
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
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SUBJECT: Employment: automated decision systems

KEY ISSUES

This bill 1) prohibits an employer from using an automated decision system (ADS) that does certain functions and limits the purposes and manner in which an ADS may be used to make disciplinary, termination, or deactivation decisions; 2) grants a worker access to their own data collected or used by an ADS, as specified; 3) requires an employer to provide a written ADS postuse notice, as specified; 4) includes worker anti-retaliation provisions for the exercise of these rights; 5) requires enforcement through the Labor Commissioner (LC) or authorized public prosecutor; and 6) prescribes penalties and remedies for violations, including civil actions.

ANALYSIS

Existing law:

- 1) Establishes the Department of Technology, within the Government Operations Agency, and tasks it with, among other things, advising the Governor on the strategic management and direction of the state’s information technology resources. (Government Code §11545 et seq.)
- 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) Defines the following terms:
 - a) “Artificial intelligence” 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.

(Government Code §11546.45.5)

- 4) 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.)
- 5) Establishes the Consumer Privacy Rights Act (CPRPA), 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))
- 6) Requires the Attorney General to adopt regulations governing, among other things, access and opt-out rights with respect to businesses' use of automated decisionmaking technology, including profiling and requiring businesses' response to access requests to include meaningful information about the logic involved in those decisionmaking processes, as well as a description of the likely outcome of the process with respect to the consumer. (Civil Code §1798.185)
- 7) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)
- 8) Establishes within the DIR, various entities including the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC), and empowers the LC with ensuring a just day's pay in every workplace and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 9) Requires employers to provide to each employee, upon hire, a written description of each quota to which the employee is subject, as specified, and prohibits an employer from requiring an employee to meet a quota that prevents compliance with meal or rest periods, use of bathroom facilities, including reasonable travel time to and from bathroom facilities, or occupational health and safety laws. Additionally, prohibits an employer from taking adverse employment actions against an employee for failure to meet a quota that does not allow a worker access to these rights. (Labor Code §2101)

This bill:

- 1) Defines, among others, the following terms:
 - a) "Automated decision system" or "ADS" means any 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. An 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.

- b) “ADS output” means any information, data, assumptions, predictions, scoring, recommendations, decisions, or conclusions generated by an ADS.
- c) “Employer” means any person who directly or indirectly, or through an agent or any other person, employs or exercises control over the wages, benefits, other compensation, hours, working conditions, access to work or job opportunities, or other terms or conditions of employment, of any worker. *This shall include all branches of state government, including all cities, counties, charter counties, municipalities, charter municipalities, cities and counties, special districts, transit districts, the University of California upon agreement by the regents, the California State University, community college districts, school districts, or any other governmental entity.*
“Employer” includes a labor contractor of a person defined as an employer.
- d) “Employment-related decision” means any decision by an employer that materially impacts a worker’s wages, benefits, compensation, work hours, work schedule, performance evaluation, hiring, discipline, promotion, termination, job tasks, skill requirements, work responsibilities, assignment of work, access to work and training opportunities, productivity requirements, or workplace health and safety.
- e) “Individualized” means specific to an individual or group, band, class, or tier of individuals with particular personal characteristics, behaviors, or biometrics.
- f) “Predictive behavior analysis” means any system or toll that predicts, infers, or modifies a worker’s behavior, beliefs, intentions, personality, emotional state, or other characteristic or behavior.
- g) “Worker” means any natural person who is an employee of, or an independent contractor providing service to, or through, a business or a state or local governmental entity in any workplace.
- h) “Worker data” means any information that identifies, relates to, or describes a worker, regardless of how the information is collected, inferred, or obtained.

ADS Prohibitions and Limitations on Use:

- 2) Prohibits an employer from using an ADS to do any of the following:
 - a) Prevent compliance with or violate any federal, state, or local labor, occupational health and safety, employment, or civil rights laws or regulations.
 - b) Infer a worker’s protected status under Section 12940 of the Government Code.
 - c) Conduct predictive behavior analysis on a worker.
 - d) Identify, profile, predict, or take adverse action against a worker for exercising their legal rights, including, but not limited to, rights guaranteed by state and federal employment and labor law.
 - e) Use or rely upon individualized worker data as inputs or outputs to inform compensation unless the employer can clearly demonstrate that any differences in compensation for substantially similar or comparable work assignments are based upon cost differentials in performing the task involved, or that the data was directly related to the tasks that the worker was hired to perform.
- 3) Prohibits an employer from relying *solely* on an ADS when making a disciplinary, termination, or deactivation decision.
- 4) If an employer uses an ADS output *to assist* in making a disciplinary, termination, or deactivation decision, requires the employer to direct a human reviewer to conduct an

independent investigation and compile corroborating or supporting information for the decision. Such supporting information may include, but is not limited to, the following:

