

CALIFORNIA GOVERNOR VETOES “NO ROBO BOSSES ACT” – WHAT EMPLOYERS NEED TO KNOW ABOUT LATEST AI WORKPLACE NEWS

Insights
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California Governor Gavin Newsom late Monday vetoed the much-watched “No Robo Bosses Act” (SB 7), a measure that would have placed strict limits on how employers use AI in discipline, termination, and scheduling decisions. While the Governor acknowledged the growing risks of automated workplace tools, he concluded the bill was overbroad, duplicative of existing regulation, and potentially harmful to California businesses. This move will have an impact on employers not only in the Golden State but across the country as regulators from coast to coast struggle with how – and whether – to regulate artificial intelligence in the workplace. Here’s a review of the veto and what it means for employers.

NOTE: Our next AI Forum webinar will cover the state of AI regulation in California. Join our California insider for this interactive conversation on Wednesday, October 15.

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The No Robo Bosses Act in a Nutshell

SB 7, dubbed the “No Robo Bosses Act,” would have made California the first state to impose sweeping limits on workplace AI. The bill aimed to ensure that employers could not rely solely on automated systems to discipline or fire workers. It also would have restricted AI from being used to interfere with union rights, predict worker behavior, or infer protected characteristics like religion. Employers faced civil penalties for violations, with enforcement by the state commissioner and public prosecutors.

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For more, see our FP Insight: [California Set to Restrict AI Use in Workplace with “No Robo Bosses Act”](#).

1. Overly Broad Notification Requirements

[Newsom’s veto letter](#) emphasized that SB 7 imposed “unfocused notification requirements” on any business using even the most routine digital tools.

- The bill would have required employers to disclose virtually any use of an “automated decision system,” even for businesses using “the most innocuous tools” such as software designed for basic scheduling, workflow management, or productivity.
- Newsom said this approach failed to distinguish between high-risk algorithmic tools (like AI-driven discipline systems) and low-risk administrative technologies.

Employer takeaway: Businesses avoided what could have been sweeping and unclear disclosure mandates. But you should expect heightened scrutiny around AI in employment decisions, especially where adverse action is involved. If you use AI tools to make or facilitate the making of hiring, firing, and other employment decisions, there are other regulations that may impose notice obligations (such as the [CCPA regulations taking effect January 2026](#)) and regulations that strongly encourage employers to conduct bias audits of such AI tools ([such as the California Civil Rights Department regulations that took effect October 1](#)).

2. Duplicative With New CPPA Rules

The veto letter points directly to California’s new Automated Decisionmaking Technology (ADMT) regulations, recently finalized by the California Privacy Protection Agency (CPPA).

- Those rules already regulate many aspects of automated workplace decision-making, including notice, access rights, and opt-out requirements for employees.
- Newsom said SB 7 overlaps with and could conflict with the regulatory regime already in place. “Before enacting new legislation in this space,” he said, “we should assess the efficacy of these regulations to address these concerns.”

Employer takeaway: While SB 7 is off the table for another year, ADMT rules are very real and soon enforceable. Employers should

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mistake this veto for a free pass on AI.

For more, see our FP Insight: [New California Regs Will Imp: AI and Privacy Policies.](#)

3. Costs to Businesses – Especially Small Employers

Industry groups argued SB 7 could cost employers more than \$1 billion in compliance. Newsom has previously voiced concerns that AI regulation could discourage innovation.

- The California Chamber of Commerce and Consumer Technology Association both warned the bill could discourage tech adoption and harm economic growth.
- Newsom appears to be signaling a balancing act: ensuring worker protections without crushing smaller employers who use digital management tools.

Employer takeaway: Newsom, in fact, signed into law several years ago the nation's first comprehensive attempt to require safety and transparency reporting for the most powerful AI systems, a law that will impact large frontier developers (those with over 500 million annual revenue).

For more, see our FP Insight: [California Lawmakers Pass Law on AI Transparency Law for Frontier Models: How SB 53 Differs from Last Year's Failed Attempt](#)

4. Labor Concerns Remain Front and Center

Although Newsom rejected SB 7, he acknowledged concerns about employers misusing AI and harming workers. But he said that future legislation should address specific concerns and employer actions, not creating an overly broad regulatory scheme.

- Labor unions backing the bill stressed that “[bosses should have souls](#)” and warned against “robo-bosses” making unchecked decisions.
- Massachusetts and other states are already considering similar measures, which could keep momentum alive elsewhere.

Employer takeaway: Expect unions and worker advocates to be pressing this issue at both the state and federal level. You may face bargaining demands or litigation arguments tied to AI over

What This Means for Employers

- **SB 7 may be dead, but regulation is not.** [California's CPPA rules](#) now stand as the critical set of regulations that employers will need to follow, and other states may move forward with “No Robo Bosses”-style legislation.
- **Review your AI use now.** Make sure you understand which tools fall under the ADMT rules and confirm compliance with notice, opt-out, and access requirements.
- **Conduct bias audits** of AI tools used to make or facilitate employment decisions.
- **Stay ahead of workplace scrutiny.** Train managers on appropriate AI use in discipline and scheduling, and be prepared to address questions at the bargaining table.
- **Monitor the national trend.** Massachusetts and other jurisdictions may act, and federal agencies may also explore algorithmic bias in employment. And we're all but certain to see California lawmakers take another run at AI workplace regulation in 2026.

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Conclusion

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