



# CRACKING THE CODE:

# DEMYSTIFYING ILLINOIS' NEW AI EMPLOYMENT LAW

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

# HOW ARE COMPANIES USING AI IN HR?



## 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 SCREENERS

- Applicant Tracking Systems (ATS)
- Uses ML and NLP techniques to screen, rank, and filter resumes
- Use algorithms to make judgments about applicants

## Types of Resume Screeners:

- Keyword matching
- Semantic search
- Ranking
- Experience Parsing
- Skill Validation
- Cultural Fit and Soft Skills



## **RISKS WITH USING RESUME SCREENERS**

- Over-reliance
- Biases
- Transparency
- Impersonal Process





## AI INTERVIEWS

- Resume screeners
- Chatbots for initial interactions
- Automated scheduling
- Sentiment analysis
- Video interview analysis

# PERFORMANCE MANAGEMENT

- Evaluations
- Develop better pay-for-performance metrics
- Ensure employees are on the right career track
- Develop KPIs
- Improve quality of life

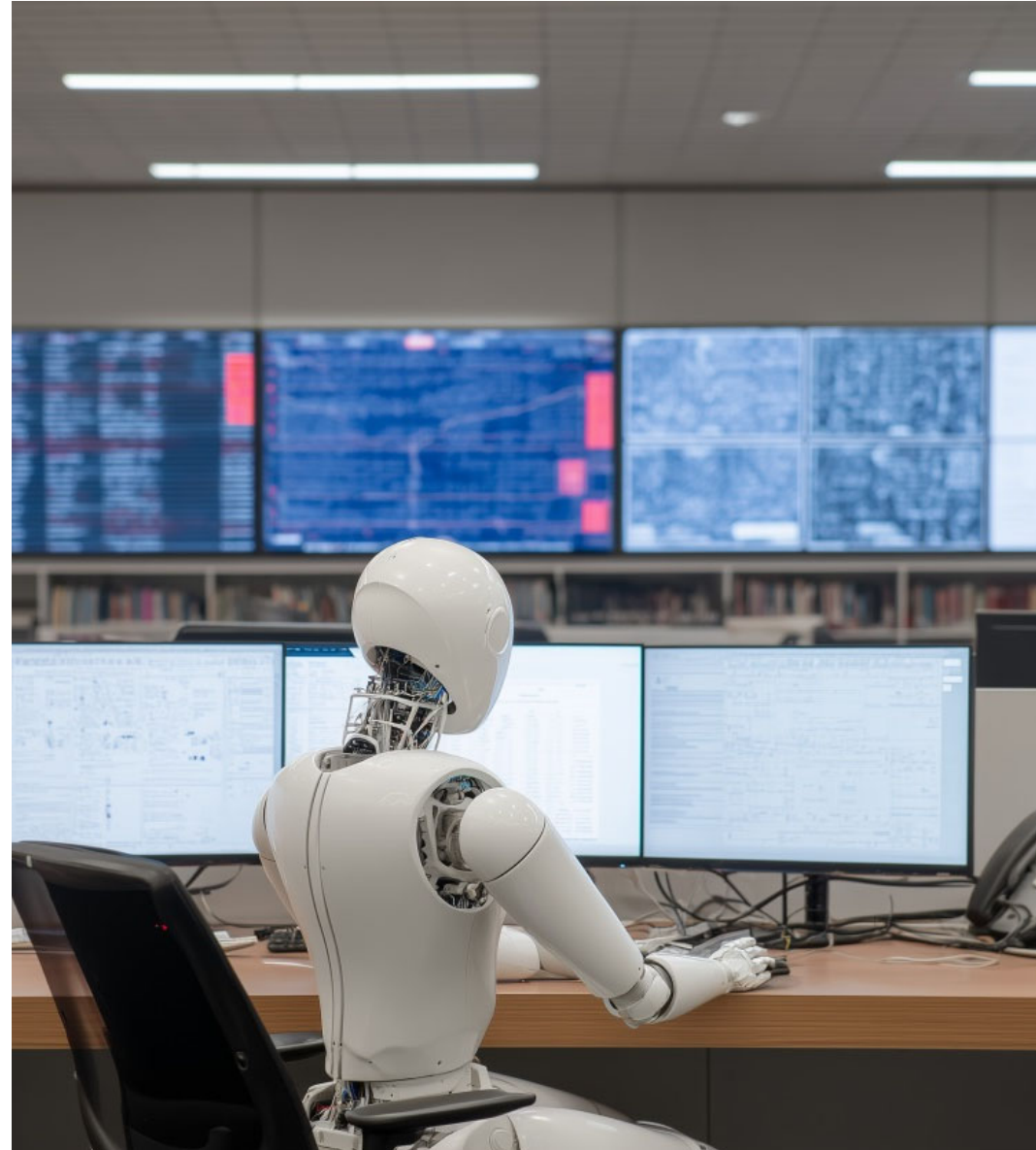
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# TRAINING

