SENATE THIRD READING
SB 947 (McNerney)
As Amended August 21, 2026
Majority vote

SUMMARY

Regulates**,** *beginning July 1, 2027,* an employer's use of automated decision systems (ADS), as specified, including prohibiting an employer from relying solely on an ADS to make disciplinary, termination, or deactivation decisions.

Major Provisions
Regulates an employer's use of ADS:

1) 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 *an employee's* protected status under the Fair Employment and Housing *Act (FEHA).*

   c) *Predict* and 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.

2) Prohibits an employer from relying solely on an ADS when making a *disciplinary or termination decision.*

3) Requires the employer, if it primarily relies upon an ADS output to make a *disciplinary or termination decision,* to direct a *human to corroborate the decision using data that was collected or used to produce the ADS output or other relevant corroborating or supporting information,* as specified.

4) Prohibits, if an employer cannot corroborate the ADS output, or the human reviewer has concluded that the ADS output is inaccurate, incomplete, or misleading, the employer from using the ADS output to *make a disciplinary or termination decision.*

5) Provides that *an employee* shall have the right to request, and an employer shall provide a *meaningful, objective description of the employee's own data used by the ADS when the employer has primarily used an ADS to make a disciplinary or termination decision, as specified.*

Requires employers to provide affected workers with a post-use notice:

6) Requires an employer that primarily relied upon an ADS to make a *disciplinary or termination decision* to provide the affected *employee* with a written post-use notice at the time the employer informs the *employee* of the decision, as specified.

7) Requires the post-use notice to contain all of the following information:

a) That the employer primarily relied upon an ADS to make a *disciplinary or termination decision* with respect to the *employee.*

b) That a human *reviewed the decision and corroborated* the ADS output.

c) Contact information for a human that the *employee* may contact for more information about the decision and the *employee's* right to access a *description of the employee's own data used by the ADS when an employer has primarily used an ADS to make a disciplinary or termination decision.*

d) That the employer is prohibited from retaliating against the *employee* for exercising their rights under this bill.

Provides for enforcement and retaliation protections:

8) Prohibits employer discrimination and retaliation against any *employee* for exercising their rights under, or alleging a violation of, this bill, as specified.

9) *Authorizes* the Labor Commissioner (LC), and authorizes a public prosecutor, to enforce the provisions of the bill, as specified.

10) Provides that, in any civil action or administrative proceeding brought pursuant to this bill for a violation of (2) or (4) above, once it has been demonstrated that an ADS was used to make a disciplinary or deactivation decision, the employer must demonstrate that the employer did not primarily rely upon an ADS or that the employer complied with the provisions of this bill when making the disciplinary or termination decision.

11) Authorizes, in any civil action brought pursuant to subdivision (9) above in superior court in any county wherein the violation in question is alleged to have occurred, or wherein the person resides or transacts business, the petitioner to seek appropriate temporary or preliminary injunctive relief, including punitive damages, and reasonable attorney′s fees and *costs in addition to other remedies, as specified.*

12) Provides that an employer who violates this bill′s provisions shall be subject to a civil penalty of $500 per violation.

Additional provisions:

13) Provides that the bill′s provisions do not preempt any city, county, or city and county ordinance that provides equal or greater protection to *employees* who are covered by this bill.

14) Provides that, except as set forth in (15) below, an employer who complies with the requirements related to notice under 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.

a) Provides that (14) above does not apply to any quotas, as defined, or any other automated standards applied to working conditions of employees.

15) Provides that, notwithstanding (14) above, an employer that is a business subject to the California Consumer Privacy Act (CCPA) of 2018 is subject to any privacy-related

automated decisionmaking technology regulation duly adopted by the California Privacy Protection Agency (PPA).

16) Exempts from the provisions of this bill parties covered by a collective bargaining agreement if the agreement explicitly waives this part 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.

17) Provides that the bill does not apply to the use of an ADS to the extent that use of the system is required by, or reasonably necessary to comply with, a federal statute, federal regulation, or binding federal contract relating to either 1) the development of aircraft for use in the national airspace, or 2) the development of products or services for national security, military, space, or defense purposes, as specified.

18) Includes a severability clause.

19) Defines certain terms, including ADS, ADS output, AI, *employ, employee, employee data, and* employer**.**

20) Provides that the bill's provisions become operative on July 1, 2027.

COMMENTS

Employers are increasingly using workplace surveillance such as electronic monitoring, as well as ADS, to not only surveil and collect data on workers, but to manage, and even terminate, workers. According to the University of California (UC) Berkeley Labor Center, ″Employers use electronic monitoring and automated decision systems to make a wide range of decisions about workers (including employees, independent contractors, and job applicants):

1) Wages and benefits

2) Hours and work schedules

3) Performance evaluations

4) Hiring, firing, discipline, and promotion

5) Job content, tasks, and responsibilities

6) Productivity requirements

7) Access to training opportunities

8) Workplace health and safety

Concrete examples of these decisions include terminating gig workers based on customer ratings, using wearable devices on construction sites to detect worker fatigue, setting daily productivity quotas in warehouses, and filtering out job candidates with flagged social media content.

