

Welcome to Today's Webinar

California AI Developments for 2026— Compliance Plan for Staffing Firms

Tuesday, Dec. 2, 2025, 2 p.m. Eastern time



Please note that the audio will be streamed through your computer—there is no dial-in number. Please make sure to have your computer speakers turned on or your headphones handy.



American Staffing Association



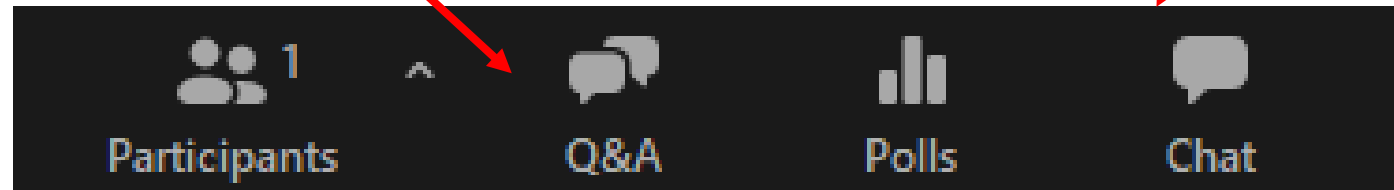
Ask a Question, Engage With Other Attendees

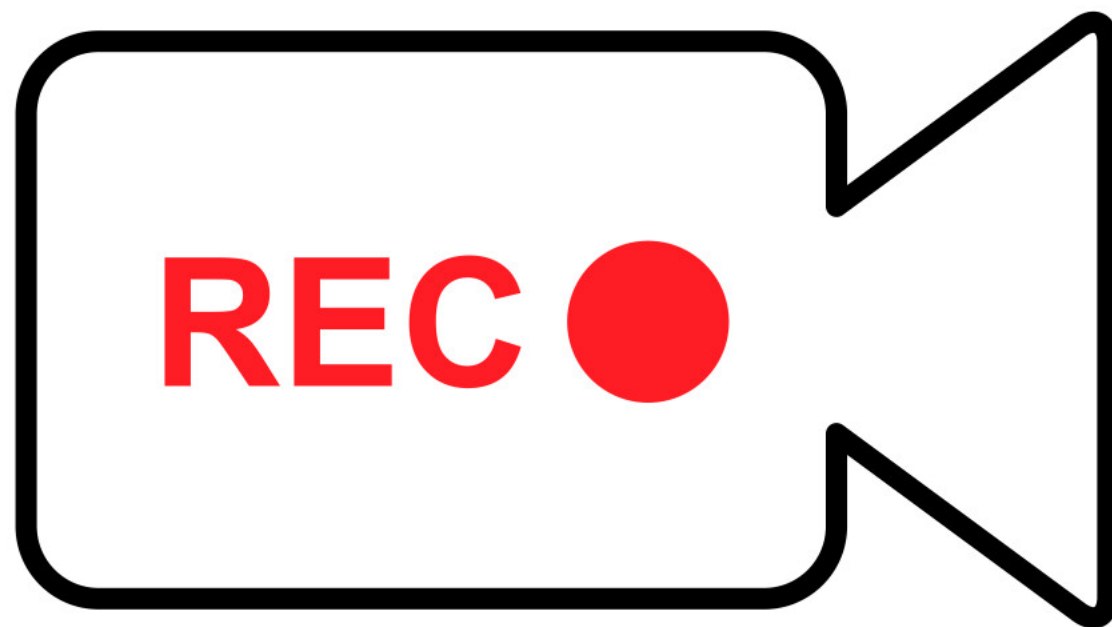
Q&A

Type your questions for the panel into the Q&A box

Chat

Start a conversation—say hello. Engage with panelists and other attendees.





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- This program is valid for **PDCs** for the SHRM-CP® or SHRM-SCP®.

