

Date of Hearing: April 16, 2026

Fiscal: Yes

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

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

SUBJECT: Report: labor force impact: artificial intelligence

SYNOPSIS

Generative artificial intelligence (GenAI) is rapidly reshaping California's labor market. Across industries, GenAI is changing how work is performed and which skills are valued: in some cases, these systems augment workers and boost productivity, while in others they displace or automate key aspects of workers' roles. But despite the scale of this transformation, California lacks a comprehensive understanding of how, and to what extent, GenAI is affecting the labor market. Collection of workforce data is fragmented across multiple agencies, each gathering information for distinct purposes without a unified framework to capture emerging dynamics such as automation, replacement, or productivity increases.

This bill would establish an advisory panel consisting of labor and technology experts in the Employment Development Department, and task the panel with identifying gaps in California's data collection practices with respect to AI's effects on the workforce. The bill is supported by a variety of worker rights and AI safety groups.

EXISTING LAW:

- 1) Establishes the Employment Development Department (EDD) in the Labor and Workforce Development Agency, to be administered by an executive officer known as the Director of Employment Development, and vests the director with specified duties. (Unemp. Ins. Code § 301.)
- 2) Requires the EDD to operate the State-Local Cooperative Labor Market Information Program as the primary component of the comprehensive labor market and occupational supply and demand information system. (Unemp. Ins. Code § 10533.)
- 3) Requires a private employer with 100 or more employees to annually submit a pay data report to the Civil Rights Department. (Gov. Code § 12999.)
- 4) Requires every person employing labor in the state to furnish to the Industrial Welfare Commission, at its request, reports or information that the commission requires to carry out its statutory duties. (Lab. Code § 1174.)
- 5) Establishes the federal Bureau of Labor Statistics in the Department of Labor and requires the Bureau to collect, analyze, and publish data on labor, employment, wages, and working conditions (29 U.S. Code § 1 *et seq.*)

THIS BILL:

- 1) Establishes the California Artificial Intelligence Worker Impact Data Assessment Project in the Employment Development Department.
- 2) Creates the California Artificial Worker Impact Data Assessment Project Advisory Panel, consisting of the following 13 members on or before March 1, 2027:
 - 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 artificial intelligence 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.
 - g. One member representing a small or medium-sized private sector employer with demonstrated experience deploying AI technologies or automated decision systems in the workplace, appointed by the Assembly Committee on Rules.
 - h. One member representing a large private sector employer with demonstrated experience in deploying AI technologies or automated decision systems in the workplace, appointed by the Governor.
 - i. One member representing a nonprofit organization with demonstrated experience deploying AI technologies or automated decision systems, appointed by the Speaker of the Assembly.
- 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 department, 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 regard to the use and impact of advanced artificial intelligence systems on the labor force, and to compile a report on existing data collection systems and gaps in data collection.

- 5) On or before January 1, 2028, requires the advisory panel to submit a report to the Legislature on the results of the assessment, and to post the report on its internet website. Requires that the report include all of the following:
 - a. Identification of key questions and data that need to be answered to assess how the introduction of artificial intelligence 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.
 - h. Policy recommendations to the Legislature regarding how to effectively support workers impacted by artificial intelligence.
 - i. Policy recommendation to the Legislature regarding how to ensure workforce pipelines remain open for positions with expertise.
- 6) Requires that the advisory panel be dissolved upon submission of the report to the Legislature.
- 7) Sunsets January 1, 2027.

COMMENTS:

- 1) **Author's statement.** 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.

- 2) **Background.** *AI and GenAI.* In brief, AI is the mimicking of human intelligence by artificial systems such as computers. AI uses algorithms – sets of rules – to transform inputs into outputs. Inputs and outputs can be anything a computer can process: numbers, text, audio, video, or

movement. AI is not fundamentally different from other computer functions; its novelty lies in its application. Unlike traditional computer functions, AI can accomplish tasks that are normally performed by humans.