- a) Supervisory or managerial evaluations.
 - b) Personnel files.
 - c) Work product of workers.
 - d) Peer reviews.
 - e) Witness interviews, that may include relevant online customer reviews.
- 5) Prohibits an employer from using the ADS output to discipline, terminate, or deactivate a worker if the employer cannot corroborate the ADS output, or the human reviewer has concluded that the ADS output is inaccurate, incomplete, or misleading.
 - 6) Prohibits an employer from using customer ratings as the only or primary input data used to assist the employer to make employment-related decisions.
 - 7) Grants workers the right to request, and requires an employer to provide, a copy of the most recent 12 months of the worker's own data primarily used by an ADS to make a disciplinary, termination, or deactivation decision.
 - a) A worker is limited to one request every 12 months for a copy of their own data primarily used by an ADS to make a disciplinary, termination, or deactivation decision.
 - b) For purposes of safeguarding the privacy rights of consumers, workers, and individuals, requires the worker data to be provided in a manner that anonymizes the customer's, other worker's, or individual's personal information.

ADS Postuse Notice:

- 8) Requires an employer that uses an ADS to assist in making a disciplinary, termination, or deactivation decision to provide the affected worker with a written postuse notice at the time the employer informs the worker of the decision.
 - a) Requires the notice to comply with all of the following:
 - i. It shall be written in plain language as a separate, stand-alone communication.
 - ii. It shall be in the language in which routine communications and other information are provided to workers.
 - iii. It shall be provided via a simple and easy-to-use method, including an email, hyperlink, or other written format.
- 9) Requires the post-use notice to contain all of the following information:
 - a) That the employer used an ADS to assist the employer in the disciplinary, termination, or deactivation decision with respect to the worker.
 - b) That a human reviewer conducted an independent investigation and compiled evidence to corroborate the ADS output.
 - c) Contact information for the human that the worker may contact for more information about the decision and the worker's right to access a copy of their own data and corroborating evidence that was used in the decision.
 - d) That the employer is prohibited from retaliating against the worker for exercising their rights under this part.
- 10) Requires an employer, when responding to a data access request by a worker, to provide to the worker a written, plain language document using a simple and easy-to-use method that is accessible away from the workplace containing all of the following:
 - a) The specific decision for which the employer used the ADS.

- b) The specific worker input data that the ADS used, and the specific worker output produced by the ADS.
- c) Any additional corroborating or supporting information used in addition to the ADS output in making the decision.
- d) The name of the vendor or entity that created the ADS and the product name of the ADS.
- e) A copy of any completed impact assessments regarding the ADS in question.

Enforcement Provisions:

- 11) Prohibits an employer from discharging, threatening to discharge, demoting, suspending, or in any manner discriminating or retaliating against any worker for using or attempting to use their rights under these provisions, filing a complaint with the Labor Commissioner, alleging a violation of this part, cooperating in an investigation or prosecution of an alleged violation, or any action taken by the worker to invoke or assist in any manner the enforcement of these provisions, or for exercising or attempting to exercise any right protected under these provisions.
- 12) Requires the Labor Commissioner to enforce these provisions, including by investigating an alleged violation, ordering appropriate temporary relief to mitigate a violation or maintaining the status quo pending the completion of a full investigation or hearing through the procedures set forth in existing law, as specified, including by issuing a citation against an employer who violates these provisions and filing a civil action.
 - a) If a citation is issued, the procedures for issuing, contesting, and enforcing judgments for citations and civil penalties issued by the LC shall be the same as those set forth in existing law, as specified.
- 13) Authorizes any worker, or their exclusive representative, who has suffered a violation of these provisions to, alternatively to enforcement by the LC, bring a civil action in a court of competent jurisdiction for damages caused by that adverse action, including punitive damages.
- 14) Alternatively, to enforcement by the LC or a worker bringing a civil action, authorizes public prosecutors to enforce these provisions pursuant to existing Labor Code Chapter 8 (commencing with Section 180) of Division 1.
- 15) Specifies that in any action, the petitioner may seek appropriate temporary or preliminary injunctive relief, including punitive damages, and reasonable attorney's fees and costs as part of the costs of any such action for damages.
- 16) Subjects an employer who violates these provisions to a civil penalty of five hundred dollars (\$500).
- 17) Specifies that it does not preempt any city, county, or city and county ordinance that provides equal or greater protection to workers who are covered by these provisions.
- 18) Provides that an employer who complies with the requirements related to notice in this bill is not required to comply with any substantially similar notice provisions related to ADS' used for employment-related decisions required under any other state law, except as specified.
 - a) Notwithstanding the above, specifies that an employer that is a business subject to the CCPA is subject to any privacy-related automated decisionmaking technology regulation duly adopted by the California Privacy Protection Agency, as specified.

