AI & CALIFORNIA'S LABOR MARKET

Reckoning with AI's Impact on Workers

California is a tale of two states: home to both the country's highest concentration of billionaires and the highest poverty rate. This dichotomy has been exacerbated in recent years by the growth of the AI industry. AI-powered wealth consolidation, paired with low union density and reduced worker power overall, is resulting in historic inequality. In this context, productivity gains from AI are increasing profits for shareholders and executives at the expense of worsening working conditions or even loss of jobs for workers.

California's leadership has to confront at least three distinct issues that AI presents for workers.

First, there are real risks that the proliferation of AI systems across the economy will displace workers, driving up the unemployment rate and causing economic chaos. Given the urgency many policymakers feel to address this potential threat, we provide a more detailed framework for solutions in the appendix.

Second, AI tools are being used by employers to demean and exploit workers across industries. These systems set wages artificially low, surveil workers in their private moments, and make hiring and firing decisions that are often biased and without recourse.

Third, the global supply chains that AI companies rely on to build, train, and secure their systems consist of jobs that are often underpaid and underprotected, contributing to a race to the bottom in global labor standards.

These risks are heightened by decades of policy that has undermined worker agency and consolidated power in the hands of employers.

But just as policy choices have brought us to the current moment, different policy choices by California's leaders can put us on a better path. The trajectory of AI's growth and its use by employers is not inevitable. The societal impacts and outcomes of technology are not predetermined. The future is up to our leadership and up to us.

JUST AS POLICY CHOICES HAVE BROUGHT US TO THE CURRENT MOMENT, DIFFERENT POLICY CHOICES BY CALIFORNIA'S LEADERS CAN PUT US ON A BETTER PATH.

Given widespread plans for AI adoption across industries, it has never been more urgent for elected officials to act to prevent harms and ensure the economic potential of AI does not rely on exploitation to succeed. As Liz Shuler, president of the AFL-CIO, stated this February, "The decisions that we are making right now on AI are going to shape the next 50 years. We're demanding our politicians do what 80% of Americans want you to do: pass common-sense guardrails. Protect working people. Bring us to the table now, not after the fact. The labor movement and working people across this country are watching, and we demand real leadership."

This memo articulates the harms workers are experiencing from AI and outlines solutions that elected officials can adopt to improve the lives of working people, while also better serving businesses and consumers.

Harms and costs: What's at stake?

AI creates risks for job displacement, worker exploitation, and erosions in job quality and worker power across the labor market

AI and digital technologies impact nearly every aspect of people's livelihoods, from their workplace rights to whether they can find and keep a job. Below are some examples of how employers' use of AI is determining the life chances of workers in California now.

AI may result in job displacement and increased precarity

The same CEOs who design and sell AI technology are simultaneously raising alarm bells about the potential for massive job displacement—stoking widespread fears about AI and automation.

It is very difficult to fully grasp the impact of AI on job displacement at this stage. Some research suggests that "the broader labor market has not experienced a discernible disruption since ChatGPT's release." Other research finds evidence that entry-level employment declined in occupations that are most exposed to AI and in which AI tools are used to *automate* work rather than *augment* human workers.

But while the picture across the economy is still unclear, within specific industries and workplaces, AI technologies have already posed a direct challenge to workers. Actors and writers have recognized that AI and automation have become an existential threat to their livelihoods. AI tools have contributed to replacing workers in these occupations and also used their creative output to generate new content for which workers are not remunerated. Similarly, computer programmers are employed to train AI models, which are likely to deskill or possibly displace their current roles.

Workers have begun to push back against such incursions. The Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) and the Writers Guild of America (WGA) carried out strikes in 2023 and negotiated contracts that addressed, among other things, job security, compensation for the use of their creative output or likeness by AI systems, and notice and consent rules informing workers and their unions about the use of AI. Similarly, the Culinary Workers Union negotiated a new contract in 2023 that included a severance package for employees whose roles were replaced by newly introduced technology, as well as training for new jobs created by such technology.

