Patrick Gaspard's Statement for the Senate AI Insight Forum on Workforce

Those who are building advanced AI seem to believe that it will have a huge impact on jobs. Sam Altman from OpenAI told *The Atlantic* earlier this year, "A lot of people working on AI pretend that it's only going to be good; it's only going to be a supplement; no one is ever going to be replaced. Jobs are definitely going to go away, full stop."[1] Now this could just be marketing hype, but we must consider the possibility their visions could be realized, and prepare for potentially generation-defining job disruption.

While we have seen previous waves of disruption from technology, this moment seems different. AI tools have advanced and are being adopted at lightning speed. The scale of disruption to work could be unlike anything we have seen—bigger than trade, bigger than the COVID-19 pandemic.

In May, Goldman Sachs released a stunning report using data on occupational tasks in the United States and Europe projecting that 300 million full time jobs globally could be affected by AI automation.[2] That's roughly 10 percent of the world's labor force.[3] In the U.S., they project that two-thirds of occupations "are exposed to some degree of automation by AI."[4] These are huge numbers. And after some period of bumpy transition, the investment bank forecasts that a new radical efficiency would arrive to bump up annual global GDP by seven percent, generating massive wealth.

These projections raise vital and urgent questions. What happens in that period of transition? What is the bridge that could be intentionally built right now to ensure American families in each of your states aren't left behind? Who will benefit from that new wealth—and how much will go to the ordinary families you represent? These are choices, not inevitabilities. And they are the choices that you must be preparing to answer right now. AI will undoubtedly affect nearly every facet of Americans' lives. Whether that benefits or hurts them is up to you. How unprecedented it is to know that we are at the beginning of a major new technological revolution, to see that disruption is coming, and for once to be in a position to act to ensure our best possible future.

We must not lose sight of the fact that behind every job is an American who relies on work for economic security and stability, for peace of mind, and for a sense of dignity. Jobs impacted by AI—and at risk of some degree of automation—are wide ranging from low-wage jobs like home health aides and janitorial services to high-wage jobs like managerial roles.[5] On net, women, Latino and Black workers are overrepresented in jobs that are susceptible to automation, creating a risk that long-standing gender and racial inequities will get worse.[6] While we should be clear that there remains a lot of uncertainty as to the scale and pace of change moving forward, make no mistake: the adoption of AI tools and systems in the workplace is already happening. If Congress waits to act, it will miss the opportunity to prevent economic hardship and build the economic security of American workers. So how might we work in common purpose to boldly meet this moment?

The federal government's answers to job loss and disruption from trade or technology shifts—such as Trade Adjustment Assistance—**have long been insufficient**, falling short in terms of coverage, financial support, provision of high-quality training, and connecting workers to good jobs. **As a result, too many American communities have been left out of the benefits of economic growth for generations.** And the good, new jobs that have materialized often haven't been in the same geographic places where the old ones have dried up. Moreover, AI's disruptive impact has the potential to be an order of magnitude larger and faster than any previous moment of destabilization.

Instead, we can find our first key strategy if we look back further to the response to the Great Depression, when at its peak about a quarter of the nation's workforce was unemployed—close in scope to a McKinsey projection that generative AI and other automation could result in 30 percent of hours worked today to be automated by 2030.[7] In 1938, Congress passed the landmark Fair Labor Standards Act, which created a national minimum wage and established the 40-hour work week.[8] A key goal of its overtime protections was to spread employment over more workers. Representative Mary Norton, a key champion of the bill, argued prior to passage that "this bill will eventually decrease unemployment if the employers of the country will face the issue in a practical manner and cooperate by spreading their work over a greater number."[9] While the underlying causes of labor disruptions in the 1930s and with the adoption of AI are quite different, the **historical effort to spread employment offers inspiration for achieving a smooth and just transition through a turbulent labor market**.

In our current moment, several sets of tools in particular could similarly help to spread employment and otherwise mitigate a bumpy transition: (1) **reducing workers' average hours** through new paid leave requirements, strengthened overtime protections, or even a shortened four-day work week; (2) **putting in place new rules or incentives to keep employers from laying off workers**; (3) **implementing a targeted job guarantee** to essentially act as an employer of last resort during a transition period, (4) **passing a long-overdue transformation of the Unemployment Insurance system into a true safety net,** learning from the lessons of COVID, and (5) **adapting tax policy** in the event of large-scale labor disruption in order to ensure that corporations profiting from technological change pay their fair share.

