



Guide to CCPA and Automated Decision-Making Rules for Staffing

What California's new rules mean
for staffing and recruitment



Foreword by Martyn Redstone



Head of Responsible AI,
Warden AI

Automation is no longer a future consideration for staffing and recruitment businesses. It is already embedded in how sourcing, screening, matching and shortlisting happen at scale. For most firms, the question is no longer whether automation is used, but how much influence it has over outcomes.

At the same time, regulators are becoming more explicit about the expectations they place on organizations that use automated systems in ways that materially affect individuals. In California, that has now resulted in new rules on Automated Decision-Making Technology (ADMT) under the CCPA, effective from January 2026.

In my conversations across the staffing industry, I've seen a mix of curiosity, uncertainty and assumption about what these rules actually mean in practice. Some organizations assume the rules won't apply to them. Others assume they will. In many cases, neither view is grounded in what the regulation actually says.

This document takes a deliberately narrow approach. It focuses on the ADMT rules as written, not as interpreted through headlines or second-hand commentary. It sets out what has changed, what the regulation explicitly requires, and where it leaves room for your own judgment.

The rules do not ban automation or prescribe specific tools or methods. They introduce obligations and rights in defined circumstances, based on the impact of decisions rather than industry labels or technical design. Understanding that distinction is critical.

This guide will replace speculation with clarity, supporting informed and grounded discussions about what the CCPA's ADMT rules may mean for your staffing and recruitment businesses in practice.

Executive summary

Automation is already embedded in how staffing and recruitment businesses operate. Systems that source, screen, rank and match candidates are routinely used to manage volume, speed and client expectations. For most staffing leaders, the relevant question is no longer whether automation is used, but where it meaningfully influences outcomes.

From January 2026, new rules under the California Consumer Privacy Act introduce additional obligations where ADMT is used for significant decisions concerning California residents. These rules apply where automated systems are used to make, or materially assist with, decisions that have significant effects on individuals, they are impact-based and conditional.

For staffing leaders, four practical considerations now matter.

1 Be clear about where automated decision-making actually sits in your business.

This means understanding where systems score, rank, filter or prioritize candidates across temp, perm, RPO or MSP workflows. Vendor descriptions and internal assumptions are not enough.

2 Take a view on which decisions could reasonably be considered significant.

The regulation does not list every staffing decision. It focuses on impact. Where automated systems influence access to work or opportunity, that assessment needs to be made consciously, rather than assumed away by terminology or process design.

3 Pressure-test assumptions about human involvement.

Human review is common in staffing, but the presence of recruiters in the process does not automatically remove the relevance of ADMT if automated outputs materially shape who is seen, shortlisted or progressed.

4 Decide what level of evidence you want to be able to rely on.

That decision may differ by business model, scale and risk appetite. Some firms rely on policies and documentation, others on internal reviews or external assurance. There is no single right answer, but there is a meaningful difference between confidence based on evidence and confidence based on assumption.

“

For the last decade, we asked, 'Can we automate this?' The question for 2026 is, 'Can we explain this?' The industry is moving from an era of 'move fast and break things' to an era of 'move fast and show your work.' The firms that survive will be the ones that can do both.

”



Faye Walshe
Global Director of Innovation
Robert Walters

Table of contents

The Regulation

What the rules are, what changed, and what they require 05

Implications for Staffing Businesses

What this means for staffing and recruitment 13

Conclusion

Wrapping it up 21



The Regulation

What the rules are, what changed and what they require

The Regulation

What changed in 2025

The CCPA itself is not new. What changed in 2025 is the introduction of specific regulatory requirements governing the use of AMDT, adopted by the California Privacy Protection Agency (CCPA) under its CPRA rule-making authority.

Prior to these rules, the CCPA addressed automated processing only indirectly, through general obligations around transparency, purpose limitation and consumer rights. The 2025 regulations introduce a more explicit framework for when and how businesses must provide information, choice and safeguards where automated systems are used to make significant decisions about individuals.

The AMDT rules were formally adopted by the CPPA Board in July 2025 and approved by the Office of Administrative Law in September 2025. They take **effect on 1 January 2026**, with a staged compliance timeline for certain requirements.

