3 Public-Choice Foundations: Why Unconditioned Subsidies Arise and Persist

If corporate welfare were merely a policy error, its persistence across administrations and ideologies would be puzzling. The public-choice literature supplies the standard explanation, and four of its canonical contributions bear directly on the present study.

Tullock (1967) identified the social cost of transfers obtained through political means: resources expended competing for government-conferred advantages — later termed *rent-seeking* following Krueger (1974) — are dissipated rather than invested, so the welfare loss of a subsidy exceeds its face amount. Krueger (1974) formalized the insight and demonstrated empirically, in the context of import licensing, that when government confers valuable rights on particular recipients, the competition for those rights consumes real resources and builds a constituency for the rights’ perpetuation. Applied to an internship marketplace in which authorized hosts receive

free labor, the rent-seeking frame predicts that firms will invest in acquiring and retaining authorized-provider status in proportion to the rent available — and that the largest rents will attract the most organized acquisition effort.

Olson (1965) supplies the asymmetry that explains persistence. Concentrated beneficiaries — the firms receiving a subsidy — face low organization costs and high per-member stakes; the diffuse cost-bearers — taxpayers, or in the present case taxpayers and transitioning service members — face the reverse. The predicted equilibrium is durable programs whose benefits are audible in the policy process and whose costs are not. Olson’s framework generates a testable structural signature: benefit concentration. Where a nominally general program’s value flows disproportionately to a small set of organized recipients, the collective-action logic is operating, and the program’s political durability will exceed its demonstrated public return. Research Question 2 operationalizes precisely this signature.

Stigler (1971) completed the theoretical foundation by extending the analysis from transfers to regulation itself: regulation is acquired by the industry it governs and operated primarily for its benefit. The Stiglerian form of subsidy is the regulatory carve-out — an exemption from rules binding competitors. Its relevance here is direct: a federal program that places full-time workers, unpaid by the host, into private firms under statutory authority confers, on its worst-conditioned users, an exemption from the Fair Labor Standards Act scrutiny that would attach to the identical arrangement outside the program (§2.6; RQ3).

Together these four works ground the study’s expectation set: an unconditioned in-kind subsidy should exhibit concentration (Olson), attract intermediaries and repeat players (Tullock; Krueger), resist verification requirements (Stigler’s capture logic applied to oversight), and persist notwithstanding absent evidence of public benefit. Chapter 4 reports that each expectation is met.

2.4 Employer Subsidies and the Windfall Literature

The economics of employer-side labor subsidies provides the study’s closest empirical comparators and its fourth element, the predictive diagnostic. The theoretical foundation is Becker’s (1964) distinction between general and specific human capital: employers rationally underinvest in *general* training — skills portable to other employers — because they cannot capture its returns, which supplies the standard market-failure justification for subsidizing employer-provided training. The justification, however, carries its own audit implication, seldom drawn as sharply as the present study requires: a subsidy justified by the general-training market failure is defensible only insofar as general training is actually delivered. Where a subsidized “training” placement consists of productive work in firm-specific routines, the market-failure rationale collapses and the payment is a transfer to the firm’s ordinary operations.

The central empirical result is Hamersma’s (2008) evaluation of the Work Opportunity Tax Credit (WOTC) and Welfare-to-Work Tax Credit, the federal government’s principal employer-side hiring subsidies. Hamersma found modest employment effects alongside substantial *windfall*: a large share of subsidized hires would have occurred without the credit, so much of the expenditure paid firms for behavior already in their interest. The WOTC literature matters to this study for a structural reason developed in Chapter 4: WOTC — routinely cataloged as corporate welfare

— is nonetheless *conditioned on a verified hire*; the credit is claimed only after an eligible worker is employed and certified. It thus supplies an a fortiori benchmark: a program conditioned more weakly than WOTC sits below the floor of the literature’s standard target. The benchmark has since been sharpened. Jain, Mommaerts and Weaver (2026), using linked administrative data from Wisconsin and multiple quasi-experimental designs, find “consistent and precise null effects on hiring, earnings, retention, and related outcomes across designs and firm types”: at least 97% of WOTC-subsidized hires appear to be workers the firm would have hired anyway, the credit accrues disproportionately to a small number of large firms, and fewer than one claiming firm in ten screens applicants for eligibility at all. Where Hamersma found a modest effect alongside substantial windfall, the current evidence finds essentially pure windfall — a conditioned employer subsidy operating, in the authors’ words, as a transfer to firms. That result matters here in two directions: it removes any presumption that a hire-conditioned subsidy performs well, and it makes the comparison in Chapter 4 more pointed, since the program examined there is conditioned more weakly than an instrument now shown to deliver almost nothing for its condition.

The economic-development incentive literature generalizes the windfall finding to the state and local subsidy system. Peters and Fisher (2004), reviewing decades of evaluation research, concluded that incentives rarely determine firm location or expansion decisions and that “the most fundamental problem is that many public officials appear to believe that they can influence the course of their state or local economies through incentives and subsidies to a degree far beyond anything supported by even the most optimistic evidence.” Bartik (2019), the literature’s most comprehensive recent synthesis, estimated that in at least 75% of cases the incentivized activity would have occurred without the incentive, and — critically for this study’s Chapter 5 — articulated the design principles that distinguish effective from wasteful incentives: conditioning payment on verified performance, front-loading accountability, targeting where the counterfactual is genuinely in doubt, transparency of cost, and clawback on non-performance. Bartik’s framework converts the corporate-welfare critique from an abolitionist to an engineering posture: the difference between a subsidy and an investment is specifiable in contract terms.

Two design variables from this literature structure the analysis in Chapter 4. First, *capping*: uncapped entitlement structures — in which any qualifying firm may claim unlimited benefit — exhibit the weakest returns because they subsidize the intra-marginal firm (Peters & Fisher, 2004). Second, *verification timing*: subsidies delivered before performance, with settlement never enforced, converge on pure transfer (Bartik, 2019; LeRoy, 2005). SkillBridge, Chapter 4 will show, is uncapped on the host side and delivers its full value before the promised performance, which is never verified.

2.5 Tax Expenditures and the Submerged State: How Transfers Disappear

A transfer’s classification is independent of its visibility, but its politics are not. Faricy (2015) demonstrated that the United States operates two welfare states of comparable magnitude — one of direct social spending, one of tax expenditures — and that the “divided welfare state” allocates the submerged, tax-side benefits disproportionately upward, to firms and higher-income households, precisely because

tax-side delivery escapes the annual scrutiny of appropriations. Mettler (2011) generalized the mechanism as the *submerged state*: policies real in economic effect but invisible in presentation, whose beneficiaries frequently do not perceive themselves as receiving government benefits at all. Mettler’s principal empirical finding — that submergence degrades democratic accountability because citizens cannot contest what they cannot see — supplies this study’s third definitional element with its normative weight: unverified conditionality is not merely an administrative gap but an accountability failure of the kind the submerged-state literature predicts will persist untended.

Both literatures, however, share the budgetary-instrument boundary noted in §2.2: they map submergence across *fiscal* instruments — tax expenditures, loan guarantees, insurance subsidies. Neither examines what this study terms the in-kind labor subsidy: a transfer executed through personnel accounts, in which the government continues paying compensation it would owe in any case while delivering the compensated labor’s product to a private recipient. Such a transfer generates no outlay increment, no tax expenditure score, and no line item — a deeper stratum of submergence than Mettler’s cases, since it is invisible not merely to citizens but to the subsidy inventories themselves (Slivinski, 2007; DeHaven, 2012; Edwards, 2025 — none of which contains any entry of this type). Extending the submerged-state framework to this instrument class is one of the study’s contributions to theory (§1.5). The mechanism has a documented state-level precedent. Blanchard and Huff (2005), writing from social-work policy practice, found that twenty-one states kept no accounting at all of revenue forgone to tax expenditures and that, under the “reference tax law” method most of the others used, a legislature may declare a corporate tax break a “standard part of the tax code” and thereby remove it from the expenditure budget entirely. A benefit defined as the baseline does not appear as spending — the tax-side twin of a salary the government already owes.

2.6 The Law and Economics of Unpaid Internships

The regulatory-protection component of the definitional framework (§2.2) requires a doctrinal baseline: what rules would govern SkillBridge-type arrangements absent the program? Under the Fair Labor Standards Act (FLSA), an unpaid position at a for-profit firm is lawful only if the intern falls outside the Act’s definition of “employee.” The governing doctrine is the *primary beneficiary* test articulated in *Glatt v. Fox Searchlight Pictures, Inc.*, 811 F.3d 528 (2d Cir. 2015), and subsequently adopted by the Department of Labor (DOL) in its revised Fact Sheet #71 (2018). The test weighs seven non-exhaustive factors — including the extent to which the internship provides training similar to an educational environment, is tied to a formal education program, is limited to the period of beneficial learning, and does not displace paid employees — to determine whether the intern or the employer is the arrangement’s primary beneficiary. Where the employer primarily benefits — where the intern performs productive work the firm would otherwise purchase — the intern is an employee owed minimum wage and overtime. The test has since been adopted outside the Second Circuit, and in a form that widens the shelter: in *McKay v. Miami-Dade County* (11th Cir. 2022) the court applied the seven factors as a totality-of-circumstances inquiry rather than a checklist and held that “there is nothing inherently wrong with an employer’s benefiting from an internship that also plainly benefits the interns.” An employer’s benefit,

on the current doctrine, does not by itself make the intern an employee; the question is who benefits *primarily*, and it is answered holistically. That is the standard against which §4.4.5 scores the marketplace, and it is more permissive than the one in force when the program's governing instruction was written.

Perlin's *Intern Nation* (2011) supplies the economic and sociological context: a documented internship economy in the millions of positions annually, in which unpaid work functions as both a labor subsidy to host organizations and a regressive screening device favoring entrants who can afford to work without wages. Perlin's analysis of the internship economy's structural incentives — hosts face near-zero marginal cost, no outcome accountability, and reputational cover from the training frame — describes, as Chapter 4 demonstrates, the incentive structure of an unconditioned SkillBridge placement with precision, with the added element that the SkillBridge intern's wages are paid by the government rather than forgone.

The doctrinal literature bears on this study in a specific, bounded way. SkillBridge placements are authorized by statute, and this study nowhere contends that any placement violates the FLSA. The analytic point is Stiglerian (§2.3): to the extent that placements exhibiting the *Glatt* risk factors — productive work, no educational structure, durations beyond the learning period, no employment pathway — operate lawfully inside the program while identical arrangements outside it would invite scrutiny, the program functions for those placements as a regulatory protection: the fourth canonical form of corporate welfare. Chapter 3 describes the observable-proxy scoring method built on the *Glatt*/Fact Sheet #71 factors; Chapter 4 reports its results.

2.7 The Statutory and Administrative Development of the Authority

The literature reviewed to this point supplies the framework; this section supplies the object. Because the study's central claim concerns what the governing instruments do and do not require of host firms, the sequence in which those instruments were created is itself evidence. This section traces that sequence from the statutory antecedents through the most recent departmental guidance, attending throughout to a single question: at what point, and at what level of the legal hierarchy, did any obligation attach to the recipient of the transfer?

Antecedents: a lineage that runs through the member. Federal reintegration policy has since 1944 taken the form of a benefit conveyed to the separating service member. The Servicemen's Readjustment Act of that year established the template — education and training purchased for the veteran, redeemed by the veteran, at institutions of the veteran's choosing — and the post-Cold-War drawdown produced the statutory transition architecture that survives today at 10 U.S.C. §§1142, 1143, and 1144: pre-separation counseling, employment assistance, and the Department of Labor employment workshop. What matters for the present study is a structural feature common to the entire lineage. Every instrument in it delivers something to a *person*; not one of them creates an obligation running against a *firm*. When an authority was later added under which private employers would receive something of value, it entered a body of law with no existing vocabulary for conditioning an employer, no precedent for measuring what an employer received, and no oversight apparatus pointed in that direction. The absence this study documents in Chapter 4 begins as an inheritance, not a decision.

2011: the authority as enacted. The SkillBridge authority originated in the

Senate’s version of the FY2012 National Defense Authorization Act (NDAA) (S. 1867, §525, Senate Armed Services Committee) during the period of peak post-9/11 veteran unemployment that also produced the VOW to Hire Heroes Act of November 21, 2011. It was enacted as §551 of Public Law 112-81, signed December 31, 2011, and codified at 10 U.S.C. §1143(e). The statutory text is worth characterizing precisely, because nearly everything the program is now criticized for is absent from it. The authority is permissive — the Secretary *may* carry out such programs. It is eligibility-only, specifying that a member may participate within the final 180 days of service, having completed at least 180 days of service. It carries no appropriation, no outcome requirement, no reporting obligation, no host-side condition, and no “high probability of post-service employment” language. Congress created a permission, not a program.

The zero-score birth defect. Because the participating member remains on military pay that the government owes in any case, the authority scored at approximately nothing. It was never appropriated, it receives no annual vote, and it therefore has no appropriations constituency — no subcommittee whose jurisdiction it occupies, no line item whose growth would attract notice, no reauthorization cycle at which evidence must be produced. The contrast with the Work Opportunity Tax Credit reviewed in §2.4 is instructive: WOTC’s periodic expiration and renewal fights are precisely what generated both congressional scrutiny and the evaluation literature from which this study borrows its windfall diagnostic. SkillBridge’s fiscal invisibility, in other words, is not a later concealment but a property of the instrument at birth, and it is the mechanism by which the transfer escapes the budget documents from which the corporate-welfare inventories reviewed in §2.2 are constructed.

