

New York City Local Law No. 144: NYC Bias Audit Primer

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How Will NYC's New Algorithmic Hiring Law Impact You?



» Automated employment decision tools used on NYC-based candidates and employees must undergo an annual independent bias audit.

What is the new algorithmic hiring law in New York City?

In December 2021, the New York City Council passed Local Law No. 144 (LL-144), which amends the administrative code of the city of New York in relation to automated employment decision tools. The law regulates the use of these tools in hiring and promotion decisions for candidates and employees within the city. Put simply, if you are building or using these tools to help decide who to hire or promote in New York City, this new law could apply to you.

As defined by the regulatory rulemaking published by the Department of Consumer and Worker Protection (DCWP), “an automated employment decision tool is a computational process that significantly aids or replaces discretionary decision-making”. The use of such a tool is defined as:

- Relying solely on a simplified output, such as a score, classification, or ranking, without considering any other factors.
- Using a simplified output as the primary or most heavily weighted factor among a set of criteria.
- Using a simplified output to override other considerations, including human decision-making.

The law requires that such tools used on NYC-based candidates and employees must undergo an annual independent bias audit, and the summary of these audits must be made publicly available. Additionally, there are new requirements for employers and employment agencies to notify candidates and employees when an automated employment decision tool is being used as part of the hiring or promotion process.

When does the new law go into effect?

The implementation of the new law has been postponed from April 15, 2023 to July 5, 2023, granting employers an extension to complete necessary bias audits and ensure full compliance.

This law does not limit any right of any candidate or employee to bring a civil action in any court of competent jurisdiction for an employment decision, and it also does not limit the authority of the New York City Division of Human Rights to enforce the provisions of NYC Administrative Code Title 8.







What is your responsibility as an employer or employment agency?

If you are using automated employment decision tools that fall under the remit of LL-144, you as an employer cannot use a tool unless it has undergone an annual independent bias audit no more than one year prior to your use of the tool. While the law does not provide significant detail around what should be included in this bias audit, it does specify that you must assess disparate impact based race/ethnicity, sex, and intersectional categories.

In addition to the bias audit itself, there are several new notification requirements for employers. First, you are required to publish a summary of the results of the most recent bias audit of any tools you making use of and the distribution date of the tool before you make use of said tools. Additionally, employers must make available the job qualifications and characteristics that any tool will use in the assessment of candidates or employees. Candidates and employees must be given the option to opt out and request accommodation or an alternative selection process.

Because the legislation focuses on “tools” and not the recruitment or hiring process as a whole, this means that there will be separate audit and notice requirements for each tool, if multiple automated employment decision tools are being used.

Responsibilities

-  **Annual Bias Audit**
Assess disparate impact based on race/ethnicity, sex, and intersectional categories.
-  **Independent auditor**
Work with an independent auditor to conduct the bias audit. The auditor must not have any financial interest in the employer utilizing AEDT or the vendor of the AEDT.
-  **Published Results**
Publish a summary of the results of the most recent bias audit of any tools you're using.
-  **Qualifications & Characteristics**
Provide insight that must be directly made available to applicants/employees into what the tool assesses from candidates or employees. (i.e. via an electronic copy of the bias audit)
-  **Opt-Out**
Give candidates and employees the option to opt out and request an accommodation or an alternative selection process.
-  **AEDT Compliance**
Do not utilize automated employment decision tools (AEDT) unless a bias audit compliant with NYC Law No. 144 has been conducted within 365 days of the tool's deployment."



Penalties

The penalties to employers and employment agencies who do not comply with this law include a civil penalty of up to \$500 for a first violation, and each additional violation occurring on the same day as the first violation, with a minimum of \$500 and maximum of \$1,500 incurred for each subsequent violation. Each day that an automated employment decision tool is in use in violation of this law will generate a violation—and penalty.

What is your responsibility as an HR vendor?

While this law requires employers to ensure a bias audit is completed and results are published, HR vendors may need to be involved in the audit process for customers who are hiring or evaluating candidates in New York City. Bias audits will require input about AI models, and accurate representation of processes and controls.

Additionally, because the audit results must be made publicly available, HR vendors should be actively involved in the auditing process to ensure that their tool is audited in a way that is reflective of its functionality and capabilities.

