

SENATE PRIVACY, DIGITAL TECHNOLOGIES, AND CONSUMER PROTECTION COMMITTEE  
Senator Christopher Cabaldon, Chair  
2025-2026 Regular Session

SB 951 (Reyes)  
Version: April 9, 2026  
Hearing Date: April 20, 2026  
Fiscal: Yes  
Urgency: No  
BH

**SUBJECT**

Employment: technological displacement: notice

**DIGEST**

This bill protects employees notified of job loss through technological displacement and requires employers to provide data to Employment Development Department, the state and local entities as specified.

**EXECUTIVE SUMMARY**

This bill requires employers to provide advanced notice to affected workers of technological displacement as specified. The bill provides protection during the notice period and requires the employer to provide data to Employment Development Department (EDD), state and local entities as specified. This data is required for state agencies to understand the impacts of Artificial Intelligence (AI) and other technological advancements on the state's workforce. The bill also provides for civil penalties and additional reporting requirements for employers.

This bill is sponsored by the California Labor Federation with the American Federation of State, County and Municipal Employees (AFSCME) in support. The bill is opposed by a variety of industry and local government associations. Opposition from small businesses and entities (The California Landscape Contractors Association and the Small School District's Association) argues that the data collection and reporting requirements create a significant administrative burden for them. Issues surrounding data verification and process oversight remain a concern. This bill passed out of the Senate Committee on Labor, Public Employment and Retirement on a 3 to 1 vote.

## PROPOSED CHANGES TO THE LAW

### 1) Existing Federal law:

Establishes the federal Worker Adjustment and Retraining Notification (WARN) Act, which prohibits an employer of 100 or more full-time employees from ordering a mass layoff, relocation, or termination at a covered establishment, as defined, unless, 60 days before the order takes effect, the employer gives written notice of the order to the employees.

Makes WARN applicable to businesses that have 100 or more full-time employees who have been employed more than six out of the preceding 12 months and businesses that have 100 or more employees, including part-time employees who work more than 4,000 regular hours per week collectively

### 2) Existing State law:

Establishes CalWARN, which requires employers with 75 or more full and part time employees to provide 60 days' written notice before employee termination, relocation, or mass layoff of 50 or more employees. Written notice must be provided to the employees of the covered establishment, the Employment Development Department, the local workforce investment board, and the chief elected official of each city and county government.

Exempts, from the CalWARN, seasonal employees and employees who 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.

States that an employer that fails to give the required CalWARN notice before ordering a mass layoff, relocation, or termination is liable to each employee entitled to notice, as defined (Labor Code Section 1400 et. al.).

This bill:

### 1) Defines the following terms:

- a) "Artificial intelligence" or "AI" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.
- b) "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, 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 as specified.
  - v. The University of California, the California State University, and community college districts.
- c) “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.
- d) “Technological cessation in hiring” means the end of hiring permanently for an occupation or position that is 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.
- e) “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.
- 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 number of positions of the employer 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 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) During the 90 day period from when the notice is provided to the worker, an employer shall not discharge without reasonable and substantiated cause a worker affected by a technological displacement.
  - 6) For employers with more than 100 workers, the bill entitles each worker affected by a technological displacement to the right of first bid on other positions with the employer.
  - 7) 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.
  - 8) 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.
- 9) 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.
- 10) Requires EDD to post notices received, pursuant to 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.
- 11) Requires the quarterly summary report to include a link to a public database of individual notices received from employers.
- 12) Requires EDD to submit the report to the labor and budget committees of the Assembly and Senate, as specified.
- 13) 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.
- 14) 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.
- 15) 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.

- 16) 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.
- 17) 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.
- 18) 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.
- 19) 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.
- 20) Grants the LC, in addition to all other powers granted by law, the authority to examine the books and records of an employer.
- 21) 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.
- 22) 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.
- 23) 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. The Author has provided the following statement

“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.

SB 951 modernizes California’s existing Worker Adjustment and Retraining Notification Act by requiring employers to provide a 90-day advance notice when mass layoffs are driven by artificial intelligence or technological automation. This ensures workers and the state have time to prepare and respond, while also allowing the state to collect critical data on AI-related job loss and workforce disruption. This information will help policymakers better understand how AI is reshaping our labor market and craft informed, proactive solutions.