Activity ID: 25-A2WMY





Chelsea Viola
associate, Fisher Phillips



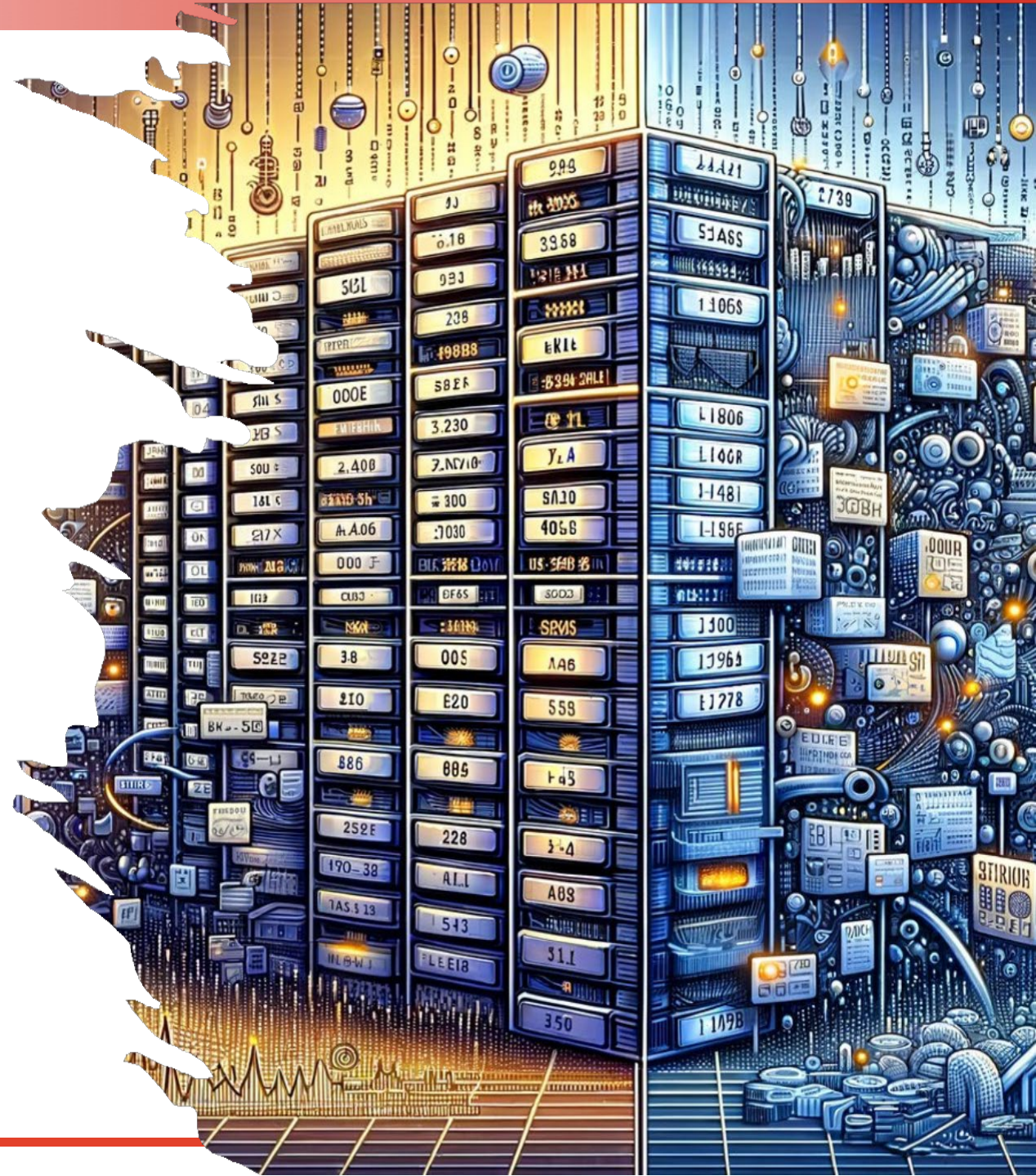
Ben Ebbink
partner, Fisher Phillips

California AI Developments for 2026 – Compliance Plan for Staffing Firms

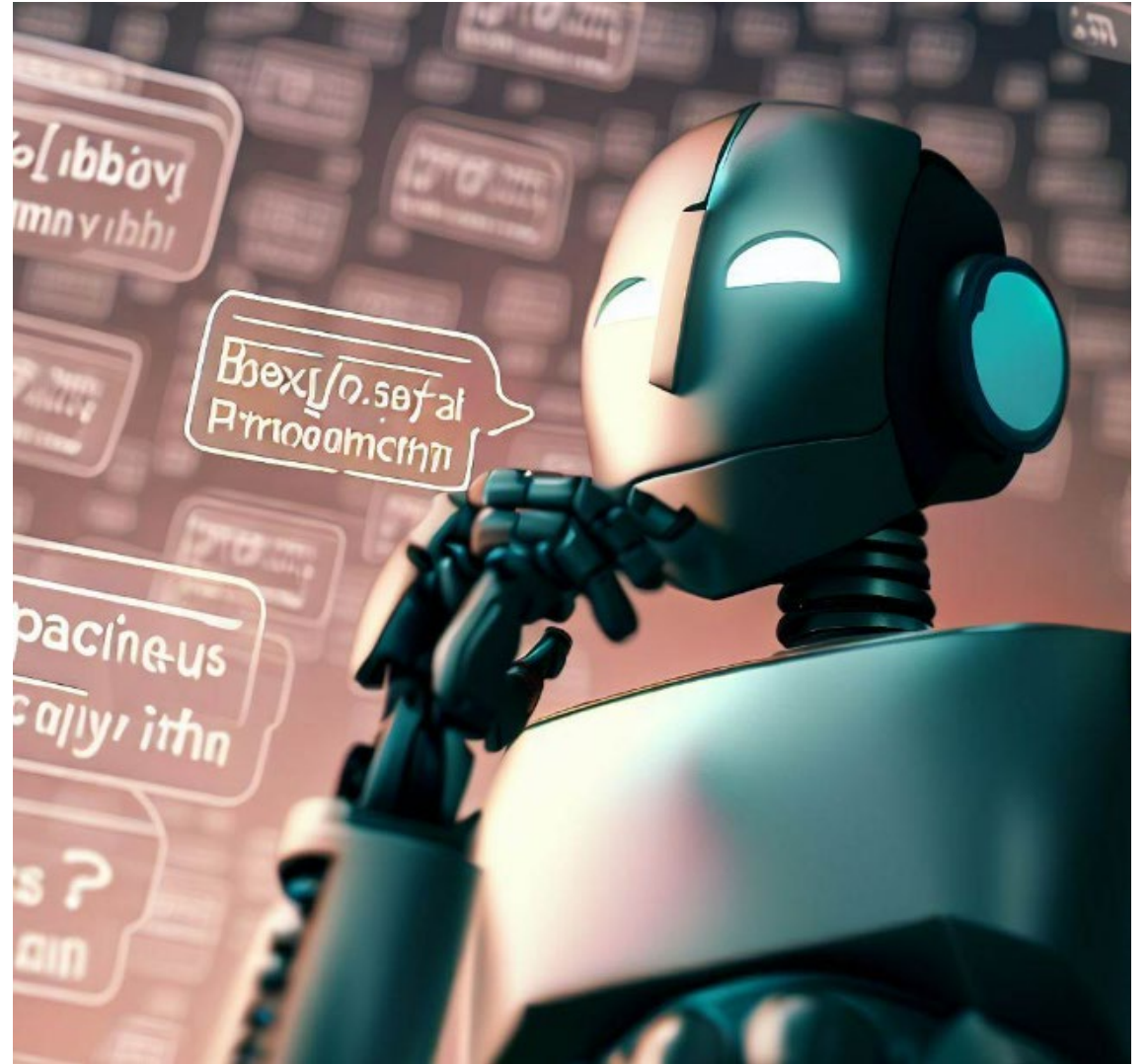
December 2, 2025

Agenda

- Why it Matters to Staffing
- Federal Updates?
- CRD Regulations
- CPPA Regulations
- Legislative Updates
- Best Practices



Why it Matters to Staffing



How Are Staffing Firms Using AI?