Instead of cutting jobs en masse, employers may also introduce technology that worsens jobs. Automation of tasks can lead to deskilling, as workers at the start of their careers are prevented from performing tasks that are relatively easy to automate, but that serve as a critical foundation for building their experience and networks. The opportunity to learn on the job and develop the repertoire needed to succeed is denied to workers when entry-level jobs become automated.

Contrary to utopian claims by tech executives of widespread abundance or one-day work weeks, history suggests increased productivity achieved through AI

will result in fewer workers and remaining workers doing more for the same or reduced wages. Employers might also cut working hours or resort to zero-hour contracts. Our recent history already shows this to be true: since the late 1970s, our policy choices have led to a stark divergence between productivity and worker pay.

A lack of good data makes it harder for us to understand how AI is changing the labor market. Most companies are not releasing data that could independently validate claims of AI-driven displacement and help California's policymakers protect our workforce. Lack of access to data on AI's enterprise use and outcomes makes it more difficult for public interest researchers and policymakers to verify whether statements by CEOs about mass layoffs due to AI are "AI washing" or empirically valid, cautionary signals that require immediate action.

Beyond job loss alone, researchers have begun to identify an overall sense of dismay and cynicism that CEOs' outsized pronouncements about AI's takeover of the workforce are creating. As Abigail Marks, Professor of the Future of Work at Newcastle University, has said, "the greatest risk may not be that AI replaces everyone overnight, but that the fear of replacement becomes widespread and corrosive—damaging wellbeing, undermining dignity and building resentment."

Whether it happens through deteriorating job quality, lower wages, a potentially widespread loss of employment, or eroding belief in the social contract, technological advancements in automation and AI can be catastrophic for workers across industries and occupations if left unaddressed.

AI tools are being used by employers to demean and exploit workers

AI used in hiring raises the risk of automated discrimination

AI systems are now widely used by recruiters at all stages of the hiring process, from sourcing applicants to final selection. According to a study by Upturn, applicants can be exposed to a range of biases during hiring that harm their prospects. For instance, predictive tools use past data patterns to determine which job postings are visible to applicants—if women are less likely to click on openings for managerial roles, a predictive tool might determine that such roles should not be visible to a female job applicant. Separate from publicizing

postings and sourcing applicants, AI-enabled "automated-decision systems" (ADS) are being used to vet candidates and move them through the hiring process. These systems have the potential to "exacerbate existing biases and contribute to discriminatory outcomes," as noted by California's Civil Rights Council. Allegations of AI-related hiring discrimination are already the basis of a number of ongoing legal disputes.

Although companies often claim to use human review to avoid such biases, there is evidence to suggest that reviewers are highly credulous of AI model outputs. In an experiment in which human reviewers worked with an AI model that exhibited racial bias, researchers found that the reviewers accepted the model's biased decisions 90% of the time. The same reviewers were able to make selections without racial bias when working without AI or when working with an AI model without racial bias.

These tools are making highly important decisions in the lives of California's workers, with few regulations and little to no transparency from employers. As a result, job applicants are unlikely to know that they were screened by predictive technology or to have insight into how they may have been impacted. This lack of transparency undercuts workers' ability to enforce their legal right to nondiscrimination.

Algorithmic management undercuts worker dignity

Employers across sectors make widespread use of algorithms to determine work scheduling, track and measure worker productivity, and make consequential decisions regarding promotions, pay, disciplinary action, and dismissal. This can wreak havoc for workers in a variety of ways.

App-based workers, for instance, continue to struggle to make ends meet in the face of algorithmic wage discrimination, in which black-box algorithms are used to calculate differing wages for broadly similar work based not only on productivity but also on factors beyond the workers' control—and even personalized data. In a 2025 survey of 2,500 Uber drivers conducted by PowerSwitch Action and Gig Workers Rising, 73% reported that declining low-fare rides caused their income to drop because the app either gave them fewer rides or only low-fare rides. 33% of drivers also observed that rides on the app slowed as they came closer to achieving a bonus or reaching a higher level in a rewards program. A majority of the workers surveyed reported psychological distress due to a lack of control over their earnings on the Uber app.