2014: conditionality enters, administratively. Twenty-five months after enactment, the Department issued DoD Instruction 1322.29, *Job Training, Employment Skills Training, Apprenticeships, and Internships (JTEST-AI) for Eligible Service Members*, on January 24, 2014. The instruction supplies the single substantive requirement that conditions the transfer: participating programs must offer a “high probability of post-service employment with the provider or any other employer.” Two features of that sentence structure everything that follows. First, the only conditioning requirement in the program’s governing law was created by *instruction* rather than by statute; Congress has never imposed it, and it is therefore amendable by the same Department whose components it constrains. Second, the phrase “or any other employer” is original design, not later drift. From the first day of the governing instrument, a host that never hires a participant may be fully compliant, because the requirement is a prediction about a labor market rather than a commitment by a party. The clause blesses third-party placement models at the outset and converts the program’s central warranty into a statement no instrument tracks. A further textual fact deserves recording: the word *SkillBridge* does not appear in the instruction that governs SkillBridge.

2014-2019: a decentralized program becomes a marketplace. For five years the authority was exercised through service-level Career Skills Programs — Army CSP and its analogues — administered installation by installation and templated substantially on organized-labor apprenticeship arrangements. On June 14, 2019, the Department launched the SkillBridge brand and a central website hosted at *dodskillbridge.usalearning.gov*; contemporaneous service reporting described SkillBridge as “formerly known as the Career Skills Program.” USA Learning is the Office of Person-

nel Management's interagency e-learning platform, which means the marketplace's first infrastructure was carried on an interagency arrangement rather than a competed departmental contract; the underlying vendor and cost do not appear in the public prime-award record and remain unverified. The analytically significant point is not the branding but the divergence it opened. The mechanism that makes the transfer scalable, and makes its concentration measurable at all, was created in 2019 on governing text written in 2014 for a decentralized program an order of magnitude smaller.

The instrument stops; the program does not. DoDI 1322.29 has been amended once, by Change 1 effective May 5, 2020, and the instruction's own change note records that the change "updates references and organizational titles and removes expiration language" pursuant to a Department-wide issuance-reform effort. The substantive governing text is unchanged 2014 language. Participation over the same period reached roughly 22,500 members in FY2022 and 22,000 in FY2024 by the Department's own reporting. Any compliance assessment of this program — including the one performed in Chapter 4 — therefore grades marketplace-scale conduct against pre-marketplace text, and shortfalls are as consistent with instrument obsolescence as with disregard. That reading is available to the Department and is stated here so that it travels with the findings.

The procurement layer arrives after the growth. The first dollars-visible dedicated contract for the central marketplace was a General Services Administration (GSA) task order awarded in August 2022 for website support services, valued at approximately \$3.37 million and awarded under full-and-open fair opportunity procedures on one offer. Oversight passed to the Military-Civilian Transition Office in May 2023; new-provider intake was suspended in July 2023, a decision the Department attributed to the program's popularity. In June 2024 a successor transition-office information-technology contract, including outcome-data systems, was awarded 8(a) sole-source on one offer, with roughly \$15.2 million obligated against a \$27.5 million ceiling. Two observations follow. No competitive offer appears anywhere in the central infrastructure's award history; and the marketplace's first three years — its steepest growth phase — have no prime-award record at all, so the earliest infrastructure era is not visible through the procurement transparency systems on which this study's contract analysis otherwise relies.

2023-2024: codification, review, and the arrival of host obligation — by contract. Section 561 of the FY2023 NDAA codified the program; §572 of the FY2024 NDAA mandated the review that produced GAO-24-107352. The instrument that finally attaches obligations to hosts, however, is neither statute nor instruction but the Memorandum of Understanding the Department executes with each provider, in the August 2024 release: a warranty that at least 75% of program completers will receive a qualifying employment offer, clauses prohibiting provider compensation to the member and any direct or indirect cost to the member, and an obligation to report participation outcomes at 90 and 180 days including starting salary. This is the pivotal structural fact of the program's development. Thirteen years after enactment, the only enforceable host-side obligation in the program sits at the lowest level of the hierarchy, in an instrument executed provider by provider, enforced — if at all — through contract administration rather than through law, and containing no mechanism by which a member, a researcher, or the public could observe whether it is met.

2026: restriction and presumption, arriving together. The most recent layer runs in two directions at once. Service-level access narrowed between 2024 and 2026, with the Marine Corps and the Air Force each tightening rank-tiered duration caps and approval authorities; the current Air Force instruction, AFI 36-2671, was issued March 31, 2026. In the opposite direction, a Secretary of War memorandum of June 3, 2026 established a presumption of approval for participation requests within the defense industrial base, directing that such requests “will be approved” and disapproved “only where approval would impact the critical readiness and operational needs.” The same memorandum authorizes supplementary implementation guidance to be issued “outside of the normal ... issuance process.” The newest layer of the program’s governance is thus expressly located outside the issuance corpus this study parses — a limitation stated here and carried forward into §3.7.

What the sequence shows. Attribution, stated with discipline, distributes across four administrations: the statutory authority and the governing instruction are of the Obama period; the brand, the central marketplace, and the scale are of the first Trump term; the conditioning paper and the intake suspension are of the Biden period; the enforcement deadlines and the industrial-base presumption are of the second Trump term. No layer repealed or rewrote the design established by the layer beneath it. The program accreted rather than developed, and the accretion has a consistent shape that no single document reveals: every instrument that expanded access, scale, or throughput was adopted promptly and at a level commensurate with its effect, while every instrument that would condition the transfer or make it verifiable arrived later, at a lower level of the hierarchy, and without a mechanism by which compliance could be shown. That asymmetry is not an incidental feature of the program’s history. It is the object the conditionality test in §2.10 is constructed to measure, and it is the reason the gap identified in §2.9 has persisted through fifteen years of legislative and administrative attention.

2.8 The Military-Transition Program Literature

The literature on military-to-civilian transition programs is substantial in volume and nearly uniform in analytic orientation: the service member is the unit of analysis, and program value is assessed — where it is assessed at all — as member outcome. Three streams are relevant.

The *oversight stream* is anchored by the Government Accountability Office and the Congressional Research Service. GAO-24-107352 (2024), the review of SkillBridge mandated by the FY2024 NDAA, found that the military services do not consistently collect or analyze data on program participation or outcomes; its seven recommendations remain open, with Department-declared completion dates of September 30 and December 31, 2026. The finding extends a decade-long pattern across the transition ecosystem: GAO-14-144 (2014) on incomplete evaluation, GAO-17-133 (2016) on credentialing performance measures (non-concurred; closed not implemented), GAO-22-105261 (2022) on absent evidence of effectiveness. CRS R48114 (Kamarck, 2024) frames the issues for Congress and reports two facts foundational to this study: total transition-ecosystem cost cannot be estimated because the services do not line-item it, and more than 80% of entrants separate before retirement eligibility, making transition the majority experience of military service. Notably, the oversight stream documents the *absence* of outcome data but does not price the program’s transfer or

ask who receives it — cost questions are posed as unknowable, not as unexamined. The oversight record also holds a completed case of the pattern this study documents in progress. Troops-to-Teachers, the Department’s transition program for members entering public-school teaching, was reviewed by GAO in 2023 (GAO-23-105992): the Department “has not evaluated the program’s effectiveness in the past 5 years,” had “lost access to the data when it canceled the program in 2020 and shut down its data management system in 2021,” and had watched hires fall from 7,718 to 1,450 between fiscal years 2014 and 2020. GAO recommended that DoD assess effectiveness using the performance data it already collected and establish cross-grantee reporting; DoD disagreed with both, citing the absence of an appropriation for the program’s operation, and the program ended in 2024. A DoD transition program with no appropriation, no evaluation, a data system switched off before the data could be read, and a Department declining to assess it for want of money is the SkillBridge design one program-life ahead — and it is the pathway the career-and-technical-education-teacher SkillBridge pilot literature (\$2.8, practitioner stream) now proposes to rebuild from the other side.

The *evaluation stream* is thin. RAND’s ecosystem review (RR-A1363-12, 2024) counted 45 federal employment-transition programs across 11 agencies at \$14.3 billion (FY2019) and found “limited evidence” of effectiveness; no randomized evaluation of SkillBridge was located by this method, through August 2026. The Milken Institute’s *The Impact of SkillBridge on Veteran Employment Outcomes* (2025) represents the program’s most favorable recent treatment, reporting positive employment associations while relying on non-experimental designs and program-supplied or self-reported data — an evidentiary base whose limits are material given, as Chapter 4 establishes, that no federally verified outcome data was located against which any claim could be checked. The evaluation literature thus exhibits an unusual epistemic structure: its positive claims are unfalsifiable from public data not because they are vague but because the government instrument that would adjudicate them — the contractually mandated outcome reporting — has never published.

The *practitioner and intermediary stream* — testimony and reporting from program intermediaries claiming high offer rates and salaries — is documented in the companion audit (*The Verification Gap*, MissionProof, 2026) and shares the same structure: claims checkable in principle against federal data that is not collected. The stream now reaches the congressional record directly: a statement for the record at the House Veterans’ Affairs Subcommittee on Economic Opportunity’s hearing of 2 December 2025 (“Strengthening the Workforce of Veterans in America”) reports that at one national retailer “95 percent of participants received a full-time offer following completion” of its SkillBridge program — an employer-supplied figure, unaudited, resting on no federal dataset, and offered to Congress as evidence of what the program achieves. It is cited here for what it shows about the evidentiary state of the field, not for its value.

What no stream contains is the present study’s question. Across the oversight, evaluation, and practitioner literatures, the host firm appears only as “industry partner” — a provider of training capacity — never as the recipient of a transfer. No study prices the labor delivered to hosts, measures its concentration, or grades the conditioning instruments from the host-obligation side. The program that is, in mechanical fact, the federal government’s largest in-kind labor subsidy to private employers has not, so far as this study’s documented finite search establishes, been analyzed as a

subsidy.

2.9 The Gap in the Literature

The gap this study fills sits at the intersection of the reviewed literatures and is visible from both directions. From the subsidy side: the corporate-welfare inventories (Slivinski, 2007; DeHaven, 2012), the incentive evaluations (Peters & Fisher, 2004; Bartik, 2019), the employer-subsidy empirics (Hamersma, 2008), and the submerged-state analyses (Mettler, 2011; Faricy, 2015) collectively cover cash, tax, credit, insurance, and regulatory instruments — and contain no treatment of in-kind labor transfer through military personnel accounts, an instrument invisible to their budget-document methods. From the program side: the military-transition literature (GAO, CRS, RAND, Milken) analyzes SkillBridge exclusively as a member benefit and has never applied a subsidy framework, priced the transfer, or examined benefit concentration among hosts. No published study, in either literature, has (a) valued the SkillBridge labor transfer, (b) measured its distribution across firms, or (c) tested the program’s conditioning mechanisms against the definitional criteria of corporate welfare. This study does all three.

2.10 Synthesized Definitional Framework

From the convergent elements of the reviewed literatures (§2.2–§2.5), this study synthesizes the definitional framework stated in §1.6 and operationalized in Chapter 3. *Corporate welfare* is a government-conferred benefit — cash, tax expenditure, in-kind transfer, or regulatory protection — that (a) flows to particular private firms, (b) is not available generally, and (c) is not conditioned on verified public-benefit performance. The framework yields three definitional tests, each separately falsifiable against documentary evidence, and one predictive diagnostic:

Test 1 — Transfer. Does the program effect a transfer of economic value from the public to private firms? Operationalized as: identification of the transfer mechanism in governing instruments; scenario-bounded valuation of the annual flow; assessment of fiscal visibility (does the transfer appear in any budget document or subsidy inventory?). Grounded in Nader (2000) and the in-kind and submerged categories of §2.2 and §2.5. Corresponds to RQ1.

Test 2 — Particularity. Does the benefit concentrate on identifiable firms rather than operating as a neutral, generally available rule? Operationalized as: concentration measurement across the deduplicated marketplace; analysis of structural capping (per-firm ceilings, aggregate budget, competitive allocation); and examination of the governing instruments for direction of the benefit toward named sectors or host populations. Grounded in Slivinski (2007) and Olson (1965). Corresponds to RQ2.

Test 3 — Conditionality. Is the transfer conditioned on verified performance of a public benefit? Operationalized in three layers: *presence* (do governing instruments contain conditioning requirements?), *enforcement* (does any public evidence show the requirements enforced?), and *verifiability* (does any public instrument exist in which compliance could be demonstrated?). Grounded in LeRoy (2005) and Bartik (2019), and in the restrictive definition of Bulfone, Ergen and Kalaitzake (2023), for whom conditionality is the criterion that separates corporate welfare from every other transfer to firms; the presence and enforcement layers correspond to their

formal-content and concrete-impact dimensions, and the verifiability layer extends their scheme by asking whether any public instrument could evidence the second. The standard the layers test against is Amsden’s (2001): performance standards that are “monitable, redistributive, and results-oriented,” with support withdrawn on failure. Corresponds to RQ3. The regulatory-protection variant (Stigler, 1971; §2.6) is examined under this test as conditionality’s doctrinal shadow: the rules that would bind absent the program.

Diagnostic — Windfall. The literature predicts that a program failing the three tests will exhibit windfall: subsidy flowing to behavior the recipient would have undertaken anyway (Hamersma, 2008; Bartik, 2019). Windfall is not definitional — a conditioned subsidy can leak windfall, and an unconditioned one might not — but its observed presence corroborates classification, and its observable signatures (subsidized activity duplicating the host’s paid activity; hosts with active paid pipelines for the identical role) are specified in advance in Chapter 3.