The regulations also clarify when businesses must be compliant. Businesses using AMDT for significant decisions before **1 January 2027** are given a transition period, but must be fully compliant by that date. Any business beginning such use on or after 1 January 2027 is required to comply immediately.

Importantly, the rules do not prohibit automated decision-making. They do not mandate specific technologies, methodologies or controls. Instead, they establish conditions under which automated decision-making is subject to additional scrutiny and consumer-facing obligations.



A key change is the introduction of **“significant decisions”** made using AMDT.

When an automated system has a **material impact on an individual’s rights, opportunities, or access to services**, additional obligations apply.

These may include **transparency requirements and, sometimes consumer rights to access information or opt out.**

The Regulation

Key timelines and transition periods

July 24, 2025

Sept 22, 2025

Jan 1, 2026

Jan 1, 2027

ADMT regulations formally adopted

The CPPA adopts regulations that:

- Update existing CCPA regulations
- Introduce requirements relating to ADMT
- Establish consumer rights connected to ADMT
- Clarify compliance obligations for certain sectors

Regulations approved and finalized

Regulations are approved and filed with the SoS.

At this stage, the rule-making process was complete, and the regulatory text became final.

There were no further consultations or draft phases after this point.

Regulations take effect

The updated CCPA regulations, including the ADMT provisions, became legally effective.

From this date, businesses are expected to understand whether their use of automated systems falls within scope of the new rules and begin preparing for compliance where required.

ADMT compliance deadline for existing systems

Businesses that were already using ADMT for significant decisions before Jan 1, 2027 must be fully compliant with the requirements.

Any business that begins using ADMT for significant decisions on or after Jan 1, 2027 must comply at the point of use.

Scope and applicability: The "three-gate" test



The rules are conditional. If you use a system to score or filter applicants (ADMT) that determines who gets an interview (Significant Decision) for a role based in California (Consumer), you may be in scope.

The Technology (ADMT)

The "How"

"Automated Decision-Making Technology" is any system that uses **algorithms** to process **personal information** to make or materially assist a decision.

What this includes:

- Not just "AI": Includes rules-based algorithms, statistical models, and machine learning.
- **"Material Assistance"**: Systems that score, rank, or prioritize candidates, even if a human makes the final choice, are in scope if they narrow the pool or shape the outcome.



Takeaway:

Do not assume "human-in-the-loop" exempts you. If the system effectively filters who the human sees, it is ADMT.

The Decision (Significant)

The "What"

A **"significant decision"** is one that produces legal or similarly material effects on a consumer's life, including access to employment, education, or essential services.

What this includes:

- **Hiring & Firing**: Decisions to hire, terminate, or promote.
- **Gatekeeping**: Any decision that determines eligibility or opportunity.
- **Compensation**: Automated determinations of pay or benefits.



Takeaway:

Ranking is a decision. If a tool ranks 500 candidates and hides the bottom 400, it has made a "significant decision" for those 400 people.

The Person (Consumer)

The "Who"

A **"consumer"** is a natural person who is a California resident.

What this includes:

- **Employees & Applicants**: The previous B2B and employment exemptions expired in 2023.
- **Contractors**: Independent workers and gig workers are covered.
- **No "Customer" Limit**: The term is not limited to people buying goods; it applies to your workforce.



Takeaway:

Residency matters, not location of the server. If the applicant lives in California, they are protected, even if your HQ is in New York.

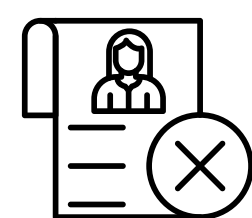
Compliance
triggered

Practical examples: What counts as a “significant decision?”



The “litmus test” for your tech stack: Does the tool help you organize a decision you already made? Or does the tool help you make the decision, or make it for you?

What is a “Significant Decision” (likely ‘in scope’)



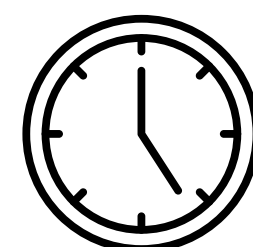
Auto-Rejecting Candidates

- **The Action:** A system parses resumes and automatically sends rejection emails to candidates who don’t meet specific keyword or scoring thresholds – without a human review.
- **The Risk:** Denial of Opportunity. The system acted as the final decision-maker, terminating the candidate’s access to the job.