Gig workers are far from the only category of workers subjected to algorithmic management. A study conducted by the UC Berkeley Labor Center found that

algorithmic management is used in call centers, warehouse and distribution centers, home care, retail and grocery stores, janitorial and security services, transportation, restaurants, hotels, healthcare, construction, and the public sector.

In call centers, AI tools monitor calls, prompt workers in real time to adjust how they speak to consumers, and measure their productivity. Workers who take longer than the pre-determined time for a call are penalized and receive lower ratings, which could, in turn, affect their pay and career advancement.

Similarly, the use of AI and automated decision-making in healthcare can lead to overworked healthcare workers and underserved patients as algorithmically determined nurse-to-patient ratios are imposed. AI tools are also used for remote patient monitoring, medical condition prediction, and automation of care plans. This technology leaves both workers and patients vulnerable to imperfect technologies and strips out the personal judgment, expertise, and touch that make difficult life experiences humane.

Productivity-at-all-costs results in work intensification and occupational health & safety hazards

Productivity tracking tools place workers under immense physical and mental pressure. Warehouse workers at Amazon report suffering from injuries and working under dangerous and traumatic conditions in order to achieve the productivity benchmarks determined by tools that map their movement through the warehouse. Workers commonly report stress caused by being observed and evaluated nonstop in the workplace.

A study of Amazon delivery drivers found that drivers are required to connect to at least nine different apps during their workday, subjecting them to continuous and close observation. In the same study, drivers also reported that they may be penalized for safety behaviors that slow their productivity, such as hard braking to avoid obstacles.

Among gig workers, the previously mentioned survey by PowerSwitch Action and Gig Workers Rising reported that over 40% of Uber drivers continue to drive when tired and even when in pain in order to earn enough to make ends meet under the uncertain conditions created by algorithmic management tools.

It's not just warehouse and platform-based gig workers who experience work intensification due to the productivity pressures of being measured by

technology: even hospice chaplains have reported, "metrics prevented them from fulfilling their calling."

Surveillance technologies mean extractive "bossware"

Digital technologies enable employers to continuously monitor and collect data about workers. Through "limitless worker surveillance," employers leverage data collected from workers at in-person workplaces and at home, often without their knowledge, infringing on their autonomy and privacy. Employers are able to collect data on workers' physical well-being, including fitness levels, pregnancy, and other health measures. As a visceral example of how this manifests at a work site, Burger King will soon use AI to check if employees say "please," "thank you," and "welcome to Burger King." The data collected by employers and vendors is then leveraged in management decisions that extract more from workers.

Workers can be subject to monitoring even while working remotely. Workers' digital actions are closely recorded through the use of technology that tracks and logs keystrokes, idle time, website and application usage, bandwidth utilization, screenshots, and webcam photos, including hundreds of tools organizations like Coworker refer to as "bossware."

The National Employment Law Project (NELP) found that the use of bossware "intensified a range of existing job quality problems, including harmful disciplinary practices, job precarity, lack of autonomy, poor working conditions, work fissuring, independent contractor misclassification, exploitative pay, unfair scheduling practices, barriers to accessing benefits, discrimination, inequity, and suppression of worker collective action."

Surveillance technology can also be used by employers as a tool to monitor conversations about workplace conditions and to facilitate violations of workers' rights to protected concerted activity. The AFL-CIO notes that "surveillance systems can alert management when people are talking in a bathroom, or if the word 'union' is said, tracking 'troublemakers' and manipulating scheduling to prevent organizing or even retaliating."