- 19) Exempts from its provisions, parties covered by a valid collective bargaining agreement if the agreement explicitly waives these provisions in clear and unambiguous terms, expressly provides for the wages or earning, working conditions, and other terms and conditions of work, and provides protection from algorithmic management.
- 20) Provides that these provisions do not prohibit any employer from complying with regulatory or contractual requirements in the provision of products or services to the federal government.
- 21) Declares that its provisions are severable and if any provision or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

COMMENTS

1. Background:

Artificial Intelligence and Automated Decision Systems

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 artificial intelligence (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

Beyond replacing workers, AI-powered tools are being used to complement the duties of employees. 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

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

In these examples, the AI technology is at least complementing the tasks of workers. In other examples, as highlighted in a 2021 UC Berkeley study, the use of these AI-powered ADS tools should give us pause³:

- Hiring software by the company HireVue generates scores of job applicants based on their tone of voice and word choices captured during video interviews.
- Algorithms are being used to predict whether workers will quit, become pregnant, or try to organize a union, which influence employers' decisions about job assignment and promotion.
- Call center technologies are analyzing customer calls and nudging workers in real time to adjust their behavior, such as coaching them to express more empathy, pace the call more efficiently, or exude more confidence and professionalism.
- Grocery platforms like Instacart are monitoring workers and calculating metrics on their speed as they fill shopping lists.
- Robots, for example "smart cart" service robots in health care, are being used to transport materials (e.g., linens, meals, lab specimens) to other workers. Meanwhile, floor cleaning robots vacuum or scrub floors along a preset route programmed by workers, who also monitor and support their operation.
- In remote workers' homes, AI software is being used to track computer keystrokes.

Firing by Machine:

A 2018 BBC article describing the firing of an employee by machine, without human oversight, highlights precisely what this bill is attempting to address. Mr. Diallo was fired from his job, not by his manager but by a machine. What began with an entry pass failing to let him into his office, turned into a three-year contract being terminated, his access to every system used by the company locking him out, and finally being escorted out of the building⁴.

There was nothing his manager could do, and it took the company three weeks to figure out why the system had fired Mr. Diallo. The firm was going through changes, both in computer systems it used and the people it employed, and his original manager had recently been laid off and had not renewed Mr. Diallo's contract with the new computer system which led to the automatic firing and actions that followed. Once the problem was identified and fixed, Mr. Diallo was allowed to go back to work, but he had missed three weeks' worth of pay and been escorted from the building "like a thief."⁵ Mr. Diallo felt that his co-workers became distant with him, and he eventually moved on to another job.

Recent Efforts to Regulate AI and ADSs

The use of AI-powered tools like ADS raises several concerns and legal questions as to how workers are or aren't protected from the decisions made by an ADS. 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, Chapter 843, Statutes of 2024) was a crucial first step in regulating this technology. AB 2885 established key definitions, including a uniform definition for "artificial intelligence," "automated decision system," and "high-risk automated decision system."

³ Annette Bernhardt, Lisa Kresge, Reem Suleiman, 2021. UC Berkeley Labor Center. "Data and Algorithms at Work: The Case for Worker Technology Rights." <https://laborcenter.berkeley.edu/data-algorithms-at-work/>

⁴ Jane Wakefield, "The man who was fired by machine" (June 21, 2018) BBC, <https://www.bbc.com/news/technology-44561838>

⁵ Ibid.

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 elections news via fake postings. In the area of private sector labor and employment specifically, 2025 was the year where 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 (pre introduction and postuse) that an ADS is in use at the workplace to all workers and job applicants 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 who stated, among other things:

“this measure proposes overly broad restrictions on how employers may use ADS tools. For example, prohibiting an employer from using customer ratings as the primary input data for an ADS takes away a potentially valuable tool for rewarding high-performing employees. To the extent that customer reviews are unfairly or inappropriately used to make decisions about a worker, legislation should address those specific scenarios rather than ban this practice altogether.

