
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

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Author: Schiavo
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SUBJECT: Report: labor force impact: artificial intelligence

KEY ISSUE

This bill creates the California Artificial Intelligence Worker Impact Data Assessment Project within the Employment Development Department to, among other things, establish an advisory panel consisting of labor, technology experts and employers, as specified, to study and report to the Legislature on the existing data collection systems and gaps in data collection related to the use and impact of advanced artificial intelligence systems on the labor force, as specified.

ANALYSIS

Existing law:

- 1) Defines the following terms:
 - a) “Artificial intelligence” or “AI” means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.
 - b) “Automated decision system” means a computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decisionmaking and materially impacts natural persons. “Automated decision system” does not include a spam email filter, firewall, antivirus software, identity and access management tools, calculator, database, dataset, or other compilation of data.
 - c) “Generative artificial intelligence” or “GenAI” to mean an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system’s training data.
(Government Code §11546.45.5 & §11549.64)

- 2) Requires the Department of Technology to conduct, in coordination with other interagency bodies, as it deems appropriate, a comprehensive inventory of all high-risk automated decision systems (ADS) that have been proposed for use, development, or procurement by, or are being used, developed, or procured by, any state agency. As part of this review, requires the analysis to include descriptions of any alternatives to its use, the categories of data and personal information the ADS uses to make decisions, and measures that are in place to mitigate the risks of its use, including cybersecurity risk and the risk of inaccurate, unfairly discriminatory, or biased decisions of the ADS. (Government Code §11546.45.5)

- 3) Establishes the California Consumer Privacy Act (CCPA), which grants consumers certain rights with regard to their personal information, including enhanced notice, access, and disclosure; the right to deletion; the right to restrict the sale of information; and protection from discrimination for exercising these rights. It places attendant obligations on businesses to respect those rights. (Civil Code §1798.100 et seq.)
- 4) Establishes the Consumer Privacy Rights Act (CPRA), which amends the CCPA and creates the California Privacy Protection Agency (PPA), which is charged with implementing these privacy laws, promulgating regulations, and carrying out enforcement actions. (Civil Code §1798.100 et seq.; Proposition 24 (2020))
- 5) Establishes the Employment Development Department (EDD) in the Labor and Workforce Development Agency (LWDA), and vests it with various duties and responsibilities including job creation activities, administration of the Unemployment, Disability, and Paid Family Leave programs, collection of payroll taxes, keeping track of employment records, managing federal job training programs, and collecting and sharing information about the job market. (Unemployment Insurance Code §301)
- 6) 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)

This bill:

- 1) Establishes the California Artificial Intelligence Worker Impact Data Assessment Project within the Employment Development Department.
- 2) Creates the California Artificial Intelligence 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 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 bona fide 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 bona fide labor organizations representing workers in California, including public sector, private sector, or multisector organizations appointed by the Senate Rules Committee.

- g. One member appointed by the Assembly Committee on Rules representing a small or medium-sized private sector employer with demonstrated experience deploying AI technologies or automated decisions systems in the workplace.
 - h. One member appointed by the Governor representing a large private sector employer with demonstrated experience in deploying AI technologies or automated decisions systems in the workplace.
 - i. One member appointed by the Speaker of the Assembly representing a nonprofit organization with demonstrated experience deploying AI technologies or automated decisions systems in the workplace.
- 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 AI systems on the labor force and 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 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.
 - h. Policy recommendations to the Legislature that include, but are not limited to:
 - i. How to effectively support workers impacted by artificial intelligence.
 - ii. How to ensure workforce pipelines remain open for positions with expertise.
- 6) Dissolves the advisory panel upon submission of the report to the Legislature and sunsets all the bill's provisions on January 1, 2029.

COMMENTS

1. Background:

AI, GenAI & ADS Use in Employment:

With technological advancements happening faster than humans can react, we often miss opportunities to pause and evaluate its impact. Until recently, advancements in technology

often automated physical tasks, such as those performed on factory floors or self-checkouts, but AI functions more like human brainpower. AI can use algorithms to accomplish tasks faster and sometimes at a lower cost than human workers can. As this technology develops, so do fears of worker displacement in more areas and industries.