- Determine training effectiveness
- Improve training programs based on continuous feedback
- Identify KPIs through analysis of training effectiveness
- Increase employee feedback
- Customize training for employee learning types

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## HEALTH COSTS

- Determine program effectiveness
- Determine gaps in coverages
- Control costs
- Improve over all performance of the plan



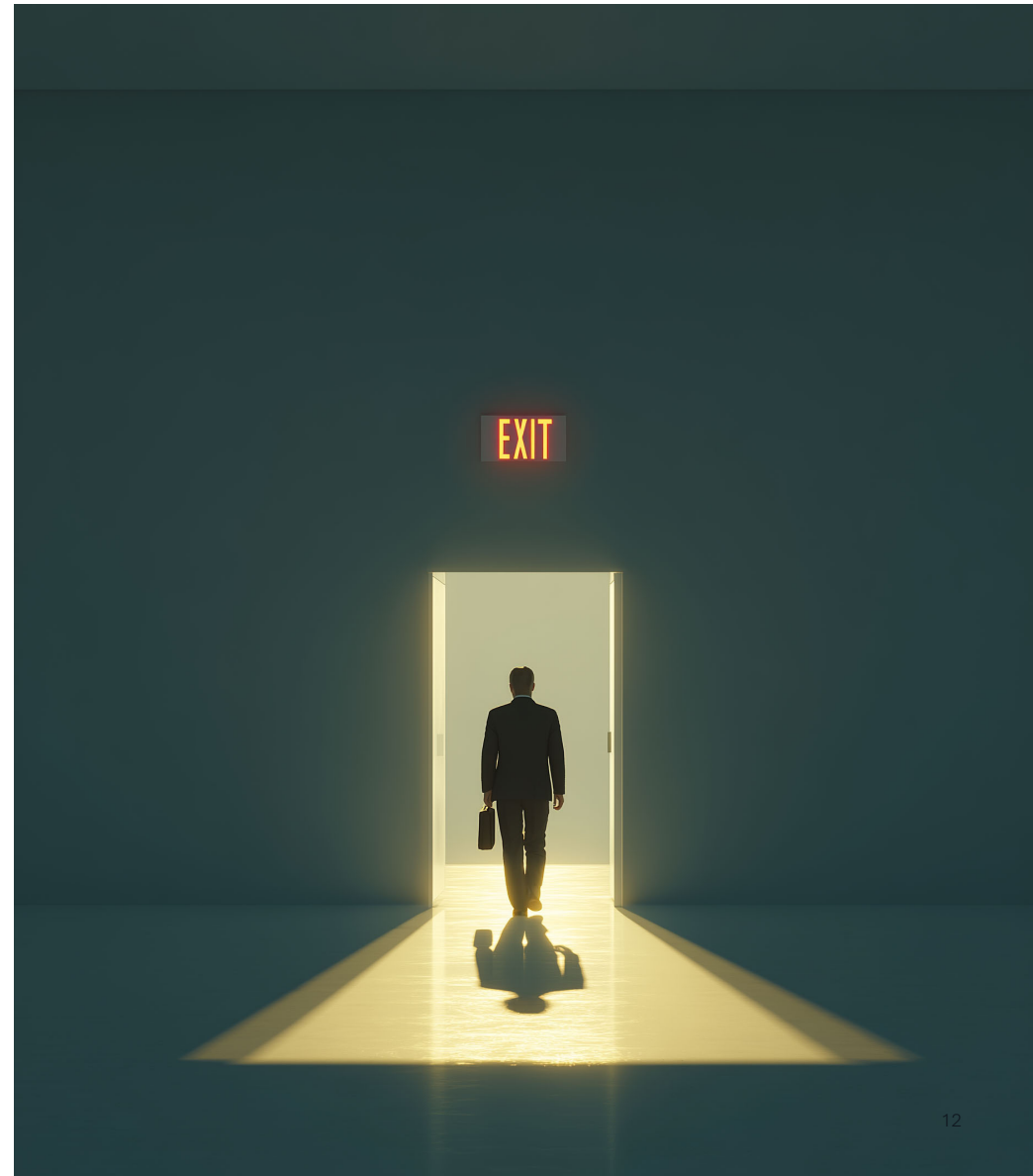
## HEALTH COSTS

- Mine employee medical claims, prescription data, social media data, search queries
- Predict pregnancy, chronic health conditions, diabetes, cancer, back surgery, etc.



# RETENTION

- Use of analytics to identify factors affecting resignations
- Correlations between resignations and factors like:
  - Pay increases
  - Training opportunities
  - Promotion wait times
  - Benefits
  - Changes to management structure
- Identify quiet-quitters
- Flight-risk predictor





# OVERVIEW OF IL HB 3773

# What is “AI” in this context?

**The law defines AI *broadly*—includes any machine-based system that infers how to generate outputs from inputs received & generative AI**

- HB 3773 amends the Illinois Humans Rights Act to **prohibit** employers from using AI in a way **that will result in workplace discrimination**
  - The law took effect on January 1, 2026
- Employer Definition:
  - Covers entities employing one or more Illinois employees for 20+ weeks annually
  - Applies to employers with or without physical locations in Illinois
  - Includes private employers, state entities, and labor organizations



# **PENALTIES FOR NON- COMPLIANCE**

# PENALTIES FOR NON-COMPLIANCE

- The IDHR and Illinois Human Rights Commission will enforce the law
- Employees and applicants can file administrative charges and then private lawsuits