Global AI supply chains contribute to a race to the bottom on labor standards

AI tools exist because of a vast global supply chain that encompasses everything from mineral extraction to manufacturing, shipping, data storage, and handling e-waste. Starting from Big Tech companies in Silicon Valley, chains of

subcontracting relationships stretch across the world, connecting workers and communities across continents. Global subcontracting has long been a common business strategy for companies seeking to increase margins by cutting labor and compliance costs, but the ease with which AI companies can offshore this work—and the critical role these workers play in the production of AI systems—has made the practice explode. Companies and workers who contribute different knowledge and resources to AI systems are part of a global value chain in which they co-create these powerful tools.

The segment of this supply chain that enhances datasets and trains the algorithms that form the basis of AI—referred to as "data work"—provides a helpful case study of how work is subcontracted globally to fuel the current AI boom. Data work tends to be low-wage and precarious, with reports of workers in the Global South being paid as little as $1.50 per hour, and workers like content moderator Daniel Motaung in Kenya have been dismissed in alleged retaliation after raising questions about poor pay and working conditions. Data workers struggle to make ends meet even as companies raise billions of dollars in private equity and venture capital. Workers also report severe mental health impacts from certain aspects of this work. As part of a lawsuit filed against Meta and outsourcing firm Samasource in Kenya, it was revealed that more than 140 Facebook content moderators were reportedly diagnosed with severe post-traumatic stress disorder, as the legal filing alleges that "images and videos including necrophilia, bestiality and self-harm caused some moderators to faint, vomit, scream and run away from their desks."

These companies frequently shift work around the world, leading to loss of livelihoods with little or no notice. Workers on digital platforms have found themselves suddenly laid off, locked out of their accounts, or even denied payment for work already completed. With little recourse to legal protection and no clear channels of communication with these companies, workers are left to fend for themselves.

This is not just a problem for workers overseas. U.S.-based data workers surveyed and interviewed by TechEquity, Alphabet Workers Union, and Communications Workers of America shared similar challenges, including struggling to make ends meet, inadequate training, pressure to meet unrealistic work quotas, and limited access to benefits, among other issues.

The global and fragmented nature of data work, which takes place both in physical offices and on platforms in workers' homes, and the constant shifting of companies' contracts pose challenges for workers and unions seeking to bring data workers together to fight for improved conditions.

As fears mount in the U.S. about the possibility of AI-related labor displacement, tech leaders have discussed the potential for this technology to create new kinds of work opportunities. LinkedIn has identified data annotator as one of the fastest-growing jobs in the U.S., with data annotation among the fastest-growing skills in demand. If data work represents one of the jobs of the future, elected officials in California should ensure that these roles offer dignity to workers.

The importance of prioritizing worker voice

Enacting policies that support workers also result in positive outcomes for businesses and consumers

Engaging workers throughout the process of developing technology that impacts them at work is good for workers and for businesses. It allows business cases for the technology to emerge from the ground up and increases trust, ultimately driving sustainable and widespread adoption. Drawing on workers' direct knowledge of their workflows increases the likelihood of successful adoption, which in turn can improve worker satisfaction as well as business outcomes.

Despite these clear benefits, workers are largely not involved in the adoption of new technologies. Gallup found that "relatively few employees currently have a meaningful say in tech decisions—just over a third say they have 'a lot of' (12%) or 'some' (25%) influence."

An MIT Project NANDA study found that 95% of enterprise generative AI pilots failed, with major contributing factors including a lack of trust in the products and the failure to align with employee workflows. Meanwhile, a survey of 1,500 U.S. workers and AI experts by the Stanford Institute for Human-Centered AI and the Digital Economy Lab found that workers viewed AI integration as unwanted in over 40% of the AI-enabled tasks reviewed by researchers.

In contrast, studies have shown that workplace technologies that take into account workers' needs, existing work processes, and general welfare are more likely to succeed than systems imposed on workers. When Kaiser Permanente launched a project to bring technology-enabled ambulatory care clinics to their patients, workers and their representatives across the organization were involved at every stage of the process, resulting in an environment of trust in which workers could benefit from new technologies. This led to the successful rollout of the clinics and improved care for patients.