First, **a greater eligibility for overtime, stronger paid leave availability, and a reduced hours threshold to be counted as "full-time" are additional policy tools to spread work among workers.** This approach benefits employees and employers. Restoring the broad applicability of overtime protections is a start. While 63 percent of all full-time, salaried workers were guaranteed overtime under the salary threshold of 1975, today, fewer than 15 percent are protected by the overtime salary threshold. Evidence also exists that ensuring that employees have necessary leave and work-life balance pays off for businesses: employers' health care plan costs are reduced, there are fewer on-the-job accidents and safety issues, and employee retention and productivity increase.[10] Passing a national paid family and medical leave law, providing paid sick leave for all workers, and even exploring new requirements for paid vacation could all be a win-win and help spread employment. Early experiments with a four-day (or otherwise reduced) workweek have shown an increase in employee satisfaction without a loss of productivity.[11] A four-day workweek with the same productivity and pay of a five-day work week would have the same effect and echo the labor movement's advocacy for a formal weekend that responded to the early 20th century's technological and productivity advancements.

Second, **programs like worksharing**—which encourage employers to broadly reduce employee hours intentionally in lieu of laying off a narrower set of workers—**could help spread employment and bridge the provision of benefits and income with continued attachment to an employer**.[12] Under worksharing programs, employers work with state officials to craft plans to maintain the number of workers employed but at reduced hours; workers receive prorated unemployment benefits for their lost hours. In 2020 and 2021, the federal government increased support for employers and picked up the tab for UI benefits in cases of worksharing (benefits that would typically be paid for by a state). Despite that, only about half of states had active worksharing programs.[13] Policymakers could also explore new approaches to retaining workers and leveraging "on-the-job training" (OJT) contracts under the workforce system to subsidize the wages of incumbent workers who need significant retraining.

Third, the Center for American Progress has previously advocated for **a regionally-focused jobs guarantee** that would meet some of our nation's most pressing economic and social needs and serve as an employer of last resort in the hardest-hit areas.[14] In order to be responsive to the potential disruptions of AI, the time to start advancing such a policy is now. Some workers may find themselves in geographic

regions with fewer economic opportunities or may struggle to retrain or translate existing skills to new jobs. A targeted federal job guarantee program could help manage the transition to a post-AI world and ensure those who are especially hard-hit can continue to find dignity and economic self-sufficiency in work while advancing the needs of their communities.

Fourth, **long-overdue updates and enhancements to the social safety net must be pursued for those who lose their jobs to AI as they search for new work.** This could build upon measures adopted during the height of the COVID-19 pandemic, which helped the country weather a significant external employment shock and prevented a downward spiral of unemployment. Congress must reform and modernize Unemployment Insurance by funding updates to UI systems, expanding eligibility to those currently not eligible (such as independent contractors), increasing benefit levels, and significantly expanding time allowed on UI to allow for retraining. Strengthening UI as an automatic stabilizer (i.e., increasing benefits or duration during periods of high unemployment or in response to regional or occupational/sectoral shocks) could help prevent broader economic downturns. Additionally, UI could be further improved to allow the collection of UI by individuals who have not yet been laid off but are in vulnerable occupations or sectors for income during retraining via a jobseeker's allowance, as well as by further involving workers and their representatives in the UI system.

Finally, **the magnitude of disruption to our economy AI could significantly impact the future of our tax system.** The IRS is expanding tax compliance efforts using AI,[15] and AI could help the federal government close the projected $7 trillion tax gap over the next decade through better, more focused tax enforcement.[16] If AI does create widespread labor displacement, we will need to understand what that means and how it impacts a tax system designed for our current economy, one that is already biased toward capital and against labor.[17] How does AI affect our tax base and how we think about taxing the wealth generated by AI in the future?

Efforts to spread employment and put in place a targeted job guarantee are far more attractive than a Universal Basic Income, an exclusively cash-based response to potential displacement called for by some in this moment. Direct income supports should absolutely be considered as part of a strong and robust safety net, but a **UBI alone is insufficient**—and more importantly, defaulting to it as a policy recommendation in response to AI-induced disruption could give policymakers cover for the elimination of programs that keep millions of American children and families afloat. UBI cannot replicate the dignity and meaning many workers derive from having high-quality, rewarding work, nor can it provide an upward trajectory of earnings. An insufficiently large and untargeted UBI would be a policy red herring: not a solution to the problem at hand, and likely to weaken the possibility and efficacy of viable solutions.