- Potential remedies include compensatory damages, back pay, front pay, lost benefits, emotional damages, and attorneys' fees

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**WHAT IS PART OF THE  
PROPOSED RULEMAKING?**

[PROPOSED RULEMAKING]

## WHEN IS NOTICE REQUIRED?

***Employers are barred from using AI “to influence or facilitate” covered employment decisions unless they provide notice to employees and job applicants. Examples include:***

- Using computer-based assessments or tests (like questions, puzzles, or games) to:
  - Make predictive determinations about a job applicant or employee;
  - Measure their skills, dexterity, reaction-time, or other mental or physical abilities;
  - Measure personality traits, aptitude, attitude, or cultural fit; or
  - Screen, evaluate, categorize, or recommend prospective or current employees.
- Using AI to direct certain job advertisements or recruiting materials to targeted groups or areas.
- Screening resumes for particular terms or patterns.
- Analyzing facial expressions, word choice, or voices in interviews.
- Analyzing applicant or employee data acquired from third parties.

[PROPOSED RULEMAKING]

## ARE THERE ANY EXCEPTIONS?

***Yes. Notice is not required in the following circumstances:***

- Using AI for business purposes other than covered employment decisions, such as to generate text or images for promotional purposes.
- Using an automated computer system that does not qualify as AI – such as word processing software, spreadsheet software, or map navigation systems – so long as the technology isn't being used to make or influence covered employment decisions based on predictions, content, or recommendations it creates from the input it receives.
- Operating a computer system that has AI capabilities **without actually using those AI features** to make or influence any covered employment decisions.

