

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT

Liz Ortega, Chair

AB 2545 (Schiavo) – As Amended March 19, 2026

**SUBJECT:** Report: labor force impact: artificial intelligence

**SUMMARY:** Creates within the Employment Development Department (EDD) the California Artificial Intelligence Worker Impact Data Assessment Project and a 10-member advisory panel; tasks the EDD, in consultation with the panel, with performing an assessment and reporting to the Legislature on the existing data collection systems and gaps in data collection related to the use and impact of advanced artificial intelligence (AI) systems on the labor force, as specified. Specifically, **this bill:**

- 1) Establishes the California Artificial Intelligence Worker Impact Data Assessment Project within the EDD.
- 2) Creates the California Artificial Intelligence Worker Impact Data Assessment Project Advisory Panel and requires that, on or before March 1, 2027, the panel consist of 10 members appointed as follows:
  - a) Two experts of the University of California Labor Centers who lead research on employment, technology impacts on employment, and workforce development as appointed by the Governor.
  - b) Two experts from AI developers who have assessed and analyzed technological impacts on labor markets appointed by the Governor.
  - c) Two experts from nonprofit organizations who have experience in assessing upward mobility, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Speaker of the Assembly.
  - d) One expert from a bonafide labor organization representing workers in California, including public sector, private sector, or multisector organizations appointed by the Speaker of the Assembly.
  - e) One expert from a nonprofit organization who has experience in assessing upward mobility, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Senate Rules Committee.
  - f) Two experts from bonafide labor organizations representing workers in California, including public sector, private sector, or multisector organizations appointed by the Senate Rules Committee.
- 3) Provides that the members of the advisory panel shall serve without compensation but shall be reimbursed for all necessary expenses actually incurred in the performance of their duties.
- 4) Requires the EDD, in consultation with the advisory panel, to perform an assessment of data sources and collection methodologies utilized by federal, state, and local governmental

agencies with regards to the use and impact of advanced AI systems on the labor force and compile a report on existing data collection systems and gaps in data collection.

- 5) Requires, on or before January 1, 2028, the advisory panel to submit a report to the Legislature on the results of the assessment and post the report on its website.
- 6) Requires the report to include all of the following:
  - a) Identification of key questions and data that need to be answered to assess how the introduction of AI systems impacts individual workers and labor markets broadly, including, but not limited to, how technology is being introduced in the workplace to manage or replace workers and how technology is being used to automate tasks and jobs.
  - b) Inventory of existing data that the state collects across agencies to analyze developments in technology and their impact on the workforce.
  - c) Assessment of federal governmental and local governmental data collection systems and how they may be leveraged to assess future workforce developments and issues.
  - d) Assessment of current data collection partnerships between federal, state, and local governmental agency partners.
  - e) Assessment of data collection efforts by nongovernmental partners.
  - f) Assessment of gaps in data collection systems to inform future policy development.
  - g) Any other assessment and data the advisory panel determines is appropriate.
- 7) Requires the report to include policy recommendations to the Legislature that include, but are not limited to, all of the following:
  - a) How to effectively support workers impacted by AI.
  - b) How to ensure workforce pipelines remain open for positions with expertise.
- 8) Dissolves the advisory panel upon submission of the report to the Legislature.
- 9) Sunsets and repeals the bill's provisions on January 1, 2029.

**EXISTING LAW:**

- 1) Establishes the EDD within the Labor and Workforce Development Agency and vests it with specified duties, purposes, responsibilities, and jurisdiction related to job creation activity functions, among other things. Unemployment Insurance Code § 3001.
- 2) Requires the EDD to operate the State-Local Cooperative Labor Market Information Program as a primary source for local and statewide occupational information. Unemployment Insurance Code § 10533.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Note: this bill is double referred to the Assembly Committee on Privacy and Consumer Protection upon passage out of this Committee.

