

THIRD READING

Bill No: SB 951
Author: Reyes (D)
Amended: 5/14/26
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 3-1, 4/8/26

AYES: Smallwood-Cuevas, Cortese, Durazo

NOES: Strickland

NO VOTE RECORDED: Laird

SENATE PRIV., DIGITAL TECH. & CONS. PROT. COMMITTEE: 7-2, 4/20/26

AYES: Cabaldon, Gonzalez, McNerney, Padilla, Reyes, Umberg, Wiener

NOES: Jones, Seyarto

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

SUBJECT: Employment: technological displacement: notice

SOURCE: California Federation of Labor Unions

DIGEST: This bill establishes the California Worker Technological Displacement Act to, among other things, 1) require employers to provide a 60-day advanced written notice before any technological displacement affecting a specified number of its workforce; 2) prohibit employers from discharging an affected worker without reasonable and substantiated cause during this 60-day period; 3) grant impacted workers the right of first bid on other positions with the employer; and 4) 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 an employer with 100 or more full-time employees, as specified, 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:
 - a) 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) 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 United States Code (U.S.C.) §§2101)

- 2) 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:

- 3) 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)

- 4) 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.)

- 5) 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)
- 6) 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)
- 7) 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)
- 8) 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 or 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)
- 9) 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)
- 10) Establishes within the Department of Industrial Relations (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) 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.
 - iv. Local educational agencies that do not provide layoff notices pursuant to Section 45117 and 44955 of the Education Code for classified and certificated staff.
 - v. Any authority, commission, board, agency, or instrumentality of any entity specified in paragraphs (1) to (3), inclusive.
 - vi. The University of California, the California State University, and community college districts.
- b) “Technological displacement” means the elimination of employment positions resulting in layoffs within any 12-month period, caused in whole by an artificial intelligence (AI) system or other automated technology replacing or automating employment positions.
- c) “Technological cessation in hiring” means the end of hiring permanently for an occupation or position that is caused in whole by the use of AI or other automation. “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.

- 2) Establishes the California Worker Technological Displacement Act requiring an employer to provide at least a 60-day advanced written notice before any technological displacement affecting 25 or more workers during any 30-day period. 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 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 or public agency contact person.
 - 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 specific category or type of 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.
 - i) Whether the employer plans to coordinate services, such as a rapid response orientation, through the local workforce development board, a different entity, or the employer does not plan to coordinate services with any entity.
- 4) Requires the employer, regardless of whether the employer chooses to coordinate services with the local workforce development board or another entity, to include in the notice a functioning email and telephone number of the

board and the following description of the rapid response activities offered by the local workforce development board, as specified:

“Local Workforce Development Boards and their partners help laid off workers find new jobs. Visit an America’s Job Center of California location near you. You can get help with your resume, practice interviewing, search for jobs, and more. You can also learn about training programs to help start a new career.”

- 5) Requires, if the employer chooses to coordinate services with the local workforce development board or another entity, the employer to arrange services within 30 days from the date of the notice.
- 6) Prohibits an employer from discharging a worker affected by a technological displacement without reasonable and substantiated cause during the 60-day period from when the notice is provided to the worker.
- 7) Entitles, for employers with more than 100 workers, each worker affected by a technological displacement to the right of first bid on other positions with the employer, however, this requirement shall not apply to the extent that it would conflict with the provisions of a collective bargaining agreement.
- 8) Requires an employer to provide a written *technology hiring disruption notice* to EDD when it executes a technological cessation in hiring caused in whole by the adoption of AI or other automating technology. Requires this 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 or public agency contact person.
 - 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 specific category or type of AI system or other automating technology that resulted in the technological cessation of hiring, 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) 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 a *local educational agency* that provides layoff notices pursuant to Sections 45117 and 44955 of the Education Code for classified and certificated staff to provide EDD with a written *technology displacement or cessation in hiring notice* when it executes a technological displacement or a technological cessation in hiring caused in whole by the adoption of AI or other automating technology. The notice shall be provided on an annual basis and include all of the information required pursuant to (3) above.
 - 11) Requires EDD to post notices received, both the technological displacement and the technology hiring disruption notices, 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.
 - 12) Requires the quarterly summary report to include a link to a public database of individual notices received from employers.
 - 13) Requires EDD to submit the report to the labor and budget committees of the Assembly and Senate, as specified.
 - 14) 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.