Finally, I share the author's concern about situations where an employer uses an ADS to make disciplinary, termination, or deactivation decisions. Such situations are partially covered by forthcoming California Privacy Protection Agency regulations, which would allow employees and independent contractors to better understand how their personal data is used by automated decision technology. Before enacting new legislation in this space, we should assess the efficacy of these regulations to address these concerns.”

Several other bills attempted to regulate AI and ADS use last year, including AB 1018 (Bauer-Kahan, 2025, Pending on 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.

This bill [SB 947 (McNerney)] is a re-introduction of SB 7 from last year, minus the pre-use notification requirements and requirements applicable to job applicants, focusing mainly on how the ADS is used to make disciplinary, termination, or deactivation decisions.

CCPA

Existing law establishes the California Consumer Privacy Act of 2018 (CCPA), giving consumers more control over the personal information that businesses collect about them. The CCPA regulations provide guidance on how to implement these rights. Proposition 24 of 2020 amended the CCPA and added additional privacy protections that included the right to correct inaccurate personal information that a business has and the right to limit the use of such information, including consumers' rights to opt-out. Updated regulations accounting for these changes were adopted on September 22, 2025. The CCPA was designed for the

protection of consumers and originally excluded workers, but as of January 1, 2023, that exemption has sunsetted and California workers, including independent contractors and job applicants, are now included in its protections.

As noted by the UC Berkeley Labor Center, “This is the first time that workers in the U.S. have basic rights around their workplace data. They will know when employers are surveilling them and for what purpose. They will be able to get access to their data and ask to correct or delete it. They will know if employers are profiling them or buying data about them, like social media activity. And they will be able to opt out of employers selling their data. These provisions are an important first step in making sure that workers have the tools necessary to advocate for their rights in the 21st century data-driven workplace”⁶

CCPA grants workers protections for exercising these rights. The California Privacy Protection Agency has enforcement powers and is able to investigate alleged violations and impose administrative fines. Additionally, the Attorney General can also enforce the CCPA.

2. Need for this bill?

According to the author, “Employers are increasingly using automated decision-making systems to surveil, manage, and replace workers in pursuit of maximizing productivity and reducing costs. While the passage of AB 701 (Chapter 197, Statutes of 2021) has prohibited employers from setting productivity demands at the expense of health and safety, "robot-bosses" continue to pose a threat to workers. Unregulated employer use of ADS leaves workers vulnerable to discrimination, lower pay, dangerous working conditions, and high risk of unjust termination.

SB 947 requires human oversight and independent verification for discipline, termination, or deactivation decisions. The bill provides notice and access to data to a worker when ADS has been used to support a discipline, termination, or deactivation decision. It also prohibits the use of ADS for predictive behavior analysis of workers.”

3. Proponent Arguments:

According to the sponsors of the measure, the California Federation of Labor Unions:

“Employer use of ADS is increasingly used without oversight to make the decisions that impact workers’ paychecks. A 2025 ResumeBuilder survey of employers found that 60% of managers use AI systems to make critical decisions about workers, including raises, terminations, and layoffs. Of those, 20% let AI make final decisions without any human input or oversight. Algorithmic management can inflict serious harm to workers. Endlessly increasing efficiency through eliminating routine tasks and increasing work speeds can lead to fatigue, burn-out, excessive injuries, and other harm, as seen in Amazon warehouses that relied on algorithms to implement speed quotas which forced workers to skip bathroom breaks and skirt safety measures.

⁶ Kung Feng, “Overview of New Rights for Workers under the California Consumer Privacy Act,” December 6, 2023, UC Berkeley Labor Center. <https://laborcenter.berkeley.edu/overview-of-new-rights-for-workers-under-the-california-consumer-privacy-act/>

While the passage of AB 701 (Gonzalez, 2021) has prohibited employers from setting productivity demands at the expense of health and safety, “robot bosses” continue to pose a threat to workers. In the health care space, nurses who work through gig-nursing apps, such as ShiftKey, have had their wages and hours set by an algorithm. This algorithmic wage setting has led to disparate pay between equally qualified nurses without any justification or reasoning. Without a human manager or supervisor, nurses working through ShiftKey are left at the behest of a machine with few opportunities to appeal or even talk to an actual human regarding their pay rate.

