COST DRIVER

DATE: June 4, 2026

TO: Members, Assembly Labor and Employment Committee

SUBJECT: SB 951 (REYES) WORKPLACE TECHNOLOGICAL DISPLACMENT ACT
OPPOSE/ COST DRIVER – AS AMENDED MAY 14, 2026

Dear Assemblymember Ortega

The California Chamber of Commerce and the undersigned coalition respectfully oppose **SB 951 (Reyes)**. **SB 951** would create the California Worker Technological Displacement Act which imposes extensive requirements. While we appreciate amendments the author has taken to more closely align with California's current WARN Act (Cal-WARN), the bill's core structural problems remain unresolved. Furthermore, on May 21, 2026, Governor Newsom issued Executive Order N-6-26 which establishes a deliberate, evidence-based process for reviewing and updating California's existing workforce protection framework, including the WARN Act, in response to AI and automation.[1] **SB 951** would preempt this by imposing sweeping new statutory mandates before the review is complete.

SB 951 is Premature Considering Executive Order N-6-26

Executive Order N-6-26 explicitly directs the Labor and Workforce Development Agency (LWDA) to review and provide recommendations on revisions to Cal-WARN within 180 days in a manner that is 'responsive to, and effectively provides early warning data on, emerging industry trends.' The Order also directs the LWDA to review policies for displaced workers, expand workforce training, study collective bargaining practices involving AI adoption, and develop an EDD dashboard tracking AI's employment impact.

This is a deliberate, data-driven framework. The Governor recognized that **"California already has robust worker protection laws that apply to firms adopting emerging technologies…"** and chose a careful, consultative process involving labor, employers, academics, and industry, precisely because the issues are complex and the evidence base is still developing. Layering new statutory obligations on top of a framework still under active review will create unintended consequences.

<u>SB 951’s May 14th Amendments Provide Only Marginal Relief, Core Problems Remain</u>

Again, while we appreciate the amendments the author has taken to reduce the advance notice period from 90 to 60 days and narrow the definition of 'technological cessation in hiring' to require that AI be the cause 'in whole' (rather than 'directly and primarily'), they are modest improvements that do not cure the bill's fundamental defects:

- **Overbroad trigger threshold remains.** The bill still applies to any technological displacement affecting 25 or more workers during any 30-day period, a threshold far lower than Cal-WARN’s 50-employee trigger for mass layoffs.
- **Independent contractors are not employees.** Independent contractors with at least six months of tenure are still covered, sweeping in contingent workers categorically different from permanent employees.
- **Mandatory disclosure of proprietary information is unchanged.** The bill still requires employers to publicly disclose the specific AI system used, the identity of the technology vendor, job functions automated, and the justification for the technology adoption. These requirements compel disclosure of trade secrets, vendor relationships, and internal business strategy. This information is wholly unrelated to actual job loss and potentially harmful to California's competitive environment. Notably, Cal-WARN imposes no obligation on employers to disclose financial records, projections, or budgetary justifications when effectuating a layoff purportedly driven by economic conditions.
- **The 'right of first bid' creates unworkable conflicts.** The right of first bid for displaced workers at employers with more than 100 employees remains in the bill. When a workforce restructuring simultaneously triggers both a traditional Cal-WARN notice and an **SB 951** AI displacement notice, employers will face overlapping and potentially inconsistent obligations regarding which employees must be prioritized, creating litigation exposure and operational paralysis.

<u>SB 951 Still Does Not Align with Cal-WARN</u>

We want to reemphasize the need for greater alignment between SB 951 and Cal-WARN to reduce administrative and compliance complexity. May 16, 2026, amendments made only partial progress to mirror Cal-WARN. To minimize compliance conflicts and administrative burden, at minimum **SB 951** should:

- Apply only to employees, not independent contractors;
- Use a workforce threshold consistent with Cal-WARN (50 or more employees);
- Mirror Cal-WARN's notice content requirements rather than adding additional proprietary disclosure obligations;
- Eliminate or narrow the mandatory public disclosure of AI vendor identity and operational justification; and
- Provide a clear carve-out permitting discharge for misconduct or cause during the notice period.

<u>New York's Experience Illustrates the Fundamental Difficulty of AI Causation Attribution</u>

Recent experience in other jurisdictions highlights the practical difficulty of attributing job loss directly to AI. For example, Bloomberg Law reported in *AI-Related Layoffs Test New York’s Ability to Track Job Losses* that, despite more than **160 mass termination notices** filed following enactment of New York’s AI WARN law in 2025, **0 notices** were attributed solely to AI related displacement.[2] This illustrates the inherent complexity in determining whether technology is the primary driver of workforce changes, as business decisions are typically influenced by multiple overlapping factors. Economic conditions, budget constraints, organizational restructuring, and evolving market demands often play a far more significant role than any single technology tool.

Further, data suggests that expanding statutory triggers tied to workforce changes can significantly increase litigation exposure under other laws. According to a recent study, *The Impact of PAGA on Business Viability and Employment Security-Comparing the Relationship Between PAGA Settlements and WARN Notice Issuance,*[3] California businesses paid approximately **$823,710,861 in settlements in FY 2022–2023** in matters where WARN notices and PAGA claims overlapped. The study identified a strong correlation between WARN related workforce actions and representative litigation exposure. By layering new notice requirements and liability standards on top of existing WARN obligations, **SB 951** is likely to substantially increase settlement pressure and litigation costs for employers, including small businesses, that lack the resources to absorb prolonged legal disputes.

SB 951 Preempts a Structured, Evidence-Based Review Process

Executive Order N-6-26 provides a deliberate, evidence-based approach to evaluating whether changes to California's existing workforce protection framework are warranted. The Governor directed LWDA to review the WARN Act, assess existing worker protection programs, and develop workforce data tools, all through a structured process involving labor, employers, and academic experts due later this year. This review has not been completed. Passing **SB 951** now would bypass the Executive Order's structured review process, the very process designed to determine whether any legislative change is needed in the first place.

For these and other reasons we respectfully **oppose SB 951** and respectfully ask for your **'NO'** vote.

Sincerely,

Andrea Lynch

Andrea Lynch
Policy Advocate-Labor, Employment, and Workers Compensation

[1] Governor Newsom's May 21, 2026, Executive Order N-6-26
[2] Bloomberg Law- AI Related Layoffs Test New York's Ability to Track Job Losses
[3] California Business & Industrial Alliance study, The Impact on PAGA on Business Viability and Employment Security-Comparing the Relationship Between PAGA Settlements and WARN Notice Issuance

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