

# Bias Audits

## Compliance with New York City Local Law 144

### Background

In 2021, New York City (NYC) enacted [Local Law 144](#) which prohibits employers and employment agencies from using an **automated employment decision tool (AEDT)** in the city unless they ensure an annual bias audit is completed and provide the required notice to job candidates.

This law took effect on January 1, 2023, and the NYC Department of Consumer and Worker Protection began enforcement on July 5, 2023.

**If your organization is using an AEDT to evaluate or screen candidates at any point in the hiring or promotion process for NYC jobs, you MUST comply with the law's requirement that an annual bias audit be conducted.**

If your organization is using an AEDT for jobs outside of NYC, you may want to conduct a proactive bias audit in view of the EEOC's focus on AEDTs, and the expected proliferation of state and local laws focused on the use of artificial intelligence in the workplace.

### Bias Audit Service Summary

Under NYC Local Law 144, a bias audit is an impartial evaluation of an AEDT by an independent auditor.

At a minimum, the auditor's evaluation must include calculations of selection or scoring rates and the adverse impact ratio across sex categories, race/ethnicity categories, and intersectional categories.

APTMetrics (APT) will conduct an independent third-party analysis of the automated employment decision tool(s) used in your selection and promotion processes, pursuant to NYC's requirements.

APT's study will determine if your decision tools have adverse impact against members of a protected class, and if you are meeting the NYC law's notification requirements.

With deep expertise in both developing – and auditing – employment decision tools, APT's team of industrial-organizational psychologists and business professionals is uniquely qualified to conduct the bias audits required by NYC law.

### What is an AEDT?

An AEDT is a computer-based tool that:

- Uses machine learning, statistical modeling, data analytics, or artificial intelligence (AI); and
- Helps employers and employment agencies make employment decisions; and
- Substantially assists or replaces discretionary decision-making.

Machine learning, statistical modeling, data analytics, and AI are mathematical, computer-based techniques used to:

- Generate a prediction or a classification; and
- Identify the inputs, the relative importance of the identified inputs, and any other parameters to improve the accuracy of the generated prediction or classification.



# Our Project Approach

## 01 Discovery

During the discovery phase, APT will review your existing tool(s) and processes, how AI technologies are being used in the tool(s), what data is being retained, and how decisions are being made using the information gathered.

## 02 Data Collection

APT will determine what data is needed to conduct adverse impact analyses.

APT will then review the collected data and meet with you, and your vendor(s) representatives if necessary, to clarify any questions about the data and to collect any additional data needed.

## 03 Data Analysis

APT will conduct adverse impact analyses at the job or job category level, including the traditional adverse impact analysis comparisons conducted under federal law, as well as the intersectional adverse impact analyses specified in NYC's regulatory guidance for Local Law 144.

## 04 Notification Recommendations

APT will review your current process to ensure appropriate notice to job candidates under the NYC legislation. If your notice of AEDT use is insufficient, APT will make recommendations for improving compliance with the legislation.

## 05 Results

APT will prepare a presentation of the audit results and deliver the results to your stakeholders. APT will then work with you to address the audit results and suggest modifications to the assessment process, if needed.

If adverse impact is found, APT recommends a detailed supplementary review of the AEDT technical documentation to assess evidence of job-relatedness (validity).

Given the potential legal sensitivity of the subject matter, APT recommends that this type of work be conducted through your legal counsel as a privileged exercise.

Our first step would be to partner closely with you and your legal team to ensure that legal privilege is appropriately established before proceeding with the audit.

## NYC Local Law 144 Summary

Effective January 1, 2023, employers and employment agencies in NYC are prohibited from using AEDTs unless:

- The tool has been subject to a bias audit within one year of the use of the tool;
- Information about the bias audit is publicly available; and
- Certain notices have been provided to employees or job candidates.

NYC Local Law 144:

- Applies to any job location or remote position associated with an office, or employment agency, in NYC.
- Applies to any screening decision (not just final decisions).
- Does not apply to non-applicants (i.e., it is okay to screen a resume bank, reach out to potential candidates, etc.).

A bias audit must calculate selection rates and impact ratios for each sex, race/ethnicity, and intersectional category.