Innovation should not come at the expense of working families. SB 951 ensures transparency, preparedness, and accountability as artificial intelligence becomes a permanent part of California’s economy.”

### 2. Ongoing Legislative efforts to regulate AI

Over the last several years, the Legislature has considered a multitude of bills aimed at regulating AI and its use to ensure that the privacy rights of Californians continue to be protected. 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 election news via fake postings. In the area of private sector labor and employment specifically, 2025 was the year in which 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.

### 3. Arguments in support:

Supporters recognize the rapid transformation of both the public and private sector workplaces with the deployment of AI. The American Federation of State, County and Municipal Employees (AFSCME) argues that technological displacement is not limited to layoffs alone. "By requiring reporting on reductions in hiring due to AI adoption," they argue, "the bill captures a broader and often overlooked dimension of workforce impact." As AI adoption places at risk ever larger portions of the California workforce, the need to see and understand these changes becomes paramount.

A coalition of labor groups including the California Federation of Labor Unions (sponsor), the Service Employees International Union and the American Federation of State, County and Municipal Employees write, "Policy makers cannot ignore the blaring alarm bells warning of massive economic upheaval and worker suffering." The first step in tackling these problems, they argue, 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."

### 4. Arguments in opposition:

Impacts from AI are clearly spreading across all sectors and sizes of business endeavors. However, not all businesses have the same capacity to comply with the data collection and reporting requirements in the bill. Small businesses like the California Landscape Contractors Association are concerned the bill "creates substantial administrative burdens, requiring employers to track, report, and notify multiple entities while managing first-bid right for displaced workers." The California Manufacturers and Technology Association is also concerned that the bill "requires a burdensome 90-day advance notice for relatively small impacts."

Beyond capacity, questions of whether the structured mechanism for data collection, reporting, and notification is appropriate for all entities covered by the bill. The Small School District's Association writes:

"Regrettably, SB 951 creates processes that are likely better suited for private labor practices and does not fit schools serving TK-12 grade levels. 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 by undermining both existing collectively bargained agreements and statewide practices conforming with California Education Code statutes."

The author has agreed to the following Committee amendment that limits where certain notices must be sent:

**1414.3(a)** An employer shall 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 automation technology.

(b) The notice shall be given to the Employment Development Department *and* the local workforce investment board. ~~and the chief elected official of each city and county within which the AI hiring disruption occurs.~~

### SUPPORT

Alameda Labor Council  
American Federation of Musicians, Local 7  
American Federation of State, County and Municipal Employees (AFSCME) California  
American Federation of State, County and Municipal Employees, AFL-CIO  
California Alliance for Retired Americans (CARA)  
California Employment Lawyers Association  
California Faculty Association  
California Federation of Labor Unions, AFL-CIO  
California Federation of Teachers AFL-CIO  
California School Employees Association  
California State Legislative Board of the Sheet Metal, Air, Rail and Transportation Workers - Transportation Division (SMART-TD)  
Center on Policy Initiatives  
Central Coast Labor Council  
Central Labor Council, Fresno-Madera-Tulare-kings Counties, AFL-CIO  
Communications Workers of America, District 9  
Electronic Frontier Foundation  
Inland Empire Labor Council, AFL-CIO

North Bay Labor Council  
North Valley Labor Federation  
Orange County Labor Federation, AFL-CIO  
San Mateo County Central Labor Council  
Service Employees International Union, California State Council  
TechEquity Collaborative  
What We Will

**OPPOSITION**

Acclamation Insurance Management Services  
Association of California School Administrators  
Allied Managed Care  
Associated General Contractors of California  
Associated General Contractors San Diego  
Calforests  
California Apartment Association  
California Bankers Association  
California Chamber of Commerce  
California Employment Law Council  
California Farm Bureau  
California Fuels and Convenience Alliance  
California Grocers Association  
California Landscape Contractor's Association  
California Landscape Contractors Association  
California League of Food Producers  
California Manufacturers and Technology Association  
California Manufacturers & Technology Association  
California Restaurant Association  
California Retailers Association  
California's Credit Unions  
Civil Justice Association of California (CJAC)  
Flasher Barricade Association  
Los Angeles Area Chamber of Commerce  
Los Angeles Chamber of Commerce  
Official Police Garages of Los Angeles  
Shrm California  
Technet  
Small School Districts' Association  
Western Growers

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