Recruiting	Compensation	Demographics	Health data	Performance evaluations	Financial data
CRM data	Employee surveys	Job descriptions/requirements	Unstructured data	Social media	Training/Learning
Travel	Expenses	Sales data	Absences	Mentoring programs	Exit interviews

Hiring



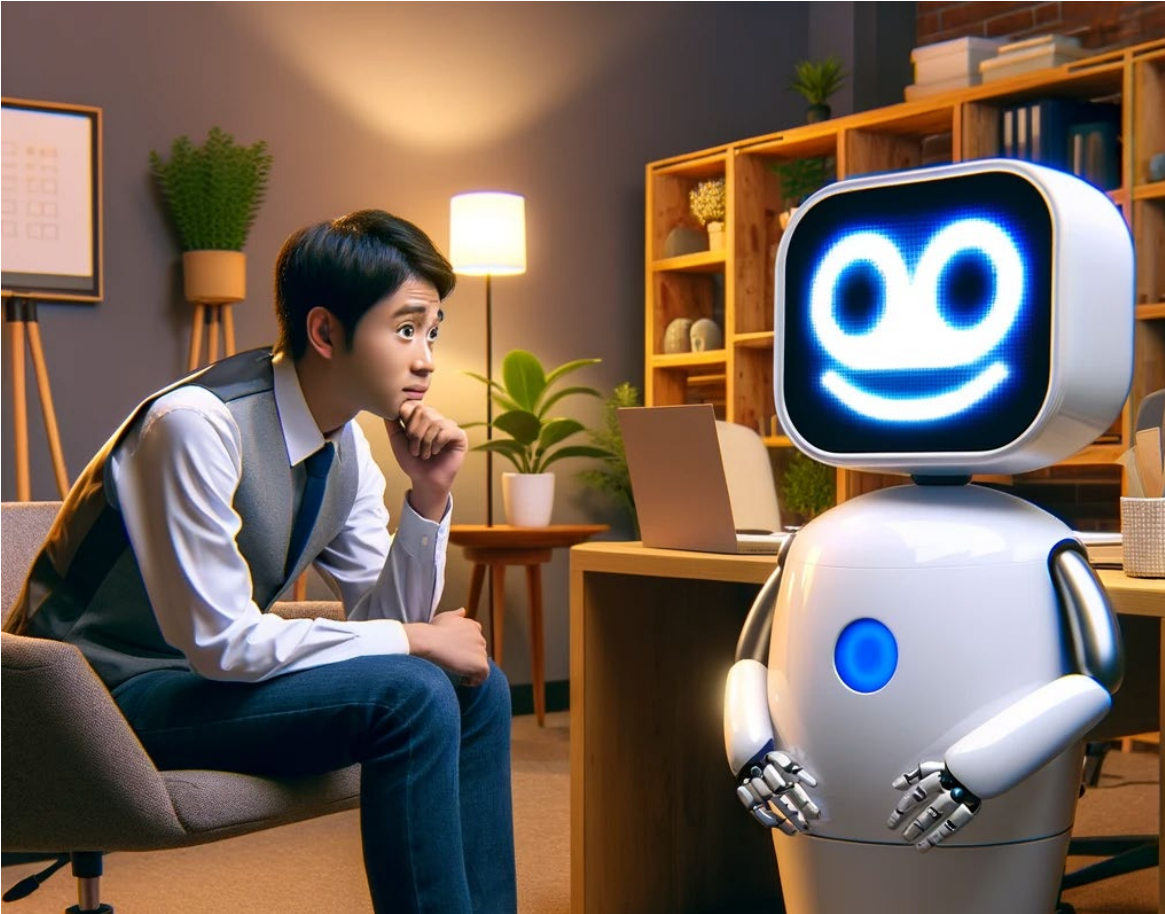
- Find the best talent
- Evaluate recruiting methods
- Track efficacy of recruiting methods at each stage
- Resume screeners
- Identify personality types and characteristics that will predict success in the position