We must also take steps to prepare for AI's impact on the workforce by overhauling workforce training for workers vulnerable to or already displaced by AI, essential enhancements to the social safety net, protecting and increasing worker power from AI, ensuring the creation of new, good AI jobs, and centering worker rights and civil rights in the AI era.

New federal investments in workforce training must be initiated now to provide impacted workers from all walks of life access to high-quality training in expanding fields and directly connect workers to good jobs. These investments should harness emerging lessons from the Biden administration and Congress' new approach to supporting American competitiveness and expanding jobs in the clean energy economy and semiconductor industry. This includes **housing workforce development planning within a broader industrial strategy**; using registered apprenticeship and other sorts of labor management training partnerships to center **worker voice** in designing paid training opportunities that are connected to real jobs in growing sectors; and engaging in ongoing community partnerships to ensure that women, workers of color, and other often excluded groups have access to opportunity. Displaced workers and those in sectors most identified to be disrupted by AI should be able to undertake a training program while still

employed, or voluntarily leave an impacted occupation before losing a job, to enter a full-time <u>paid</u> job training program in a high-wage, high-demand field.

Beyond the potential for AI to eliminate work in specific sectors of the economy, policymakers must also prevent AI deployment from shifting power towards owners and away from workers. **Workers should have a voice to shape how AI impacts their work** and ensure that those on the front lines of deployment, and not just CEOs and shareholders, benefit from the wealth that the new technologies create.

Already, unions representing Hollywood writers and actors are on the front lines of fighting to ensure that studio executives cannot deploy AI tools in ways that infringe on workers' intellectual property or steal their creative work.[18] Reforms like the Protecting the Right to Organize Act will ensure that more working people have the power to organize and bargain for a fair share of the upside benefits of new technology.[19] Policymakers can help workers better use collective bargaining as technology disrupts industries by creating mechanisms to extend existing union contracts to similar workers in new parts of industries.[20]

While we focus on job disruption, we must also work to ensure the creation of good AI jobs. Right now, many of the jobs created by the AI industry are not high-paying software developer jobs, which are also at risk of being displaced by advanced AI, but low-paid contract workers in the US and around the world. They are forced to sort through the worst of humanity's AI prompts and AI generation content to help train and make these systems safer. These AI contract workers join legions of outsourced trust and safety contractors for social media companies who are forced to look at the worst content on the internet for low wages and with few resources for the trauma that inflicts on them.

Microsoft is showing a potential path forward for labor organizing in the tech sector. Earlier this year, the company committed to remaining neutral in organizing drives at two video gaming subsidiaries and has announced that it is "committed to creative and collaborative approaches with unions." It is essential that we ensure that the outsourced contractors who test the trust and safety of the AI systems of the future and the social media companies of today have **real protections through collective bargaining and sectoral bargaining**.

Finally, **we must always center worker rights and civil rights in the AI era**. We need to make sure that Congress addresses not just future harms from job displacement from AI but also current harms, including widespread and growing worker surveillance tools and algorithmic management tools. Government should establish baseline standards that prevent new forms of technology from being deployed in ways that magnify existing racism, discrimination, and unfair treatment in the workplace. This includes stronger regulation, transparency, and enforcement of standards for the use of AI during hiring and advancement processes—and bans on pervasive automated workplace surveillance and algorithmic management technologies.

The Biden-Harris Administration's Blueprint for an AI Bill of Rights and recently released Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence[21]—developed with extensive input from stakeholders across industry, civil society, and academia—outlines key principles around fair and equitable use of AI that Congress should adopt in AI legislation. Notably, this includes ensuring that AI systems are safe and effective and prevent algorithmic discrimination.

I hope that we can come together to address the challenges and opportunities of AI on real people, their jobs, and their livelihoods. This is a technology poised to disrupt every sector and one that will not be isolated to red or blue districts, blue collar versus white collar, or urban versus rural. Congress is going to shape the ways in which AI affects workers—the choice is just if you do so through action or inaction. Congress should choose action.

[1] Sam Altman, "Does Sam Altman Know What He's Creating?," *The Atlantic*, July 24 , 2023, available at https://www.theatlantic.com/magazine/archive/2023/09/sam-altman-openai-chatgpt-gpt-4/674764.

[2] Jan Hatzius and others, "The Potentially Large Effects of Artificial Intelligence on Economic Growth (Briggs/Kodnani)" (New York, NY: Goldman Sachs, 2023), available ay https://www.key4biz.it/wp-content/uploads/2023/03/Global-Economics-Analyst_-The-Potentially-Large-Effects-of-Artificial-Intelligence-on-Economic-Growth-Briggs_Kodnani.pdf.