As AI continues to grow, too does the debate over how these technologies currently, and will in the future, impact the manner and type of work available. While some jobs are certainly more vulnerable to automation than others, experts are split over which industries have the most exposure and risk. Similarly, there is no consensus over whether AI will eventually lead to mass job displacement, and what types of guardrails are needed to ensure that does not occur.

In a recent working paper<sup>1</sup>, researchers surveyed economists about their economic outlook over the next five and 25 years. The study found that most expect the economy to grow a bit more quickly as AI becomes more sophisticated, but not to deviate substantially from historical patterns. However, those surveyed said that, if technology improves rapidly, it could result in a more drastic scenario with faster economic growth but also the disappearance of millions of jobs.

AI developers have even warned that their products could cause mass job disruption. Anthropic's CEO has said the technology could eliminate half of entry-level white-collar work<sup>2</sup>, while Microsoft's AI chief made a similar prediction that most professional work will be replaced within a year to 18 months.<sup>3</sup> Elon Musk has frequently claimed that AI will render work "optional" within the next 10 to 20 years.

Despite the vast implications of such a disruption, there is currently limited evidence of the impact of AI on the labor market, leaving lawmakers without critical information needed to make policy decisions.

According to the author, "As AI continues to reshape jobs and industries, we must have accurate, comprehensive data to protect workers and support strong workforce pathways. This bill brings together labor, industry, and academic experts to identify gaps in our current data systems and provide actionable recommendations to the Legislature. By taking a proactive, evidence-based approach, California can lead the nation in developing policies that both foster innovation and safeguard workers. AB 2545 is about making sure the future of work works for everyone."

The author adds that the measure promotes equity, per H.R. 39 (Gipson, 2021), in that "research shows that AI and automation disproportionately affect low-wage workers, workers of color, workers without college degrees, and workers in routine or administrative roles. By requiring the state to identify how AI is being used to replace or manage workers, AB 2545 creates a foundation to detect disproportionate impacts on vulnerable populations, prevent invisible or underreported job displacement and design targeted interventions before harm becomes widespread.

The bill requires policy recommendations on supporting workers impacted by AI and maintaining workforce pipelines. AI-driven change increases demand for higher-level skills, which can widen inequality if access to training is uneven. This bill enables the state to design

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<sup>1</sup><https://static1.squarespace.com/static/635693acf15a3e2a14a56a4a/t/69cbb9d509ada447b6d9013f/1774959061185/forecasting-the-economic-effects-of-ai.pdf>

<sup>2</sup> "AI could make half of all entry-level white-collar jobs vanish, Anthropic CEO warns." Fortune. <https://fortune.com/2025/05/28/anthropic-ceo-warning-ai-job-loss/>

<sup>3</sup> "Microsoft AI chief gives it 18 months—for all white-collar work to be automated by AI." Fortune. <https://fortune.com/2026/02/13/when-will-ai-kill-white-collar-office-jobs-18-months-microsoft-mustafa-suleyman/>

inclusive retraining programs, accessible career pathways, and targeted investments in communities facing displacement. AI has the potential to put downward pressure on wages in some sectors to reduce job quality through algorithmic management. AB 2545 allows California to anticipate inequitable outcomes and develop policies that distribute benefits more broadly. This shifts the state from reactive to proactive in preventing inequality.”

### **Arguments in Support**

TechEquity Action states in support that “while various federal, state, and local agencies collect workforce economic data, there is no unified effort to assess AI’s specific impacts or to identify gaps in existing data systems. Without this information, it is difficult for the state to proactively develop policies that protect workers, support job transitions, and maintain strong workforce pipelines. There could also be substantial pressure on the State’s social safety net and solid projections about AI’s impact on employment and labor markets will be an important element of planning appropriately.”

### **Arguments in Opposition**

The California Chamber of Commerce is opposed unless amended and states that “AB 2545 requires the Employment Development Department to convene a working group related to artificial intelligence. The working group is required to include ten (10) appointed members from University of California Labor Centers, artificial intelligence developers, nonprofit organizations, and labor organizations. Noticeably missing from this working group are any employer representatives. We strongly believe that the employer perspective should be considered as part of this working group given the use of artificial intelligence in the workplace. We therefore request that employer representatives be included in the bill.”