Excluding workers from decision-making does not just lead to low adoption—it can result in significant harm to consumers. For example, in a survey conducted by National Nurses United (NNU), 69% of nurses who tried a tool that used algorithms to analyze electronic health records reported disagreeing with the computer-generated estimate of a patient's illness severity and the number of hours of nursing care they needed. These measures are used to make staffing decisions, so incorrect estimates can lead to understaffing and critical gaps in patient care.

In another example, employees at Brookdale Senior Living, one of the nation's largest operators of senior homes, reported that the company used an algorithm-based system for determining staffing that "failed to capture the nuances of caring for vulnerable seniors" and "underestimated the amount of labor they needed to meet resident needs." The company has even faced patient wrongful death lawsuits in which family members and employees allege that staffing levels may have played a contributing role.

Solutions to support California's workers and economy

Policymakers must take a holistic approach, with a focus on enhancing worker agency, to address the risks of AI in the labor market

In order to improve conditions for workers and society at large, it is necessary not only to regulate current technological development but also to address the underlying economic and political conditions that make it easier to extract from and exploit workers. With the right policies in place, technological innovation in California can create shared prosperity, rather than inequality.

Priorities for elected officials in California should include:

Shift the balance of power in the workplace by expanding collective bargaining and access to unions: Workplace technology functions best when it is co-designed with workers rather than imposed on them. To enable workers to have a voice in technology decisions, the power imbalance between workers and employers must be addressed directly. Elected officials in California can create an enabling environment for workers to develop their collective voice. Unions have proven to be the most effective tool for channeling worker voice

and have a strong track record of negotiating collective bargaining agreements with employers that shape technology. These contracts serve as models for what is possible when employers, employees, and their representatives develop solutions together.

However, the vast majority of working people are not currently covered by union contracts. Policies that expand access to collective bargaining and protect workers' right to unionize are essential to ensure that the adoption of technology is fair and mutually beneficial. As California continues to develop its governance approach to technology, workers and their representatives should be included on any boards, commissions, or other multistakeholder entities established by the state related to AI and other digital technologies.

Make a plan to address the potential for AI-related job loss: While the true impacts of AI on job automation and displacement are still unclear, California should take proactive steps to prevent widespread unemployment. One early step would be to require employers and AI developers to provide transparent data around the use and impact of AI products within enterprises. This data can help guide policy interventions to ensure that AI is used to enhance job quality and prosperity rather than fuel mass unemployment. This data could also inform research that helps identify workers most likely to be affected, design effective workforce training programs, and develop new models of safety-net transition assistance that can aid affected workers.

Establish and enforce workers' technology rights: The state government has an important role to play in creating baseline, common-sense protections that will benefit all workers in California. As we've described, emerging technology can act like a black box used to obscure workers' rights to minimum wages, health and safety protections, and non-discrimination. As Lorena Gonzalez, President of the California Federation of Labor Unions, AFL-CIO, says, "We need stronger guardrails to make sure there is human review and oversight of any decision made by a machine that impacts a worker's job and paycheck."

Specifically, workers need transparency around how tech affects them at work—from hiring and firing decisions, to how their wages are set, to whether and how they are surveilled. This includes informed consent, meaningful human oversight, and clear guardrails around when and how tech can be used for critical decisions, as well as the right to access, correct, and control the use of their data. California has been a leader in establishing workers' foundational data rights through the California Privacy Rights Act. These rights can be expanded to ensure that protections evolve to be responsive to emerging technologies.

However, expanding transparency and data rights for workers alone is not enough. Merely providing information to individual workers still places an enormous burden on them to act on and enforce their rights. And providing notification only *after* workers have been subject to AI and algorithmic decision-making systems denies workers the collective opportunity to actively shape these systems in a way that enhances their work. That is why workers need additional collective rights such as pre-use notification, prohibitions on the use of AI for disciplinary or termination decisions, and the ability for workers to contest AI-driven decisions to ensure that workers retain their agency over decisions made by technology that affect their livelihoods.