Similarly, Amazon flex drivers – independent contractors who sign up for Amazon deliveries via an app – are also forced to deal with automated management. As drivers are forced to sign up for shifts through the “Flex app,” they are left with little to no interaction with a human throughout the workday. The app constantly tracks their delivery times and docks workers for delays, even due to conditions outside of the workers’ control such as a traffic jam or a locked gate. Late deliveries can lead to automated firing by the app’s automated decision-making system and often leaves drivers with little to no recourse or opportunity to appeal their deactivations.

In addition to swiftly firing a worker, ADS can potentially discriminate based on the pre-set rules that are deemed proprietary to conduct predictive behavior analysis to prevent “undesirable worker outcomes.” For example, Teramind offers employers with advisory service algorithms to detect potential employee fraud by analyzing information such as a worker’s debt history or their spending habits in order to flag a worker as being susceptible to committing fraud and stealing from the company. Ultimately, unregulated employer use of ADS technology leaves workers vulnerable to discrimination, lower pay, dangerous working conditions, and high risk of unjust termination. The wellbeing of a human should not be at the behest of a machine.

To prevent algorithmic firings and discipline, SB 947 ensures human oversight of automated decision-making systems when making decisions that impact workers’ working conditions and livelihoods. SB 947 allows employers to use ADS, but requires human oversight and independent corroboration of firing, disciplinary, and deactivation decisions. Additionally, SB 947 outright prohibits employers from using an ADS to make decisions on workers based on predictive analysis, thus protecting workers from being profiled and disciplined based on actions they have not committed. SB 947 will prevent the outsourcing of decisions that impact workers’ lives to machines. It allows for the use of technology and tools to make workplaces more productive and efficient but ensures human oversight to prevent abuse and mistakes.

New technologies like artificial intelligence are powerful tools with the potential to either improve work for workers and employers or to exacerbate and increase existing exploitation and inequality. SB 947 ensures that technology remains a tool controlled by humans.”

4. Opponent Arguments:

A coalition of employer associations, including the California Chamber of Commerce, are opposed arguing, among other things, that “the bill broadly targets businesses of all sizes, across every industry, and regulates even low-risk applications of ADS. Significantly, we are disappointed that the bill undoes many amendments taken in SB 7, its predecessor bill from 2025 that was vetoed, marking a step backwards in progress on this issue. SB 947 will drive

up costs for consumers and employers because it would impose significant compliance burdens and any misstep would lead to costly litigation for even the smallest of employers. While we appreciate concerns over employees being unfairly disciplined or terminated solely based on automated tools, SB 947 is not tailored to those scenarios and does not consider the benefits of ADS technology. Unfortunately, we believe SB 947 will have an undesired chilling effect on the technology and make it that much harder to develop the very tools that can help combat bias in decision making.” Below is a summary of some of the coalition’s main arguments in opposition:

- *SB 947 walks back amendments taken to SB 7 last year regarding the scope of the bill:* The bill provides that whenever ADS “assists” with a discipline, termination, or deactivation decision, the employer must conduct a full independent investigation. They argue that this is an unnecessary and burdensome requirement that does not align with the bill’s stated goal of ensuring that a human is involved before an adverse decision is made. It applies equally whether ADS informs 1% or 99% of a decision, thus capturing lower-risk ADS as opposed to focusing on those tools that pose higher risks to employees’ rights or interests. By contrast, SB 7 required the review of other evidence only where an ADS was “primarily relied on” in a decision.
- *Post-use notice requirements are overly broad and require disclosure of confidential information:* SB 947 takes a step backwards by requiring a post-use notice whenever an ADS “assists” with a disciplinary, termination, or deactivation decision, no matter how miniscule. They argue that such a volume of notices is unnecessarily burdensome. Further, the requirements set forth in the notice call for the employer to produce the corroborating evidence relied on for the decision. They argue that this requirement risks undermining the integrity of workplace investigations, which may involve confidential communications, communications with other workers, HR or legal counsel involvement, or sensitive personnel information. Compelling disclosure of this material could erode longstanding protections for privileged and confidential information and discourage thorough investigations.
- *SB 947’s right to access raises concerns:* they argue that while providing a worker with an explanation for a decision is reasonable, SB 947 goes much further by requiring disclosure of raw “specific worker input data” and “specific worker output produced” by proprietary systems. They are concerned about the requirement to provide corroborating information used to make the decision arguing that it can compromise investigative integrity and risk disclosure of confidential or privileged materials. Additionally, SB 947 requires employers to provide the exact name of the ADS vendor and product and a copy of any completed impact assessments. They argue that it is unclear why a worker needs to know the precise model and developer, and requiring disclosure of impact assessments raises serious confidentiality concerns.
- *SB 947’s ban on certain ADS uses will have unintended consequences:* SB 947 undoes an amendment made to SB 7 in the Assembly Appropriations Committee by reinstating a complete ban of the use of ADS to predict behaviors in Section 1522(a)(3). Their note that their concerns from last year remain the same, arguing that this would ban legitimate and beneficial uses of ADS. For example, financial institutions sometimes use ADS for predictive purposes for assessing risk of fraud or other unlawful activities. Those tools would also catch any improper conduct from employees. They also argue that the ban on

