

CONGRESS PROPOSES FIRST COMPREHENSIVE FEDERAL AI FRAMEWORK: HERE'S WHAT IT MEANS FOR EMPLOYERS

Insights
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Congress has taken its most significant step yet toward establishing a national framework for artificial intelligence, with a bipartisan pair of House lawmakers releasing a sweeping 269-page discussion draft that touches everything from frontier model safety to workforce protections. While much of the debate surrounding the Great American Artificial Intelligence Act of 2026 has focused on its proposed preemption of state AI laws, employers should focus their attention elsewhere, because this bill would directly affect how you manage layoffs, how you treat workers who raise AI concerns, and how closely the federal government monitors AI's impact on the labor market. What do you need to know about the June 4 proposal and what should you do to prepare?

Background on the Bill

Introduced June 4 by Representatives Jay Obernolte (R-CA) and Lori Trahan (D-MA), [the Great American AI Act is a discussion draft](#), meaning it's in its early stages and subject to revision before formal introduction. The bill has drawn bipartisan support from four additional co-sponsors and has attracted early backing from House Speaker Mike Johnson (R-LA).

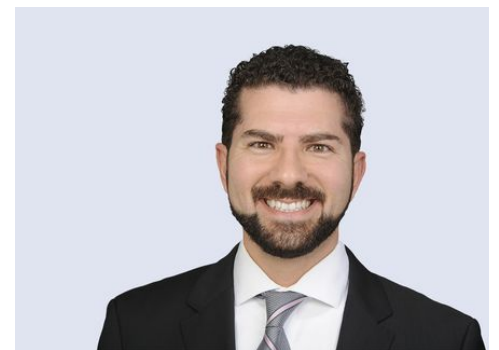
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However, it also faces significant opposition from labor advocates, civil society groups, and even a formal House Democratic commission on AI that came out against it within hours of its release.

FP Government Relations Team Prediction

Our [Government Relations team](#) predicts that this bill appears unlikely to advance before the current Congress's August recess. However, the bill does jumpstart the AI regulation conversation in a significant way, and we will be monitoring whether the bill gains traction during the 2027 Congress.

The Preemption Picture Matters Less to Employers Than You Might Think

One of the bill's most contested features is its three-year preemption of state laws that regulate *AI development* – meaning the process of building and training frontier AI models. Critics argue this freezes state-level accountability at a critical moment; supporters argue a patchwork of 50 different development standards is unworkable.

For employers, though, this preemption has a critical limitation: it only applies to how AI systems are *built*, not how they are *used* or *deployed*. State laws governing how employers deploy AI in the workplace (including [Colorado's algorithmic discrimination law](#), [California's ADMT regulations](#) and [the slate of potential additional laws that may pass later this year](#), the [Illinois Artificial Intelligence Video Interview Act](#), [Connecticut's new AI law](#), and [New York City's automated employment decision tool audit requirements](#), among others) would remain fully intact.

Moreover, there is a growing trend of states amending existing privacy laws to impose requirements on employers that use AI for employment decisions. The most recent example is in Delaware ([which you can read about here](#)). These types of laws would also not be affected by the Great American Artificial Intelligence Act's preemption scheme.

New WARN Act Disclosure Requirements

The most concrete new employer obligation in the bill is a proposed amendment to the Worker Adjustment and Retraining Notification (WARN) Act. Under current law,

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employers with 100 or more employees must provide 60 days' advance notice before covered mass layoffs. The bill would add a new disclosure requirement on top of that: when AI was a "substantial factor" in a qualifying mass layoff, the WARN notice must now say so explicitly.

Specifically, an AI-related WARN notice would need to identify that AI was a "substantial factor" in the layoff, describe the type and usage of the AI involved, provide a good-faith estimate of the percentage of job losses attributable to AI, and explain what steps (if any) the employer took to upskill or retrain affected workers before proceeding with the layoffs.

The bill includes a good-faith compliance standard, so employers who make reasonable estimates in their notices are protected from technical challenges on the percentages. The Secretary of Labor would have 300 days after enactment to issue guidance on how employers should make the "substantial factor" determination.

Broad Whistleblower Protections for AI-Related Disclosures

The bill would also establish robust federal whistleblower protections for employees and independent contractors who report what the bill calls "AI violations." Those would be defined broadly as any violation of federal law or regulations related to the development, deployment, or operation of artificial intelligence. That definition covers a wide range of conduct, and notably it extends to workers at *any* employer, not just the large frontier AI developers that are the primary targets of the bill's governance provisions.

Covered workers would be protected against discharge, demotion, suspension, threats, blacklisting, harassment, or any other form of discrimination in the terms and conditions of employment for making lawful disclosures to a regulatory official, the Attorney General, a law enforcement agency, or Congress.

- The remedies available to a worker who prevails on a retaliation claim are **substantial**: reinstatement with the same seniority the worker would have held but for the violation, two times the amount of back pay owed with interest, compensatory damages including litigation costs and attorneys' fees, and any other appropriate relief.

- The bill also includes an **anti-waiver provision** stating that these rights cannot be waived or limited by contract, policy, or even an arbitration agreement.

Federal Data Collection on AI's Workforce Impact

Beyond the direct obligations, the bill would create an AI Workforce Research Hub inside the Department of Labor, charged with evaluating AI's impact on the workforce, conducting scenario planning, and generating actionable insights for policymakers. The Bureau of Labor Statistics and Census Bureau would update federal surveys to capture data on AI use and adoption.

While these provisions do not impose immediate obligations on individual employers, the data they generate will likely inform future enforcement priorities, regulatory guidance, and litigation trends. Employers who are already tracking their AI use internally will be better positioned as that federal data infrastructure matures.

What Employers Should Do Now

Employers should use this time to:

1. audit your AI deployment practices,
2. evaluate whether any current or anticipated reductions in force have an AI dimension that could potentially trigger the proposed WARN disclosures, and
3. review whether your existing whistleblower and anti-retaliation policies are broad enough to cover AI-related concerns.

You should also stay closely attuned to state AI developments, because regardless of what happens with this bill, the state compliance landscape for employer AI use is not standing still.

Conclusion

If you have any questions, contact your Fisher Phillips attorney, the authors of this Insight, any attorney in our [AI, Data, and Analytics Practice Group](#) or on our [Government Relations team](#). Make sure you are subscribed to the [Fisher Phillips Insight System](#) to receive the latest developments straight to your inbox.

