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

Bill No: AB 2656 **Hearing Date:** June 17, 2026
Author: Petrie-Norris
Version: April 14, 2026
Urgency: No **Fiscal:** Yes
Consultant: Alma Perez-Schwab

SUBJECT: Public employees: notice: artificial intelligence performing service within scope of work

KEY ISSUE

This bill 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 generative artificial intelligence to perform a service that is within the scope of work of the job classification represented by the recognized employee organization.

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 Office of Emergency Services to, as appropriate, perform a risk analysis of potential threats posed by GenAI to California's critical infrastructure, including risks that could lead to mass casualty events. Among other things, requires the analysis to include recommendations reflecting changes to AI technology, its applications, and risk management such as further private actions, administrative actions, and collaboration with the Legislature to protect against potential threats and vulnerabilities. (Government Code §11549.65)

- 3) Requires any state agency or department to consider procurement and enterprise use opportunities in which GenAI can improve the efficiency, effectiveness, accessibility, and equity of government operations consistent with relevant policies for public sector GenAI procurement. Additionally, it requires legal counsel for any state agency or department to consider any potential impact of GenAI on regulatory issues and recommend necessary updates, if appropriate, to this evolving technology. (Government Code §11549.65)
- 4) Governs collective bargaining in the private sector under the federal National Labor Relations Act (NLRA) but leaves it to the states to regulate collective bargaining in their respective public sectors. (United States Code, Title 29, §151 et seq.)
- 5) Provides several statutory frameworks in state law granting public employees collective bargaining rights, governing public employer-employee relations, and limiting labor strife and economic disruption in the public sector through a reasonable method of resolving disputes regarding wages, hours and other terms and conditions of employment between public employers and recognized public employee organizations or their exclusive representatives. (Government Code §3560 et seq.)
- 6) Requires the Governor, or their representative, to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of recognized employee organizations. For these purposes, “meet and confer in good faith” requires both parties to meet for a reasonable period of time in order to exchange freely information, opinions, and proposals, and to endeavor to reach agreement on matters within the *scope of representation* prior to the adoption by the state of its final budget for the ensuing year. The process should include adequate time for the resolution of impasses. (Government Code §3517)
- 7) Limits the “scope of representation” to wages, hours, and other terms and conditions of employment, except, however, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity provided by law or executive order. (Government Code §3516)
- 8) Except in cases of emergency, as specified, requires public employers to give reasonable written notice to each recognized employee organization affected by any law, rule, resolution, or regulation directly relating to *matters within the scope of representation* proposed to be adopted by the employer, and shall give such recognized employee organizations the opportunity to meet and confer with the administrative officials or their delegated representatives as may be properly designated by law. (Government Code §3516.5)
- 9) Establishes the Public Employee Communication chapter (PECC) as a means to provide exclusive representatives meaningful access to, and communication with, their represented members. (Government Code §3555 et seq.)
- 10) Applies the PECC to the following employment relations statutes:
 - a. The Meyers-Milias-Brown Act (MMBA) governing local public employment relations.
 - b. The Ralph C. Dills Act (Dills Act) governing employment relations for certain executive branch, i.e., state, employees.
 - c. The Judicial Council Employment Relations Act (JCEERA) governing employment relations for employees of the Judicial Council.

- d. The Educational Employment Relations Act (EERA) governing employment relations for public K-12 school districts and community college districts.
 - e. The Higher Education Employer-Employee Relations Act (HEERA) governing employment Relations for the California State University, University of California (UC), and UC San Francisco School of Law (formerly, Hastings College of Law).
 - f. The Trial Court Employment Protection and Governance Act, commonly referred to as the Trial Court Act, governing employment relations for trial court employees.
 - g. The Trial Court Interpreter and Labor Relations Act, commonly referred to as the Court Interpreter Act, governing employment relations for trial court interpreters.
 - h. The Los Angeles County Metropolitan Transportation Authority (LAMTA) Transit Employer-Employee Relations Act governing employment relations for the LAMTA's supervisory employees (TEERA).
 - i. Other public transit districts, as specified.
(Government Code §3555.5 et seq.)
- 11) Establishes the Public Employment Relations Board (PERB), a quasi-judicial administrative agency charged with administering certain statutory frameworks governing California state and local public employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers, employees, and employee organizations.
(Government Code §3541 et seq.)

This bill:

- 1) Requires specified public employers to provide a recognized employee organization no less than 45 days' written notice before taking an action to develop, purchase, implement, or utilize any generative artificial intelligence to perform a service that is within the *scope of work* of the job classification represented by the recognized employee organization.
- 2) Imposes this requirement on the public employers identified in subdivision (a) of Government Code Section 3555.5 (listed under item 7 of existing law above).
- 3) Defines "AI" and "GenAI" as currently defined in statute, as provided.

COMMENTS**1. Background:****Artificial Intelligence and Generative Artificial Intelligence**

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. GenAI is a subfield of AI that creates content like text, images, audio or software code in response to human prompts. GenAI can learn from underlying patterns and structures of data to generate new data in response to input or prompts.