using customer ratings as the “primary” input data to make an employment decision does not always make sense. They argue that customer feedback can be an important indicator of performance, especially in roles where supervisors are not always present.

- *Independent contractors should not be included in the definition of “worker”*: The bill’s definition of “worker” includes independent contractors, which they argue should be removed from the bill. Contractors are often limited-term workers who are performing a specific job for a company. Their contract will dictate the terms of that job and any job-specific requirements. They argue that this trend of treating them the same as employees in every new bill is at odds with prior legislation and court decisions.
- *SB 947 creates a private right of action and increases litigation exposure*: They argue that any misstep in interpreting or implementing SB 947’s broad requirements would subject a business of any size to a private right of action, including penalties. Additionally, they argue that SB 947 will significantly increase litigation exposure and civil penalty liability for businesses by expanding the circumstances under which employers may be subject to enforcement actions. They argue that given the already high cost of defending employment claims in California, this bill would divert resources away from business operations, employee wages, and job creation.

There is additional opposition from various local government and educational agencies, including the League of California Cities and the California State Association of Counties, who argue that they have not been provided with specific examples of their misuse of these technologies to merit their inclusion in this bill. Among other things, they write:

“The initial and ongoing obligations required by this bill will burden local human resources and information technology departments, increasing costs and diverting them from their core responsibilities. Some small agencies and departments may struggle to comply with the bill’s requirements. The bill requires the employer to provide, on request, a copy of the most recent 12 months of the worker’s own data primarily used by an ADS to make a discipline, termination, or deactivation decision, once per year, together with detailed information and requirements to protect third parties. Complying with, and potentially analyzing, these voluminous data requests will divert public resources from core responsibilities.

The bill’s enforcement provisions, including a private right of action, expose local governments and schools to increased litigation risk and costs. For public employers with represented workforces, collective bargaining agreements already provide mechanisms for appealing personnel decisions. This bill’s enforcement provisions overlay appeal rights for public employees that could create confusion, workload redundancy, and legal uncertainty. The bill also defines an “employer” subject to its provisions to also include all branches of state government (see Proposed Labor Code Section 1520(d)(1)). With the state and local agencies grappling with a substantial and growing decline in support from the federal government for a variety of programs and services, now is not the time for additional unfunded mandates, particularly without a clearly demonstrated need....

Rather than resolving concerns, the bill’s Collective Bargaining Agreement (CBA) exemption creates new problems by requiring that agreements waive the provisions of the bill and provide ‘protections from algorithmic management’ to qualify. As an example, in

health care settings, this could be misinterpreted to place essential systems and tools—needed for core operations—into collective bargaining negotiations, potentially making their use incompatible with their intended purpose and undermining public health care delivery. Further, either complying with the statutory requirements of this bill, or agreeing to a CBA that addresses the same issue in this bill, would effectively narrow or remove the issue from bargaining.

Put simply, for public employers, the burdens potentially imposed by this bill far exceed the benefits and purported need.”

Finally, the bill has opposition from Uber and Lyft who argue, among other things, that SB 947’s prohibitions would put riders and drivers at risk, weaken safety and fraud protections, create overlapping and potentially conflicting legal requirements, and undermine the historic progress made through the signing of AB 1340 (Wicks, 2025). They write:

“AB 1340, the Transportation Network Company (TNC) Drivers Labor Relations Act, establishes a legal framework for rideshare drivers to unionize as independent contractors and establishes a sectoral bargaining framework. This framework includes explicit requirements to negotiate how deactivations and appeals are handled. Those agreements are flexible, can be updated as technology evolves, and balance worker voice with operational realities. By its inclusion of independent contractors in the definition of “worker”, SB 947 undermines that process with top-down rules, replacing negotiation with statutory mandates that not only duplicate but conflict with the objectives of AB1340.”

