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

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Author:	Reyes		
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Consultant:	Alma Perez		

SUBJECT: Employment: technological displacement: notice

KEY ISSUES

This bill establishes the California Worker Technological Displacement Act to 1) require employers to provide a 90-day advanced written notice before any technological displacement affecting a specified number of its workforce; 2) prohibit employers from discharging an affected worker during this 90-day period; 3) require an employer to provide a written technology hiring disruption notice to specified government entities when it executes a technological cessation in hiring due to the adoption of artificial intelligence (AI) or other automating technology; 4) require the Employment Development Department (EDD) to post the notices received online and compile a report, as specified; 5) grant specified workers affected by a technological displacement the right of first bid on other positions with the employer; and 6) prescribe penalties and specified remedies for violations, including the filing of a civil action.

ANALYSIS

Existing federal law:

1) Establishes the federal Worker Adjustment and Retraining Notification (WARN) Act prohibiting specified employers from ordering a plant closure or mass layoff until the end of a 60-day period after the employer serves written notice of such an order to the following:
   a) To each representative of the affected employees as of the time of the notice or, if there is no such representative at that time, to each affected employee; and
   b) To the State or entity designated by the State to carry out rapid response activities, as specified, and the chief elected official of the unit of local government within which such closing or layoff is to occur.
   (29 U.S.C. §§2101)

2) Applies the federal WARN notice requirements to employers with 100 or more full-time employees (not counting workers who have less than 6 months on the job and workers who work fewer than 20 hours per week) and is laying off at least 50 people at a single site of employment, or employs 100 or more workers who work at least a combined 4,000 hours per week, and is a private for-profit business, private non-profit organization, or quasi-public entity separately organized from regular government. (29 U.S.C. §§2101)

3) Makes an employer who violates the federal WARN provisions liable to each employee for an amount equal to back pay and benefits for the period of the violation, up to 60 days, but no more than half the number of days the employee was employed by the employer. (29 U.S.C. §§2104)

Existing state law:

1) Establishes the California Worker Adjustment and Retraining Act (Cal-WARN), which prohibits an employer with 75 or more full and part-time employees from ordering a mass layoff (of 50 or more employees within a 30-day period), relocation, or termination at a covered establishment, as defined, unless, 60 days before the order takes effect, the employer gives written notice to all of the following:
   a) The employees of the covered establishment affected by the order.
   b) The Employment Development Department, the local workforce investment board, and the chief elected official of each city and county government within which the termination, relocation, or mass layoff occurs.
   (Labor Code §1400-1413)

2) Defines, for purposes of the Cal-WARN Act, an "employer" as any person, association, organization, partnership, business trust, limited liability company, or corporation who directly or indirectly owns and operates a covered establishment. A parent corporation is an employer as to any covered establishment directly owned and operated by its corporate subsidiary. (Labor Code §1400.5)

3) Exempts, from the provisions of Cal-WARN, seasonal employees and employees that are laid off as a result of the completion of a project in specified industries, where the employers are subject to specified wage orders, and the employees were hired with the understanding that their employment was seasonal and temporary. (Labor Code §1400.5.)

4) Requires employers mandated to give notice of any mass layoff, relocation, or termination pursuant to Cal-WARN to include in its notice, the elements required by the federal WARN Act. (Labor Code §1401)

5) Makes an employer that fails to give the required Cal-WARN notice before ordering a mass layoff, relocation, or termination liable to each employee entitled to notice, for specified back pay and medical expenses incurred that would have been covered under an employee benefit plan, calculated for the period of the employer's violation, up to a maximum of 60 days, or half the number of days that the employee was employed by the employer, whichever period is shorter. (Labor Code §1402)

6) Subjects an employer who fails to give the required Cal-WARN notice to a civil penalty of not more than five hundred dollars ($500) for each day of the employer's violation. Exempts an employer from this civil penalty if the employer pays all applicable employees within three weeks from the date the employer ordered the mass layoff, relocation, or termination. (Labor Code §1403)