Resume Screening

- Keyword matching
- Semantic search
- Ranking
- Experience parsing
- Skill validation
- Cultural fit and soft skills



AI in Interviewing



- Chatbots for initial interactions
- Guided questions
- Automated scheduling
- Sentiment analysis
- Video interview analysis

Federal Updates?



Federal Updates?



- Trump's AI Action Plan
 - **Deregulation**
- One Big Beautiful Bill Act
 - Various proposals to put a moratorium on state AI laws
 - **Ultimately unsuccessful**
- In a federal regulatory vacuum, states will continue to fill the void

California Civil Rights Department (CRD) Regulations

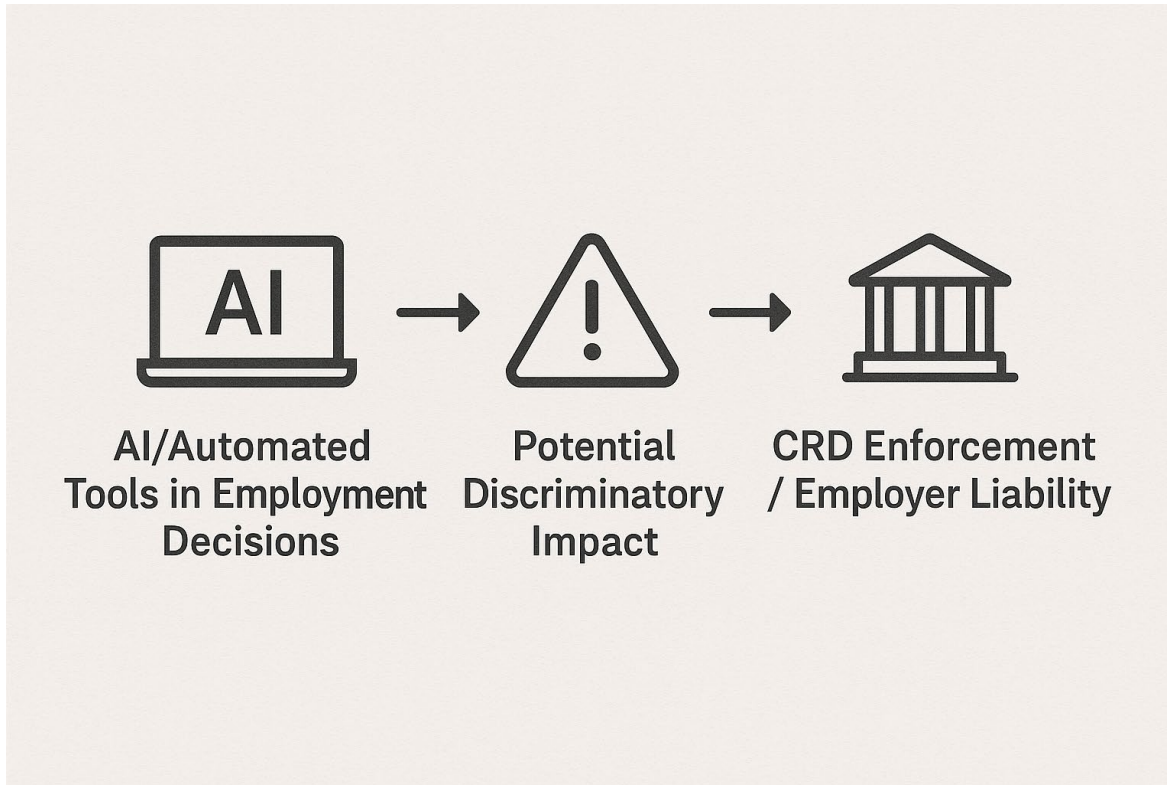
Civil Rights Department – Regulations on Automated Decision Systems (“ADS”)

Effective: October 1, 2025

- Applies to employers or vendors regularly employing five (5) or more individuals
- Automated Decision System (ADS):
 - “A computational process that ***makes a decision or facilitates human decision making*** regarding an employment benefit.”