In recent years, hundreds of state-based legislative proposals have advanced across the nation to put in place sensible guardrails related to electronic monitoring, algorithmic management, workers' data privacy, human-in-the-loop mandates, automation, and other key considerations at the intersection of technology and labor. California should be at the leading edge of innovating new protections and models for collaborative governance when it comes to AI and the future of work.

Invest in state regulatory and enforcement infrastructure: While there are existing laws on the books that protect workers from many workplace harms, when those harms are perpetrated by technology, enforcement can be challenging. California's Labor and Workforce Development Agency needs a robust set of resources to evaluate the claims, outcomes, and interactions of this technology within California's workforce. In order to ensure California can continue to thrive as a state with strong labor standards, California's leaders must ensure that the people vested with the authority to investigate and enforce our labor laws have the time, money, and talent they need to do so.

In addition, we can institute policies that hold employers accountable for replacing workers with AI. Nobel laureates Daron Acemoglu and Simon Johnson have proposed new tax structures that can incentivize employers to retain workers. California could pursue these and other policy proposals to ensure humans remain firmly in control in critical situations, update layoff protections for the modern workplace, and implement other mechanisms that disincentivize the use of AI that is there merely to displace workers.

Proactively prevent the most harmful impacts of technology: California should ensure that no one is subject to the most egregious applications of workplace technology. The state should align its regulations with other jurisdictions that have prohibited the use of technologies like facial recognition, predictive behavioral tools, monitoring, and quotas that create health and safety risks;

the use of AI tools for discipline or termination; and the utilization of intrusive surveillance technology.

Ensure that California-based AI companies are held accountable for improving labor conditions throughout their supply chains: Tech companies based in California are at the top of global AI supply chains, giving them both enormous leverage and responsibility to ensure that the workers who contribute to their profits are treated fairly. Companies often claim to have sustainable labor practices, but this rarely extends across their global network of contractors and subcontractors. Elected officials in California should exercise their authority to improve transparency and accountability in this industry.

When the state procures AI technology, it has an obligation to ensure that public funds do not contribute to the exploitation of workers, but rather support good jobs. Supply chain labor abuses are not new or unique to the AI industry, and policymakers can learn from improvements in the garment industry and other sectors, for example, by expanding California's Public Contract Code to apply Sweatfree standards to AI systems as well. If AI technology opens up new job categories—like data annotation—California should ensure that the future of work is built on good-quality jobs for Californians and for workers around the world.

The future is ours to build

California's leaders hold the future of the state's workers in their hands. As AI spreads throughout a labor market in which employers already have enormous power over workers, the health of the state's economy hinges on our leaders making bold policies that protect and empower workers.

As SEIU President April Verrett has written, "Right now, AI and algorithmic management are concentrating unprecedented control at the top while systematically disempowering everyone else. But this outcome isn't inevitable. We can build an alternative future where technology enhances rather than diminishes human work. Where working people participate as decision-makers, not mere data points. Where care, connection, and community take priority over profit margins and efficiency metrics. This better future won't arrive on its own."

Adopting the policy priorities outlined in this brief—proposals that strengthen workers' rights to negotiate collectively, secure new technology rights for workers, and protect them from harm—will create a labor market for the twenty-first century where technology can be used to enhance workers' livelihoods and the economy overall.

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APPENDIX

Protecting Workers Amid Potential AI-Driven Labor Displacement

AI CEOs have made expansive predictions about the widescale disruption that their products could create across the labor market. However, the development, use, and impact of technology in the workplace are always shaped by political choices: "Technologies do not evolve deterministically. They are shaped by the people who use them and the organizations that guide how they are used."

The responsibility to determine whether AI does, in fact, cause an employment shock that undermines the social fabric, or whether it can be used to improve job quality and access to opportunity, will fall largely on California's next generation of leaders.

But charting this path will not be straightforward. The approaches we have taken to soften unemployment shocks of the past are insufficient. In previous waves of labor market transformation, policymakers and corporate leaders relied almost entirely on workforce development and retraining programs that, on their own, were not enough to successfully transition workers into a new economy.