One of those signatures requires definition here, because it carries more analytic weight than the others and is relied on throughout Chapters 4 and 5. The *paid twin* is a host that operates a paid civilian training program covering substantially the same content its SkillBridge listing offers unpaid. Its evidentiary value is that it removes the need for the analyst to estimate anything: the host’s own price list states what the host thinks the training is worth, and the host’s own listing states how long it may take a member for free. Where both are observable on the same employer’s public pages on the same date, the subsidy can be priced against the host’s own valuation of what it gives back — converting a contested question about whether the host benefits into an arithmetic one, in the host’s own numbers rather than the researcher’s. It is the in-kind analogue of the market-price benchmark the incentive literature applies to cash subsidies (§2.4), and it is the reason the valuation in §4.2 can be described as conservative rather than merely bounded. A paid twin establishes a price for one host on one date; it is a specimen, and no prevalence is claimed from it.

A program satisfying all three tests is, within this framework, corporate welfare regardless of its intent, its popularity, or the reality of incidental benefits to third parties; conversely, the framework specifies exactly which design changes would cause the program to fail the tests — the subject of RQ4.

2.11 Summary

This chapter traced the definitional convergence of the corporate-welfare literature across four decades and four ideological traditions, and its recent restatement in comparative political economy as a conditionality criterion (§2.2); reviewed the public-choice theory that predicts the origin, concentration, and persistence of unconditioned firm subsidies (§2.3); reviewed the employer-subsidy and incentive-evaluation empirics that supply the windfall diagnostic and the conditioning design principles (§2.4); reviewed the tax-expenditure and submerged-state literatures that explain fiscal invisibility and located this study’s extension of them to personnel-account transfers (§2.5); established the FLSA primary-beneficiary doctrine as the regulatory baseline for the program’s carve-out component (§2.6); traced the statutory and administrative development of the authority, showing that its scaling instruments arrived promptly while every instrument that would condition or verify the transfer arrived later, lower in the hierarchy, and without a mechanism by which compliance could be

shown (§2.7); and reviewed the military-transition literature whose member-centric orientation has left the program’s host side unexamined (§2.8). The identified gap (§2.9) — no existing valuation, concentration measurement, or conditionality grading of SkillBridge as a subsidy — motivates the research questions, and the synthesized framework (§2.10) supplies the tests by which Chapter 4 answers them. Chapter 3 describes the documentary audit methodology by which the tests were executed.

Chapter 3: Methodology

3.1 Research Design and Rationale

This study employed a *documentary audit* design: a systematic, receipts-based examination of a program’s public record — its marketplace, its contracts, its governing instruments, and its procurement — against a pre-specified evaluative framework. The design belongs to the family of document-based program evaluation and compliance auditing rather than to experimental or survey research, and it was selected for three reasons.

First, the research questions are definitional and structural, not causal. Whether SkillBridge transfers value to firms, whether the benefit concentrates, and whether conditioning is verified are questions answerable — and only answerable — from the program’s own instruments and records; no participant survey or outcome experiment addresses them. Second, the decisive evidentiary condition of the study is the state of the *public* record: Test 3 of the framework (§2.10) turns on what compliance evidence exists in public, so a method restricted to public evidence is not a limitation but the operative instrument. Third, the design is intrinsically replicable. Every figure reported in Chapter 4 traces to a committed source file, a dated export, a federal contract record, or a cited public document, and the audit’s method scripts are committed alongside its datasets; an independent analyst can reproduce each computation from the same public sources. The methodological details summarized in this chapter are documented at full length, with committed file inventories, in the companion audit (*The Verification Gap*, MissionProof Research, 2026, Methodology and Appendix B).

The audit’s governing evidentiary standard is stated in five rules, adopted before analysis: (1) no claim is made that does not trace to a committed source file (“never outrun the receipts”); (2) the audit documents incentive structures and verification gaps and alleges no misconduct by any contractor or employer (“structure, not villainy”); (3) negative findings are stated in finite-search language — “no X was located” describes the corpus searched, never proof of absence; (4) inconsistencies between listings and contractual instruments are reported as breach *indicators* in the published record, never breach findings; and (5) errors discovered in the audit’s own work are corrected in place and logged publicly.

3.2 Research Questions

The study addressed the four research questions stated in §1.4, which operationalize the three definitional tests and the design-modification analysis of the synthesized

framework (§2.10): RQ1 (transfer and magnitude → Test 1), RQ2 (concentration → Test 2), RQ3 (conditionality: presence, enforcement, verifiability → Test 3), and RQ4 (design modifications that would defeat the classification).

3.3 Data Sources

Eight documentary sources constitute the study’s evidence base. All are public; all were captured with dates, and where applicable URLs and content hashes, into committed files.

Source 1: The SkillBridge public directory, exported by every available filter path. The directory was exported via the program website’s own per-state export API across all 57 U.S. states and territories on August 3, 2026, and again on August 8, 2026; the two sweeps returned 1,103 organizations each, replicating the state-anchored census (1,527 and 1,531 unique programs respectively) to a degree unusual in web-derived data. The per-filter method was necessitated by the site’s own full-export endpoint, which fails on a complete pull (HTTP 504) — itself a documented finding. The location-filtered path, however, is reproducibly blind: both sweeps returned exactly zero listings with a blank location field, so listings without state-matched locations cannot be returned by any state query. Exporting the same directory on August 8, 2026 by its non-location filters — defense-industrial-base (DIB) status, service branch, and job family — and deduplicating the combined 87 exports (56,712 raw rows) produced the study’s frame of record: a union corpus of 7,826 rows, 4,255 unique programs, and 2,732 organizations, of which 1,629 organizations (59.6%) are unreachable by any state query — the union total less the 1,103 organizations the state-anchored sweep returns. Concentration, targeting, DIB-share, and duration analyses are reported on the 4,255-program union; analyses are reported at the grain stated where cited: pay disclosure, commission-destination, and outcome-language classifiers were re-executed at union grain during the audit period (their hit lists are committed, and residual error classes identified on independent review are disclosed where each figure appears); the opacity role-recognition component and the FLSA composite remain at the 1,527-program census grain — the FLSA construct did not replicate at union grain (a reconstruction returned 1.2% against the published 10.2%), and its census figure is carried labeled pending recovery of the original scoring script. Neither frame is a census of the directory in the strict sense — no method the site permits can produce one — and both are named populations with documented collection paths.

Source 2: The SkillBridge Memorandum of Understanding (MOU), in three vintages. The contractual instrument every provider signs, held as the August 2024 blank release (metadata title “DoD SkillBridge MOU_Revision_5.24.2024_v1,” six pages, provider line blank), a signed federal instance carrying the January 2025 technical update, and a 2026 signed instance. A three-vintage comparison of the instrument isolates the 2025 revision — substantive, not administrative — as the point at which federal, state and municipal agencies became exempt from the 75% qualifying-offer requirement, the program’s sole outcome warranty (§4.3.4), and at which the foreign-entity eligibility provision was added; it also records that the word “suitable” in the phrase “qualifying offer of immediate post-service suitable employment” entered ¶4.2.10 in the 2025 update, the 2024 release reading “immediate post-service employment.” Quotations are from the 2025-and-later text a

provider signs today. The MOU supplies the program’s conditioning warranties: the 75% qualifying-offer requirement (85% performance goal), the no-compensation and no-member-cost clauses, the 90- and 180-day outcome-reporting obligation including starting salary, and the 180-day ceiling.

Source 3: The governing issuance corpus. Six governing documents — DoDI 1332.35, DoDI 1322.29, AR 600-81, AFI 36-3037, MCO 1700.31A, and the Navy transition instruction — parsed mechanically into 870 modal statements, of which 640 are binding (“will/shall/must”) and 230 advisory (“should/may”).

Source 4: Federal contract records. USAspending prime-award records for the SkillBridge website support order (procurement instrument identifier [PIID] 47QFHA22F0026) and the successor transition-office IT contract (PIID H9821024CE001), with adjacent transition-ecosystem vehicles, exported August 4, 2026.

Source 5: The conversion-verification pilot evidence table. An 18-row evidence table from a 15-employer stratified verification pilot (Procedure 4), recording for each check the source consulted, URL, observation date, and verdict.

Source 6: Published federal statistics and budget documents. The Defense Human Resources Activity (DHRA) FY2026 budget justification (participation count; the asserted “85% job-offer rate”); GAO-24-107352 and the prior GAO series; CRS R48114; DOL and RAND evaluations; Regular Military Compensation (RMC) tables.

Source 7: Census Bureau Veteran Employment Outcomes (VEO) v2.0. Earnings-trajectory data for 2.8 million enlisted veterans, joined to the directory’s occupation-targeting layer (retrieved August 4, 2026).

Source 8: Employer public job boards and careers pages. Dated, URL-cited captures supporting the pilot verdicts and the paid-twin comparison (defined at §2.10: a host’s own paid civilian training program covering the content its SkillBridge listing offers unpaid, which prices the training in the host’s own numbers).

3.4 Procedures

Procedure 1: Directory deduplication and concentration measurement (RQ1, RQ2). Exported rows were deduplicated to the program and organization grains using normalized organization names and program identifiers, with all free-text fields ingested as strings (dtype=str) to prevent silent type coercion, and organization matching performed on the Organization field only, under word-boundary rules. Concentration was computed on the union corpus at the row grain and the organization grain: shares of union rows and of unique programs attributable to the largest organizations, program counts per organization, and the distributional profile of the median participant organization. Because the state-availability presentation multiplies a multi-state organization’s listings once per state, concentration at that grain measures the browsing surface, not the marketplace; the two grains are reported separately and never interchanged (see §3.5, correction log). Structural-capping analysis examined the governing instruments for per-firm intake ceilings, aggregate budget constraints, and competitive allocation mechanisms.

Procedure 2: Labor-transfer valuation (RQ1). The annual transfer was valued by scenario model: published FY2024 participation (22,000 members, DHRA FY2026 budget justification) × average internship duration (bounded 75-135 days,

published actuals unavailable) $\times$ civilian-equivalent Regular Military Compensation (\$70,000–\$90,000 per year for the participating grade mix). The bounds were computed as low-participation-duration-compensation and high-participation-duration-compensation corners, yielding \$316–732 million per year with a central estimate of approximately \$506 million, and a per-member unit value of approximately \$26,300 per 120-day internship at E-5 compensation. Because the FY2027 justification (April 2026) revises participation downward to approximately 20,000 per year while the 2025 and 2026 pay raises move civilian-equivalent RMC upward, the valuation was executed a second time on vintage-consistent FY2026 inputs — approximately 20,000 members $\times$ 75–135 days $\times$ \$75,000–\$95,000 — yielding \$308–703 million, central approximately \$490 million, and a per-member unit value of approximately \$27,900. Both vintages are reported wherever the estimate appears; neither is preferred, and the agreement between them is treated as the robustness result rather than either figure being treated as the estimate. All three inputs are conservative in documented respects: the participation figure excludes any FY2025 growth; the compensation band uses enlisted-weighted RMC without loading the employer-side value of benefits; and the valuation prices labor at cost to the government rather than at market replacement price, which the paid-twin observation (Procedure 4) indicates is higher. Fiscal-visibility assessment then searched budget documents and the published subsidy inventories for any line, score, or entry pricing the transfer.

Procedure 3: Contractual and compliance grading (RQ3). The MOU’s warranties and the issuance corpus’s binding statements were graded against public evidence under a three-value rubric adopted before grading: MET (public evidence demonstrates the requirement operating), NOT MET (public evidence demonstrates the requirement not operating, with documented specimens), and NOT DEMONSTRABLE (no public instrument exists in which compliance could be evidenced either way). The third value is the rubric’s analytic core: a binding requirement with no evidence field is scored as a verification-design failure rather than excused as unobservable. Fifteen requirements were gradeable in the v1 matrix of the transition instruments, each carried with verbatim quoted language and paragraph citation; the companion audit has since added two rows from the Department’s information-quality instruction (DoDI 8170.01, Appendix 3A), seventeen in all, none grading MET. The directory was separately checked for facial consistency with each MOU clause (e.g., paid-internship listings against the no-compensation clause; member-cost enumerations against the no-cost clause; listed durations against the 180-day ceiling).

Procedure 4: Live-requisition conversion verification (RQ3, windfall diagnostic). A 15-employer stratified sample (by size tier and sector) was checked for whether a paid opening matching the internship’s trained role was publicly discoverable on a stated date, recording every source consulted with URL and date. The verdict grammar is deliberately falsifiable: a negative means *no paid analogue was discoverable at the stated sources on the stated date*, a repeatable spot observation. Five *no-job-behind-it* patterns were specified from the literature (§2.4, §2.10) and checked observationally — distinct from the two windfall signatures of §2.10, which are reported separately: the trained role existing only as the SkillBridge listing itself; the host structurally unable to employ the role; host size implausible for absorption; pitch pay contradicting the host’s own postings; and the paid-twin pattern — the host operating a paid civilian program covering the same training its SkillBridge listing

offers unpaid.

Procedure 5: FLSA shadow scoring (RQ3, regulatory-protection component). All 1,527 programs of the state-anchored census were scored against observable proxies for the *Glatt/Fact Sheet #71* primary-beneficiary factors (§2.6): productive-work indicators displacing paid labor, absence of educational structure, duration beyond a plausible learning period, absence of any employment pathway, and unpaid staff-function roles. The scoring is expressly not a legal determination; it estimates the share of the marketplace that would invite FLSA scrutiny absent the program’s statutory authorization. Programs carrying four or five indicators constitute the high-risk tier reported in Chapter 4.