Civil Rights Department – Regulations on Automated Decision Systems (“ADS”)



- Enforced by the California Civil Rights Department (CRD)
- Extends FEHA's anti-discrimination rules to AI and automated tools used in employment decisions
- Holds employers accountable for discriminatory outcomes, even when caused by third-party AI vendors
- Applies broadly to all employment practices and requires that technologies used to screen or evaluate candidates be non-discriminatory

Civil Rights Department – Regulations on Automated Decision Systems (“ADS”)

What Employers Must Do to Comply

Avoid
Discriminatory
Effects

Increased
Recordkeeping
Requirements

Bias Testing is
Recommended,
NOT Required

California Privacy Protection Agency Regulations

CPPA Regulations on Automated Decision-Making Technology (ADMT)

Applies to: Businesses using AI or automated tools in significant consumer decisions

Effective Date: January 1, 2026

Key Requirements:

- **Notice:** Inform consumers when ADMT is used
- **Opt-Out Rights:** Allow consumers to decline automated processing
- **Risk Assessments:** Evaluate potential harms and bias
- **Cybersecurity Audits:** Ensure data protection and accountability



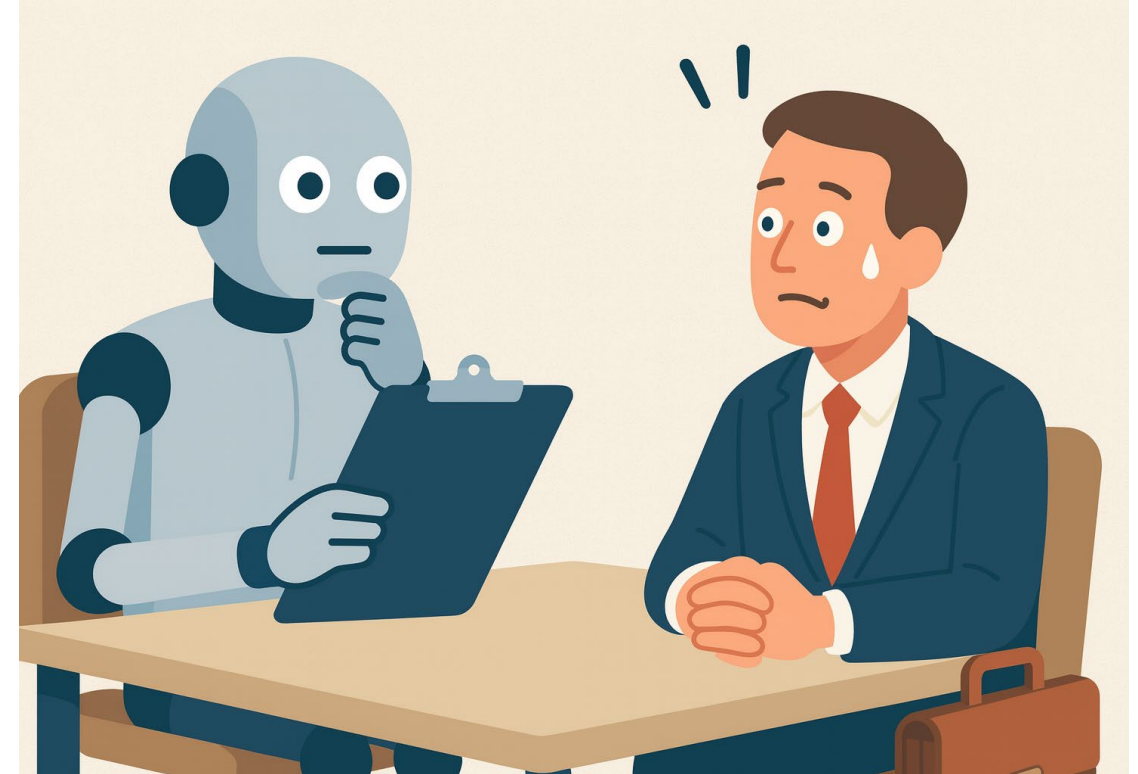
Who is a “Covered Business” Under the CCPA?



- Any **for-profit** organization doing business in California that meets **at least one** of the following:
 - Annual revenue **exceeds \$25 million**
 - **Processes (buys, sells, or shares)** personal information of **100,000 or more** consumers or households
 - **Earns 50% or more** of annual revenue from **selling or sharing personal data**

What is ADMT?

- *“Any technology that processes personal information and uses computation to replace human decision making or substantially replace human decision making.”*
- **“Substantially replace human decision making”** → when a business uses a technology’s output to make a decision ***without*** any human involvement.
- **Human involvement** requires a reviewer to:
 - ❖ Understand and interpret the technology’s output
 - ❖ Review and analyze that output along with other relevant information
 - ❖ Have the authority to make or change the final decision



Overview of ADMT Obligations

Pre-Use
Notices

Risk
Assessments

Cybersecurity
Audits

Pre-Use Notices

Businesses using ADMT to make a “significant decision” must provide a pre-use notice to the consumer.