According to a recent CNBC article, “recent estimates from Goldman Sachs suggest that 6% to 7% of U.S. workers could lose their jobs because of AI adoption. The Stanford Digital Economy Lab, using ADP employment data, found that entry-level hiring in “AI exposed jobs” has dropped 13% since large language models started proliferating. The report said software development, customer service and clerical work are the types of jobs most vulnerable to AI today.”¹

In February of 2019, Data & Society, an independent non-profit research institute, published a study evaluating the impact of algorithmic management on the workforce. The study highlights several examples where algorithmic management is becoming more common. In the delivery industry, companies from UPS to Amazon to grocery chains are using automated systems to optimize delivery workers’ daily routes. In other industries, trends show an increase in remote tracking and managing using AI software. In retail and service jobs, automated scheduling is replacing managers’ discretion over employee schedules, while the work of evaluating employees is being transferred to consumer-sourced rating systems.²

Beyond replacing workers, GenAI tools like ChatGPT, Gemini or Claude are being used to complement the duties of employees in astonishing numbers. A 2025 report assessed the scale of global daily active usage for GenAI tools and found that daily active user base for these tools likely falls within the range of 115 million to 180 million individuals.³ In terms of state employment and GenAI use, a 2024 survey by the National Association of State Chief Information Officers (NASCIO) found that 53 percent of chief information officers reported using GenAI tools in their daily work.⁴

Recent Legislative Efforts to Regulate AI:

Over the last couple years, the Legislature has considered a multitude of bills aimed at regulating AI and its use to ensure that the privacy rights of Californians continue to be protected. For example, SB 896 (Dodd, Chapter 928, Statutes of 2024) required that the Office of Emergency Services perform a risk analysis of potential threats to California’s critical infrastructure posed by GenAI and established disclosure requirements for state agencies and departments that use GenAI.

In 2025, SB 7 (McNerney, 2025) attempted to regulate the use of ADS’ in the employment setting by, among other things, 1) requiring employers to provide a written notice that an ADS is in use at the workplace to all workers directly affected by the ADS; 2) prohibiting in some instances and in others limiting the use of an ADS, as specified; 3) providing worker

¹ Samantha Subin, “AI is already taking white-collar jobs. Economists warn there’s ‘much more in the tank,’” October 23, 2025, CNBC. <https://www.cnbc.com/2025/10/22/ai-taking-white-collar-jobs-economists-warn-much-more-in-the-tank.html>

² Alexandra Mateescu, Aihua Nguyen, 2019. Data & Society. “*Explainer: Algorithmic Management in the Workplace.*” https://datasociety.net/wp-content/uploads/2019/02/DS_Algorithmic_Management_Explainer.pdf

³ Andres, Guadamuz, “How many people are using generative AI on a daily basis? A Gemini report,” (Apr 14, 2025), <https://www.technollama.co.uk/a-gemini-report-how-many-people-are-using-generative-ai-on-a-daily-basis-a-gemini-report>.

⁴ Amy Glasscock, “Generating opportunity: The risks and rewards of generative AI in state government,” *National Association of State Chief Information Officers*, (Nov 2024), https://www.nascio.org/wp-content/uploads/2024/11/NASCIO_Risks-and-Rewards-of-GenAI_2024_a.pdf

anti-retaliation protections for exercising these rights; and 4) specifying enforcement mechanisms that included penalties and relief for violations. SB 7 was vetoed by Governor Newsom.

Several other bills attempted to regulate AI and ADS use in 2025. This year, lawmakers continue to introduce bills aimed at imposing guardrails on the use of AI in employment. Please see related legislation listed below for more information.

Governor Newsom Executive Orders (EOs) on AI and Generative AI (GenAI)

In September 2023, Governor Newsom issued Executive Order N-12-23 to deploy GenAI ethically and responsibly throughout state government, protect and prepare for potential harms, and remain the world's AI leader.⁵ Among other things, the EO directed state agencies and departments to develop a report examining the most significant and beneficial uses of AI in the state, including the potential harms and risks for communities, government, and workers.

On March 30, 2026, Governor Newsom issued Executive Order N-5-26 directing, among other things, the Department of General Services and the Department of Technology to submit recommendations to the Governor for new AI vendor certification standards requiring companies interested in doing business with California to certify that their AI systems include necessary safeguards against illegal content, harmful bias, and violations of civil rights and liberties.⁶

Most recently, on May 21, 2026, Governor Newsom issued Executive Order N-6-26 directing state agencies to build a framework for responding to potential workforce disruption and ensuring workers are not left behind as AI adoption accelerates.⁷ Among other things, this EO directs various state agencies to:

- *Track and understand the impact of AI on the workforce, filling the gaps of knowledge and providing clear and concrete data with:* 1) a new report on recommendations, best practices, and early economic warning signals of potential labor disruptions, drafted in consultation with labor, industry, and academic experts; 2) a new dashboard showing the impact of AI across sectors; 3) recommendations on revisions and updates to the California Worker Adjustment and Retraining Notification (WARN) Act, to ensure it can be used to provide early warning data and is responsive to emerging industry trends; and 4) business feedback on the role of technology in workforce decisions incorporated into the state's monthly jobs report.
- *Respond to possible employment and workforce disruption by:* 1) reviewing policies that provide workers with a safety net, including severance and other forms of compensation; 2) increasing awareness and enrollment of employment insurance programs; 3) creating an AI playbook to modernize job training programs; 4) creating a single online platform to enable Californians to more easily navigate government services and, ultimately, help Californians identify all social services for which they

⁵ Governor Gavin Newsom, Executive Order N-12-23, <https://www.gov.ca.gov/2023/09/06/governor-newsom-signs-executive-order-to-prepare-california-for-the-progress-of-artificial-intelligence/>.