7) Permits a person, including a local government, or an employee representative, seeking to establish liability against an employer for violation of Cal-WARN to bring a civil action on behalf of the person other persons similarly situated, or both, in any court of competent jurisdiction. Additionally, permits a court to award reasonable attorney's fees as part of the costs to any plaintiff who prevails in a civil action. (Labor Code §1404)

8) Defines "artificial intelligence" (AI) to mean 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. (Government Code §11546.45.5)

9) 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)

10) 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)

11) Establishes the Employment Development Department (EDD) in the Labor and Workforce Development Agency (LWDA), and vests it with various duties and responsibilities including job creation activities, administration of the Unemployment, Disability, and Paid Family Leave programs, collection of payroll taxes, keeping track of employment records, managing federal job training programs, and collecting and sharing information about the job market. (Unemployment Insurance Code §301)

This bill:

1) Defines, among others, the following terms:

    a) "Employer" means any individual who, or entity that, 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. An "employer" includes, but is not limited to, any of the following:
        i. The state, including its legislative, judicial, and executive branches.
        ii. Any city, county, or city and county, including any charter city, charter county, charter city and county, and other political subdivisions of the state.
        iii. Special districts, including, but not limited to, school districts.
        iv. Any authority, commission, board, agency, or instrumentality of any entity specified in paragraphs (1) to (3), inclusive.
        v. The University of California, the California State University, and community college districts.
    b) "Technological displacement" means the elimination of employment positions within any 12-month period, caused in whole or primarily by an AI system or other automated technology replacing or automating those employment positions.
    c) "Technological cessation in hiring" means the end of hiring permanently for an occupation or position that is directly and primarily due to the use of AI or other automation that displaces or replaces human workers. "Technological cessation in hiring" does not mean an overall reduction in employment positions.
    d) "Worker" means an individual employed or contracted by an employer for at least 6 months of the 12 months preceding the date on which notice is required under this article. "Worker" includes, but is not limited to, full-time and part-time workers and independent contractors, but does not include a seasonally employed individual who was hired with

the understanding that their employment is seasonal and temporary, a volunteer, or an intern.

Technological Displacement Notice:

2) Establishes the California Worker Technological Displacement Act requiring an employer to provide a 90-day advanced written notice before any technological displacement affecting 25 or more workers or 25 percent of the workforce, whichever is less. Requires the notice be provided to both of the following:
   a) The workers of the employer affected by the order.
   b) EDD, the local workforce investment board, and the city council members and county board of supervisors of each city and county in the state within which the technological displacement, reduction, or termination of contract occurs.

3) Requires the technological displacement notice to contain all of the following information:
   a) The name and address of the employment site and the name, email, and telephone number of a company official.
   b) A statement indicating whether the planned action is permanent or temporary.
   c) The expected date of the first separation and the schedule for subsequent separations.
   d) The number, classification, and work location of layoffs that are substantially due to the replacement or automation by AI.
   e) The job functions performed by those workers that will be automated by AI.
   f) The AI system or other automating technology that substantially resulted in technological displacement, including the entity or entities that developed, sold, or leased the product.
   g) The justification for, and purpose of, the use of the AI tool.
   h) If retraining is available to current workers to transition from eliminated occupations to new ones at the company.

4) Prohibits an employer with 100 workers or more from discharging a worker affected by a technological displacement or termination of contract during the 90-day period from when the notice is provided to the worker.

5) For employers with more than 100 workers, entitles each worker affected by a technological displacement to the right of first bid on other positions with the employer.

Technology Hiring Disruption Notice:

6) Requires an employer to provide a written technology hiring disruption notice when it executes a technological cessation in hiring directly and primarily due to the adoption of AI or other automating technology to EDD, the local workforce investment board, and the chief elected official of each city and county within which the AI hiring disruption occurs.