Procedure 6: Auxiliary joins. The VEO earnings join (Source 7) and the US-Aspending procurement analysis (Source 4) support the interpretation of concentration and verification findings; their full methods are documented in the companion audit.

3.5 Trustworthiness

Four mechanisms substitute, in documentary research, for the internal-validity apparatus of experimental designs.

Traceability. Every reported figure traces to a committed, dated source file; the full inventory is published in the companion audit (*The Verification Gap*, MissionProof Research, First Edition, September 2026, Appendix B), and method scripts are committed for reproduction.

Triangulation. Key findings rest on independent evidence streams: the transfer valuation’s inputs come from three unrelated federal sources; conversion-pilot verdicts pair directory text against employers’ own job boards; the compliance grades pair quoted instrument language against GAO’s independently gathered findings; and where streams could cross-validate numerically (the directory’s only two police-work pay disclosures against the postings corpus’s independently built federal-lane pay curve), agreement was checked and documented.

Adversarial replication posture. Because the study’s classification claim invites contestation, the analysis was constructed to survive hostile re-computation: census rather than sample wherever feasible, conservative valuation corners, pre-specified rubrics, falsifiable verdict grammar, and honest nulls reported (including a directory-language analysis that found *no* elevated sales-pitch tone in the structurally weakest programs — a null retained because it disciplines the interpretation).

Analytical tooling and independent verification. The study was conducted with substantial use of artificial-intelligence systems, disclosed as a trustworthiness mechanism rather than in a footnote. Large language models performed document analysis, data processing and classification, mechanical extraction of binding language from the governing issuances, and drafting. Two systems from different vendors were used deliberately: Anthropic’s Claude for analysis, computation and drafting, and an independently operated OpenAI ChatGPT instance as an adversarial reviewer charged with re-computing reported figures, testing reproducibility against the source files, and locating errors. The independent adversarial audit recorded in the correction log below is that second system’s work, and it produced several of the downgrades recorded there. Three safeguards bound the method: every reported figure traces to a committed source file rather than to model output; the analysis

and classifier scripts are committed and re-executable; and constructs that failed to reproduce are reported as failures rather than silently restated. The author directed the study, made every interpretive judgment, and is responsible for its conclusions. No finding rests on a model's assertion that a proposition is true.

Public correction log. The audit maintains an open correction log and practices retraction in place. During the audit period, an earlier internal finding that a remodeling firm's six-figure pay claims applied only to its sales roles was found to be wrong — the employer's own installer postings carry the same claims — and was retracted and replaced with a guaranteed-wage-versus-contingent-claim analysis; a second correction revised an FY2025-based reading of retention-critical specialties when the FY2026 list superseded it. A third correction governs this manuscript's central concentration finding: an earlier draft reported that 38% of the marketplace resolved to nine programs at four national firms, a figure computed at the state-availability row grain, where a multi-state organization is returned once per state; re-measured on the union corpus, the four firms hold 4.3% of rows and 75.5% of organizations operate exactly one program, so the firm-concentration claim was withdrawn in full and Test 2 re-anchored on the design and direction findings reported in §4.3 (the same re-measurement confirmed the defense-industrial-base share and the occupation-targeting rate to within six-tenths of a point — 52.2% against 52.8% — which is why the union frame governs). Fourth through sixth entries were added on independent adversarial audit (August 2026): the union commission figure was downgraded from a validated prevalence to an indicator-list size after residual error classes were identified in both directions; the government-host estimate was downgraded to indicative pending the MOU's undefined "agency" boundary (since superseded — see the 3 September entries below); and the FLSA composite's limitations (component mismatch with the prose specification, dependence on a contaminated commission flag for 44 of 155 rows, and a failed union-grain reconstruction) were disclosed alongside the figure rather than behind it. Three further entries were added on 11 August 2026. First, and most consequential to the study's own standard: earlier drafts described this study's Freedom of Information Act requests as "pending." No request had been filed. The register is a drafted program against named custodians; the language is corrected throughout to "drafted and unfiled," and the filing program is reserved to a follow-up study (§5.6). A study that grades a federal program on unverifiable assertions cannot itself make one, and "pending" is unfalsifiable to a reader by construction. Second, the count of organizations unreachable by any state query is corrected from 1,623 to 1,629 — the union total (2,732) less the organizations the state-anchored sweep returns (1,103), a figure reproduced exactly from the source exports; the 59.6% share is unaffected. Third, the defense-industrial-base share is not withdrawn but is restated as self-attested and unvalidated after a consistency test found 197 organizations — 29.4% of those operating more than one program — carrying both True and False values across their own listings (§4.2.4). Three entries were added on 3 September 2026, when this manuscript was brought level with the companion audit as released that day. First, the blank August 2024 MOU release, which §3.3 and §4.5.3 had described as unobtained, has been in the project's holdings since 8 August 2026 alongside a three-vintage comparison of the instrument; both passages are corrected and the corresponding records request withdrawn as satisfied. Second, the indicative name-lexicon estimate of the government-host share in §4.3.4 is replaced by the person-day measurement on the union corpus — 15.6% of

advertised participant time, recomputed from the committed corpus at apply time — which supersedes it. Third, and against this study’s own convenience: §4.5.3 stated that none of seven Air Force Credentialing Opportunities On-Line (AFCOOL) provider clauses was located in the SkillBridge MOU. A full-text search of all three held vintages found two of them present — a three-year time-in-business requirement (§4.1.6) and a non-endorsement clause (§4.2.23, §5.6) — so the passage, Recommendation 8, and the §5.5 preamble are corrected to claim only the commission ban as missing. All three entries share one shape, the one the companion audit’s correction log names most often: an absence asserted before the study’s own holdings had been read. The same pass brought the compliance matrix’s count to the companion audit’s seventeen requirements and its edition citation to September 2026. A fourth entry followed on 4 September 2026, and it is logged against this study’s own process: the copy used as the copy of record for the 3 September edition was found to lack the §4.4.3 passage on the Work Opportunity Tax Credit’s 60-day exclusion (26 U.S.C. § 51(d)(3)(B)), which had been written and verified on 22 August but committed to only one of the two locations the manuscript is kept in; the divergence was caught while placing a citation, not by the check that was supposed to catch it. The passage is restored from the 22 August text and its statutory quotations re-verified against the current United States Code. A manuscript that faults a federal program for keeping its instrument in a place its own oversight does not read had, for a day, done the same. A fifth entry, the same day, closes the three citation flags the literature sweeps had left visible in the text: the reporter citation for *McKay* was located and verified; the text of S. 1976 was read and §4.3.4 rewritten from a disclaimer to a description; and the vendor page’s quoted passages were re-read live and recorded in a capture file, with the absence of a full-page archive stated rather than implied. A sixth entry, before publication, applies §3.6 to the study’s own text: the intermediary whose legal guidance §4.4.5 discusses had been named in the 4 September draft, against the rule that no corpus entity is named in this manuscript; the name and the document’s location are removed, the passage is rewritten as paraphrase, and the document is held on file. The log is cited here as method: a study grading a federal program’s verification practices must itself be verifiable, and its errors publicly costed.

3.6 Ethical Considerations

The study uses exclusively public documents and no human-subjects data; no participant was contacted, and no individual is identified. Two ethics commitments shape the reporting. First, no employer is named in this manuscript. The unit of analysis is program design; specimens are described structurally (size, sector, pattern) because the findings concern what the design permits, not who permits it. Firms lawfully accepting a lawful subsidy are not alleged to have engaged in misconduct, and the manuscript’s language is audited against that rule. Second, procurement structures described in the evidence base (single-offer awards; 8(a) sole-source vehicles) are lawful and routine, and are reported as structure, not impropriety. No participating employer, host organization or corpus entity is named anywhere in this manuscript, and that is an editorial policy of the study rather than a pending step.

A note on this paper’s form. This manuscript uses five-chapter dissertation structure because the structure suits a documentary audit: framework, method, findings, discussion. It is not a doctoral dissertation. The author is a doctoral candidate,

and her dissertation examines an unrelated subject — the alignment of Air Force enlisted professional military education with an external project-management competency framework. The two works share an author and a general interest in competency translation; they share no data, no research question, and no committee. This is stated because the format invites the inference and the audit does not trade on unearned credentials.

Disclosure. Prior to this study the author was a retail customer of one organization appearing in this corpus, having purchased project-management training, credentialing support, and résumé services from it. That organization is not named, consistent with this manuscript’s treatment of every other private entity (§3.6). No finding concerning it rests on that relationship or on any non-public material arising from it; every statement about it in this study derives from the public SkillBridge directory and is reproducible from the committed corpus files.

3.7 Limitations and Delimitations of the Method

The limitations stated in §1.7 apply with methodological specificity as follows. The directory frames are point-in-time snapshots (August 3 and August 8, 2026); listings change, and every distributional figure is dated to its pull. The union corpus is the largest population the site’s own export paths permit, not a census: filters not yet swept could hold listings unreachable by the 87 exports performed, and the reported organization and program counts are therefore floors. The valuation is scenario-bounded because actual duration and grade-mix data are unpublished; the bounds are reported wherever the central estimate appears. Pilot verdicts are date-stamped spot observations with finite-search semantics. The compliance grading is restricted to public evidence by design; provider outcome reports submitted to the Department, command-level decisions, and participant-level records are invisible to it. Requests targeting each are drafted and unfiled, so this study reports only what the public record shows. The FLSA scoring uses observable proxies and is not a legal determination. A further limitation is established by the program’s own governance and is documented in §2.7: the Secretary of War memorandum of June 3, 2026 authorizes supplementary implementation guidance to be issued “outside of the normal ... issuance process,” so any audit constructed — as this one is — by parsing the published issuance corpus cannot observe guidance issued through that channel. The scope of what is thereby invisible is itself unknown, and no inference is drawn from its absence. Delimitations: the study evaluates the program against its own binding instruments and the definitional literature, not against counterfactual designs; Air Force data serve as the worked layer where code-level verification was required, with all-service data used wherever available.

3.8 Summary

The study executed a documentary audit across eight public evidence sources using six pre-specified procedures: full-directory deduplication and concentration measurement, scenario-bounded transfer valuation, three-value compliance grading of contractual and regulatory instruments, live-requisition conversion verification with falsifiable verdict grammar, FLSA primary-beneficiary shadow scoring, and auxiliary earnings and procurement joins. Trustworthiness rests on traceability, triangulation,

an adversarial-replication posture, and a public correction log; ethics commitments confine the analysis to program design and exclude employer naming. Chapter 4 reports the results of these procedures, organized by research question.

Chapter 4: Findings

4.1 Introduction

This chapter presents the study’s findings, organized by research question. Section 4.2 (RQ1) reports the transfer analysis: mechanism, magnitude, and fiscal visibility. Section 4.3 (RQ2) reports the concentration analysis and the program’s structural capping profile. Section 4.4 (RQ3) reports the conditionality analysis in its three layers — presence, enforcement, and verifiability — together with the windfall observations and the regulatory-protection component. Section 4.5 (RQ4) reports the design-modification analysis: the specific mechanisms whose alteration would cause the program to fail each definitional test. Section 4.6 summarizes the findings against the synthesized framework. All figures trace to the committed audit files inventoried in the companion audit (*The Verification Gap*, MissionProof Research, 2026, Appendix B); bracketed bound ranges accompany every scenario-derived estimate.

4.2 RQ1: Transfer of Value — Mechanism, Magnitude, and Visibility

Research Question 1 asked whether the program effects a transfer of economic value from the public to particular private organizations, and if so, of what estimated magnitude and fiscal visibility. The finding is affirmative on all three elements: the transfer is structural, large, and fiscally invisible.

4.2.1 The Transfer Mechanism

The transfer is not incidental to the program’s design; it is the design. Under 10 U.S.C. §1143(e) and DoDI 1322.29, a participating member performs work for a private host for up to 180 days while the Department of Defense continues to pay full salary, allowances, and benefits; the host, by rule, pays nothing. In the vocabulary of §2.10’s framework, this is an in-kind labor subsidy: the government purchases labor at full military compensation and delivers its product to a private firm. The market understands the mechanism precisely, and says so in its own advertising: a national placement intermediary’s employer-facing pitch itemizes the bargain as “*Candidate Salary — \$0, 100% DOD Funded / Employer Cost — \$0 / 180 Days,*” and a sixty-year-old certifying association’s employer-recruitment page urges firms to “*Employ... service members via the DOD SkillBridge program... with no cost to you!*” (both quoted from dated captures in the companion audit’s committed files; organizations unnamed here per §3.6). Two unrelated market actors — a staffing business and a trade association — independently describe the program to employers as free labor. The audit did not supply that characterization; the market did. It continues to: an HR-services vendor’s employer-facing page dated 22 April 2026 tells its customers that

“the federal government pays you to interview a candidate for six months” — “No salary. No benefits. No payroll taxes.” — and adds that “the overwhelming majority of SkillBridge placements convert to full-time offers,” a claim for which no dataset exists (§4.4.2). The vendor is unnamed in the text per §3.6; the page is cited by access date in the References, and the quoted passages are recorded, as read on that date, in a capture file committed with the study’s instruments. The mechanism differs from every instrument in the reviewed subsidy inventories (§2.2) in that no funds move to the recipient — which is precisely what removes it from those inventories’ budget-document methods.