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

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.² 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.³

Governor Newsom Executive Orders (EOs) on AI and 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.⁴ Among other things, the EO:

- *Procurement Blueprint*: To support a safe, ethical, and responsible innovation ecosystem inside state government, required agencies to issue general guidelines for public sector procurement, uses, and required training for application of GenAI, as specified, and directed them to consider opportunities where GenAI can improve the efficiency, effectiveness, accessibility, and equity of government operations.
- *Beneficial Uses of GenAI Report*: Directed state agencies and departments to develop a report examining the most significant and beneficial uses of GenAI in the state, including the potential harms and risks for communities, government, and workers.
- *State Employee Training*: To support California’s government workforce and prepare for the next generation of skills needed to thrive in the GenAI economy, required agencies to provide training for state workers to use state-approved GenAI to achieve equitable outcomes, and establish criteria to evaluate their impact.

Additionally, the EO directed all state agencies to consider pilot projects of GenAI applications, in consultation with the state workforce or organizations that represent state government employees, and experts as appropriate from civil society, academia, and industry. Under a controlled setting, pilots were required to measure 1) how GenAI can improve Californians’ experience with and access to government services, and 2) how GenAI can support state employees in the performance of their duties in addition to any domain-specific impacts to be measured by the agency.

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 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>.

³ 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

⁴ 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/>.

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.⁵

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.⁶ 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 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.

Recent Legislative Efforts to Regulate AI

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. In response to Governor Newsom's 2023 executive order, the California legislature passed SB 896 (Dodd, Chapter 928, Statutes of 2024), which codified several provisions of EO N-12-23. Specifically, SB 896 required that the Office of Emergency Services perform a risk analysis of potential threats to California's critical infrastructure posed by GenAI, to be updated as needed to address significant developments. SB 896 also

⁵ 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>.

⁶ 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>.

established disclosure requirements for state agencies and departments that use GenAI to communicate directly with a person regarding government services and benefits.

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 would have applied to private and public employers but was vetoed by Governor Newsom.

Several other bills last year and some this year are going through the legislative process attempting to impose guardrails on the use of AI in employment. Please see related legislation listed below for more information.

“Scope of Representation” in Collective Bargaining

As noted under existing law, public employers are required to meet and confer in good faith with representatives of recognized employee organizations and endeavor to reach agreement on matters within the *scope of representation*. The mandatory subjects of collective bargaining, commonly referred to as the “scope of representation” or “scope of work” under the various public employment relations statutes cover wages, hours, and *other terms and conditions of employment*, and explicitly exclude certain matters.

Existing law requires public employers to give reasonable written notice to each recognized employee organization affected by any law, rule, resolution, or regulation directly relating to *matters within the scope of representation* proposed to be adopted by the employer, and shall give such recognized employee organizations the opportunity to meet and confer with the administrative officials or their delegated representatives as may be properly designated by law.

This bill

This bill would require public employers to provide a recognized employee organization no less than 45 days' written notice before taking an action to develop, purchase, implement, or utilize any GenAI to perform a service that is within the scope of work of the job classification represented by the recognized employee organization.

Although the use of AI and GenAI tools in employment is not wages or hours, for purposes of the scope of representation provisions of existing law, they may fall under the category of other terms and conditions which may be negotiated as part of the collective bargaining process. While “other terms and conditions” is not explicitly defined in all the public employment relations statutes, it is explicitly defined in some. In addition, a 1983 PERB decision has interpreted the Dills Act's scope of representation which has resulted in what is largely a well-settled rule, providing that subjects are within the scope of bargaining “if they involve the employment relationship and are of such concern to both management and employees that conflict is likely to occur, and if the mediatory influence of collective negotiations is an appropriate means of resolving the conflict.”⁷

⁷ *California State Employees' Assn. v. State of California (Dept. of Transportation)*, (November 28, 1983), PERB Decision No. 361-S

However, this framework of bargaining is bound by a major exception that PERB also decided. Decisions concerning 'essential managerial prerogatives' are not within the scope of representation.⁸ Any disagreements on whether the development, purchase, implementation, or use of GenAI involve matters outside the scope of representation could be resolved through either the collective bargaining process or through PERB's grievance resolution processes.

By requiring the prescribed written notice before the use of GenAI tools, the bill would promote transparency and give employees the opportunity to evaluate the effect, if any, that the tools may have on their employment. Lastly, the goals of this bill also appear to complement the directives of Governor Newsom's executive orders.

2. Need for this bill?

According to the author:

“Existing law requires public agencies to meet and confer with recognized employee organizations regarding changes to wages, hours, and other terms and conditions of employment. However, these statutes were enacted long before the emergence of generative artificial intelligence (GenAI) and do not specifically address the development, purchase, implementation, or use of GenAI technologies in the public-sector workplace. As a result, public employers may move forward with adopting GenAI tools without providing advance notice to employee organizations, even when those tools may substantially affect employees' job duties, workplace conditions, evaluations, and/or long-term job security.