### **Prior and Related Legislation**

AB 1883 (Bryan) of 2026 would prohibit an employer from using certain types of workplace surveillance tools or using workplace surveillance tools to violate or prevent compliance with laws, or infer information about a worker’s legally-protected status or activities. Provides for a civil penalty, enforcement by the LC or a public prosecutor, and a private right of action. Pending in the Assembly Privacy and Consumer Protection Committee.

AB 1898 (Schultz) of 2026 would, among other things, require an employer to provide a written notice to an employee that a workplace AI tool, as defined, was used to assist the employer in making employment-related decisions or to surveil the workplace. Pending in the Assembly Judiciary Committee.

SB 951 (Reyes) of 2026 would establish the California Worker Technological Displacement Act, which would require a covered employer, as defined, to provide at least a 90-day advanced written notice, as described, before any technological displacement or termination of contract affecting 25 or more workers or 25 percent of the workforce, whichever is less. The bill would require a covered employer to provide that notice to affected employees, the EDD, and specified state and local entities. Pending in the Senate Labor, Public Employment and Retirement Committee.

SB 947 (McNerney) of 2026 would, among other things, prohibit an employer from using an automated decision system (ADS) to perform certain functions and would limit the purposes for

and way in which an ADS may be used. The bill would authorize a worker to request, and require an employer to provide, a copy of the most recent 12 months of the worker's own data primarily used by an ADS to make a disciplinary, termination, or deactivation decision, as specified. The bill would require an employer that uses an ADS to assist in making a disciplinary, termination, or deactivation decision to provide the affected worker with a written post-use notice, as specified. Pending in the Senate Labor, Public Employment and Retirement Committee.

AB 1331 (Elhawary) of 2025 would limit the use of workplace surveillance tools, as defined, by employers, including by prohibiting an employer from monitoring or surveilling workers in employee-only, employer-designated areas, as specified. On the Senate Inactive File.

AB 1221 (Bryan) of 2025 would have required an employer, at least 30 days before introducing a workplace surveillance tool, as defined, to provide a worker who will be affected a written notice that includes specified disclosures; created certain prohibitions and requirements related to the use of worker data, as defined; prohibited employers from using workplace surveillance tools in specified ways; and provided for enforcement by the LC, employees and representatives, and public prosecutors, and subjected employers in violation to a civil penalty. Held in the Assembly Appropriations Committee.

SB 7 (McNerney) of 2025 would have regulated the use of ADS in the employment setting. Among other things, this bill would have 1) required an employer to provide a written notice that an ADS is in use at the workplace to all workers that will foreseeably be directly affected by the ADS; 2) prohibited in some instances and in others limits the use of an ADS by an employer; 3) provided worker anti-retaliation protections for exercising their rights under these provisions; and 4) specified enforcement provisions that include penalties and relief for violations. Vetoed by Governor Newsom.

SB 238 (Smallwood-Cuevas) of 2025 would require an employer to annually provide a notice to the DIR of all the workplace surveillance tools the employer is using in the workplace. The bill would require the notice to include, among other information, the personal information that will be collected from workers and consumers and whether they will have the option of opting out of the collection of personal information. Pending in the Assembly Consumer Privacy and Protection Committee.

AB 1651 (Kalra) of 2022 would have established limitations on the use of data-driven technologies in the workplace by requiring employers to notify workers prior to data collection, initiating electronic monitoring, and deploying algorithms; as well as would have required the technology be used pursuant to a valid business practice and be job-related, and that employers conduct impact assessments with worker input for algorithms. Died in the Assembly Privacy and Consumer Protection Committee.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

TechEquity Action

**Oppose Unless Amended**

California Chamber of Commerce

**Analysis Prepared by:** Erin Hickey / L. & E. /