
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2545 (Schiavo) - Report: labor force impact: artificial intelligence

Version: June 30, 2026

Policy Vote: L., P.E. & R. 5 - 0, P., D.T., &
C.P. 9 - 0

Urgency: No

Mandate: No

Hearing Date: August 3, 2026

Consultant: Robert Ingenito

Bill Summary: AB 2545 would create the California Artificial Intelligence Worker Impact Data Assessment Project within the Employment Development Department (EDD), as specified.

Fiscal Impact: EDD indicates that it would incur a one-time cost of \$1.3 million minimally to conduct a survey of impacted workers and fund operational costs associated with the Advisory Panel (General Fund). EDD additionally notes that its estimate does not include expenses for a third-party service or platform to facilitate public comments at the Advisory Panel meetings; these costs are unknown.

Background: The rapid advancement of artificial intelligence (AI), particularly generative AI (GenAI), is transforming the workplace at a pace that has outstripped policymakers' ability to fully assess its long-term economic and workforce impacts. Unlike earlier waves of automation that primarily replaced routine physical labor, AI increasingly performs cognitive tasks traditionally carried out by workers, allowing employers to automate or augment a broad range of professional, administrative, and service occupations. As AI capabilities continue to expand, concerns have grown regarding job displacement, changing workforce demands, and the need for policies that support workers during this transition.

Recent research suggests AI is already affecting labor markets. Goldman Sachs estimates that AI adoption could displace approximately 6 percent to 7 percent of U.S. workers, while the Stanford Digital Economy Lab has reported a decline in entry-level hiring for occupations with high exposure to AI, including software development, customer service, and clerical work. At the same time, AI adoption continues to accelerate. A 2025 study estimated that between 115 million and 180 million individuals worldwide use generative AI tools daily, and a 2024 survey by the National Association of State Chief Information Officers found that more than half of state chief information officers regularly use GenAI in their work.

Beyond direct job displacement, employers are increasingly using AI and algorithmic management systems to oversee, evaluate, and direct workers. Automated systems are now commonly used to optimize delivery routes, monitor employee performance, generate work schedules, and support hiring and personnel decisions. As AI becomes more integrated into workplace operations, policymakers have expressed growing interest in ensuring that technological innovation is accompanied by appropriate worker protections and reliable data regarding its labor market impacts.

The Governor has directed state agencies to prepare for AI's growing impact through a series of executive orders. Executive Order N-12-23 (2023) established a statewide framework for the ethical and responsible deployment of GenAI and directed agencies to assess its benefits and risks. Executive Order N-5-26 (2026) required the development of AI vendor certification standards for companies seeking to contract with the state. Most recently, Executive Order N-6-26 (2026) directed state agencies to assess AI's impacts on California's workforce by developing labor market monitoring tools, identifying early warning indicators of workforce disruption, evaluating updates to the WARN Act, strengthening worker support and retraining programs, and recommending policies that promote AI innovation while minimizing adverse impacts on workers.

Proposed Law: This bill would, among other things, do the following:

- Establish the California Artificial Intelligence Worker Impact Data Assessment Project within EDD.
- Create the California Artificial Intelligence Worker Impact Data Assessment Project Advisory Panel, as specified.
- Provide 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.
- Require 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.
- On or before January 1, 2028, require the advisory panel to submit a report to the Legislature on the results of the assessment, as specified.

Related Legislation:

- AB 1883 (Bryan) 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. Provide for a civil penalty, enforcement by the LC or a public prosecutor, and a private right of action. The bill is currently pending in this Committee.
- AB 1898 (Schultz) 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. The bill was held under submission in the Assembly Appropriations Committee.
- AB 1979 (Bonta) would subject 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. The bill is currently pending in this Committee.

- AB 2027 (Ward) 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. The bill was held under submission in the Assembly Appropriations Committee.
- AB 2656 (Petrie-Norris) 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. The bill is currently pending in this Committee.
- SB 947 (McNerney) 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. The bill is currently pending in the Assembly Appropriations Committee.
- SB 951 (Reyes) 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. The bill is currently pending in the Assembly Appropriations Committee.

Staff Comments: As noted above, this bill would establish the California Artificial Intelligence Worker Impact Data Assessment Project within EDD, which would convene an advisory panel to evaluate existing state data collection systems, identify gaps in available information regarding AI's effects on California's workforce, and provide recommendations to the Legislature for improving the state's ability to monitor and respond to AI-related labor market changes.

Some of the activities required by this bill overlap with work already directed under Executive Order N-6-26, which requires state agencies to develop workforce impact assessments and related reporting. However, given the rapidly evolving nature of AI and the uncertainty surrounding its long-term effects on employment, this bill would establish a more formal legislative process for evaluating workforce impacts and identifying ongoing data needs.

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