Ranking & Hiding (The “Iceberg” Effect)

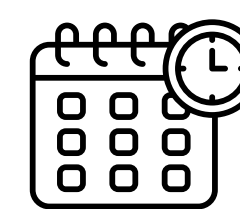
- **The Action:** A system assigns a “Match Score” (e.g., 0–100) to 500 applicants and defaults the recruiter’s view to show only the “Top 50”.
- **The Risk:** Material Influence. While a human could scroll down, the system has effectively decided that the bottom 450 people are irrelevant. This is considered a significant decision.



Automated Shift Allocation

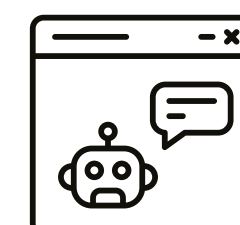
- **The Action:** An algorithm assigns temporary shifts to workers based on speed of response or performance ratings.
- **The Risk:** Financial Impact. The automation directly determines who earns income and who does not.

What ISN’T a “Significant Decision” (likely ‘out of scope’)



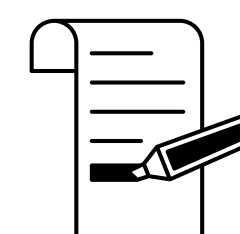
Auto-Scheduling Interviews

- **The Action:** A recruiter manually moves a candidate to the “Interview” stage, triggering a system to send a calendar link for the candidate to pick a time.
- **Logistics Only:** The “Significant Decision” (to interview the person) was made by the human; the tool merely executed the administrative task.



Chatbot FAQ Responses

- **The Action:** An AI bot answers candidate questions about benefits, office location, or working hours.
- **Safety Factor:** Informational. The bot is providing data to the candidate, not evaluating the candidate’s eligibility or character.



Keyword Highlighting

- **The Action:** A system bolds specific skills (e.g., “Python”, “Salesforce”) in a resume profile to help a recruiter read faster, but preserves the list of all candidates.
- **Safety Factor:** Visual Aid. The recruiter still sees every applicant; the tool is assisting the reading process, not replacing the filtering judgment.

What obligations apply when triggered



These obligations are requirements when triggered, not best practice recommendations. The regulation does not prescribe how they must be implemented.

1

Transparency about use of ADMT

Businesses must provide consumers with meaningful notice that ADMT is being used for significant decisions. This includes:

- Disclosure that ADMT is used
- Disclosure of the purpose of that use
- Disclosure provided at or before the point of decision impact

This is an express requirement, not best practice.

2

Right to access information about ADMT

Consumers have the right to request information about:

- Whether ADMT was used
- The purpose of the ADMT
- The role ADMT played in the decision

This is distinct from general “right to know” requests and is specific to automated decision-making.

4

Accountability and documentation expectations

The regulation does not prescribe an audit method, it creates an expectation that businesses can:

- Identify where ADMT is used
- Explain decision logic at an appropriate level
- Demonstrate governance, oversight, and review

This expectation underpins enforcement risk, even where no consumer request has yet been made.

3

Right to opt out in defined circumstances

Consumers may have the right to opt out of ADMT use where:

- ADMT is used for certain significant decisions
- No statutory exception applies
- The decision context meets regulatory thresholds

This right is not universal and does not apply to all automated decisions.

The Regulation

Explicit boundaries



What is conditional?

- Opt-out rights depend on decision type and context
- Disclosure depth depends on use and impact
- Accountability expectations scale with risk



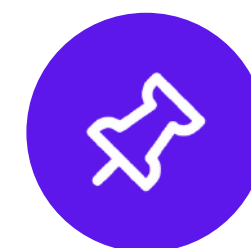
What is not universal?

- The regulation does not list every staffing decision
- It focuses on impact rather than process labels
- Where automated systems influence access to work or opportunity, assessment must be made consciously



What is not prescribed?

- No mandated testing methodology
- No requirement to use third-party auditors
- No requirement for continuous monitoring
- No staffing-specific compliance model



Why this matters

The ADMT rules create legal obligations rather than aspirational principles. However, they deliberately leave implementation choices open, placing the burden on businesses to determine how they evidence compliance.