Many workplace ADS tools make predictions about workers′ future behavior or characteristics. These computer programs identify patterns or correlations in large datasets about workers, and based on those patterns make predictions about an individual worker in a given workplace. Examples of these predictions include the probability that a worker will quit a job, struggle with performance, succeed in a promotion or work team, experience stress, join a union, pose a safety risk, or become pregnant."[1]

The author provides examples of ADS use in the employment setting:

1) Nurses who work through gig-nursing apps, such as ShiftKey, have had their wages and hours set by an algorithm, which has led to disparate pay between equally qualified nurses without any justification or reasoning.[2]

2) The ADS used by the employer of a California-based software developer terminated him due to an error in the system's data. The system removed the worker's access to enter the office space and his workstation, all without human intervention. The termination was ultimately resolved but not until after the worker missed three weeks of work without pay.[3]

3) Uber Eats used ethnically-biased facial recognition technology that led to a driver's suspension and a subsequent legal settlement. Uber Eats had not made the driver aware of the processes that led to his suspension from the app, nor provided an effective route to challenge this decision.[4]

According to the Author
"Businesses are increasingly using AI to boost efficiency and productivity in the workplace. But there are currently no safeguards to prevent machines from unjustly or illegally impacting workers' livelihoods and working conditions. SB 947 establishes post-use notifications when ADS is used in the workplace, and ensures employers have a human in the loop when making critical employment decisions. SB 947 does not prohibit ADS in the workplace, rather it will establish guardrails to ensure that California businesses are not operated by robo bosses, because there will be a human in the loop. AI must remain a tool controlled by humans, not the other way around."

Arguments in Support
The California Federation of Labor Unions, sponsor of this measure, states that "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.[5] 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

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[1] Bernhardt, Annette and Lisa Kresge. (2025). UC Berkeley Labor Center. "Electronic Monitoring and Automated Data Systems FAQs." https://laborcenter.berkeley.edu/wp-content/uploads/2025/05/Electronic-Monitoring-and-Automated-Decision-Systems-FAQ.pdf
[2] "Uber for Nursing: How an AI-Powered Gig Model Is Threatening Health Care." (2024). Roosevelt Institute. https://rooseveltinstitute.org/publications/uber-for-nursing/
[3] Wakefield, Jane. (2018). "The man who was fired by a machine." BBC. https://www.bbc.com/news/technology-44561838
[4] "Uber Eats settles driver's facial recognition discrimination claim." (2024). Personnel Today. https://www.personneltoday.com/hr/uber-eats-settles-drivers-facial-recognition-discrimination-claim/
[5] https://www.resumebuilder.com/half-of-managers-use-ai-to-determine-who-gets-promoted-and-fired/

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.″

Arguments in Opposition
A coalition of business organizations, including the California Chamber of Commerce, states in opposition that ″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 technology and make it that much harder to develop the very tools that can help combat bias in decision making.″

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

1) Costs of an unknown, but likely significant amount, in excess of $150,000, to the state as an employer to ensure compliance with this bill′s human review, notice, and data provision requirements for allowable ADS uses (General Fund (GF) or special fund). The magnitude of costs depends the state′s existing ADS disclosure and use policies.

   Similarly, likely significant costs to local government employers, which the state would not need to reimburse because this bill′s new requirements for local agencies equally apply to the private sector.

2) Costs ranging from approximately $600,000 to the low millions of dollars annually to the Division of Labor Standards and Enforcement (DLSE, also known as the LC) to enforce this bill′s ADS use and workers′ rights provisions, partially offset by penalty revenue (Labor Enforcement and Compliance Fund). DLSE′s primary mission is enforcement of the state′s wage and hour laws, whereas this bill regulates employer conduct broader than the usual scope of enforcement for DLSE. As such, DLSE anticipates needing additional staff positions to provide technical expertise and accommodate a sharp increase in complaints and investigations. DLSE notes the number of complaints filed is likely to be as high as 4,000 per year, given this bill′s broad scope, application to both employees and independent contractors, and role for DLSE as the primary enforcement body. DLSE estimates costs to reach approximately $5.1 million annually if DLSE investigates an additional 285 cases per year as a result of this bill.

3) Annual cost pressures of an unknown amount to the courts in additional workload by authorizing a new civil action against an employer that violates this bill′s ADS use and workers′ rights provisions (GF or Trial Court Trust Fund (TCTF)). It is unclear how many civil actions may be filed statewide and how much court time may be needed to resolve each case, but it generally costs approximately $1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF. The state budget provides annual GF backfills to the TCTF to offset revenue reductions, totaling approximately $117.3 million in fiscal year 2025-26.

4) The Department of Justice (DOJ) reports no significant impact from this bill, indicating DOJ is unlikely to experience an increase in litigation representing state agencies for alleged violations of this bill′s prohibitions or pursue civil actions to enforce this bill′s provisions as a public prosecutor.

VOTES

SENATE FLOOR: 29-9-2
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Ochoa Bogh, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Niello, Stern

ASM LABOR AND EMPLOYMENT: 5-1-1
YES: Ortega, Arambula, Kalra, Lee, Ward
NO: Alanis
ABS, ABST OR NV: Chen

ASM PRIVACY AND CONSUMER PROTECTION: 10-4-1
YES: Bauer-Kahan, Bryan, Irwin, Lowenthal, McKinnor, Ortega, Pellerin, Ward, Wicks, Wilson
NO: Macedo, DeMaio, Hoover, Patterson
ABS, ABST OR NV: Petrie-Norris

ASM JUDICIARY: 8-3-1
YES: Kalra, Bauer-Kahan, Bryan, Connolly, Harabedian, Papan, Stefani, Zbur
NO: Macedo, Dixon, Sanchez
ABS, ABST OR NV: Pacheco

ASM APPROPRIATIONS: 10-4-1
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pellerin, Sharp-Collins, Solache
NO: Hoover, Dixon, Ta, Tangipa
ABS, ABST OR NV: Pacheco

UPDATED

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