7) Requires the technology hiring disruption notice to include all of the following information:
   a) The name and address of the employment site and the name, email, and telephone number of a company official.
   b) A statement indicating whether the planned action is permanent or temporary.
   c) The number of positions that were occupied at any point during the prior quarter for which the employer has decided not to fill because of a technological cessation in hiring.
   d) The occupational classification and work location of positions that will no longer be filled by humans due to the replacement or automation by AI.
   e) The job functions performed in these positions.
   f) The AI system or other automating technology that resulted in the cessation of hiring.

g) The justification for and purpose of the use of the AI tool.
h) A statement if the cessation resulted in hiring or creation of other employment positions in the company and the number and occupation of those positions.

8) Authorizes an employer required to provide a notice pursuant to Cal-WARN, to include the requirements from this bill in one document to all workers, regardless of the type of layoff.

Public Posting and Reporting:

9) Requires EDD to post notices received, pursuant the above described provisions, on their internet website and compile a quarterly summary using those notices to present a statewide summary of worker displacement due to AI and automation.

10) Requires the quarterly summary report to include a link to a public database of individual notices received from employers.

11) Requires EDD to submit the report to the labor and budget committees of the Assembly and Senate, as specified.

Liability and Enforcement:

12) Makes an employer that fails to give notice before ordering a technological displacement liable to each worker entitled to notice who lost their employment. The employer shall be liable for all of the following for each worker:
    a) Back pay at the average regular rate of compensation received by the worker during the last three years of their employment, or the worker's final rate of compensation, whichever is higher.
    b) The value of the cost of any benefits to which the worker would have been entitled had their employment not been lost, including the cost of any medical expenses incurred by the worker that would have been covered under a worker benefit plan.

13) Provides that liability under these provisions shall be calculated for the entire period of the employer's violation up to a maximum of 60 days, or one-half the number of days that the worker was employed by the employer, whichever period is shorter.

14) Authorizes the amount of an employer's liability to be reduced by all of the following:
    a) Any wages paid by the employer to the worker during the period of the employer's violation, as specified.
    b) Any voluntary and unconditional payments made by the employer to the worker that were not required to satisfy any legal obligation.
    c) Any payments by the employer to a third party or trustee, such as premiums for health benefits or payments to a defined contribution pension plan, on behalf of and attributable to the worker for the period of the violation.

15) Subjects an employer that fails to provide the required technological displacement notice to a civil penalty of not more than five hundred dollars ($500) for each day of the violation. However, the civil penalty shall not apply if the employer pays to all applicable workers the amounts for which the employer is liable, as specified under (12) above, within three weeks from the date the employer orders the technological displacement or termination of contract.

16) Authorizes any person, including any third or uninterested parties, to report to the LC that an employer has failed to comply with the requirements of this bill and requires any such person

to provide documentation to substantiate their allegations, including, but not limited to, public statements by employer officials, United States Securities and Exchange Commission filings, and shareholder reports, before the LC considers the report.

17) Authorizes a person, including a local government or a worker representative, seeking to establish liability against an employer to bring a civil action on behalf of the person, other persons similarly situated, or both, in any court of competent jurisdiction.

18) Authorizes the court to 1) award reasonable attorney's fees and costs to any plaintiff who prevails in a civil action brought under these provisions and 2) if the court determined an employer conducted a reasonable investigation in good faith and had reasonable grounds to believe that its conduct was not a violation of these provisions, then the court may reduce the amount of any penalty imposed against the employer.

19) Grants the LC, in addition to all other powers granted by law, the authority to examine the books and records of an employer.

20) Authorizes the LC to investigate and enforce these provisions through the procedures set forth in existing law, including the procedures for issuing, contesting, and enforcing judgments for citations and civil penalties issued by the commissioner.

21) Establishes the Technological Displacement Act Fund within the State Treasury and requires all civil penalties recovered by the LC to be deposited in the fund and be available to the LC, upon appropriation by the Legislature, for purposes of enforcing these provisions.

22) Includes a severability clause specifying that 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 (ADS)

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 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]

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]

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 tools should give us pause[3]:

- 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.