AI that is trained on small, specific datasets in order to make recommendations and predictions is sometimes referred to as “predictive AI.” This differentiates it from GenAI, which is trained on massive datasets in order to produce detailed text and images. When Netflix suggests a TV show to a viewer, that recommendation is produced by predictive AI that has been trained on the viewing habits of Netflix users. When ChatGPT generates text in clear, concise paragraphs, it uses GenAI that has been trained on the written contents of the internet.

Effect of AI on labor markets. According to a recent report from executive outplacement firm Challenger, Gray & Christmas, AI was responsible for 54,836 announced layoffs in the United States in 2025.¹ Earlier this year, a Resume.org survey of 1000 United States hiring managers revealed that 55% of companies expected further layoffs in 2026, and that 44% of these companies cited AI as a top driver – though 59% admitted they intentionally emphasized AI when explaining hiring freezes or layoffs because it “plays better with stakeholders.”² It is difficult to separate the signal from the noise when assessing the effect that advanced AI is having on the labor market. A recent review published in *Computers in Human Behavior Reports* emphasized the complexity of assessing GenAI’s effects on businesses:

The use of Generative AI has significant effects on businesses and the labor market. One of the key contributions of this technology is the ability to generate content. However, the generation of inaccurate and incomplete content by AI may lead to a decrease in trust in the technology. In some industries and occupations, Generative AI may replace employees in content creation activities and related tasks, reducing job opportunities in these sectors. On the other hand, GenAI may create new specializations in content creation, leading to new job opportunities for people with AI-related knowledge.³

Ford CEO Jim Farley recently expressed his belief that “artificial intelligence is going to replace literally half of all white collar workers,”⁴ a belief shared by Anthropic CEO Darius Amodei.⁵ On the other hand, Nvidia CEO Jensen Huang recently predicted that AI will primarily augment, rather than replace, American workers.⁶ Anthropic’s “Economic Index” tool, which tracks AI usage trends across the workforce, reveals that California currently ranks fifth among states in

¹ Challenger, Gray & Christmas, “Challenger Report December 2025,” Jan. 8, 2026,

<https://www.challengergray.com/wp-content/uploads/2026/01/Challenger-Report-December-2025.pdf>.

² Resume.org, “The Great Turnover: 9 in 10 Companies Plan To Hire in 2026, Yet 6 in 10 Will Have Layoffs,”

<https://www.resume.org/the-great-turnover-9-in-10-companies-plan-to-hire-in-2026-yet-6-in-10-will-have-layoffs-2>.

³ Salari, Beiomvand, Hosseinian-Far, Habibi, Babajani, and Mohammadi, “Impacts of generative artificial intelligence on the future of labor market: A systematic review,” *Computers in Human Behavior Reports*, Mar. 15, 2025, <https://www.sciencedirect.com/science/article/pii/S2451958825000673>.

⁴ Jeannine Mancini, “Ford CEO Says AI Will Replace ‘Literally Half’ of White-Collar Workers — But Blue-Collar Trades Are Still The Essential Backbone Of The Economy,” *yahoo!finance*, Oct. 6, 2025, <https://finance.yahoo.com/news/ford-ceo-says-ai-replace-203114506.html>.

⁵ Jim VandeHei and Mike Allen, “Behind the Curtain: A white-collar bloodbath,” *Axios*, May 28, 2025, <https://www.axios.com/2025/05/28/ai-jobs-white-collar-unemployment-anthropic>.

⁶ Ashton Jackson, “Nvidia CEO: You won’t lose your job to AI—you’ll ‘lose your job to somebody who uses AI,’” *CNBC*, May 28, 2025, <https://www.cnbc.com/2025/05/28/nvidia-ceo-jensen-huang-youll-lose-your-job-to-somebody-who-uses-ai.html>.

terms of AI usage, behind Washington DC, Massachusetts, Washington state, and New York.⁷ The March 2026 version of Anthropic’s Economic Index report summarizes current usage trends for Anthropic’s chatbot Claude:

Overall, Claude is used for high-value, complex work that is not broadly representative of the US economy. But as the user base has grown, less remunerated tasks have become a slightly larger share of traffic. The average value of tasks, measured as the estimated wage paid to workers in occupations associated with those tasks, has declined on Claude.ai since our first report, while rising among API users. On both surfaces, users bring their most complex tasks to our more powerful model class, Opus. This inflection is stronger for API customers.⁸