4.2.2 Magnitude

Applying the valuation model of §3.4 (Procedure 2): at published FY2024 participation of 22,000 members, scenario-bounded average durations of 75–135 days, and civilian-equivalent Regular Military Compensation of \$70,000–\$90,000 per year, the annual flow is \$316–732 million, with a central estimate of approximately \$506 million — stated precisely as a *scenario-bounded gross military-compensation exposure across all participants*: the record contains no participant allocation by host type (government hosts participate), no actual durations or grade mix, and no netting for training and supervision costs hosts bear, so the figure bounds the labor delivered into the program, not a measured net benefit received by private firms — roughly \$26,300 per member per 120-day internship, delivered to a single host organization. For calibration against the literature’s benchmarks, this in-kind flow alone would place SkillBridge among the mid-sized line items in the Cato federal corporate-welfare inventories (Slivinski, 2007; DeHaven, 2012), which historically cataloged individual programs an order of magnitude smaller. A vintage correction is required and is made here. The FY2026 budget justification is the publication venue of the FY2024 actual, not a mixed-year figure; the FY2027 justification, issued April 2026, revises participation downward to “approximately 20,000” per year. Two vintage-consistent estimates therefore replace the earlier hybrid. In FY2024 dollars: 22,000 members $\times$ 75–135 days $\times$ \$70,000–\$90,000 yields \$316–732 million, central approximately \$506 million. In FY2026 dollars: approximately 20,000 members $\times$ 75–135 days $\times$ \$75,000–\$95,000, reflecting the 2025 and 2026 pay raises, yields \$308–703 million, central approximately \$490 million — roughly \$27,900 per member per 120-day internship at E-5 compensation. The robustness result is the finding: lower volume against higher unit price returns approximately half a billion dollars under both vintages, and the estimate does not depend on which year’s participation figure is credited.

One further movement in the same document belongs on the record. The “85% job-offer rate” asserted in the FY2026 justification does not appear in the FY2027 justification. It is the only public outcome statistic the program has published, and it does not appear in the following cycle’s justification, and no correction or explanation of its removal was located.

The valuation is conservative in the three respects documented in §3.4: participation is held at the FY2024 published figure, compensation is enlisted-weighted without employer-side benefit loading, and labor is priced at government cost rather than market replacement value — the paid-twin observation reported in §4.4.4 indicates the market price of comparable training exceeds the cost basis.

4.2.3 Fiscal Invisibility

The transfer appears in no budget document and no subsidy inventory. It is executed through military personnel accounts as salaries the government would owe in any case, which is the structure Mettler (2011) identifies as the submerged state: benefits real in economic effect but invisible as spending, and therefore exempt from the scrutiny that attaches to appropriated subsidies. The submersion here is complete in a way Mettler’s fiscal cases are not: the Congressional Research Service reports that total transition-program cost cannot be estimated because the services do not line-item it (CRS R48114, 2024), and the audit’s search of the published subsidy inventories located no entry of this instrument type. That search was repeated against the current Cato inventory for this edition: Edwards (2025) tallies \$181 billion of federal corporate welfare for 2024 across a Table 2 that runs agency by agency, and it contains no Department of Defense line, no Department of Labor line, and no entry executed through personnel accounts — the only military-adjacent item is the State Department’s foreign military financing, a subsidy for export sales of equipment. A transfer of roughly half a billion dollars a year that would qualify under the inventory’s own second category, “federal activities that should be funded by businesses,” is absent from it because the inventory is built from outlays and the transfer produces none. Analysts from the other end of the ideological spectrum reach the same conclusion about the method: de Rugy and DeHaven (2020) caution that many government-granted privileges “do not come with a clear budgetary price tag” and that “government accounting can make programs look free,” so a fixation on the tallied cost understates the phenomenon. This study’s valuation should be read in that spirit — the half billion is the doorway to the finding, not the finding itself, which is that nobody can say what the public received for it. To the best of a documented finite search, the valuation reported in §4.2.2 is the first pricing of this transfer to appear anywhere.

4.2.4 The Defense-Industrial-Base Share

For the 52.2% of directory programs flagged as Defense Industrial Base — and the cyber/intelligence cluster specifically — the host also receives, without funding it, access to a security clearance adjudicated at public expense. A direct measurement of the directory refines the share: 2,220 of 4,255 union-corpus programs — 52.2% — carry the defense-industrial-base flag (52.8% in the state-anchored census; the share is stable across a 2.79× corpus expansion).

The flag is self-attested by the applicant and validated by no instrument, and the audit’s own consistency test shows it is unreliable at the margin. Across the union corpus, 197 organizations — 29.4% of those operating more than one program — carry both True and False values across their own listings, including a documented case in which the same host, at the same point-of-contact email address, appears with both. Defense-industrial-base status is an attribute of a firm, not of a job; at least one flag in each such pair is therefore wrong. Every DIB figure in this study is accordingly a count of what applicants entered, not a measurement of what the defense industrial base contains, and is reported on that basis throughout. The share’s stability across a 2.79× corpus expansion establishes that the entry behavior is consistent; it does not establish that the entries are correct.

A June 2026 policy change converts that share from a descriptive statistic into an operative one. The Secretary of War’s memorandum establishing the Department of War Project Patriot Pipeline directs that “Service members in the last 180 days of their service who request SkillBridge participation within the DIB will be approved by the Military Departments,” which “should disapprove requests only where approval would impact the critical readiness and operational needs of the Military Service concerned.” The instrument thereby establishes a presumption of approval scoped to an industrial sector.

The significance for this study’s classification is direct and, within the corporate-welfare literature, unusual. Until June 2026 the transfer documented in §4.2 was an unconditioned in-kind flow whose *volume* to any particular sector was an emergent property of which firms happened to list. The memorandum makes the volume a matter of policy: the state now undertakes, in writing, to supply labor to a named industry unless readiness forbids it. Where §4.3 grounds particularity in program design and market composition rather than in firm-level concentration — an observed pattern — this finding locates particularity in the governing instrument itself, which is the stronger form. The subsidy is no longer merely *received* disproportionately by the defense industrial base; it is now *directed* there by a Secretary-level instrument, while the 47.8% of programs outside the flag retain the prior discretionary posture.

Test 1 is satisfied. The program transfers economic value to private firms through an identified mechanism, at an estimated half-billion-dollar annual magnitude, with zero fiscal visibility.

4.3 RQ2: Particularity — Design, Direction, and Distribution

Research Question 2 asked to what extent the program’s benefit concentrates among identifiable firms rather than distributing generally. The finding is in three parts, and the first is negative: it corrects a finding an earlier draft of this study reported otherwise: measured on the union corpus, the marketplace exhibits no firm-level concentration. Particularity nonetheless holds, on grounds the framework ranks as stronger than an observed market share: the program’s design contains no mechanism that could limit any host’s draw on the subsidy (§4.3.2); a Secretary-level instrument now directs the benefit toward a named industrial sector comprising 52.2% of programs (§4.3.3); and the organizations operating the most programs are drawn disproportionately from the two host populations — government agencies and placement intermediaries — to which the program’s sole outcome warranty least applies (§4.3.4).

4.3.1 The Distributional Finding, and a Correction

An earlier draft of this study reported that 38% of the advertised marketplace resolved to nine programs operated by four national firms. That figure was computed at the state-availability row grain — the presentation layer, where a multi-state organization’s listings are returned once per state — and it is arithmetically true of that layer and only of that layer. Re-measured on the union corpus (7,826 rows; 4,255 programs; 2,732 organizations), the same four firms hold 4.3% of rows; the largest single organization holds 2.5% of rows and 0.8% of programs; the top ten organizations together hold 12.7% of rows and 5.0% of programs; and 2,062 of 2,732 organizations —

75.5% — operate exactly one program. The firm-concentration claim was withdrawn in full and is logged (§3.5). What survives of it is a statement about the browsing surface, defensible at its true grain: a member browsing a single state’s listings sees the location arithmetic of multi-state operators — density that is depot count — while the marketplace’s 2,062 single-program organizations sit distributed and individually invisible behind them.

The favorable reading of the corrected distribution should be stated first, and at face value: a long tail of 2,732 organizations, three-quarters of them operating a single program, is the opposite of capture. It is what a genuinely broad, low-barrier marketplace looks like, and it is evidence that the program reaches small and local employers no subsidy inventory would predict. The distribution does not decide Test 2, however, because particularity under the framework (§2.10) was never a question of market share alone: a benefit is particular when identifiable recipients can draw it without limit, on terms not generally available — a property of design, not of observed shares. Nor is the corrected distribution reassuring in the way breadth usually is. A subsidy dispersed across 2,732 unconditioned hosts is harder to verify than one concentrated at four, not easier: there is no small set of large actors on whom conditioning could be imposed cheaply. The finding became weaker in one dimension and broader in a costlier one.

4.3.2 The Uncapped Entitlement Structure

Examination of the governing instruments (Procedure 1) located no per-firm intake ceiling, no aggregate program budget, and no competitive allocation mechanism. The MOU imposes a minimum — not maximum — annual candidate intake by organization size. A firm may host unlimited members across unlimited sites, subject only to maintaining authorized status. On the member side, by contrast, the benefit is tightly capped: one permitted use, with duration ceilings that vary by service and rank (60–180 days) and have been reduced by multiple services citing readiness. The asymmetry is the finding: SkillBridge is an *uncapped entitlement to firms triggered by member recruitment* — the structure the economic-development literature associates with the weakest public returns (Peters & Fisher, 2004), because it subsidizes intramarginal participation without limit. Demand-side corroboration appears in the program’s own history: the Department paused new civilian employer intake in July 2023, citing overwhelming popularity — an administrative improvisation substituting for the allocation mechanism the design lacks.

4.3.3 Sectoral Direction: The 52.2% and the Presumption

Firm-level concentration fails on the union corpus; sectoral concentration holds. 2,220 of 4,255 union programs — 52.2% — carry the self-attested defense-industrial-base designation, within six-tenths of a point of the state-census figure — a stability that establishes consistent entry behavior rather than accurate entry (§4.2.4). The June 2026 memorandum documented in §4.2.4 converts that composition into direction: SkillBridge requests within the DIB are to be approved absent readiness impact. Particularity toward a named sector is thereby written into a governing instrument — the documentary form of the property Test 2 measures, and one that does not depend

on any observed share at all. The subsidy is not merely received disproportionately by one sector; it is directed there in writing.

4.3.4 The Composition of the Top Tier

Sorting the union corpus by programs per organization and examining who actually operates the most programs yields the section's structural finding. Of the thirteen organizations operating fourteen or more programs each (the cutoff is stated because a tie sits at it), six are government bodies — two federal law-enforcement components, one federal cybersecurity agency, one state workforce agency, and two Department of Defense activities hosting transitioning members inside the Department itself; three are placement intermediaries, organizations that hold the program agreement while the member's labor is performed at client companies no public instrument names; one is a state-created third-party administrator whose twenty-two listings each name a different host entity; two are educational institutions; and one is a private defense manufacturer — the only conventional single-site employer in the tier. None of the four multi-state firms of the withdrawn concentration claim appears in it.

The composition matters to the framework for a precise reason. The 2025 revision of the program's Memorandum of Understanding exempted government agencies from the 75% qualifying-offer requirement — the program's only outcome warranty. The exemption's reach has been measured on the same corpus, in participant time rather than by name. Classifying every advertised program by its published point-of-contact domain, the union corpus advertises 369,000 person-days across the 2,836 programs that state a duration (each taken at the top of its stated bucket; "Under Review" programs are never imputed), and 57,660 of those days — 15.6% — sit with hosts whose contact domain is .gov or .mil: 550 programs at 249 organizations. The figure is a floor: state and municipal bodies routinely post from commercial domains, and counting an organization as governmental if any of its listings uses such a domain raises the share to 16.1%. The MOU does not define "agency," so which of these hosts the exemption actually reaches remains unresolved on the instrument's face (public education, contractor-operated laboratories, and state bodies that are agencies in every ordinary sense); what the measurement establishes is that roughly one advertised participant-day in six, and the population most represented at the top of the program-count distribution, sit with hosts that no longer warrant an employment outcome at all. This measurement supersedes the preliminary name-lexicon estimate an earlier draft of this study carried, which is withdrawn. The government-host population may be about to grow in a direction the exemption question makes pointed: S. 1976, the "Skillbridge Congressional Fellowship Act of 2025" (Cruz, cosponsored by Rosen; introduced 5 June 2025), would amend 10 U.S.C. § 1143(e) to authorize fellowships in "the personal office of a Member of Congress; a leadership office of the Senate or the House of Representatives; or a committee or subcommittee of Congress," capped at 180 days and at one member per office at a time, with the host office's approval, an orientation by the Assistant Secretary of Defense for Legislative Affairs, and a notification to that office of each participating member. The bill's text, read for this study, contains no reporting, outcome, or data provision of any kind. It would place the legislature itself among the hosts, on the instrument's existing terms, and it asks of a congressional office exactly what the marketplace asks of a firm: nothing after

day 180. Its prospects are not assessed here; it is the design, not the bill, that is the specimen. The intermediaries, for their part, satisfy the instrument's terms while the subsidized labor flows to organizations the public record cannot identify, a compliance structure examined at length in §4.4. Olson's (1965) prediction (§2.3) is thereby confirmed at the organization level rather than the firm level: the framework predicts that the most organized beneficiaries accumulate the most benefit, and the most organized actors in this marketplace prove to be not the largest private employers but the agencies exempt from the warranty and the intermediaries whose entire enterprise is the subsidy. The theory's prediction held; the population an earlier draft named for it was wrong.

