

SENATE PRIVACY, DIGITAL TECHNOLOGIES, AND CONSUMER PROTECTION COMMITTEE  
Senator Christopher Cabaldon, Chair  
2025-2026 Regular Session

AB 2545 (Schiavo)  
Version: June 18, 2026  
Hearing Date: June 29, 2026  
Fiscal: Yes  
Urgency: No  
BH

**SUBJECT**

Report: labor force impact: artificial intelligence

**DIGEST**

This bill creates within the Employment Development Department (EDD) the California Artificial Intelligence Worker Impact Data Assessment Project and a 14-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 AI systems on the labor force, as specified.

**EXECUTIVE SUMMARY**

This bill brings together an advisory panel of tech experts to perform an assessment of data sources and collection methodologies utilized by federal, state and local governmental agencies. EDD, in consultation with the advisory panel, shall perform an assessment of data sources and collection methodologies with regard 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. The report shall be submitted to the Legislature on or before January 1, 2028.

This is an author-sponsored bill. The bill is supported by several education and labor organizations, including the California Teachers Association and the California Federation of Labor, AFL-CIO. Recent amendments that include business-oriented members on the advisory council have removed opposition. This bill passed out of the Senate Labor, Public Employment, and Retirement Committee on a vote of 5 to 0.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) 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.)
- 2) Establishes the Consumer Privacy Rights Act (CPRRA), 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))
- 3) 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 Ins. Code § 301.)
- 4) 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. (Gov. Code § 11546.45.5.)

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, consisting of the following 14 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, equity, 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, equity, 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 Senate 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.
  - j) One member appointed by the Senate Committee on Rules representing a city, county, special district, or local educational agency with demonstrated experience deploying AI technologies or ADS 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 regard 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, how worker displacement impacts state revenues, how technology disproportionately impacts demographic groups, 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 AI.
    - ii. How to ensure workforce pipelines remain open for positions with expertise.

## COMMENTS

### 1. Background

Over the last several 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. AB 2885 (Bauer-Kahan, Ch. 843, Stats. 2024) and AB 302 (Ward, Ch. 800, Stats. 2023) were crucial first steps in regulating this technology. Those bills established uniform definitions for “artificial intelligence,” “automated decision system,” and “high-risk automated decision system.”

Other efforts attempted to regulate the industry by establishing requirements on the use of AI, although the focus was mostly on consumers and their technology rights, whether it be the data social media companies collect and sell or the manipulation of election news via fake postings. In the area of private sector labor and employment specifically, 2025 was the year in which we saw several proposals attempting to regulate how AI-powered tools are used.

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 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 last year, including AB 1018 (Bauer-Kahan, 2025), pending on the Senate Inactive File, which would, among other things, regulate the development and deployment of an ADS used to make consequential decisions, as defined. AB 1221 (Bryan, 2025), held in Assembly Appropriations Committee, attempted to regulate the use of workplace surveillance tools and an employer's use of worker data by, among other things, requiring an employer to provide workers with a written notice regarding the need for the surveillance tool. Finally, AB 1331 (Elhawary, 2025), pending on Senate Inactive File) would limit the use of workplace surveillance tools, including by prohibiting an employer from monitoring or surveilling workers in private, off-duty areas, as specified.

## 2. Author's statement

"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."

## 3. Governor's Executive Order N-6-26

On May 21, 2026, Governor Gavin Newsom issued Executive Order N-6-26 directing agency action. The following is a partial list of relevant instructions:

Within 90 days of the issuance of the Order, the **Labor and Workforce Development Agency, GO-Biz, and the Department of Finance**, in consultation with academic and relevant industry partners and other state agencies, as appropriate, **shall provide** to the Governor a review of the emerging body of academic research identifying the potential California's labor market and potential disproportionate impacts on demographic groups. Analysis should include best practices--to the extent practicable--on early economic warning signals of future labor disruptions.

Within 180 days of the issuance of this Order, **LWDA shall review** and provide to the Governor recommendations on revisions and updates to the California Worker Adjustment and Retraining Notification (WARN) Act in a manner that is responsive to and effectively provides early warning data on emerging industry trends.

**The Employment Development Department (EDD) shall include**, as a part of the California Labor Market Review, a summary of feedback from businesses about the role of technological adoption in determining hiring or workforce decisions. Reporting shall occur twice per year through the end of 2027.

Within 90 days of the issuance of this Order, **EDD shall launch** a dashboard showing AI's impacts on employment across various sectors using Unemployment Insurance data. EDD may consult with leading AI labs that have published related data to build out its dashboard.

No later than October 15, 2026, the **Government Operations Agency shall**, in consultation with academics and experts from the University of California system, Stanford University's Institute for Human – Centered Artificial Intelligence, and the private sector, **provide** the Governor with options and recommendations for actions that could alter incentive structures and increase likelihood of AI development and deployments that advance the public good and address critical problems and emerging opportunities facing society.

4. Relevant parts of this bill:

Creates the California Artificial Intelligence Worker Impact Data Assessment Project within the EDD.

Creates the California Artificial Intelligence Worker Impact Data Assessment Project Advisory Panel within the EDD.

The EDD, in consultation with the advisory panel, shall 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 compile a report on existing data collection systems and gaps in data collection.

5. Committee amendments.

The author has agreed to take the following committee amendment, which re-establishes a balance between the Senate and Assembly appointments to the Advisory Council.

## SECTION 1.

Section 9620 is added to the Unemployment Insurance Code, to read:

### 9620.

(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~~ Governor.

### 6. Arguments in support

The California Federation of Labor writes in support:

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.

The California Teachers Association further argues:

AB 2545 begins to address this gap by assessing existing data systems, identifying collection shortfalls, and delivering actionable policy recommendations by 2028. The bill builds the evidentiary foundation that California needs to make informed decisions about where AI ends and where the irreplaceable work of human educators and classified staff begins. While we believe the Legislature should act decisively to protect workers and the public from the harmful implications we are already conscious of, we recognize that durable policy benefits from a rigorous factual record. The requirement that the advisory panel address how to keep workforce pipelines open for positions requiring human expertise is particularly important as it ensures the state has the information it needs when those policy decisions arrive.

## SUPPORT

American Federation of State, County and Municipal Employees, AFL-CIO  
Association of California School Administrators  
California Faculty Association

California Federation of Labor Unions, AFL-CIO  
California Initiative for Technology & Democracy, a Project of California Common  
CAUSE  
California School Employees Association  
California State Association of Counties (CSAC)  
California Teachers Association  
League of California Cities  
SEIU California  
Techequity Action  
Urban Counties of California (UCC)

### **OPPOSITION**

None received

### **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 set to be heard in this Committee the same day as this bill.

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 decision making.

AB 1979 is pending before the Senate Health 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 require 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 set to be heard in this Committee the same day as this bill.

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 post 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. *less. 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.

**PRIOR VOTES:**

Senate Committee on Labor, Public Employment and Retirement (Ayes 5, Noes 0)

Assembly Floor (Ayes 70, Noes 0)

Assembly Appropriations Committee (Ayes 15, Noes 0)

Assembly Privacy and Consumer Protection Committee (Ayes 15, Noes 0)

Assembly Labor and Employment Committee (Ayes 7, Noes 0)

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