Timing & Presentation

Notice must be presented **at or before** the point when business collects personal information

Content Requirements

- ❖ Purpose: Explain why the business is using ADMT
- ❖ Function: Describe how the ADMT works and affects decisions
- ❖ Opt-Out Rights: Inform consumers of their right to opt out
- ❖ Access Rights: Explain how consumers can request access to ADMT information
- ❖ Non-Retaliation: Statement that consumers will not be penalized for exercising their rights



Risk Assessments

Risks assessments are required *before* processing data that could *significantly impact* consumer privacy.

Activities That Present “Significant Risk”

- Using ADMT to make significant decisions about consumers
- Selling or sharing personal information
- Processing personal information, unless an exception applies
- Inferring or predicting traits (e.g., intelligence, health, behavior, location) through automated processing
- Training ADMT for significant decisions or facial, emotion, or biometric recognition



Cybersecurity Audits

Who Must Complete a Cybersecurity Audit?

50%+ of annual revenue comes from selling or sharing personal data; **or**

Over \$25M in annual revenue and either:

- Processes 250,000+ consumers' data, or
- Processes 50,000+ consumers' sensitive data

Who Can Perform the Audit?

- Qualified, independent professional using recognized standards (e.g., AICPA, PCAOB, ISACA, ISO).
- Expert in cybersecurity and auditing
- Objective and impartial — free from business influence
- No conflicting roles (e.g., can't design or manage the cybersecurity program)
- If internal: reports to executive management outside the cybersecurity program



Summary of Compliance Deadlines

Automated Decision-Making Technology (ADMT)

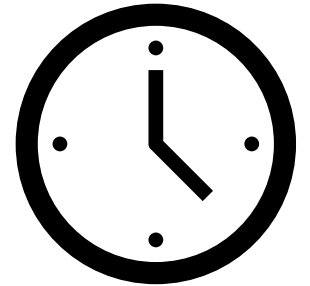
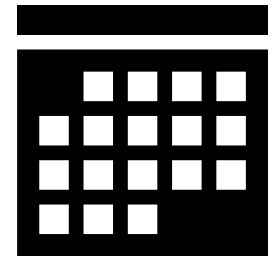
- Compliance Deadline: January 1, 2027

Risk Assessments

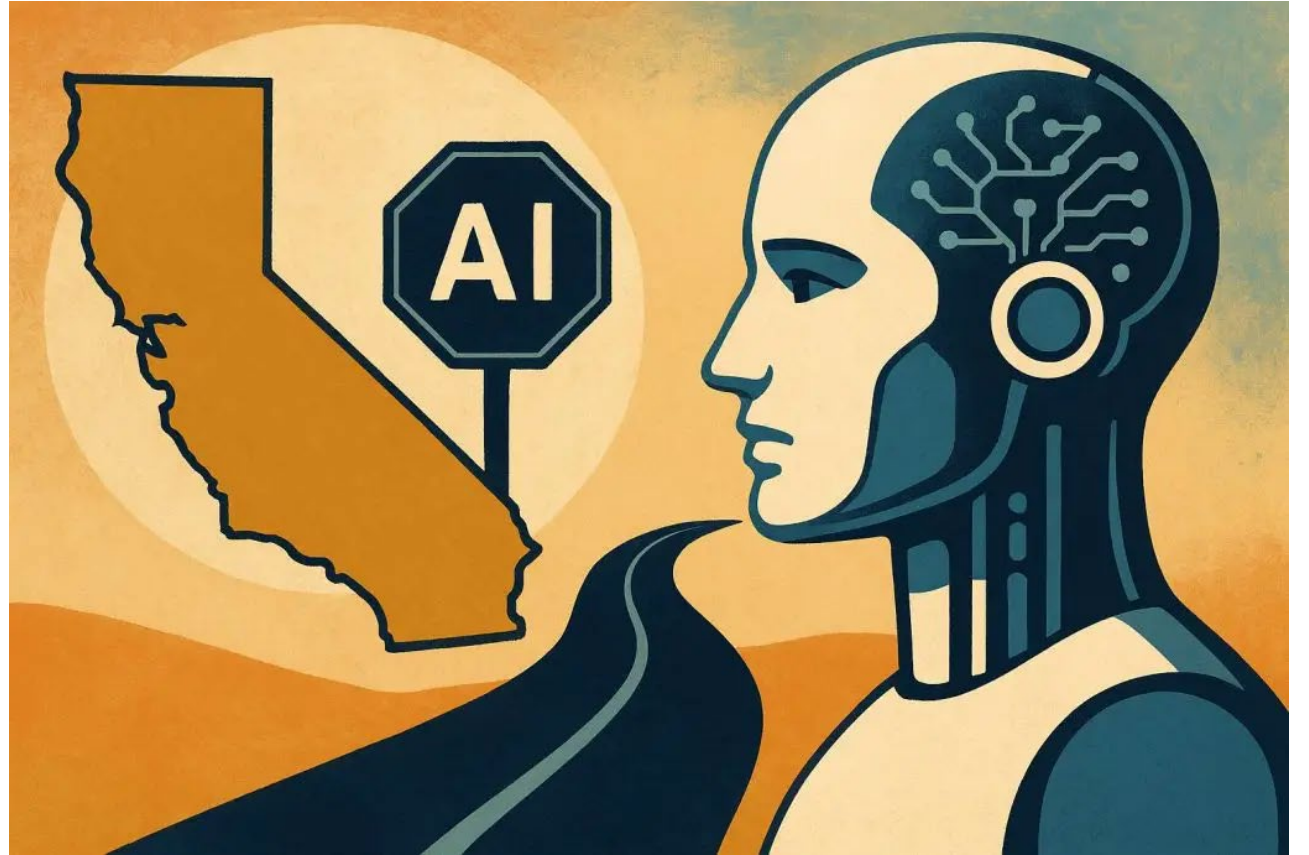
- **By April 1, 2028**, businesses must submit to the CPPA:
 - An **attestation** confirming completion of required risk assessments
 - A **summary** of the assessment findings