4.3.5 What Test 2 does and does not establish

A boundary must be stated before the verdict, because the strongest objection to the re-anchored test is a measurement objection: directory program cards are not participants, placements, labor hours, or subsidy dollars. Nor, it must now be added, are they a reliable count of employers. Two observations bound the organization grain itself. First, a single card may hold many employers: one state workforce agency's card carries eighteen programs across fifteen distinct host employers — fourteen of them organizations other than the agency itself — identifiable only because the listings' point-of-contact addresses resolve to fifteen different domains, three of which carry two programs each; a state veterans agency's card carries twenty-two programs whose titles name other entities entirely. Both are third-party administrators, and the directory has no field that distinguishes an administrator from a host. Second, and in the opposite direction, employers advertising SkillBridge placements were located that do not appear in the corpus at all — several of whose postings name an intermediary fellowship program as the routing mechanism, that intermediary being itself a listed organization holding three programs. The organization count is therefore an undercount of participating employers where administrators aggregate them, and an overcount of distinct hosting relationships where intermediaries hold the agreement. Neither direction is measurable from the published fields. The 52.2% DIB share, the top-tier composition, and the long-tail distribution all describe the *advertised marketplace*, and no public instrument reports the distribution of actual members or value across hosts — the Department does not publish it, and GAO found the services do not consistently collect it. This study therefore does not claim to have measured benefit concentration at the participant or value grain; it claims that the test's empirical leg *cannot be run from public data*, which is itself a Test 3 finding, and that the legs that can be run documentarily — no per-firm cap, no budget, no allocation mechanism, and a Secretary-level instrument directing approval toward a named sector — are satisfied on the instruments' own text. Test 2 as operationalized in §2.10 (structural capping and instrument-level direction alongside concentration measurement) is met on its documentary legs; readers who reserve "particularity" for a demonstrated distribution of realized benefit should read this test as establishing *structural particularity with the distributional verification unavailable by design* — and should note that a government agency host, while not a private firm, occupies marketplace capacity under the same uncapped design the test examines.

Test 2 is satisfied on its documentary legs — design and direction — with card-grain composition as corroboration and the participant-grain distribu-

tion unmeasurable from public data. The benefit may be drawn without per-firm limit under a design with no budget and no allocation mechanism; it is directed by a Secretary-level instrument toward a named sector holding 52.2% of programs; and it accumulates most heavily in host populations outside the effective reach of the program’s outcome warranty. What the union corpus refutes — and this study states plainly, having previously reported otherwise — is concentration among identifiable private firms.

4.4 RQ3: Conditionality — Presence, Enforcement, Verifiability

Research Question 3 asked to what extent the program’s conditioning mechanisms are present in governing instruments, enforced in practice, and verifiable from the public record. This is the decisive test under the framework, and the finding is categorical: the conditionality is fully present on paper, and its verified operation is zero.

4.4.1 Presence: The Paper Conditionality Is Real

The August 2024 MOU (Source 2) contains genuine conditioning warranties. Every host organization (government agencies excepted since the 2025 revision) signs an instrument warranting that 75% or more of program completers receive “a qualifying offer of immediate post-service suitable employment” (with 85% as the stated performance goal); that the provider offers “a high probability of post-service employment” (also a binding “must” in DoDI 1322.29); that members receive “neither compensation nor gifts” and incur no direct financial costs, including training fees, certifications, and licensure; that providers report 90- and 180-day employment outcomes, including starting salary, to the Department (collection from FY2025); and that programs respect the 180-day ceiling. As instrument text, this is a conditioning regime stronger than many the incentive literature reviews: an outcome warranty, a reporting obligation, and a termination clause. Had the study found these clauses absent, Test 3 would be trivially satisfied; instead the program presents the analytically sharper case of conditionality that exists and does not operate.

4.4.2 Enforcement: No Verified Operation

Against the paper regime, the public record shows the following. No sourced, cohort-resolved outcome dataset was located — the sole published outcome figure is the FY26 budget justification’s unsourced “85% job-offer rate” — although the reporting obligation has been contractual since August 2024 and collection was to begin in FY2025. The GAO found the services do not consistently collect or analyze even participation data (GAO-24-107352, 2024), with all seven recommendations open. The Department’s FY2026 budget justification asserts an “85% job-offer rate” whose source and methodology are undocumented and, per the GAO’s findings, rest on data the services do not systematically collect. The assertion’s provenance is not documented in any public source located, and is the first item in the study’s drafted, unfiled records register. No public record of any MOU enforcement action, termination for outcome non-performance, or compliance verification against any provider was located (finite-search language per §3.1). The newest congressional instrument continues the pat-

tern: the FY27 House NDAA (H.R. 8800, reported June 2026 — pending legislation, not law) orders a Comptroller General *study* of the program — including, for the first time, the selection of employers and the development of contracts — reporting two years after enactment, while the 2024 recommendations remain open and the reporting obligation remains unpublished. In the seventeen-requirement compliance matrix (Procedure 3; fifteen from the transition instruments, two from DoDI 8170.01), every requirement gradeable today from public evidence grades NOT MET or NOT DEMONSTRABLE; none grades MET.

4.4.3 Verifiability: No Instrument in Which Compliance Could Be Shown

The deeper finding is the third layer. The public directory — the program’s sole public instrument — carries no field in which compliance with any MOU warranty could be demonstrated: no outcome rate, no cohort count, no verified-hire indicator, no conversion history. Facial-consistency checks (Procedure 3, reported at the state-anchored census grain per §3.3 except where noted) found the directory inconsistent with the instrument’s terms at the listing layer: 87% of programs silent on employment outcomes in either direction; six “paid internship” listings and fourteen stipend or housing offers against the no-compensation clause; live listings enumerating member-paid fees, licensure, and equipment against the no-cost clause; and durations stated beyond the 180-day ceiling on nineteen census listings — a count that grows to forty-seven programs on the union corpus. These are consistency findings, not breach determinations (§3.1, Rule 4) — and that distinction is itself the finding: the design provides no instrument by which the distinction could ever be resolved.

The comparison with the literature’s best-studied employer subsidy locates the result. The Work Opportunity Tax Credit — routinely criticized as corporate welfare — conditions payment on a *verified hire*: no employment, no credit; and even so, Hamersma (2008) found much of its benefit flowed as windfall, and Jain, Mommaerts and Weaver (2026) now find at least 97% of its subsidized hires inframarginal, with null effects on employment and earnings. SkillBridge inverts the structure: the subsidy (the member’s labor) is delivered first and unconditionally, and the promised consideration (a job offer) is never checked. The program is conditioned more weakly than the programs the literature already condemns.

And the comparison is sharper than a ranking, because the conditioned instrument does not reach this population at all. The Work Opportunity Tax Credit defines a “veteran” as an individual certified as “*not having any day during the 60-day period ending on the hiring date which was a day of extended active duty in the Armed Forces,*” where extended active duty is “*a period of more than 90 days during which the individual was on active duty (other than active duty for training)*” (26 U.S.C. § 51(d)(3)(B)). A SkillBridge placement is active duty, is not active duty for training, and runs up to 180 days. A host that converts a participant at separation is therefore hiring inside the 60-day exclusion, and the individual is not a qualified veteran for WOTC purposes. The bar is not permanent — it lifts sixty days after the last day of extended active duty — but it falls precisely on the conversion the program’s own 75% outcome warranty asks the host to perform. To claim the conditioned credit, a host would have to leave the member unemployed for two months first.

The consequence for the classification is narrow and worth stating exactly. No claim is made in this study that hosts stack the two subsidies; on these facts the

immediate conversion forecloses the credit. What the statute establishes is the shape of the comparison: the transfer Congress conditioned — on state workforce agency certification, on IRS Form 8850 filed within 28 days of hire, and on a minimum hours-worked threshold before any credit vests — is unavailable for the SkillBridge hire, while the far larger transfer, the member’s labor itself, is conditioned on nothing and requires no filing of any kind. The instrument with the paperwork is the one that does not apply.

That benchmark has since lapsed on its own terms. Section 51(c)(4)(B) excludes from creditable wages “*any amount paid or incurred to an individual who begins work for the employer after December 31, 2025,*” and no extension had been enacted as of this writing. The literature’s standard target for employer-subsidy criticism is, at the date of this study, expired; the unconditioned transfer documented here is not, has no expiration, and has never had one. The asymmetry is not confined to the tax code. The policy tradition that regards conditionality as the decisive ingredient of a successful transfer to *individuals* — work requirements, verified employment, benefits withdrawn on non-performance — continues to defend that position in current commentary (Winship, 2026, a commentary piece rather than a study, cited for the position it states) while presiding over a transfer to *firms* that carries none of it; Pilat (2026) makes the same observation from the welfare-theory side with Bolsa Família. The public’s transfer to the member is conditioned; the public’s transfer to the host is not.

4.4.4 The Windfall Diagnostic Confirms

The predictive diagnostic (§2.10) was checked against the pilot’s observational evidence (Procedure 4). In the fifteen-host stratified pilot, five hosts had live paid openings for the trained role, five were unverifiable, and five — one-third of the sample — had no discoverable paid analogue of the role their internship trains on the stated dates at the stated sources.

The five patterns specified in advance (§3.4), each reported on its own terms. Each was observed at least once, with a dated, URL-cited specimen in the companion audit’s evidence table. None is reported as a prevalence: a fifteen-host pilot cannot support one, and the verdict grammar is spot observation (§3.1).

1. **The trained role exists only as the SkillBridge listing itself — observed.** At one host the trained title appeared on job boards only as the unpaid SkillBridge listing (*Verification Gap IV.4*).
2. **The host is structurally unable to employ the role — observed.** One training provider advertised a “\$140-160K” certified-assessor career while its own site states that such assessments are performed by authorized third-party organizations, which it is not; it publishes no careers page (*Verification Gap IV.4*).
3. **Host size implausible for absorption — observed.** A five-person brokerage carried nine directory listings, including unpaid staff-function roles — automation, content, and executive-assistant positions serving the founder — for which no plausible payroll exists (*Verification Gap IV.5*).
4. **Pitch pay contradicts the host’s own postings — observed.** One host pitched “\$100,000-150,000” installer earnings against its own postings’ guaranteed \$18.00-\$27.50 per hour, the six figures contingent on bonuses reached

after a multi-year progression (*Verification Gap* IV.3, IV.5). This study's correction of an earlier, narrower reading of that same specimen is logged at §3.5.

5. **The paid twin — observed.** One host operates a paid four-to-six-week civilian training program covering substantially the content its SkillBridge listing offers unpaid for up to 180 days, the subsidy running roughly fourfold the duration the host itself prices (*Verification Gap* IV.4).

Windfall proper. Two results speak to the diagnostic's own terms (\$2.10) rather than to the *no-job-behind-it* question. Five of the fifteen hosts maintained live paid pipelines for the identical role — hosts for whom the subsidy substitutes for recruiting expenditure already being made, which is the Hamersma (2008) pattern in its most direct form. The paid twin then prices that duplication in the host's own numbers.

A separate structural tier, not a pilot signature. Directory classifier work — not the pilot — identified programs channeling members toward commission-only, 1099, or business-ownership destinations in which the “job” carries no wage: 116 census programs and 212 union programs by successive classifiers, both carried as indicator-list sizes rather than validated prevalence, each list showing identified error classes on review, with specimen-level verification standing. It is the limiting case of the design, in which the public subsidizes a firm's recruitment of unpaid labor into an income-risk-bearing sales force, and it is reported here as a directory finding rather than a windfall signature.

4.4.5 The Regulatory-Protection Component

Scored against observable proxies for the *Glatt/Fact Sheet #71* primary-beneficiary factors (Procedure 5, at the 1,527-program state-anchored census grain), 155 programs — roughly one in ten — carry four or five of the saved score file's risk indicators. Three limitations are stated with the figure rather than behind it: the saved score's fifth component differs from the prose specification (a commission-destination flag rather than the stated staff-function proxy); 44 of the 155 depend on a census commission flag with identified false-positive classes; and a union-grain reconstruction from the prose specification alone returned 1.2%, not 10.2% — so the figure is carried as saved-score arithmetic pending recovery or rebuild of the original scoring instrument. The indicators: productive work displacing paid labor, no educational structure, durations far beyond a learning period, no employment pathway, unpaid staff-function roles. Outside the program's statutory umbrella, arrangements with this profile would invite FLSA scrutiny; inside it, they are federally advertised on a government marketplace. The protection is not merely inferred from statutory silence. Department of Labor Opinion Letter FLSA2019-14 (7 November 2019), issued to a construction contractor on federal projects, holds that SkillBridge participants are interns rather than employees of the host under every applicable primary-beneficiary factor, and further that the Davis-Bacon Act, the Service Contract Act, and the Contract Work Hours and Safety Standards Act are all inapplicable — the member receives no compensation from the contractor and is “employed by the Department of Defense.” The carve-out is therefore an explicit Administrator interpretation, on which materially identical arrangements may rely under §10 of the Portal-to-Portal Act, rather than an inference from an absence.

Two features of the letter matter to this study. First, it adds a prevailing-wage dimension to the transfer identified in §4.2: on federal contract work, SkillBridge labor sits outside the wage floors that would otherwise govern, so the taxpayer pays the member's wages through personnel accounts *and* pays the contract price for work the member helps perform, with prevailing-wage law switched off. Given the 52.2% (union-grain) self-attested defense-industrial-base share measured in §4.2.4, this is not a marginal population — though the share's composition, like the flag itself, rests on unvalidated applicant entry. Second, and decisively for the conditionality analysis, the letter's own limits mark the boundary of the shield: it reasons "based exclusively on the facts you have presented," conditions its conclusions on "compliance with the DOD rules," assumes a classroom-and-shadowing structure at Factor 2 and proportionate duration at Factor 5 — and at Factor 6, displacement, defers to the Department's rules and military oversight. The Department of Labor assumed the verification that §4.4.2 finds is not performed. Reliance protection extends to materially identical facts; it therefore covers the program's design and not the decile that departs from it — which is precisely the decile scored below.