California’s creative economy. The creative economy is both hugely important to California and particularly sensitive to AI. The Otis College 2025 Report on the Creative Economy estimates that California’s creative economy employs more than 760,000 workers with an average salary of \$191,000 per year, accounting for roughly 5% of the state’s workforce.⁹ The 2023 version of this report estimated that California’s creative economy was responsible for 14.9% of the state’s \$3.4 trillion economy in 2021, generating over \$194.1 billion in federal, state, and municipal taxes.¹⁰

While the adoption of GenAI is opening up new possibilities in music, film, publishing and other creative fields, the technology’s impact on California’s creative economy and individual creators remains uncertain and unevenly distributed. To date, few studies have assessed how AI will affect jobs and incomes for writers, actors, musicians, designers and other creators. A global report published by the International Confederation of Societies of Authors and Composers (CISAC and PMP Strategy) in December of 2024 projected the emergence of a massive market for AI-generated content. The study estimated that AI-generated audiovisual content, including film and TV, could be worth €48 billion (\$55.73 billion) by 2028. However, the report warned that up to 21% of creators’ revenue in film and TV could be cannibalized as a result:

In an unchanged regulatory framework, creators will actually suffer losses on two fronts: the loss of revenues due to the unauthorised use of their works by Gen AI models without remuneration; and replacement of their traditional revenue streams due to the substitution effect of AI-generated outputs, competing against human-made works.¹¹

Tech industry layoffs. Over the past two years, major California-based tech companies have laid off hundreds of thousands of global workers. These companies have increasingly linked these layoffs to AI: in March, Reuters reported Meta layoff plans that could affect 20% or more of the company. According to the report, the goal of the layoffs was to offset AI infrastructure

⁷ Anthropic, “Anthropic Economic Index,” <https://www.anthropic.com/economic-index#state-usage>.

⁸ Anthropic, “Anthropic Economic Index report: Learning curves,” Mar. 24, 2026, <https://www.anthropic.com/research/economic-index-march-2026-report>.

⁹ Otis College of Art and Design, Otis College Update on the Creative Economy, (Mar. 27, 2025), available at https://www.otis.edu/about/initiatives/documents/25-063-CreativeEconomy_Report4_250325.pdf.

¹⁰ Otis College of Art and Design, Otis College Report on the Creative Economy, (2023), available at <https://www.televisionacademy.com/files/assets/Downloads/2023-otis-report-on-the-creative-economy-v1.pdf>.

¹¹ PMP Strategy/CISAC, Study on the economic impact of Generative AI in the Music and Audiovisual industries, (Nov. 2024), available at <https://www.cisac.org/services/reports-and-research/cisacpmp-strategy-ai-study>.

investments and to prepare for greater efficiency brought about by AI-assisted workers.¹² Oracle similarly laid off 30,000 employees in late March – representing roughly 18% of its global workforce – in order to fund its commitment to aggressively build out AI infrastructure.¹³ Amazon announced plans to layoff 16,000 employees in January of this year, the second round of large-scale job reductions in three months. The company announced in a blog post that the layoffs were necessary to increase its decision-making speed.¹⁴ Jack Dorsey, founder and CEO of startup “Block, Inc” tied cutting 40% of his company to advances in efficiency due to AI in an X post:

we're not making this decision because we're in trouble. our business is strong. gross profit continues to grow, we continue to serve more and more customers, and profitability is improving. but something has changed. we're already seeing that the intelligence tools we're creating and using, paired with smaller and flatter teams, are enabling a new way of working which fundamentally changes what it means to build and run a company. and that's accelerating rapidly.¹⁵

In the aftermath of these layoffs, an opinion piece from Block’s former head of communications questioned whether connection between industry layoffs and AI could be engineered, rather than inevitable:

...it doesn't matter whether a company's stated rationale is sincere or not. Once it announces it is cutting jobs for A.I., the remaining workers have no choice but to buy into that vision.