Recent Efforts to Regulate AI and ADSs

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."

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

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[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

[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/

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 that an ADS is in use at the workplace to all workers directly affected by the ADS; 2) prohibiting in some instances and in others limiting the use of an ADS, as specified; 3) providing worker anti-retaliation protections for exercising these rights; and 4) specifying enforcement mechanisms that included penalties and relief for violations. SB 7 was vetoed by Governor Newsom.

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

Federal WARN and Cal-WARN Notification Requirements

The federal WARN Act requires employers to provide written notice 60 days prior to a plant closing or mass layoff to employees, or their representative, the State dislocated worker unit (EDD, Workforce Services Division in California), and the chief elected official of local government within which such closing or layoff occurs. The federal WARN Act applies to *employers with 100 or more full-time employees*. Notices are required as follows:

- Plant closings involving 50 or more employees during a 30-day period.
- Layoffs within a 30-day period involving 50 to 499 full-time employees constituting at least 33% of the full-time workforce at a single site of employment.
- Layoffs of 500 or more are covered regardless of percentage of workforce. (29 USC, et seq., 2101 and 20 CFR 639.3)

Similarly, Cal-WARN requires employers to give a 60-day notice to the affected employees and both state and local representatives before a mass layoff, relocation, or termination. The Cal-WARN provisions apply to *employers of 75 or more full-time and part-time employees*. Notices are required as follows:

- For a plant closure affecting any amount of employees.
- Layoff of 50 or more employees within a 30-day period regardless of % of workforce.
- Relocation of at least 100 miles affecting any amount of employees.
- Relocation of a call center to a foreign country regardless of the percentage of workforce affected. [California Labor Code Section 1400.5 (d)-(f) and 1409 (b)]

Advance notification before a termination or layoff provides employees with necessary time to transition and adjust to the potential loss of employment, time to seek alternative employment and, if necessary, time to obtain skills training or retraining to successfully compete in the job market. Given the unprecedented way in which AI is transforming our economy, providing workers with advance notification before an AI displacement could grant workers this much needed time to adjust and transition to another job. *This bill seeks to*

provide that extra time by requiring 90-day advance notification before any technological displacement can be implemented.

2. Need for this bill?

According to the author:

"Artificial intelligence is transforming our economy at an unprecedented pace. Unlike past technological advances, AI has the ability to automate entire occupations almost overnight, leaving workers vulnerable to sudden economic disruption. Employers are already citing AI as a reason for layoffs and hiring freezes, yet policymakers lack reliable data to understand the full impact. Without this information, government is forced to respond only after workers have already lost their livelihoods.

This bill requires employers to provide written notice to workers and the California Department of Employment Development (EDD) before conducting mass layoffs driven by the development of AI. It builds on the existing California Worker Adjustment and Retraining Notification (WARN) Act by adding notification of layoffs caused by technology. It also provides the state with data on the impact of artificial intelligence on layoffs, reductions in hiring caused, or other technological disruptions to help prevent economic dislocation and harm to workers and communities."

3. Proponent Arguments:

The sponsors of the measure, the California Federation of Labor Unions, write:

"According to the Challenger Jobs Report that tracks workforce trends, 2023 was the first year that companies cited artificial intelligence as a reason for layoffs. Since then, AI was cited as the cause of close to 72,000 job cuts, with 55,000 AI-related layoffs in 2025 alone. Amazon, Dow Chemical, Accenture, Dell, Intel, Microsoft, TCS, UPS, and Citigroup all announced tens of thousands of AI-related job cuts in 2025. Salesforce laid off 4,000 customer support staff and froze hiring lawyers or software engineers, stating that AI now does up to 50% of the work of the company. In February 2026, CEO Jack Dorsey of Block and Square payments announced that he was laying off 4,000 workers, about 40% of the entire workforce, stating explicitly that the company would use AI to automate work.