“

Don't get hung up on the word 'decision.' If your algorithm ranks 100 people and hides the bottom 50, it has effectively made a decision for those 50 people. The regulator doesn't care if a human could have scrolled down; they care that the system effectively ensured they didn't.

”



Gavin Megnauth
Chief Information Officer
CoreMedical Group



Implications for Staffing Businesses

What this means for staffing and recruitment

Implications for Staffing Businesses

Why the ADMT rules hit staffing harder



Staffing and recruitment businesses have several structural characteristics that make the application of these rules particularly relevant.

1

Staffing has a large scale of personal data processing

Staffing businesses routinely process personal information relating to:

- Large volumes of individuals
- Repeated decision points
- Multiple downstream stakeholders

This includes candidates, workers and applicants whose data may be processed across sourcing, screening, matching, placement and workforce management activities.

At scale, even modest levels of automation can affect significant numbers of individuals over time.

2

Staffing workflows are intensely automated

Automation is commonly embedded across staffing operations, including:

- Candidate sourcing and ranking
- Screening and shortlist generation
- Matching and recommendation systems
- Workflow prioritization and triage

In many cases, these systems do not make final decisions but shape the inputs into human decision-making.

The cumulative effect of multiple automated steps may be more relevant than any single system viewed in isolation.

3

Staffing's downstream impact is non-trivial

Staffing decisions often affect:

- Access to employment opportunities
- Income continuity
- Workforce participation
- Short and long-term career outcomes

This places staffing decisions squarely within the type of impact-based context the ADMT rules are designed to address.

Important boundary

This relevance does not imply:

- That all staffing uses of automation fall within scope
- That staffing firms are expected to meet higher standards
- That the regulation targets the staffing sector specifically

It reflects only that staffing provides a high-frequency, high-impact context in which ADMT questions will arise.

Implications for Staffing Businesses

Why some staffing firms may conclude ADMT doesn't apply



Businesses may conclude that ADMT rules do not apply to their operations. These are based on how decision-making responsibility is structured in practice and how automation is used.

“We don’t make the final hiring decision.”

A common position is that staffing firms do not make final employment decisions. In many models, the ultimate hiring decision sits with a client organization rather than the staffing provider.

From this perspective, automated tools used by staffing firms are seen as preparatory or advisory, supporting a process that culminates in a decision made elsewhere.

This argument is particularly common in permanent recruitment and RPO models, where client control over final selection is explicit.

“There is always human involvement.”

Another frequently cited factor is the presence of humans in the loop.

Staffing firms may argue that:

- Automated systems are used only to assist
- Outputs are reviewed by recruiters
- Humans retain discretion to override or ignore automated recommendations

On this view, automation is framed as decision support rather than decision-making, reducing the likelihood that ADMT obligations are triggered.

“We act as an intermediary.”

Many staffing businesses position themselves as intermediaries rather than decision-makers.

This may include:

- Passing candidate information to clients
- Managing workflows without determining outcomes
- Implementing client-defined criteria

In these cases, firms may conclude that responsibility for any significant decision rests with the end employer, not the staffing business.

Implications for Staffing Businesses

Where those arguments may be challenged



The regulations do not define how much influence is “material,” how to measure cumulative impact and how responsibility should be allocated across multiple parties.

Material influence, not final authority

The ADMT rules focus on whether automated systems are used to make, or materially assist with, significant decisions.

This introduces a distinction between:

- Who formally makes a decision, and
- What meaningfully influences that decision

In some staffing contexts, automated outputs may:

- Narrow candidate pools
- Prioritize certain profiles
- Determine which candidates are seen or not seen

Where this influence is substantial, the presence of a final human decision-maker elsewhere may not fully resolve the question of scope.

Cumulative automation effects

Automated decision-making is not always confined to a single system or step.

In practice, staffing workflows may involve:

- Automated sourcing
- Automated ranking or scoring
- Automated shortlist generation
- Automated workflow prioritization

Individually, each step may appear low-impact. Taken together, they may materially shape access to opportunities.

The regulations do not specify how cumulative effects should be assessed, but the impact-based framing suggests that overall outcome, rather than individual components, may be relevant.

