SENATE THIRD READING
SB 951 (Reyes)
As Amended August 21, 2026
Majority vote

SUMMARY

Amends the California Worker Adjustment and Retraining Act (Cal/WARN) to require an employer to provide written notice with additional information to workers and entities, as specified, if 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. Additionally requires the Employment Development Department (EDD) *on or before January 1, 2028, to create a report on AI's effects on business hiring practices, including its impact on industries and occupations at the state and regional level.*

Major Provisions

Cal/WARN Act AI-related notice provisions

1) Adds a definition of AI, as specified.

2) States that an employer who is required to give notice of a mass layoff, relocation, or termination, if 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, shall additionally include in the notice all of the following:

   a) The number, classification or occupation, and work location of layoffs that are substantially due to the replacement or automation by AI *or other automated technology.*

   b) The job functions performed by those replaced workers that will be automated by AI *or other automated technology.*

   c) 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.

   d) The notice shall include "This notice is for a technology displacement" at the top of the notice.

3) Requires the EDD, as part of its data reporting of the Cal/WARN Act, to publish a summary of the AI-related notices on its internet website and post a quarterly summary of technological displacements reported in the notices.

EDD report on AI's effects on business hiring practices

4) 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 part by the employer's use of AI or *other automated technology*, regardless of either of the following:

   a) Whether any workers in that occupation or position remain employed or under contract.

   b) Whether the cessation results in an overall reduction in occupations or positions.

5) *Requires the EDD, on or before January 1, 2028, to create a report on AI's effects on business hiring practices, including its impact on industries and occupations at the state and regional level. This report shall be submitted to the Legislature and shall include one or more of the following:*

   a) *Recommendations regarding a public notice requirement for employers or businesses engaged in technological cessation in hiring, including, but not limited to the following:*

      i) *Timing of when such a notice must be provided.*

      ii) *The role of the EDD to compile, make public, or otherwise analyze these notices.*

      iii) *Details to be included in the notice, as specified.*

      iv) *Considerations on how best to ensure accurate information on emerging hiring trends through a notice requirement.*

   b) *A summary of the trends in hiring demand across industries or occupations, based on their level of exposure to AI.*

   c) *A summary of how businesses use AI and its effects on hiring practices, including technological cessation in hiring.*

   d) *A summary of existing research regarding the effects of AI on businesses' hiring needs and practices.*

6) *Repeals the provisions regarding the EDD report on AI's effects on business hiring practices on January 1, 2029.*

COMMENTS

See the Committee's Policy Analysis.

According to the Author
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.

SB 951 modernizes California's existing Worker Adjustment and Retraining Notification Act by requiring employers to provide a 60-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."

Arguments in Support
The California Federation of Labor Unions, AFL-CIO, sponsor of the bill, states, "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 can 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."

Arguments in Opposition
A coalition of employer organizations, including the California Chamber of Commerce, are opposed and state, "SB 951 requires employers to disclose the "specific category or type" of AI system or other automating technology that caused the layoff. However, the bill does not define how AI tools are "categorized" or broken down by "type." Each AI tool is not the same and does not operate on a single, universally accepted classification system. An employer who discloses a broad category risks an enforcement action for insufficient specificity, while an employer who discloses a specific vendor product name risks breaching a confidentiality agreement with that vendor for having done so publicly.

Consider an employer that uses an AI-powered platform to automate document drafting and administrative functions previously performed by support staff. Is the required disclosure the commercial product name? The broader technology category, such as generative AI? or the functional business description, such as productivity automation software? All three descriptions are accurate, all three describe the same tool, yet SB 951 provides no guidance on which satisfies the obligation. Multiply this ambiguity across the many AI-adjacent tools a modern employer may use including payroll platforms, scheduling software, applicant tracking systems, and the compliance burden becomes unmanageable. Further, two employers may likely categorize the same tool differently, rendering the data EDD collects neither standardized nor useful for the workforce policy purposes the bill is intended to serve."

FISCAL COMMENTS

According to the Assembly Appropriations Committee,

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.

VOTES

SENATE FLOOR: 28-9-3
YES: Allen, Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Becker, Grove, Hurtado

ASM LABOR AND EMPLOYMENT: 5-0-2
YES: Ortega, Arambula, Kalra, Lee, Ward
ABS, ABST OR NV: Alanis, Chen

ASM PRIVACY AND CONSUMER PROTECTION: 11-2-2
YES: Bauer-Kahan, Bryan, Irwin, Lowenthal, McKinnor, Ortega, Pellerin, Petrie-Norris, Ward, Bennett, Wilson
NO: Macedo, DeMaio
ABS, ABST OR NV: Hoover, Patterson

ASM APPROPRIATIONS: 10-3-2
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pellerin, Sharp-Collins, Solache
NO: Dixon, Ta, Tangipa
ABS, ABST OR NV: Hoover, Pacheco

UPDATED

VERSION: August 21, 2026

CONSULTANT: Megan Lane / L. & E. / (916) 319-2091 FN: 0003993