



December 18, 2023

The Honorable Robert White, Jr.
At-Large Member of the Council of the District of Columbia
1350 Pennsylvania Avenue, NW (The John A. Wilson Building)
Washington, DC 20004
By Electronic Mail

RE: PayrollOrg Comments on AI in Payroll Management and on Council Bill 25-0114, Stop Discrimination by Algorithms Act of 2023

Councilmember White,

PayrollOrg (PAYO) offers the Council of the District of Columbia (Council) and your office comments on Council Bill 25-0114, Stop Discrimination by Algorithms Act of 2023. PAYO supports measures to prevent discrimination in artificial intelligence (AI) systems and recommends that the Council allow the use of AI for payroll management, including onboarding new hires, time and attendance, and calculating wages, taxes, and other legal withholding.

ABOUT PAYROLLORG

PAYO is a nonprofit association representing more than 20,000 payroll professionals throughout the United States. PAYO's primary mission is to educate its members and the payroll industry regarding best practices associated with paying workers while complying with applicable federal, state, and local laws. PAYO's Government Relations Task Force works with government to help payroll professionals with compliance, while minimizing the administrative burden on government, employers, and individual workers.

PAYROLL AND AI SYSTEMS

AI systems can help payroll departments with automated communication during employee onboarding and to accurately calculate wages and legal withholding. For example, by inputting tax law changes, an AI system could adjust employees' withholding and identify all other employer systems to which the changed law would apply, such as employer tax reporting. During onboarding, an AI system could alert a manager that a new employee has arrived at work.

AI can analyze data to identify the workers in an organization with the skills to perform certain job tasks and those who deserve a promotion. If performed without prejudice, this can help employer decision-making. For example, through machine learning, an AI system could recognize bad historical data, such as pay inequity, and alert organization managers.

In addition, AI can assist employers by converting employment data into government-required reporting processes such as the District of Columbia's Employers' Quarterly Contribution and Wage



Report Form DOES-UC30. In addition, AI could help address a shortage in hiring by improving the performance of employee self-service components, which may provide employees with greater control over their personal information.

CONCERNS ABOUT DISCRIMINATION

Bill 25-0114 was originally introduced at the request of former Attorney General Karl Racine with the purpose to protect workers from discrimination by AI. PAYO agrees with the discrimination protections proposed by the Council, in particular, transparency and accountability measures.

AI systems are dependent on data input to identify patterns. However, if historical data is inaccurate or includes discriminatory information, the AI system could potentially carry that information forward and emphasize bad data through machine learning. PAYO supports provisions that would require a business entity to annually audit their AI processes and maintain audit records for five years. These records can help employers by showing patterns and allow system adjustments to eliminate biases.

PAYO also supports “covered entities” being required to give employees/potential employees or other consumers a “clear and concise” notice on how the algorithmic software will use their personal data.

Because AI has the potential to improve payroll management and protect employees’ personal information, PAYO asks the Council to allow industry experts in the District of Columbia to innovate. While B25-0114 does not offer specific measures on how to prevent discrimination, if an AI system is trained to recognize disparities, we have an opportunity to eliminate biases that humans alone are not always able to recognize.

PAYO looks forward to working with the Council as this legislation progresses. PAYO can be reached through Adam Prinzo at 516-761-2919 or aprinzo@payroll.org.

Thank you,



Adam Prinzo
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PayrollOrg

For: Government Relations Task Force State and Local Topics Subcommittee
Chairs Pete Isberg; Carlanna Livingstone, CPP; and Bruce Phipps, CPP

CC: Phil Mendelson, Chairman of the Council of the District of Columbia
Anita Bonds, At-Large Member of the Council of the District of Columbia
Kenyan McDuffie, At-Large Member of the Council of the District of Columbia

Chair, Committee on Business and Economic Development

Brianne Nadeau, Ward 1 Member of the Council of the District of Columbia

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Janesse Lewis George, Ward 4 Member of the Council of the District of Columbia

Zachary Parker, Ward 5 Member of the Council of the District of Columbia

Charles Allen, Ward 6 Member of the Council of the District of Columbia