Cybersecurity Audits

- Businesses required to complete audits must submit certifications by:
 - **April 1, 2028** – Annual revenue **over \$100M**
 - **April 1, 2029** – Annual revenue **\$50M–\$100M**
 - **April 1, 2030** – Annual revenue **under \$50M**



CA Legislative Updates



California Report on Frontier AI Policy

Key Themes:

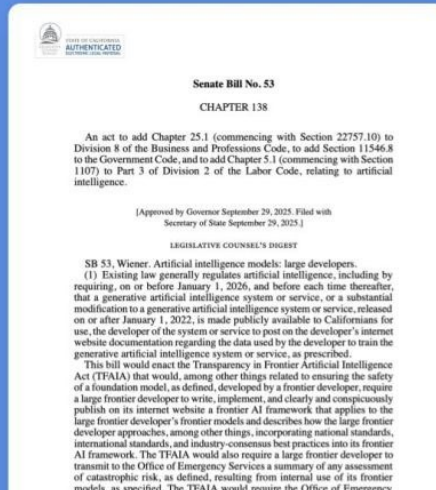
- Balance of innovation and risk
- Transparency as cornerstone
- Evidence-based policymaking
- Urgency of early action



SB 53 – Large Frontier Models

Governor Newsom signs SB 53

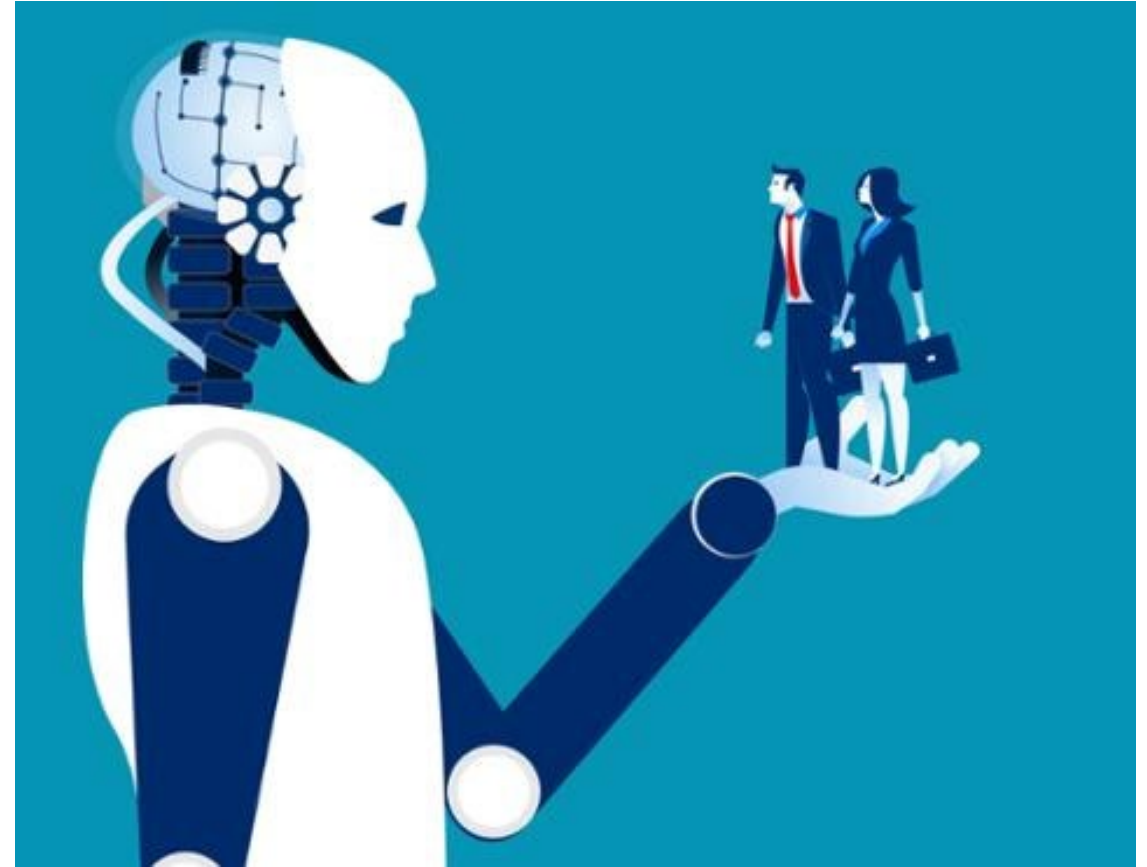
California passes first state law
for frontier AI models