Outcome focused framing

The ADMT provisions are structured around the effects on the individual, not the internal characterization of tools.

This means that labels such as:

- “Decision support”
- “Assistive AI”
- “Human-in-the-loop”

are not determinative on their own.

What matters is how outputs are used in practice and whether they meaningfully affect access to employment or economic opportunity.

Implications for Staffing Businesses

Differences by staffing model



Regulatory exposure shifts based on one key dynamic: who holds the formal 'decision authority' versus who actually controls the 'filter.'

Staffing model	Typical decision authority	Primary ADMT Risk
Temporary staffing	Staffing firm often determines candidate eligibility and assignment, subject to client requirements	The risk here is speed. Algorithms that auto-assign shifts based on "reliability scores" or "response time" are making direct decisions about income.
Permanent recruitment	Final hiring decision typically rests with the client	While the client hires the winner, you often reject the losers. If your tool ranks 200 applicants and only presents the "top 10" to the client, you have made a "significant decision" for the other 190.
Recruitment process outsourcing (RPO)	Decision authority varies by contract and client governance model	Don't assume using the client's ATS protects you. If you configure the "knockout questions" or operate the filter, you share the liability. You cannot outsource compliance just because you don't own the software.
Managed service provider (MSP)	Staffing firm manages process and vendors; hiring decisions usually sit with the client	MSPs often rely on Vendor Management Systems (VMS) to route roles. If the VMS uses algorithms to rank candidates or suppress "low-tier" suppliers automatically, you are operating a gatekeeping system.



The bottom line: Contractual labels are not a shield. If your automation materially influences the outcome, you own the risk, regardless of what the contract says.

Implications for Staffing Businesses

What to do in response to the regulations?



Staffing firms may reasonably take different approaches depending on their operating model, use of automation, contractual position and risk appetite.

Do nothing (for now)

Some businesses may conclude that their current use of automation does not meet the threshold for ADMT obligations, or that the practical risk of application is low.

Why a business might choose this:

- Limited or low-impact use of automation
- Strong human involvement in decisions
- Client-controlled decision authority
- Desire to wait for further regulatory clarity

Trade-offs:

- Lower short-term cost and disruption
- Risk of being unprepared if assumptions change
- Reliance on interpretations that may later be challenged

Policy-led response only

Other businesses may choose to focus on documentation and internal alignment rather than operational change.

This may include:

- Updating privacy notices
- Clarifying internal policies
- Documenting decision-making roles and responsibilities

Why a business might choose this:

- Desire to demonstrate awareness without over-investing
- Early-stage automation use
- Limited internal resources

Trade-offs:

- Improves clarity and defensibility
- Does not increase visibility into how systems behave in practice
- May rely heavily on assumptions about system impact

Internal review and assessment

Some may decide to review how automated systems are used across staffing workflows.

This can involve:

- Mapping where automation exists
- Understanding how outputs are used
- Assessing where material influence may arise

Why a business might choose this:

- Complex or highly automated workflows
- Desire for internal confidence
- Preparation for future regulatory developments

Trade-offs:

- Requires time and cross-functional effort
- Findings may raise follow-on questions
- Does not automatically resolve compliance questions

External validation or support

A smaller number may seek external input to supplement internal understanding.

This can include:

- Legal advice
- Independent assessments
- Third-party validation
- In some cases, this includes mechanisms for ongoing measurement rather than point-in-time review

Why a business might choose this:

- Higher perceived exposure
- Client or stakeholder expectations
- Preference for independent perspective

Trade-offs:

- Higher cost
- Requires careful scoping
- Not mandated by the regulation

Timing trade-offs: early vs. later action



When to engage with ADMT rules involves strategic considerations. Some prefer one-off assessments, while others prioritize ongoing visibility into system behavior over time.

Acting earlier

Some businesses may choose to engage with the ADMT rules well ahead of any formal compliance deadline.

Potential advantages:

- Greater internal understanding of where automation is used
- More time to address questions without time pressure
- Ability to respond confidently to client or stakeholder queries
- Reduced risk of reactive decision-making

Potential drawbacks:

- Upfront cost and management attention
- Investment before regulatory expectations fully settle
- Risk of over-engineering responses to uncertain requirements

Speed versus evidence

- Early adoption vs. waiting for certainty
- Balance depends on exposure and risk tolerance

Acting later

Other businesses may choose to wait until regulatory practice or guidance becomes clearer.