Generative AI developers OpenAI and Anthropic have also released data on the far reach of their products. Anthropic analyzed the use of their AI tool, Claude, showing that 43% of usage was to automate tasks. OpenAI's report attempts to evaluate the impact of AI tools on 44 occupations in the top nine sectors contributing to U.S. Gross Domestic Product (GDP). The jobs range from lawyers and accountants to sales reps, nurses, social workers, and clerks. Their conclusion was that AI frontier models could complete many tasks of those 44 occupations 100 times faster and cheaper than humans."

Furthermore, they argue that, "What makes AI different than other technologies or economic fluctuations is the scope, scale, and velocity at which it is sweeping the economy. Instead of automated assembly lines limited to factories, employers are using AI tools to automate tasks across broad swaths of the workforce in many industries all at once. Agentic AI has the ability to ostensibly plan, reason, and execute complex, multi-step tasks with minimal human intervention, poised to eliminate many human positions. Even if the abilities of AI tools are

overstated or exaggerated, employers are adopting the technology anyway. When AI cannot do the work, the remaining workers must work harder and longer, intensifying the jobs that are left.

Policy makers cannot ignore the blaring alarm bells warning of massive economic upheaval and worker suffering. AI poses an existential threat to human workers, government revenue, and society. The first step to tackling the growing threat is to collect and use reliable, local data to inform policy responses and to support workers who are the canaries in the coal mine of AI. This bill is a small, but crucial first step to that process."

In conclusion, they argue that SB 951 provides policy makers and the public with data on AI-related job loss. Given the broad impacts on AI on certain occupations, they argue that the advance notice gives workers and their communities time to prepare for a potentially extended unemployment and to retrain and reskill for new jobs.

4. Opponent Arguments:

A coalition of employer organizations, including the California Chamber of Commerce, are opposed to the measure arguing that "California's economic growth depends on responsible adoption of new technologies that improve productivity and create new job opportunities. Policies that discourage modernization risk undermining job creation and limit economic opportunities for California workers." Below is a summary of some of the coalition's main arguments:

- *SB 951's overbroad scope regulates routine technology adoption rather than the mass layoffs that WARN notices are intended to cover*: they argue that the bill applies even to temporary workers like contractors, who may be hired for limited durations of time and are quite different from full-time employees. They argue that the bill appears to apply even if positions are eliminated but the worker is transferred into a new position, meaning the requirements are triggered even if there are zero layoffs. Employers regularly adopt tools such as payroll automation, workflow platforms, and data analytics systems that assist employees in performing their duties more effectively or change the nature of an employee's position.

- *SB 951's mandatory disclosure of proprietary technology information creates competitive harm:* the bill's requirement to disclose detailed information regarding the technology used in routine workforce decisions would compel disclosure of confidential proprietary business information that may include trade secrets, vendor relationships, internal operational strategies, or product development roadmaps. They argue that public disclosure of this information would create a substantial risk that competitors may gain insight into business strategy or technological capabilities, information that is unrelated to actual job loss.

- *SB 951 creates a blanket prohibition on terminations within a 90-day period, even where misconduct has occurred:* The bill provides that an employer with 100 or more workers cannot discharge a worker affected who receives a notice for 90 days. They argue that this prohibition fails to account for scenarios where an employer needs to terminate a worker for reasons other than the impending displacement and should account for that.

- *SB 951's "right to bid" is vague and can cause issues across the workforce:* they argue that this requirement conflicts with the structure and purpose of Cal-WARN by transforming it into a retention and rehiring mandate. Coupled with the prohibition on discharge, they argue that these provisions limit employers' ability to manage workforce performance or hire individuals with the specialized skills required when implementing new technologies. They also note that compliance problems may arise when requiring employers to simultaneously comply with overlapping but inconsistent requirements governing timing, employee eligibility, and job placement obligations. The result, they argue, is increased litigation risk, operational inefficiencies, and delayed adoption of productivity-enhancing technology.