⁶ Governor Gavin Newsom, Executive Order N-5-26, <https://www.gov.ca.gov/wp-content/uploads/2026/03/3.30-FINAL-Trusted-AI-Procurement-EO-N-5-26.pdf>.

⁷ Governor Gavin Newsom, Executive Order N-6-26, <https://www.gov.ca.gov/wp-content/uploads/2026/05/5.21.26-AI-Workforce-EO-FINAL-SIGNED.pdf>.

may be eligible; and 5) leveraging California Volunteers for those experiencing long-term unemployment and to provide essential training for entry-level workers.

- *Develop stronger public policy and support programs for using AI to advance the public good:* by working with academic experts and the private sector to develop recommendations for altering incentive structures and increasing the likelihood of AI development and deployments that advance the public good and address critical problems facing society.

This bill:

This bill creates the California Artificial Intelligence Worker Impact Data Assessment Project within the EDD to, among other things, establish an advisory panel to study and report to the Legislature on the existing data collection systems and gaps in data collection related to the use and impact of AI on the labor force.

It appears that some of the information sought by this bill may be captured as part of the Governor's recent EO on AI. While perhaps overdue, the Governor's executive orders may provide necessary guardrails on how California employers use AI, as well as how the state responds to and assists impacted workers. However, just as AI evolves so will its impact on workers and the future of work. This bill allows experts and impacted stakeholders to continue the important work of identifying how to best support workers through this transition.

2. Need for this bill?

According to the author:

“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.”

This bill creates the California AI Worker Impact Data Assessment Project with EDD to study how AI affects workers and labor markets.

3. Proponent Arguments:

The California Federation of Labor Unions is in support of the measure which, they argue, will assess how AI will impact California’s workforce, as well as identify gaps in existing data collection to provide a roadmap for data collection to help policymakers make informed decisions on the future of workers and AI. They write:

“ChatGPT was introduced in 2022, sparking an explosion of AI investment and public attention. Within five days, ChatGPT gained 1 million users, breaking records for the fastest adoption of technology in history. ChatGPT also ushered in the potential for massive job elimination as users experimented with outsourcing tasks to the new AI chatbot. This set off

an AI arms race with companies such as Google, Anthropic, Meta, Deep Seek, Baidu, and many others developing more advanced AI technologies and products.

According to the Challenger Jobs Report that tracks workforce trends, 2023 was the first year that companies cited artificial intelligence as a reason for layoffs. Since then, AI was cited as the cause of close to 72,000 job cuts, with 55,000 AI-related layoffs in 2025 alone. Amazon, Dow Chemical, Accenture, Dell, Intel, Microsoft, TCS, UPS, and Citigroup all announced tens of thousands of AI-related job cuts in 2025. Salesforce laid off 4,000 customer support staff and froze hiring lawyers or software engineers, stating that AI now does up to 50% of the work of the company. In February 2026, CEO Jack Dorsey of Block and Square payments announced that he was laying off 4,000 workers, about 40% of the entire workforce, stating explicitly that the company would use AI to automate work.

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.”

4. Opponent Arguments:

None received.

5. Committee Amendments:

Appointments of individuals to government roles exist in various settings in the State. Historically, appointments are made by the Speaker of the Assembly on behalf of the Assembly and by the Senate Rules Committee on behalf of the Senate. The Committee is unaware of provisions of law requiring Assembly Rules Committee to make an appointment. This bill includes one member appointment representing small or medium-sized private sector employers with demonstrated experience deploying AI or ADS in the workplace to be appointed by the Assembly Committee on Rules. *The author may wish to amend the bill to change that appointment to the Senate Committee on Rules. Additionally, the author may wish to consider requiring the nonprofit members of the panel to also have experience assessing equity and the impacts of technology amongst our most vulnerable communities.*

This bill requires the Advisory Panel to study the impacts of advanced AI systems on the labor force and compile a report to be submitted to the Legislature. *The author may wish to expand the study parameters to include an analysis of the demographic impacts of these technological advancements as well as the impacts of worker displacement on state revenues.*

Additionally, the California State Association of Counties, Urban Counties of California, League of California Cities, and the Association of California School Administrators have adopted a “support if amended” position seeking an amendment that adds a local agency employer representative to the proposed advisory panel to ensure the recommendations to the Legislature reflect a more complete assessment that includes the impact of AI on local governments.

