Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 951 (Reyes) – As Amended July 2, 2026

Policy Committee:	Labor and Employment	Vote:	5 - 0
	Privacy and Consumer Protection		11 - 2

Urgency: No	State Mandated Local Program: No	Reimbursable: No

SUMMARY:

This bill expands the notice an employer must provide under the California Worker Adjustment and Retraining Act (Cal/WARN) for displacement caused by an artificial intelligence (AI) system and requires a broader scope of employers to provide a separate notice to the Employment Development Department (EDD) for a technological cessation in hiring.

Specifically, this bill:

1) Expands the existing 60-day notice an employer must provide under Cal/WARN to include the following additional information when the mass layoff, relocation, or termination is caused in whole or in substantial part by an AI system or other automated technology replacing or automating employment positions: (a) the number, classification or occupation, and work location of layoffs substantially due to replacement or automation by AI, (b) the job functions performed by displaced workers that will be automated by AI, and (c) the specific category or type of AI system that substantially resulted in technological displacement, including the entity that developed, sold, or leased the system ("additional Cal/WARN notice").

2) Creates a new, separate notice requirement under Cal/WARN applicable to a more broadly defined "employer" that includes state and local government entities and an owner of any establishment, not just a covered establishment pursuant to the existing Cal/WARN definition, and requires that "employer" to provide EDD with a written technology hiring disruption notice when the employer executes a technological cessation in hiring ("technological cessation notice").

3) Defines "technological cessation in hiring" to mean the permanent ending of hiring or contracting for a particular occupation or position, caused in whole or in substantial part by the employer's use of AI or other automation, and requires the technological cessation notice to include similar information to what is required under the additional Cal/WARN notice, along with a statement if cessation resulted in hiring or creating other employment positions.

4) Requires EDD to post summaries of technological cessation notices received online and compile and submit to the Legislature a quarterly summary using these notices to present a statewide summary of worker displacement due to AI and automation.

5) Subjects an employer that fails to provide the additional Cal/WARN notice or technological cessation notice to EDD to a civil penalty of up to $500 for each day of the violation, and

authorizes the Labor Commissioner (LC) to enforce either notice requirement following existing procedures.

FISCAL EFFECT:

1) Costs of an unknown, but likely significant amount, in excess of $150,000, across state entities as employers to provide the technological cessation notice when applicable (General Fund (GF) or special fund). The magnitude of costs depends on the scope of work of the entity and the prevalence and use of AI systems in the workplace. For example, the California Community Colleges anticipates minor ongoing costs to the Chancellor's Office and districts to provide the notice if and when there is a technological cessation in hiring. However, the University of California (UC) anticipates significant new administrative and compliance costs of a difficult-to-estimate amount to establish systemwide review and tracking infrastructure to evaluate AI-related workforce actions and provide the notice under applicable circumstances. The UC also notes costs related to legal review and training, as well as substantial indirect costs from delays or constraints in technology adoption and increased labor-relations activity.

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

2) Costs of approximately $10,000 one-time and $100,000 ongoing to EDD to establish procedures to receive the additional Cal/WARN notice and technological cessation notice, post summaries of the technological cessation notice online, and submit quarterly reports to the Legislature (GF).

3) Costs of approximately $1.5 million in the first year and $1.4 million annually thereafter to the Division of Labor Standards Enforcement (DLSE, also known as the LC), with greater workload attributed to enforcing the technological cessation notice requirement than the additional Cal/WARN notice requirement. DLSE anticipates needing to contract with AI experts to perform what would likely be lengthy investigations to determine whether an employer executed a technological cessation in hiring without filing a notice.

4) Ongoing cost pressures of an unknown amount to the courts in additional workload by creating the additional Cal/WARN notice requirement, as existing law allows an employee or employee representative to bring a civil action to establish liability for backpay and benefits against an employer that does not provide proper Cal/WARN notice to a covered establishment's employees 60 days before the order takes effect (GF or Trial Court Trust Fund (TCTF)). It is unclear how many civil actions may be filed statewide and how much court time may be needed to resolve each case, but it generally costs approximately $1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF. The state budget provides annual GF backfills to the TCTF to offset revenue reductions, totaling approximately $117.3 million in fiscal year 2025-26.