- *SB 951's requirements should be more aligned with Cal-WARN:* To ease the administrative burden of creating a brand new WARN statute and with the understanding that some actions may trigger notice requirements under both Cal-WARN and this new bill, they argue that there should be more alignment between the two statutes. For example, SB 951 should require 60-day notice like Cal-WARN; it should have the same employee threshold (75 or more employees); the content of the notice should be more closely aligned; and it should apply to employees only, not independent contractors.

- *SB 951 creates significant litigation exposure and civil penalties and increases the cost of doing business*: they argue that because the bill relies on vague causation standards, employers will face increased litigation risk and may be required to defend routine operational decisions regarding productivity tools, software implementation, or restructuring. Even worse, they argue that the bill would allow "*third or uninterested parties*" to file claims against the employer with the Labor Commissioner. Any speculative media article about a specific company's use of technology will spur claims or threats of claims by non-employees. They cite a recent study, *The Impact of PAGA on Business Viability and Employment Security-Comparing the Relationship Between PAGA Settlements and WARN Notice Issuance*, which found that California businesses, including small businesses, paid approximately $823,710,861 in settlements in FY 2022–2023 in matters where WARN notices and PAGA claims overlapped.

There is additional opposition from local educational and local government agencies, including the California State Association of Counties and the Association of California School Administrators, who argue that the bill conflicts with well-established layoff notice and rehire statutory requirements in the education sector, as well as technology bargaining between other local government employers and employees. They request that the bill be amended to exempt local educational agency (LEA) employers and local government employers from the bill's requirements. Below is a summary of their opposition:

- Because independent contractors are included in the definition of "worker," cities, counties, school districts and special districts would have to provide employees of a private company backpay and other benefits if proper notice is not given.

- SB 951 creates processes that are likely better suited for private labor practices and does not fit schools serving TK- 12 grade levels or local government employers.

First, for school employers, SB 951 would create a bifurcated system of layoff notice procedures outside the well-established March 15 layoff notice process that applies to both certificated and classified positions.

- Further, the rehire procedures in SB 951 could bump other school employees from their return-to-work rehiring rights in existing collectively bargained agreements (CBA) and existing Education Code statutes. Currently, LEAs have rehire policies that provide 39 months of return rights to the same classification, without losing seniority, for individuals who have been laid off (due to budget constraints or reduced levels in service needs) or have exhausted their medical leave. This practice includes job notifications for positions they are qualified for, and opportunities are offered based on seniority. Seniority is also used to determine job offers when there is more than one qualified candidate. Job notifications are provided to individuals on the rehire list based on the format determined by a CBA.

- For public employers with represented workforces, the use of technology tools is often bargained between employees and public employers based on local conditions, security needs, and the concerns of the public workforce. State law already prohibits local public employers from using workplace technology tools to deter or discourage union membership and because of this, they have concerns regarding the likelihood of overlapping or conflicting requirements introduced by this bill that will create uncertainty and liability for local agencies.

5. Staff Comments:

As noted above, AI is being used in new ways not previously contemplated in current law. Advance notification before a termination or layoff has proved effective in providing employees with time to transition and adjust. This bill seeks to provide that time by requiring advanced notification before an AI displacement and provides critical protections during this transition. Below are a couple of thoughts and questions for consideration on the proposal.

- As noted above, the Cal-WARN and federal WARN Act provisions include the same 60-day notification period but apply to employers of different sizes. Cal-WARN applying its provisions to employers of 75 or more full-time and part-time employees, while the federal WARN applies to employers with 100 or more full-time employees. This bill proposes a 90-day notification period and applies its provisions to employers of any size, except for the right of first bid and prohibition on discharge provisions which apply to employers of 100 or more workers.

  Since AI tools are being developed for all aspects of work and could be utilized by employers of all sizes, it makes sense to apply these requirements to all employers. However, considering the challenges faced by smaller employers and their limited HR capabilities, and consistent with the Cal-WARN and federal WARN applying to larger employers, should the bill have an employer size threshold for its provisions and what size should that be?