This is what's happening at Block. Several months ago, employees were told that the company was tracking everyone's use of A.I. tools. The implicit message was clear: Adoption was not optional. Layoffs later became the enforcement mechanism — reduce a team from 10 to one, and that remaining person has no choice but to adopt A.I. tools to attempt to absorb the work of the nine others. This increases A.I. use, and suddenly the rationale creates conditions that make it self-reinforcing. Congrats, you're now an A.I.-first company.

That future, however, is colliding with the reality of what A.I. can actually do. The size of these layoffs is shocking to the public because of the gulf between asserting that A.I. is ready to replace work and our often disappointing encounters with it: useless email summaries, antisemitic chatbots and A.I. overviews that can't get even basic facts right. (Google recently told me Michelle Pfeiffer received an Oscar nomination for “most desirable female.”) It's hard to reconcile the two. How are thousands of people losing their jobs to this?¹⁶

¹² Katie Paul, Jeff Horwitz, and Deepa Seetharaman. “Exclusive: Meta planning sweeping layoffs as AI costs mount,” *Reuters*, Mar. 13, 2026. <https://www.reuters.com/business/world-at-work/meta-planning-sweeping-layoffs-ai-costs-mount-2026-03-14/>.

¹³ Jon Markman, “Oracle’s Massive 30,000 Layoff As AI Spending Surges,” *Forbes*, Apr. 6, 2026, <https://www.forbes.com/sites/jonmarkman/2026/04/06/oracles-massive-30000-layoff-as-ai-spending-surges/>.

¹⁴ Jordan Vallnsky, “Amazon is laying off 16,000 employees as AI battle intensifies,” *CNN*, Jan. 28, 2026, <https://www.cnn.com/2026/01/28/tech/amazon-layoffs-ai>.

¹⁵ Jack Dorsey, X, Feb. 26, 2026, <https://x.com/jack/status/2027129697092731343>.

¹⁶ Aaron Zamost, “I Worked for Block. Its A.I. Job Cuts Aren’t What They Seem.,” *New York Times*, Mar. 4, 2026, <https://www.nytimes.com/2026/03/04/opinion/block-jack-dorsey-layoffs-ai.html>.

Given that much of the tech driving these massive changes to the labor market is created here in California, it is not surprising that the state should wish to accurately forecast the future effects AI is likely to have on labor.

3) **What this bill would do.** For California to accurately assess AI's effect on the labor market, it must first understand the scope of state and federal workplace data collection. This bill would convene an advisory panel in the Employment Development Department and task it with assessing data sources and collection methodologies utilized by federal, state, and local government agencies with regard to the use and impact of advanced AI systems on the labor force. The panel is specifically required to compile a report on existing data collection systems, with an emphasis on gaps in data collection, and to transmit that report to the Legislature upon completion.

4) **Employer perspective.** Taking a "support if amended" position on the bill, the California State Association of Counties, Urban Counties of California, and League of California Cities write to request that local agency employers be added to the proposed advisory panel:

In light of the intended goals of AB 2545 to determine accurate, comprehensive data to protect workers and support strong workforce pathways through a proactive, evidence-based approach, leaving out local public agency employers would present a major gap in any finding. Since millions of employees serve in positions with the more than 6,000 agencies representing cities, counties, special districts and schools, the voice of local public agency employers should be included.

The author may wish to amend this bill to add public employer perspectives to the California Artificial Worker Impact Data Assessment Project Advisory Panel.

ARGUMENTS IN SUPPORT: The California Federation of Labor Unions explains the importance of identifying research gaps:

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. Without solid projections and widespread agreement that AI could drastically impact employment and labor markets, there could be substantial pressure to the State's social safety net.

REGISTERED SUPPORT / OPPOSITION:

Support

California Conference Board of the Amalgamated Transit Union
California Conference of Machinists
California State Council of Service Employees International Union (seiu California)
Engineers and Scientists of California, Ifpte Local 20, Afl-cio
Sag-aftra
Teamsters California
Techequity Action

Unite Here International Union, Afl-cio
Utility Workers Union of America

Oppose Unless Amended

California Chamber of Commerce

Analysis Prepared by: Slater Sharp / P. & C.P. / (916) 319-2200