Most recently, the "learn to code" movement made promises that reskilling workers for high-tech jobs would build wealth for communities that had been left behind in the aftermath of the Great Recession. But over the last fifteen years, the success rates of these programs have been minuscule. The ranks of the tech workforce continue to lack diversity, and inequality has increased—driven in large part by the concentration of wealth fueled by the tech industry. And now, those very same jobs that desperate workers were told to pursue are at risk of being automated by AI.

The labor market transformations for which we have precedent have also typically been contained to specific industries, whereas AI is threatening to transform everything from screenwriting to long-haul trucking. In this context, it will be impossible to design worker retraining programs that meet the vast and varied potential need.

What we most hope decision-makers take from this memo is that workforce training commitments alone are an insufficient response to the current and unfolding impact of emerging technology on workers. The state will need a bold, multifaceted agenda to ensure workers are empowered rather than exploited or displaced en masse by AI. These include policies to address the increasing imbalance of power between workers and corporations, and the fair distribution of the gains AI is creating for the economy.

A Policy Agenda for AI-Driven Labor Displacement

While the threat of AI-driven labor displacement has gotten much of the headlines, it is important to understand how these worries are connected to other aspects of AI's impact on workers.

Often, policymakers will be inclined to jump to solutions that are narrowly tailored to job automation or displacement. In doing so, leaders will have enacted weak scaffolding to support the broader workforce. It is critical that workers have a robust set of rights that acknowledge the realities of a technology-driven, 21st-century workplace. These rights serve as a foundation on which specific solutions to potential automation can be added. The policy ideas we outline in the main body of this memo are key to addressing the threats workers face from AI. They set a strong foundation to ensure that the introduction of technology is beneficial to workers, not exploitative.

Below, we outline four additional principles that can inform California policymakers as they proactively plan for the potential for mass workforce disruptions related to AI—whether real or a form of "AI-washing."

Fund research that uncovers what is real and what is hype in AI job loss

"A white-collar bloodbath." "AI Is Wrecking an Already Fragile Job Market for College Graduates." "AI is coming for entry-level jobs. Everybody needs to get ready." We've all come across recent headlines like these. They shape the public's and policymakers' beliefs about how AI is impacting the workforce. But the studies behind these headlines reflect a more nuanced reality—and point to serious gaps in the data that must be closed if we are to make sound policy.

A review of the literature shows that many of the studies that make claims about AI automation focus primarily on "task exposure," those specific pieces of a job that an AI tool may automate. The more tasks that can be automated by AI tools that make up a specific job role, the logic goes, the more likely that job is to be automated.

But task exposure only allows us to infer from existing AI capabilities. It doesn't provide any context for whether a particular job is *actually* being automated away. Most importantly, task-exposure studies say nothing about the company-level dynamics that determine AI adoption and use. We will need much richer datasets in order to create a clearer picture of AI's impact on labor displacement.

Some proposals for how to structure this data regime have already been made. But we will need a more robust conversation that includes researchers, companies, organized labor, and lawmakers to define what we really need to know to protect workers from AI and offer proposals for how to establish the datasets that will help us answer those questions.

California can lead the way. State leadership can convene these conversations and fund data collection and research that can create a clearer picture of the AI job displacement landscape. These research approaches must capture both rich qualitative data from the workers who are at the frontlines of AI usage as well as quantitative data from the employers who are making decisions on how, when, and which tools to adopt. The state could also take steps to require not only AI developers but also employers who purchase and use AI tools and systems to provide transparent data on the use and impact of AI products within enterprises.

Empower workers to co-design solutions

Gallup found that "relatively few employees currently have a meaningful say in tech decisions—just over a third say they have 'a lot of' (12%) or 'some' (25%) influence." *How* AI enters workplaces has an enormous impact on whether employers use technology as a way to cut labor costs or to improve jobs. We know that when clear guardrails are in place, and workers are given a voice, "input from workers can increase the likelihood that organizations use generative AI tools effectively, *and* workers' job quality improves." Employers and technology companies should authentically engage workers and unions, who are closest to the technology and best suited to speak to their own needs more broadly.