“Proposition 22 – which was elected by a majority of voters – fully governs certain processes for app-based workers, including appeals procedures for deactivations, and guarantees their status as independent contractors. SB 947 conflicts with Prop 22 by mandating specific appeals process components and prohibiting network companies from setting other access conditions. As an example, our companies, for years, have used customer star ratings as a metric to uphold service and safety standards on our platforms. Under Prop 22, our companies have offered deactivation appeals and reviews processes, including options for a driver to improve their customer ratings. However, SB 947 facially bars primary reliance on customer ratings, even when those ratings are accompanied by reports of serious safety incidents.”

“...after years of stakeholder engagement across worker advocates, industry, privacy experts, and others, the California Privacy Protection Agency recently adopted a comprehensive framework regulating automated decisionmaking for workers, amongst other significant decisionmaking activities. Paired with existing data access, correction and other rights under the CCPA, these regulations create some of the most stringent rules in the country for automated decisionmaking systems.

As Governor Newsom emphasized in his SB 7 veto letter about the CCPA’s automated decisionmaking regulations, it is essential that such rules remain sufficiently tailored and avoid stifling innovation. SB 947 does the opposite. Rather than building on these regulations, SB 947 creates a separate and duplicative framework governing the same activities – imposing different, and at the same time conflicting, standards without providing meaningful new protections.”

5. Staff Comments:

As noted above, AI is being used in new ways not previously contemplated in current law. The use of these tools is not fundamentally bad, as long as they are incorporated in ways that assist workers in accomplishing their tasks without sacrificing their job entirely, while ensuring worker safety, living wages, and protecting against discrimination and abuse.

This bill attempts to curbe that use, and potential abuse, by imposing various requirements and prohibitions on employers' use of an ADS to make employment-related decisions. The efforts to regulate AI-powered tools like ADS in the employment setting began last year with SB 7 and some of the other bills highlighted above and below. This bill [SB 947] picks up where SB 7 left off, removing some big provisions in SB 7 regarding pre-use notifications and its applicability to job applicants and bringing back some previously removed elements.

As conversations on this bill continue, the author and sponsors may wish to consider the following:

- SB 7's veto message from Governor Newsom pointed out that ADS' used to make disciplinary, termination, or deactivation decisions may be partially covered by the recently adopted CCPA regulations, which would allow employees and independent contractors to better understand how their personal data is used by automated decision technology. The Governor stated that before enacting new legislation in this space, we should assess the efficacy of these regulations to address these concerns.

Considering the regulations were just finalized in September of 2025, has there been identified gaps in the CCPA regulations that SB 947 is seeking to fill? Is there some overlap of regulations, direction, and requirements that need to be considered as SB 947 moves forward?

- The bill defines "worker" to mean any natural person who is an employee of, or an *independent contractor* providing service to, or through, a business or a state or local governmental entity in any workplace. Independent contractors are not employees protected by most provisions of the labor code but rather limited-term workers operating under a specific contract dictating the terms of that job. As noted by Uber and Lyft, AB 1340 (Wicks, Chapter 335, Statutes of 2025) grants transportation network company drivers the right to organize and prescribes specified mandatory subjects of bargaining, including earning, benefits, and other terms and conditions of work, including deactivations. This bill prescribes prohibitions and requirements with regards to ADS use for disciplinary, termination, or deactivation decisions.

As the bill moves forward, the author may wish to consider if and how the requirements in SB 947 may conflict with those of AB 1340. Should the bill include provisions specific to deactivations and if so, how do they need to be crafted to coexist with the existing law requirements in AB 1340?

- Section 1522(a)(5) of the bill would prohibit the use of an ADS to "use or rely upon individualized worker data as inputs or outputs to inform compensation unless the employer can clearly demonstrate that any differences in compensation for substantially similar or comparable work assignments are based upon cost

differentials in performing the task involved, or that the data was directly related to the tasks that the worker was hired to perform.”

Opponents argue that this provision is vague, unclear, and want to ensure that it does not inadvertently bar legitimate practices such as rewarding top performers based on productivity metrics.