- Section 1414.2 (e) of the bill prohibits an employer with more than 100 workers from discharging a worker affected by a technological displacement during the 90-day period from when the notice is provided to the worker. *Should this prohibition apply*

only to large employers? The author has indicated that the intent is to apply this prohibition to employers of all sizes and remove the 100 workers reference.

As noted by the opposition, this provision of the bill fails to account for scenarios where an employer needs to terminate a worker for reasons other than the impending displacement, such as when a worker violates a company policy or engages in misconduct. *Should the bill include provisions accounting for firing with cause during this 90-day window?*

Finally, there are some errors in the bill that, should the bill move forward, should be corrected. Below is a summary of those needed corrections:

- Recent amendments removed previous application of the bill's provisions to a "terminations of contract." The amendments missed a couple sections where the "termination of contract" provisions remain. *The author may wish to remove this term from the following sections of the bill: 1414.2 (b)(2), 1414.2 (e), 1414.6 (d).*

- Section 1414.3 (c) of the bill, prescribing what the hiring disruption notice must include, under (8) and (9) requires "A statement if the cessation resulted in hiring or creation of other employment position in the company and the number and occupation of those positions." (8) and (9) are the same statement. *The author may wish to remove (9).*

- Due to the recent amendments, it appears that some cross references are no longer aligned. Section 1414.6 (d) currently references liability pursuant to 1414.4, but that section no longer specifies liability provisions. *The author may wish to correct the cross references in this section.*

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 947 (McNerney, 2026), among other things, 1) prohibits 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) requires an employer to provide a written postuse notice when an employer has used an ADS, as specified; 3) includes worker anti-retaliation provisions for exercising these rights; and 4) specifies enforcement provisions including specified penalties and relief for violations. *SB 947 is pending before this Committee.*

SB 1248 (Cabaldon, 2026) would impose certain restrictions on the use of an ADS by a state agency to confer services, defined as, among other things, the issuance of professional licenses and provision of public benefits. Among the restrictions, the bill would include a prohibition on using an output from the system as the sole basis for an adverse service determination. The bill would require 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) would regulate the use of workplace surveillance tools and an employer's use of worker data. 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 also enforce. *AB 1883 is pending before the Assembly Privacy and Consumer Protection Committee.*

AB 1898 (Schultz, 2026) would require an employer to provide a written notice to an employee that a workplace AI tool, as defined, was used to assist the employer in making employment-related decisions or to surveil workers in the workplace. The bill would require an employer to maintain an updated list of all workplace AI tools currently 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 alternatively would authorize any worker who has suffered damages, or their exclusive representative, to file a civil action for damages caused by the adverse action. The bill would establish remedies and penalties for violations. *AB 1898 is pending before the Assembly Judiciary Committee.*

AB 1979 (Bonta, 2026) would, among other things, prohibit 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 the use of AI 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) would, among other things, prohibit 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, and to prohibit an employer or vendor from deploying AI trained with worker data to replicate, automate, or replace a worker's job. *AB 2027 is pending before the Assembly Labor and Employment Committee.*

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

SB 617 (Arreguin, Chapter 229, Statutes of 2025) expanded the information employers are required to include in a Cal-WARN notice and requires employers that choose to coordinate services through a local workforce development board or another entity to do so within 30 days of the notice.

Several other bills in 2025 addressed related AI issues including: AB 1018 (Bauer-Kahan), AB 1221 (Bryan), AB 1331 (Elhawary), SB 7 (McNerney), SB 238 (Smallwood-Cuevas), SB 503 (Weber Pierson),

Several other bills in 2024 addressed related AI issues including: SB 892 (Padilla), SB 893 (Padilla), SB 896 (Dodd), SB 942 (Becker), SB 1047 (Wiener), AB 2013 (Irwin), and AB 2930 (Bauer-Kahan).

AB 1356 (Haney, 2023) would have, among other things, made changes to the Cal-WARN Act provisions to increase the notice requirement from 60 to 90 days prior to a mass layoff and revised the definition of "covered establishment." *AB 1356 was vetoed by the Governor.*

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