The author may wish to consider the following committee amendments:

Amend: (b) (3) Two experts from nonprofit organizations who have experience in assessing upward mobility, equity, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Speaker of the Assembly.

Amend: (b) (5) One expert from a nonprofit organization who has experience in assessing upward mobility, equity, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Senate Rules Committee.

Amend: (b) (7) One member appointed by the ~~Assembly~~ Senate Committee on Rules representing a small or medium-sized private sector employer with demonstrated experience deploying artificial intelligence technologies or automated decisions systems in the workplace.

Add: (b)(10) One member appointed by the Senate Rules Committee representing a city, county, special district, or local educational agency with demonstrated experience deploying artificial intelligence technologies or automated decisions systems in the workplace.

Amend: (f) (1) (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, how worker displacement impacts state revenues, how technology disproportionately impacts demographic groups, and how technology is being used to automate tasks and jobs.

6. Double Referral:

This bill has been double referred and if approved by this Committee today, will be sent to Senate Privacy, Digital Technologies, and Consumer Protection Committee for a hearing.

7. Prior/Related Legislation:

AB 1883 (Bryan, 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. *AB 1883 is pending referral in the Senate.*

AB 1898 (Schultz, 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 workers in the workplace. *AB 1898 was held under submission in the Assembly Appropriations Committee.*

AB 1979 (Bonta, 2026) subjects businesses offering "healthcare chatbots" to the California Medical Information Act (CMIA) and imposes guardrails around the use of automated decision systems (ADS) and other generative AI (GenAI) models in clinical decisionmaking. *AB 1979 is pending before the Senate Privacy, Digital Technologies & Consumer Protection Committee.*

AB 2027 (Ward, 2026) would, among other things, prohibit an employer from using a worker's personal information, as defined, to train an AI system to replicate, automate, or

place a worker's job, as specified. *AB 2027 was held under submission in the Assembly Appropriations Committee.*

AB 2653 (Lee, 2026) would require the Department of Industrial Relations (DIR) to convene a working group to study the labor practices underlying the development of modern foundation models and associated AI systems. *AB 2653 as held under submission in the Assembly Appropriations Committee.*

AB 2656 (Petrie-Norris, 2026) would requires certain public employers to provide a recognized employee organization with no less than 45 days' written notice before developing, purchasing, implementing, or utilizing any GenAI to perform a service that is within the scope of work of the job classification represented by the recognized employee organization. *AB 2656 is pending before this Committee.*

SB 947 (McNerney, 2026) would, among other things, 1) prohibit an employer from using an ADS that does certain functions and would limit the purposes and manner in which an ADS may be used to make disciplinary, termination, or deactivation decisions; 2) require an employer to provide a written postuse notice when an employer has used an ADS, as specified; 3) include worker anti-retaliation provisions for exercising these rights; and 4) specify enforcement provisions including specified penalties and relief for violations. *SB 947 is pending in the Assembly Privacy & Consumer Protection Committee.*

SB 951 (Reyes, 2026) would, among other things, establish the California Worker Technological Displacement Act requiring a covered employer to provide at least a 60-day advanced written notice before any technological displacement or termination of contract affecting 25 or more workers during any 30-day period. *SB 947 is pending in the Assembly Privacy & Consumer Protection Committee.*

SB 1248 (Cabaldon, 2026) would, among other things, impose certain restrictions on the use of an ADS by a state agency to confer services including the issuance of professional licenses and provision of public benefits. *SB 1248 was held under submission in the Senate Appropriations Committee.*

Several bills in 2025 addressed related AI issues including: SB 7 (McNerney, Vetoed), 238 (Smallwood-Cuevas), SB 503 (Weber Pierson), AB 1018 (Bauer-Kahan), AB 1221 (Bryan), AB 1331 (Elhawary)

SUPPORT

California Conference Board of the Amalgamated Transit Union
 California Conference of Machinists
 California Federation of Labor Unions, AFL-CIO
 California Initiative for Technology & Democracy
 California School Employees Association
 California Teachers Association
 Engineers and Scientists of California, IFPTE Local 20, AFL-CIO
 Kapor Center Advocacy
 Los Angeles Area Chamber of Commerce
 Screen Actors Guild-American Federation of Television and Radio Artists

SEIU California
Teamsters California
TechEquity Action
UNITE HERE, AFL-CIO
Utility Workers Union of America

OPPOSITION

None received

-- END --