

California Enacts New AI Employment Rules Starting October 2025

California enacts new AI employment rules (Oct 2025): Employers must ensure automated-decision systems comply with anti-discrimination law.

LAKE FOREST, CA, CA, UNITED STATES, October 7, 2025 /EINPresswire.com/ -- Employer Advocates Group alerts California employers that new CRC regulations on AI and automated-decision systems take effect October 1, 2025, requiring compliance with FEHA to prevent discrimination in hiring and employment practices.

The California Civil Rights Council (CRC) has formally adopted new regulations governing the use of automated-decision systems (ADS) and artificial intelligence (AI) in employment practices. These regulations, approved by the Office of Administrative Law, take effect on October 1, 2025, and mark a significant development in California's employment law landscape. The CRC is the division of the California Civil Rights Department (CRD) that issues regulations that implement California's civil rights laws. It also conducts inquiries and holds hearings on civil rights issues.

Background on the New Regulations
The new regulations expand upon the Fair Employment and Housing Act



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(FEHA), California's principal anti-discrimination law. The FEHA protects job applicants and employees from discrimination based on protected characteristics such as race, gender, age, disability, religious beliefs, sexual orientation, and other legally recognized classifications. It is similar to the federal statutes that govern employment discrimination, such as Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, and the Age Discrimination in Employment Act, among others.



Under its statutory authority, the CRC has clarified how the FEHA applies to the use of emerging technologies by employers in recruitment, hiring, evaluation, promotion, and other employment decisions. Specifically, the regulations provide detailed guidance on the use of ADS and AI tools to ensure that such technologies do not unlawfully disadvantage individuals based on protected characteristics.

Definition and Scope of Automated-Decision Systems

The CRC's new regulations define automated-decision systems broadly to include any software, algorithms, or AI tools that evaluate, filter, rank, or otherwise make decisions about job applicants or employees. These may include resume-screening software, automated interview platforms, AI-driven personality assessments, or algorithm-based productivity tracking.

Employers using such apps or tools must now ensure that these systems comply with the FEHA by avoiding direct or indirect discriminatory effects. The regulations emphasize that liability may arise not only from intentional discrimination but also from the use of technologies that have a disparate impact on protected groups. This latter type of discrimination can be difficult for employers to perceive because it can be based on biases and stereotypical criteria that was acquired by AI Large Language Model (LLM) tools as a result of its training on large bodies of data of which the employer is likely unaware.

Key Requirements for Employers

The new regulations create affirmative responsibilities on employers, employment agencies, and third-party vendors who develop or deploy ADS tools. Major provisions include:

- **Testing for Bias:** Employers must assess whether ADS or AI tools create disparate impacts on protected groups.
- **Accountability:** Liability may extend to both the employer using the system and the third-party developer or vendor providing the technology.
- **Transparency:** Applicants and employees must be provided clear information about the use of

automated tools in decision-making processes.

- Reasonable Accommodations: Employers must provide alternatives or modifications for individuals with disabilities who may be adversely affected by ADS or AI assessments.
- Compliance Oversight: Employers are required to maintain documentation demonstrating compliance with FEHA when using such technologies.

Implications for California Employers

The CRC's new regulations reflect California's ongoing commitment to aligning employment protections with technological advancements. Employers who rely on AI-based screening tools or automated processes will need to evaluate and, if necessary, update their practices to avoid unintentional bias and ensure compliance.

While the rules may increase compliance obligations, they also provide clarity on expectations regarding the use of new technologies in the workplace. Employers are encouraged to work with legal advisors, human resources professionals, and technology vendors to review ADS systems currently in use and to ensure compliance with the regulations.

Guidance and Enforcement

Once the regulations become effective, California employers may face administrative complaints or civil liability if their use of ADS or AI violates the State's anti-discrimination protections. However, the California Civil Rights Department, the administrative agency that enforces the FEHA, is expected to provide resources and enforcement guidance related to the new rules. Historically, the CRD's guidance information is very helpful for compliance purposes, although it does not have the weight or precedential effect of the law or court decisions interpreting the law.

The CRC's regulations serve as a reminder that technological efficiency does not supersede legal responsibility. California's approach is intended to balance innovation in the workplace with the longstanding principles of equal opportunity and fairness in employment. Nevertheless, there are no shortcuts to ensuring that your policies are completely compliant with the law or create a possible risk management issue,

About Employer Advocates Group

Employer Advocates Group is a California-based law firm that concentrates on defending employers in employment law claims and providing businesses with guidance on compliance, risk management, and employment-related decisions. The firm monitors legislative and regulatory developments affecting the workplace and offers resources to assist employers in navigating complex employment law requirements. Its services include litigation defense, compliance advice, policy review, employment agreement preparation, and consultation on best practices for lawful employment procedures.

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