AB 2656 seeks to address this gap by ensuring that employee organizations receive timely notice before public employers introduce GenAI systems that perform work within represented job classifications. By requiring covered public employers to provide at least 45 days' written notice before developing, purchasing, implementing, or utilizing GenAI for work performed by represented employees, AB 2656 promotes transparency, allows employee organizations to raise concerns and provide expertise, and ensures that the impacts of AI technologies have a chance to be meaningfully addressed before implementation.”

3. Proponent Arguments:

According to the sponsors, the Peace Officers' Research Association of California (PORAC):

“GenAI is rapidly transforming workplaces across the public sector, including law enforcement. While this technology has the potential to improve efficiency and support public safety operations, it also raises important concerns related to job displacement, working conditions, and the use of automated systems that may lack transparency or accountability. Decisions about the development and implementation of GenAI are often made without sufficient input from the employees most directly impacted.

Public safety professionals bring valuable, real-world experience and insight that can help ensure these tools are implemented effectively and responsibly. Providing advance notice and an opportunity to engage allows employee organizations to identify potential risks, improve

⁸ Ibid.

outcomes, and help integrate new technologies in a way that supports both public safety and workforce stability.

AB 2656 strikes an appropriate balance by fostering collaboration between public employers and employee organizations, while ensuring that decisions impacting wages, hours, and working conditions are not made unilaterally. By requiring advance notice, the bill promotes transparency, accountability, and thoughtful implementation of emerging technologies. Additionally, AB 2656 does not create a fiscal impact, as compliance is limited to providing advance notice, which can be accomplished through a simple written communication, such as an email to the recognized employee organization.”

4. Opponent Arguments:

A coalition of local public employer organizations, including the California State Association of Counties, the League of California Cities, and the Association of California School Administrators, among others, write:

“When tools become available that assist with specific aspects of public service (like charting in health clinic or monitoring drinking water safety), they are often vetted in partnership with employees with the mutual goals of ensuring staff is empowered to focus on certain aspects of their work and providing more efficient and effective outcomes that benefit the public.

Importantly, local agencies remain subject to the statutory provisions Meyers-Milias-Brown Act (MMBA), which require local agencies to meet and confer with recognized employee organizations regarding changes to employees’ wages, hours, or terms and conditions of employment. Existing law provides a robust framework for determining when particular uses of generative artificial intelligence may actually have a significant and adverse effect on the employment relationship, in which case notification (and more) is already required. This bill is therefore both overbroad and unnecessary.

Finally, local agencies are subject to last year’s AB 339 (Chapter 687, Statutes of 2025), which requires additional notice to recognized employee organizations regarding a range of local agency contracting activities, even when those activities do not rise to the level of triggering meet-and-confer obligations under the MMBA’s usual standards. This additional notification requirement has been incredibly burdensome for local agencies and has required a significant amount of time, legal resources, and training to implement. The further unworkable notification provisions in this bill would exacerbate these concerns and represent another state mandate for which the state may be obligated to provide reimbursement under Article XIII B of the California Constitution.

It is also important to note the myriad other legislative measures that seek to limit the use of artificial intelligence in the public sector in multiple forms. Regardless of the benefit of any new technologies and regardless of any obligation to take such action in a public meeting, local agencies would be seriously hindered in adopting such tools under these proposals. To be sure, if some of those measures are approved by the Legislature, there will be no notification necessary as many of them would effectively impose bans on the use of most AI tools. AB 2656 appears to be a solution without a clearly identified problem. As a result, we must oppose the bill unless it is amended to provide clarity and specificity as to when notification is to be provided.”

5. 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.

6. 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 2148 (Muratsuchi, 2026), in previous versions, attempted to prohibit a certificated or classified employee of a local educational agency or an academic or classified employee of a segment of public postsecondary education from being dismissed, suspended, disciplined, reassigned, transferred, or otherwise retaliated against (A) for refusing to use, refusing to deploy, or refusing to direct students to, any form of educational technology, or (B) based on any information on that employee that is transmitted, acquired, collected, or produced via AI or ADS output. These provisions have since been removed and what remains is a bill that clarifies that, for purposes of the Education Code, public school employees and contractors performing services in public schools must be natural persons, thereby affirming that interactions between students and school personnel are to be conducted by human beings rather than artificial intelligence (AI) systems. *AB 2148 is pending on the Senate Floor.*

AB 2545 (Schiavo, 2026) would create 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. *AB 2545 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.*

AB 339 (Ortega, Chapter 687, Statutes of 2025) requires public agencies regulated by the Meyers-Milias-Brown Act (MMBA) to give a recognized employee organization no less than 45 days' written notice regarding contracts to perform services that are within the scope of work of job classifications represented by the REO, among other provisions.

Several other 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)

SB 896 (Dodd, Chapter 928, Statutes of 2024) codified several provisions of EO N-12-23.

SUPPORT

Peace Officers Research Association of California

OPPOSITION

Association of California School Administrators
 California Association of Recreation & Park Districts
 California Special Districts Association
 California State Association of Counties
 City of Orinda
 El Dorado Irrigation District
 League of California Cities
 Public Risk Innovation, Solutions, and Management (PRISM)
 Rural County Representatives of California
 Urban Counties of California