According to the author, this provision of the bill is intended to 1) address regional wage differences due to municipal minimum wage requirements that may differ throughout the state; and 2) regulate the use of algorithmic wage setting often used by gig-based companies that deploy algorithms that are fed obscure data to determine wages for workers such as delivery drivers and even nurses. The author cites as an example, the gig app for nurses Shiftkey which “has been known to provide disparate wages to nurses signing up for available shifts based on individualized data fed to an algorithm. Rather than offering a standard wage or adjusting the wage due to a nurse’s prior experience or education level, the Shiftkey platform is able analyze how often a user accepts their shift, how quickly they respond to an offer, and whether they have ignored previous shifts in the past to create and offer the lowest wage a user is likely to accept.”

As the bill moves forward, the author may wish to consider whether this provision merits further clarification to ensure these examples are accounted for.

- Section 1526.1(e) specifies that an employer who violates this part shall be subject to a civil penalty of five hundred dollars (\$500). *The author may wish to add “per violation” to clarify how this penalty is to be applied.*

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:

SB 951 (Reyes, 2026), among other things, establishes the California Worker Technological Displacement Act requiring an employer to provide at least a 90-day advanced written notice before any technological displacement. *SB 951 is pending before this Committee.*

SB 1248 (Cabaldon, 2026) imposes certain restrictions on the use of an ADS by a state agency to confer services including, among other things, the issuance of professional licenses and provision of public benefits. Among the restrictions, the bill prohibits the use of an output from the system as the sole basis for an adverse service determination and requires the state agency to verify the accuracy of the system’s outputs and to promote nondiscrimination in its use, as specified. *SB 1248 is pending before the Senate Committee on Privacy, Digital Technologies, and Consumer Protection.*

AB 1883 (Bryan, 2026) regulates the use of workplace surveillance tools by, among other things, prohibiting their use if it incorporates facial, gait, or emotion recognition technology, except as specified. The bill would require the LC to enforce the bill’s provisions, would

authorize an employee to bring a civil action for specified remedies for a violation, and would authorize a public prosecutor to enforce. *AB 1883 is pending before the Assembly Privacy and Consumer Protection Committee.*

AB 1898 (Schultz, 2026) requires an employer to provide a written notice to an employee that a workplace AI tool was used to assist the employer in making employment-related decisions or to surveil workers in the workplace. The bill requires employers to maintain an updated list of all workplace AI tools in use and their impact on jobs, as specified, and to provide the list to workers annually. The bill would provide for enforcement by the LC or a public prosecutor, and authorizes the filing of a civil action. *AB 1898 is pending before the Assembly Judiciary Committee.*

AB 1979 (Bonta, 2026), among other things, prohibits a health facility, clinic, physician's office, or a group practice from using or deploying a tool, system, or device that includes AI for any activity requiring the use of professional judgment by a licensed health care professional, as specified, and would prohibit such a tool to direct, guide, supervise, or instruct unlicensed personnel in performing any function that requires a professional license. *AB 1979 is pending before the Senate Health Committee.*

AB 2027 (Ward, 2026), among other things, prohibits an employer or vendor from using a worker data to train or deploy AI to, among other things, replicate, automate, or replace a worker's job. *AB 2027 is pending before the Assembly Labor and Employment Committee.*

AB 2148 (Muratsuchi, 2026), among other things, prohibits 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. *AB 2148 is pending before the Assembly Committee on Education.*

SB 7 (McNerney, 2025), described above, would have established new rules for employers using an ADS to make employment-related decisions. *SB 7 was vetoed by the Governor.*

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

AB 2885 (Bauer-Kahan, Chapter 843, Statutes of 2024) established a uniform definition for "artificial intelligence," "automated decision system," and "high-risk automated decision system" in California law.

AB 2930 (Bauer-Kahan, 2024) would have regulated the use of ADSs in order to prevent "algorithmic discrimination," including by requiring developers and deployers to perform impact assessments. Additionally, it would have granted the right of individuals to know when and how an ADS is used as well as the right to opt out of its use. *AB 2930 died on the Senate inactive file.*

SB 892 (Padilla, 2024) would have required the CA Department of Technology (CDT) to develop and adopt regulations to create an ADS procurement standard, and prohibited ADS

use by a state agency until such regulations were adopted, as specified. *SB 892 was vetoed by the Governor.*

Several other bills in 2024 addressed related AI issues including: SB 893 (Padilla), SB 896 (Dodd), SB 942 (Becker), SB 1047 (Wiener), and AB 2013 (Irwin).

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