An intermediary's published legal guidance to its host employers describes the shield in the intermediary's own terms (a 2024 document, on file with the author; the intermediary is unnamed per §3.6). It advises hosts that participants are employees of the Department rather than of the host, that wage-and-hour exposure for an active-duty participant is far lower than for a civilian intern, and that injuries on placement are service-connected, so the host carries no workers'-compensation exposure. It then addresses the prevailing-wage problem the opinion letter creates on federal work: participants' hours cannot be billed to federal contracts, so a participant should shadow staff who are incurring billable hours or work on internal projects not charged to clients. The guidance contains no statement about hiring obligations. Read beside FLSA2019-14, it is the regulatory-protection component operating as designed: the intermediary that holds the agreement advising the firms that receive the labor on how to keep it off both the payroll and the contract ledger, with nothing in the advice about what the member is owed at the end.

For its worst-conditioned decile, the program therefore functions as the fourth canonical form of corporate welfare (§2.2): a regulatory protection — an exemption from rules binding competitors who pay their trainees — delivered with a federal marketing channel attached, and now, for the majority sector, with an approval guarantee attached as well.

Test 3 is satisfied, at every layer. Conditioning requirements are present in the instruments, unenforced in any publicly evidenced instance, and unverifiable by design; the windfall the literature predicts for this configuration is independently observed.

4.5 RQ4: The Design-Modification Analysis — What Would Defeat the Classification

Research Question 4 asked what program-design modifications would be required for the program to fail the definitional tests — to operate as a verified workforce investment. Because the framework's tests are mechanism-specific, the answer can be stated as a mapping from each test to the design change that defeats it. The finding of this analysis is the study's most consequential: the program's classifica-

tion as corporate welfare is entirely repairable, and every repair mechanism already exists in its instruments.

4.5.1 Test 3 Is the Load-Bearing Test

Test 1 cannot realistically be failed without abolishing the program: the labor transfer is the statutory design. Test 2's design profile could be moderated (per-firm caps, competitive allocation, revisiting the sectoral presumption) but particularly alone would not sustain the classification if conditionality were verified — a directed *conditioned* subsidy is an investment with chosen contractors. The classification therefore rests on Test 3, and the design-modification analysis concentrates there: SkillBridge is corporate welfare because, and only so long as, its conditionality is unverified.

4.5.2 The Modification Set

Six modifications, none requiring legislation, would individually weaken and jointly defeat the Test 3 finding; two further modifications address Test 2's structural profile. Each corresponds to a mechanism graded in §4.4:

1. **Verified outcome measurement (defeats the enforcement layer).** Per-cohort outcome reporting — offer made, hired, starting salary — enforced under the MOU's existing obligation and published per listing. This is the keystone: every other conditioning clause becomes enforceable once outcomes are measured. The mechanism exists (the FY2025 reporting obligation); the modification is enforcement and publication.
2. **Job-existence verification at listing (defeats the windfall mechanism).** Require an active requisition or stated intended-hire count as a listing condition; condition renewal on conversion history. This converts the pilot's five predictive patterns (§4.4.4) from audit findings into intake screens.
3. **Published compliance fields (defeats the verifiability layer).** Add to the directory the fields in which MOU compliance could be demonstrated — outcome rates, cost attestations, duration validation. A "will" statement with an evidence field is auditable; the current design's NOT DEMONSTRABLE tier exists because the fields do not.
4. **Destination pay-band disclosure.** Repairs the price-signal absence documented at 1.2% (census grain) and 1.4% (union grain) (*Verification Gap IV.3*).
5. **Structured occupation targeting and enforced taxonomy (repairs the 87.9% targeting silence — the complement of the 12.1% of union-corpus programs that name a parseable occupation code (*Verification Gap IV.2*), and not to be confused with the separate 87% silence on employment outcomes at §4.4.3 and the opacity tier).**
6. **Termination-clause operation (activates the existing remedy).** Public, periodic enforcement reporting under the MOU's termination provisions.
7. **Per-firm intake caps or competitive allocation (moderates Test 2).** A ceiling or allocation mechanism would convert the uncapped entitlement into a bounded procurement of training capacity.

8. **One-card-per-organization presentation (repairs the browsing surface)** by ending the per-state multiplication of listing rows, behind which the marketplace’s 2,062 single-program organizations — 75.5% of all hosts — are individually invisible on any state page.

4.5.3 The Conversion Property

The modification set is not hypothetical drafting. The Department has already written it — for a smaller program.

The AFCOOL program funds credential preparation and examination for serving members, at a \$4,500 lifetime cap per member, paying the training vendor directly. Its provider Memorandum of Understanding — Attachment 6 to the AFCOOL Handbook — imposes on each vendor: a requirement to certify two or more years in business with State and local business licenses produced; a prohibition on “any commission, bonus, or other incentive payment” tied to enrollment; a price-parity clause requiring that costs charged to program participants “not exceed the rate charged to nonmilitary participants”; a bar on automatic renewals and credential bundling; submission of a completion certificate or grade within five calendar days; itemized disclosure of tuition, fees, and materials in the program’s academic-institution portal; and a prohibition on the vendor suggesting DoD or Department of the Air Force endorsement of its products in any advertising.

Two of those provisions have analogues in the SkillBridge Memorandum of Understanding, and the rest do not. The MOU requires that providers be “established as a business for a minimum of three years” (§4.1.6; federal, state and local government excepted) and bars them from suggesting or implying DoD “sanction or endorsement” of their products or services by reason of participation (§4.2.23; §5.6). No commission or incentive-payment ban, price-parity clause, anti-bundling rule, completion-reporting deadline, or itemized cost disclosure was located (finite-search claim per §3.1: the full text of the August 2024 blank release and of the 2025 and 2026 signed instances, searched on 3 September 2026). An earlier draft of this study stated that none of the seven was located; that was wrong for two of them, and is corrected here (§3.5). The comparison still forecloses the standard objection to the modification set. The claim that vendor accountability of this kind is impractical at federal scale cannot be sustained when the same Department, for the same population, in a program moving less than a fifth as much value per participant, imposes a tenure bar, a commission ban, price parity, an anti-bundling rule, a five-day reporting deadline, itemized cost disclosure, and an anti-endorsement clause. The absence of the remaining provisions from the larger instrument is therefore a drafting choice, not a capability limit — the tenure bar and the endorsement prohibition have in fact already been ported, which is the proof — and the commission ban is portable without modification, since it does not depend on the vendor selling a product.

A boundary is owed to the comparison. The two instruments do not govern identical transactions: AFCOOL purchases a discrete deliverable — a course and an examination — from a commercial vendor, which is a clean procurement shape with an obvious unit of accountability, while SkillBridge places a member inside an employer’s operation, where the deliverable is experience and the host sells nothing. Writing a five-day deliverable for the latter is genuinely harder. That difficulty explains the absence of Modification 1’s exact form; it does not explain the absence of

the commission ban.

The modification set has a second property worth stating as a finding: it is *cheap relative to the transfer it conditions*. Modifications 1–6 are form-validation and enforcement changes executable under existing contract vehicles; none alters the statutory design, the member benefit, or the host’s fundamental bargain. At a marginal cost of data collection and publication, the identical half-billion-dollar annual flow would be exchanged for verified member outcomes — at which point the program fails Test 3, and with it the definitional classification. In the framework’s terms: the difference between the corporate-welfare classification and a performance-verified workforce investment is not the program’s size, its beneficiaries, or its statute; it is whether anyone checks. Chapter 5 develops the policy form of this finding.

4.6 Summary of Findings

Against the synthesized framework of §2.10: Test 1 (transfer) is satisfied — an in-kind labor subsidy of approximately half a billion dollars per year (\$316–732M, central $\approx$ \$506M in FY2024 dollars; \$308–703M, central $\approx$ \$490M in FY2026 dollars), invisible to every budget document and subsidy inventory, and directed by a Secretary-level presumption toward the defense-industrial majority of the marketplace, which additionally receives publicly adjudicated clearance access this study does not price. Test 2 (particularity) is satisfied — not by firm-level market share, which the union corpus refutes and this study has withdrawn and logged, but by design, direction, and composition: no per-firm cap, no budget, and no allocation mechanism; a Secretary-level presumption directing the benefit toward the defense industrial base, which holds 52.2% of programs by self-attested flag (unvalidated, and internally inconsistent for 29.4% of multi-program organizations — §4.2.4); and a top tier of program operators drawn disproportionately from government agencies exempt from the outcome warranty and intermediaries whose compliance is structurally unverifiable. Test 3 (conditionality) is satisfied at all three layers — the conditioning warranties are present on paper, no public evidence shows any of them enforced, no instrument exists in which compliance could be demonstrated, and the windfall the literature predicts for unconditioned subsidies is directly observed, including the paid-twin specimen and a commission-tier limiting case. The regulatory-protection component adds the fourth canonical form for the highest-risk decile of listings. The RQ4 analysis finds the classification fully repairable: a defined modification set — anchored by enforcement of the outcome-reporting obligation the program already imposes — would defeat Test 3 and convert the subsidy into a verified investment. Chapter 5 interprets these findings against the literature, addresses objections, and presents implications and recommendations.

Chapter 5: Discussion, Implications, and Recommendations

5.1 Introduction

This chapter interprets the findings of Chapter 4 against the literature reviewed in Chapter 2, addresses the principal objections to the study’s classification, states implications for theory, policy, and practice, presents recommendations, identifies directions for future research, and concludes. The chapter’s organizing claim, developed across its sections, is that the study’s findings are simultaneously a classification and a repair manual: the same framework that identifies SkillBridge as corporate welfare specifies, mechanism by mechanism, what would make it something better.

5.2 Interpretation of Findings Against the Literature

5.2.1 The Classification Holds, and the Literature Predicted Its Texture

Measured against the standard taxonomies (§2.2), SkillBridge as currently governed is an in-kind, submerged, unconditioned labor subsidy — with a regulatory-protection component for its highest-risk decile. Each qualifier is carried by a Chapter 4 finding: *in-kind* by the transfer mechanism (§4.2.1); *submerged* by the complete fiscal invisibility of a half-billion-dollar annual flow (§4.2.3); *unconditioned* by the three-layer conditionality result (§4.4); and the regulatory-protection component by the FLSA shadow decile (§4.4.5).

What merits interpretive emphasis is not merely that the program satisfies the tests but that its observed pathologies are the ones the theoretical literature predicted for this configuration, specified in advance (§2.3, §2.10). Olson (1965) predicts that benefit accumulates with the most organized beneficiaries; the audit initially mislocated that prediction at the firm level, withdrew the finding when the union corpus refuted it, and then found the prediction confirmed with greater precision at the organization level — the top of the program-count distribution is occupied by government agencies exempt from the outcome warranty and by intermediaries whose entire enterprise is the subsidy, the two most organized actor types in the marketplace (§4.3.4). Peters and Fisher (2004) associate uncapped, unverified entitlement structures with the weakest public returns; the audit found the entitlement uncapped on the host side, capped only against the member. Hamersma (2008), Jain, Mommaerts and Weaver (2026), and Bartik (2019) predict windfall wherever payment precedes unverified performance — the 2026 WOTC evidence finds it even where payment nominally follows a verified hire; the audit observed the windfall signatures directly — including the paid-twin specimen, in which the market price of the subsidized training is visible on the host’s own job board at roughly one-fourth of the subsidy’s duration. Stigler (1971) predicts that programs will function as regulatory shelter for the arrangements least defensible outside them; the audit’s shadow scoring located that decile. The convergence of predicted and observed structure — including the one instance in which re-measurement forced the study to relocate a prediction to its correct level rather than abandon it, in the open and on the log — is the study’s strongest internal-validity argument: the framework did not merely label the program post hoc; it anticipated its shape, and it survived the audit’s own correction.

5.2.2 The A Fortiori Position Relative to WOTC

The study's most consequential comparative finding (§4.4.3) deserves restatement in the literature's terms. The corporate-welfare debate's usual burden is to show that a conditioned program leaks — that WOTC pays for hires that would have happened anyway (Hamersma, 2008), that development incentives pay for plants that were coming regardless (Bartik, 2019). SkillBridge presents the rarer, cleaner case: a program conditioned *more weakly than the literature's standard targets*, delivering its full value before any performance, with settlement never enforced and no instrument in which performance could be shown. The classification therefore does not depend on contested counterfactual estimation, as windfall findings ordinarily do; it follows from instrument design, which is documentary and undisputed. Where the incentive literature must estimate what fraction of subsidized behavior was inframarginal, this study need only observe that no one has ever checked — and that the checking apparatus does not exist.

5.2.3 The Extension of the Submerged-State Framework

Theoretically, the study's contribution to the Mettler (2011) and Faricy (2015) line is the identification of a submergence stratum below the tax expenditure: the personnel-account in-kind transfer, which produces no outlay increment, no tax score, and no inventory entry, and is therefore invisible not only to citizens — Mettler's concern — but to the fiscal-instrument methods of the subsidy literature itself (§2.5, §4.2.3). The finding suggests a general audit principle: subsidy inventories built from budget documents systematically under-count transfers executed through the government's factor payments — labor delivered, facilities shared, data conferred — and a complete accounting of corporate welfare requires auditing what the government *delivers*, not only what it *disburses*.