Worker voice mechanisms can enable workers to ensure that technology actually benefits them and their communities, not just in this wave of technological adoption but in future ones as well.

Engaging workers in the technology adoption process can also help to stem the tide of job loss. Strengthening workers' bargaining power "increase[s] pressure on companies to pursue alternatives to layoffs and provide greater support for those who do lose their jobs, as well as offer protections against other worker abuses that new technology such as AI may facilitate." For example, unions have already negotiated collective bargaining agreements that include job security protections, pay protection and severance programs, comprehensive technology transition agreements, and training and workforce development for technological change.

Finally, as California continues to develop its governance approach to technology, workers and their representatives should be included on any boards, commissions, or other multistakeholder entities established by the state related to AI and other digital technologies.

Take a trust-based approach to worker training

Programs to ensure that the skills of the labor force match the job market are only one piece of the picture when policymakers are considering how to ensure that working people are protected as technology develops. As Serena Oduro and Anuli Akanegbu of Data and Society write, "Investments in workers' skills can be most valuable when they are connected with efforts to address the broader socioeconomic conditions that shape career outcomes."

Oduro and Akanegbu recommend that workforce development efforts focused on AI "clearly define 'AI literacy,' provide paid work, ensure AI literacy pipelines actually lead to quality jobs, and expand the stakeholders involved in designing and implementing AI literacy efforts," most critically, workers themselves and labor unions. Paternalistic solutions that are designed around the needs of employers or policymakers are much less likely to succeed. California can also "require and fully fund rigorous evaluations of training programs."

In addition to training programs, the state should invest in designing new programs that allow workers to self-determine their future. One of the most promising economic opportunities that AI may create is to lower the cost of starting and running a business. In addition to creating training programs that allow workers to transition into new jobs, they can also provide grants and loans directly to workers to start their own businesses using AI.

Ensure the gains created through AI technology are fairly distributed

AI tools are made possible by the vast amounts of data they consume, which are created by the public. However, Big Tech companies are using their power to entrench the prosperity gains AI creates in the hands of a few individuals. In order for workers and the general public to realize the economic opportunity that AI promises, policymakers must ensure a fairer distribution of the benefits.

Economists have proposed many promising ideas that would more broadly share the gains created by AI, including:

- Nobel laureates Daron Acemoglu and Simon Johnson have proposed new tax structures that balance out our current tax-preferencing for capital over workers and thus incentivize employers to retain employees rather than replace them with technology. There are other tax proposals that would capture value from AI gains to pay for more robust unemployment insurance programs and other social safety nets that meet the scale of the potential threat from AI.
- Acemoglu and Johnson, alongside David Autor, also recommend "discouraging 'expertise theft'" from workers by "building legal frameworks that support workers' ownership of their capabilities and creative output [to] give workers greater control over how their expertise is used, reduce the commodification of human knowledge, and preserve incentives to invest in skill development and innovation."
- Scholars such as Liam Epstein have proposed creating sovereign wealth funds that are funded by AI companies and which pay out a dividend to members of the public, much like Alaska's oil fund. Other proposals of this type suggest the government could take equity stakes in AI companies and distribute the gains from those stakes via tax refunds or other payments to members of the public.
- There is some evidence that wage insurance policies can smooth the transition for some workers into new jobs. These programs cover some difference in lost pay for workers who are forcibly transitioned into lower-paying jobs. One such program, the Obama-Era Reemployment Trade Adjustment Assistance Program, was found to help workers transition to new jobs faster and increase their wages over the following four years. We can consider expanding and strengthening these programs for the AI era.

Beyond workforce development

Workforce development programs on their own will not meet the potential threat posed by AI to the labor market. Taken together, the principles outlined above provide a foundation on which we can build an economy where AI is creating widespread value and opportunity rather than facilitating even greater inequality, worker exploitation, and extraction.