Potential advantages:

- Avoiding premature investment
- Learning from early market responses
- Greater certainty about enforcement and interpretation

Potential drawbacks:

- Compressed timelines if obligations are triggered
- Less flexibility if changes are needed quickly
- Higher likelihood of reactive rather than planned responses

Commercial and regulatory considerations:

- Client and contract expectations
- Reputation and market positioning
- Broader regulatory developments

Implications for Staffing Businesses

How some firms are approaching this today



Firms are taking different approaches to understanding how automated decision-making affects individuals. These are not mandated by the regulations.

Point in time reviews

Periodic assessments tied to system changes, procurement events or regulatory milestones.

Policy and process-led

Emphasis on documentation, decision records and role clarity, without ongoing technical measurement

Ongoing measurement approaches

Use of automated or semi-automated methods to monitor outcomes over time, particularly where decision volume is high or systems evolve frequently

Inclination towards ongoing approaches

- Continuous visibility rather than snapshots
- Evidence that reflects real-world use rather than test cases
- Greater confidence where systems or data change regularly

Example:

Some organizations use independent platforms to conduct continuous bias or outcome monitoring of automated systems as part of their internal governance processes.



Conclusion

Wrapping it up

Key takeaways for staffing businesses

💡 What staffing firms should focus on first when assessing ADMT risk.

1

Identify where automated decision-making is being used.

Make a clear list of where automated systems are used across your staffing workflows. It is important to list use cases where systems score, rank, filter, prioritize or recommend people.

2

Decide which decisions could be “significant.”

Look at the decisions automation touches and ask a simple question: **Could this materially affect someone’s access to work or opportunity?** This is the step that determines whether ADMT obligations might be triggered.

3

Check whether ADMT transparency obligations may apply.

Where automated decision-making is used for potentially significant decisions, review whether 1. you currently disclose that automation is used, 2. that disclosure is clear and meaningful, and 3. it reaches candidates or workers at the right point.

4

Pressure-test assumptions about human involvement.

If your conclusion that ADMT doesn’t apply relies on humans being involved, test that assumption honestly. Ask questions like ‘do humans routinely override automated outputs?’ and ‘do systems effectively shape who is seen and who is not?’

5

Decide what level of evidence you want to be able to rely on.

That decision may differ by business model, scale and risk appetite. Some firms rely on policies and documentation, others on internal reviews or external assurance. There is no single right answer, but there is a meaningful difference between confidence based on evidence and confidence based on assumption.

“

Transparency is the new currency. Today, the ability to show a client exactly how your AI works, and prove it's fair, won't simply be a compliance requirement. It will be one of the biggest differentiators in winning enterprise business.

”



Quincy Valencia
VP of Talent Transformation
Korn Ferry

How to use this guide



This guide is designed to support practical, informed discussion about the application of the CCPA's ADMT rules in staffing and recruitment contexts.

Use this guide to

- Build shared understanding across leadership, legal, product and operations teams
- Frame internal conversations about where automation meaningfully influences decisions
- Pressure-test assumptions about scope, impact and responsibility
- Identify areas where further analysis or advice may be needed

Do not use this guide to

- Determine legal compliance in isolation
- Replace legal or regulatory advice
- Assume universal obligations across all staffing models or tools

How to get value from this guide

- Read Part A to understand what the regulation says and requires
- Read Part B to understand how those requirements may play out in staffing
- Use the final takeaways to decide what questions your business should now ask



This guide reflects the regulation as adopted and approved as of January 2026. Regulatory interpretation and enforcement practice may evolve over time.

About Warden AI

Warden helps staffing and recruitment firms buy, build and defend AI solutions with confidence.



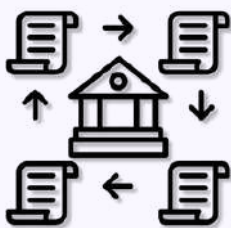
Independent AI audits of your AI stack

AI audits for both third-party tools and in-house solutions. Meet regulatory requirements and give confidence to clients.