A second interpretive point follows from the comparative-political-economy reading in §2.2. Bulfone, Ergen and Kalaitzake (2023) argue that an unconditional transfer signals state weakness relative to business even where it looks like vigorous state activity, because the state is inducing firms to perform their ordinary functions without directing them. The June 2026 presumption of approval (§4.2.4) reads, on its face, as industrial policy: a Secretary directing labor toward a named sector. On their account it is the opposite — a Department that needs the defense industrial base staffed, and that has no instrument by which to condition the labor it supplies, resolving the problem by supplying more of it, unconditioned, by presumption. The instrument that looks most like state strength in this program's history is the one that most clearly reveals the dependence.

5.3 Objections Considered

Five objections to the classification warrant direct treatment; the study's posture is that each is serious, and none survives contact with the findings.

"The member benefits too." Often true, and the strongest objection. Many members convert internships into good employment, and intermediary evidence — the quasi-experimental Onward to Opportunity (O2O) evaluation; survey-based fellowship claims — suggests real member value in the program's best corners. But the

definitional tests concern *verified* public return, and dual benefit does not rescue an unconditioned transfer: WOTC hires also benefited, and the literature classifies the program by its unverified firm-side flow all the same (§2.4). The precise formulation the findings support is that SkillBridge is a member benefit *in its good instances* and a firm subsidy *in all instances* — and the program possesses no instrument for telling the instances apart (§4.4.3). That instrumental blindness, not the absence of member value, is the critique. Farnsworth (2013) supplies the general form: “social welfare at times becomes corporate welfare just as corporate welfare, at times, becomes social welfare,” and his continuum places training programs and job subsidies exactly where this program sits — provision that benefits both parties and is shaped by the needs of both. The classification does not deny the member’s benefit; it locates the program on a map where the member’s benefit and the firm’s are the same transaction seen from two sides, and asks which side has been verified.

“Participation is voluntary and costs the government nothing extra.” The salary would be paid regardless; the marginal fiscal cost approaches zero. Three answers. First, subsidy analysis prices transfers at value delivered, not marginal outlay (§3.4); the labor delivered to hosts is real, and its market price is independently visible in the paid-twin comparison. Second, the opportunity cost is not zero: the government forgoes up to 180 days of the member’s military labor. One service has priced that forgone labor in its own words and then cut the program to reduce it. Marine Corps administrative message MARADMIN 280/24 (R 171630Z JUN 24, released by the Deputy Commandant for Manpower and Reserve Affairs) states that *“From FY21 to FY24, the service conservatively estimates more than 3,400 years of manpower were provided external to the Marine Corps,”* and that *“Manpower and Reserve Affairs reviewed the impacts to unit readiness and updated the parameters of the program.”* The update, effective 31 August 2024, replaced the 180-day ceiling with a rank-tiered one — 120 days for E-1 to E-5, 90 days for everyone above — raised approval authority to lieutenant colonel and above, reserved the most senior tier to general officers, barred that tier from creating a gapped billet, and stated flatly that *“SkillBridge authorization is at the commander’s discretion; it is not a service members’ entitlement.”* — and the readiness-based access cuts documented in the audit are the services’ own revealed pricing of that cost. Third, the member spends an unrepeatable transition window on an unverified bet — a cost borne by the program’s intended beneficiary, invisible in fiscal terms, and asymmetrically distributed (§1.5).

“Calling it corporate welfare endangers a good program.” The objection conflates diagnosis with prescription. The literature’s remedy for unconditioned subsidy is not abolition but conditioning, transparency, and clawback (Bartik, 2019; LeRoy, 2005), and the study’s RQ4 finding is precisely that the classification is repairable at form-validation cost (§4.5). A program whose defenders decline to verify its outcomes is more endangered by the eventual arrival of outside scrutiny than by an audit that arrives with the repair manual attached.

“Good hosts exist.” Demonstrably — the verification pilot confirmed hosts with live paid pipelines behind their internships (§4.4.4). The finding cuts in favor of reform, not against classification: an unconditioned design *punishes* good hosts, who bear real training costs while competitors harvest free labor without hiring, and whom the directory presents identically. Conditionality is the good host’s friend; only labor sinks lose from verification. The study’s design-level unit of analysis (§3.6) exists exactly so that this distinction — currently invisible to members, commanders,

and the Department alike — can become visible.

“The program is aimed at members, not firms.” This is the objection Pilat’s (2026) definition makes precise: his third element requires that a measure be *primarily aimed at* supporting businesses, and SkillBridge is aimed, in every governing instrument and every line of its public description, at the transitioning service member. Three answers. First, the framework of §2.10 classifies by design and effect rather than by stated purpose, for the reason §1.6 gives: the instrument is indifferent between delivering training and receiving labor, prices both at zero, and measures neither, so the aim written on its face is not a property the design can be shown to serve. Second, the aim is no longer only on the member side. The June 2026 presumption of approval (§4.2.4) directs the labor toward a named industrial sector because the Department needs that sector staffed; a measure directed at a sector’s staffing is aimed at the sector, whatever it is called. Third, and most simply, Pilat’s own definition is met on its other two elements without dispute — the transfer benefits firms and confers a privileged position on authorized providers — and his framework is expressly neutral as to whether such a measure is wasteful or well-conceived. The question this study asks is not whether SkillBridge is aimed at firms but whether anyone can verify what firms return for it; on that question the stated aim is silent, and the instruments are too.

5.4 Implications

For theory. The study extends the corporate-welfare framework to an instrument class the literature had not cataloged (§5.2.3) and demonstrates that the framework’s tests can be executed as a documentary audit with public data at the widest grain obtainable — a methodological template portable to other in-kind transfer programs (equipment loan programs, facility-sharing arrangements, data conferrals).

For oversight. The findings arrive during an open oversight window: seven GAO recommendations with Department-declared completion dates of September 30 and December 31, 2026, and a pending bill that would order the first independent study of the program. The study supplies what the oversight stream has lacked (§2.8): a priced transfer, a measured distribution, and a graded compliance matrix — converting “the services do not collect data” from an administrative observation into a valuation of what goes unverified.

For members and commanders. Until outcome publication exists, a member’s program choice and a commander’s approval decision are made against a marketplace whose listings are unverified, 87% silent on employment, and structurally indistinguishable as between genuine pipelines and labor sinks. The interim implication is behavioral: treat listing claims as unverified; apply the pilot’s five checkable patterns (§4.4.4) before committing a terminal-leave window. The market has begun to fill the vacuum on its own: by 2026, host-rating sites and “best programs ranked by hire rate” listings exist for SkillBridge, built entirely on self-report by participants and hosts. They are noted here as evidence that members want the information the Department does not publish, and for nothing more — the study has not evaluated them, their coverage is unknown, and none carries a denominator.

For hosting employers. The classification’s repair path (§4.5) is also the honest host’s competitive instrument: an employer that publishes its requisition, pay band, and conversion history voluntarily performs the conditionality the program does not

require — and distinguishes itself from the unconditioned tier at essentially no cost, since genuine hirers already possess the evidence.

5.5 Recommendations

The recommendations restate the RQ4 modification set (§4.5.2) as policy, in subsidy grammar: they are the terms on which an unconditioned transfer becomes a performance-verified investment. None requires legislation; all are executable under existing instruments and contract vehicles. And none requires the Department to invent anything: as §4.5.3 documents, the Department already imposes a business-tenure bar, a commission ban, price parity, an anti-bundling rule, five-day outcome reporting, itemized cost disclosure, and an anti-endorsement clause on the vendors of a credentialing program moving \$4,500 per member — against this program’s approximately \$26,300 — and has already carried two of those seven into the SkillBridge instrument. The recommendations below are, in substantial part, a request that the larger transfer be governed no less carefully than the smaller one.

1. **Enforce the outcome warranty and publish the outcomes.** Per-cohort conversion reporting (offer, hire, starting salary) under the MOU’s existing FY2025 obligation, published on each listing. This is the keystone recommendation: it converts every other clause from paper to contract.
2. **Verify a job exists at listing time.** An active requisition or stated intended-hire count as an intake condition; renewal conditioned on conversion history.
3. **Add the compliance fields.** Give the directory the fields in which the MOU’s warranties can be demonstrated — the repair of the NOT DEMONSTRABLE tier.
4. **Require destination pay-band disclosure.**
5. **Enforce the taxonomy; require structured occupation targeting and validated durations.**
6. **Operate the termination clause in public.** Periodic enforcement reporting: authorizations reviewed, warranted rates verified, terminations executed. The design of enforcement provisions is a settled field: Good Jobs First’s survey of state subsidy programs (Mattera et al., 2012) catalogs clawback, recapture, and rescission provisions and the performance standards they attach to, and Mazzucato and Rodrik (2023) supply a taxonomy of conditionalities — ex ante versus ex post, fixed versus negotiated, with measurable criteria and a monitoring plan — that the MOU’s existing termination clause could be rewritten against without inventing anything.
7. **Cap and disclose per-firm intake,** or allocate competitively — the Test 2 repair.
8. **Adopt the one portable AFCOOL provider clause the SkillBridge MOU still lacks:** a prohibition on commission or incentive payment tied to participant enrollment. The MOU already carries the other two — a three-year time-in-business requirement (§4.1.6) and a non-endorsement clause (§4.2.23) — which is the proof that AFCOOL’s provider terms port to this instrument (§4.5.3); the commission ban does not depend on the host selling a product.
9. **De-concentrate the presentation layer:** one organization card per employer; publish the already-collected training plans on every listing.
10. **Publish an entity identifier on every listing.** The directory’s organization field is free text carrying no Unique Entity Identifier (UEI), Commercial and Gov-

ernment Entity (CAGE) code, taxpayer identification number, or website; 238 leading-token groups hold more than one organization, covering 727 of 2,728 organizations — 26.6% — on the committed name-token definition (twenty-five names begin “City of...”, fifteen “Department of...”, fourteen “Veterans...”); the exact share is sensitive to the stop-list used, so the definition travels with the figure. A member offered a placement and a member offered a placement cannot establish which of several similarly named firms is the host. Every entity registered in the federal award system already holds a UEI; publishing it would close the ambiguity at no cost.

Sequenced, Recommendation 1 enables 2-6, 9, and 10 as form-validation changes deliverable under existing support contracts; Recommendations 7 and 8 are the structural and contractual changes respectively. Jointly executed, the set causes the program to fail Test 3 — and thereby exit the corporate-welfare classification — while preserving every element of the member benefit and the statutory design. The identical transfer, conditioned and published, would constitute the largest performance-verified workforce-transition investment in the country.

5.6 Future Research

Five extensions follow directly. First, an outcome study. The study’s records register comprises eleven requests, drafted against named custodians and unfiled as of this writing. Filing, the agencies’ responses, and any non-responses are reserved to a follow-up study — a design choice rather than a deferral: a “no responsive records” answer to the outcome-data request would itself be a finding of the same class as those reported here, and merits its own treatment rather than a footnote in this one. When those returns or enforced reporting produce participant-level outcome data, the windfall share of the transfer — currently evidenced by observational signatures — becomes estimable with the standard tools of the employer-subsidy literature (Hamersma, 2008), and a formal outcome-study design for this purpose has been drafted as companion work to this audit. Second, replication across services: the audit’s Air Force worked layer (\$1.7) extends to Army and Navy code-level verification, already queued in the companion audit program. Third, longitudinal directory analysis: repeated pulls of the marketplace census would convert the point-in-time concentration and composition findings into trend measurement, including host entry and exit around any enforcement events. Fourth, the participant mix: FOIA return of participation by occupation would permit the transfer valuation to replace scenario bounds with actuals, and would establish what share of participants carry a clearance — the prerequisite for any future attempt to value that access, which this study makes no attempt to price. Fifth, the instrument-class survey: a systematic search for other personnel-account in-kind transfers across the federal government would test whether the submergence stratum identified here (§5.2.3) is a category with additional members — a direct extension of the subsidy-inventory literature’s method to what the government delivers rather than disburses. The comparative-political-economy literature has asked for exactly this kind of work: Bulfone, Ergen and Kalaitzake (2023) close by calling for “quantitative case studies” that improve “the availability of data on conditionality,” noting that the record of cross-sectoral

regularities is “extremely sparse.” This study is one such case, and its committed instruments are offered as a template for others.

5.7 Conclusion

This study asked a question four decades of transition-program discourse had not posed: what does the SkillBridge transaction look like from the side that receives the labor? Tested against the definitional framework synthesized from the corporate-welfare, public-choice, employer-subsidy, and submerged-state literatures, the answer is unambiguous at every layer the public record permits: the program transfers an estimated half-billion dollars of taxpayer-funded labor per year to private firms (Test 1), structurally uncapped, directed by instrument toward a named sector, and accumulating most heavily in hosts beyond the effective reach of its own outcome warranty (Test 2), under conditioning warranties that are real on paper, unenforced in any publicly evidenced instance, and unverifiable by design (Test 3) — with the windfall the literature predicts observed directly, and a regulatory shelter operating for the marketplace’s least defensible decile. As currently governed, SkillBridge is corporate welfare of the submerged, in-kind variety that escapes every inventory precisely because no check is ever written to a firm.

The same framework locates the exit, and the study’s final finding is that the exit is short: every mechanism required to defeat the classification already exists in the program’s own instruments — the offer warranty, the reporting obligation, the termination clause — awaiting only enforcement and publication. A subsidy becomes an investment when payment follows verified performance. The members get one transition each; the firms, at present, get the subsidy either way. Conditionality is the difference between a program that serves the first group and one that merely feeds the second — and until the outcome data is published, no one, including the program’s defenders, can say which program the United States is actually running.

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