- Frontier AI Frameworks
- Transparency Reports
- Critical Safety Incident Reporting
- Whistleblower Protections

AB 1018 – Algorithmic Discrimination

- Would have regulated algorithmic discrimination in any “consequential decision” (including employment)
- Written disclosures, right to appeal decisions
- ***Bill did not pass the Legislature (second straight year)***



SB 7 – No Robo Bosses

- Would have regulated the use of automated decision-making systems (ADS in employment)
- Pre-use notice
- Post-use notice
- Human reviewer required for discipline/termination
- ***Vetoed by Governor Newsom***



SB 7 – No Robo Bosses – Veto Message



OFFICE OF THE GOVERNOR

OCT 13 2025

To the Members of the California State Senate:

I am returning Senate Bill 7 without my signature.

This bill would establish new rules for employers using automated decision systems (ADS) to make employment-related decisions. Proposed rules include requiring the employer to notify a worker before deploying an ADS that makes employment-related decisions, prohibiting an employer from relying solely on an ADS when making a disciplinary, termination, or deactivation decision, and giving a worker the right to request data used by the ADS to help make such a decision.

I share the author's concern that in certain cases unregulated use of ADS by employers could be harmful to workers. However, rather than addressing the

- Unfocused notification requirements
- Overly broad restrictions on how employers may use ADS tools
- CPPA regulations – should assess efficacy of those regulations before enacting new legislation

Best Practices



6 Steps for AI Compliance



Map and Govern All Automated Tools Across the Staffing Lifecycle



Develop an AI Governance System and Team



Maintain a Documented Compliance Framework



Provide Clear and Legally Compliant Notices to Applicants and Workers



Conduct Required Risk Assessments and Update Them When Things Change



Strengthen Cybersecurity and Prepare for Future Cyber Audits

Map and Govern All Automated Tools Across the Staffing Lifecycle



- **Inventory** all automated tools (recruiting → workforce mgmt.)
- **Identify** which tools trigger legal obligations
- **Map** inputs → decisions → outputs
- **Review** vendor updates for new AI features
- **Keep** one centralized tool registry

Develop an AI Governance System and Team

- **Designate** an AI oversight team
- **Define clear roles** for evaluation and monitoring
- **Set escalation paths** for issues and opt-outs
- **Provide ongoing training** for staff using AI tools
- **Track** evolving legal and client requirements



Maintain a Documented Compliance Framework



- **Keep** written AI + human-review policies
- **Document** testing, validation, and bias checks
- **Maintain** vendor assessments and due-diligence records
- **Track** decisions on when and how AI is used
- **Preserve** documentation for CCPA and client audits

Provide Clear and Legally Compliant Notices to Applicants and Workers

- Give **clear** pre-use AI notices
- **Tailor** notices to each tool + decision
- **Explain** opt-out, human review, and access rights
- Make notices **easy to find**
- **Update** notices when tools or workflows change



Conduct Required Risk Assessments and Update Them When Things Change

- **Identify** processing that triggers CPPA risk assessments
- **Evaluate** AI uses for fairness, discrimination, and privacy risks
- **Reassess** when vendors, features, or workflows change
- **Create** processes to flag and escalate changes needing reassessment



Strengthen Cybersecurity and Prepare for Future Cyber Audits



- **Determine** if you **need** to conduct a cyber audit
- If so, engage a **qualified cybersecurity expert**
- **Run a preliminary** audit to spot gaps early
- **Keep evidence** of controls and incident-response plans
- **Fix vulnerabilities** proactively before an audit

Questions?

December 2, 2025



Thank You!

December 2, 2025



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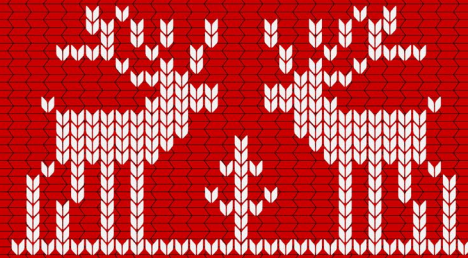




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