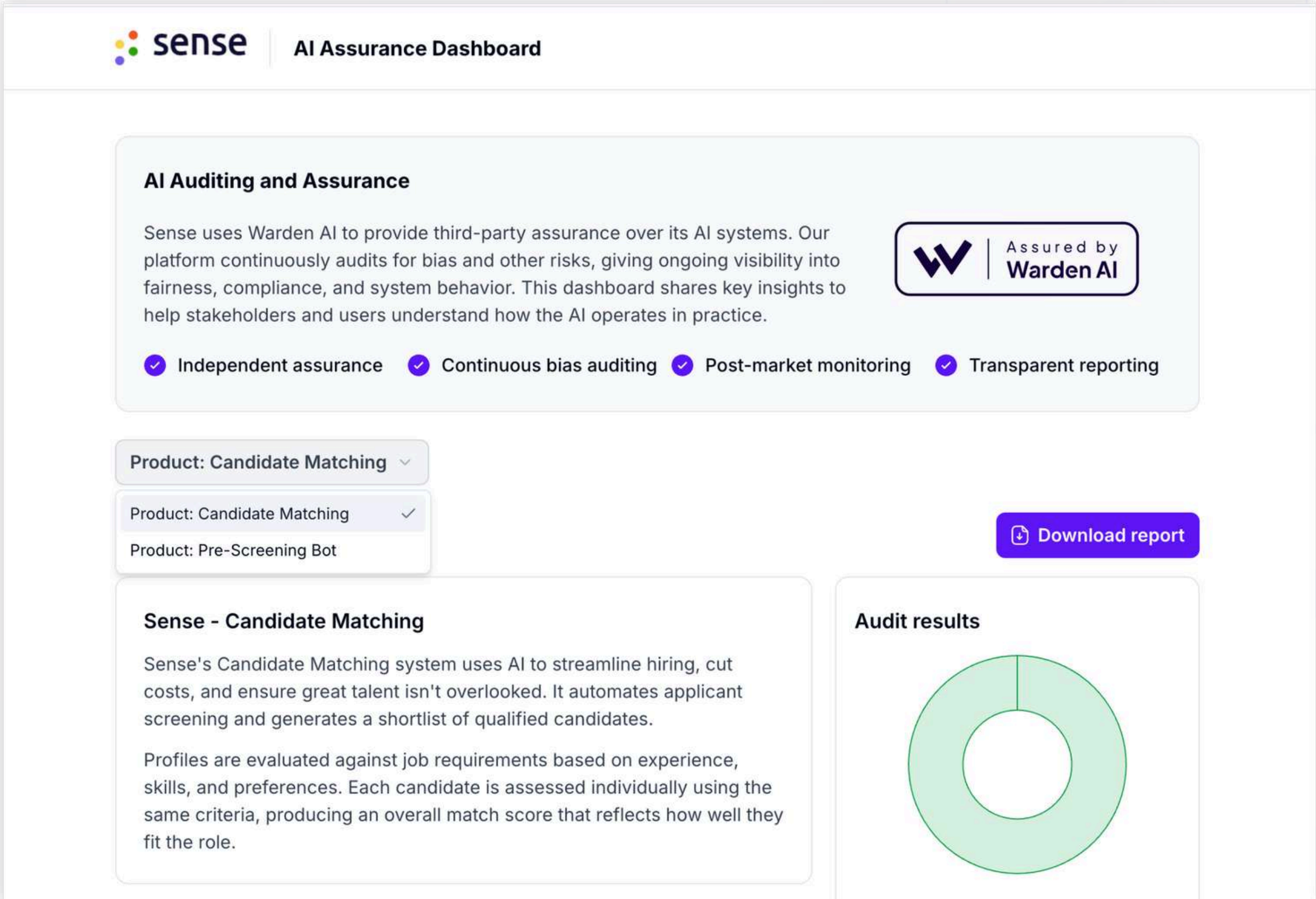
Continuous monitoring for in-house AI solutions

Catch and mitigate AI risks early, with always-on testing and monitoring of AI solutions.



Defensible Audit Trail

Timestamped, versioned records of AI performance over time help you withstand client and legal scrutiny.



Meet regulatory requirements for AI



Protect and defend against legal claims



Win more deals and stand out in RFPs