- 15) 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.
- 16) 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.
- 17) 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.
- 18) 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.
- 19) 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.
- 20) 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.

- 21) Grants the LC, in addition to all other powers granted by law, the authority to examine the books and records of an employer.
- 22) 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.
- 23) 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.
- 24) Provides that these provisions do not supersede greater protections that may be provided by a collective bargaining agreement.
- 25) Includes a severability clause specifying that if any provision or its application is held invalid, that invalidity shall not affect others that can be given effect without the invalid provision or application.

Background

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

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

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>

notification before an AI displacement could grant workers this much needed time to adjust and transition to another job.

Need for this bill? According to the author: “Artificial intelligence is transforming our economy at an unprecedented pace...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.”

[NOTE: Please see the Senate Labor, Public Employment and Retirement Committee analysis on this bill for more background information and information on prior and related legislation.]

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- The Employment Development Department (EDD) indicates that it would incur one-time General Fund costs of \$1.8 million, and \$400,000 (minimally) annually thereafter, to implement the provisions of the bill. Additionally, the department notes that the required information technology changes could make the bill’s effective date of January 1, 2027 operationally infeasible.
- The Department of Industrial Relations (DIR) is still reviewing the bill but expects that costs will exceed \$300,000 annually for staff (enforcement deputies, support, and supervisory staff) to enforce (1) the technological displacement (WARN like) notice and (2) other requirements.
- This bill could result in increased penalty revenue to the State. The magnitude is unknown.

SUPPORT: (Verified 5/14/26)

California Federation of Labor Unions (Source)
Alameda Labor Council
American Federation of Musicians, Local 7
American Federation of State, County and Municipal Employees, California
California Alliance for Retired Americans
California Employment Lawyers Association
California Faculty Association
California Federation of Teachers
California Nurses Association
California School Employees Association
California State Legislative Board of the SMART - Transportation Division
Center on Policy Initiatives
Central Coast Labor Council
Communications Workers of America, District 9
County Employees Management Association
Electronic Frontier Foundation
Fresno-Madera-Tulare-Kings Central Labor Council
Inland Empire Labor Council
North Bay Labor Council
North Valley Labor Council
Orange County Labor Federation
San Mateo County Central Labor Council
Service Employees International Union, California State Council
State Building and Construction Trades Council of California
TechEquity Action
What We Will

OPPOSITION: (Verified 5/14/26)

Acclamation Insurance Management Services
Allied Managed Care
Associated General Contractors - California
Associated General Contractors - San Diego
Association of California Healthcare Districts
Association of California School Administrators
Calforests
California Apartment Association
California Association of Recreation and Park Districts
California Association of School Business Officials
California Bankers Association
California Chamber of Commerce

California Employment Law Council
California Farm Bureau
California Fuels and Convenience Alliance
California Grocers Association
California Landscape Contractors Association
California League of Food Producers
California Manufacturers and Technology Association
California Restaurant Association
California Retailers Association
California Special Districts Association
California State Association of Counties
California's Credit Unions
Civil Justice Association of California
Flasher Barricade Association
League of California Cities
Los Angeles Area Chamber of Commerce
Official Police Garages of Los Angeles
Public Risk Innovation, Solutions, and Management
Rural County Representatives of California
SHRM California
Small School Districts Association
TechNet
University of California, Office of the President
Urban Counties of California
Western Growers

ARGUMENTS IN SUPPORT: The sponsors of the measure, the California Federation of Labor Unions, write: “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. SB 951 provides policy makers and the public with data on AI-related job loss.”

ARGUMENTS IN OPPOSITION: A coalition of employer organizations, including the California Chamber of Commerce, are opposed arguing, among other things, that this bill “would impose expansive and burdensome requirements that will discourage innovation, increase litigation risk, and make California employees less competitive. SB 951 would significantly expand California’s current WARN Act (Cal-WARN) obligations far beyond traditional workforce reductions by

creating an entirely new statute with sweeping new compliance obligations triggered by the adoption of artificial intelligence (AI) and other commonly used business technologies. The bill's broad definitions, duplicative reporting mandates, and new liability exposure would create substantial uncertainty for employers seeking to modernize operations responsibly.”

Opposition from local government agencies argue that “SB 951 creates processes that are likely better suited for private labor practices, and does not fit local government employers. This bill would mandate costly administrative procedures for implementation, and would create liability exposure for complaints brought by any member of the public for possible violations.”

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