COMMENTS:

1) **Purpose.** The author notes, "Employers are already citing AI as a reason for layoffs and hiring freezes, yet policymakers lack reliable data to understand the full impact." According to the author:

> SB 951 modernizes [the existing Cal/WARN Act] by requiring employers to provide a 60-day advance notice when mass layoffs are driven by [AI] 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-realted job loss and workforce disruption. This information will help policymakers better understand how AI is reshaping our labor market and craft informed, proactive solutions.

2) **Background.** ***Governor's Executive Order (EO).*** On May 21, 2026, Governor Newsom issued EO N-6-26, directing "California to prepare workers, small businesses, and communities for the economic disruption that [AI] will bring to the workforce." Among other provisions, the EO requires the Labor and Workforce Development Agency, within 180 days of the EO's issuance (November 17, 2026), to review and provide the Governor with recommendations on revisions and updates to Cal/WARN in a manner that is responsive to, and effectively provides early warning data on, emerging industry trends. The EO also requires EDD to: (a) include, as part of the California Labor Market Review, a summary of feedback from businesses about the role of technological adoption in determining hiring and workforce decisions, and (b) launch a dashboard showing AI's impacts on employment across various sectors using Unemployment Insurance data (launched on June 25, 2026).

   Cal/WARN. Cal/WARN requires an employer who directly or indirectly owns and operates a covered establishment, defined as an industrial or commercial facility that employs 75 or more people, to give 60 days' notice when 50 or more workers during a single 30-day period may be impacted by a mass layoff, relocation, or termination. Notice must also be provided to specified government entities, including EDD and chief elected officials of the impacted city and county. Thus, Cal/WARN allows impacted employees to prepare for the potential loss of income and alerts impacted communities of the need to provide resources. Failure to provide appropriate notice exposes the employer to liability for backpay and the value of the cost of benefits to which an employee would have been entitled. Furthermore, an employer that does not compensate employees accordingly is subject to a civil penalty of $500 per day the employer is in violation.

   This bill expands Cal/WARN in two ways. First, this bill expands the existing 60-day notice an employer must provide under Cal/WARN to include additional information when the mass layoff, relocation, or termination is caused in whole or in substantial party by an AI system replacing or automating employment positions – the additional Cal/WARN notice. Second, this bill requires a broader pool of employers, not just those that directly or indirectly own and operate a covered establishment, to provide EDD with a new, separate notice when the employer executes a technological cessation in hiring – the technological cessation notice. This bill provides that an employer that fails to provide the additional Cal/WARN notice is subject to existing Cal/WARN enforcement mechanisms, and makes an employer that fails to provide the technological cessation notice subject to Cal/WARN's civil penalty and LC enforcement mechanisms only.

3) **Support and Opposition.** This bill is sponsored by the California Federation of Labor Unions, which argues, "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 also supported by a coalition of other labor organizations and workers' rights groups.

   This bill is opposed by a coalition of business groups, led by the California Chamber of Commerce, which argues, "Enacting redundant employer reporting requirements on top of a functioning, real-time tracking system creates a duplicative and unnecessary compliance burden for employers" and that "data suggests that expanding statutory triggers tied to workforce changes can significantly increase litigation exposure under other laws." This bill is also opposed by a coalition of public employers.

4) **Related Legislation.** AB 1883 (Bryan) prohibits an employer from using a workplace surveillance tool that uses AI for certain purposes. AB 1883 is pending hearing by the Senate Appropriations Committee.

   AB 1898 (Schultz) requires an employer to notify a worker of the employer's use of a workplace AI tool to make an employment-related decision or for workplace surveillance. AB 1898 was held on this committee's suspense file.

   AB 2027 (Ward) prohibits an employer from using a worker's personal information to train an AI system to replicate, automate, or replace a worker's job. AB 2027 was held on this committee's suspense file.

   AB 2545 (Schiavo) establishes the California AI Worker Impact Data Assessment Project at EDD. AB 2545 is pending hearing by the Senate Appropriations Committee.

   SB 7 (McNerney) would have regulated an employer's use of an Automated Decision System to make an employment-related decision. SB 7 was vetoed by Governor Newsom.

   SB 238 (Smallwood-Cuevas) requires a business to annually provide a notice of all the workplace surveillance tools used in the workplace to the Department of Industrial Relations. SB 238's hearing by the Assembly Privacy and Consumer Protection Committee was canceled at the request of the author.

   SB 947 (McNerney) is similar to SB 7. SB 947 is pending hearing by this committee.

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