[PROPOSED RULEMAKING]

## WHAT INFORMATION MUST BE INCLUDED?

*The notice should be in plain language and a readable format, available in the languages commonly spoken by your workforce, and reasonably accessible to employees with disabilities. It should include all the following information:*

- The AI product name, developer, and vendor, if applicable
- Covered employment decision the AI system is influencing or facilitating (such as recruiting, hiring, or disciplinary decisions)
- The purpose of the AI system, including the categories of personal information or employee data collected or processed (like summarizing or scoring resumes or analyzing video interviews)
- The relevant job types
- A point of contact, such as a hiring manager or HR staff member, who can answer questions about the system and its use
- The right to request a reasonable accommodation and instructions on how to request the accommodation
- Certain AI-related anti-discrimination language from [the Illinois Human Rights Act](#) (775 ILCS 5/2-102(L))

[PROPOSED RULEMAKING]

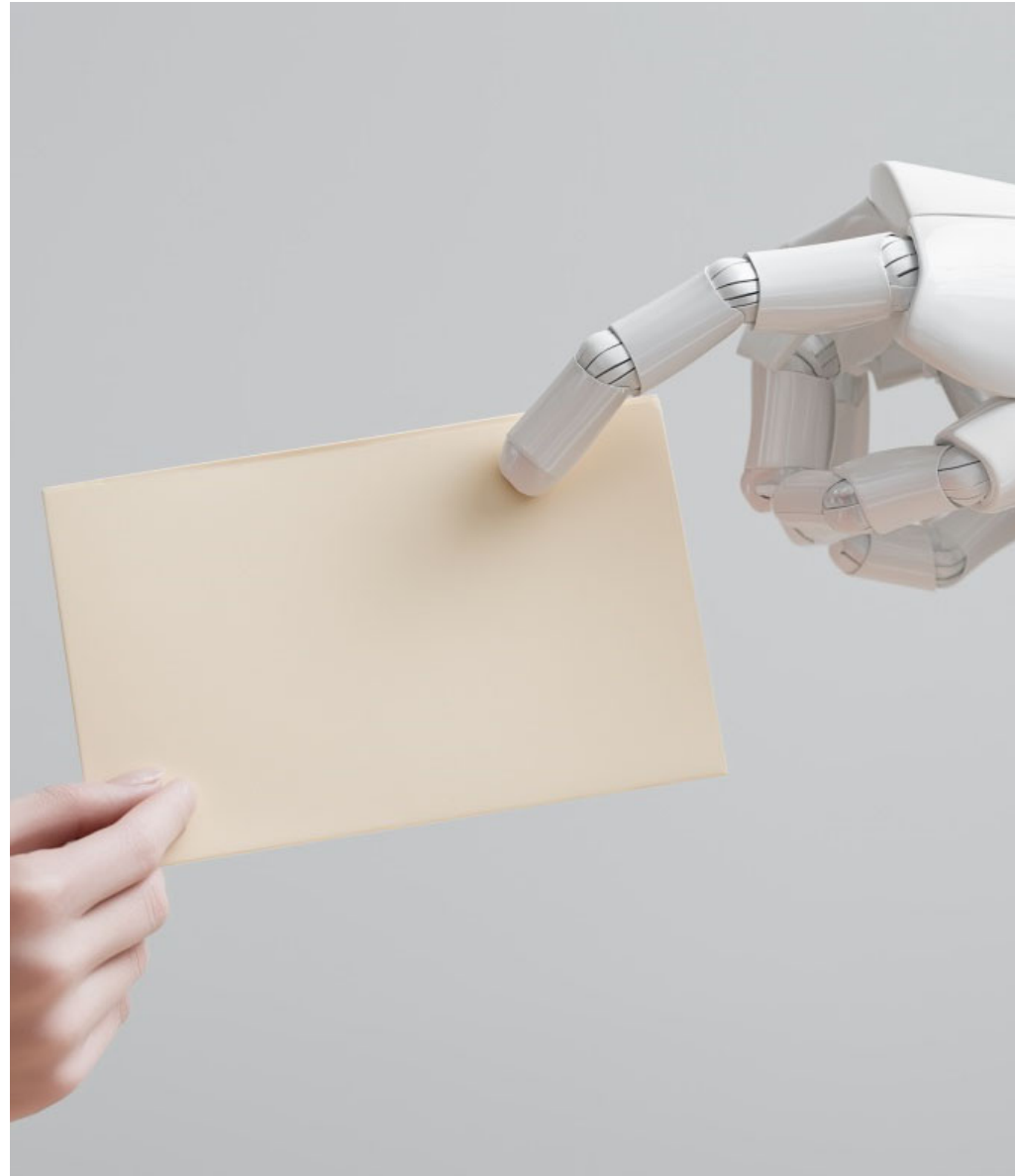
## WHEN AND HOW SHOULD NOTICE BE PROVIDED?