[3] The World Bank, "Labor force, total," available at https://data.worldbank.org/indicator/SL.TLF.TOTL.IN (last accessed October 2023).

[4] Hatzius and others, "The Potentially Large Effects of Artificial Intelligence on Economic Growth (Briggs/Kodnani)."

[5] Edward W. Felten, Manav Raj, and Robert Seamans, "How will Language Modelers like ChatGPT Affect Occupations and Industries?," SSRN, March 1, 2023, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4375268

[6] Kweilin Ellingrud and others, "Generative AI and the future of work in America" (Chicago, IL: McKinsey Global Institute, 2023), available ay https://www.mckinsey.com/mgi/our-research/generative-ai-and-the-future-of-work-in-america

[7] Ibid.

[8] Fair Labor Standards Act of 1938, Public Law 718, 75th Cong., 3rd sess. (June 25, 1938), available at https://uscode.house.gov/statviewer.htm?volume=52&page=1060.

[9] Mary Norton, *Congressional Record* (Washington, D.C.: United States Government Publishing Office, 1937), available at https://www.govinfo.gov/content/pkg/GPO-CRECB-1937-pt2-v82/pdf/GPO-CRECB-1937-pt2-v82-5.pdf.

[10] Crystal Weise, "The Business Case for Good Jobs," *Center for American Progress*, September 12, 2023, available at https://www.americanprogress.org/article/the-business-case-for-good-jobs/.

[11] Benjamin Laker, "How Far-Reaching Could the Four-Day Workweek Become?," MIT Sloan Management Review, March 20, 2023, available at https://sloanreview.mit.edu/article/how-far-reaching-could-the-four-day-workweek-become/.

[12] Hailey Becker and Lily Roberts, "Improving the Worksharing System To Absorb Employment Shocks," *Center for American Progress*, November 13, 2020, available at https://www.americanprogress.org/article/improving-worksharing-system-absorb-employment-shocks/

[13] Malkie Wall and Lily Roberts, "Only Half of U.S. States Have Active Worksharing Programs," *Center for American Progress*, May 10, 2021, available at https://www.americanprogress.org/article/half-u-s-states-active-worksharing-programs/

[14] Center for American Progress, "Blueprint for the 21st Century" (Washington, D.C.: 2018), available at https://www.americanprogress.org/article/blueprint-21st-century/

[15] U.S. Department of the Treasury, "IRS Launches New Initiatives Using Inflation Reduction Act Funding to Ensure Large Corporations Pay Taxes Owed, Continues to Improve Service and Modernize Technology with Launch of Business Tax Account," Press release, October 20, 2023, available at https://home.treasury.gov /news/press-releases/jy1824.

[16] Thomas Franck, "Treasury says tax gap to balloon to $7 trillion over next decade, calls for beefed-up IRS," *CNBC*, June 10, 2021, available at https://www.cnbc.com/2021/06/10/treasury-says-tax-gap-to-balloon -to-7-trillion-calls-for-beefed-up-irs.html.

[17] Daron Acemoglu, Andrea Manera, and Pascual Restrepo, "Does the US Tax Code Favor Automation?" (Washington, D.C.: Brookings Institute, 2020), available at https://www.brookings.edu/wp-content/uploads/2020/12/Acemoglu-FINAL-WEB.pdf.

[18] Amanda Silberling, "The writers' strike is over; here's how AI negotiations shook out," *TechCrunch*, September 26, 2023, available at https://techcrunch.com/2023/09/26/writers-strike-over-ai/.

[19] Aurelia Glass, "What You Need To Know About Gen Z's Support for Unions," *Center for American Progress*, August 9, 2023, available at https://www.americanprogress.org/article/what-you-need-to-know-about-gen-zs-support-for-unions/.

[20] David Madland, "Opinion: Hollywood writers' strike is about more than money. It's also about having power over AI," *MarketWatch*, June 17, 2023, available at https://www.marketwatch.com/story/hollywood-writers-strike-is-about-more -than-money-its-also-about-having-power-over-ai-adbe3cba.

[21] The White House, "Blueprint for an AI Bill of Rights," (Washington, D.C.: 2022), available at https://www.whitehouse.gov/ostp/ai-bill-of-rights/; The White House, "FACT SHEET: President Biden Issues Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence," (Washington, D.C.: 2023), available at https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/30/fact-sheet-president-biden-issues-executive-order-on-safe-secure-and-trustworthy-artificial-intelligence/.