



September 23, 2025

The Honorable Gavin Newsom
Governor
State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom:

On behalf of SHRM, I write to express our concern for SB 7, “Employment: automated decision systems” and urge you to veto the measure and ask the California legislature to pass a more measured approach. SHRM is a member-driven catalyst for creating better workplaces where people and businesses thrive together. As the trusted authority on all things work, SHRM is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today’s evolving workplaces. With nearly 340,000 members, including nearly 30,000 SHRM members in California, SHRM touches the lives of more than 362 million workers and their families globally.

SHRM respectfully requests you to exercise your authority to veto the measure and remand it back to the legislative body for further consideration. While SHRM shares California’s commitment to thoughtful regulation of artificial intelligence (AI) and automated decision tools (ADTs), SB 7 imposes impractical mandates on organizations, particularly small and mid-sized businesses. These mandates would hinder innovation, create untenable compliance burdens and increase litigation risks without clear benefit to workers.

With hands-on experience in talent management, benefits design, and compliance strategies, SHRM is uniquely positioned to provide insights into workplace policy developments. By leveraging the collective expertise of its membership, SHRM advocates for workplace policies that are practical, sustainable, and aligned with the realities of modern employment. SHRM’s concern stems from three major issues: (1) overly broad definitions and pre-use notice requirements; (2) the inclusion of independent workers under the same protections as employees; and (3) unclear scope regarding disciplinary decisions.

(1) SB 7 Can Be Better Defined to Achieve Its Goals

Every day, SHRM’s members—HR professionals and business executives—make countless decisions vital to organizational success, from high-stakes hiring and compensation to routine personnel matters that shape workplace culture. To promote efficient, data-driven decision-making, HR has embraced AI and automation as tools to augment rather than replace human judgment.

SHRM research shows that this shift is transformative. What began as small analytics teams has become a core HR function. AI adoption is growing at a 209 percent annual rate, while predictive analytics (data science, 96%; machine learning, 67%), interactive visualization (64%), and

technical skills (projects, 31%; programming, 28%) are expanding rapidly. These tools enable smarter, more objective workforce decisions.¹

While we understand SB 7's intent to provide notice about ADS use, the bill is overly broad and unclear. Section 1520(c) defines an ADS as one "used to assist or replace human discretionary decision making and materially impacts natural persons." This definition provides no clear standard for when reporting is required and could capture everyday HR technologies. Employers, particularly those without in-house counsel, may face costly legal analysis or risk unintentional noncompliance, which discourages adoption of tools that could improve hiring and reduce bias.

SHRM urges lawmakers to refine this definition by qualifying "assisting" with a modifier such as "**substantially,**" "**materially,**" or "**meaningfully**" so reporting applies only when a system genuinely influences employment outcomes. This targeted language would protect employees and job seekers while providing organizations a workable, compliance-oriented standard.

We also recommend reviewing the bill's reporting mandates. Sections 1522(c)(3)–(4) would require employers to disclose key parameters affecting ADS outputs and identify all individuals or vendors involved in creating the system. Much of this information is proprietary and often unavailable to end users. Even basic scheduling or task-allocation software could trigger pre-use notice, creating an unworkable burden that risks overwhelming both employees and employers.

As written, Sections 1520(c) and 1522(c) would chill innovation and confuse the very workers the bill aims to protect. Instead of creating sweeping mandates, California should invest in education and resources to help organizations adopt AI responsibly and assess vendors.

(2) Inclusion of Independent Contractors Creates Confusion

SB 7 applies the same reporting and notice requirements to independent contractors as to employees, despite longstanding legal distinctions. Independent contractors perform temporary, specialized, or project-based work under contracts defining scope and terms. Extending employment-type obligations to these relationships is unprecedented and would complicate arrangements that small businesses rely on for flexibility and expertise.

Many provisions do not make sense when applied to contractors. For example, if a small business uses an ADS tool to identify misconduct by an IT contractor, SB 7 would require notice, investigation, and data disclosures before ending that contract. The level of monitoring and reporting required is akin to employer-employee oversight and is inappropriate for independent contractor arrangements.

SHRM recommends that the Governor veto this measure and that California lawmakers consider ways to include contractors more appropriately, rather than treating them identically to employees.

(3) Unclear Scope of "Discipline" Creates Compliance and Litigation Risks

¹ SHRM, [Emerging Technology Skills in HR](#), 2025

Section 1524 allows a worker to request “a copy of the most recent 12 months of the worker’s own data primarily used by an ADS to make a discipline, termination, or deactivation decision.” While SHRM supports employees’ right to access data used in employment decisions, the term “discipline” is overly broad. It could encompass verbal warnings, written notices, performance improvement plans, schedule changes, temporary suspensions, demotions, or adjustments to bonuses. Employers would need to determine whether every automated tool affecting any of these steps triggers a reporting obligation, creating uncertainty and inconsistent enforcement.

The bill also fails to specify what a “copy” entails or how proprietary or competitively sensitive information will be protected. Even with personal information redacted, workers could infer coworker or customer data, risking privacy and workplace relationships. Compliance would impose a heavy administrative burden, particularly on small businesses, requiring dozens of hours of HR or legal staff time.

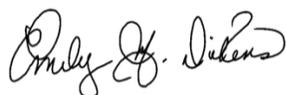
While the right to access is narrower than in earlier drafts, SB 7 still creates unnecessary risks, undermines protections for sensitive business information, and imposes costly obligations that provide little added benefit to workers. The Legislature should clarify exactly what data must be disclosed, potentially through regulatory guidance or sample forms, to make this provision workable and protect good-faith employers.

Conclusion

SHRM believes SB 7 is not ready to be signed into law. Our research shows that AI proves its value when paired with human judgment: 80% of workers agree a human should always review AI before implementation, 77% say AI requires human involvement for optimal functionality, and 74% believe AI should complement—not replace—human capabilities.² AI combined with human intelligence (AI+HI) maximizes workplace innovation and ROI while mitigating risks. This is the time for government-provided education and guidance, not overly broad statutes that create enhanced liability. Workers and businesses that fail to integrate AI and ADS risk falling behind. To maintain competitiveness and foster innovation, California should focus on education and measured policy, rather than sweeping mandates that could stifle progress.

Thank you for your attention to this matter.

Sincerely,



Emily M. Dickens
Chief of Staff, Head of Government Affairs
& Corporate Secretary
SHRM

² SHRM, [From Adoption to Empowerment: Shaping the AI-Driven Workforce of Tomorrow](#), 2025.