*Current employees should receive notice on an annual basis and within 30 days of adopting or substantially updating AI tools used for covered employment decisions. Job postings should also include this information.*

- Employers will need to provide notice in all the following ways, as applicable:
  - in any employee handbook, manual, or policy document;
  - in a conspicuous location at any worksite where notices are customarily posted;
  - in a conspicuous location on any intranet or external website where you customarily post notices to employees and job applicants – with a clear link on your website’s homepage; and
  - in any job notice or posting.

## ***HOW LONG DO RECORDS NEED TO BE KEPT?***

- The proposed rule adds AI-specific records to existing preservation duties for employers, labor organizations, and employment agencies. Notices, postings, and disclosures about AI use under the act, and records of that AI use, need to be preserved and maintained for four years.



# PROHIBITION ON DISCRIMINATION

- AI cannot be used to discriminate against any member of a protected class under Illinois law.
  - This includes race, color, religion, sex, etc.
- The Act does allow for use of data analytics to promote diversity in hiring practices.
- Covered employment practices include:
  - Recruitment
  - Hiring
  - Promotion
  - Selection for training
  - Renewal of employment
  - Discharge
  - Discipline



## OTHER STATES REGULATING AI IN EMPLOYMENT

### CALIFORNIA



Automated Decision Making  
Technology (ADMT) Regulations

### COLORADO




Colorado's Artificial Intelligence Act  
(on ice)