Best practices

○ Audit Involvement

Execute independently formulated audit criteria on your product, or any of your tailored models.

○ Ensure Accuracy

To ensure public information is accurate, it's in the vendor's best interest to assist customers.

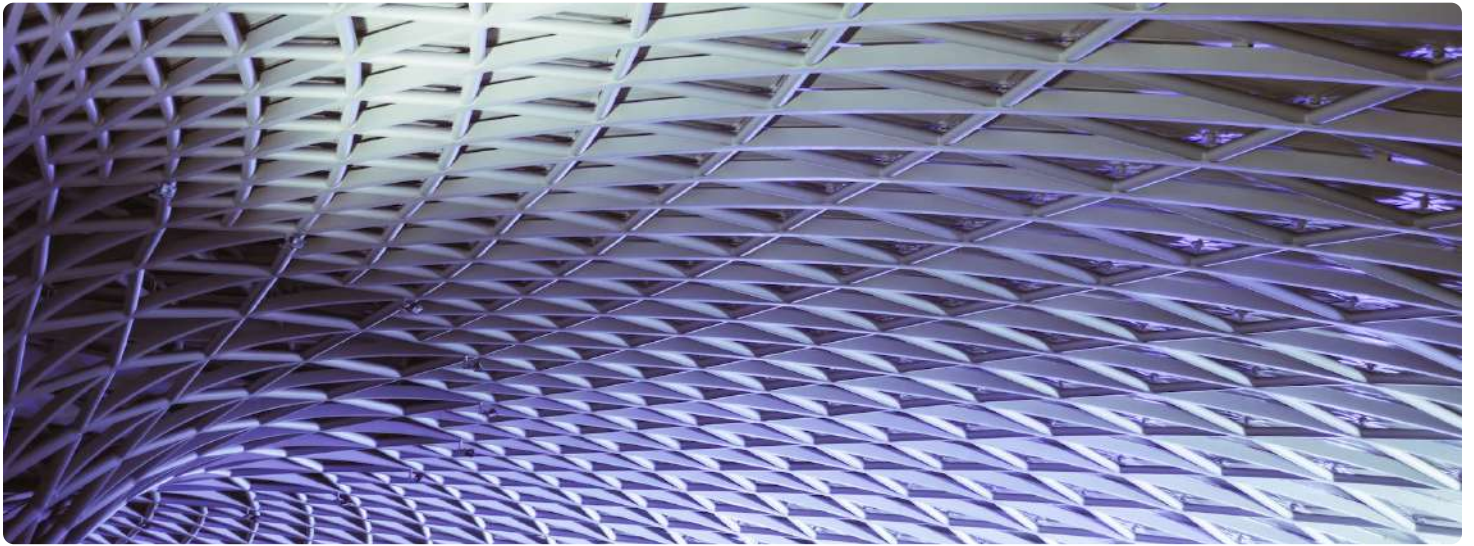
What are the updated requirements for the bias audit following the December 2022 Rulemaking?

The December 2022 rulemaking update to New York City's algorithmic hiring law brings necessary clarifications to using automated employment decision tools in hiring and promotion decisions. If you would like to view the complete list of changes, please refer to the [official document](#) shared by the [New York City Department of Consumer and Worker Protection](#).

Credo AI Can Help

Our AI Governance software can help ensure you are ready for audit





How can Credo AI help?

With a lot left undefined, many organizations are looking for help understanding how they can start to work towards getting in compliance with New York City's new algorithmic hiring law. Credo AI is here to help.

Credo AI can provide automated technical assessments of your AI Systems with the Credo AI Lens Assessment Framework, which can be used by internal or external auditors to evaluate disparate impact and other key measures of bias.



For employers and employment agencies

Credo AI provides a centralized repository for any audit artifacts and bias assessment results, making it easy to store and manage many audits across all of your hiring and promotion-related AI use cases.



For vendors selling hiring products

Credo AI makes it easier to provide transparency to clients related to model design, development, and deployment through automatic report generation and AI risk scoring.

Contact Us for a Demo Today!

Our team is available to help you develop the processes and capabilities needed to get in compliance with this new law, as well as the many more that lie ahead in 2023 and beyond. Reach out to learn more about how we can help you get started on your AI risk and compliance journey.

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