### NEW YORK CITY



Local Law 144 on Automated  
Employment Decision Technology



**WHAT SHOULD  
EMPLOYERS DO TO  
PREPARE?**

## 4-Column Picture Caption Slide



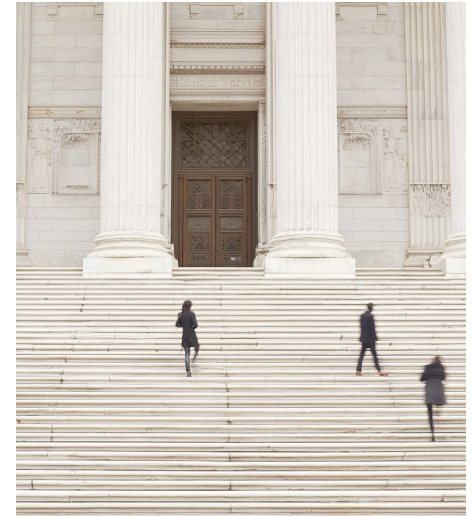
**ASK VENDORS THE  
RIGHT QUESTIONS**



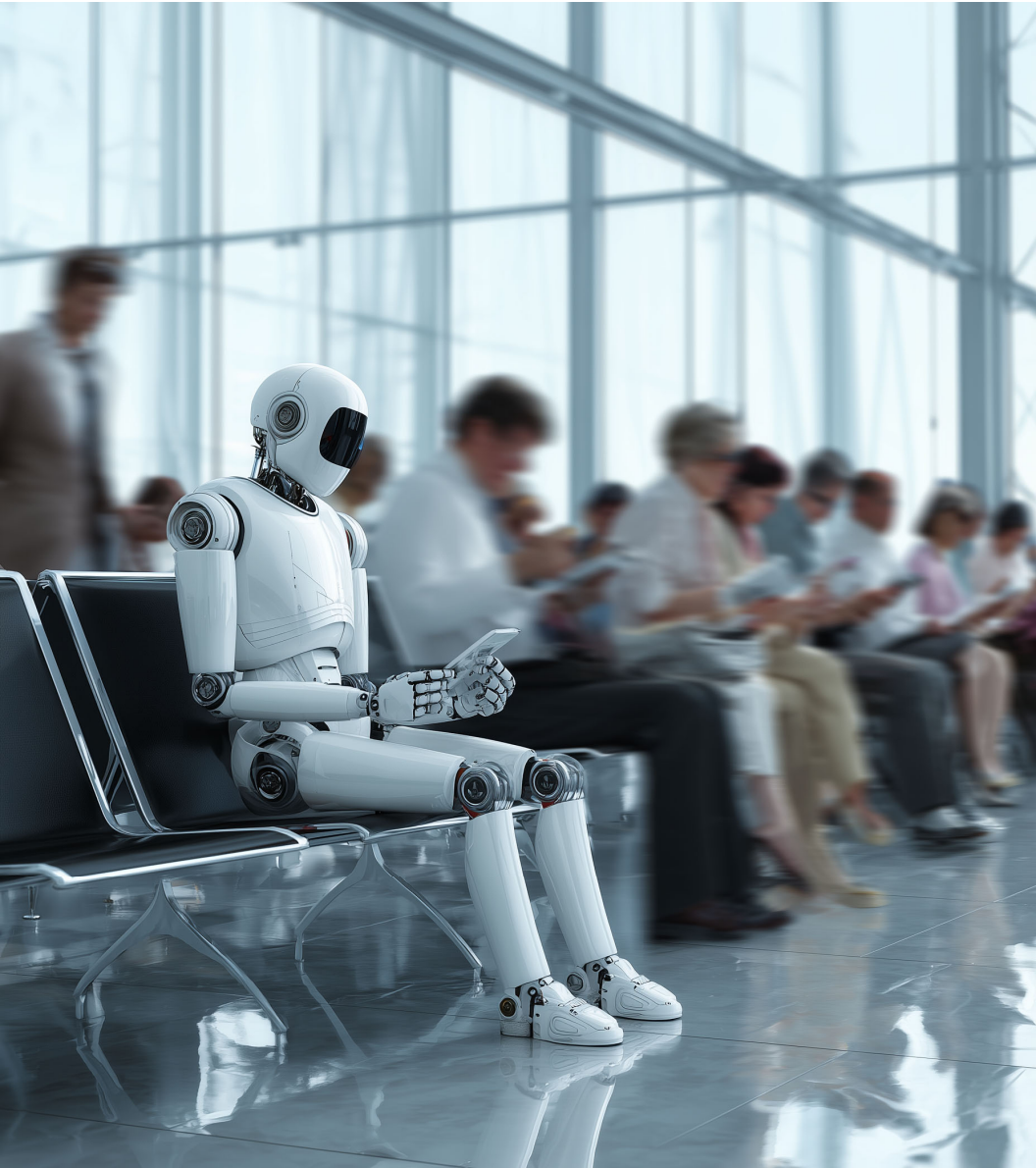
**REVISE POLICIES AND  
HANDBOOKS**



**TRAIN YOUR MANAGERS**



**STAY UPDATED WITH  
DEVELOPMENTS IN THE  
LAW**



## WHAT NOW?

- Details on the law's notice requirements are forthcoming
- Sign up for the FP Insight system to receive news on this development directly!



**QUESTIONS?**



THANK YOU



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